

Mr. ADAMSON: Would you care to say or give your opinion as to whether 15 per cent is sufficient?

Mr. MACGREGOR: In my opinion, it is ample.

Mr. ADAMSON: You would not like to see that increased?

Mr. MACGREGOR: Not for common shares—no.

Mr. MACDONNELL: When you say "ample", do you mean as far as they can safely go?

Mr. MACGREGOR: 15 per cent—yes.

The CHAIRMAN: The meeting is adjourned until tomorrow morning at 11.30.

The committee adjourned.

HOUSE OF COMMONS,

THURSDAY, June 15, 1950.

The Standing Committee on Banking and Commerce met this day at 11.30 a.m. The Chairman, Mr. Hughes Cleaver, presided.

The CHAIRMAN: Gentlemen, we have a quorum. Are there any further questions of Mr. MacGregor on section 9 of Bill X-8?

K. R. MacGregor, Associate Superintendent of Insurance, called:

By Mr. Adamson:

Q. Yes, I would like to ask Mr. MacGregor a few questions and they arise from this: an insurance company is allowed to invest 15 per cent of its funds in common stocks. Now, that was brought about by the stock market crash in 1929. Some insurance companies, particularly the Sun Life, had a very large holding of common stock when the market crashed, and it rather jeopardized or was thought to rather jeopardize the equity of the securities behind the policies. I think there was special legislation put through this House on that account, was there not?—A. No, sir, there was no special legislation to impose a limit. The 15 per cent limitation was written in for the first time when the present general Act was enacted in 1932.

Q. Well, was not that the reason?—A. In general, yes; there were several companies at the time that were above 15 per cent.

Q. And some of them had considerably over 15 per cent?—A. That is correct, sir.

Q. Well, I want to suggest this to you, sir, because I feel that we are now in another and almost equally dangerous period. While we have not got a wild runaway stock market, nevertheless it is unfortunately or apparently the policy—certainly of the American government and I am afraid we will be forced to follow suit to a very considerable degree—to write into the national economy a constantly expanding inflationary item in the equation, and I do not see, and I think that economists in the United States do not see anything for it but a decreasing purchasing power of the dollar over the next ten, fifteen, twenty, twenty-five or forty years, and certainly there is very considerable danger of that happening both here and in the United States. I mean, our expenditures for defence, our expenditures for social security, can only have one effect, and the same thing applies in the states, and that is the decreasing value of the purchasing power of the dollar.