

Q. Just a second. You have just said this, that there are charges that would have to go onto that?—A. Quite so; they would have to come down into the bracket below \$200. That is what I said this morning. If you can take experience—I may be wrong about this because if you get evidence in Canada you may find Canadian business may be done cheaper, I don't know. I know in the United States where the uniform small loan law is successfully operated—I refer there to the state of Massachusetts. There they have the limit of \$300, 3 per cent a month up to \$100, and 2 per cent above that. These are maximums.

*By Mr. Baker:*

Q. What is the maximum that this company now has?—A. The maximum is rather difficult to say. You have the 18·20 without discount—

Q. What is the maximum loan you can borrow?—A. \$500.

The CHAIRMAN: May I suggest we leave the witness in the hands of Mr. Deachman for the moment, so that he can complete his examination.

The WITNESS: I beg your pardon. I just made an error there. Mr. Finlayson points out to me that this company can loan over \$500. What I meant to say was they could not charge rates higher than those permitted by the Interest Act. On a loan above \$500 the man can contract for any interest he likes. The maximum in which these higher rates than those permitted by the Interest Act is allowed is \$500. That is what I meant to say.

Q. You will admit this in fairness, that the suggestion to limit it to \$300 must necessarily increase their costs and increase the loans below \$300?—A. It must necessarily increase one rate and that is the rate below \$500.

Q. I am not so sure about that. I think we might just as well assume it would have the effect upon others?—A. I do not think you can assume that if you are going to take the experience of actual operations, you see.

Q. This is the point I put to you: your limitation then would be \$300?—A. That is right.

Q. And their profits are made on the loans which are above that. That is according to the evidence. Now, that additional cost must be distributed over those who are now borrowing the money below the \$300 bracket, and so far as this is concerned it does not make it easy to place that load upon them and distribute it in any way, therefore the loan will cost them more?—A. The loan will cost them more if you do not have an increased volume. If you have an increased volume you get a reduced cost.

Q. I put it to you this way. You have said that loans between \$300 and \$500 is the most profitable feature of their business; secondly that profitable feature will be eliminated; thirdly the logical inference, I say, is that there must be the additional cost upon the others. I am willing to leave that with you.—A. If you leave it with me that is all right. If you let me answer it I will tell you what I think about it.

Q. All right; I shall be glad to have your opinion.

Hon. Mr. DUNNING: He is always a poor witness.

The WITNESS: I do not know about being a poor witness; but I know if you are going to ask if I am going to accept a statement that is one thing; if I am going to be asked a question, that is another.

*By Mr. Deachman:*

Q. I am putting it this way because that is the simplest way to put it. You can answer it and feel free to do it?—A. What I say is this: if you take the experience of the parent company of this Central Finance or the parent company of the Discount and Loan Company, because they are both subsidiary companies of large companies operated in the United States, you will find that these companies operate in several states of the American union with a top limit of \$300;