

service charges. This makes a very complicated system, both for the company and for the borrower. The company has to keep a certain amount in reserve for the unearned portion of the interest, and the borrower cannot know at all times how much he is being charged for the money he is borrowing.

For at least two or three years we have had long discussions with the insurance branch on this subject, and the superintendent has urged these companies to try to reduce the rate of interest. At long last they have agreed to come to parliament and to amend their charters with a view to reducing the maximum charge from 2½ per cent per month to 2 per cent per month, and also to change the basis of their operations from a discount basis to a straight interest charge on the remaining monthly balance owing by the borrower.

This bill, Mr. Chairman, and Bill No. 58, were referred to the committee on banking and commerce, where a lengthy study has been made of all their features. Bill No. 58 has been amended and will be considered by the committee. I desire to advise the committee that before resuming my seat I shall move that this bill be amended in exactly the same terms and in the same language as Bill No. 58 was amended in the standing committee on banking and commerce. By these bills parliament is not called upon to enact a new principle. The principle is already in the charter, and the principle is already in the general act applicable to loan companies.

If parliament defeats the bill, what will be the result? Will it be advantageous to the prospective borrower? All our opponents have tried to set out the miserable conditions which these companies make with the prospective borrower. I suggest that the very reverse is true. These bills purport to correct a situation, maybe not to the extent some hon. members would like, in fact, not as much as I would like myself, but at least to the very limit which has been found practicable both by the superintendent of insurance and by the managements of the companies concerned. If these bills are enacted it will not be permissible in future for the loan companies to charge not only for interest but for all services of any kind whatsoever more than a maximum charge of 2 per cent per month. This is also provided in the amendment I am about to move. In the standing committee on banking and commerce the 2 per cent per month rate has been broken down, half of one per cent to cover interest, and up to 1½ per cent per month to cover all legitimate expenses incurred by the company.

[Mr. Vien.]

I therefore suggest that when these bills shall have been enacted a borrower, far from being put in a more disadvantageous position, will be in a more advantageous position. If these bills are defeated, if they are talked out and cannot be enacted, the result will be that the present condition of which there has been so much complaint will continue to obtain, and loan companies acting under the provisions of these charters will, as in the past, continue to be entitled to charge the rate of 2½ per cent per month.

In addition, I beg to suggest that the opposition which has developed both here and in committee has been instigated by a competitor—

Mr. STEVENS: Mr. Chairman, that statement cannot be allowed to go unchallenged. The hon. member has said that the opposition of hon. members in the committee on banking and commerce to the bill was instigated by a competitor. I made myself clear in the house before the bills were sent to committee, and I take absolute exception to the hon. member's statement and demand that it be withdrawn. The hon. member has no right to say it.

The CHAIRMAN: The hon. member for Kootenay East is speaking on a point of order?

Mr. STEVENS: Yes.

The CHAIRMAN: In my opinion the point of order is well taken, and I ask the hon. member to withdraw.

Mr. VIEN: I should have the privilege of speaking to it, but I abide by your ruling, Mr. Chairman. In my words I had no intention of implying that any hon. member either in committee of the whole or in the committee on banking and commerce had been influenced by the competitive company. But the competing company has been very active in suggesting that these bills should be defeated, and the solicitor for a competing company, Mr. Forsyth, was heard in committee. When he was heard in committee, what did he have to say? He said, not that the rate was too high, but that it was not high enough.

Mr. POULIOT: He is a lamp post on St. James street.

Mr. VIEN: My hon. friend may urge that in committee, if he wishes, but I do not believe Mr. Forsyth would agree with him. Mr. Forsyth suggested in the first place that the maximum loan that these companies should be allowed to make should be limited to \$300, and also that the interest rate should be three per cent per month on loans up to \$100, and two per cent per month on loans