

*Supply—Defence Production*

**Mr. Howe:** We thought \$30 million was a good round figure to represent the capital stock of the company. Debentures disappear over a period, as my hon. friend will know. We thought \$30 million capitalization for Polymer would be a reasonable capitalization as a basis for dividends. The capital stock of the company is now represented by 34 shares valued at \$1 a share. If we were to pay dividends on those shares, it would mean dividends of about \$250,000 a share which would, I think, be the record dividend of all time. As hon. members can see, 34 shares is obviously not a proper basis on which to pay dividends. We therefore say that we will take over the ownership of the property for two million shares less 34 shares at present issued.

**Mr. Knowles:** Which you already hold?

**Mr. Howe:** Which we already hold, yes. You will therefore have the company capitalized at 2 million common shares, and any further money that is advanced to Polymer—I do not expect there will be further money advanced because it seems to me that there should not be much further expansion to Polymer and certainly none that cannot be handled through the depreciation account—would be in the form of interest-bearing debentures.

**Mr. Knowles:** I thank the minister for his explanation.

**Mr. Howe:** I wanted to explain that no money is passing. That is the point.

**Mr. Knowles:** I understand now that no money is passing. Earlier I thought that this money was to take the place of the ownership of plant and equipment that we had. Instead of that, it is for shares and debentures to take the place of the loan that is now on the books—

**Mr. Howe:** Yes. That is right.

**Mr. Knowles:**—which was advanced to the company back in the early 1940's. There will now be, as the minister has said, two million shares, all of which will be owned by the crown.

**Mr. Howe:** That is right.

**Mr. Knowles:** We will have \$30 million invested in shares plus these other debentures.

**Mr. Howe:** That is right.

**Mr. Knowles:** The plant is actually worth more than that, as the minister indicated when he gave the figure of some \$68 million and said—

**Mr. Howe:** That is what the property cost.

**Mr. Knowles:**—what he thought was the worth of the plant today.

**An hon. Member:** Less depreciation.

**Mr. Knowles:** But at any rate, the title that the crown has to these two million shares gives full ownership of the whole plant?

**Mr. Howe:** That is right.

**Mr. Knowles:** That is good. The other question I wish to ask the minister relates to one of the recommendations which the war expenditures committee made in 1944. As I understand it, this plant was set up under the ownership and control of Polymer Corporation, which is a crown corporation. But in turn it was provided that the various functions of Polymer Corporation would be operated, in the main, by three operating companies: Canadian Synthetic Rubber, Limited, St. Clair Processing Corporation, Limited, and Dow Chemical Company of Canada, Limited. As the minister may recall it happens that I was a member of the war expenditures committee in 1944, and—

**Mr. Howe:** Perhaps I could save time by saying that all these subsidiary companies have disappeared. Everything in Polymer is now operated by the Polymer Corporation. As a temporary expedient to get the plant started, we allowed Dow to operate the styrene plant.

**Mr. Knowles:** And butadiene?

**Mr. Howe:** No. Butadiene was always Polymer, but the finishing of the rubber was in the hands of another company which was set up by the rubber industry. But we have taken back the operation of all its assets.

**Mr. Knowles:** Good. That means that I can cut short my remarks at this point. I just want to say that I am glad to know that the government has carried out recommendation (f) of the war expenditures committee which examined the affairs of Polymer some eight years ago. That recommendation can be found at page 867 of the *Journals* of Saturday, August 12, 1944. The committee recommended that as soon as convenient after the war was over, a readjustment along these lines should be made. Specifically it was recommended that Polymer should itself operate the entire plant. It is good to know that sometimes the reports that committees make are implemented.

**Mr. Howe:** Always.

**Mr. Knowles:** Not always.