

By Mr. Deachman:

Q. Now, Mr. Forsyth, we were discussing this from the standpoint of seeking a lower rate of interest for the small borrower—at least I was. He is the fellow in whom I am interested. I am not so much concerned about you and some of these other fellows here who can borrow in \$10,000 lots at a time. I am looking at the Minister of Finance, and I should have said \$100,000,000.

Hon. Mr. DUNNING: In his official capacity.

By Mr. Deachman:

Q. So, Mr. Forsyth, the rates which you are proposing are very substantially higher than the rate which this company proposes.

Mr. DUFFUS: Hear, hear.

The WITNESS: That is right if you want to take it like that; that is right.

Mr. JACOBS: That is wrong.

The WITNESS: What I would like to say about it is, I too am interested in the small borrower, and I say it is better for the small borrower if he has to have a loan, to get one than to have somebody who is borrowing \$500 get one. The whole scheme of this small loan legislation elsewhere, and what I contend should have been in Canada, is that the personal finance companies are giving a service to the small borrower. Right now these companies—there are three or four of them operating—when they made the request said they were going to put the loan shark out of business. I had two young men come into my office the other day in Montreal. They were asked to endorse for a friend of theirs who was earning \$80 a month. That young man earning \$80 a month borrowed from eight different loan companies in Montreal and the personal loan company of one of the banks—

Hon. Mr. DUNNING: He had done well.

The WITNESS: He has done well. Every one of these companies that he has borrowed from is operating under no system of regulated rates except the bank, the bank of course, is on a regulated rate. Now, I say these people have not put the loan shark out of business, and one of the reasons they have not cut down on him is that the field above \$300 has been made too attractive, and they have no cover for the people below it.

By Mr. Deachman:

Q. They have all these companies working in the United States along the lines that you suggest?—A. Yes.

Q. Have they put the loan shark out of business?—A. They have where a uniform small loan law is in operation.

Q. Can you give me some proof of that?—A. Yes, I think I can. Here is a letter from Clarence H. Adams, Assistant to the Commissioner of banks of the state of Connecticut. He says:—

Your letter dated August 14, 1936, pertaining to the experience in this department concerning small loans was duly received. In reply thereto I would advise that in my opinion the operation of the Small Loan Law in this state and the supervision by this department, have worked out in a very satisfactory manner, and to our knowledge have completely eliminated the activities of the high money rate lenders. The uniform Small Loan Law was originally passed in this state in 1919, which permitted the making of small loans up to \$300 at the rate of interest of 3½ per cent per month. The act was amended in 1933 by reducing the rate of interest from 3½ per cent to 3. The 1935 session of the legislature reduced the interest rate from 3 to 2½ per cent. It