entré to the money markets. Any one of its subsidiaries could borrow on bonds, debentures or notes—the traditional ways to which the Governor of the Bank of Canada referred in his speech that I have already mentioned.

But there is a large pool of capital and assets and prospects behind all these subsidiaries that will not require capital at the same time. Some will require additional capital for expansion as circumstances, development and prospects warrant.

Rather than promote each individual subsidiary and have it seek its own capital requirements, the parent can adopt another device; it can incorporate a special subsidiary. The purpose of this subsidiary could be, and would be in this example, to provide the money needed by any of the subsidiaries. The security it offers is well known to the investing public. Usually the capital requirements in this type of case are larger than can be supplied by small individual investors. Institutions usually subscribe to such enterprises, and the amounts are usually beyond the reach of the small investor. Sometimes they reach the level of a half million or a million dollars, or more. Sometimes they are lower, but seldom lower than, say, $100,000.

I shall call this subsidiary the security subsidiary. It is, in fact, a financial intermediary between the operating subsidiary, on the one side, and the market, on the other. It thus becomes a most efficient device for borrowing money, for the marketing of money, for the industrial development to be conducted by any of the operating subsidiaries or, indeed, by the parent company. In fact, in current practice, as this idea has been used in Canada it has attracted and continues to attract more and more Canadian investment in Canadian enterprises.

Who can say this is not a worthy, effective, efficient and economic way of doing business? Is it not clear that time and effort and money are saved, not only for the parent and the subsidiaries, but also the end product of the subsidiary can and should be less costly to the general consuming public.

Under this bill the security subsidiary, in my example, is prohibited from doing for the operating subsidiaries what the operating subsidiary could do for itself, but at greater cost. The section which prohibits this is section 8(1)(c)(iii). And if the parent had recourse to the services of the security subsidiary, as I describe it, the bill would exclude such recourse under section 8(1)(b) of the act.

Honourable senators, I do not pretend that in this discussion I have done more than point to two cases which deserve not only the close attention of this chamber and its committee but also, in my view, amendment. If inflation is our main economic concern; if industry is to be more productive; if we are to promote innovation, invention and adaptation to new conditions in our economy; if our goods and services are to be sold in world markets; if, indeed, the cost of living of our people is to be held in check, then it behooves our parliamentarians and the men in our legislatures not to frustrate the effort of business to become more efficient and economic. Rather, it is our business as legislators to encourage every sound, modern business practice which promotes efficiency and economy. Other countries recognize this philosophy and, indeed, so must we.

The Hon. the Speaker: Honourable senators, as the motion adopted yesterday to refer this bill to a committee has been rescinded, I again put the motion for second reading.

It is moved by honourable Senator Desruisseaux, seconded by honourable Senator Sparrow, that this bill be read the second time. Is it your pleasure to adopt the motion?

Motion agreed to, and bill read second time.

REFERRED TO COMMITTEE

On motion of Hon. Mr. Desruisseaux, bill referred to the Senate Committee on Banking, Trade and Commerce.

RULES OF THE SENATE

MOTION FOR ADOPTION OF FOURTH REPORT OF SPECIAL COMMITTEE—DEBATE CONTINUED

The Senate resumed from yesterday the adjourned debate on the motion of the Hon. Mr. Molson for the adoption of the Fourth Report of the Special Committee of the Senate on the Rules of the Senate.

Hon. Paul Desruisseaux: Honourable senators, this debate stands adjourned in the name of Senator Cameron. With your permission I should like to speak in his place.

Hon. Senators: Agreed.

Hon. Mr. Desruisseaux: Honourable senators, the Fourth Report of the Special Committee on the Rules of the Senate was brilliantly