

Trans-Canada Air Lines

amount mentioned. But suppose we sell bonds carrying a certain rate of interest; that might have to be variable if we are to get par out of it. I do not see how you can put the shares on the market in the way the right hon. gentleman proposes, because the words "at par" might be embarrassing.

Mr. HOWE: This is a subscription of money; the Canadian National subscribes the money. Where that money is obtained is something else.

Amendment agreed to.

Subsections 2 and 3 as amended agreed to.

Subsection 4 agreed to.

Section as amended agreed to.

On section 8—Money subscribed for shares at the call of directors.

Mr. BENNETT: The minister's legal advisers will realize, I have no doubt, that this section is misplaced. The section provides:

The directors of the corporation may call for and demand from the shareholders thereof respectively all sums of money by them subscribed . . .

And so on. The directors of the corporation have nothing to do with the calling of shares. They have sold their shares to the underwriters for \$5,000,000, and this section, which is copied from the usual clause of this kind, has no place here.

This transaction is a simple one. The Canadian National underwrites the enterprise for \$5,000,000 and provides the cash, and after that the matter is between them and the people who have subscribed, subject to certain approval by the minister.

This section has no place in the present set-up; it never has in a set-up of this kind. It is taken from the standard form that applies to companies that are organized and offer shares to the public. We have underwritten our shares and that is the end of it, and we have nothing to do with calling up and buying old, played-out truck from companies. That is something to be done by the directors with the money they receive from the Canadian National, as provided for subsequently in this bill.

Mr. HOWE: It is intended that while the capital shall be fully subscribed up to \$5,000,000 it will be called only as needed; that is to say, we expect that for the service contemplated by the bill about \$1,750,000 will be required. Later—we have no idea when—a further \$1,250,000 will be required to take over Canada's share in the ownership of the transatlantic service. The additional \$2,000,000 is

[Mr. Young.]

reserved for future expansions and may never be called. The shares will be sold on the basis of paid-up value.

Mr. BENNETT: Yes; but the minister has overlooked the amendment he put in yesterday, which appears on page 5 of the reprinted bill:

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.

That is to purchase forthwith the capital stock of the company. We are not providing for the payment of this by instalments; the agreement is to purchase the capital stock. If it is to be proceeded with in the way the minister now indicates, and I certainly appreciate his point, we have to have a different section from the one now before us.

If I follow the minister, he has provided by this bill that the entire capital stock issue shall be underwritten by the Canadian National Railways. That underwriting is in fact a purchase, as provided by the amendment of yesterday and now set out as subsection 4 of section 12, which I have just read. The minister makes it abundantly clear that the whole of that purchase price is not required at this moment, and I suggest that appropriate words will have to be used in the various sections to show that the purchase price can be payable in such instalments as the directors may from time to time require. That, I gather from what he has said, is the purpose the minister has in mind. If he will look at the clause which was adopted yesterday, appearing on page 5 of the reprinted bill, he will appreciate the reason for the observation that I have made with respect to the section now under consideration. I do not think there is any doubt about that. Provision will have to be made for what I call instalment payment of the purchase price by the underwriters.

Mr. HOWE: The section my right hon. friend refers to is the usual section placed in branch line legislation giving statutory guarantee for the securities required. In connection with branch lines these securities are sold as the funds are required. It seems to me that the position here is the same. There is a continuing statutory guarantee for the funds