

Mr. Steven Otto (York East): Mr. Speaker, I will deal with this bill in a favourable light, although I believe it really touches the tip of the iceberg. The hon. member for Winnipeg North (Mr. Orlikow) outlined some of the complaints of citizens of Toronto as reported in a Toronto newspaper. I recall having been involved in business, not door-to-door although I was familiar with this type of selling, when we had the example of the water softener. This was an example of a confidence racket. The whole production and the presentation was drawn up in Boston, Massachusetts, by three psychiatrists. The presentation was so beautifully outlined that it would sell the water softener to anyone. I recall the training the salesmen received. I am speaking of a product which is in fairly frequent use at the present time.

The salesmen were trained to use the visual presentation, fear, and every conceivable apprehension to which a future customer could be subjected. When one looks into the facts, one finds that one would have to drink about 82,000 gallons of water a day in order to harm his health if the water were hard. Very few people could take in that much liquid. If a pot were used for 27½ years it would accumulate minerals to the extent that it could not be used, and a 79 cent pot would have to be thrown away. People today are purchasing water softeners at prices ranging between \$400 and \$1,400 strictly because of this door-to-door selling. The purchasers have every opportunity to break the contract but do not do so.

As I say, door-to-door selling is only the tip of the problem we really have here. The hon. member has pointed to the Bills of Exchange Act, which we control federally and which could have a great bearing on the conduct of business and consumer credit in general. I take it that the bill proposed by the hon. member would not take effect after delivery of the goods, but only before the goods have been delivered could the contract be cancelled. I take it also there would be a time limit in respect of when the notice should be sent. As the hon. member is aware, the salesman could predate the contract and provide witnesses to establish that the contract had been entered into on the specified date. So, it would be almost impossible to make this work.

As I have stated, the tip of the iceberg is there but the real issue is what we do in respect of consumer credit because that is really what we are talking about. We are talking about salesmen in and out of stores who tell a customer to buy the best merchandise, not to worry about the price, pay nothing down and eventually somehow it will work out. In Canada, there is approximately \$13 billion outstanding in consumer credit. Since approximately 30 per cent of the families in Canada do not use consumer credit, according to my calculation the remaining families are each indebted to an average of approximately \$3,700. The interest on that sum alone is upwards of \$700. Yet, DBS tells us the disposable income of an average family is about \$500. What we are doing in fact is becoming more deeply involved in consumer credit to the point that it is inconceivable the indebtedness will ever be repaid; it is impossible.

Bills of Exchange Act and the Interest Act

● (5:20 p.m.)

At one time, I was in discussion with a man fairly knowledgeable in finance who said "you may be right that this consumer debt can never be repaid. You are not only right, but it should not be repaid. Let us suppose that only 50 per cent of the people now obligated to pay money decide to pay the interest and principal and never to borrow again. The result would be that 75 per cent of our nation could not buy T.V. sets, clothing or furniture, and we would be in a depression the like of which the world has never seen." So here we are, stuck with a system which we ourselves have allowed and into which we are entering deeper and deeper. The result is that 18 per cent to 20 per cent interest now has to cover not only the interest but supposedly the principal as well. In other words, industry has acknowledged that this principal will never be paid back and that, therefore, they have to settle for the interest alone.

Why is this consumer credit so prolific, and why do people buy? I put it to you, Mr. Speaker, that consumer credit is really promoted by industry, by people who manufacture the goods, but it is not promoted with any discretion. Industry does not say to a viewer of television or a reader of advertising in the newspaper that if your earnings are \$14,000 or \$15,000 or \$20,000 a year you should buy this new car. Industry does not say "Be careful, do not go over your limit". There is absolutely no discretion, and industry promotes indiscriminately the purchase of a product, whether or not the purchaser is able to afford that product. However, the money is often collected through the courts. This is not done merely by an action in court, but rather by using many devious means.

For example, if there is a collection department within the finance company they will ask for a payment several times, following which they will telephone the employer and suggest that the debtor is far behind with his payments; that he is really not responsible. Then, they suggest that there may be a lien. The employer then finds a defence by telling his employee "get it straightened away or you will be out of a job. I will not bother with this type of thing". That is one way in which they act. If they do not succeed that way, they go to the court. They use the whole majesty of our courts to collect a debt which they themselves have promoted.

But I put it to you, Mr. Speaker, that the purpose of the original Bills of Exchange Act was not consumer credit. The act was introduced a long time ago for commercial credit for businessmen. It was introduced so that commerce could be conducted, so that in due course the holder of a note, a cheque, a conditional sale agreement, a bill of lading or a bill of exchange, would have a reliable document on which to collect his debt. At that time no one had heard of consumer credit, and if they had, the government would have automatically excluded the consumer purchaser from this act. I put it to you, Mr. Speaker, and to the hon. member for Winnipeg North that the Bills of Exchange Act does not apply to any type of bill, note or document for consumer credit. We should eliminate completely the provisions of this act, and the great body of law based on this act, which permit finance