

Mr. HEAPS Well, Mr. Grant, am I to accept it as being your opinion that one-tenth of one per cent would be the difference approximately between the government borrowing and the railway borrowing capacities?

Mr. GRANT: I would not say that. I would say the same bond is selling on a basis of approximately that; but the point I am trying to make, Mr. Heaps, is that the Dominion Government bond, their last issue \$100,000,000 was a 4 per cent coupon. It was put out in October, 1930. You cannot compare that price of that day with the bond that we put out in February which was a 4½ per cent coupon. It is not comparable.

Mr. DUFF: A great deal depends on the financial efficiency of the corporation.

Sir HENRY THORNTON: I do not think so, Mr. Duff. I think what the purchaser of a bond looks at is the security of the bond.

Mr. DUFF: I thought you were giving the value of it in this chart?

Sir HENRY THORNTON: All these bonds of ours are guaranteed by the government, in fact, they are the same as a government bond although there might be a slight disparagement against our bonds.

Mr. DUFF: The market value is determined by the condition of the corporation.

Sir HENRY THORNTON: There are other factors which enter into it which are of some importance than the state of our earnings.

Hon. Mr. EULER: I think the only factor that enters into it is the responsibility of the government in both instances.

Sir HENRY THORNTON: I think that is a fair statement.

Hon. Mr. EULER: If your corporation cannot pay the interest on those bonds the government pays it.

Sir EUGENE FISET: Canadian National bonds are a second mortgage, while Dominion Government bonds are a first mortgage.

Sir HENRY THORNTON: The main factor is the condition of the money market at the date of issue.

Mr. HEAPS: What I am trying to get at is quite obvious, if there could be any saving by the Federal Government handling these bonds I would like to see that money saved to the Canadian National system.

Sir HENRY THORNTON: The only answer I could give you to that would be to rely on the experience and judgment of Mr. Grant who, as I say, specializes on these things almost day by day. It would be very difficult to get any set of statistics or charts which would definitely prove that one way or the other. I would personally a good deal rather rely on his opinion than a set of charts.

Hon. Mr. EULER: At one time the government itself made the direct issue and it was later transferred to the railways.

Sir HENRY THORNTON: I don't know anything about that.

Mr. GRANT: Before the amalgamation I understand that the government made direct advances in cash to the railway.

Hon. Mr. MANION: That is true. This \$604,000,000 is an instance. It was advanced by the government at various times from 1911 on.

Sir HENRY THORNTON: The question Mr. Heaps is asking is directed to the question of which method will save to the Canadian National and to the Government of Canada as a whole the most money.

Mr. HEAPS: It is quite obvious.

Sir EUGENE FISET: Loans from the treasury were made to the railways. They were provided for even last in the estimates. You have a proviso in the issue of your loans that the amounts of certain rates could be advanced direct through the treasury. That was the first item in your estimates.