add anything to the statement that I have just made, except to say I do not think it is in the interests of the company alone that such action should have been taken under the conditions prevailing; it is in the interests especially of the policyholders of the future.

Mr. POWER: The real reason for it is that a large number of persons are interested in the company and some of these companies are large corporations. That is about the only justification. If a private individual attempted to value his assets on a basis other than their real market value the bank would throw him out; but a large company which owes millions or hundreds of millions in obligations, the failure of which would involve difficulties for a very large number of persons, is allowed, by common consent, I suppose, to get away with it.

Mr. RHODES: I do not subscribe to the point of view expressed by my hon. friend from Quebec South. Many of these companies are purely mutual and are the property of the policyholders. The question of profit to individuals or corporations does not arise at all. I think I can illustrate in part what I have in my mind by referring to bonds of the Dominion of Canada. In Canada to-day there are bonds selling in the eighties, but we are perfectly certain that when those bonds mature the holders will receive one hundred cents on the dollar. That same statement is true with respect to assets of a similar character held by insurance companies. To-day they are worth, we will say, eighty cents; but when they mature they will be worth one hundred cents on the dollar.

Mr. EULER: Stocks never mature.

Mr. RHODES: So, when the assets of these companies are called upon in future years, at such time securities will be worth an amount sufficient to provide the necessary funds to meet the obligations of the company.

Mr. EULER: I find it very difficult to believe it is ever right to say a thing is worth what it is not. That holds true in connection with securities held by the insurance companies. There is force in the remarks of the Minister of Finance when he speaks of government bonds which we hope will be paid in full at maturity. That may apply also to bonds of some very good companies. I say to him, however—and I think every hon. member will appreciate this—that there are gilt edged bonds of first class companies in this country which have depreciated exceedingly in value, and it is doubtful whether they will ever again reach the values they had when they were purchased. I think my statement in that regard is correct. While I might make some exception with regard to bonds which come to maturity and are supposed to be paid at par, it is entirely different when we consider common stocks, which never come to maturity. I say, without fear of successful contradiction, that many of the common stocks of Canada which at one time were regarded as high class securities and good value will never again go to the prices at which they were purchased. That statement applies to preferred stocks as well. That being so, I cannot approve of a practice, well intended as it may have been, which says a thing is worth something more than its true value. Such a practice must result in destroying confidence, if the condition I speak of actually comes about.

While I am on my feet may I say that I have not had the opportunity of reading the bill, and I doubt whether hon. members have read it. The funds of insurance companies and especially those of life insurance companies, are trust funds. I do not think it should be possible, and it should be illegal, for them to invest in common stocks, which, after all, are highly speculative. A few years ago a peculiar anomaly existed in the Insurance Act. Fire insurance companies, which are not custodians of trust funds, were precluded from investing in anything but mortgages and bonds. Those were the only classes of securities in which fire insurance companies could invest, although the moneys in their possession were not trust funds. If a fire insurance company went to the wall the worst that could happen to the policyholders would be the loss of premiums; they could reinsure in other companies. In connection with life insurance companies, however, there is a different situation. In those companies there are the funds of widows and orphans, or prospective widows and orphans. If those funds are lost in common stock investments the result is serious. I do not know whether there is any provision in the bill bearing on the matter, but I suggest the government would do well to bring in a regulation making it impossible for life insurance companies to invest in common stock.

Mr. RHODES: The views of my hon. friend are entitled to, and so far as I am concerned always receive, the utmost consideration and respect. I do not, however, entirely agree with him in his assumption that the power of valuation is responsible for the placing of values which leave false impressions, in other words false valuations. If it were a question