

The CHAIRMAN: Shall we go on with the Canadian merchant marine?

Mr. VIEN: If the committee will tolerate a repetition, on page 27 there is a statement of the funded debt—principal and interest, and the due dates of the bonds are given there. I wanted to ascertain whether in any of these bond issues there was a clause whereby they might be redeemable before the due date on certain terms and conditions.

The CHAIRMAN: Can you answer that question, Mr. Fairweather?

Mr. FAIRWEATHER: Yes, there are some that are callable, and the subject of refunding of callable bonds has been one that has been carefully looked into. As a matter of fact, heavy refunding operations took place in 1935 as the result of that situation.

Mr. VIEN: I see large blocks of 6½ per cent and 7 per cent and 5 per cent. Should they not in those cases be converted into lower interest rate-bearing bonds?

Mr. COOPER: All those 7 per cent bonds were called last year and have been retired.

Mr. VIEN: They are still shown.

Mr. COOPER: No.

Mr. VIEN: On page 27 you show 6½ per cent sinking fund debenture bonds. \$24,238,000, due July 1, 1946.

Mr. COOPER: The 1946 bonds are not callable, but the 1940 bonds were retired and the statement shows that on December 31, 1935, there was not any of them outstanding.

Mr. VIEN: Attention is being given to that.

Hon. Mr. FULLERTON: Oh, yes. All those callable bonds are being attended to.

Hon. Mr. VENIOT: Are we still on the annual report?

The CHAIRMAN: Yes. We agreed yesterday that a general question could be put.

Mr. VIEN: I see there is no possibility of converting those first four categories, they are not callable?

Mr. COOPER: The fifth item, the 4 per cent perpetual guaranteed stock, is callable.

Hon. Mr. STEWART: In what funds are they payable?

Mr. COOPER: Sterling.

Hon. Mr. STEWART: That would involve a premium on the dollar?

Mr. COOPER: Yes.

Hon. Mr. STEWART: How much is the premium now?

Mr. MORROW: About 2 per cent.

Hon. Mr. STEWART: It fluctuates.

Mr. VIEN: Yes. It is said that the premium is paid once and for all and that the rate of interest is materially lower than the Canadian government could borrow at, at 3 per cent or say 2 per cent.

Mr. COOPER: That, of course, involves the consideration whether you could go on to the London market and borrow \$60,000,000.

Hon. Mr. VENIOT: I know that in the last annual report submitted here there is nothing to show the amount of money invested in what is known as the old Intercolonial railway, either on capital account or on deficits up to 1919 when it became a part of the railway system administered under an order passed in 1919 by the directors of the Canadian National Railway. I want to know where the charges are against the Intercolonial railway so-called.