

of valuation for the purpose of meeting an obligation at the moment, I would say he is correct; but such is not the case. Under panicky conditions one places valuations upon securities bearing in mind the fact, as I said before, that the obligations of the insurance companies are to be met in years to come. If we loaded down insurance companies with obligations which would require them to hold securities to such an extent as to be able to meet panic conditions, we would be placing a dead weight upon them which would prevent them from engaging in the insurance business at all, and thereby we would deprive tens of thousands of people of opportunities for protection. A long period of years would elapse before companies could pile up resources sufficient to meet such a strain.

I should like to direct a few remarks to the second point mentioned by my hon. friend, namely as to whether or not insurance companies ought to invest in common stocks. I am not disposed to quarrel with my hon. friend; the point he has raised is arguable. In my own mind I am disposed to agree with him. In this connection we are in a position to indicate how necessary it is that policyholders have the protection of a governmental department. When the old insurance bill was before parliament the superintendent of insurance suggested a limitation upon the amount of money insurance companies could invest in common stocks. Parliament, in its wisdom—and I am not finding fault—overrode his judgment, and opened up a situation under which insurance companies could invest largely in common stocks. To the extent that insurance companies have been prejudiced and their financial positions jeopardized by their having invested too largely in common stocks, parliament must take its full share of responsibility. Upon a later occasion the superintendent of insurance sought to protect the policyholders, and to prevent large investments by insurance companies in common stocks.

I might point out to my hon. friend that in this bill we have included a very drastic provision as regards the practice which has hitherto obtained. I do not think it would be possible—certainly not at this stage—for us to say that a company shall not have investments in common stocks. My hon. friend must recall that not long ago we were confronted with a condition which disclosed that some of the life insurance companies have extensive financial investments in common stocks. Were we under present conditions to force those companies to dispose of their holdings, we would not be doing either them or their policyholders a good service.

Mr. EULER: Yes, but it should not go on in the future.

Mr. RHODES: Quite so. If my hon. friend will look at page 32 of the bill he will find a limitation to be imposed upon insurance companies as to the amounts they may invest in common stocks.

Mr. POWER: I am not prepared to agree with my hon. friend from North Waterloo that there is anything detrimental in investments in common stocks, as such. Many common stocks are first charges upon the assets of companies, and offer as good and as safe a field for investments as do debentures, bonds or preferred stocks of other companies. I am not prepared to go as far as my hon. friend from North Waterloo and urge upon the minister the advisability of any limitation whatsoever upon investments in common stocks. I would urge upon him, however, at all times, or whenever statements have to be made by a company, to let the public know the true position of such company. No argument of the minister, much as I respect his views, will induce me to believe that for the government of Canada to issue a certificate that a company holds assets to the value of so many million dollars, when in fact it holds assets materially less, is good practice.

Mr. CAYLEY: Will the hon. member tell me how he would establish the value of an asset for which there is no market?

Mr. POWER: At least for the assets for which there are markets—common stocks, bonds, debentures and preferred stocks—we should force the companies to place values upon them which they have in the stock and bond markets of the world.

Mr. CAYLEY: I do not think my hon. friend understood me. This is a peculiar time when many stocks are not being traded, and I fail to understand how a value could be established.

Mr. POWER: Most of the stocks which these companies hold are stocks being traded on the markets of the world, and were purchased at very high values. The minister has referred to a return to normalcy. So far as the values of those stocks are concerned, we are closer to normalcy to-day than we were at the time of their purchase. I agree with the hon. member for North Waterloo that in many cases there is no possibility, during the lifetime of the present generation, of obtaining the values which were placed upon stocks when they were purchased.