

money, the principal of which is under five hundred dollars, a rate of interest or discount greater than twelve per centum per annum; and the said rate of interest shall be reduced to the rate of five per centum per annum from the date of judgment in any suit, action or other proceeding for the recovery of the amount due.

Mr. WHITE: Has my hon. friend had his attention called to the definition of money-lender there?

Mr. EMMERSON: Yes, but that was a principle which was adopted by this Parliament. It was recognized that certain individuals should be restrained. Seeing that it has been demonstrated in the courts of the country that banks have been offenders in this respect and that they have charged as high as twenty-four per cent, this Parliament should put some restriction upon them. My proposition would be to restore the section as it was originally. I would make the rate even higher, if seven per cent is not sufficient. I would have a maximum rate of a certain amount beyond which the banks could not go, that is, that they could not accept or retain any rate beyond that. Of course that would not apply in cases where the interest did not exceed one dollar. Section 4 of the Money Lenders' Act reads:

This Act shall not apply to any loan or transaction in which the whole interest or discount charged or collected in connection therewith does not exceed the sum of fifty cents.

I would say: 'the sum of one dollar.' Where the bank did accept or retain, even with the consent of the party who secured the loan, the excess amount beyond the limitation which we had fixed, it should be recoverable in any court of competent jurisdiction. I would also have a provision that each bank shall furnish a statement monthly to the Minister of Finance showing the maximum and minimum rates of interest or discount charged or retained on loans by such bank at its head office or at any of its branch offices, such statement not to include percentage rates or minimum charges on small loans less than fifty dollars. That would seem to obviate one difficulty with respect to a bank showing a very high rate of interest on a loan of say twenty dollars for a month, where it had charged its minimum charge of fifty or seventy-five cents or a dollar, as the case might be. I would not require banks to make statements as to such small loans; but, if we fixed for them a rate of interest beyond which they must not go, then we should tie them down so that they shall be obliged to return any excess, if the party brings suit against them in any court of competent jurisdiction. Seven per cent as a maximum amount is perhaps too small under present conditions. I do not think

banks in the East usually go beyond that; but, in the West they charge as much as eight or twelve per cent, and in this case from the Yukon, they charged a rate as high as twenty-four per cent. Under those circumstances I think we should limit the rate to perhaps 8 per cent, the 8 per cent not to apply to small loans in regard to which a minimum charge is made by the bank. I think if you make the maximum rate higher, the banks should be obliged to refund any excess of that charge, providing the borrower seeks it. In addition to that I would require that this statement be made to the minister monthly, so that publicity should be given as to the minimum and maximum rates charged by the banks of the country.

Mr. WHITE: Does my hon. friend propose to offer an amendment?

Mr. EMMERSON: I was going to propose an amendment with respect to the monthly statement.

Mr. WHITE: I think it would be a mistake to raise the rate of interest from 7 per cent to 8 per cent, even if we made the 8 per cent absolute. In those districts of Canada in which the prevailing rate is now less than 8 per cent, there would be a tendency on the part of the banks to feel a justification that they do not now feel in raising the rate to 8 per cent. I am impressed with the suggestion put forward in the committee that the provision for a 7 per cent rate is an indication to the banks on the part of Parliament, notwithstanding the decision of the Privy Council, that the rates of interest should be moderate. So far as the coast communities are concerned, in which the rates of interest are at present 7 per cent or under, I think the fixing of the rate at 8 per cent would have an adverse influence. Let us take the case of a western community, particularly those parts of the country in which a higher rate than 8 per cent prevails. It was shown to the satisfaction of the committee that the bankers discriminate as to loans; they always have and always will. A gets a better rate than B, because his account is larger, his credit better or his standing higher in the community. A borrower in a particular community where the deposits are large and where there is particularly keen competition will receive more favourable rates than a borrower in a community where there are no depositors, where the deposits are small, or where there is no competition on the part of the banks. The hon. member has mentioned the case of the Yukon. I have no hesitation in saying that if you had had an 8 per cent or 9 per cent maximum rate in the Yukon, fixed by the Bank Act, the business community of that territory would