

whether they fall within the character allowed by this long list. Then we have the provision:

(2) In his said report the superintendent shall make all necessary corrections in the annual statements made by the companies as herein provided and shall be at liberty to increase or diminish the assets or liabilities of such companies to the true and correct amounts thereof as ascertained by him in the examination of their affairs at the head office thereof or otherwise.

That examination is carrying out the terms of the act, placing the securities in their proper columns, with proper deductions, and there is no difficulty there at all. However, the inspector is given a right to take hold of the company as such, and this is the matter we are talking about. This right was not given in 1920, but in 1922, and it reads:

(3) The superintendent may request any company to dispose of and realize any of its investments acquired after the passing of this act and not authorized by this act.

That order might be given at any time when nothing could be got for them. Suppose the company buys some stock that never should have been bought, and there is a slump in connection with it in the market, and the directors say "Leave that alone, we know it will be all right again; we know what the assets of that company are; leave them alone," under this act the superintendent has the right to say, "No, sell it now." Perhaps the delay of a month, and the exercise of the business judgment of the directors, might enable them to realize on the investment, but after that order it becomes a matter of law that the companies must absolutely dispose of the stock within sixty days. And if the amount realized therefrom falls below the amount paid by the company for the stock, the directors shall be jointly and severally liable for the payment to the company of the amount of the deficiency; that is the provision in this section, and it is a very wise provision, it makes the directors personally liable for an investment that should not have been made. This is very different from the provision the minister suggested, that the directors could have no personal interest in these matters. The minister's own act says that if a director makes an unauthorized investment he is personally liable for it. That is quite right. It is idle to say that the directors have no interest. Their direct interest is to save the company from all loss, because if they do not do so they themselves lose. Now, there is a right of appeal to the Exchequer court and so on. My hon. friend from North Essex (Mr. Healy) referred to the question of real estate, and to the business way of doing it. I am sorry he has left the

room. We have an express provision put in as to real estate which reads:

70C. If upon an examination of the assets of any company it appears to the superintendent, or if he has any reason to suppose, that the value placed by the company upon the real estate owned by it or any parcel thereof is too great, he may either require such company to procure an appraisal of such real estate by one or more competent valuers, or may himself procure such appraisal at the company's expense, and the appraised value, if it varies materially from the return made by the company, may be substituted in the annual report prepared for the minister by the superintendent. If, upon such examination, it appears to the superintendent, or if he has any reason to suppose that the amount 4 p.m. secured by mortgage or hypothec upon any parcel of real estate, together with the interest due and accrued thereon, is greater than the value of such parcel, or that such parcel is not sufficient security for such loan and interest, he may in like manner require the company to procure an appraisal thereof, or may himself at the company's expense procure such appraisal, and if from the appraised value it appears that such parcel of real estate is not adequate security for the loan and interest, he may write off such loan and interest a sum sufficient to reduce the same to such an amount as may fairly be realizable from such security, in no case to exceed such appraised value, and may insert such reduced amount in his said annual report.

I am pointing this out for the purpose of showing the minister that the superintendent's powers—not under the legislation of 1920, as he supposed, but under the legislation of 1922—are very great. Why, his powers of management indeed are as great as those of the management itself. If it appears to him that some of the assets are not worth as much as they ought to be then, if he wants to manage the company, he steps in, and under the act he has the right to impose his business judgment upon the company even against the judgment of the management. I simply rose to ascertain to what length the minister thinks this inspection ought to go, and whether it is to go to such a length that it of necessity substitutes the judgment of an official of the department for that of the management and directors. Now, all directors are not either imbeciles or fools. The great majority of them have done pretty well.

Mr. ROBB: Hear, hear.

Sir HENRY DRAYTON: And have made an excellent return for their companies.

Mr. ROBB: Hear, hear.

Sir HENRY DRAYTON: And they know a good deal more about any particular district in this country where they are operating than it is possible for any government official to know. And difficulties in connection with