

Hon. Mr. SHARP: My own opinion would be that if they came to us for an extension beyond December 31, 1967, then we would probably grant it for a minimum of one year.

Senator FLYNN: Do you think that would be the minimum the bank would require at that particular time to dispose of its shares?

Hon. Mr. SHARP: No, they will have to come and apply to us again for another extension. If they satisfied us they were acting in good faith and they were still in the process of improving the profitability of the bank so they could dispose of the shares—

Senator McCUTCHEON: You are now suggesting they are going to run a bank on a basis not to improve its profitability? If so, we had better keep it the way it is, because we need some non-profit banks in this country.

The CHAIRMAN: Is there any other comment on this? As to the other portions of the bill, I do not see any necessity of going through it section by section.

Senator McCUTCHEON: There is one matter that received some discussion, and I think we might discuss it while the minister is here.

The CHAIRMAN: Which is that?

Senator McCUTCHEON: That is subclause 7 of clause 18, which restricts the number of directors from a single company—it is at the top of page 15—to one-fifth. I do not think the minister has commented on that.

The CHAIRMAN: No, he has not. Your suggestion was it is hard to get one-fifth of three?

Senator McCUTCHEON: Yes, it is very difficult to get one-fifth of three or four.

Hon. Mr. SHARP: I am sure that in certain instances individual divided is superior to another person whole.

Senator McCUTCHEON: I think, Mr. Minister, this is another of these things that is pretty meaningless. If I were a director of companies that this would affect, I could expand my board by adding stenographers and lawyers. I can remember one company of which I was a director that went into business in the State of Massachusetts, and it had to have a majority of American citizens on the board, and we appointed a number of lawyers who were under retainers to us. This is completely meaningless if you want to get around it, and there is no evidence that it hurts the bank or the competitors. We are getting away from trust and loan companies now. If you have an industrial company that has ten directors, I know of no reason why of those ten directors three should not be part of a bank board of 45.

Hon. Mr. SHARP: Mr. Chairman, this is a question of opinion. As I explained to the committee, the purpose of this legislation is to promote competition and independence. I find it difficult to believe that that rule is going to interfere very much, if at all, with the proper management or direction of a company. Surely, all the talent is not to be found in one place in this country?

The CHAIRMAN: No, I do not think we can assure the purpose is to provide an apprenticeship for directors. Rather the test is whether there is any interference in the operations of the company having such a membership on the board, as against what is provided here that might be against the public interest. Surely, that is the test?

Hon. Mr. SHARP: My personal view, Mr. Chairman, is that it would promote the health of the business community in this country if the boards of directors of our principal companies were more variegated. I do not believe it promotes a healthy business community to have individuals who are on so many boards. I believe it would help in distributing the burdens and would also help in promoting promising people, to give them opportunities of serving on these boards. I do not think it is necessary for puppets to be put on these boards. I believe there is plenty of opportunity for good people to be brought along.

I am not putting this forward as the view of the Government, but it is my personal view. I think it is as well in this kind of legislation to try to spread these responsibilities