2. That the "full disclosure" of finance charges in terms of simple interest would highlight the cost of consumer credit. This, it is suggested, would encourage consumers to buy within their means and avoid excessive use of consumer credit.

3. By requiring merchants and financial institutions who extend consumer credit to disclose the "true" rate of "interest" it is felt that an unscrupulous minority would not be able to take advantage of the uninformed by charging excessively for consumer credit services.

What does this bill mean in language that the layman can understand without difficulty? If you buy an automobile for $2,500 by making a down payment of $500 and spreading the rest of the cost over a three-year period the dealer will tell you that the charge will be $65.56 a month. If this bill is passed he will have to disclose that the finance charges on the $2,000 you owe amount to $360, and that the annual interest rate is 11.5 per cent. If you acquire a refrigerator without any down payment and make 18 monthly payments of $26.18 to pay for it, the dealer must tell you that the annual interest rate is actually 22 per cent.

The purpose of this bill is to arm consumers with information which will enable them to shop intelligently for the best credit deal. Because consumers are the most vulnerable and the most unorganized people in our society, besieged by advertising, pressured by salesmen, and victimized by monopoly prices, they are almost defenceless against the onslaught on their pocketbooks by unscrupulous vendors who overpersuade the unwary buyer of modest means with the "no payment down and take all the time you want" pitch. The true interest charge on the deferred balance is not revealed, and the seller makes his money out of financing the debt rather than from a legitimate profit on the merchandise.

Honourable senators, I said I would indicate to you the need for this bill. I am satisfied that I do not need to waste time in this chamber talking to you about the need for it. It is well known to all of us. I have received a great number of unsolicited letters from all parts of the country, and those which I shall read are all signed.

I have a letter from a professional man in London, Ontario, which reads:

> Anodized aluminum siding was being put on a house across the street and I asked for an estimate to sheathe my house. When I asked if this was the price for cash down, he said he did not accept full payment by the customer as he has an agreement with the loan company only to do work paid for through the loan company on their terms to the customer. It made no difference to him as the loan company paid him in full on completion of the job. I refused to deal with him.

I have a letter here from a lady in Calgary in which she says this:

> Some stores have a type of charge account which permits the customer to pay only part of the amount owing. At the end of the month he receives a bill and, unless he pays the full amount owing, service charges are added to the bill the following month. However, these service charges are not based on the amount actually owing, but on the amount owed the previous month. Thus, if the bill was $100 and on receiving the bill he paid $50, the following month service charges of approximately 1-1½ per cent on $100 would be added before the $50 was deducted.
>
> I complained about this some time ago to the credit department of Simpsons-Sears. The assistant credit manager assured me that they did not do this and agreed that it would be dishonest. I explained that they did and was referred to the credit manager. He said that it was store policy across Canada and that he could do nothing about it. I know personally of several people who closed their charge accounts there when they realized that they were being overcharged. Since that time the Hudson's Bay Company has instituted this policy also and just recently the T. Eaton Company has followed suit.

What the lady was talking about, of course, was what we call revolving credit. That is the poor man's charge account, which permits him to be permanently in debt to the vendor, for a price. It reminds me very much of the company town where the employees had to buy everything from the company stores and as a result they remained perpetually in debt. The only difference today is that such people have a choice as to who should be their creditor.

I have a letter here from the Better Business Bureau, Vancouver, as follows:

> It is the common practice for firms, which cannot do their own financing, to make arrangements with finance companies to take care of their credit sales.
>
> The finance companies supply the forms used by the vendors.
>
> The vendor writes, or types, the terms of the contract, then presents them for signature.