

Private Bills

In answer to that question 78.7 per cent of the employees said yes, which indicates that the rest of them were really less interested in a change.

I have already pointed out that this company has a capitalization of 40 million shares. Only five million of these shares are presently on the market. Therefore the question immediately comes to my mind: What does this company want to do? Most companies would reply that they want to expand and need more capital. In this particular case it is my guess that the company does not want or need a capitalization of 200 million shares, which it has indicated the new split will create. For this reason I intend to move an amendment which I think will probably be acceptable, if I understand correctly the company's proposition; and I am sure that the sponsor of the bill will be willing to accept this suggestion.

There is a second consideration which must be raised at this time. If it is a good thing to bring the value of this stock down to \$18 and if that is the purpose of the bill, I suggest it would be much better to bring the value down to \$1.80. I can find many people in Canada who would be even more willing to buy the stock if it was 18 cents a share. I would suggest 18 cents is not unreasonable for a company with a capitalization of 200 million shares. This would still produce a very large sum of money. I think that this company is as phony as a \$3 bill. This is the way the Imperial Oil Company writes off some of its expenditures and handles the distribution of its dividends.

Let those who deal on the stock market consider this proposition. In 1949 you buy a \$50 share and all you do with it is collect the dividend. Last year you will find this company paying a dividend of \$3.40 per share which on a \$50 share would produce \$34. I see people looking amazed but that is a fact. In 1953 this stock was split ten for one which would multiply your original investment by ten. Therefore, instead of receiving \$3.40 you would receive \$34 on your investment of \$50. That is why I wonder that anybody wants to upset this balance. This stock is an excellent investment and continues to be so.

One of the questions for the shareholders is what the company will do with the stock left over in the treasury which in this case will amount to something like 175 million shares undistributed. Is some of that stock going to be distributed? If that is the case this will reduce the price and it will again become a

good market proposition. If that is not the case it will mean that there will be a dividend of 70 cents on the stock next year. On a \$50 investment this will produce \$70 by way of dividend. That is a fairly substantial type of stock to purchase, I suggest.

I suggest that there would be something wrong with us if we passed this bill without giving a great deal of consideration to what stock splitting does in general and what it will do in this instance. I suggest that members of parliament should examine any proposition which will produce a larger dividend each year than the original investment. This is an exceptional sort of proposition. Therefore, Mr. Speaker, I move, seconded by the hon. member for Danforth (Mr. Scott):

That clause 1 of Bill S-10 be amended by deleting in line 10 thereof the words "and unissued".

The clause would then read:

Notwithstanding anything contained in section 3 of chapter 34 of the statutes of 1949 (1st session), as amended by chapter 66 of the statutes of 1952-53, each of the issued shares of the capital stock of the Company of the par value of five dollars is hereby subdivided—

And so on. I would recommend—

Mr. Speaker: Order. The hon. member's time has expired.

I am wondering whether any hon. members have any comments to make on this amendment. Perhaps it is unnecessary because the amendment is obviously out of order. If the hon. member will refer to citation 389 of Beauchesne, fourth edition, he will find the following:

A motion opposing the second reading of a Bill must not anticipate amendments which may be moved in Committee.

The hon. member may move an amendment relating to the principle of the bill before us but he cannot move an amendment which refers to a particular clause at this stage of the proceedings. So, with respect, I suggest to the hon. member that the amendment he proposes is premature and for this reason it cannot be accepted by the Chair.

Mr. Peters: Mr. Speaker, I would rather you had ruled it out because I had not changed the principle. I was of the opinion that I was changing the principle of the bill.

Mr. J. H. Horner (Acadia): Mr. Speaker, in rising to take part in this debate I would say at the outset that this is not the first time this bill has been presented to the house.

An hon. Member: Nor the last.