

*Interest Act*

which they may charge. We have the Small Loans Act, the Interest Act and the Pawnbrokers' Act, but the problem facing us today has to do with loans made under contracts which are not covered by the present legislation.

With regard to the rate of interest, I would not like to say that the amount set by the hon. member in the bill is the rate that should be accepted. It may be too high or too low. I do not know. Before we arbitrarily set a rate I believe we should study the effect on the availability of money. It is all very well for us to state what the rate of interest should be but that does not force people to make money available. If the interest rate is not a sufficient enticement for people to make such loans, then we are faced with another problem.

How can these young couples finance themselves then in obtaining furniture, automobiles and so on? What effect is it going to have upon the economy, upon those who manufacture furniture, electrical equipment and motor cars. These are things that have to be taken into consideration. Once we start to tamper with the economy we have to follow through to the end of the implications.

In the bill the hon. member has set a figure of 12 per cent. Maybe the hon. member has the facts and figures to back up that amount and to show that the companies lending money would be interested in continuing to lend at that rate unless, of course, he is suggesting that the government should go into the lending business. I have one or two figures that I think it would be interesting to look at. The hon. member for Assiniboia has referred to certain figures. In the annual commercial review of the *Montreal Gazette*, issued under date of January 11, 1958, there is an article containing the information that as of June 30, 1956 there was \$2,315 million outstanding with respect to loans, which was a 19.6 per cent increase over the previous year and that by the following September there had been an increase of 17.3 per cent over the previous year. Then it goes on to show that in June 1957 the amount was \$2,472 million which was a drop in the rate of increase in the amount of money borrowed.

It would appear from the table that the amount that is being borrowed is decreasing. That may be as a result of the present pause in the economy. I think that as of the end of this year, in the *Financial Post* of January 11, at page 25 it was estimated that the consumers will owe about \$2.5 billion which is roughly the same amount as at the end of

1956. There is there shown almost the same amount being owed at this time of year as there was last year, instead of the usual increase there has been in the borrowing of our people. It may be that they are beginning to find that they cannot afford these things. I think there is something to be said perhaps for the suggestion that maybe as a nation or a people we are buying beyond our means. Perhaps we are trying to obtain all the luxuries—or what were luxuries to our forefathers—all at once rather than waiting until we can afford them. Perhaps that is one of the difficulties that has created a demand which is perhaps greater than the supply. When you have a demand which is greater than the supply, naturally those who have the money are going to try to get the best bargain they can get.

I agree that it is a serious problem to protect some of these people from the difficulties they may get into. Many a young couple have been quite startled to find that they have purchased a car, television set, refrigerator or what not and that the payments are too high, and they suggest that the company concerned take back the article they have purchased. It may be six months later or perhaps as long as a year. Then they find that they are stuck because the depreciation on that article has been greater than the amount which they have paid on the loan. Then when the company take it back, either by force or voluntarily, and resell it the young couple are then presented with a bill for the difference between what they have paid and the amount obtained from the sale of the article plus the costs involved in the sale, if it has been a forced sale. Thus they sometimes find themselves with a quite sizeable debt and without the use of the article concerned.

Perhaps that may be the fault of the people for going into the contract. They should have had their eyes open. But unfortunately many of our people do not look at the cost when they go into these contracts. Perhaps in our system of education we have not alerted them sufficiently to the trap into which they might fall by trying to get things just because they like them and without considering the cost they have to pay for them.

**Mr. Ellis:** I wonder whether the hon. gentleman would answer a question?

**Mr. Morton:** I will try to do so.

**Mr. Ellis:** It is just prior to six o'clock. I wonder if he would inform the house whether he is going to vote for this bill?

**Mr. Morton:** If this bill comes to a vote, Mr. Speaker, I would vote for it though not as to the amount. I think perhaps it should