

will bear with me I shall read his complete remarks, in fairness to him. They take up about a page and a half of *Hansard*.

The CHAIRMAN: Are we interested in what a member of the House of Commons has said?

Senator CROLL: Can you give us a summary of it?

The CHAIRMAN: That, I think, would be better.

Mr. BURGESS: Basically the summary is as I have said. It was felt that if we subdivided these shares—and this was the basis of the criticism made by Dr. Kindt and the other members—there would be an automatic increase in the value of the subdivided shares.

Senator AIRD: That does not always follow.

Mr. BURGESS: This is quite true, but that is the argument presented to us. With that automatic increase, with the word “automatic” in quotes, in the value of the company’s shares, an operator who sponsors the stock and wishes to increase it makes this higher market at the present time, and the present holders unload in the higher market at the expense of the innocents who buy in at this higher market price. I am sorry I cannot make more sense of the criticism in the other place than this.

The CHAIRMAN: Does that satisfy you, Senator Croll?

Senator CROLL: Yes, but I don’t think they suggested any dishonesty. They suggested “something sinister,” which is different.

Senator McCUTCHEON: A very subtle distinction, I would say.

Senator HOLLETT: Could it happen? Could it happen, as they say, that people would unload their shares?

Mr. BURGESS: It could not happen in this company with the major shareholders not being prepared to sell at any price.

Senator McCUTCHEON: It is very difficult to make a market of 200 million shares unless it is something like Windfall.

The CHAIRMAN: Any further questions? Is the committee ready to consider the bill?

Senator SMITH (*Queens-Shelburne*): What was the company’s main consideration when they decided to present this bill to Parliament? Is it in the company’s general interest to split the shares or were you thinking principally in terms of availability of the stock under the employees’ savings plan? Is that one of the first considerations?

Mr. BURGESS: That is a consideration, the employees’ savings plan, but it is a secondary consideration. I think the primary consideration of the board of directors of a Canadian company of this nature is to broaden the base of their stockholdings, in particular to broaden the base of their stockholdings in Canada. This serves an extremely useful purpose in that for the benefit of your existing shareholders as well as for the benefit of others who might wish to buy into the company, you get a much narrower market on your stock. When your stock is at a price up in the eighties or the nineties it is a rich man’s stock and many investment syndicates and people like that buy it, but the man in the street is not going to buy very much. You get a buy order that can be a major investment fund or something of that nature, and the stock market accelerates because they are buying stock on what their financial experts have told them. They want the stock then; they buy it; and the price escalates. That order is filled and the stock drifts down a little way. The net result is that you have wide swings in the market price of a true blue chip stock. The market can vary as much as \$2 or \$3 over two or three days. This is not good for the individual small shareholder who is in here. If he has to sell at a given time for personal