

*Bank Act*

that they have been very effective in garnering unto themselves a very good share of the market. To complete the statistics, credit unions and caisses populaires during this period grew from \$151 million in 1955 to \$640 million in 1963. The total growth during that period showed an increase in consumer credit of from \$2,136 million in 1955 to \$5,292 million in 1963.

I have placed these statistics on the record, Mr. Chairman, to indicate the very vast problem that exists and the very great growth in this area of consumer credit during that period, some very substantial proportion of which is taken up by the chartered banks in this country.

Also in connection with the evidence we have heard before the Consumer Credit Committee, the great need for legislation, not only specifically qua credit in respect to the consumer but for various other wider ambits of consumer legislation, has been demonstrated. This legislation is needed to protect the consumer as a consumer of credit as well as a consumer in other ways. I pointed out earlier that so few of the very able representations which we have heard emanated from the consumers themselves, and it is by the very nature of things that the producers, the sellers, are well organized and usually very capable financial institutions, whereas the consumer as such is an individual, to a very large degree unorganized, and to the same degree not able in a collective fashion to bring forth his views in any voluble or professional manner. Such organizations as the consumers organizations attempt to do this, but by and large, Mr. Chairman, I suggest that the consumer as such, in this corporate age in which we live, is very much left to the tender mercies of the well organized and well heeled collective bodies of our society. I suggest that his greatest and only protection is right here in this House in the consideration which the elected representatives must have for the consumer as such.

The grave difficulty in aiding the consumer in his problem as a consumer with respect of credit, as well as in other areas such as packaging and disclosure, and so on, is very plain under our constitution. The Minister quite properly pointed out in his statement to the House today the difficulty of embodying into the revisions to the Bank Act the lofty concepts of the Royal Commission regarding pervasive legislation which will cover banking in all its aspects. I think this same problem exists with regard to legis-

[Mr. Green.]

lating on behalf of the consumer for consumer credit and other things.

I think the area of banking and interest is very clearly within the ambit of federal legislation, and I think the revisions to the Bank Act will no doubt bring forth measures which will be of some help to the consumer of credit. But this is only one aspect of the entire problem. We have noted in our work in the Consumer Credit Committee that many of the provinces are very much concerned with these problems facing the consumer at the present time, and it is our great hope that this is one area where this new approach to confederation which the Prime Minister has ably brought forth, this idea of co-operative federalism, can be used between federal and provincial agencies so that the consumer of credit and the consumer, as a consumer in so many other ways, may be protected. I think co-operative federalism, joint legislation, overlapping legislation covering the entire constitutional field, is the area of great hope in this regard.

• (8:50 p.m.)

I might also point out that one of the very grave problems in respect of consumer credit, as we have observed it, relates not only to usurious interest rates, to which earlier speakers have referred, to interest rates on short-term loans as high as 154 per cent, which is rather shocking. The only way these things can be prevented is, as I have said, by joint legislation.

The second grave problem in respect of consumer borrowing relates to the fact that most of the time it is the consumer who is paying these usurious rates who has very little protection, if any, by way of information regarding the rate of interest he must pay. There is no law, either provincial or federal, at this time which requires a disclosure of interest rates in simple annual terms so that a consumer of credit may know the rates he must pay, and may realize exactly what he is getting into.

I suggest with the greatest respect that it might be appropriate for the Federal Government in respect of the Bank Act to set an example for other lending institutions in this area, by amendments which would make it compulsory for chartered banks to show interest rates in terms of simple annual interest rates. I have in mind consumer loans in respect of which banks are now charging interest rates in excess of the 6 per cent rate provided for by the Bank Act, which is accomplished by monthly interest charges, costs of loans, and in other ways. People are