

Private Bills

Interprovincial Pipe Line shares on the open market.

Mr. Johnston said that the investing public was participating reasonably which leads me to believe that perhaps there is something more behind this proposed stock split than a beneficent desire on the part of Interprovincial Pipe Line Company, Imperial Oil, Shell Oil and British American, all of whom are noted for their desire to help the investing public, to do just that. There must be something more behind this particular proposal than just that desire.

When the hon. member who sponsored the bill spoke on the day of its introduction he spoke in terms of the value of the stock on the market and said the present market price of Interprovincial stock at that time was \$86. He quoted from a study of stock splits in postwar years published in the *Analysts Journal*. He also referred to some characteristics of procedures of common stock splits which appeared in the *Harvard Business Review*.

Mr. Johnston suggested that the New York Stock Exchange was officially committed to a policy of keeping individual common stocks at what it considered desirable price levels, and in this case "desirable" means low or medium priced. The object was to make for better trading and to attract small investors. He suggested that the exchange regards as the most desirable price level a range between \$18 and \$25. I assume the analogy is that the Toronto Stock Exchange should or does have the same principle and that it is just as desirable to do it there as it is on the New York stock exchange.

On the day Mr. Johnston made that statement I looked at the *Ottawa Citizen* of February 15 to see how many stocks there were in this desirable price range and how many there were above the \$25 level. Apart from penny stocks, which probably do not enter the picture because they are in a different class and of a different sort altogether, there were many stocks on the Toronto exchange at the undesirable level.

The stock of Imperial Oil, one of the owners of the Interprovincial Pipe Line Company, was at the undesirable level of \$53 $\frac{3}{4}$ which I presume is \$53.75. That is a most undesirable situation. This company is imbuing one of its subsidiaries, if that is what Interprovincial Pipe Line Company is, with the concept that its shares are at an undesirable level while at the same time its own stock

is at an undesirable level, more than twice as much. General Motors Corporation is another undesirable company in so far as its stock is concerned. They were selling their shares on that day at the fantastic price of \$113. That is an even more undesirable level than the shares of Interprovincial Pipe Line Company.

I could refer to a number of other companies whose stocks were in the undesirable range on that day but perhaps I should not take time to do so. To mention a few, there were several banks, Bell Telephone, B.C. Sugar, C.P.R. and a variety of other.

An hon. Member: Put them on the record.

Mr. Howard: My hon. friend asks me to put them on the record. If members wish me to do so I will but I do not think there is sufficient time at my disposal. This request comes from a responsible source so perhaps I should comply by referring to a few of them. Some of them I do not recognize but there is one referred to as Alta. G.P.C. with its stock listed at \$97 $\frac{1}{2}$. That is a little bit more undesirable than Interprovincial Pipe Line. The stock of B.C. Sugar was listed at \$42, Bell Telephone stock was listed at \$58, Bank of Nova Scotia stock was listed at \$73 and Bank of Montreal stock was listed at \$64. Perhaps that will suffice for the moment.

The point I want to get at is this. It does not seem to be a reasonable argument for the sponsor of this bill to say on the one hand that the price level of its stock, \$86 as it was on that day, is an undesirable level when one of the owners of the company, Imperial Oil, also had its stock at an undesirable level. There must be something more behind this proposal than was stated by the then president of the company. I do not know whether Mr. T. S. Johnston is still the president of the company but at that time he made a number of extremely interesting and revealing statements that I feel should give us some concern and cause us to wonder. He talked about philosophy, if there is any such thing in the stock market, in respect of small investors and their preferences as to what they would like to buy, in what lots and at what prices. Mr. Johnston in his laudatory remarks about the Interprovincial Pipe Line Company said that there was still a particular trend on the stock market which would indicate that companies do not wish to sell their stocks at a price too low or too high. He makes that statement as though the company had something to do with the setting of the price. I thought the price was set on the marketplace