

Small Loans Act

He said: Mr. Speaker, in moving the second reading of this bill I should first like to put on the record the explanatory note, which reads:

The purpose of this act is to amend the Small Loans Act, so as to require any money-lender or small loans company, in any advertising in which the amount required by way of monthly or periodic payments in order to repay a loan is indicated, to state what the cost of such loan amounts to in terms of per centum per annum.

In my opinion the significant words in that explanatory note are "terms of per centum per annum". The matter at hand concerns advertising by small loan companies which in my opinion is sometimes deceptive. For some reason or other there has been considerable interest at this particular session in the operations of small loan companies. I think this is the fifth bill which has been listed this year. First there was a bill moved by the hon. member for Assiniboia (Mr. Argue); then there was the bill sponsored by the Minister of Finance; then there was Bill G5 of the Senate which was a private member's bill to change the name of a loan company and to increase its capitalization; then there was Bill H5 of the Senate to incorporate a new small loan company which was sponsored by an hon. member of this house; and then we have Bill No. 213 to amend the Small Loans Act with respect to advertising.

If the records of this house are any indication, small loan companies are becoming more important in the lives of individuals and families. I am not discussing today whether or not that is a good thing, but I have my own opinion about it. The discussion today concerns the advertising by these loan companies and in my opinion there should be some restrictions upon that advertising.

I think it is a rather sad commentary on our society that we have come to accept commercial advertising as certainly exaggerated. I think I can go further and say that most of it is misleading and some of it is dishonest. It is important to our economic life. We have the ridiculous type of advertising claims for cars which we see in every magazine we pick up. We have the advertisement of one cigarette company claiming that their cigarettes will cure the sore throats caused by the brand advertised on the previous page. Fortunately some of us have built up a resistance against that particular type of advertising.

The small loan companies sometimes use that type of advertising. They make statements such as those which were quoted by the hon. member for Assiniboia when he was dealing with his bill. We see references about small loans being the happy answer to

your money needs, that they are our pals and such things. We see pretty pictures of children under the Christmas tree revelling in the proceeds of a 26 per cent loan obtained the week before from a small-loan company. No one of course would be naive enough to pay any attention to that type of advertising.

But there is a more dangerous type of advertising, probably because it is not so patent. For example, we have the statements by one loan company that banks are not equipped to handle this kind of business, and then there is another statement in the same brochure that credit unions are poor places to go for that particular type of loan. Statements like that are perhaps plausible to some people but they are manifestly untrue. Here is a quotation from one of these advertising pamphlets:

Would you hazard a guess as to how much money we do make on small loans only?

They give the answer as one-fortieth of one per cent. Of course that is a plain lie, and there is no other term that could be applied to it. It is an ingenious method of advertising, a method once employed by a great packing company which had been accused in this house of falsifying its profits in that type of advertising. This is the profit on the dollar lent, which, of course, is a completely different thing from the profit on the funds invested. But the type of person borrowing this sort of money usually does not look into that.

Here is another statement under the heading of "The Rates We Charge". This, of course, is another complete falsification. My hon. friends on the other side will say that the government gets blamed for everything. They are blaming the government for this one. They say:

The charge presently stipulated by our federal laws is 2 per cent per month on the outstanding balance of a loan to \$500.

If I have any knowledge of the English language in general, and in particular of that word "stipulated", I would characterize that as not even a white lie but a deliberate one, with the deliberate intent of fooling the customers.

The third type of advertising is one which I wish to speak against this afternoon. I am not intending at the moment, as I say, to criticize the loan company. I would be out of order, possibly, if I did so. That has already been done in speeches in the previous debates. Their operators have been called harsh names in this house.

They have been defended, may I say, in all honesty by my Liberal friends, who have with one or two exceptions leaped to their defence valiantly both by voice and by vote in this