

cessive risks. Now, it is said, if they are not allowed to take excessive interest they will not do business. From my point of view, having regard to the basic principles of the Bank Act, that is the proper course; if they have to take a big risk they should refuse to do the business. It is no part of the business of the chartered bank to take such risks for the sake of high interest. It is not the purpose for which they are created; it is not the purpose for which they are empowered. While the evil has not been carried to any great extent up to the present time—I will admit that; the evil at the present time is only serious to the person who is borrowing at the high rate of interest, and, of course possibly his security is in proportion to the rate, but if the bank be authorized and empowered by Parliament, if it is to be permitted that they can go into the business of charging excessive rates of interest, I maintain that, while the bank profits may be maintained, the risks of bank losses are correspondingly increased and danger to depositors is increased equally.

As regards the conditions in the West, there is no reason why the bank interest in the West should be higher than it is in the East. The fact that money is not deposited in the West makes no difference. For what purpose do we endorse a system of centralized and branch banks, except to give the benefit of having the money of depositors in one place to be loaned out at another place? Banks are anxious to do business in the West; they come there in large numbers; they spread their branches over the prairies; they build their buildings and pay high rates for property. There is no reason why the borrower on the western prairie should pay to the bank a rate of interest that will enable the bank to pay fancy prices for property and put up magnificent buildings that are not necessary for the bank's business. There is no reason why interest in the West should be higher than it is anywhere else, and, as a western man, I desire to protest absolutely against the contention that it should be. The Bank Act should limit the rates that the companies should be entitled to pay or to collect. There is no reason why the banks should be nominally restricted but actually allowed to enter into the business of usury, and that is what some of the banks in the West are doing to-day. I am not able to propose an amendment, but I want to affirm the principle that there should be no distinction in the rates of interest in the West and the East, and that there is no sufficient ground for any such difference in the rates of interest. Reputable banks in the West are not charging usurious interest; it is the banks that are not reputable who are charging those excessive rates, and there is no

Mr. OLIVER.

reason why banks who want to go into the business of usury should be permitted to do so as competitors of those who do not want to go into that business. The original intent of the framers of the Bank Act, as shown in the clause as it formerly stood—namely that it was right and proper that there should be a limit to the rate of interest charged—was a proper principle, and if it was not effectively embodied in the Act as it formerly stood, it should, in the light of present knowledge and of present conditions, be effectively embodied in the Act as it passes through Parliament to-day. I do not say that the figure should be seven per cent, eight per cent, nine per cent or ten per cent, but I do say that there should be fixed whatever maximum the sense of Parliament should agree to be proper, and that the law should be so framed and administered that a bank that desired to go into the business of usury should not be permitted to do so, and if it did, it should be punished.

Mr. SEXSMITH: I took objection to this clause in the Banking and Commerce Committee, and I wish to register my protest again. For my part I cannot see why we should allow a corporate body to charge any rate of interest they choose; we have laws at present in nearly every province of Canada prohibiting an individual from doing so. I do not say that the banks have been charging usurious rates, but there is nothing to prevent them from doing so, and the principle involved in this clause is that, if any individual goes to a bank desiring to obtain a loan of from \$25, \$50, \$100 or even \$5,000, and if he is sufficiently hard-pressed to pay 25 per cent or 50 per cent upon the loan, the bank is legally entitled to take it. In reading over the two clauses, the old section and the one proposed under the present Bill, I agree with the hon. member for North Ontario (Mr. Sharpe), but if the interpretation asserted by the hon. Minister of Finance to have been put upon that clause by the courts is correct, then I would take objection to that also, and would agree with the hon. member for Edmonton (Mr. Oliver) that the clause should be so worded as to place the banks on equal terms with individuals who may be in the money business.

Mr. KYTE: I also desire to protest against the provisions of this section as pointed out by the hon. member for North Ontario (Mr. Sharpe). There is a law on the Statute Book at the present time which regulates the rate of interest which other persons shall charge for the use of money, and I cannot see why this Parliament should accord to the banking institutions of this country privileges which are denied to ordinary individuals. During the discussion on the second reading of this Bill I