

Interest Act

loan companies and finance companies, I think this is a fair estimate to make of the amount of saving which would result from the passing of such a measure as is now suggested.

Mr. Lambert: Would the hon. gentleman permit a question? Has he factual evidence as to the rates of interest charged by the department stores under their smaller contracts?

Mr. Argue: Yes, Eatons and Simpson-Sears, to mention two well-known firms, charge maximum rates of 54 per cent a year on their small accounts and I have all the figures and all the mathematical computations in my hand. This evidence has been presented in the house on previous occasions and presented in public. It has seldom been challenged. I used it once in a television broadcast in Regina, and then right after the broadcast a voice on the telephone said: "I have been a legal adviser for Simpson-Sears for a long time and your figures are wrong." I explained on the telephone how I had arrived at my figures. The gentleman did not agree over the telephone, so I told him "If my calculations are wrong I will make a public correction during my next telecast over this station, which is one week hence." I never heard from the gentleman further.

The fact is that this is the maximum rate that is being charged by such well known companies as Simpson-Sears and the T. Eaton Company. Last year when a similar matter was being discussed in this house the hon. member for Nanaimo told of a personal experience, how a friend of his, a clerk in a large retail store in Vancouver, was called into the boss' office after he had been employed in the company for a few weeks and told that his percentage of cash sales was much too high. The question was asked as to why that was the case. The employee was informed that the company wished to promote credit sales and this was so because they could charge a very high interest rate on such sales.

If you turn on the radio at almost any moment of the day you can hear some firm advertising something for sale with no down payment. You do not have to pay any cash but I venture to say that in almost every instance the company charges a high interest rate. Oh, they may call it a service charge, finance charge, handling charge, registration fee or something else but according to the law of this country, and as it applies now to small loans companies, any charge whatsoever is considered an interest charge.

The small loans companies by law charge 2 per cent a month on loans up to \$300.

They charge lower amounts on loans up to \$1,500 but there is no limit whatsoever placed on the rate that can be charged by a small loans company or by any other company as the rate on a loan made in excess of \$1,500.

A substantial part of retail sales today are being made on a credit basis and when this is done, in the vast majority of cases, there is a high interest charge attached to the sale. I think the high interest charge is a disgrace. I do not think it should be necessary to say that an interest rate of 54 per cent should not be allowed, that it is not something that should be a part of doing business in Canada. The principle of charging high rates of interest is so bad that just making the statement should be sufficient to convince hon. members that it should not be allowed in this country. If one followed through the results of sales promotions and high pressure salesmanship for goods purchased on the instalment credit basis one would find that much hardship results from families having to pay these high interest rates. One would find that this practice places a severe strain on the family budget in tens of thousands of Canadian homes. A great deal of hardship as far as ordinary Canadians are concerned stems from the practice of charging high interest rates.

I think it is now time for hon. members of this house in all political parties to look at this problem and see what can be done to prevent these outrageous interest rates being charged. The *Guardian* which is a publication of the united automobile workers ran a story in 1956 of a man who had purchased an automobile from a neighbour and took over a conditional sales contract, the money having been secured from the Personal Finance Company. The story relates in great detail how this man was hounded from one job to another by this company despite the fact that a substantial payment had been made on the account and despite the fact that the company had repossessed the automobile and subsequently sold it. This man's livelihood was interfered with because the company garnisheed his wages and as a result of this he was dismissed from one job after another.

The ordinary income earners of this country want something done about this festering sore in Canadian life. We have heard of a Magna Carta in the past for political rights. We need a Magna Carta today to protect the ordinary people in this country against loan sharks and racketeers whether they be so-called reputable business firms, loan firms or any other type of institution. I suggest that this kind of legislation which is now being proposed would protect the ordinary