

Hon. Mr. McKEEN: If we are going to pass this amendment, why should we not make it clear? Why should we leave this question to be decided by the courts? Dr. Eaton says corporation control is a matter for the court to decide.

Hon. Mr. EULER: Surely control always means more than fifty per cent.

Hon. Mr. McKEEN: Dr. Eaton does not agree.

Hon. Mr. HAYDEN: The Companies Act defines what is control, and that is a federal statute. If this act does not say anything, then that is the law.

Hon. Mr. McKEEN: Dr. Eaton, would the company law apply to this act?

Dr. EATON: Would Mr. MacLatchy care to speak on that point?

Hon. Mr. HAIG: I wouldn't say so, but "arms length" has been tried over and over again in our courts, and you can find cases by the dozen telling what it means.

Hon. Mr. McKEEN: Mr. Chairman, I still have not an answer to my question.

Dr. EATON: I am not a legal man, and I would not attempt to answer that question.

The CHAIRMAN: I was going to ask you, Senator McKeen, if you are agreeable that we should pass section 8, with the exception of this subsection?

Hon. Mr. McKEEN: I do not wish to hold up the matter, but I should like an answer to my question.

Hon. Mr. HAYDEN: We are on section 9. Perhaps the Law Clerk would express an opinion on that point.

Mr. MACNEILL: Mr. Chairman, a control company would be whatever the law says it is. This is an offhand opinion, but I think you would have to go to the Companies Act to find out what is a control company.

Hon. Mr. HAYDEN: Unless this act makes it specific.

Mr. MACNEILL: Unless this Act makes some change, you would go to the ordinary law to see what is a controlled company, and under the Companies Act it would be defined.

Hon. Mr. McKEEN: Mr. Chairman, I want to know if the Income Tax Department, which administers this law, will accept the Companies Act law. In some cases they do not.

Mr. MACLATCHY: I think we would in cases of Dominion incorporation, but you must remember that there are companies incorporated under the laws of the various provinces.

Hon. Mr. McKEEN: Most of them are.

Mr. MACLATCHY: Under different conditions. Generally speaking, I think control is fifty per cent.

Hon. Mr. HAYDEN: Fifty-one per cent.

Mr. MACLATCHY: Fifty per cent plus, as the senator puts it. The situation is that there are many types of stock issued under different circumstances, and it is pretty hard to set out a definition of "control" that would apply in all possible circumstances. There are many varying corporate set-ups. One senator mentioned that there are many cases in the law books as to what is meant by "control" under different circumstances.

Hon. Mr. McKEEN: Mr. Chairman, when the department used the word "control" it must have had something in mind. What was it? In British Columbia, for instance, most of the companies are incorporated under the laws of the provinces; in fact, federal incorporation is the exception, rather than the rule. Now, if the department has some idea of what it means by control of a corporation, can we not make that clear. It seems to me that the department officials are reticent today to say what "control" is. Our own counsel will give