The monetary power of the Bank of Canada aims at seeing that overall, the credit for business is sufficient to meet the needs. The Bank uses its power to influence the interest rates, thereby increasing or curtailing the money supply as seems advisable. The Bank's actions are also reflected to some extent in policies of commercial banks in dealing with their consumer borrowers. And when money will bring high interest rates elsewhere, life insurance companies are more reluctant than usual to expand their low-interest lending to policy holders. In any case, policy holders who are family heads generally resist the idea of encumbering the protection they have provided for their wives and children in case "anything should happen" to them.

But it is well known that sources of credit which are sensitive to the nation's money policies are not open to the low-income person who is without assets to pledge as security. He must rely for cash borrowing on consumer loan companies and money-lenders — institutions whose business expands when money is otherwise hard to get. When interest rates are high enough, there are sure to be willing lenders, and a tight-money period is precisely the time when numbers grow of those who are anxious enough to borrow that they will agree to almost any conditions. The only alternative generally open to the average man is to buy on credit, with the debt accruing to the retail dealer or to a finance company. These are expensive methods of borrowing, and sometimes the rates are exorbitant. Furthermore, no matter how desperate the need, there is always a residue of individuals who are turned down by the consumer loan companies; there is also a limit beyond which it becomes difficult for some to get retail credit.

In addition to those who, because of their personal situation are considered by the commercial lender to be too great a risk, there are others whose requirement for money, theoretically regulated under the Small Loans Act, happens to fall into what lenders consider "a non-profit area", roughly defined as between $1,000 and $1,500. Some lenders refuse these loans, and it is admitted that this area is not now adequately served. The danger is that in order to obtain the money they need, borrowers will be driven to assume a larger debt, bringing them beyond the upper limit of protection under the Small Loans Act.

When a man applies for a loan somebody else decides whether or not the loan is granted. If the decision goes against the applicant, what then? Several committee members raised the issue of the need for some alternative source of credit at reasonable rates for those who are denied a loan when they really need it, and perhaps also for those whose