

Q. In this particular field of operation?—A. Yes. But I would also like to qualify that by saying this in fairness to the people who are operating small loan businesses. If you are going to put the bracket at \$300 then you must have some substantial amendment to the legislation that exists in Canada to-day to provide them with some protection in the field. That is to say the operation of the provincial companies should be regulated, and all persons in the field under \$300 should be subject to very strict regulation and supervision so that there will not be evasions. That is the way it is done in the places where these small loan laws operate.

Q. Now, I ask this with a great deal of temerity. You are a lawyer of some considerable note?—A. I am told I am not, to-day, Mr. Stevens.

Q. I think you are, and I may say I may be told that I am talking foolishly, but I will risk it. Is it your opinion that the companies operating under provincial charters and the class known as loan sharks can be brought under control of the Interest Act and the Small Loans Act?—A. Well, of course, we have now no Small Loans Act, but you have the Loan Companies Act which, at least, in effect only sanctions—

Q. Pardon me; I should have said "Money Lenders Act".—A. As a matter of fact the activities of loan sharks, so-called, and all companies that are charging a rate of interest either by one means or another, greater than those permitted by these two statutes, I think they are under control now, although the control is not control; nobody takes any interest in it.

Q. I want to make the other point clear; you would agree with me that they were under the jurisdiction of these two Acts previously?—A. Yes.

Q. So that I wasn't as foolish as I thought I might be?—A. I think supposedly they are.

Q. If the Money Lenders Act and the Interest Act were brought into effective application—and may I say Mr. Chairman that I am not intending any reflection upon the present system but I have in mind the possibility of some change—but I would like to make that point, that if these two general statutes were brought into effective application do you think it would do much to remedy the present abuses of these uncontrolled lenders?—A. There is no doubt that it would do a great deal to do that; but there is this about it, the experience in the enforcement of usury laws and that sort of thing has been—oh, well, one might say it is like the bootlegging of liquor in the days of prohibition; you know, you could get a certain amount of enforcement, but if people are going to drink or borrow they are just going to do it. You have got to do two things in my opinion; the first is to tighten up on your enforcement of these penal statutes, and at the same time you have got to provide for some agency to give the service. You have to do the two things I think in order to make it effective.

Q. That would have been my next question; assuming the effective application and enforcement of these two penal statutes to which we have referred, what in your opinion would be the result, would it not be to direct the needy borrower toward the established and recognized small loan company?—A. Yes, I think it would; and might I make the further remark that I also think such a move would have a very beneficial effect toward the reduction of rates because it would give increased volume.

Q. You are anticipating my next question?—A. I am sorry.

Q. My next question is this; that volume of business has something to do with the unit distribution cost of the company?—A. Oh, yes.

Q. Therefore, if we could increase the opportunities for lending for these organized companies it would lend itself to a lower cost of operation?—A. That is so.

Q. Then you would not disagree with me if I say that it would also make possible the charging of a lower rate of interest?—A. I think so, yes.

Hon. Mr. STEVENS: I think that is all I have, Mr. Chairman.