

MINUTES OF EVIDENCE

HOUSE OF COMMONS, ROOM 368,

March 31, 1937.

The Standing Committee on Banking and Commerce met at 10.45 a.m. Mr. W. H. Moore, the chairman, presided.

The CHAIRMAN: Gentlemen, come to order. Who has the floor? What is your pleasure in regard to section 2?

Some Hon. MEMBERS: Carried.

Hon. Mr. STEVENS: No.

The CHAIRMAN: It is not carried.

Hon. Mr. STEVENS: I am not desirous of delaying matters at all. I simply want to get some information.

Mr. DUFFUS: I thought you had the information.

Hon. Mr. STEVENS: I am a long way from satiation yet. Now, Mr. Chairman, we are considering clause 2, which has, I quite frankly state, been very substantially considered in connection with clause 1, and necessarily so. Nevertheless the action of the committee in regard to this clause, has, I think, very unusual significance, which ought to be appreciated before we adopt it. Now, I should like to remind you, Mr. Chairman, and the committee, that according to the very definitely expressed view of the Minister of Finance speaking for the government, it is contemplated that the general legislation controlling these companies is to be considered, and I think I am justified in saying we gathered from his remarks, revised at the next session of parliament. Furthermore, as I said yesterday when these bills were sent to the committee by the house there were many members who thought it was for the purpose of examining into the philosophy, if you like, or theory of this class of business. Consequently I feel that we must at this time give consideration to these general views and not limit ourselves merely to consideration of whether a private corporation is asking for the right to increase its capital. If we pass this clause the parliament of Canada is saying that notwithstanding anything contained in the Interest Act or the Money Lenders' Act, or in paragraph C of section 63 of the Loan Companies Act.

This company is authorized to carry on its business with a capital structure of \$5,000,000 if this clause is adopted. Now, let us consider what that means. We assume that the views which have been expressed by many members of the house should prevail next year in the general revision of the act, and that there will emerge from that study not only a very definite restriction of the rate of interest that may be charged by these companies, but we can assume further, and I hope it will be true, that out of that study will emerge suggestions that will lead to the erection of a system in Canada of providing for the small borrower facilities at lower rates of interest. In other words, I hope, and let us assume that it is possible, that parliament can devise a system for the industrial or urban borrower similar to the principle which is in the rural credit system of operation at the present time.

Now, I am going to say at once that I recognize that rural credits have not yet been brought to a position of satisfactory perfection by any means, but I remind the committee again as I did the house when I spoke on this subject that it took us years to get the rural credit system started at all; while I am far