

Interest Act

I consider that rate altogether too high. In other words it is a very exorbitant rate of interest.

I recall that some years ago in western Canada it was the common practice to charge 7 per cent or 8 per cent on current notes for farm machinery, insurance and so on, and then as soon as the notes became overdue the rates went up anywhere to from 10 per cent to 12 per cent. That practice has gone out, but I am afraid it may come back again because interest rates are going up and we see the machine companies getting into the credit sales business.

In the past few years most farm machinery has been sold under the Farm Improvement Loans Act but, as I say, once again machine companies are selling machinery on time, and it is hard to say just how high those interest rates will go. I understand that today if you take the interest rate, plus service charges, you will find they are well above 12 per cent. For that reason I am quite prepared to support this bill because I think some action will have to be taken to curb the practice of charging those exorbitant rates on instalment buying and other general credit-buying practices. Therefore I hope the government, even if they are not prepared to support this bill, will at least take action to bring down some legislation at an early date to deal with this very important question.

Mr. H. A. Hosking (Wellington South): Mr. Speaker, I should like to speak on this bill for just a moment or two. I believe there is some usefulness in bringing to the attention of the people of this country the fact that exorbitant interest rates are being charged and that people should be on their guard against paying exorbitant interest. I think it is a shame that people will go and borrow money and be prepared to pay 20 per cent interest. Most of the loan companies, and most of the odd methods of raising money, require that the borrower pay 20 per cent interest.

I do not think many of the people who borrow money realize that when they are repaying these loans they must work one day out of the week to pay the interest. That fact does not seem to sink in. They do not seem to understand that when they obligate themselves to borrow money and they have to repay it, the interest charges alone will require them to give up one day's work in every week to pay the interest. This is a pretty heavy penalty to pay for borrowing money. If the majority of the people will go and see their bankers if they have a reasonable cause for borrowing money they will find they can borrow it at around 6 per cent or 7 per cent, and there is no need to pay those exorbitant interest rates.

[Mr. Quelch.]

If I were asked whether I could support this bill I would have to say no. No person loving his freedom and loving his rights will say to someone else, "You cannot do this", just because it is good for him not to do it. It is not in the philosophy of a Liberal to say to some person, "You must do this or you must do that". Therefore it would be impossible for me to support a bill that would deprive a person of his freedom; but on the other hand I can ask any person who finds himself in the position where he requires money, when he is prepared to borrow that money if he is willing to work one day out of five to pay the interest on it. I say he should examine his situation carefully to determine if he really needs the money.

The sponsor of the bill should remember that if you say to people who loan money that they can get only 12 per cent, there will be people who require money who will not be able to borrow it, and that may be a good thing. Would it not be better for the person who is borrowing the money to make the decision himself that it would be unwise for him to borrow rather than for the government to establish a law prohibiting borrowing under certain circumstances, or to have the government say, "We will legislate in such a way that it will be impossible for you to borrow"?

I could not agree more that this is a bad situation, but because I go that far it does not mean I will go so far as to dictate that a person is not going to be able to borrow.

Mr. Colin Cameron (Nanaimo): Mr. Speaker, I have heard some extraordinary arguments adduced in his chamber, but I have never heard one quite so extraordinary as that which the hon. member for Wellington South has just adduced. I would presume that if he is going to be logical about this, before the end of the session we may see him introducing a bill to amend the Bank Act to do away with the limitation of interest that is included there, because of course it is illegal for the hon. member for Wellington South to go to the manager of his local bank and say, "Well, you and I will go around the corner here and sign a contract, and I will pay you 10 per cent on this loan instead of the 6 per cent which the Bank Act allows you to charge."

Mr. Hosking: I have had no experience in going around to the back door to conduct transactions of that kind.

Mr. Cameron (Nanaimo): I would suspect that when the hon. member for Wellington South was searching in his mind for some reasonable excuse for opposing this bill this argument was the best he could come up with, and had he been honest of course he would