

so early as anticipated, and in that event it would still be the same gentleman. I make the proposal, however, as something that is desirable, providing as it does for continuity, and continuity without the holding of meetings. The Minister of Finance has been the person who has been selected for the purpose during the days that are past, and it does seem to me that he is the person in whom the continuity should be preserved.

Mr. HOWE: I would point out to my right hon. friend that this is a balance sheet that is incorporated in the balance sheet of the Canadian National Railways, and I suggest that an individual cannot very well be designated a corporation within a corporation; I do not see how it would be workable if these things were vested in an individual. How would it appear in the balance sheet?

Mr. BENNETT: I thought of that, and I would refer the minister to page 14A of the bill:

Dominion government—proprietor's equity (represented by)—

1,000,000 shares of no par value stock of the Canadian National Railway Company . . .
 . . . advances, claims for unpaid interest and collateral security now held by dominion government.

Dominion government capital expenditures for Canadian government railways.

According to the statement made this afternoon, it is largely a matter of having some name in which to hold these securities. They have no practical value at the moment when there is no immediate interest, but they will be added to as the days go on. Deficits will also be added. Suppose the deficit is \$35,000,000; proprietor's equity securities will show in the balance sheet next year \$35,000,000 more than it is now. There might have seemed to be a difficulty on that score, but frankly I see none at all. In days gone by we have had no difficulty in that respect when all our securities were held by the Minister of Finance. If we alienate a piece of land to the government of Alberta the money value of the right of way covered by mortgage goes into the trust fund, but the Minister of Finance executes it because he is the proprietor of the shares and the equity of redemption is in him. I cannot think that there is any difficulty about it, though there may be because I will admit that I have not given the matter that intensive study which the officials of the department have. But surely proprietor's equity could be held by the Minister of Finance. If the intention is to set up a corporation, it must hold meetings and there must be a statute incorporating it. Un-

[Mr. Bennett.]

doubtedly the draftsman intended by this to incorporate it, but he has not done so. All he says is that there shall be a corporation, but he does not say when the "shall" is to take effect, whether by a subsequent statute, by letters patent, or by some other method. What he intended was undoubtedly to create the corporation by this act itself, and I merely point out that he has not carried out that intention; and it strikes me that, as he has not done so, it would be a simple matter to vest it in the Minister of Finance.

Mr. STEWART: Might I ask the minister to clear up a point, because of something stated in the special committee on railways and shipping? Take the annual deficits paid, say, in the last three years out of consolidated revenue fund, under the statute; would the amount of those deficits appear in the equity?

Mr. HOWE: No.

Mr. STEWART: It was stated in the committee, as I recall, that these would not appear in the statement of the securities.

Mr. HOWE: That is true. The act says they shall not be funded; therefore they could not appear as securities held by the securities trust. But they appear in the statement of the position of the railway.

Mr. STEWART: They are, as it were, lost and forgotten, gone with the wind.

Mr. HOWE: No, we are keeping a permanent record.

Mr. STEWART: You have them in the public accounts, but not in the railway accounts.

Mr. HOWE: That is according to the statute.

Mr. BENNETT: That statute does not touch anything but funding by the company.

Mr. HOWE: They are charged against consolidated revenue. They are not to be funded by the company, so what happens?

Mr. BENNETT: The consolidated revenue fund gets the money by borrowing it. The minister had to borrow the money; he put through the legislation to do it. The money goes into the consolidated fund, and the minister pays it out to the railway. The railway cannot fund it; the prohibition is against funding by the railway; but there is legislation standing in the minister's name to provide for \$35,000,000 now.

Mr. DUNNING: That is the cash deficit?

Mr. BENNETT: Yes.