

what the saving would have been if the funding had been done differently, and we were given a figure of one-third of one per cent. That is why I say the matter was discussed in committee.

Mr. RHODES: It should be understood that that statement referred to new capital; it did not deal with the refunding of existing obligations. The amount involved would run into many hundreds of millions of dollars.

Sir EUGENE Fiset: I understand that.

Mr. RHODES: From the national point of view the credit position of the country might be far better if we did not attempt to take over the whole load at once.

Sir EUGENE Fiset: I am simply calling the attention of the minister to the fact that this matter was discussed in committee, that we had the advice of the auditors, and that we were given a positive statement, both on refunding and on the floating of new loans, that one-third of one per cent might be saved if they were floated directly by the government instead of by the railway.

Mr. RHODES: As a matter of fact the auditor may make any recommendation he wishes. The question of a major national policy or a decision as to what is in the best interests of the country is quite another matter. It is a very large question. May I point out to the hon. member that there is no question of a difference of one-third; the difference in Canada to-day is somewhere about one-tenth of one per cent.

Mr. HANBURY: That was two or three years ago.

Sir EUGENE Fiset: Yes, that is what I said.

Mr. HANSON (Skeena): Does this bill provide for payment in Canadian currency?

Mr. RHODES: That would depend entirely upon the condition of the market, and, to use a homely phrase, the man who pays the piper calls the tune. We have to deal with existing maturities and they have to be paid in the terms of the obligation. But so far as possible all issues will be made in Canadian funds. The hon. member will recall that some of these maturities fall due in England and some in the United States.

Mr. HANSON (Skeena): I realize that, but I thought they were made payable in Canadian currency no matter where they fell due.

Mr. RHODES: Of course if a bond falls due payable in pounds sterling we cannot pay it in Canadian currency unless the person who owns the bond is prepared to accept Canadian currency. So far as possible we will make them payable in Canadian currency.

Mr. HANBURY: The minister has said that if it falls due in United States funds or pounds sterling he cannot refund it in Canadian funds?

Mr. RHODES: Not unless the holder of the bond agrees.

Mr. HANBURY: Perhaps the minister would let me place my interpretation upon it. He may not be able to replace it on the same basis, but it is just a question of the price he will put on his issue, and what he will pay for it.

Mr. RHODES: The hon. member might add to that that if you are refunding—and that is what we are dealing with—

Mr. HANBURY: Yes.

Mr. RHODES: If the bondholder insists upon having either his cash or a substituted bond payable in pounds sterling, then we have no option.

Mr. HANBURY: I still submit that the minister could probably induce some of the old country and United States investors to take bonds payable in Canada, if it were necessary to give them a slight premium over what they would otherwise receive.

Mr. RHODES: We will do that, wherever possible.

Section agreed to.

Sections 4 to 7 inclusive agreed to.

On section 8—Loans authorized to National Company not exceeding aggregate amount of \$200,000,000.

Mr. EULER: Perhaps the minister is not in a position or would not care to say what the rate and terms of the bonds will be.

Mr. RHODES: Of the securities to be refunded?

Mr. EULER: Yes.

Mr. RHODES: If my hon. friend will look at Hansard of February 14, page 808, he will find a detailed list of all the maturing securities.

Mr. EULER: I meant the rate at which the new bonds are going to be issued.