

merchant or manufacturer in Toronto or Montreal.

Justifiable as the bank's policy is from a national point of view, one cannot help believing that the branch banking system has really checked development of business and industry in the maritime provinces. If Canada during the last thirty years had depended, like the United States, upon independent local banks, there would have been a plethora of capital in the East, and Montreal, Quebec and Halifax, like Boston, New York, and Philadelphia, would years ago have had 4 and 5 per cent money, while Winnipeg and other western cities, less populous than now, would still be paying one per cent a month. The relative cheapness of capital undoubtedly helped build up the prosperous industries of Massachusetts. The same cause operating in the maritime provinces of Canada would doubtless have led to the establishment there of industries of which the people under existing conditions have not ventured to dream.

Mr. THOMSON (Qu'Appelle): I wish to register my protest, along with that of the hon. member for East Peterborough (Mr. Sexsmith), against this clause in either shape. Something has been said about suggesting another amendment. I would like to make a suggestion to the minister as to how an amendment might be made. He has referred to a decision in England that, when the interest is charged in advance, and when it is a discount, the law does not apply. I do not think the law will apply at all under the section as it was before and as it appears now because it is drafted so that it shall not apply.

Mr. WHITE: The decision was given under section 91 of the present Act, which, I say, we are restoring.

Mr. THOMSON: The decision will be exactly the same under the present Act.

Mr. WHITE: No doubt.

Mr. THOMSON: If the law applies now to prevent a banker from recovering interest after the date of payment it can be made to apply to the discount as well and if so I see no reason why we should not say so. If that is one of the difficulties in the way it is very easy to overcome it. I would make the suggestion to the minister, so that he can remove any doubt that there is at present, that he insert after the words 'per cent' in the final line, the words 'either by way of interest, discount or otherwise' Would not that cover it?

Mr. WHITE: That would limit the rate absolutely to seven per cent would it not?

Mr. THOMSON: I am only dealing with this one difficulty now which the minister has raised and I think the minister will be willing to confess that the insertion of these words will do away with this difficulty.

Mr. WHITE: Yes.

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Mr. THOMSON: Then, one of the difficulties that has been placed before us is removed. If these words will not remove it the minister can very easily provide words that will. So long as he makes the enactment clear the judges are bound to enforce it. Another objection has been raised by the minister and that is that in the case of a small amount loaned for a short time the interest recoverable is very small. That is very easily overcome. If we were to make an exception where the minimum amount of interest does not amount to one dollar, it would overcome the difficulty. Thus, there are two difficulties which seem to have been wiped off the slate. I am not dealing with the question as to whether the rate of interest shall be limited to seven per cent. If seven per cent is too low make it higher. But if we are going to have a rate of interest let us enforce that rate. If you say that a certain amount of interest shall be charged and that only, let us provide machinery which will ensure the enforcement of that law. I must confess that I doubt very much if the present machinery will enforce it. I made the suggestion when the matter was before the House on the second reading of the Bill that the only way of making that provision effective was by Government inspection or by having some Government official to deal with it. The borrower is not going to enforce it because, as a matter of fact, he dare not enforce it. If he is a regular borrower and if he refuses to pay more than the rate of interest that the law allows the banker can easily say: If you do that, all right, we shall not lend you any more money. Notwithstanding all that has been said about competition between the banks I believe that there is enough close corporation among them that if a man were shut out of one bank he would be shut out of other banks too. The borrowers feel that and therefore such an enactment would have to be enforced by the Government. I am not asking the minister to state any particular rate of interest, but that the Government enforce the rate that is decided upon. We are told that there should be a higher rate of interest in the Yukon and in western Canada than in eastern Canada. I do not like the idea of zones, but if it is really necessary you could provide zones and you could say that a certain rate of interest shall be charged in a certain locality and another rate could be fixed for another locality. I think there is a good deal more said about the necessity for high interest in the West than is justified. I do not believe that the cost of carrying on the operations of the banks in the West will exceed the cost in the East by more than two per cent. I do not believe some of the things that these men tell us and I doubt very much if the men who say them believe them. We have heard a great deal about