

conducted a very prudent banking business. Their investments left something to be desired.

Mr. MACKASEY: I hope, Mr. Sharp, that you are not representing the Mercantile.

Mr. SHARP: No...

Mr. MACKASEY: I got that inference and I know it was unintentional.

Mr. SHARP: No, I do not think that could be taken from what I said.

Mr. MACKASEY: I am only kidding. There is still enough money in their undivided profit to look after ten people like myself.

The CHAIRMAN: I said I would recognize Mr. Cameron and I think I should do so, and following him we will move directly to Mr. Lambert.

Mr. CAMERON (*Nanaimo-Cowichan-The Islands*): Mr. Sharp, I am going to make a suggestion which I hope you will accept not as a doctrinaire position but as a practical suggestion in the light of the situation we now find ourselves in. Mr. Mackasey has very ably brought out the fact that there may be great difficulty in inducing Canadians to invest in the Mercantile Bank and I must say the same thought occurred to me when I read the report of your hopeful comments about Canadians investing in it. It has occurred to me that this situation cannot be left unresolved for another reason—a much more fundamental reason. If it is not resolved then it is going to be a continuing source of irritation between ourselves and our neighbours. I am sure the Minister is only too well aware of that, and it seems to me we must do something to avoid having an unnecessary exacerbation of our relations with the United States.

Mr. Sharp, have you considered the Canadian government making an offer to the National City Bank for its interest in the Mercantile Bank. In order to buttress my position in this, I would like to, if I may, make some reference to experiences in some other countries. As I have no doubt you are aware, Mr. Minister, the Bank of New Zealand is not only the central bank of New Zealand but also it is the largest commercial bank in that country, and it is owned by the government in New Zealand. They faced a similar problem in connection with one certain bank some years ago, the original bank of New Zealand, which on a number of occasions got into difficulties and had to be bailed out by the government, and finally the government took it over. Since then, as I say, it has become, I think, the largest commercial bank in New Zealand.

A similar experience took place in Australia with which we, as Canadians, have a certain interest as the Commonwealth Bank of Australia was established by a Canadian. It also combined its functions of a central bank with that of commercial banking, and it is the largest bank in that country.

My third instance is France, where the four—which quite recently I believe merged to only three—largest banks in the country are publicly owned, in addition to the Bank of France which in addition to its central banking activities also engages to a limited degree in commercial banking.

I suggest to you, Mr. Minister, that this would be not only a solution to this very serious problem that we have right now—and as a member of the government that has taken quite an uncompromising position on this, I am sure you do not need me to point out that it is extremely difficult for you to retreat—but in addition to that, the operation of the Mercantile Bank, or call it what you will,