

HOUSE OF COMMONS

Thursday, May 12, 1966

The house met at 2.30 p.m.

THE ROYAL ASSENT

Mr. Speaker: I have the honour to inform the house that a communication has been received which is as follows:

Government House
Ottawa
12th May 1966

Sir,

I have the honour to inform you that the Hon. Robert Taschereau, P.C., Chief Justice of Canada, acting as Deputy to His Excellency the Governor General, will proceed to the Senate chamber today, the 12th May, at 5.45 p.m., for the purpose of giving royal assent to certain bills.

I have the honour to be,
Sir,
Your obedient servant,
A. G. Cherrier
Assistant Secretary
to the Governor General

● (2:40 p.m.)

PRIVILEGE

MR. GORDON—STATEMENT RESPECTING
ACQUISITION OF MERCANTILE
BANK SHARES

Hon. Walter L. Gordon (Davenport): Mr. Speaker, I rise on a question of personal privilege in connection with a statement released yesterday afternoon by Mr. Robert P. McFadden, president of the Mercantile Bank of Canada, following a meeting of the directors of the bank. The statement begins as follows:

We believe it improper to engage in debate with the former finance minister over who said what at a meeting over three years ago. Suffice it to say we voluntarily made the full details of the transaction known to Mr. Gordon at the time and our understanding of what transpired at the meeting with him is not in accord with his.

The transaction referred to was the acquisition of the shares of the Mercantile Bank of Canada by the First National City Bank of New York. The comment refers to what Mr. James Stillman Rockefeller, at the time president and now chairman of the First National City Bank, and Mr. McFadden, then an officer of that bank, told me at a meeting in my office on July 18, 1963, when I was minister of finance.

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Mr. R. B. Bryce, deputy minister of finance, and Mr. Clayton Elderkin, inspector general of banks, were present with me during the meeting and Mr. Elderkin prepared a full report on what took place immediately afterward. The report was reviewed and concurred in by Mr. Bryce. This report leaves no doubt whatever as to what transpired despite Mr. McFadden's protestations to the contrary. I expect both Mr. Bryce and Mr. Elderkin will be called upon to confirm it when the Bank Act is up for revision.

While the statement that Mr. McFadden released yesterday is carefully worded and may sound plausible on a cursory reading, the fact of the matter is that he is questioning the accuracy of what I said in the house on June 14, 1965 in the course of my duties as minister of finance, which may be found at pages 2371 to 2373 of *Hansard*, and which I referred to on pages 94 and 95 of my recent book.

In my statement to the house, which was a long one, I referred to my conversation with Mr. Rockefeller and Mr. McFadden in some detail. It is on the record and I shall not repeat it except to say that I assumed the purpose of Mr. Rockefeller's visit was to ascertain, before any commitment was undertaken, whether the Canadian government of the day would be favourable to his bank acquiring control of the Mercantile Bank.

I informed Mr. Rockefeller that this would not be looked upon with favour by the Canadian government for the reasons which are set out in *Hansard*.

Mr. McFadden, the president of the Mercantile Bank, has now seen fit to question the accuracy of the statement which I made to the house on June 14, 1965. In doing so he has cast a reflection upon my integrity both as a member of this house and as a former member of the government.

I can only presume that this had been done deliberately. If it were to go unchallenged it might not only reflect on my veracity and therefore on my personal integrity, but it might mislead members of the house and members of the public at a time when decisions respecting the future position of the Mercantile Bank of Canada will be under