

*By Hon. Mr. Dunning:*

Q. In your opinion, Mr. Forsyth, would it not be a good thing, having regard to the public good aspect and the public service aspect, to further improve these bills limiting their operations to \$300 with the maximum rate at 2 per cent as is proposed?—A. I do not believe, Mr. Dunning, that unless—I think this, that if you have a maximum loan of \$300, I think you have got to get a higher rate than 2 per cent in the loans of \$100 and less.

Q. Do you mean by that that if by action of this committee or of parliament the maximum were reduced to \$300, thereby eliminating what you describe as the higher charge—A. The higher brackets.

Q.—that in fact people could not get loans at the 2 per cent rate?—A. I think they could get loans perhaps at the 2 per cent rate if the loans were all above \$200. But I think that the experience of the Russell Sage Foundation, or at least their recommendations are that the loans—balances of \$100 and less should carry a higher rate than 2 per cent.

Q. I am thinking in terms—in order that I may make this clear—of this *inter regnum* of a year which must happen. There are several courses which parliament could take. It could, for instance, express the opinion that no licence should be issued and stop the business. I presume the committee has considered that. From the standpoint of the public good, it would leave all those requiring such assistance the opportunity of getting it at higher rates from provincially incorporated companies, which are legion?—A. It would have that effect.

Q. It would have that effect?—A. Yes.

Q. The second course, obviously, is to improve the situation as much as we can now?—A. Yes.

Q. And I am thinking in terms of that improvement, from the point of view of the borrower.—A. Now then, I say from the point of view of the borrower, if you put a flat rate on these loans and leave the maximum up to \$500, I do not think you are improving it. I think, in fact, you are doing him harm rather than good.

Q. In spite of the fact that 75 per cent of the borrowers are below \$300?—A. You will find, Mr. Dunning, that as these rates are increased in these higher brackets, the money will go to the higher brackets. I talked yesterday on the telephone to Mr. Davidson in the State of Massachusetts. I called him up. He is the supervisor of small loans there. I asked him his view about the maximum above \$300. The proposal had been made there this year that they should increase it. The companies wanted to get the maximum increased from \$300 to \$500, some of them, and he was against it. I asked him what his reasons were, and he told me that the reason was that he had no difficulty in convincing the people he was discussing it with that the money would flow out from the \$300 and lower brackets into that top one, and that money would even be attracted from other states.

*By Mr. Lawson:*

Q. How could money flow out? It is the demand that controls where the money will go. If the demand is by small borrowers, the loans will have to be made to the small borrowers.—A. You know, this business is a business in which there is a good deal of advertising done.

Mr. BAKER: There should not be.

The WITNESS: Perhaps there should not be. I am not prepared to say that it is not right. But money seems to go where it gets the best return.

*By Hon. Mr. Dunning:*

Q. Would you come back to my former point, and this is the last question I ask. If the statement which you just quoted as having been made by Mr.