

of this company for the purpose of enriching the shareholders. It must be remembered that out of the issue of convertible debentures amounting to \$17,000,000 only \$7,500,000 was distributed to the public. The balance of that issue is held by the Imperial Oil Company and its affiliated companies in the United States.

Hon. Mr. King: I presume that when the company officials are before the committee they will be able to give us further information as to the extensions into the United States.

Hon. Mr. Haig: Did I understand my honourable friend to say that the bonds of this company are now worth \$180?

Hon. Mr. Lambert: No; the bonds would be worth twice that amount, the reason being that until 1954 the debentures can be converted at the ratio of two shares for one. The bonds, therefore, would be worth not \$180 or \$190 but approximately \$360.

Hon. Mr. Vaillancourt: Does the company pay dividends on its shares now?

Hon. Mr. Lambert: I do not think so.

Hon. Mr. Wood: Yes, dividends are paid.

Hon. Mr. Lambert: I do not think there has been any public announcement as to the payment of dividends.

Hon. Mr. Haig: I should like to learn from my friend how widely this stock is held.

Hon. Mr. Lambert: I could not say what is the number of shareholders, apart from the Imperial Oil Company and its associates, but I believe that the \$7,500,000 worth of debentures made available for distribution were bought by the public. Information as to the number of shareholders could no doubt be secured from the officials of the company.

Hon. Mr. Haig: If I understand the honourable gentleman correctly, the reduction of the par value of this stock will make it more attractive to purchasers. Many people are prepared to pay \$5 a share for stock who would not pay \$100 a share for it, even though it might be worth twenty-five times as much. As my honourable friend from Toronto-Trinity (Hon. Mr. Roebuck) says, we should not by legislation add to the value of stock, if the value is not in it.

Hon. Mr. Roebuck: Or give the prestige of the Senate to such a transaction.

Hon. Mr. Haig: If, on the other hand, I know that the value is in the stock, and I am satisfied that what I am doing is proper, that

is a different matter. If the officials of the company will come forward and say that the stock is worth not \$50 a share but \$180 a share, I would go along on that basis and decide what should be done about it. But without the proper assurance I am a little afraid that we might be giving the stockholders who are on the inside an advantage in the development of our own natural resources which is out of proportion to the amount of money invested.

Hon. Mr. Aseltine: They would be able to unload their holdings.

Hon. Mr. Haig: They certainly would.

I repeat that the stock is more attractive at \$5 than it is at \$100 a share.

Hon. Mr. Farris: The change would only make it possible for those who want to buy to do so.

Hon. Mr. Haig: No; any person can buy the shares he wants. I recall that on several occasions since I have been a member of this house the par value of stock has been reduced so as to give it a wider distribution.

Hon. Mr. Farris: That is to give the other fellow a chance.

Hon. Mr. Haig: No; it just gives those who got in early and bought at par an advantage that they otherwise would not have. Lawyers who do a financial business will agree with what I say. Whenever the par value of stock is reduced, the assets can be reduced accordingly, and the stock will sell faster. It is for that reason that mining stocks, for instance, are put on the market at as low as twenty-five cents a share. More people will buy a stock that is selling at twenty-five cents a share than will buy one at a dollar, even though the latter is worth eight times as much. In this instance I want to know what I am doing. I think my honourable friend would rather deal with this in committee. If so, I will be perfectly satisfied.

Hon. Mr. McKeen: Honourable senators, it is my opinion that the value of these shares on the market will be, not \$5 each, but \$18 or \$19, because they are now selling at \$185 to \$190, and if they are split ten to one the holders will not sell them anywhere around \$5, but at about \$18.

I do not think this measure will add anything to the value of the shares; the only result will be to widen their distribution a little. After all, the market for these shares will set the price. As I understand, it is not intended to issue any new shares at \$5 each. All that is to be done is to split shares now owned by people who have paid, perhaps, \$185 apiece for them or, perhaps, by buying them at the commencement of the company,