

Mr. McGEER: So that there was a very definite limitation of the interest to 2 per cent. That is correct, is it not?

Mr. WALKER: The interest—

Mr. McGEER: 7 per cent.

Mr. WALKER: Interest is 7 per cent discount.

Mr. McGEER: There was a definite limitation in the act of the interest charge to 7 per cent.

Mr. WALKER: Discount.

Mr. REID: Discount is 7 per cent.

Mr. McGEER: Interest charge not exceeding 7 per cent.

Mr. WALKER: No.

Mr. VIEN: And to be deducted, which is the same.

Mr. MARTIN: Which is discount.

Mr. LANDERYOU: It is not the same.

Mr. VIEN: Can you tell me the difference?

Mr. McGEER: The language of the act seems to be reasonably clear; I may be wrong about that.

Hon. Mr. LAWSON: Unfortunately the courts did not agree in the Kellie case.

Mr. McGEER: I read the Kellie case.

Mr. VIEN: Did you read the other case?

Mr. McGEER: In any event, I am dealing with this matter now. The difficulty, Mr. Reid, is that you say this is a discount and not a limitation of interest to 7 per cent.

Mr. WALKER: I do not know what Mr. Reid says, but I have advised him as counsel that that section means that he can deduct 7 per cent interest on the amount loaned.

Mr. McGEER: Can he charge more than 7 per cent?

Mr. WALKER: The effective rate, taking 7 per cent interest on the amount loaned, when the amount is repayable in equal monthly instalments, is approximately 14 per cent per annum on the average amount of the loan. The interest is deducted on the amount originally loaned.

Mr. McGEER: So that the result of your interpretation of this section is that parliament instead of limited his powers appears to have passed a rate of interest of 7 per cent, but according to your interpretation of the statute, gave him the right to charge 14 per cent; is that correct?

Mr. WALKER: That is not only our interpretation; I think we have had it out in this room several times already. It is not ours alone. There has been an interpretation by the courts, not in exactly this case but in one by other companies, which supports the view I have advanced as the correct one.

Mr. McGEER: If parliament thought they were putting a limitation on the rate of this type of company to 7 per cent, it has now turned out to be the rate is anything up to 14 per cent, and that is the rate that has been charged in the past.

Mr. WALKER: I think it is quite clear that parliament intended just exactly what this interpretation is. If you had been here today and heard what parliament did in 1934, I think they made it—they took any doubt about it out in the charter of the Discount Loan Company. There is no question about that now.

Mr. McGEER: Your rate stands at 14 per cent, not 7. We agree on that.

Mr. VIEN: Do you doubt that when in 1934 parliament passed an act stating that the maximum for charges, interest, including service charges should be 2½ per cent per month? Therefore if the intention of parliament when passing that

[Mr. Arthur P. Reid.]