

terms: "Owner's equity represented by various forms of securities"—if you wish to shorten it—"held by the Minister of Finance of Canada." That's all there would be to it. But instead of that we deal with it in a manner which I venture to say was never heard of before, and state that this trust company, which is not yet created, shall form part of the Canadian National Railways system, which to me makes it even more difficult to understand. When it comes into existence it has only one shareholder, and five trustees, who hold office *persona designata*, and not as individuals. That is the story. All afternoon I have sought, and sought in vain, for some explanation, and not having received it, I venture to say that the government must have had some purpose in deciding that they would not do this. But that purpose has not been disclosed.

Schedule agreed to.

The CHAIRMAN: Appendix number 1.

Mr. HOWE: The appendices are not part of the bill.

Mr. CAHAN: If these appendices are not included, how can you set up the new accounts?

Mr. BENNETT: Number five was the all-important one.

Mr. CAHAN: If they do not form part of the bill, were they put in simply for amusement?

Mr. HOWE: They are put in for explanatory purposes; they are not part of the bill.

Mr. CAHAN: There is no statutory authority with regard to them?

Mr. HOWE: No.

Mr. CAHAN: They simply constitute a prospective set-up?

Mr. HOWE: The bill states how these items shall be set up, and the appendices merely show the set-up so that people may see it.

Bill reported.

TRANS-CANADA AIR LINES

ARRANGEMENT WITH CORPORATION RESPECTING LINES AND SERVICES FOR TRANSPORT OF PASSENGERS, GOODS AND MAILS

Hon. C. D. HOWE (Minister of Transport) moved that the house go into committee to consider the following proposed resolution:

That it is expedient to introduce a measure to incorporate a corporation to be known as trans-Canada air Lines with authority to establish and operate air lines and services across

Canada and matters incidental thereto, also to authorize the government to enter into a contract with the corporation providing for the organization and operation of such lines and services including the transport of passengers, goods and mails, and for the payment of a subsidy to the corporation and for the operation and maintenance by the government of emergency landing fields and other specified services, and also to authorize the government at its discretion to acquire and pay for all of the shares of the capital stock of the corporation, and further to authorize the Board of Railway Commissioners to fix the rates to be paid to the corporation for its services.

Motion agreed to and the house went into committee, Mr. Sanderson in the chair.

Mr. BENNETT: Perhaps the minister will give us a reasonable explanation. By reasonable I mean reasonably long, so that we can understand the purpose of this resolution.

Mr. HOWE: The purpose of the bill to be founded upon this resolution is to form a company to operate a first-class air service from coast to coast. I think most of us are aware of the necessity for such a service. Canada is perhaps one of the few countries in the world without a national scheduled air service. The air services from our centres of population to areas not otherwise served by transportation take second place to none, but we are woefully behind other countries in air services between centres of population. During the calendar year 1936 over 1,000,000 people travelled in scheduled air flights in the United States. Many Canadian citizens when travelling from one point to another in Canada find they have to use the air lines in the United States, and they have been very insistent in demanding the establishment of a direct Canadian service.

Air mail stamps are sold in Canada and much of our mail is routed across the border, transported by the air services of the United States, and then brought back across the border at the point nearest to destination. The volume of this air mail is sufficient to warrant the establishment of a direct service in Canada. I believe such a service would prove of immense value for national purposes. Canada is a country of vast distances and sparse population, and the time needed to travel between the west and the east is considerable under present circumstances. If that time could be cut in three or four by a new air service, the people living at the extremes of this country would be able to travel more frequently to the centres of government business, and industry, and the inter-relations of the country would thereby be facilitated. The need for a service of this kind has been