

when facing the question whether there will be a third world war, that the best way to prevent it is to be ready to think out and to do the things which our judgment, our observation and our conscience tell us should be done, and, in the light of that decision, to act together?

It is true that Canada is not among the great powers, but in the world at large and, for many years, in the council of nations, it has taken a respected and leading part and has been the spearhead of many movements which have greatly helped to maintain peace. For a considerable time the Honourable Lester Pearson held with great honour and ability the important folio of External Affairs in the federal cabinet. In that forum he covered himself with honour and distinction. His fine work in the international field received a well-deserved recognition last fall in the award to him of the Nobel prize for peace. I have no doubt that the present head of the Department of External Affairs will also work with great competence for the maintenance of world peace, and I wish him full success in his serious and responsible activities.

The name of Canada is highly respected throughout the world. No nation of our size participated more quickly and strongly than did we in the last two Great Wars. Our participation was not influenced by the desire for any territorial aggrandisement or maritime expansion. We supported our allies with the best that we had, for we knew that we were fighting against barbarism and tyranny, and on behalf of the ideals which we cherish most,—freedom, democracy and the Christian virtues. The same idealism will, I am sure, continue to guide us in all our actions in future.

On motion of Hon. Mr. Reid, debate adjourned.

PRIVATE BILLS

PROTECTIVE ASSOCIATION OF CANADA— SECOND READING

Hon. Charles B. Howard moved the second reading of Bill S-2, respecting the Protective Association of Canada.

Motion agreed to and bill read second time.

REFERRED TO COMMITTEE

On motion of Hon. Mr. Howard, bill referred to the Standing Committee on Banking and Commerce.

MERCANTILE AND GENERAL REINSURANCE COMPANY OF CANADA LIMITED— SECOND READING

Hon. William R. Brunt moved the second reading of Bill S-3, respecting The Mercantile and General Reinsurance Company of Canada Limited.

He said: Honourable senators, I thought it might be wise to give a word of explanation in connection with the bill.

Hon. Mr. Reid: The rules of the house provide for that, anyway.

Hon. Mr. Brunt: The purpose of this bill is to bring about the passing of a special act under which the authorized capital of the Mercantile and General Reinsurance Company of Canada will be increased from \$1 million to \$5 million. In view of the fact that some honourable senators will not be attending the meeting of the Banking and Commerce Committee when it is dealing with this legislation, I thought I would give a further word of explanation.

Hon. Mr. Roebuck: Yes, go ahead.

Hon. Mr. Brunt: This company was originally incorporated by a special act of the Parliament of Canada, Chapter 71 of the Statutes of 1951, first session with a capitalization of \$1 million. Out of the original capitalization consisting of 10,000 shares of par value of \$100 each, 7,500 shares have been duly issued, so that the outstanding capital of the company at the present time is \$750,000.

The company has 11 directors and each director holds 10 shares of capital stock of par value of \$100 each or a total value of \$1,000, this being in accordance with the provisions set out in the Canadian and British Insurance Companies Act. In all, the 11 directors of the company hold a total of 110 shares of par value of \$100 each, having a total value of \$11,000. All the remaining issued shares are held by the parent company, namely, the Mercantile and General Reinsurance Company of England. There has been paid into the treasury of the Canadian company for the issuance of the aforesaid 7,500 shares a total of \$1,500,000, being at the rate of \$200 per share, which is double the par value of the stock. Of the aforesaid sum of \$1,500,000, \$750,000 has been credited to the capital surplus account of the company and the remaining \$750,000 to the capital account of the company.

At the present time there remain unissued in the treasury of the company 2,500 shares of a par value of \$100 each, having a total par value of \$250,000. The parent company has made an application to the Bank of England for the release of \$500,000, and this money will be used to purchase the 2,500 unissued shares which remain in the treasury at the present time. For the unissued stock the parent company proposes paying twice the par value, namely, \$200 for each share. Of the \$500,000 which will be received by the Canadian company,