

Mr. LAMBERT: Might I also add—and this refers back to something that was said this morning in your opening discussion on the definition of banking—that here is one bill that does try to define the business of banking.

Mr. MORE (*Regina City*): Mr. Chairman, I just want to clear up something that the Minister said, as I understood it, in answering Mr. Cameron about the resolution of the problem that we have with the Mercantile.

Do I understand, Mr. Minister, from what you have said, that if the present bill became law it would still commit you as Minister of Finance to accept the proposal of Mercantile to divest itself, as called for, and give you the right to accept a proposal from them similar to the power you exercised with the Bank of Western Canada?

Mr. SHARP: I do not want to mislead the Committee, Mr. Chairman. I did not say that it would be possible to apply to the Mercantile Bank and the National City Bank the same rules as we have applied to the Bank of Western Canada. That was not the question that I was asked. I was asked a rather different question, and I would answer specifically that it would not be possible under the present bill to apply the same rules to the Mercantile Bank as have been applied to the Bank of Western Canada.

Mr. MORE (*Regina City*): But you would have some discretionary power to deal with the Mercantile situation under this bill.

Mr. SHARP: There is discretionary power in the act, which I am sure everyone is familiar with, that enables the Governor in Council to approve increases in the capital of any bank.

Mr. MORE (*Regina City*): Yes, and that is the only power that there would be in this bill.

Mr. SHARP: That is right.

Mr. MORE (*Regina City*): And is this sufficient to resolve the Mercantile situation?

Mr. SHARP: I can conceive of circumstances under which it would be sufficient.

Mr. MORE (*Regina City*): You can.

Mr. SHARP: Yes, I can.

Mr. MORE (*Regina City*): In other words, as proposed by Mercantile to start to rectify this situation would not bring an exemption from the restriction. In other words, no exemption from that restriction could be granted by the Governor in Council if they made a proposal to divest their interests within a period?

Mr. SHARP: Under the present law, the Treasury Board must approve the capital of any bank. Under the proposed bill that authority is transferred to the Governor in Council, but otherwise I think it remains the same.

Mr. MORE (*Regina City*): I believe you were quoted as saying that you were aware of Canadian residents who would purchase shares of Mercantile?

Mr. SHARP: It has been said to me when I have been visiting some of the great financial centres of this country that the National City Bank might be surprised at the alacrity with which the shares would be taken up if they knew