

Mr. RALSTON: —and in addition the interest on the capital. By law that portion of the profits is apportionable to the shareholders.

With regard to the other matters mentioned, I am not concerned to-night. There has been considerable discussion about the business administration of this company and about its head. I think I have met the president only once. I know nothing about him except that apparently a marvellous Canadian financial institution has been built up under his presidency and that of his predecessor, and under the aegis of the board of directors. I do not know who were the board of directors in 1920, and I am not going to take up the time of the house to put on Hansard the directorate for 1932, but I think if hon. gentlemen will take occasion to read the list of directors they will not have much trouble in coming to the conclusion that those are not the sort of gentlemen who would divert the policyholders' money for the benefit of the shareholders or do anything which is at all wrong in connection with the administration of the institution with which they are connected.

With regard to the valuations which have been mentioned, may I say to the right hon. Prime Minister that I do not agree he should have used the Unemployment and Farm Relief Act for the purpose of making a valuation of those stocks. I do agree he had the power to do so. I do believe, if he had to value the stocks at all—I am not sure he had to do so in view of the privy council's decision,—that it was perfectly proper to assess them at the value at which they were assessed, for the reason I shall give in a moment. In the first place, let us remember that the valuation was not applicable to the Sun Life Assurance Company and the North American Life Assurance Company only, it was applicable to every insurance company in Canada, fire, life and accident; every company which had stocks had them valued on exactly the same basis.

Considerable use has been made of the words "solvent" and "insolvent." A company, like an individual, is solvent if it can pay its debts as they fall due. That is the test. The test is not whether to-morrow a man has to sell out on the auction block every security he holds in order to pay off his liabilities. The test is if the company has liabilities falling due over a period of months or years is it in the normal course of business going to be able to liquidate those liabilities. On that basis I think there is no question as to the solvency of the Sun Life or any other insurance company in Canada. That is the reason of

[Mr. Bennett.]

course why the actual market value as of midnight December 31, 1931, is not the proper basis on which to value stocks held by insurance companies, because all the policies are not going to fall due on midnight of that date. Those policies will fall due at any time within the next thirty years. The policies may fall due in one, two, three, four, five, ten, fifteen, twenty-five, thirty years hence, and the test of the value of the investments which have been made is, what is the average value taken over a reasonable period of time which those securities or properties would realize if liquidated under normal conditions? That is the test which has been applied in this case, and that is the valuation which has been put on the securities not only of these two companies, but of all other insurance companies as well.

The right hon. Prime Minister mentioned United States bonds—probably the premier security in the world. Those bonds on August 31 last were at par. A company which had bought those bonds at that date and had to liquidate them in the middle of October would have been insolvent by the test which some hon. members would apply, because those bonds had fallen to eighty-nine in that short time. The same is true of the Canadian conversion loan. In May the bonds were worth 104, in December they had dropped to 87.75. On that basis a company could have been perfectly solvent when it bought these bonds in May but eight short months later it might have been insolvent. It is almost unthinkable that that could be the real test of a company's standing.

Why else do I say that I have come to the conclusion that as a policyholder my investments in premiums in the Sun Life over a number of years and the benefits which I expect to accrue to my family are safe and secure? For this reason: These charges, as the right hon. Prime Minister has said, are not new; they began in 1927 or 1928; they were made in 1929 before a committee of this house and were thoroughly discussed at the time. If hon. gentlemen will take the trouble to read the records of that committee they will find that most of the points dealt with to-night were then brought out. Not only so, but in 1929 the officers of the company tell me the gentleman who now makes these charges through members of this house was at the meeting of the shareholders and policyholders. There these things were threshed out; there a full opportunity was given him for discussion, so full indeed that I understood one policyholder finally moved that he had been given his fair share of the time, after he had