

Davidson means anything, it means that we would be serving the public interest by establishing this 2 per cent maximum rate for the coming year and reducing the maximum that should be loaned from \$500 to \$300.—A. Well, that may be so.

Q. My only interest in asking the question is as to whether these companies would make the loans if that were done. My reason for asking it is plain.—A. Yes.

Q. We have already laid the ground that if these companies do not advance the money, then the class of people who need that accommodation are automatically thrown into the hands of the provincial companies, and we all know—which can be proven—that they charge higher rates.—A. It is not only the provincial companies.

Q. The loan sharks as well.

Mr. LANDERYOU: We have no evidence of that.

The CHAIRMAN: Let the minister finish.

By Hon. Mr. Dunning:

Q. I just want an answer as to whether, in your opinion, these three dominion companies would continue lending money, provided that the maximum they could loan were reduced to \$300 and a 2 per cent rate covering all charges were made effective on that loan?—A. If they would continue to loan money?

Q. Yes, this year. I am not talking about the future, just this year?—A. I think probably they would. But that is just a guess on my part.

Hon. Mr. DUNNING: Might I ask Mr. Reid that question?

Mr. REID: Yes, sir. We would give it an honest experiment, until we had an opportunity of appearing before your select committee and having a complete study made. We have no intention of turning tail and pulling out of the country now.

The WITNESS: That is what I thought Mr. Reid would say.

Mr. LAWSON: I think it should be pointed out to the minister, in case he was not here when the evidence was given, that the witness says that if you are going to reduce the maximum to \$300, then you should not limit the rate to 2 per cent on amounts below \$180 odd, but that you should allow 3 per cent.

The WITNESS: What I said was not that they should allow 3 per cent at all. What I said was that the experience of the places where the uniform small loan law in the United States is in operation, that is the rate that they allow. I am not prepared to say that that is the rate that should be allowed in Canada at all. I think that is a matter for your investigating body to determine.

Mr. LANDERYOU: I would like to ask Mr. Forsyth if he considers these small loan companies are operating in competition with the personal loan department of the Bank of Commerce?

The WITNESS: No, I do not think they are operating in competition, exactly. I would say this, that generally speaking the type of person who approaches the personal loan department of the bank is not the same type of person who approaches them. But I say this, that if you are going to continue the high bracket loans up to \$500 and make them more attractive, there will be a certain amount of competition there.

By Mr. Landeryou:

Q. You stated this morning that loans over \$300—from \$300 to \$500—were practically in competition with the banks?—A. I beg your pardon.

[Mr. Lionel A. Forsyth.]