

Guaranteed Debt of the Dominion.—Besides the direct debt of the Dominion, already dealt with, there are also large indirect obligations, arising mainly out of the guarantee of securities, by the Dominion, of the railway lines that now form the Canadian National Railways, and the subsequent extensions thereof. Together with these are other smaller indirect obligations, originating in the Government's guarantees of the bonds of the Canadian National Steamship services and of the bonds of its Harbour Commissions, issued in the main for harbour improvements. Since 1932 guarantees of certain bank loans have been made under the various Relief Acts. With the commencement of business of the Bank of Canada on Mar. 11, 1935, the guarantee [authorized by Sect. 27 (6) of the Bank of Canada Act] of the deposit required to be maintained in the Bank of Canada by every chartered bank, came into force. This guarantee will require to be implemented "in the event of the property and assets of the Bank being insufficient to pay its liabilities, and if the Bank suspends payment of any of its liabilities". Under the terms of the Home Improvement Loans Guarantee Act, 1937, the Government guarantees chartered banks and other approved lending institutions against losses up to 15 p.c. of the aggregate value of loans made by each such institution for the financing of repairs, alterations, and improvements to rural and urban dwellings. The Act provides that the amount of guarantees shall not exceed \$50,000,000 and therefore the limit of the Government's guarantee is \$7,500,000 as from Oct. 31, 1940, at which time approximately the full \$50,000,000 authorized had been guaranteed, the Government has accepted no further loans for guarantee under the Home Improvement Plan.

Under the terms of the Seed Grain Loans Guarantee Act, 1937, the Dominion Government guaranteed the principal and interest of loans made by chartered banks to farmers for seed grain assistance in Alberta, Manitoba and Saskatchewan during the spring of 1937. The loans in each province were primarily guaranteed by the provincial government and the Dominion's liability was only to the amount of the guarantee that the province was unable to meet. The amount of such loans outstanding at Jan. 31, 1940, was \$6,891,858.

Under the Act of 1938, such guarantees during the spring of 1938 were extended only to Alberta and Saskatchewan and the liability of the Dominion Government was not to exceed \$1,900,000 for Alberta and \$14,500,000 for Saskatchewan. In the case of Alberta, the principal amount guaranteed as at Jan. 31, 1940, was \$932,189. The principal amount guaranteed in the case of Saskatchewan has not yet been determined.

Under the authority of an amendment to the Canadian Wheat Board Act, 1935 (3 Geo. VI, c. 39), a price of 70 cents per bushel (basis No. 1 Northern, Fort William) was fixed as the basic price to be paid by the Canadian Wheat Board for all wheat of the 1939 crop delivered to the Board by producers. The Board's operations in respect of the 1939 crop were financed by loans obtained from a group of chartered banks under guarantee of the Dominion Government. The amount of the guaranteed bank loans outstanding at Mar. 31, 1940, was \$42,998,100, which related mainly to the crop year 1939.

The guarantee of the Dominion to the Winnipeg Grain and Produce Clearing Association, Limited, arising out of transactions and trades made by the Canadian Wheat Board, continues. No liability in connection with this guarantee accrues from day to day, as daily margin deposits are made by the Board to the Association.