

tions of the stock exchange, as they are carried on now, are an effective cause of crime, and that interference by the government is called for. If it is our duty to legislate against crime when it is committed, it is also our duty to legislate to prevent the commission of crime if we can.

There is not the slightest doubt also that it is our right and duty to legislate even against individual liberty when the exercise of that individual liberty degenerates into such a license as to imperil the national security of the country. The operations of the stock exchange, carried to the extent they have been carried for the last few years, are a menace to the financial security of this country. In the first place, not only regular banks, but savings banks, that have been established under the credit of the country, have gone so far as to lend money on the security of stocks which have been paid for on a very narrow margin of five or ten per cent. In the next place, a large number of financial or industrial institutions that are organized under joint stock capital have suffered and greatly suffered from the slump that was recently caused by the actual operations of the stock exchange. The result of this is deterrent to the investment of capital which otherwise would seek security in our industries. Moreover this stock exchange business puts our railways, our banks, our insurance companies and a large number of industries practically in the hands of people who hold shares of these institutions, not with the idea of making profits by the natural development of these industries; not with the idea of earning interest upon their shares because of the trade carried on by these companies; but who are simply expecting that the changes in the stock market will give them a chance to speculate on the rise and fall of these shares. Therefore, I say that it puts the titles of ownership of several of our basic industries within the hands of men who have no interest in the future prosperity and stability of these industries.

This stock speculation under present conditions is also a danger to our fiscal stability. We have had an example of this during the present session, when people have come to this parliament looking for a remedy because they had been ruined by wild speculation and had seen the shares which they held on very small margin taken out of their hands as soon as they were not able to put up the balance of the margin. Instead of doing what they would have done had their shares been paid in full; instead of going to the directors of the companies; instead of coming to the conclusion that the proprietors of any industry should look to his welfare; they have come to this government and have asked that by changes in the tariff, the decline in the price of their shares should be arrested, and their stock market value increased. I do not want to bring into the discussion the propriety of these

changes in the tariff, but I do say that it is not of good omen for the stability of the fiscal policy of a country that a movement might at any time be created amongst the speculating classes, with the object of demanding a change in the tariff just to increase their gambling chances.

Now, Sir, the law of 1888 was directed against a thing which is described in sub-section (a) of clause 1 of that Act. It says: Every one is guilty of a misdemeanour who

With the intent to make gain or profit by the rise or fall in price of any stock of any incorporated or unincorporated company or undertaking, either in Canada or elsewhere, or of any goods, wares or merchandise, makes or signs, or authorizes to be made or signed, any contract or agreement, oral or written, purporting to be for the sale or purchase of any such shares of stock, goods, wares or merchandise, in respect of which no delivery of the thing sold or purchased is made or received, and without the bona fide intention to make or receive such delivery; and every one who aids or abets in the making or signing of any such contract or agreement.

Now, Sir, what was Mr. Abbott's opinion on the matter? He was the author of the Bill, and I might say was, on legal as well as financial matters, one of the highest authorities in this country. He said:

The real difficulty in preparing a measure of this description has been to draw a line of distinction between the transactions which are carried on in the legitimate business of a broker, and the transactions which are carried on in the way I have mentioned in those bucket shops. It is not alone in Canada that this distinction has been sought for; it has been inquired in and received the same solution in the United States where this species of gambling is very prevalent. . . . The distinction which I understand is a true one between bucket shop transactions and legitimate brokerage business is as stated to me by a leading New York broker who wrote me The distinction which this gentleman draws, and which is to be found in the Acts of the States of Illinois and Ohio, is, that in one case the purchases are made with the intention of carrying it out as a bona fide transaction, the seller to make delivery. In the other case, there is no intention of making a bona fide purchase or sale.

Well, Sir, I say that ninety per cent of the operations now carried on under the regular brokerage system may be justly described as what Mr. Abbott in 1888 called the illegitimate operations of bucket shops; and I am going to prove it. I may add to Mr. Abbott's opinion the opinion of Sir John Thompson. He said:

I acquiesce fully in one of the opinions that has been expressed, that, if the transaction from which delivery would result, as the natural and legal consequence, it is not a transaction that would be interfered with by this Bill, but if the contract is one of which delivery forms no part at all, but which is simply between a pretended purchaser and a pretended seller of certain stocks, as to their rise or fall in a distant market within a given number of days, these acts are aimed at by this Bill, and I can confirm to the fullest extent what his gentlemen opposite have said as regards their evil effects.