

and to bring along the second echelon, and to give them more opportunities to serve on the boards of these important organizations.

The CHAIRMAN: That is an additional object to the Bank Act.

Hon. Mr. SHARP: This is a personal observation I have. It is not the reason I included this section in the act, but I make it as a personal observation from my own experience in business. I began to be appointed to a number of important boards, and I did not know whether it was really serving the public interest, and whether I could not concentrate my attention on a few things more effectively.

Senator FLYNN: You would make interlocking illegal if you had your own way.

Hon. Mr. SHARP: Not illegal, but I would certainly like to see less interlocking. I think it would promote a healthier business community.

The CHAIRMAN: It is illegal when this bill becomes law, to the extent it applies to this act, so we are going part of the way.

Hon. Mr. SHARP: Yes.

Senator FLYNN: I think the minister would suggest the same principle should apply even outside the scope of this act.

The CHAIRMAN: You mean, put it in the Companies Act?

Senator FLYNN: Yes.

Hon. Mr. SHARP: No, I would draw a distinction, Mr. Chairman. I think the banks have a pervasive influence on the community far more important than the ordinary commercial and manufacturing organizations. I believe it is an improvement in this act, and I believe it is one of the major reforms that has been made in our banking legislation, to effect a change in the practice that is now being followed.

The CHAIRMAN: I was not commenting on its inclusion here, but the generality of your statement.

Senator McCUTCHEON: It is like the Carter Commission trying to introduce equity into taxation!

The CHAIRMAN: That is right. It does not exist.

I was going to say a few minutes ago that there were certain headings discussed in the Senate this morning. There are certain headings that are substantial and indicate changes. Possibly, we should confine ourselves to those and get the view of the minister. I am thinking, for example, of clause 91, the interest clause; and there may be clauses dealing with cash and secondary reserves, to the extent they involve changes—clauses of that kind that are new and represent progress.

Senator McCUTCHEON: I have a question on clause 91, page 80, Mr. Chairman. I want to get the minister's reasoning on this. Of course, I think we all recognize there has been a drastic change in interest rates since this bill was introduced, but if my reading of the subclause is correct—

Senator POWER: What subclause?

Senator McCUTCHEON: It is subclause 9 of clause 91. It is at page 80 of the bill. If the yield on short term Government bonds does not mount to a terrific extent within the next ten days the ceiling will be off automatically on December 31, 1967.

Hon. Mr. SHARP: Yes.

The CHAIRMAN: You have got to do the three-month averaging here.

Senator McCUTCHEON: I am talking of a three-months' average. I put on the record this morning what I thought the average was for January, February and the first half of March.

The CHAIRMAN: But this averaging period means a period of three months ending on November 30 or May 31.

Senator McCUTCHEON: No, no, Mr. Chairman. I very rarely catch you out, but this says that where the average of the market-yield on short term bonds of Canada for