

to whether or not any one of them charged with responsibility would have done what this government did:

The committee of the privy council have had before them a joint report, dated November 28, 1933, from the Right Honourable the Prime Minister, the Minister of Finance and the Minister of Labour, submitting:

1. That they have had under consideration a request to the government from the Canadian Pacific Railway Company for a guarantee of a loan of sixty millions of dollars to be borrowed from:

- Bank of Montreal
- The Royal Bank of Canada
- The Canadian Bank of Commerce
- The Bank of Nova Scotia
- The Dominion Bank
- The Bank of Toronto
- The Imperial Bank of Canada and
- Banque Canadienne Nationale

and to be repaid on or before the 1st day of December, 1938, with interest at the rate of five per centum per annum, payable half-yearly, secured by the deposit with and pledge to the said banks by the said railway company of its perpetual four per cent consolidated debenture stock having a nominal or par value of One Hundred Millions of Dollars.

2. That the amount to be loaned by each of the said several banks to the said railway company is as follows:

Bank of Montreal . . . . .	\$22,444,000
The Royal Bank of Canada . . . . .	12,280,000
The Canadian Bank of Commerce . . . . .	10,524,000
The Bank of Nova Scotia . . . . .	5,180,000
The Dominion Bank . . . . .	2,808,000
The Bank of Toronto . . . . .	2,632,000
The Imperial Bank of Canada . . . . .	2,632,000
Banque Canadienne Nationale . . . . .	1,500,000
<b>Total . . . . .</b>	<b>\$60,000,000</b>

3. That careful consideration has been given to the request of the said railway company and it appears that the capital obligations and indebtedness payable by the said railway company in the United States of America between the first day of June, 1933, and the first day of December, 1934, amount in the aggregate to \$32,788,000. The capital obligations and indebtedness payable in the Dominion of Canada during the same period by the said railway company amount in the aggregate to \$27,000,000. Of the said capital obligations and indebtedness of \$32,788,000 payable in the United States of America, \$2,544,000, part thereof, are payable in either the United States of America or in Great Britain.

4. That the said capital obligations and indebtedness of the said railway company have been incurred in the usual conduct of the business, and it has been the practice of the said railway company to retire its outstanding capital obligations by the sale, from time to time, of its perpetual four per cent consolidated debenture stock, but, under the economic conditions which have prevailed for some time, it has been impossible and is still impossible to sell such perpetual consolidated debenture stock, or any other securities of the said railway company on satisfactory terms, if at all, either in the Dominion of Canada or in the United States of America.

5. That the president of the said railway company recently visited London, England, and has reported that it is impossible to secure permission, under existing economic conditions, to make a public offering of the securities of the said railway company in the United Kingdom; and, apart from the existing governmental prohibition against the sale in the United Kingdom of the securities of private companies or corporations domiciled elsewhere than in the United Kingdom, railway securities (other than domestic) of all kinds are not in demand in the United Kingdom; and, further, that it is not practicable presently to renew the obligations of the said railway company maturing in the United States of America.

6. That after careful investigation it was apparent that the only source from which money could be borrowed by the said railway company to meet its said maturing capital obligations and indebtedness was the chartered banks of Canada, and such banks do not make loans for a period of five years unless they are so adequately secured or guaranteed as to enable the said banks to rediscount or obtain advances on the notes of the borrower and thus render available for the conduct of their ordinary commercial business the whole or such portion of the advances made as may be required; and, under existing economic conditions, with the low level of prices for railway securities, the guarantee of repayment by the Dominion of Canada was necessary if the said loan of \$60,000,000 was to be made to the said railway company by the said banks.

7. That the perpetual four per cent consolidated debenture stock of the said railway company is widely distributed in various parts of the world, particularly in the United Kingdom, where the market price thereof has in recent months been as high as 85 per cent of the par value thereof, and, in the opinion of the ministers, failure by the said railway company to pay and discharge its said capital obligations and indebtedness at maturity would create a situation injurious to the credit and financial position of the dominion.

8. That, under the provisions of the Relief Act, 1933, the governor in council is authorized and empowered to loan or advance money to or guarantee the payment of money by any public body, corporation or undertaking, and in respect of such loans, advances and guarantees, may accept such security, enter into such agreements, and generally do all such things as the governor in council may deem necessary and expedient in the public interest; and to take all such measures as in his discretion may be deemed necessary or advisable to protect and maintain the credit and financial position of Canada.

9. That the said railway company is a public corporation carrying on its operations not only in Canada but in other parts of the world; and, in the opinion of the ministers, under present disturbed economic conditions, it is desirable, to prevent default by the said railway company in discharging its said capital obligations and indebtedness as they mature, and in the public interest, to grant the request of the said railway company as a measure for the protection and maintenance of the credit and financial position of Canada.

The ministers, therefore, recommend that the Minister of Finance be authorized and empowered to enter into an agreement with each of the said eight chartered banks, guaranteeing payment to such bank of the sum mentioned