

Mr. HANBURY: Why not put out a security at a rate that will bring you par.

Sir HENRY THORNTON: Of course, if you do that, it is a difficult thing to get it both ways. What we have been trying to do in the issue of our securities is to keep the interest rate down. We think it is a little better policy to pay a little more for discount when the security is issued than to saddle the railway with a higher rate of interest because five or ten years hence that might prove to be a bad bargain. The general policy of the company has been to try to keep the rate of interest down.

Mr. FRASER: Is not the discount amortized.

Sir HENRY THORNTON: Oh, yes.

Mr. FRASER: It comes to the same thing. The railroad is actually charged with whatever interest you pay.

Sir HENRY THORNTON: That is true.

Mr. DUFF: Then there is the broker's commission.

Sir HENRY THORNTON: Of course, there is this: Securities sold at a discount usually have a better sale than those that are sold at a premium. You have got to have some regard also for the degrees of success with which an issue can be marketed. There are a great many factors which creep into this thing. It is a difficult thing to find any formula which you can apply which will give you a mathematically accurate answer. When we issue our securities, or are preparing an issue, we try to get the best financial advice we can obtain; but, after all, it is only advice.

Hon. Mr. MANION: I suppose in that \$3,500,000 there is included the commissions and expenses. When you say discount, you really include commissions and expenses.

Sir HENRY THORNTON: Quite right.

Mr. FRASER: May I ask this question: Could we secure an analysis of your expenses as indicated by that \$193,000,000.

Sir HENRY THORNTON: Let me say this, that up until the present time we have been discussing nothing but expenses.

Mr. FRASER: That was for 1930.

The CHAIRMAN: In answer to Mr. Fraser's question I can tell him this, there is no matter that has been discussed that cannot be opened up again by any member of the committee.

Mr. HANBURY: At any time?

The CHAIRMAN: At any time.

Sir HENRY THORNTON: Just say again what you had in your mind, Mr. Fraser.

Mr. FRASER: I want an analysis of your coastal ships, of your boats on the Pacific.

Mr. DUFF: That will come up with the Merchant Marine.

Mr. FRASER: That is in the \$193,000,000. I have looked through your statements from year to year and I have never seen an analysis of your boats on the Pacific at all, of your operating costs and your capital costs, and all that kind of thing. I have not seen a reference to it at all.

Sir HENRY THORNTON: Perhaps if the Chairman approved this would be a good time to discuss that.

The CHAIRMAN: I want to keep to one thing at a time.

Mr. FRASER: I am not altogether ready at the moment. I did not bring my material down.