

those securities for whatever value they may have now, but it is assumed that they will in the future have a more definite value because now they cannot be realized upon. If this transfer were made to the Minister of Finance the same object would be attained without this complicated method of organizing a company whose assets are nominal, and whose liabilities are really actual, for the purpose of reducing the accounts of the Canadian National Railway pro tanto. I suggest that this complicated method of dealing with these matters is not necessary, that it is confusing, and that, as it is deemed necessary that these securities shall be held for the government against possible exigencies, the end would be fully attained if the Minister of Finance were made trustee, and if in that capacity he held and accounted for them.

Mr. HOWE: Mr. Chairman, I think the comment of my hon. friend divides itself into two parts. First, is the stated value of the securities in the securities trust a real or a fictitious value? It is real to this extent, that we stated at the beginning of this discussion that we were writing down the value of the property to the actual amount of the funds invested in the property.

Mr. CAHAN: Quite so.

Mr. HOWE: That balance in the securities trust, the stated value, that is, of the securities trust, does represent the portion of the funds which went into the building of the railroad. That is the reason why that is stated: as such, that balance has a definite value, and not a fictitious value. It is the value as we are determining it for the purpose of this write-down.

It is obvious to anyone that there are several ways in which we can determine value. We could have had a physical valuation made of the property, or we could have had a report made on its capacity to earn; but we are not doing that. We are simply leaving in the property all the funds that went into its construction; that portion of the funds which is the stated value of the securities trust is funds that went into the building of the property. Whether some simpler way of holding these funds could have been devised, I am not sure, but I cannot think of anything much simpler than this. It is a trust wholly owned by the dominion government, and operated by three deputy ministers and two officers of the railway, none of whom draws any salary or creates any expense. It seems to me a very simple and logical way of dealing with these securities, which have no immediate value other than that

[Mr. Cahan.]

they do preserve certain priorities, which may be useful in the case of litigation or something of that sort. I am not suggesting for a moment that there is no other way of achieving this purpose, but I think this is a fairly simple way, and it is the best that the officers of my department have been able to devise.

Mr. CAHAN: I still think, Mr. Chairman, that a simpler way of dealing with these assets would be to transfer them to the Minister of Finance as minister. They have no real value at present; it is quite possible that they may have no real value in the future. Would it not be quite sufficient to state that these securities are of uncertain value but, for the purpose of preserving any equities that may hereafter accrue in respect of them, they are transferred to and administered by the Minister of Finance? At least that would relieve the Minister of Transport from dealing with them or being anxious about them for the future.

Mr. HOWE: If the hon. member will pardon me, the Minister of Transport has nothing to do with this in any way. The shares are owned by the Minister of Finance.

Mr. CAHAN: That may be so. Why then, should he not hold them? You get rid of all complications by vesting them in the Minister of Finance, who is a corporation sole and would be the sole trustee. If, in the future, adjustments should be necessary with the provinces, or some assets should subsequently appear which are realizable, he would then be in a position to realize upon them in exactly the same way that the previous government transferred to the Minister of Finance, as I mentioned—I do not wish to go into details now—a very considerable amount of securities, some of which now might be realized upon but which I think should be held for future increment in their value, when, in the discretion of the Minister of Finance, acting of course in accord with his colleagues, they will be finally dealt with.

But this clause certainly does not incorporate the Canadian National Railways securities trust. There is no incorporation here. It is simply a declaration that there shall be such a corporation. Are you going to organize that corporation under the Canadian Companies Act? Are you going to organize it by a special act of incorporation? As it stands, it might be necessary for that corporation, once organized, to have the right to sue in order to realize some of these values. But this corporation has no right to sue, no right to recover upon realizable assets, no right to deal with them, in fact. The corporation