

Q. Are your operating costs lower than others in the same line of business?—A. Taking Canada and the United States, yes. There is no one else in the same position that we are in Canada. We have more branches and this is a chain organization without any family influence. We have to train our own men. I can conceive a situation where a father and son and daughter might run a loan office and, perhaps, run it with a small expense; but we have to rent offices and pay salaries that will attract a good class of personnel, and I am satisfied that our expenses compare favourably with those of others.

Q. That is one consideration. You speak of a father, son and daughter running the business, but when it is a big organization—A. That is out of the question.

Q. You cannot afford to be crooked; is not that it? You can run a peanut stand and be crooked, but you cannot sell \$3,000,000?—A. That very fact. We have a reputation to maintain. We have too much at stake. We have sixty years of background, and we have a big investment, and it is just good business to play straight.

Q. If your profits were too high, would not some other smart man come along and do the business?—A. Naturally.

Q. And he would get it by lowering the rates?—A. Competition would force that.

Q. In other words, you do not place them in the class of sharks or monopolists?—A. Yes. There is nothing mysterious about this business. Competition of the right sort will force rates down to a certain place. There is a line beyond which you cannot go and still make a profit.

Q. If you were willing to set a certain standard, there are certain things you could not do and certain things you could do; then the rates of the companies that would remain in business would be determined by the efficiency of those companies?—A. Yes. On the other hand, there is a danger in setting too high a rate that will make the business attractive to capital and there will be too much competition, where you would have a lot of small operators requiring big rates in order to make a profit on earnings on smaller investments.

Q. You are a Scotsman, are you? What you are getting at is that you want the business set at a point that will make it too high for your competitors, and that you, by better business management, can get away with it?—A. We want to set a point where we have enough competition without adding to it and ample opportunities for the borrower to choose his lender, and where competition will enter into the picture.

Q. If I go to you to borrow money—to borrow \$200—do you tell me exactly what that is going to cost me? Not in terms of percentages?—A. Indeed we do, sir.

Q. Do you tell me it is going to cost me so many dollars?—A. Yes.

Q. You tell the full story?—A. Yes.

Q. And all the charges are stated?—A. Furthermore, our contract distinctly indicate that the rate must not be in excess of  $2\frac{1}{2}$  per cent per month; and in addition to that we will tell you what the loan costs at any given point during the progression of the loan in dollars and cents.

Q. I want to go back to this first one—18.59 per cent.—A. Yes.

Q. Your largest class of people are those who have medical bills to pay?—A. That is right.

Q. Why do they not let the doctor go chase himself instead of going to you?—A. Well, because the majority of people are honest and want to pay their own way. That is why it is that many people think this is a depression business that exists during the few years that are bad when people are out of work. What actually happens is that when these people get back to work and know that their job is reasonably secure for a while they want to get out of debt.

[Mr. Arthur P. Reid.]