

Consumer Credit Control

responsibility for direction lay, I was disappointed to find that this house is not overly competent to deal with all aspects of consumer credit. As the hon. member for Danforth (Mr. Scott) said, it is a very tangled field indeed, and it is going to require a great deal of hard work and good will on the part of all parties to work out a mutually acceptable system.

I feel that Bill No. C-4 in many cases does not go far enough, and in other cases goes too far. For example, I feel this is only one aspect that has to be taken into consideration. It is difficult to deal with consumer credit unless you go into the manner in which the companies giving this credit raise their money. This is an extremely technical field. It also involves the whole credit structure of the country, and when the Minister of Finance (Mr. Sharp) introduces his amendments to the Bank Act I hope the question of interest rates will be gone into in quite some detail.

● (5.10 p.m.)

On just a preliminary discussion or investigation, it seems to me that the question of what constitutes an interest rate and what does not constitute an interest rate is an extremely complicated one. The situation is complicated by another factor. Our whole economy to a large extent is based on credit. We do not always have the money we need to buy certain things so we go out and buy them on credit. This whole aspect of credit extends into almost every phase of business life. Therefore, it is not a subject that can be taken in isolation as this bill takes it. This is a matter which will have to be given consideration when we are dealing with the Bank Act and, more important, when we are dealing with regulations in relation to trust companies, finance companies and acceptance companies. I hope we will be dealing with those regulations at some stage.

Another form of consumer credit not mentioned in this bill relates to the credit one gets when he goes to a large department store and buys something on a revolving budget plan, or whatever it is called. This is also a large source of consumer credit.

Not only do all these factors have to be considered, we must also consider that, as far as the ordinary individual is concerned, the greater part of credit business has been done within the last ten years. To a great extent the people using credit who are getting into difficulties are those people who have no experience in the field of credit and do not know what credit is all about. I would go so

far as to say that the greater percentage of individuals who borrow money from finance companies do not know the interest rate they are being charged. If they are aware of the charge they relate the payment rather than that interest charge to their ability to pay. They say to themselves: This payment is \$45 per month; the payment on the T.V. is so much; the payment on something else is so much. Then they decide that they can afford the payment to the finance company, and they sign on the dotted line, not knowing exactly what the interest rate is. The unfortunate thing is that these people in many instances do not care what the interest rate is. This is one of the great tragedies of this whole credit situation.

Most of these people purchase on credit because of a desire created by advertising, or to keep up with the Joneses. This is a sad situation and I think the answer to it lies in education. We must educate these people in the ways of credit buying. We cannot continue to have an economic system based on this continually expanding credit system without providing some education for these people who are using this credit. We must teach them what is involved in the cost of borrowing money, and that they should not sign on the dotted line without finding out the implications of their acts. As I say, it is a sad fact that in an economic situation such as exists today people pay little attention to these important points.

When I was doing some research in conjunction with this bill I read an article which suggested that if 100 people were given \$1,000 each, within a month that money would all be in the hands of three or four people—not because of anything unjust, not because of any exploitation, but simply because the people do not know the value of money. Most people feel that money is to spend or to lend to friends. It is a terrible commentary to make, that people do not know the value of money, particularly when one realizes how hard many people work for their money. These people are prepared to squander it without taking into consideration what they pay for it.

Mr. Speaker, not only must we perform a service in this house by adopting bills such as that presented by the hon. gentleman, we must bring the circumstances of credit purchasing to the attention of the people. Many of us have attempted to provide guidance to our constituents in the ways of credit buying. This can be very dangerous, I know, because