

Mr. POULIOT: As a résumé of all this, I wonder what is the *raison d'être* of corporation lawyers.

Mr. WALSH: I was not here in time to take exception to the term used applying to the equity. I was going to suggest to the minister the use of a term such as "dominion government capital investment," rather than "proprietors' equity." However, it is too late, as the clause has passed.

Coming to the next clause, the securities trust, it was urged upon the minister in committee, that the creation of such a corporation under similar circumstances would not be tolerated in general business. The minister replied that he could name four or five out of fifty companies with a set-up of securities trusts similar to that proposed in the bill. I was not quick-witted enough at the time to ask for names. I still feel, however, that the securities trust is not a good precedent to be established by the government of Canada, and I would ask the minister if he can name any corporations or companies that have a similar set-up in general business.

Mr. HOWE: Does the hon. member mean securities trusts?

Mr. WALSH: A similar set-up to this, with the dominion government as parent company, the Canadian National Railways as a subsidiary, and a securities trust as a second subsidiary. Can he name where there is a situation equal to that in private enterprise?

Mr. HOWE: I think the Hollinger mine has one. I am sorry the hon. member did not ask for the names in committee, because I could have looked it up, but there are several companies which carry their surplus in the form of an investment trust.

Mr. CAHAN: That is an entirely different thing; they have investments of value. But here the minister is attempting to relieve a corporation of its liabilities by gathering together all its worthless securities and vesting them in a new corporation. It is a purely factitious arrangement for the purpose of reducing the capital account of the Canadian National system. I suggest that deputy ministers are not the persons to form such a trust or act as trustees. This is not a valid corporation. It is an arrangement whereby, realizing that these assets while of no immediate value may possibly have some contingent value in the future, or because certain interrelated liabilities with respect to these securities should be preserved, the minister is attempting to set up a special trust. Now the

Minister of Finance, as such, can do competently all things which this trust is supposed to do. He can act in his official capacity. He is authorized to act in regard to all such securities which are held by the government through his department or departmental officers, whosoever they may be. Why depart from that established precedent.

Mr. BENNETT: I suppose the minister notices that this corporation has no shareholders.

Mr. HOWE: The Minister of Finance is the sole shareholder.

Mr. BENNETT: There are no shareholders.

Mr. DUNNING: Five million shares, which capital stock, by section 14, shall be issued to the minister.

Mr. BENNETT: But look at the language of section 12:

There shall be a corporation to be known as "The Canadian National Railways Securities Trust," hereinafter referred to as the "securities trust," consisting of five trustees. . . .

Mr. CAHAN: Can he turn out the trustees by virtue of holding the stock?

Mr. HOWE: I do not see why not. You can change them at any time.

Mr. BENNETT: There is no company, no shareholders. I do not want to criticize these high-power lawyers to whom reference has been made, but it is quite obvious that there are no shareholders except one. The trustees have no shares; there is no provision for them holding shares. There is one shareholder, and he apparently cannot organize himself in such a way as to deal with any one of the five people.

Mr. BOTHWELL: Is not the situation simply that we are here setting up a body of five men—I do not know whether the term "corporation" is a misnomer—and naming them trustees, and authorizing them to issue five million shares of stock? It does not come under the companies acts, either federal or provincial; it is simply parliament itself creating a corporation, which it has power to do, for the specific purpose of handling the stock which is to be issued in connection with the securities to be taken over. Is not that all it amounts to?

Mr. BENNETT: No. If it were, there would not be much difficulty. That is the reason the hon. member for St. Lawrence-St. George (Mr. Cahan) has said it would have been so simple to name the Minister of Finance as trustee. But the section merely