

the local habitation shall be Ottawa, and provision is made for the first meeting and so on.

I should like to know this: How can you create trustees of a corporation when you have only one shareholder who really has had nothing to do with the matter? Parliament in its supreme power may create trustees, but certainly it is at variance with any known theory of corporate law or practice, as it stands now. Under these provisions the minister himself has no power; the Minister of Finance has no power, although he is to be the holder of all the shares.

Mr. DUNNING: With the approval of the governor general in council.

Mr. BENNETT: That comes under the regulations, but the regulations are passed by the trustees.

Mr. DUNNING: And approved by the governor in council.

Mr. BENNETT: Quite.

Section agreed to, on division.

Section 13 agreed to, on division.

On section 14—Securities trust capital stock, to be held by minister.

Mr. BENNETT: I think I should place on record just one word, and it is this: These three sections do make us seem ridiculous. I am not going to say any more than that.

Mr. HOWE: Do you mean both of us?

Mr. BENNETT: I mean all of us. That is why we want to dissociate ourselves from it.

Mr. HOWE: I like to let the lawyers fight these things out.

Mr. BENNETT: I should like to hear any lawyer vindicate that position.

Section agreed to, on division.

Section 15 agreed to, on division.

On section 16—Trustees' powers—by-laws.

Mr. BENNETT: Same objection.

Section agreed to, on division.

Sections 17 and 18 agreed to, on division.

On section 19—Secretary.

Mr. BENNETT: This appears to make provision for the creation of another office. Whoever is secretary of the corporation known as the Canadian National Railways should be secretary of this commission, obviously.

Mr. DUNNING: There is no salary attached to the office.

Mr. CAHAN: But the secretary keeps the record of proceedings; there is no treasurer, and therefore the whole financial set-up is handled by the secretary. Certainly this is all unprecedented. First you take in the deputy minister of finance. Why take him rather than the Minister of Finance? Then there is the deputy minister of transport, and in addition there are two officers from the National railways. Once this statute is passed the National railways are absolutely devoid of all interest in any further proceedings; in their capacity as officials of the National railways these men have no further interest in this company. Then you appoint a secretary to look after the whole financial set-up and keep the accounts in order, and he is not under the control of the Minister of Finance, who is the real owner of all the equities. One cannot say very much more without using language that would sound extreme.

Section agreed to, on division.

On section 20—Exchange of indebtedness for stock.

Mr. BENNETT: This raises the question again. You see what is to be done. I do suggest to the minister that provision should be made in these sections that the amounts paid for deficits be also included, for they represent an indebtedness of the railway to the country. As the Securities Trust is carried by trustees, provision should be made that on the payment of deficits out of the consolidated fund an adequate acknowledgment should be issued by the railway and held by the Securities Trust among its assets. I believe that would meet some of the difficulty, because then the provision would be apparent.

Mr. DUNNING: It would completely change the procedure which has been in vogue since 1932.

Mr. BENNETT: No, it would not completely change the procedure. There has been since 1932 a prohibition against the railway's funding the indebtedness. There has not been anything which prohibited or in any sense restricted the right of the railway company to indicate its indebtedness.

Mr. DUNNING: But it has not, in fact, done so.

Mr. BENNETT: Yes, it has done so.

Mr. DUNNING: There is provision for it in section 24.

Mr. BENNETT: But before we come to that, meeting the point made by the hon. members for Chambly-Rouville (Mr. Dupuis) and Swift Current (Mr. Bothwell), "The