

poorer man often pays 24 per cent. I would not object too strenuously to cases where people borrowed a few hundred dollars for, say, two months, but a far greater number of borrowers probably hold the money for a longer period than it is loaned for. I do not know how other honourable senators feel about it, but to me it seems rather shocking that our poorer citizens, who can ill afford to pay such a high rate of interest, should have to do so. In the province of Quebec, for instance, there are credit unions, which are operating to some extent in Saskatchewan also, and I am sure that they would not contemplate any such charge as 2 per cent a month.

As far as our chartered banks are concerned, it used to be that they could not take the security that most small borrowers offered. Later the Bank Act was amended. I think that possibly the banks are somewhat to blame for the fact that these small loans companies are doing so much business. I feel that a considerable portion of the business that this bill deals with should be done by the banks. They should make a greater effort to accommodate the general public in this regard.

I want to do my part in warning young people starting out in life to buy less on credit, to defer buying when possible until they have the cash to pay. If they do that they can obtain discounts, instead of paying 24 per cent interest on loans. Honourable senators, if I have managed to say anything that might be of some assistance to someone, I am satisfied. I am certainly not opposing the reduction or regulation specified in the bill.

Hon. Charles B. Howard: Honourable senators, after the remarks that have just been made by the honourable senator from Blaine Lake I would like to say a few words. In the first place, I want to congratulate the small loans companies throughout this country upon the splendid work they are doing in supplying necessary funds to people who need money but cannot borrow from the chartered banks, either because of lack of security or for other reasons. And certainly I want to commend this Government for bringing in another bill to supplement the many pieces of legislation that have been placed on the statute books of this country in the interest of the common people throughout the length and breadth of this land.

It is unfortunate that the small borrower has to pay a rate of interest much higher than the large borrower pays, but that is true in all lines of enterprise. And although we may not like it, after all it is only fair and just, because, as everybody knows, it

costs more proportionately to make and collect a loan of, say, \$300 than one of \$1,000 or \$1,500.

It has been suggested that the reduction of the interest rate by this bill to one-half of one per cent per month on the portion of any loan in excess of \$1,000 means that the small loans companies will not make any loans over that amount. I feel that they will not. In fact, I am one of those who believe that if the small loans companies in this country were restricted to the making of loans of up to \$1,000, that limitation would be practically high enough, because the proper place for anyone to go to for a loan of over \$1,000 is a chartered bank. I would have no objection, therefore, if the bill fixed the maximum amount that can be borrowed from a small loans company at \$1,000. However, I am satisfied to vote for the bill as it is.

I think the small-loans companies should get their capital, as other corporations do, in the ordinary way. Some time ago the chartered banks loaned these finance companies \$30 million in a group deal at 4½ per cent interest, and that rate has since been increased to 5 per cent. The finance companies re-loan the money to borrowers at 2 per cent per month, or 24 per cent per annum, and while that is absolutely legal I do not think it is in the best interests of this country; it is one of those unfortunate things which I personally deprecate very much.

I do not agree with the honourable senator from Blaine Lake when he says that he does not like family allowances.

Hon. Mr. Horner: I did not say that.

Hon. Mr. Howard: I think the Family Allowances Act is one of the greatest pieces of legislation on the statute books.

Hon. Mr. Horner: I did not say I disliked family allowances; I did not say any such thing. I said there had been a big increase in the small loans business since the start of family allowances and old age security.

Hon. Mr. Howard: The honourable gentleman said they were the cause of the increase in the small loans business. However, I am glad the honourable member has changed his mind on that subject.

Honourable senators, I am willing to support the bill as it is, because I believe that the small loans companies fulfil a very fine and necessary function in the economy of Canada, and their operations are hardly to be criticized. However, for loans above \$1,000, as I have stated, I think borrowers should go to the chartered banks.

Hon. Cyrille Vaillancourt: Honourable senators, I think I should say a few words on this bill, because I have been connected