

buy up bonds held by other people? Would the Government be compelled to re-buy bonds issued by the company, and would those bondholders have the right to exact from the Government in exchange for their bonds shares in the Canadian National Railways?

Mr. MEIGHEN: Only in the Canadian Northern. The Government could not buy income convertible bonds without the authority of Parliament. This stock is kept simply for the purpose of a possible exchange. The hon. gentleman will see that it is to be held in the name of the Minister of Finance unless the Governor in Council shall otherwise order. The only contingency of which I am advised is that there might be a necessity of making an adjustment with the holder of income convertible bonds.

Mr. CAHILL: This would be new stock for this new company, the Canadian National Railway Company?

Mr. MEIGHEN: Yes.

Mr. CAHILL: So that the Government could not have any agreement with a bondholder as regards the new stock?

Mr. MEIGHEN: No.

Mr. CAHILL: The Government would have to give him Canadian Northern stock in exchange for the bonds?

Mr. MEIGHEN: Yes.

Mr. CAHILL: That would have no bearing on this company?

Mr. MEIGHEN: What I stated was this: There is no agreement to give any issue of this stock to anybody. There is an agreement with the old Canadian Northern to exchange income convertible bonds for stock in that company. The Governor in Council might decide that it would be more convenient to offer a bondholder a share of the stock of this company than to have any of the shares of the Canadian Northern outstanding. I do not know whether it would be more convenient or not, because that would depend upon circumstances. This is a mere detail that necessarily should be left to the Governor in Council.

Mr. CAHILL: If it is proposed to issue stock of this company, none of that stock should be let out of the hands of the Government, because it would be a serious mistake to divide up public ownership. The section reads:

All such stock shall, until otherwise ordered by the Governor in Council, be vested in the Minister of Finance on behalf of His Majesty.

One hundred or one thousand shares might be issued. Those shares should immediately be put into the possession of the Minister of Finance. Does the minister not think the stock should be vested there?

Mr. MEIGHEN: As a general rule it should. I will bring the hon. gentleman's advice to the attention of the Governor in Council.

Mr. BUREAU: I understand the object of this company is to administer Government railways and to acquire all the stock that is outstanding so that absolute ownership will vest in His Majesty. The clause says that new stock issued by the company shall be vested in the Minister of Finance on behalf of His Majesty, and I do not object to that. The objectionable feature is the one pointed out by the hon. member for Pontiac (Mr. Cahill). Why give stock to outsiders if the object is to acquire stock held by outsiders and have it vested in His Majesty, so that the Government will have complete ownership of all the stock issued by the various companies?

I do not think it would be good policy to issue stock and allow outsiders to have it, thereby gaining a voice, no matter how small it may be, in the administration of our Canadian National railways.

Mr. MEIGHEN: Generally speaking, I think the honourable member's views are right. The contingency however is not a dangerous one, and as we will have further time for the consideration of this clause when the Bill is resumed for consideration, I beg to move that its consideration be postponed for the present.

Motion agreed to.

On section 22—power to acquire securities or make or receive advances.

Mr. BUREAU: This clause gives the Company absolute power, without control either by the Governor in Council or otherwise, to acquire securities issued by or make advances to or receive advances from the Canadian Northern or any other company comprised in the system. Now section 149 of the Railway Act provides as follows:

No company shall, either directly or indirectly, employ any of its funds in the purchase of its own stock, or in the acquisition of any shares, bonds or other securities, issued by any other railway company in Canada, or in the purchase or acquisition of any interest in any such stock, shares, bonds, or other securi-