

CONTROL CREDIT BUYING TO CHECK PRICE RISE

FROM NOVEMBER 1: Instalment sales will be subject to regulation on and after November 1, 1950, the Minister of Finance, Mr. Abbott, announced on October 29.

After careful consideration the Government has decided to impose a moderate degree of restraint on the use of consumer credit as one means of helping to check inflationary pressures arising from mounting defence expenditures. The restrictions are intended to result in some change in existing consumer credit practices, but they are less severe than those which were imposed during wartime. They will be varied as required by changing circumstances.

Consumers are going into debt on an increasing scale in order to buy goods, thus adding to the upward pressure on prices, said Mr. Abbott. It is in the interests of all Canadians to check this tendency by appropriate restrictions.

THE CONSUMER CREDIT ACT

The new Consumer Credit Regulations are imposed under The Consumer Credit (Temporary Provisions) Act passed at the last session of Parliament.

For automobiles, motorcycles and other motor vehicles, the purchaser is required to pay 33-1/3% of the cash price at time of delivery. The value of trade-in may be counted as part of the down payment with respect to motor vehicle purchases.

When other goods are purchased on the instalment plan, the minimum down payment is 20%; but not less than \$5.00. If a trade-in is involved, the value of the trade-in is first to be deducted from the cash price and the 20% minimum down payment applied to the remainder.

The sale contract for all classes of goods must specify full payment in regular instalments in not more than 18 months. In no case is the instalment payment to be less than \$5.00 per month or \$1.25 per week. Special provisions are included to enable the terms of payment to be varied to meet the circumstances of farmers, fishermen, and others whose income is subject to seasonal fluctuation.

All goods are covered by the Regulations with certain exceptions. Some of the more important exceptions are real estate, stocks, bonds, securities, goods for professional or business use, buses, trucks, implements and

equipment used exclusively in farming and fishing, and building materials.

In order to provide for equality of treatment and to avoid circumvention of the restrictions on instalment sales, similar terms are applied to loans made by banks and other lending agencies for the purchase of goods. For example, a loan for the purchase of an automobile cannot exceed 66-2/3% of the cash price and must be repaid in regular instalments within 18 months.

It has been necessary to make special provision for the regulation of a comparatively new kind of consumer credit, known as revolving credit accounts, permanent budget accounts, budgetted charge accounts, etc. A person who buys goods under such a contract must undertake to pay at least one-sixth of the maximum permitted amount of indebtedness every month, or one twenty-sixth every week.

ORDINARY CHARGE ACCOUNTS

Ordinary charge accounts are not being regulated at the present time. This form of consumer credit is not usually subject to rapid fluctuations and has shown little change over the past few months. If necessary, of course, the powers contained in the Consumer Credit Act will be used to regulate payments for goods purchased on charge accounts. In particular, appropriate steps will be taken if attempts are made to delay payment for goods purchased on charge accounts in order to evade the regulations applying to instalment sales.

Mr. J.G. Bertrand, formerly on the staff of the Wartime Prices and Trade Board, with practical experience in the field of consumer credit, has been appointed as Administrator of Consumer Credit.

The Minister expressed appreciation of the help received from trade associations and officers of loan companies and finance companies in preparing the Regulations. "Insofar as possible we have tried to meet the views of those whose business operations will be affected by the Regulations. We have tried to make the Regulations simple and to reduce the amount of paper work to a minimum. I am confident that both business men and consumers will cooperate with the Government in applying the Regulations. It is in everyone's interest to check inflationary pressures at the source and to avoid the use of more drastic controls.

* * * * *

VISCOUNT ALEXANDER STAYING ANOTHER YEAR:

The Prime Minister of Canada, Mr. Louis S. St. Laurent, announced on October 28 that His Majesty the King had been graciously pleased to approve the extension of the term of Field Marshal Viscount Alexander of Tunis, K.G., as Governor General of Canada for an additional

year from the spring of 1951. Mr. St. Laurent added that he was sure the people of Canada generally will share the gratification of his colleagues and himself that Lord and Lady Alexander have found it both pleasing and convenient to agree to this extension of their stay in Canada.