

Q. That is, the matter is based upon the public need?—A. Yes.

Q. And your suggestion is that in order to meet the public need for low cost loans you raise the rate 50 per cent on loans of \$100.00?—A. No, no.

Q. I think so, you said 2 per cent on \$200 and 3 per cent on the first \$100?—A. Now, I have not said that. If you are going to start—if you are going to be fair in this, and I think you want to be fair, you will not want me to leave an answer of mine up in the air like that.

Q. Well then, I will go back to the other one. Mr. Finlayson gives the rate on \$100.00 at 3 per cent, and on \$200.00 it works out to 2.73, and on \$300.00 it works out to 3.54. The former proposal was that we should have a company which would loan at 2 per cent. I am going to leave that with the committee, with any explanations you may make. According to my figures that amounts to an increase of 50 per cent on small loans, and practically a 30 per cent increase on loans of the \$200.00 size, and 25 per cent of an increase on the \$300.00 loan; but I leave it to the judgment of the committee as to whether that will serve the purpose?—A. Well then, if you will allow me to make an explanation I would like to leave this to the judgment of the committee: I am not here advocating that this bill be amended to provide these rates of 3 per cent and 2 per cent that I spoke about. I have never admitted that it should be that at all; but what I say is this, that if you do what this bill proposes to do you are making the smaller brackets loans less attractive to these companies, and the higher bracket loans more attractive than they are under their present rates; but I say that the small loan business in Canada should not be put upon the basis of not being able to make money.

I want to leave this with the committee; that when this type of company was first incorporated it was not intended that they should be making their money in the \$300 to 500 loan brackets at all; and that is just where this bill is taking this company, where they are getting into the banking field, in that they are increasing the rates in the higher brackets and reducing them in the lower brackets. But the big point in this thing is the evidence which I have here which goes to indicate that in those States in which this type of loaning has been authorized it has put the loan sharks out of business; and I have evidence here of people who are running business along that line, right here under my hand. They have written loans for \$300 at rates such as these, and they have worked out a system of rates based upon the cost of doing business, and based upon the amount of business done; the two go together in this business, and I have discussed this with the officials of these companies, and my conclusion in respect to it is that what we ought to do is to have this matter thoroughly investigated by some tribunal or representative group; and I say in my memorandum that the reason that I am opposed to this bill is because I think it is working in the wrong direction.

*By Hon. Mr. Lawson:*

Q. Would you follow that up please? I can't comprehend the general statement that the present bill increases the rate in the lower brackets?—A. No, in the higher brackets.

Q. And decreases it in the lower brackets?—A. That is right.

Q. I am sorry, I do not follow you?—A. A statement was prepared for the Senate committee, and carefully read, which shows that under the legislation of 1934 which restricted the charges which could be made to 2½ per cent, that the way these companies have been operating that on a loan of \$181.20 that amounts to an effective rate of 2½ per cent. Now then, I say that this bill, if it cuts down that 2½ per cent is going to bring the lower bracket loans up to \$185.20. Now, the lender—

[Mr. Lionel A. Forsyth.]