

Hon. Mr. Vaillancourt: It is not a company; it is a co-operative.

It has been mentioned that the interest rate has been increased from 3 to 4½ per cent. Furthermore, the Government is paying a bonus on every bond exchanged; that bonus, in some cases, amounts to \$15 or \$17 per thousand dollars. The amount of the bonus, plus the increased interest rate, will raise the figure mentioned by my honourable friend from Gulf (Hon. Mr. Power).

Hon. Arthur W. Roebuck: Honourable senators, I think something should be said in defence of our colleague from Waterloo (Hon. Mr. Euler). He was not talking so much about the extravagance of our defence as he was advocating that we take the proper steps toward making that expenditure unnecessary, both on the part of ourselves and our assumed enemies. I see no reason why he should be criticized for that. Of all things in the world, a quarrel is the sort of thing that should be stopped as soon as possible. I have never thought it proper to vote against military estimates, but at the same time I do hope the time will come, and that in the not too distant future, when military expenditures will no longer be necessary.

Hon. Mr. Brunt: We all hope that.

Hon. Mr. Aseltine: Agreed.

Hon. Mr. Roebuck: Everybody agrees with me on that, so why criticize the senator from Waterloo?

I rose not so much to take part in the debate as to ask a question. I would like to know from the honourable sponsor of this bill how much we are paying to the brokers for the job of increasing the interest rate from 3 to 4½ per cent. That is information which my honourable friends across the aisle will have at their fingers' end. I read in a newspaper—I don't know if there is any truth in it—that a convention of considerable magnitude was held with these financial men prior to the issue of the new bonds and that some deal was made with the Department of Finance with regard to the payment which they would receive for their services. An item appeared in the press—whether it was informed or not, I don't know—that it is costing something like \$25 million just for commissions and underwriting charges of these bonds. Is that a fact?

Hon. Mr. Brunt: Honourable senators, I can answer that question in part. I cannot give definite figures, but I can say that the amount of bonds being re-financed is roughly \$6.4 billion. I understand that approximately \$3.3 billion of these bonds are owned by the Bank of Canada, Government agencies and the chartered banks, and that no commission

will be paid on the conversion of any of these bonds. In addition, there is a list containing approximately 2,500 names—what is called a special names list—consisting of companies, estates and a few individuals who are large holders of these bonds. The regular commission is not paid on any of their holdings.

I understand that the commission on long-term bonds is one per cent, and that the rate goes down as the maturity closes up: on the really short-term bonds it is, I believe, a quarter of one per cent. The estimate which the honourable senator from Toronto-Trinity (Hon. Mr. Roebuck) has given, of \$25 million, is, as far as I can gather, approximately correct, but we shall not know until conversion is completed, because if large numbers of bonds are converted into the long-term issue the commission, naturally, will be higher, but if everyone who is entitled to do so converts into the short-term issues the commission will of course be smaller.

Hon. Mr. Bouffard: Is the cost of advertising included in the \$25 million?

Hon. Mr. Brunt: My understanding is that it is not included.

Hon. Mr. Roebuck: This has to do with commissions?

Hon. Mr. Brunt: Yes, as I understand it.

Hon. Mr. Aseltine: I might point out to the honourable senator from Toronto-Trinity that on the Order Paper there is a question on the same point in the name of the honourable senator from De la Durantaye (Hon. Mr. Pouliot). I have asked for the information he requires, and I assume it will be presented at the next sitting of the Senate.

Hon. Mr. Roebuck: For how long will the brokers be working on this?

Hon. Mr. Brunt: I understand that the closing date is September 16.

Hon. Mr. Vaillancourt: September 15.

Hon. Mr. Brunt: Yes.

Hon. Mr. Power: At the risk of being considered a nuisance, may I ask how this control over the 2,500 special names will be exercised?

Hon. Mr. Brunt: I may be wrong, but I understand that the list was prepared by the Bank of Canada and that it has been furnished to all the bond dealers, banks and trust companies; in other words, the selling institutions. I am not saying for one moment that it has been furnished to every salesman.