

Mr. McGEER: During the period of recovery we are enjoying in Canada—I think we pretty definitely know that we are in a period of recovery to-day—a great number of people are finding employment, permanent employment which, of course, will increase the number of borrowers. Now, putting this company on the basis of service to the community in regard to the loans over \$300 and up to \$500, I think it may be said that the Bank of Commerce has gone into that type of business. I do not think we are wise in putting this type of money lending company into the realm of the merchant banking business unless we are prepared to meet a reasonable demand from the merchant banks of Canada that they be given the same privileges on the rates of interest on the same type of loan that parliament has given to this company. It is all very well to say that this company does not engage in the same type of lending business as the banks; I venture to say there is very little difference in the type of scrutiny and the type of borrower that is required for a loan over \$300 by this company than there is by the banks. Now, the hope, of course, of the originators of this type of legislation was to remedy exploiting by loan shark activities, and with that remedy would largely come loan companies limited to loans of \$300 being compelled to do the business of the small borrower. You are doing, by this legislation, two things that violate the fundamental principles which justified the legislation in the beginning: you are moving small money lending into the realm of big business and, secondly, you are eliminating the need for the loaning company to pay as much attention as it should to the small borrower.

Mr. MARTIN: You have obviously read the Russell Sage Foundation report?

Mr. McGEER: I have read about half of it.

Mr. MARTIN: And you will note that where the uniform act was applied as the results of their efforts and the loans were limited to \$300, in no place where the Small Loan Act operates will you find as low a rate as 2 per cent.

Mr. McGEER: I have not gone through that book, but I say that there is a great deal in that book that needs further study. It is obviously a digest.

Mr. VIEN: Mr. Forsyth the other day gave us the information collected by him from eighteen or twenty states, and he told us that if the maximum was reduced to \$300 the interest rate should be at least 3 per cent on \$100 and 2 per cent on the balance between \$100 and \$300.

Mr. McGEER: Of course, on endorser loans in Quebec the rate is $1\frac{1}{2}$ per cent. No doubt he would like to get that.

Mr. VIEN: Not only would he like to get that, but he stated that that would be the minimum rate that they could afford to charge and continue in operation.

Mr. McGEER: He said he had no experience in that regard, but if they were reduced to that level they would give the thing a trial.

Mr. VIEN: And if he had that basis of 3 per cent on \$100 and 2 per cent above that on balances it would work out as he suggested on balances as follows: up to \$100, 3 per cent; from \$200 to \$300 it would be 2.73 per cent per month; from \$300 to \$400 it would be 2.54 per cent per month; from \$400 to \$500 it would be 2.35 per cent per month.

Mr. McGEER: Those are Mr. Forsyth's figures. Of course, he was scoffed at by all the gentlemen on that side.

Mr. MARTIN: Except on that point.

Mr. McGEER: At any rate, the point is not for this committee to consider alone the profit activity of this company. There are two combinations of circumstances that should be considered, namely, the protection of the small money-lender and the creation of an institution that can carry on—

Mr. MARTIN: Not the protection of the small money-lender, surely. We do not want to help him.