subject that is caught up with a great deal of emotion and a great deal of conviction, too, on both sides. It is a question with regard to which I have not arrived at any definite conclusions; I am still waiting to be convinced. One argument, however, that moves me against the application of an interest rate ceiling is this: Often the little man, the small businessman, the man who is not a good credit risk, is the person against whom an interest ceiling works. It is not very difficult to ascertain the reason for this. The simple reason is that if I have money to lend to my hon. friend the member for Danforth (Mr. Scott), I will lend it to him at a low rate of interest if I think he is a worth-while risk. If I think he is not a worth-while risk and I am still willing to give him an opportunity to borrow this money, I will charge him a higher rate of interest in order to cover the possibility of my not recovering the money. I believe this is the usual understanding of interest rates and how they are arrived at. It depends upon how good a risk you are.

In many cases the person who has a great deal of money, a sizeable income and can afford to put money aside to pay off his debt and has not defaulted in respect of any loan previously, will be able to get a loan without too much difficulty. But a person like myself, who does not have any great financial record, who has not any great resources behind him, will have to pay a higher rate of interest in order to obtain a loan. This is because I am not considered to be a good risk. I believe there has to be some variation of this principle.

At a rate of 10 per cent I may not be a good risk, or the hon. member for Danforth may not be a good risk, but at 12 per cent or 13 per cent the person who has the money to lend might be willing to take a gamble because the hon. member is a man of good character. I see the hon. member is smiling; I suppose it is because he is a man of good character. Therefore you must have a certain amount of flexibility built into this situation. When a ceiling is laid down in respect of interest rates you are eliminating this flexibility and allowing only those who are good credit risks, who have a good background, who have something to mortgage or something with which to back up their loan, to obtain a loan.

The man who has none of these advantages, who does not have great resources but who wishes to use the money for some worth-while purpose, is denied the opportunity of obtaining a loan at a rate that may be considered advantageous, but at least he could obtain money when he wanted to use it. This is the whole purpose of providing a graduated ceiling of rates.

Another factor has to be considered in this regard, Mr. Speaker. Everybody knows there are classes of risks. They are sometimes referred to as A, B, C and D or 1, 2, 3 and 4. The person who is going to be subject to an interest ceiling of this nature will be the person at the bottom level of risk. This person will not even have the opportunity to obtain a loan.

In my opinion the solution to the problem is twofold, and it is not achieved by imposing a ceiling on interest rates. First of all there is the question of disclosure, which is the main point in my hon. friend's bill, perhaps using the formula that I have outlined. Second is the question of the education of the consumer so that he understands precisely what he is getting into. I should like to see a delay of perhaps a week imposed before the contract goes into effect. If there were this delay a person would have an opportunity to weigh the advantages and disadvantages of obtaining a loan. All too often when you are borrowing money and go to the offices of the finance company, the bank, or whatever it happens to be, you sit down and the person interviewing you will say, "Yes, we will do this and we will charge you so much". Then one signs the note before realizing what is happening. Once you have signed it, you are dead: it is a legal contract that is binding and you cannot get out of it. If a waiting period was imposed there would be an opportunity for one to go back home and size up the advantages and disadvantages of obtaining the money. He would say to himself, "Do I really want this new car?"

Another problem, as I mentioned before, is caused by the fact that the consumers of this country are not sufficiently educated in this regard. We are living in a consumer society and that society is being financed with ever-increasing amounts of credit. But the people using this credit do not know exactly what is involved in their using it and are therefore open to all sorts of abuses. Finance companies, banks and other lending institutions seem to take advantage of them. We must provide a certain amount of education so there will be a built-in resistance to this sort of hard sell from which we often seem to suffer when dealing with money, durable goods, or whatever it is.