

*Interest Act*

people of this country. The 12 per cent interest rate provided in this bill is, I think, high. Some hon. members on previous occasions have said that the rate should be lower and I think a good argument could be made in this respect but this rate was proposed because it seemed to me that it was so reasonable that very few hon. members could oppose it.

We know that some institutions which do business in the small loans field, institutions that make very few loans in some instances—I am thinking of the credit unions in this instance—are able to make those loans at a maximum interest rate of 1 per cent per month and show a substantial saving and pay a dividend to the members who have done business with them. This rate would in no way affect the credit unions because they are already operating under this maximum. It would not affect the chartered banks whose rates are fixed by statute and even when they make loans on the basis of a discount their rates are still under 11 per cent per year. The establishment of a maximum rate would make it impossible for those companies which are now taking advantage of the ordinary consumer to continue charging exorbitant rates of interest.

**Mr. Christian:** Would the hon. member for Assiniboia permit a question. Would the hon. gentleman kindly give the date when the charges up to this maximum of 54 per cent were placed on the record?

**Mr. Argue:** I am not able to give you the date when it was done in the house but I will put it on the record right now. There is an interest charge of \$2.25 made by either of these big mail order houses on an unpaid balance of \$20 repayable in \$5 monthly instalments. Before the hon. gentleman arrives at the rate of interest by means of rapid calculation I would suggest to him that the mathematical computation involved is rather complicated. Although he may have special training in this field I would suggest that he work out the actual rate with some care.

Sales of automobiles in this country are financed largely on a conditional sales basis. I have checked some of their contracts and the rates vary between 15 and 20 per cent or more. That is the field in which a considerable sum of money carries with it these very large interest charges. Mail order houses, small loans companies and others are charging these exorbitant rates. I am advised that the hon. member for Burnaby-Coquitlam (Mr. Regier) is going to make some remarks on this bill and he will demonstrate the fantastic interest rates that are being charged on second mortgages to finance the purchase of a home. I can tell the parliamentary assistant

[Mr. Argue.]

that in this very city of Ottawa I have had people come to me who have shown me their papers. In many cases they have had to pay an extremely large bonus in order to obtain a second mortgage which is just another way of saying they have had to pay a high interest rate.

On previous occasions I have suggested that this is a field in which the banks should be doing much more than they are now doing. The Canadian Bank of Commerce in the past has done a commendable job in the field of small loans and it is something which should be promoted by the chartered banks generally. As I read their reports I am led to the conclusion that they have not taken the interest they should in the small loans field in order to increase the amount of business they do in that way.

**Mr. Thomas (Middlesex West):** Mr. Speaker, would the hon. gentleman permit a question. What about the responsibility of these individuals who become involved in these excessive interest rates? What about their personal responsibility for keeping out of contracts of that type?

**Mr. Ellis:** Let the buyer beware.

**Mr. Argue:** I remember a former Liberal member of this house who is not here today who asked me a similar question when I was making a similar speech sometime ago. He worded it a little differently. He said he thought it was the right of any Canadian to enter into a contract to pay a high interest rate, even 60 per cent a year, if he wished to enter into such a contract. But I want to tell the hon. gentleman that very often the ordinary Canadian does not have any choice. If there is sickness in the family, if there is an emergency that has to be met, he perhaps has to have a sum of money immediately and he has no choice but to take the money where it is available.

Another thing I would suggest is that it is impossible for the ordinary person to realize the very high interest rates that are being charged. There is a friend of mine in this building who is one of the best trained persons in his field who said to me he was taken in in buying a television set by one of those companies. He did not realize the very high rates he was being charged until many months after he had purchased his set. We should not leave it to the responsibility of the ordinary person, in making a purchase or in obtaining a loan, to believe that he can avoid paying these very high interest rates.

I think the figures I have just quoted to show that in this general field of credit there