

required for the enterprise up to \$5,000,000, but there is nothing in the provisions of the bill to prevent \$2,000,000 of bonds being sold, or \$1,500,000 if that is the amount required.

Mr. BENNETT: It is not for me to say. The minister assures us that he has high-powered lawyers to advise him. All I can say is, I should like to see any man go into the market with a set-up like this and try to obtain money. See what would happen to him. Even his high-powered lawyers will tell him that I am right.

The CHAIRMAN: Shall the section carry?

Mr. BENNETT: On division; I cannot bring myself to vote for it.

Section agreed to, on division.

On section 9—Shares only transferable with approval of minister.

Mr. BENNETT: This is a power we object to, but we won't waste time over it.

Section agreed to.

On section 10—Ownership of shares.

Mr. HOWE: Is this satisfactory to my right hon. friend?

Mr. BENNETT: I was going to say something about it, but I don't think it makes any difference.

Section agreed to.

On section 11—Minister may acquire all shares.

Subsection 1 agreed to.

On subsection 2—Book value.

Mr. BENNETT: Would it not be well, in view of the case referred to by certain members the other evening, to say that no value shall attach to any franchise? Because this franchise might be held to have value. There have been cases in which franchises were held to have value; some of the cases which have caused the most trouble in this country have been in connection with matters of that kind. I think that is desirable because of the experience of other companies when it came to a question of arbitration. But I am not going to waste time discussing it.

Mr. HOWE: I think if section 11 is allowed to stand an amendment can be drafted. We will attempt to do so.

Section stands.

On section 12—Power to issue securities.

Mr. HOWE: I will ask my colleague to move a new clause 12, to make the bill correspond with the reprint.

Mr. MACKENZIE (Vancouver): I move a new clause 12, as follows:

12. (1) Subject to the provisions of this act, the Canadian National Railway Company may issue notes, obligations, bonds and other securities (hereinafter in this Act called "securities") not exceeding the sum of five million dollars for the purpose of purchasing the capital stock of the corporation, and the governor in council may authorize the guarantee of the principal and interest of such securities.

(2) The governor in council may, subject to the provisions of this act, approve or decide,

(a) the kind of securities to be issued and guaranteed, and the form and terms thereof;

(b) the form and manner of the guarantee or guarantees;

(c) the time, manner and amount of the issue or issues;

(d) the terms and conditions of any sale, pledge or other disposition of the securities;

(e) the securing, if deemed desirable by the governor in council, of the securities by mortgage, deed of trust or other instrument, and the form and terms of any such instrument and the trustee or trustees thereof.

(3) The guarantee or guarantees may be signed on behalf of His Majesty by the Minister of Finance or by such other person as the governor in council may from time to time designate, and such signature shall be conclusive evidence for all purposes of the validity of such guarantee and that the provisions of this act have been complied with.

(4) To enable the Canadian National Railway Company to proceed forthwith to purchase the capital stock of the corporation, the governor in council, pending the issue, sale, pledge or other disposition of the aforesaid securities, may authorize advances to be made to the said company from the consolidated revenue fund, such advances to be reimbursed to His Majesty by the said company from the proceeds of the sale, pledge or other disposition of such securities.

Mr. BENNETT: I should like the minister to look at this for a moment. While again I have no desire to take the place of the high-powered lawyers, I think if he looks at the section he will ask, guaranteed by whom?

Mr. HOWE: This is the standard wording.

Mr. BENNETT: But there are definitions in the general clauses which cover that, but in this case you have injected into a special act a provision which deals with power conferred upon the railway company. Surely you have to state by whom the guarantee is given. It may be by the Canadian Pacific Railway Company, as far as this is concerned.

Mr. HOWE: Given by His Majesty.

Mr. BENNETT: You have to say they are guaranteed by someone:

(3) The guarantee or guarantees may be signed on behalf of His Majesty by the Minister of Finance or by such other person as the governor in council may from time to time designate . . .