

Merely to terminate a perpetual bond, not to take anything from anybody except that perpetual aspect of this case. Now, if it is going in the record as you suggest—

The CHAIRMAN: Yes.

Hon. Mr. STEWART: Have we not as a dominion just recently issued a new stock that is perpetual?

Mr. YOUNG: Yes.

Mr. KINLEY: It is callable.

Hon. Mr. STEWART: I think it is permanent. What is the difference between consols and a bond?

The CHAIRMAN: Mr. Stewart, you are satisfied with my suggestion, are you?

Hon. Mr. STEWART: Yes.

The CHAIRMAN: Carried.

Mr. HANSON: What is the motion?

The CHAIRMAN: The motion is withdrawn.

Mr. HANSON: On division.

The CHAIRMAN: Oh, no; make it unanimous, because we will have it in the report and will have occasion to discuss it when the report is brought down here.

Dominion of Canada—loans. Carried.

Mr. BARBER: I was going to ask about the guarantees by the provinces. That does not mean anything, does it?

Hon. Mr. HOWE: We are gradually taking those over as they come due. That is about the size of it. They are guarantees of the provinces at the moment, but we pick them up.

Mr. WALSH: There is one question I wanted to ask regarding the 3½ per cent advances, Trans-Canada Airlines Act, 1937, interest accrued, 1938, \$73,766.10; then on page 12 of the Trans-Canada Air Lines annual report we have interest on capital invested, \$104,852.68. Is there any connection between those two items; if so, what connection, and why the difference?

Mr. COOPER: Yes, there is a direct connection.

The CHAIRMAN: Would you mind bringing your question up again when we are discussing the Trans-Canada Air Lines in order not to mix up the two matters?

Mr. WALSH: It is under this item.

The CHAIRMAN: Yes, I know it is embodied in the capital loans. Well, proceed.

Mr. COOPER: There is a direct connection. We borrowed that money from the government and used it to purchase the stock of Trans-Canada Air Lines. We negotiated an interest rate of 3½ per cent, and, on the other hand, the Trans-Canada Act requires that the Trans-Canada pay 5 per cent on the capital employed in the enterprise. There is a difference in the rate as between the rate at which the money was borrowed by the Canadian National and the rate at which it was invested in Trans-Canada.

Mr. YOUNG: Why should there be a difference?

Hon. Mr. HOWE: To let the Canadian National make a little profit out of one of its subsidiaries.

Mr. HOWARD: Fine. Carried.

Mr. WALSH: Does the same reply hold good for the other item of 2 per cent Advances Refunding Act, 1938? If the government is advancing money to the Trans-Canada Airlines, which I presume it is, at 2 per cent—

Hon. Mr. HOWE: No, it is not. The government does not advance any money to the Trans-Canada Air Lines.