

Mr. SHARP: I said, in reply to a similar question, that there would have to be a limitation, I think, both on the number of offices and upon the scope of the operation.

Mr. VALADE: Is there any determined or fixed policy to limit, in the immediate future or later, the amount of units of agencies coming into Canada, either from the United States or from other sources?

Mr. SHARP: Perhaps you misunderstood what I said. I said that any legislation to permit the establishment of agencies should, in my opinion, include a limitation on the number of offices.

Mr. VALADE: But this will be made, Mr. Sharp, only as the demands arise in that field, not in an over-all, designed plan?

Mr. SHARP: This is one of the problems, and this is one of the reasons that I feel we should have a little longer time to consider the situation.

It is very likely that if we did permit the establishment of agencies in Canada there would be very widespread interest. As I have already said, a fair amount of financing of Canadian business is now being done by American banks. Some of those banks, I am sure, would like to have an agency in Canada because it would facilitate the doing of that business. I think we could also expect to have an interest shown from other countries. I think we could expect to have an interest shown by Japanese banks; perhaps by some English banks; and perhaps the odd European bank. This is one of the reasons why I feel that it would be desirable to move with deliberate speed here rather than to take now decisions that would be taken without a full regard for all the implications of such action.

Mr. VALADE: There will have to be some kind of a ceiling calculated for the licencing of these agencies in Canada so as to allow a ratio or proportion of foreign agencies. I have in mind the area of either U.S. agencies or European agencies. If there is to be a certain balance of interest, or investment, in Canada then certainly this proportion, or this balance, must be kept in mind by legislation, otherwise it will be concentrated in one source of investments; and is this not the problem we are facing today in this regard?

Mr. SHARP: Mr. Chairman, I do not know whether the significance of the establishment of agencies is fully understood.

These agencies will not gather the savings of Canadians. They will be lending money from the parent bank. That can now be done. There is nothing at all to prevent Canadian companies from borrowing money in Tokyo, or in New York, or in Chicago, or in San Francisco; and this is done. The agencies, in the main, facilitate the business, and there would be accorded to agencies some privileges that would be very valuable to banks who would establish here. However, this has very little to do with the issue of foreign capital entering the country. The amount of capital that enters Canada is determined by considerations other than the establishment of agencies.

That is the only point I would like to make, Mr. Chairman.

The CHAIRMAN: I gather that what you are saying is that agencies will lend money rather than invest it.

Mr. SHARP: Yes; that is right.

Mr. VALADE: Mr. Sharp, you may correct me if I am wrong, because I am not a professional in banking either, but on the business aspects of the results of