nopoly. If it was the intention of this Parliament when the Bank Act was revised in 1901 that banks should absolutely be debarred from charging more than seven per cent, and if it turns out that a flaw has been discovered, as indicated by the decision of the Privy Council, and that banks are permitted to charge more than seven per cent, it is our duty to so amend the existing section of the Act that the courts cannot get around the intention of Parliament. Surely language can be found to explain definitely what the intention of Parliament is, so that there will be no danger of a decision of the Privy Council or any other court giving a different interpretation to the clause.

The financial conditions existing in the West and in the Yukon were more pressing in 1901 when the Bank Act was last revised than they are to-day, and with a full knowledge of these conditions as regards the high cost of money in the West and in the Yukon, Parliament deliberately asserted that banks should not have the right to charge more than seven per cent. Therefore, I think the situation existing in the West to-day is not such as to induce Parliament to modify the Act in this particular. My hon. friend from Kingston (Mr. Nickle) points out that unless the banks charge their interest by way of discount, and deduct it from the proceeds of the note, by agreement forced upon the borrower, they could not charge more than seven per cent. I know that banks will be sure to take advantage of the interpretation of the statute that will enable them to collect the highest amount of interest by way of discount. There is not much danger that a bank manager will permit the borrower to place upon the face of the note the rate of interest he is paying, but rather he will discount the note and collect his discount before he passes the balance over to the borrower. My hon. friend from Kingston says that if that note runs beyond the time for which a higher rate of interest than seven per cent is mentioned, the higher rate cannot be collected. In the West, as I understand the hon. member for Red Deer, banks advance money upon a note signed by the maker without requiring an endorser when the maker is in good financial standing. That practice does not prevail in Nova Scotia. It is absolutely impossible for the maker of a note, no matter how wealthy he may be and how good his financial standing is, to get a loan of five dollars unless he has an endorser.

Mr. MACLEAN (Halifax): Oh, no.

Mr. KYTE: I am speaking now of the smaller communities. My hon. friend from Halifax (Mr. Maclean) may have had a different experience.

Mr. CARVELL: And in pretty big communities too.

Mr. KYTE: There is no danger of a bank allowing a note to run beyond maturity. When the bank knows it will be debarred from collecting more than seven per cent after the time the note matures it will take care every time to collect that note the date it matures, and if payment is not made it will force it out of the maker or the endorser by the issue of a writ. It comes down to this: that it was the intention of Parliament in 1901 that a bank should not have the right to charge more than seven per cent, but the decision of the Privy Council has disclosed the fact that that section is not binding upon the bank where the discount is deducted from the face value of the note. That is an interpretation of the Act which Parliament did not have in mind at the time, and therefore it is the duty of Parliament now to so amend that section as to make it absolutely impossible for the bank to get around it in any way. My hon. friends from the West, in the generosity of their hearts, concede that banks under the circumstances existing in that country ought be able to collect more than seven per cent. I say that so far as the East is concerned, the evidence of the western bankers is to the effect that seven per cent will give a good profit in eastern Canada in view of the large number of deposits they receive here and on which they pay a small rate of interest to depositors. Then, so far as eastern Canada is concerned, banks ought not be permitted arbitrarily to increase the rate of interest on loans from seven or eight, or nine per cent in defiance of the law under which they are conducting their banking business. The situation is absolutely simple; if Parliament sincerely desires to place a check upon this usurious rate of interest, either in the West or in the East, we have the power to do so. If, on the other hand it is not thought desirable to so limit the section as to the rate of interest, I would insist that the section as it stands in the Act at present is much more preferable than the section proposed in the Bill before us. The reason for that is that while it is conceded in the Bank Act that it is the intention of Parliament the banks should not be permitted to charge more than seven per cent, that will have an influence upon certain bank managers, it will be an intimation to them what the intention of Parliament is. There are certain bank managers who feel bound to respect the intention of Parliament and the borrower in the East will be relieved in some instances at all events from paying more than seven per cent for the accommodation he receives.