

Mr. DEACHMAN: Before this matter is dealt with I should like to ask first, what the Canadian National Railway pays now on money which it borrows? These are guaranteed by the government on a guarantee of the dominion government. I should just like a computation of the saving of interest which will be brought about by this action of ours. The reason I ask this question is that so far as I can recall this will be the first formal resolution of a committee of parliament or the Canadian House of Commons to give any intention of direct action in the way of repudiation. When that is done we can make up our minds that it will not be the end of such conduct; and I want to know in the words of a good French phrase, how much we are paying for our aprons in that way, because when we have let the world know that the Canadian government has definitely set aside a contract, even if a somewhat stupid contract, entered into as far back as 1875, and has done it for a relatively paltry sum, then I think it will have some effect on our credit and it ought to be very carefully considered. I go back to my point. Let us know the cost of money now, and what we will pay, the saving that will be made by our act of repudiation?

Mr. VIEN: Would you think that the financial world would be shocked at the idea that the Canadian people are converting into redeemable bonds, perpetual bonds issued so long ago, when conditions have changed? If it were something unreasonable I am quite sure that we should live up to our undertaking. For instance, if these were 25-year bonds and we wanted to redeem them in 5 years, it would be then, at least, within the possibility of the Canadian people to pay; but when you come to perpetual bonds, I believe the financial world would not consider it a breach of faith but a redress of an intolerable situation. I do not believe that it would have a detrimental effect on our credit because I think the financial world would hold that we were doing the only sensible thing that a parliament like the Canadian parliament could do in such circumstances. I would draw a line between breaking faith and a breach of contract and an act such as I suggest.

Mr. HOWARD: Mr. Chairman, I for a good many years advocated exactly what Mr. Vien and Mr. Walsh have said, but I am changing my mind on the situation.

Mr. DEACHMAN: That is good.

Mr. HOWARD: Let us not forget that we are now in a period of depression when money is exceedingly cheap. If things work out as we hope they are going to, the sooner we get back to high price money the better it will suit me and for this reason, that at least then we are into prosperous times when we have to pay high prices for money. Suppose we were to do as was suggested, repudiate, practically speaking, by giving a notice that on and after a certain date we are going to pay off these bonds. That is a definite repudiation on the part of the dominion government. Furthermore, the present finance minister, I know, would not agree to it. But suppose it is done and you want to raise money in the money markets of the world. It is going to stagnate our position more than the three and half million dollars you are going to save on that item. For that reason I should not like to see that motion carried. I think a better course is exactly what we are doing. We voted in the house the other day an amount of money and put it at the disposal of the Minister of Finance so that whenever these bonds are offered—and there are always some offered—they are purchased and taken out of the market and new ones put in their stead at a lower rate of interest.

Mr. VIEN: Would you think—

Mr. HOWARD: Let me ask you this question. Suppose money went back to 6 per cent and you had repudiated and reduced this to 3, would you favour putting it back to 6—

Some Hon. MEMBERS: No.