

acted is very limited. It is not reasonable to expect that a bank will go into such a district and lend money at the same rate as in a settled community. The bankers who gave evidence before the committee made it clear that they should not take up business on that basis. They would not go into a new community and take the risk of the expense in order to do business there and charge the same rates of interest as in a community in one of the established parts of Canada. It is not only in the West that high interest rates are charged. In the clay belt—which I believe the hon. gentleman spoke of as a myth—just as high rates are charged. The new districts whether East or West must pay relatively high rates of interest, which is perfectly right. I have no brief to speak for the banks, but let me give to my hon. friend the statement of the manager of the bank at Weyburn, who, I think, he will accept as an authority on such a matter. This manager was asked whether similar credit was any better in the United States than in Canada, whether banking facilities were better and money cheaper. His reply was to the effect that where a man in Saskatchewan or Alberta could borrow two thousand dollars at nine per cent, in the western states similarly situated he could only get one thousand dollars at twelve per cent. If we are to compare ourselves with others across the line—and the hon. gentleman has often been anxious to make such a comparison—we have the evidence of this bank manager at Weyburn that a man in Canada would get double the amount at twenty-five per cent less interest than one similarly situated in the United States. That shows that our banks are reasonable. I would point out to the committee that if you are going to put too much limitation on banks, if you are going to reduce their credits, you are going to make it more difficult to get capital into banking institutions. You cannot encourage capital to go into banking institutions with a club. The only thing to be done is to make the revenue so inviting that it will tempt the investment of capital. The evidence given to the committee shows that the return on banking capital in Canada, so far as the shareholders are concerned, is less than five and a half per cent, and in addition to that they have the double liability. Surely, nobody will say that when the profits of the shareholders are less than five and a half per cent, with a double liability, the banks are overcharging the people. I think that the Finance Minister has in that clause a very wise provision. I agree with the hon. junior member for Halifax that it is better to keep the present wording, be-

Mr. COCKSHUTT.

cause it is the result of mature thought, and I believe that it will justify itself in the working out. I trust that before the committee reverts to the old clause they will consider the wording we have here, believing that it will work out to the advantage of both East and West, North and South. Before I sit down, let me say I believe this country is fortunate in that it has in the financial chair of this House a gentleman of the experience of the Hon. Mr. White. He has been a man among a million on this measure, both in his patience and in the wisdom and tact he has brought to bear upon this Bill. The more closely you follow what he has laid out, I believe, the nearer you will be to promoting the general advantage of Canada through this measure.

Mr. BENNETT (Calgary: It is a very simple question that is before the committee: Shall or shall not Parliament impose a restriction on the rate of interest the banks may charge? That question has been solved in two ways. By the late Parliament it was solved by a section which was a gold brick.

This section proposes to make perfectly certain what we are going to do. An excellent argument may be advanced to this committee why we should not limit the rate of interest which the bank charges its customer. I am not going to discuss that at the present moment further than to say that I think there should be a restriction. As to what this first section under the old Act means, I do not think Parliament had any knowledge as to that when they passed it. When Parliament passed that section it was intended unquestionably to impose a restriction upon the rate of interest the banks should take from their customers, and it was intended that the rate should be seven per cent. As a matter of fact, the courts in the province of British Columbia in a Rossland case, which was decided many years ago, held that a bank might discount a bill which came into its hands at any rate of interest it pleased, and so long as the customer paid that rate of interest, he could not recover it back again. When a man goes to a bank to get a note discounted, he usually wants the money so badly that he is not going to inquire whether the rate of interest is eight per cent or ten per cent; he usually pays just what the bank charges him. There was a certain case decided by the Privy Council in February of this year, and my hon. friend from Halifax (Mr. Maclean) cannot have read it, or if he has read it, he has not understood it, because the judgment distinctly decides that if a customer goes to a bank and discounts his note, and the bank takes