

(English)

Mr. SHARP: Mr. Chairman, I do not think the fact that the National City Bank purchased the Mercantile added very much to the availability of capital in Canada. That is not the issue here.

There is no limitation whatever upon the right of Canadians to borrow money in the United States if they wish. Indeed, as the bankers here know, they get a good deal of competition from American banks who are financing Canadian industry today. This is a good thing, I think. I think our banks need a lot more competition than they have. The fact that Mercantile Bank is operating here does not really affect the availability of foreign capital very much because the main activity of the Mercantile Bank will be to gather the savings of Canadians, not the savings of Americans, and to invest them in Canada.

The question of agencies, the original point from which we started on this long detour, is relevant here. Agencies simply facilitate the financing of Canadian business by American banks. They do not add anything to the resources that are available; they simply make them a little more accessible.

There is nothing wrong, per se, with this kind of imported capital as compared with any other kind of imported capital. It is borrowed money; it does not represent an increase in the ownership of Americans of our business; it represents a charge upon it; in one way or another we have to finance our balance of payments deficit, and in some respects this is a preferable way of doing it if it has to be done.

The CHAIRMAN: I think Mr. Fulton indicated that he wished the floor. Perhaps I should recognize him at this point.

Mr. FULTON: Thank you, Mr. Chairman. I understand, Mr. Sharp, that at an earlier stage today in discussion of this matter, you said that you did not contemplate at this time any action by way of legislation to allow the setting up of agencies. May I ask, then, whether we are to infer from that—and, mind you, I am not assuming that your government will be in office for the next ten years—

Mr. CAMERON (*Nanaimo-Cowichan-The Islands*): Not like Mr. Cameron.

Mr. FULTON: Do I infer from that—and if I am wrong will you please correct me—that in your view it would be another ten years before this could be done? Or would you contemplate not necessarily waiting until the next decennial revision?

Mr. SHARP: During your absence I did say that I thought we should look at this problem during the next few months, with the objective of taking a decision then. I do not have in mind waiting until the next decennial revision of the Bank Act. Indeed, my officials are of the view, that it would probably be better to have a piece of legislation separate from the Bank Act for the establishment of agencies. In any event, this particular piece of legislation will not be part of the decennial review of the Bank Act.

Mr. VALADE: I have a question, Mr. Sharp. I was wondering what were the criteria, or if there is any policy designed, for limiting the number of agencies either in units, or in capital, in Canada.