

By Mr. Vien:

Q. In what particular?—A. Well, I will tell you. In the first particular, and the most important one, Mr. Vien, these companies never should have been allowed in the first place—any of them—to make loans over \$300. They never should have been.

Hon. Mr. STEVENS: Hear, hear.

The WITNESS: Mr. Finlayson's rate scheme of a flat 2 per cent from one dollar to five hundred dollars is a loan scheme that has not received favour where they have had a great deal of experience in the small loan business.

By Mr. Vien:

Q. Was it too high or too low?—A. The rate scheme is far too high in the upper brackets, above three hundred dollars. No loan company pretending to be a small loan company should, I submit, be allowed to make a loan of over \$300.

By Mr. Cleaver:

Q. What about the lower brackets?—A. In the lower brackets you will find that under the uniform small loan law of the United States—and I take the State of Massachusetts where they have had it about twenty-five years—my recollection is that there they allow 3 per cent per month on balances of \$100 and less and 2 per cent per month on balances in excess of \$100 and up to \$200.

Q. I am asking what attitude you took at that time?—A. The attitude I took at that time was that I wanted parliament to legalize the thing that was being done, namely, I wanted them to legalize the discount of this 7 per cent and that is what I got them to do.

Q. Were you opposed to Mr. Finlayson in regard to his 2 per cent rate?—A. Yes.

Q. Did you think it was too high?—A. I thought it was too high in some places and too low in others; and I still think so.

Q. It is too high as to loans above \$300?—A. Yes. In fact, I do not think that the companies should be allowed to lend amounts above \$300.

Q. And too low as to loans below \$300?—A. Too low as to loans below \$100.

Q. Well, what rate did you argue that loans up to \$100 should bear?—A. I was not arguing. At that time in 1934 I was not arguing anything at all about it.

By Mr. Vien:

Q. What would you suggest now?—A. What I suggest now is this: I am frank to say that I do not know what the actual costs of doing business in Canada are, but I say that you can start off with this, that when you put up a ceiling, a maximum loan of \$500, and allow these companies to loan above \$300, you are doing something which takes them out of the small loan business and into the banking business, and that is wrong. That is what I say. You go to the United States where they have had some experience with these companies—and I am not going to make a categorical statement because I do not pretend that I know everything about this thing, but I will say that where there are uniform small loan laws as recommended and as suggested by the Russell Sage Foundation, a small loan company is not permitted to make a loan above \$300.

By the Chairman:

Q. I understood Mr. Cleaver to ask what you thought the rate should be on a loan of \$100 and less?—A. As I say, I wrote a pamphlet about this thing at the time the Senate committee was sitting; and at that time I evolved a rate

[Mr. Lionel A. Forsyth.]