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Corporation Law: A Suggestion.

The "friends of the people" appear to be very busy at Ottawa this session. A week or two ago we were treated to a series of violent denunciations of the alleged iniquities of the banks. This week the transportation companies have been flayed. Such enthusiasm is admirable. But unfortunately it mainly runs to sound, is singularly disregardful of exact knowledge in regard to financial circumstances and problems and is deficient in practical ideas. Beyond the fact that it gave an opportunity for Mr. Borden to make the announcement that the subject of the control of corporations has been under the consideration of the Minister of Justice for some time, it is difficult to find any practical utility in such a debate as that which took place on Monday on the Richelieu and Ontario Company's bill for the extension of its capital. Long speeches were made in wordy and vigorous denunciation of this and that transportation corporation, there was the usual amount of recrimination pure and simple, and Mr. Bennett, of Calgary, put forward the suggestion of a court of commerce to approve new issues of capital by public corporations, and as a preliminary, a royal commission to investigate the subject. There is the sum of the debate. Mr. Bennett, by the way, also expressed the opinion that members of the House of Commons know very little about finance. We agree.

It is obvious that, as the Prime Minister pointed out, this question of the further control of public corporations is beset with difficulties. The difficulties begin at the outset. What are corporations which, in Mr. Borden's phrase, "are performing quasi-public functions"? Railways, navigation companies, express companies, power companies, and street railways obviously come within this category and are commonly included in it, but cannot the definition also be said to cover those corporations supplying the common materials of industry as well as those supplying industry with transportation and power. Cement, for instance, has become a primary necessity; canned fruits are another. If there is to be regulation of the transportation, express and power companies, why not of those corporations supplying in Canada the bulk of these necessities? To differentiate

treatment, to bring one organisation within the new regulations and to allow another to go scot-free, would be to announce in an Act of Parliament that what is sauce for the goose is not sauce for the gander.

There will be general agreement with Mr. Borden in his declaration that the subject is one concerning which it would be undesirable to bring in any immature or rash legislation. In this respect, as in many others, we have the experience of the United States available for our use, and careful study of the regulations there, and of their effect, will be necessary before any decision can be come to. Where some useful reform of Canadian corporation law could be more easily accomplished probably, is in the revision of the Companies' Act, and a remark by Mr. White, the Minister of Finance, the other day, suggested that it is in the mind of the Ottawa government to take this matter up. In that case, it is to be hoped that the Companies' Act will be brought into line with modern legislation elsewhere in requiring considerably more information from incorporated companies than it is at present necessary that they should publish. It is true that in this respect, there has been a considerable improvement in corporation practise during recent years, and many companies now give their shareholders and the public a full measure of information regarding their financial standing. But there are still too many annual reports whose distinguishing features are a handsome cover and a lack of information. The fault too, is not confined to reports; many prospectuses have a similar failing.

This is a practical and needed reform which it is desirable should be undertaken in the interests of our foreign borrowings. London financial critics are constantly complaining of the lack of information given in prospectuses of Canadian undertakings, and in their annual reports. Unfortunately there are some cases—though a very few—where promoters and others have the best of reasons for not giving much information. A few cases of this kind can do a great deal of harm, however, and if for no other reason than the better guidance of foreign investors, a change in the Canadian companies' law on these points would seem strongly desirable. But it is equally to be desired for our own protection in Canada.