

maximum rates which the banks may collect from large borrowers, then it is contended that they should be the maximum rates for the small borrower as well. It may be recognized that borrowers of large amounts are frequently able to bargain for a very low rate. It is possible that very few large borrowers ever pay a rate approaching the maximum discount indicated in subsection I, whereas the borrower of small amounts has less bargaining power and may frequently have to pay rates which approach this maximum.

To return to the first point, it is strongly contended that whatever maximum rate of interest a bank may be allowed to collect from a small borrower, this rate should be stated clearly and openly, so that it can be readily understood by anyone, and so that there may not be the slightest suspicion of the honor and integrity of the banking institutions of Canada.

Many public spirited men and a number of highly reputable finance companies have been working for years to eliminate the evils which have so long been a part of the small loan business. It is no longer the loan sharks, completely outside the law, who constitute the greatest menace to society, but those persons and firms who operate just within its fringes. It is in this dusky area that expansion is likely to occur in the post-war years and cause the greatest hardship and suffering. Any slightest tendency to waver on the part of the government in setting the highest ethical code for the Chartered Banks of Canada shall undoubtedly encourage and stimulate the development of the most harmful and vicious practices. It is contended that the regulations established in the Bank Act, and the practices of the Chartered Banks under these regulations, will establish a pattern of financial practice which the majority of financial firms of Canada will tend to follow.

As a general guidance for social policy the census of 1931 shows the population of Canada to be 10,373,000, of whom 380,000 had incomes of \$2,000 or more, and only 180,000 had incomes of \$3,000 or more for the year 1930-31. Less than 4% had incomes of \$2,000 and less than 2% had incomes of \$3,000 or more. Of the 10,000,000 people who did not have such an income, about 4,000,000 had incomes of from \$1 to \$2,000, and the other 6,000,000 were presumably dependants. These 10,000,000 people had a total income of \$2,718,000,000 or an average of \$272 on which to live and this average income was drastically reduced two and a half years later.

It is not necessary to dwell on the precarious nature of life for most of these people, nor is it necessary to explain all the hopes, ambitions or tragedies which might induce them to seek temporary financial aid.

It should be obvious, that they are the people least able to protect themselves, and least able to bear the burden of high costs. Every extra penny means to them the sacrifice of things which we all consider the elementary necessities of life. As a matter of social policy these people should be protected from the recognized forms of exploitation, of which hidden interest charges is a glaring example.

The rate of interest is recognized as an important factor in economic life. A number of countries have adopted central banks for the expressed purpose of regulating the rate of interest.

The maintenance of full employment, or, what amounts to the same thing, a high level of production and consumption in the post-war period is accepted as an objective of all countries. Lord Keynes, the celebrated authority on economic matters, has stated in his book "The General Theory of Employment, Interest and Money", that there are three practical means of reaching this objective, viz. an easy money policy, a low rate of interest and government expenditures. From the statements of the Minister of Finance and the repeated statements of the Governor of the Bank of Canada, it appears that the Dominion is definitely committed to the first two of these requirements; an easy money policy and a low rate of interest. It is possible that easy money is a necessary