

*By Hon. Mr. Stevens:*

Q. What are you quoting from?—A. A brief I prepared some time ago as the result of my research work. I think when I give you the figures you will be satisfied: "In the United States where this business has been going on for about sixty years and where it is now regulated by some form of reasonably workable legislation in twenty-six states, the legal maximum rates are as follows:—

In 12 States —  $3\frac{1}{2}\%$  per month. In 3 States —  $2\frac{1}{2}\%$  per month  
 In 9 States — 3 % per month. In 1 State — 2 % per month.  
 In 1 State —  $1\frac{1}{2}\%$  per month.

In the last two states, namely Georgia and New Hampshire, loan sharks flourish and the chief legal companies do not attempt to do any business.

In 1925 West Virginia passed a small loan law with a rate of  $3\frac{1}{2}$  per cent per month. In 1929 that rate was reduced to 2 per cent per month. On June 30, 1929, there were 62 licensees.

*By Mr. Deachman:*

Q. As far as this goes, our rate is — this proposed rate here is generally lower than the American rate?—A. Oh, yes. I would like to give you another paragraph here that develops that further. I think it is essential to what I have said. I might say that each office requires a separate licence. That means sixty-two operating licensees. "On June 30, 1929, there were sixty-two licensees. By June 30, 1932, the number had shrunk to twenty-two. The volume of outstanding loans had shrunk from \$3,600,000 to \$900,000 at the close of 1932. The amount of illegal lending increased tremendously. By March, 1933, West Virginia had had enough of its experiment and increased the maximum rate to  $3\frac{1}{2}$  per cent per month up to \$150 plus  $2\frac{1}{2}$  per cent per month on any excess.

Similarly New Jersey...

Q. Is New Jersey comparable with Canada?—A. It is a highly industrialized state.

...Similarly New Jersey had a rate of 3 per cent per month, reduced this to  $1\frac{1}{2}$  per cent per month and had to increase it again to  $2\frac{1}{2}$  per cent per month...

*By Mr. Martin:*

Q. Is New York a comparable state?—A. I said it was a highly industrialized state.

...New York State had an effective rate of approximately  $2\frac{1}{4}$  per cent per month, but in spite of the density of population, there were, after the law had been in effect seventeen years, only twenty-one licensees with outstanding loan balances totalling \$8,071,481...

Mr. DEACHMAN: That covers what I wanted to ask: That is all I have to say.

The WITNESS: There is another sentence that is rather important to show what happens when the rate is changed: "Effective June 1st, 1932, the rate was increased to 3 per cent on the first \$150 plus  $2\frac{1}{2}$  per cent on any excess. In seven months of operation under the new law there was a 25 per cent increase in the volume of outstanding legal loans. Apparently the  $2\frac{1}{4}$  per cent rate which we are asking for ourselves in Canada was not sufficient to attract commercial capital to New York in any considerable volume."

Mr. TUCKER: I wonder if that is right, to say that is Mr. Roosevelt's law. I do not think that this man has any right to say that this is Mr. Roosevelt's law.

[Mr. Arthur P. Reid.]