

of the Bank Act. Under no circumstances, however, may the total amount of notes outstanding both within Canada and elsewhere exceed the amount of the bank's unimpaired paid-up capital.

The general purpose of these provisions is gradually to eliminate the note issue privileges of the chartered banks and to secure for the Bank of Canada the sole right to issue notes intended for public circulation in Canada. It is in conformity with the general theory that the right to issue currency is a prerogative of the sovereign and should not be delegated to any private profit seeking institution. Despite the acceptance of this general principle, however, it has been realized that the too sudden withdrawal of the circulation privileges of the chartered banks would undoubtedly result in the closing up of many branches and the consequent loss of banking facilities by many pioneer and small or remote communities.

The next important provision is that having to do with the rate of interest. Section 91, subsection 1, provides that no bank may charge a higher rate of interest than seven per cent, and that every bank which violates the provisions of this subsection shall be guilty of an offence. For each such offence, the bank shall be liable on summary conviction to a fine not exceeding \$500, and every officer of the bank who violates the said provision shall be guilty of an offence and liable on summary conviction to a fine not exceeding \$100. Provision, however, is made for a minimum charge of one dollar.

It will be recalled that much controversy has recently waged over the precise effect and the wisdom of the provision in the present Bank Act stipulating a maximum rate of interest. Experience in other countries has shown that the attempt to restrict interest rates is usually ineffective and inexpedient in the public interest. In Great Britain, for instance, after several methods had been tried, an act was finally passed in 1854 repealing all the usury statutes.

The question in its Canadian application was given careful consideration by the Macmillan Commission on Banking and Currency, and their comments will be found in paragraphs 249 to 253 on pages 72 and 73 of their report.

In paragraph 251 of their report they make the following statement:

As regards the future we are of opinion that the choice lies between either repealing the subsection altogether or so recasting it as to put it beyond doubt that it is illegal to stipulate for more than seven per cent interest or discount; if the latter course is adopted a penalty for contravention should be imposed.

[Mr. Rhodes.]

After weighing the considerations pro and con, the commission was unable to reach a unanimous agreement, although it might be well to point out that four members of the commission were of the opinion that we should adopt the method that had been found most effective in Great Britain of removing the limitation altogether. The fifth commissioner, however, contended that the statutory maximum still serves a useful purpose; that adequate reasons for repealing the section had not been adduced and that it ought to be retained. The present draft of section 91 retains the statutory maximum, but provides for what we believe will be appropriate penalties in case of contravention.

The next change is that which arises out of the recommendations contained in paragraph 291 of the report of the Macmillan Commission on Banking and Currency, reading as follows:

As, under the law of the province of Quebec, a married woman could not, apart from section 95, deposit or withdraw money without her husband's consent, the effect of the subsection just quoted is that in this province a married woman cannot without her husband's consent deposit more than \$2,000 in a bank. Apparently under the Dominion Post Office legislation a married woman is under no disability as regards the amount which she may deposit in the Post Office Savings department, and may make deposits up to the limit of \$5,000 which applies generally. We were asked to recommend that in the case of married women in the province of Quebec the limitation on deposits in the banks to \$2,000 should be removed and an unlimited right of deposit conferred, without the requirement of the husband's consent. We think that this is a reasonable request and we recommend that section 95 (3) be amended accordingly.

This recommendation of the commission has been accepted and implemented by eliminating subsection 3 of section 95 of the present Bank Act. This subsection reads as follows:

(3) If the person making any such deposit could not, under the law of the province where the deposit is made, deposit and withdraw money in and from a bank without this section, the total amount to be received from such person on deposit shall not, at any time, exceed the sum of \$2,000.

The next change has to do with the yearly and monthly returns. Various changes have been made in sections 53 and 112 and in schedule G of the act. These sections and this schedule provide for the form of the annual and monthly statements to be made by the chartered banks to the Minister of Finance. The changes made are designed primarily to secure more uniformity between the annual and the monthly return, to clarify previous wording, and in some cases to give a more