

Many factors, we realize, are involved in such developments which cannot be considered here, but the basic proposals we have made will, in our view, lay the groundwork for such advances on a firm and stable basis.

The CHAIRMAN: Thank you, very much, Mr. Wismer. The meeting is now open for questions.

Hon. Mr. TURGEON: The suggestion you make for the creation of a NATO banking alliance is a positive suggestion although I do not know whether I agree with it.

Hon. Mr. EULER: As I understand your suggestion in that respect, you feel that the favourable balances that the dollar countries have from international trade should be re-invested in the sterling areas, is that right?

Mr. WISMER: That is right.

Hon. Mr. EULER: What would be your method of procedure to bring about such a banking arrangement?

Mr. WISMER: As we see it, the simplest way in which it can be brought about is to do what the private banking institutions find undesirable to do on a private basis, by depositing funds in the bank of NATO with full responsibility as a group, in the same way as under Article 5 we are responsible on a group basis.

Hon. Mr. EULER: Would you suggest that there should be a government guarantee behind that capital to be re-invested in the sterling countries?

Mr. WISMER: I would think that some device of that sort would be necessary.

Hon. Mr. EULER: I would think so too; otherwise, I do not think private individuals would go for it.

Mr. WISMER: No.

The CHAIRMAN: It would be a different set-up from the world bank; it would have to be a bank of deposit and issue. I have always felt that there was a weakness in the set-up of the world bank for the reason that notwithstanding the fact there are a great many nations in it, the bank had to borrow money on Wall Street; it seems to me that it should have been a bank of deposit and issue, and in that way it could create a surplus fund.

Hon. Mr. EULER: Your suggestion of the desirability of developing secondary industry is a suggestion I agree with, but how would you bring it about? You would not place restrictions upon exports of raw materials and force them to be manufactured in Canada, would you?

Mr. WISMER: Well, I think there has been a certain amount of encouragement for secondary industry over recent years, mainly by reason of the nature of business since the World War II. I think also the government policy should be directed to an extension of that encouragement. I am not suggesting that we have to tell our friends in other countries that they cannot buy our raw materials to service their plants.

Hon. Mr. EULER: On the other hand, would you take steps, for instance, by way of tariff or quota restrictions, to prevent products of what you think are secondary industries from entering Canada?

Mr. WISMER: I think we could go at it in a more positive way than through tariffs.

Hon. Mr. EULER: How?

Mr. WISMER: For instance, we have a lot of iron in Northern Quebec and no one seems to be encouraging anyone in Canada to build a steel mill.

The CHAIRMAN: In that particular area?