

responsible minister occupying this portfolio would, I am sure, deal with it in the same way—it will be my endeavour to see that the stock is distributed among individuals and throughout the country as widely as possible.

Mr. BOURASSA: Would the minister permit a question on this point? So far as I understand him, he reserves to himself, as Minister of Finance, the right to control the allocation of shares. Would that go the length of controlling the individual subscriptions, or simply the apportionment of the amount of each subscription?

Mr. RHODES: I do not think it would go to the extent of discriminating as against individuals, but it would have to do with giving favour to the smaller subscriber, and where there was oversubscription the scaling down of subscriptions would be upon a basis which would make for the largest number of subscribers and the widest possible distribution.

Mr. BOURASSA: I should not like to be disagreeable, but in order to help the minister make the point clear may I ask this further question: Suppose some corporation had twenty or possibly fifty different persons each subscribing small amounts, what degree of control could the minister exercise over such collective subscriptions, which would be tantamount to one large subscription?

Mr. RHODES: My hon. friend will be the first to admit that no measure or no precaution can avoid a possible odd abuse. But I would say this, that in the first instance the provisions of the measure guard against ownership of the stock by banks or those who hold stock, as individuals, indirectly for the banks. Furthermore anything in the nature of a concerted move of that kind would be bound to be disclosed. At all events, I am sure there would be a most careful scanning of the subscription lists to avoid, if possible, the arising of just such a contingency.

Mr. MACKENZIE KING: Would the list be made public?

Mr. RHODES: Yes, the list of shareholders, and their holdings, would be made public. The criticism might be urged that those shareholders who lived near the great centres, such as Montreal, Toronto and the eastern section generally, would have an advantage in group action as compared with the smaller shareholders who live in the more distant portions of the country. To guard against any danger in that respect an unique provision in this measure has been provided whereby the individual must give his proxy to the Minister of Finance. It goes beyond

the usual method, which obtains in most companies, of giving a proxy to an individual who is, as a rule, designated by the corporation or by the board of directors, inasmuch as it provides that the individual in giving his proxy to the Minister of Finance may indicate to the minister the desire of the shareholder as to what method of treatment shall be accorded his vote, and the Minister of Finance will instruct the scrutineers in accordance with the wishes of the shareholder in question.

Mr. LUCAS: Will there be any supervision in connection with the allotment of these shares so far as the various parts of the country are concerned? My point is this: As the capital is limited, it might easily happen that unless there was some supervision over the allotment of shares, the central part of Canada might secure the total amount. In such circumstances there would be no shareholders in the outlying parts of the country.

Mr. RHODES: The hon. member's question is eminently fair, and I would answer it in this way: While it would be impossible to make with exactness a territorial division, it will be the endeavour of the Minister of Finance to see not only that the shares are distributed as widely as possible, so far as individuals are concerned, but that they may be spread over as great an area of the country as possible, so that even the small subscriber in the most outlying portions will not be overlooked to his prejudice and to the advantage of those living nearer the large centres.

Another safeguard is that the governor, the deputy governor and the assistant deputy governor are, in the first instance, to be appointed by the governor in council, and that thereafter when they are selected by the board of directors their appointment must be approved by the governor in council. Another provision which will have a beneficial effect in the matter of continuity of policy and assurance of the benefit of experience of those who have served as directors, is found in the provision for rotation.

The sixth provision is that all by-laws of the bank must be approved by governor in council, and when so approved such by-laws have the same force and effect as if enacted by an act of parliament.

The seventh provision is that the profits of the bank are definitely limited, and the private profit-seeking motive has been entirely eliminated.