

Interest Act

Your Honour's attention has been directed to certain citations from Beauchesne's third edition, but I should like to direct your attention to May's thirteenth edition, page 678, where these words will be found:

The guiding principle in determining the effect of an amendment upon the financial initiative of the crown is that the communication, to which the royal demand or recommendation is attached, must be treated as laying down *once for all* (unless withdrawn and replaced) not only the amount of a charge, but also its objects, purposes, conditions and qualifications.

Our submission here is that the full amount of the charge was not indicated by the resolution or by the minister's comments thereon and it exceeds, by the terms of the bill, the resolution which was accepted by the house. At the bottom of page 683 we find these words:

For the financial provisions in a bill are governed by the finally agreed form of the resolution in which the financial initiative of the crown is exercised; and this may be effectively restricted, though it cannot be enlarged, in the house itself.

The Acting Speaker (Mr. Applewhaite): I am particularly sorry to have to interrupt an hon. member in the middle of a discussion on a point of order because I know it makes it difficult for him and for the house, but unfortunately it is five o'clock and the house must proceed to other business. Before it does, may I from the chair request hon. members who are interested in this point of order to give some consideration—I assume we will carry on with this discussion at eight o'clock—to the point raised by the hon. member for Eglinton, who made the argument that if one part of a bill exceeds the royal recommendation and the resolution based thereon the whole bill as a result becomes invalid. I would ask hon. members who are going to take part in this discussion at eight o'clock to give consideration to that point. It being five o'clock, the house will proceed to the consideration of private and public bills.

INTEREST ACT

AMENDMENT TO ESTABLISH MAXIMUM RATE

Mr. H. R. Argue (Assiniboia) moved the second reading of Bill No. 8, to amend the Interest Act.

He said: Mr. Speaker, the purpose of this bill is to correct a very grave injustice prevalent throughout the country. The purpose of the bill is to control the interest rate and other charges that may be made by firms selling goods on credit and on the instalment plan. As I believe hon. members are aware from the discussion that took place last year in connection with another bill, the rates charged by some of the firms providing instalment credit are very substantial.

Instances have been brought to our attention where rates are charged of 20 per cent a year, 30 per cent a year, 40 per cent, 50 per cent and even higher. Last year the superintendent of insurance, Mr. K. R. MacGregor, gave in evidence before the banking and commerce committee that a certain corporation in a similar field, a small loans company, had in fact charged a rate as high as 75 per cent per year.

I introduced a bill last year the purpose of which was to reduce and control the interest rates levied by small loans companies. As members are aware, when I introduced that bill last year the rates controlled by statute were on loans made by small loans companies up to \$500. The law provided a maximum rate of 2 per cent per month, which works out to a simple interest rate of just over 26 per cent per year. The bill I introduced last year, which was similar to one I introduced the year before, was given widespread support across the country. As a matter of fact I do not think any measure I have proposed since I have been a member of the house gained more widespread approval than the proposition that the interest rates charged by small loans companies in this country should be controlled.

Members of the house who took part in the debate were sympathetic to the bill I proposed, and I believe substantially because of the discussion in the house and because of public pressure brought to bear, the government itself introduced a bill to extend the control of loans made by small loans companies. The purpose of the government bill was to leave the rate on loans up to \$300 unchanged but to reduce the rate that might be charged on outstanding balances from \$300 to \$1,000 to a rate of 1 per cent per month and on balances from \$1,000 to \$1,500 a maximum rate of one-half of one per cent per month.

That bill was referred to the banking and commerce committee and we had a very long discussion there. Mr. MacGregor, the superintendent of insurance, gave evidence at length, and at this time I wish to pay a public tribute to the very fine work that has been done by our superintendent of insurance. I think the evidence he gave to the banking and commerce committee last year was very important in the influence it had on the opinions of members of that committee, because it helped to demonstrate that the government's bill was exceedingly reasonable, in fact was a very cautious bill and was the minimum that should be done at that time.

A good deal of opposition was generated in the committee by members on the government side of the house but in spite of that