

Mr. ABBOTT: With security on the property. I do not know what the effect is in my hon. friend's jurisdiction, but in the jurisdiction where I practise law the mortgagee takes a charge on the property but the veteran continues to own it. That is the test which is accepted for extending this special privilege. One must have some test. There will be borderline cases, I suppose, with regard to any rule. But I am informed that the rule which is followed by the division is that the business must be wholly owned by the veteran. He can borrow money anywhere he likes, but it must be his business. If he shares it with somebody else, he or the firm is not entitled to this special privilege which no one gets but the veteran.

Mr. SMITH (Calgary West): Let us take another example. Let us assume that we have a business for which you and I have paid \$10,000. You would supply \$9,999 and I would supply the dollar and so we would get the capital.

Mr. ABBOTT: You would supply the brains; I would supply the cash.

Mr. SMITH (Calgary West): We would get our capital together. I know this is not true, but we will say that you did not have that \$9,999 and that I did not have the other dollar. What we do is we incorporate a company and we go to the minister sitting immediately behind you, who has saved all his money, as we Irishmen always do. What he does is this: he says, "Now, boys, you have a very nice company. You have a share apiece. Assign to me 998 of them in blank and I will give you the money you require." You are a veteran; I am not. As I told the House of Commons before, my only military achievement was that of being lance-corporal in the boys' brigade in the Methodist church in Regina. In a case like that—and that is an ordinary business case—would you say that you and I as veterans—you a veteran of the first great war and I a veteran of the boys' brigade in the Methodist church in Regina—would have special consideration given? I know it is half funny, but the thing might easily happen. What is your ruling on that?

Mr. ABBOTT: Of course my hon. friend is a skilful lawyer and he would know many methods whereby perhaps it might be possible to achieve the desired end without the export-import control division being able to see through all the screens which were placed in the way of getting at the true ownership of the business.

[Mr. Smith (Calgary West).]

Mr. SMITH (Calgary West): I have borrowed money from every person and every bank that would give it to me. I admit that.

Mr. ABBOTT: On occasion, I have done a little borrowing myself. It is hard to give rulings on these hypothetical cases. I think all I can do is to return to what I said a moment ago, that the test which is used in extending this special consideration to a special group is that the business must be the business of the veteran, and that veteran is entitled to a quota, although he did not have any record of performance in that particular line prior to June 30. No doubt there are cases where people may use veterans as a blind to cover up the real ownership which is not that of a genuine veteran, and some of these we cannot catch. But on balance, the purpose of the rule is to enable veterans to get this special treatment. I cannot say any more than that. The division are trying to administer the rule just as fairly as they can and in the interests, not of fellows who are trying to put it over on somebody else, but of genuine veterans.

Mr. SMITH (Calgary West): You rely solely on legal title. May I again thank the department for their courtesy in turning me down in the gentle way in which they have.

The CHAIRMAN: Before we proceed to clause 2, may I again refer the committee to the rules of the house. I draw their attention to standing order 58 (2), which reads as follows:

Speeches in committee of the whole house must be strictly relevant to the item or clause under consideration.

The discussion we have just been listening to is one which I believe could have been more appropriately considered under section 3 (1) which reads:

No person shall import or attempt to import into Canada any goods listed or of the classes described in schedules I, II, or III . . .

And so on. I do not like to interrupt hon. members when they get into the midst of a discussion, but it occurs to me that the committee will make more progress if we abide by the rules of the house and make our remarks directly relevant to the clause which is being considered.

Mr. MACDONNELL (Muskoka-Ontario): I make one point which was made in the discussion before we rose at six o'clock, namely, that it was agreed—and I think the minister will bear me out in this—that it was desirable, before we did anything else with regard to this bill, to have a clear understand-