

## Small Loans Act

When a man can see that there will be some excuse then for saying *caveat emptor*, let the buyer beware, because what it is going to cost him over the period that he is using the amount he borrows will be printed plainly in front of him.

I would plead with the government to take action. I do not expect any particular action at this moment but I think this is a matter that does deserve consideration along with what has already been done by Bill 51 in making some small reduction in the interest rate.

**Mr. Elmore Philpott (Vancouver South):** Mr. Speaker, I should like to give a certain amount of qualified moral support—

**An hon. Member:** Be careful now.

**Mr. Philpott:** —to the hon. member for Saskatoon. Let me say at the outset that I agree entirely with his main point. I definitely think that in all advertisements of small loan companies and similar institutions which are directly or indirectly in the business of lending money the effective rate of interest should be plainly stated in the advertisement. I think if we were to do the one thing with respect to our small loan legislation that would probably be of the most benefit to the public we could not do anything better than to stipulate that one simple thing and to say that everybody who lends money must state in his advertisements the actual rate of interest which he charges. When Bill 51 goes before the banking and commerce committee and we have competent witnesses before us who can give us evidence on the matter I certainly hope that we will have evidence on this particular question.

But I should like to submit in all earnestness to my hon. friend opposite that the method of getting this thing applied may not be quite so simple as he seems to think. I suggest that this whole question of small loans is tied up with a vast amount of the business life of Canada. For instance, where are you going to draw the line between small loans actually made by lending institutions and loans made indirectly by furniture companies, electrical companies, automobile companies, and all the rest?

Earlier this year we heard the hon. member for Assiniboia (Mr. Argue) give some examples of what he thought were exorbitant interest charges. In doing so he did not refer at all to the small loan companies but referred to Simpson's, Eaton's and some of the other big mail order companies in this country. I should like to submit that if we want to even bring into the discussion the charges made by these admirable institutions, who have such a wide measure of support in

the house, some of the charges made by credit unions would not compare any too favourably with the charges made by some of these small loan companies.

**Mr. Argue:** There is none over 12 per cent.

**Mr. Philpott:** I can remember going to the old *Toronto Globe* as a very young working newspaperman some 30 years ago when they had a kind of benefit society which we would now call a credit union and which they probably now call a credit union. The society used to make loans against our pay on a short-term basis. Had the law been in effect which my friend the hon. member for Saskatoon (Mr. Knight) wants and which I agree with him we should have in Canada, and had we been forced to advertise the actual rate of interest charged, that would have been an exorbitant rate of interest indeed. A little earlier in my life I remember having a job for nearly two years and having some 20 salesmen under me selling electrical appliances. In the thousands of cases where we sold electrical appliances and in the years I was with that particular company, which was a very fine company, I had only one salesman ever tell me that any one of his customers ever sat down with pencil and paper and did all the intricate figuring that would be necessary to prove exactly what effective rate of interest she was paying per year. But when I listen to some of the remarks we have heard in this house this year, I wonder whether there is not another side of the story. For instance, we have been told about the poor borrower of money, about how he is getting soaked, and about how he is paying far more in the rate of interest than he deserves to pay. I do not know whether the hon. gentlemen opposite always listen to the same radio broadcasts to which I listen, but coming over the radio I hear "Something—Something Jewellers, nothing down"—

**Mr. Knight:** Credit Jewellers.

**Mr. Philpott:** —four years to pay". But when you go in to check up the price, you find that they are paying exactly the same price for the product as is the poor deluded creature who goes in and pays cash. I sometimes think that the forgotten citizen of Canada is the good old citizen, raised on the principles of Scots thrift, who believed that it was a sin to go into debt, that you must pay cash on the line for everything you bought. I sometimes think that our great merchandiser Timothy Eaton, who founded a great business on the principle of paying cash and paying less, must be turning over in his grave if he knows that people are going up and down the streets in the suburbs of