

INDIRECT LIABILITIES

71. Indirect or contingent liabilities of the Government include the guarantee of the deposits maintained by the chartered banks in the Bank of Canada, guarantees of certain bond issues and bank loans, commitments under housing legislation, and certain other guarantees.

Guaranteed Bond Issues

72. Bonds and debenture stocks guaranteed by the Government were outstanding in the hands of the public in the amount of \$521,949,171 as at March 31, 1948, a decrease of \$45,005,355 during the year. This decrease was caused chiefly by the redemption of two Canadian National Railways 3% bond issues: the \$20,000,000 issue due February 1, 1952 was called for redemption on February 1, 1948 and the \$25,000,000 issue due February 15, 1953, was called for redemption on February 15, 1948.

*Guaranteed Bank Loans—**(1) Farm Improvement Loans*

73. Under the provisions of the Farm Improvement Loans Act, 1944, the Government guarantees loans made by the chartered banks to farmers for certain authorized purposes. The amount of the guarantee is limited to 10 per cent of the aggregate principal amount of the guaranteed loans made by each bank. Figures for March 31, 1948, are not yet available, but at February 28 a total of 41,722 such loans had been made to a total amount of \$33,631,453.71, and the Government's contingent liability at that date was \$3,363,145.37, compared with \$1,564,865 at March 31, 1947.

(2) Veterans' Business and Professional Loans

74. Under the provisions of the Veterans' Business and Professional Loans Act, the Government guarantees loans made for certain purposes by the chartered banks to veterans domiciled in Canada. The total of such loans is limited to \$25,000,000, and the Government's guarantee is limited to 25 per cent of the loans made by a bank if that bank's total loans do not exceed \$1,000,000 and to 15% of the loans made by a Bank in excess of \$1,000,000. At December 31, 1947, the Government's contingent liability for loans made under this Act amounted to \$1,216,571.12.

(3) Guaranteed Bank Loans to Acadia Coal Company

75. P. C. 1188 of March 29, 1946, authorized the Government to guarantee the extension of bank loans not exceeding \$730,000 to the Acadia Coal Company Limited to assist the company in opening and developing the McBean seam on a fully mechanized basis. At March 31, 1948 loans for the maximum amount authorized were outstanding.

(4) Guarantees under Part II, Export Credits Insurance Act

76. Under authority of P. C. 4690 dated November 12, 1946, the Minister of Finance was authorized on behalf of the Government of Canada to guarantee under the provisions of the Export Credits Insurance Act the guarantee of the Republic of China of the payment by Ming Sung Industrial Company, Ltd., of the cost of Canadian-produced goods and Canadian services to a maximum