

The CHAIRMAN: Is it the pleasure of the committee that Mr. Stevens be permitted to examine Mr. Reid?

Mr. VIEN: Mr. Chairman, I would like to point out to Mr. Stevens in respect to his argument, which was made in a most reasonable manner, that I believe that any legislation of a general character would apply to these loan companies, and next year if as a result of the studies in the committee a law were made it would become applicable to this company whether its capital is increased or not. Further, it would apply to a corporation of \$5,000,000 to the same extent as it would apply to a corporation of \$500,000. Therefore, I do not believe that this Act, particularly section 2, as drafted would vest in the company any right that would not be regulated and overcome by the legislation of a general character which is contemplated.

Mr. LEDUC: Mr. Chairman, I fully agree with Mr. Stevens in his remarks, and I believe that owing to the fact that the Minister of Finance told us the other day that it is the intention of the government to amend the general law next year, I am opposed to this section 2 giving the right to this company to raise its capital from half a million to five million dollars. If we do accept this clause and give them that privilege we are causing harm to those who buy that stock if we do amend the general law next year and reduce the rates of interest which they are allowed to charge to-day. This clause calls for an increase in capital stock to \$5,000,000, and that would suggest that it is the intention of this company to put their stock on the market. They will sell that stock and next year when the government comes to amend the law those holding the stocks will have the right to come before the government and blame it for having given the right to that company to sell stock and then to come along with an amendment to that law reducing the rates of interest on loans. For the reasons I have indicated I am absolutely against this section of the bill.

The CHAIRMAN: Gentlemen, just a minute; before giving a decision would it not be well to hear from the company as to what they have to say in the matter.

Some HON. MEMBERS: Hear, hear.

The CHAIRMAN: Mr. Walker.

Mr. WALKER: I was just going to announce that I am authorized to give this company's undertaking that if this clause goes through there will be no sale of stock to any public. Mr. Leduc seemed concerned because he thought the reason for this increase in our capitalization would mean that stock would be going out into the hands of the public. We have endeavoured to make it clear that the object is merely to capitalize a debt that already exists and to take care of reasonable expansion in the future. The debt exists, and in that sense, whatever the rights of the parent company may be they are vested now. This parent company has done a lot to put its money into this venture under its present charter.

Hon. Mr. STEVENS: As a loan.

Mr. WALKER: As a loan; and I would have thought that it was the best evidence of good faith on the part of the parent company that it was willing to take a subsidiary position as a shareholder rather than as a creditor.

Mr. TUCKER: Mr. Chairman.

The CHAIRMAN: Mr. Tucker.

Mr. TUCKER: The situation as I see it, viewing it from all related angles, is simply this; this company was incorporated and given the right to charge 7 per cent interest, and to make other services charges. A similar Act came before