

Interest Act

means that within a four-month period, with a payment of \$5 per month, the balance is repaid and the charge made is \$2.25. This works out at an annual rate of 54 per cent. In all fairness to the Simpsons organization, Mr. Speaker, I must say this rate goes down as the purchase becomes larger. It goes down until on the maximum purchase of \$410, with a carrying charge of \$51.25 and the balance repayable at a rate of \$26 per month, the rate is about 14 per cent.

Mr. Benidickson: Has the Saskatchewan government legislation against this?

Mr. Argue: Let us not wander all over Canada again and start talking about the 10 provincial governments as an alibi for this government. On every occasion this government turns the matter back to the provinces, but the deputy minister of justice says that interest rates and charges are part of the federal jurisdiction. The language in the bill I have drafted was borrowed from a section of the Small Loans Act, so I take it that the suggestion made by the parliamentary assistant is not one that can be taken seriously.

I was about to go on to say, Mr. Speaker, that Simpsons have another schedule of rates for more durable goods, and those rates are not quite as high. These are rates taken from page 598 of the Simpsons-Sears spring and summer catalogue for 1957. I see no reason why the law that is applied to small loans companies by this government should not be extended to apply to instalment credit. There is no reason why any of these huge firms should be charging these exorbitant rates of interest. I think it is a national disgrace that these companies should be allowed to get away with such tremendous charges.

The other day a farmer friend of mine who does not go into Simpsons very often told me he had been there and made a purchase. The clerk asked him what his charge account number was, and he said he did not have a charge account; he paid cash. He said from the attitude of Simpsons-Sears it appeared to be the wrong thing to do. He felt rather guilty that he was a cash customer and did not just have a charge account number that he could relate to the clerk and then, of course, be placed in the category of paying very exorbitant rates of interest.

The government has legislation which controls the interest rates that are charged by small loans companies. The government has legislation in other fields. When we were discussing this general question before the banking and commerce committee last year I made the statement that the National Housing Act, which was then providing mortgage money at 5½ per cent, was an example of

[Mr. Argue.]

what the government might do in the field of credit if it really wanted to perform a service. We in this group have always said that 5½ per cent for housing was too high. It is now up to 6 per cent, and the whole trend of government policy since the good bill reducing the rates charged by small loans companies last year has been to help interest rates and charges go up and up. The government stands idly by while lending institutions in the country are steadily increasing rates and charges.

I have mentioned instalment buying and I have mentioned finance companies. The other day I had a person from the city of Ottawa come into my office and give me some information about the rates being charged on second mortgages. He told me to use the information publicly but requested that I should not use his name. He said if any member of the house should question the information he would be quite prepared to interview the member and prove that this information was, in fact, correct. I imagine this is something that is probably being done in many cases.

The rate of interest on the second mortgage is 6 per cent. This particular man should have had a second mortgage of less than \$1900, but he had to add to it a bonus of \$450. I take it he has to pay 6 per cent on the mortgage plus the bonus. The loan is for a period of five years. The parliamentary assistant, who seems to be paying some attention, can do the arithmetic; and if he does he will see it is a very substantial interest.

Mr. Benidickson: Are you taking care of this in your bill?

Mr. Argue: Yes, I think so. The advice I have been given by authorities even more eminent than the parliamentary assistant is to the effect that if this bill were passed it would control all interest charges in the country.

Mr. Benidickson: No, no, it would not.

Mr. Argue: I am wondering if the parliamentary assistant is suggesting that if this bill should not apply to all cases such as I have suggested, and if we amended it in committee to apply to all such cases, he would be prepared to support the measure. He is not going to get me quarreling about any technicalities of draftsmanship. All I am interested in is having legislation passed by this house, in line with the statement made by the deputy minister of justice last year before the banking and commerce committee that such legislation is within the jurisdiction of parliament. If such a measure were passed the tens of millions of dollars now paid unnecessarily in instalment rates, I suggest, might in fact be reduced.