process of law interest at a higher rate than five per cent. Further, if the loan goes past maturity, the bank under the McHugh case, is limited to the legal rate of interest of five per cent for such period after maturity. It was pointed out by the committee that the test of the law to-day and the practice of the banks, to which I have referred, are in contravention of what appear at all events to be the plain terms of section 91, and it was thought advisable that the anomaly should be removed if possible. I stated at the time that the government was entirely willing that the section should stand as it was or that it should be made so as to show the law as it exists to-day. Consequently the section was amended by the committee to read as follows:

The bank may stipulate for, take, reserve or exact such rate of interest or discount per annum as may be agreed upon, and may receive and take in advance any such rate, but no higher rate of interest than seven per cent shall be recoverable by the bank.

That, as I understand it, represents the law as it is to-day; but, having regard to the reasons put forth by my hon. friend from North Ontario that the section should be allowed to remain as it is, I am entirely agreeable to that course. Because, when you have a section which has stood for a number of years and a decision under it has been given, there is always a danger that a new clause, no matter how carefully drafted, may be given a different meaning by the courts from that which the draftsman intended. Therefore, as I say, as the intention in drafting this new clause was only to embody the law as it is to-day, it might possibly be better, if the committee agree with my hon. friend from North Ontario, to allow the clause to stand as it is.

The question may be asked: why not limit the rate of interest to seven per cent? I think the evidence before the committee on that point satisfied all the members that such a provision would recoil on the public which it was the intention to benefit, namely, the borrowing community, and especially the small borrower. The evidence given showed that in the West the prevailing rates were eight and nine per cent; and on the other hand it was known that rates of interest were known as high as sixteen and even twenty-four per cent. But these higher rates were in cases of this kind: A man borrows $25 for three months and gives his note. The bank charges him $1 as a minimum charge. That would be at the rate of $4 a year for $25, which is sixteen per cent. The evidence showed that it would hardly be possible for the bank to make a loan at a charge of less than $1, because there is as much trouble in making a loan of $25 as in making one of $200. It is known also that the amount of loans in the West are very many times in excess of the deposits of the districts in which they are made, and therefore the banks have to obtain a higher rate of interest than they would have to obtain from discount business in districts where, in addition to making the loans, they receive the funds from which the loans are made.

Mr. OLIVER: I am not able to propose an amendment to the clause as it is in the Bill, nor am I able to accept the proposal that my hon. friend from North Ontario has made to replace the clause formerly in the Act, if that clause has the same effect that the minister has specified. I take it, as in the case of the section that we were discussing a while ago, that whoever framed the Bank Act in the first place, and whoever framed the section corresponding to this in regard to the rate of interest, had the intention of limiting the rate of interest. I take for granted, in view of what has been said by the minister and by the hon. member for North Ontario, as well as from my own reading of it, that it was the intent that the rate of interest should be limited. Now, I know it is asserted that the rate of interest cannot be limited, that it must be governed by the law of supply and demand. And to a certain extent, I am willing to agree that that is a fact. Allow me to suggest that there are other elements entering into this question than the mere question of supply and demand. It has been mentioned before and I mention it again, this Bank Act is a special provision, it is an attempt to legislate upon supply and demand. At every point from beginning to end, it governs, or assumes to govern, both supply and demand. There are reasons why that should be so. The banks are handling the money of the people. Their own money would give them but a small part of their profit; it is out of the money that does not belong to them, but belongs to the people who are especially under the protection of this Parliament, that the banks make their money. And it is because of that fact that the Bank Act from beginning to end contains restrictions as well as empowering clauses. Now, it is a well-known rule that if you have high interest you must take great risk, the risk corresponding to the interest. I say that, considering the source from which the banks derive the money that they loan, they should not take such risks as warrant these high rates of interest. It is contrary to the whole principle of the Bank Act from beginning to end, it is contrary to the welfare of every interest that the Bank Act was supposed to conserve, that the banks should be allowed to take excessive interest, because that means they are taking ex-