

pointed out to you the incorrect picture given on page 14 of the *Toronto Star* for March 28. The article on simple interest, far from being an impartial survey, merely publicizes incorrect or misleading statements made by the finance companies. In particular, the impression that the mathematical equation given cannot be solved, is absolutely incorrect; it is a matter of the most extreme simplicity to make a table giving the solution for various values of the symbols involved. Any car dealer who is capable of reading a table (such as the present tables giving sales tax) would likewise be capable of reading off the effective interest rate from a table giving effective interest rates.

Whatever may be the merits or demerits of Senator Croll's bill requiring disclosure of effective interest rates, inability to compute these effective interest rates is not a failing of the bill, and any pretense that there is a mathematical difficulty involved has no basis in fact.

The opponents of the bill argue that computation of annual interest rates would be a burden on the small retailer. Financial tables are available now for the computation of interest on bank loans made to businessmen who, for themselves, insist on knowing the true annual interest rate on the money they borrow. Surely our computers are capable of solving this minor mathematical problem for small retailers.

I referred a few minutes ago to an investment counsel from the city of Toronto who wrote to the Honourable Senator Hayden. Let me quote what he had to say on this point, under the heading "Workability".

There are really no practical obstacles to the calculation of rates of interest. The truth is that, in attempting to defeat this legislation, lenders have posed examples which are far more complex than those which are used in real life. Thus, they produce a variety of different answers from different experts. However, in practice, loans usually call for orderly and uniform repayments, and the true rate of interest can be determined within a fraction of a per cent. The workability can, therefore, be ensured by requiring disclosure to the nearest one-half per cent, or even to the nearest per cent.

While some might think the principle of the bill might go further, it is in fact restricted in its application. It applies only to the sale of consumer goods on credit. It has no application to cash loans or mortgages on real estate.

The *Financial Post*, which is a leader in its field, deals with the subject of mortgages—I quote from the *Toronto Daily Star* of March 23, 1962—and endorses the bill in these words:

But it would be very much to the benefit of all Canadians if the Government were to take up the Croll idea, expand it to include regulation of mortgage lending, and rap the knuckles of a business which, on the fringes at least, thrives on widespread public ignorance and its own greed.

Moreover, I point out that there is no criminal liability which would flow from non-disclosure but, in the event of non-disclosure, a credit financier would be unable to retain or recover any part of the finance charges.

This bill constitutes an important first step in the protection of consumers of retail credit. It is based on the premise that if people knew what they were being charged they would be less likely to make instalment purchases which would leave them hard up or destitute, and at the very least, would enable them to shop intelligently for credit.

Why do people enter into these instalment arrangements often at grave risk to the financial security of themselves and their families? It is easy to say, "Charge it", sign a piece of paper, and walk away with the merchandise. It is easy to avoid finding out what the finance charges are, not having to face up to them immediately. The sole purpose of this bill is to require credit financiers to tell the truth about these charges. In too many cases the consumer is misled into paying a higher price for credit than he has been led to expect, and indeed a higher price than he can afford.

Honourable senators, this bill does not attempt to set a ceiling on finance charges. Perhaps it should, as does the Small Loans Act in respect of cash loans. What it does do is protect the innocent, the unwary, the ignorant and the unsuspecting by requiring that they be fully and accurately informed of the costs they are incurring. As I remarked on an earlier occasion:

In this age of credit card mentality, the consumer is being sliced up like a piece of cheese and he hardly realizes it.

The letter I read to you from a life insurance executive in Kirkland Lake should make honourable senators think, as I am sure it will, when they realize that the interest rate to a borrower of \$1,500 was sliced up between 24, 18 and 6 per cent.

I must emphasize that this problem is big, it is national, and it is a growing one, although in the beginning it may have been small, occasioning only isolated cases of hardship.