

West Indies Trade Agreement

Mr. BENNETT: My hon. friend misapprehended the point about the criticism. He does not call for tenders under this bill, it is the company that does it, and unfortunately the saying of "yes" or "no" to the tenders rests with that company and not with the government, except to voice approval or disapproval if the sum is over \$500,000. Therefore they can make their contract and send it to the government, with a report which may or may not be founded on fact, and the government acts upon that report.

Mr. MALCOLM: No, the Canadian National would call for tenders. The allocation of the tender and the matter of where the ships shall be built will rest with the government.

Mr. BENNETT: That is not what the bill says.

Mr. MALCOLM: I admit that.

Mr. STEVENS: That is our quarrel with the bill.

Mr. HEAPS: The question of tender has been overcome by having sealed tenders put in, and having the tenders opened in public. The tenders are not opened until the public can be present. If there is any difficulty in regard to the form of these tenders, my suggestion is that they be called for and that they be opened in public.

Section agreed to.

Sections 2 and 3 agreed to.

On section 4—Nature and form of securities to be approved by Governor in Council.

Mr. BENNETT: The point that I desire to make is that these securities should not be sold except by competitive bids. The Minister of Trade and Commerce, who is a business man in eastern Canada, knows how easy it is for bond houses and others to get what in the vernacular is called "a lead pipe cinch" on the sale of these securities, and I think the time has come when we should provide that these securities shall be subject to competitive bids. That, I think, the minister will agree is not an unsound suggestion.

Mr. DUNNING: This is a standard clause that I am endeavouring to work into all bills relating to Canadian National finance, with the objective of giving to the Minister of Finance a measure of control over the disposition of the securities. The Minister of Finance is not here at the moment, but I know his views are in the direction outlined by my hon. friend. I should not like, however, to tie him down positively in a statute without consulting him.

[Mr. Cannon.]

Mr. BENNETT: You will not take the bill out of committee?

Mr. DUNNING: No, but I am doubtful as to whether in a statute relating to the sale of securities you should under all circumstances be compelled to call for tenders.

Mr. BENNETT: I did not say tenders, but competitive bids. There is a distinction.

Mr. DUNNING: That might help out, I might say that during ten years experience as provincial treasurer I never sold an issue of provincial bonds otherwise than by public tender; by that I mean invitations issued to all the bond houses who might be expected to bid. I must confess that I had a number of experiences which led me to the conclusion that such a course was not always in the best interests of the body borrowing the money. My hon. friend I know is familiar with such conditions. While agreeing with the general principle, I would hesitate to put in the bill something which would make it impossible to deal with the securities otherwise than in the manner therein set out.

Mr. BENNETT: I quite appreciate the minister's point, but if you say "Such securities shall be sold only by competitive bids," you have met the difficulty. I do not think you should take the bill out of committee entirely, for when we come to section 8, I am going to say that I think \$500,000 is entirely too large a sum, if you mean it in that sense.

Mr. DUNNING: We will come to that. We will carry this section and leave the bill in committee so that I can discuss the matter with the Minister of Finance.

Section agreed to.

Sections 5 to 7 inclusive agreed to.

On section 8—Powers of company to construct, purchase or refit boats.

Mr. STEVENS: I notice the company is being empowered either to contract for the construction of ships, or to purchase, charter or otherwise acquire the boats. Is it in contemplation at all to purchase boats for this service?

Mr. DUNNING: We may have to purchase a 1,000 ton boat for the Trinidad-Jamaica service.

Mr. STEVENS: Is there one in sight?

Mr. DUNNING: No. I know of no arrangement having been made as yet.

Mr. STEVENS: That would be one of the five?