

Q. Are they too low in the lower brackets?—A. I think they are too low in the lower brackets but I think if you could get the evidence of people who do this business—

Q. I think I am fair in stating this, that the committee is desirous of getting a lower rate in the lower brackets. We feel that the rate is too high.—A. I would say to that that the only real experience you can get on that, I think, is in the United States.

Q. Now the profits on this business, as you say, on the basis that has been suggested would be higher on the bigger loans?—A. Oh, yes; there is no doubt about it.

Q. Now, if you place a limit upon those loans of \$300 and limit these companies to \$300 loans, your profits would be reduced?—A. Certainly, they would be reduced. In these things you cannot make as much money—if you take four \$300 loans, we will say—that is \$1,200—you could not make as much money as you could with three \$400 loans, if you follow what I mean.

Q. If you limit the loans to \$300 the profits would be reduced, and their rates would have to go higher?—A. I would say this—I think that is true—but I say this that if you maintain a high rate in the upper brackets—the 2 per cent in the upper bracket—then you divert the money into the upper bracket, and the person who really needs the benefit of loan service does not get it.

By Mr. Jacobs:

Q. It all depends on the amount of money you have available?—A. The experience of other places is not that. The money goes out to other places.

By Mr. Deachman:

Q. I believe we had in previous evidence the average loan in the Dominion of Canada was \$169?—A. I think that is the average of the Central Company.

Q. And the average loan in the United States—I do not know where I got this; I am open to correction—was \$160 or \$165?—A. Yes.

Q. So that your average loan is relatively low showing that these companies must be loaning in the lower brackets?—A. In the United States.

Q. And in Canada?—A. Yes, but we have got the figures in Canada. You will find if you will look over the average record of these three loan companies—we have them here in 1935—that out of \$4,200,000—I am using round figures—the Central Company loaned 35 per cent of their loans in the brackets \$300 to \$500; Discount and Loan Company loaned 25 per cent of their money in the higher brackets.

Q. Between \$300 and \$500?—A. Between \$300 and \$500.

Q. Let me ask you this question: if we compare that with these loans between \$300 and \$500 and limited them to the loans on the \$300 there must necessarily be a substantial increase in the rates. Before you answer that let me give you the other suggestion which is in my mind, so you can have clearly what I mean. Am I right in suggesting to you when it comes to the loan of \$300 and \$500 the borrower has a larger field of choice?—A. The borrower has a larger field of choice, the Russell Sage Foundation contend, and certain people that I have spoken to about this also contend that the man who is entitled to get a loan over \$300 is quite usually better able to take care of himself.

Q. That is exactly what I am contending. The man below that is not so well able to take care of himself?—A. That is so.

Q. Therefore if you limit this company in its operations to the \$300 limit, or any company—I am not speaking of any company in particular—we are placing an additional load on the small borrower?—A. I do not think so, Mr. Deachman.

Q. You have just said— —A. If you will let me explain why I do not think so—

[Mr. Lionel A. Forsyth.]