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There has been a desire on the part of large sellers and financing companies to reduce the terms of their instalment credit in the past year, which in some cases has resulted in more conservative terms being asked. The tendency in this direction has been checked, however, by the willingness of other ("independent") sellers to grant more liberal terms to take advantage of the large numbers of wage earners now eager to purchase if they can obtain credit. Some apprehension is reported among the larger companies with regard to the increased volume of credit being built up on these relatively liberal terms.

The Committee believes that, in assessing the situation, it should be borne in mind that the extension of war production will undoubtedly require a very considerable reduction in the production for civilian use of automobiles and other consumers' durable goods. This reduction will be made necessary by shortages of material and probably of labour as well, and will probably have to be so severe as to require price control and some other measures of direct control over both production and distribution of these goods.

The Committee understands that control of instalment selling would be legally and administratively possible. From a legal point of view it is within the emergency powers of the Dominion, though lying within what is normally a provincial field. It is no more of an intrusion into these fields than the existing rent control. Administratively it would not appear to be difficult since the various competitors would watch one another closely and thus assist in policing any measures introduced. The Committee has not given attention to the possible details of law or administration.

Arguments Pro and Con:

In favour of some restriction there are two major arguments. The first is that this restriction would help to curtail expenditure on these products, and thus to leave more resources