Mr. HARTT: It has fluctuated.

Mr. ARCHIBALD: It is fluctuating; my foot! You can go out and get money for 3 per cent today and if you issue stock you are likely to pay 8 per cent.

Mr. JOHNSTON: If you take our record for last year, we issued stock for $140, which, at the $8 dividend, represented a cost of 5·7. The year before we issued stock at $145, which at 8 per cent represents the cost of 5·3. It is true that in the same year we could have borrowed money at 3 per cent, but there is a difference between the shareholder and the bondholder: one is a creditor under a definite contract of lending his money at a fixed rate of interest that we undertake to pay him back on a given date; the other is the purchaser of the part of a business and he is in that business with all the risks that that entails, the risk of losing his money, of not getting his 8 per cent, of getting no divided at all. That is the risk he himself carries.

Mr. ARCHIBALD: I would suggest that this company has come before us and stated they are a responsible company. That is the whole basis of what it is asking for. I suggest that they would have no difficulty in issuing further bonds today at a lesser cost to the individual man who is buying a telephone, and substantiate the argument you are trying to drag out—

Mr. HARTT: That is not on the same basis.

Mr. ARCHIBALD: I am not interested in the shareholders; I am interested in buying a home.

Mr. JAENICKE: In connection with this question about debentures, these debentures are not amortized, are they?

Mr. JOHNSTON: No, there is no sinking fund provision at all. They are carried at full value until they mature and then the obligation is to pay them off and perhaps find other money to pay them with as we did in this particular case last year, as the honourable member submitted.

Mr. JAENICKE: Have you issued considerable debentures since the establishment of the company?

Mr. JOHNSTON: Have we—?

Mr. JAENICKE: All during the years.

Mr. MUNNOCH: From 1884 on, we have been issuing and redeeming them as the situation required.

Mr. JAENICKE: Have you redeemed some out of profits?

Mr. JOHNSON: No, I do not think there is a case where they were redeemed out of profits. We have had to find new capital each time.

Mr. JAENICKE: So, your debenture indebtedness has always increased, has it?

Mr. JOHNSTON: I think that is true. I am trying to cast my mind back over the early years.

Mr. JAENICKE: Then, what do these figures on page 24 concerning amortization mean?

Mr. JOHNSTON: That is amortization of the discount. Certain of these bonds were sold at a discount, that is 98; that is what the lender would let us have on a $100 bond. I am giving this as an illustration. He may have said, "I will buy your 3 per cent bond if you will sell it to me for $98;" that is, of course, all the money market will pay for these bonds. This $2 discount has to be amortized over the life of the bonds as part of the interest cost. In other words, if there were a 3 per cent coupon on that bond, it did not cost us 3 per cent, it cost us 3·2 per cent. The ·2 per cent would represent the amortization of that discount we had to accept in selling the bond.

The CHAIRMAN: Are you ready to pass clause 1?

Mr. CAMPBELL: This afternoon, I asked about increased rates. I pointed out the tremendous amount of capitalization which was taking place. The answer I got was rather indefinite, that there was no sign of the company going