

people are buying within their incomes, that the relationship between consumer credit and personal disposable income, particularly in relation to our industry, is very sound.

Co-Chairman Mr. GREENE: That is not my question. In California, New York and some other states, and some European countries, they have legislation in these areas. I wondered whether your industry has done any objective economic surveys which would help this committee to see whether your view, that these may create economic conditions which are not favourable, is sound or whether it is not sound. Has your organization in fact done any objective surveys in this regard?

Mr. HOWARTH: I think what you are asking is, is there any economic survey where interest disclosure is the law. We know of none such. We can obtain information about jurisdiction where there is legislation providing for rate ceilings, but you are actually asking for a hypothesis, because there is no jurisdiction that we know of—despite some contradictory evidence that I understand has been put before this committee—where there is in effect an interest disclosure law that applies across the board.

There are variations, applying to certain small loans, but we would be hard put to produce a survey of any economic validity, without a test case. We could certainly—and I think you have had information on this—obtain information about the situation in New York and California, but interest disclosure is not there.

Co-Chairman Mr. GREENE: I think you have admitted that this does not have any detrimental economic effect, provided the ceilings are correct. I want to be fair about this, and so does the committee. The trouble about these subjective views as to the bogey of disclosure, is that this same type of fear was presented to committees in jurisdictions where ceilings were subsequently imposed, and which has not proved true.

Mr. HOWARTH: I think that while the ceilings, if they are realistic, do not disturb the industry, the one thing that would disturb us would be the absence of an opportunity for review. What might be good in 1965 might be quite a bad thing in 1967. We now have regulated rate situations in Canada where the existing rate structure is a constant source of complaint, turmoil and uncertainty. Our viewpoint would be that realistic ceilings, with a reasonable opportunity for review in the light of changing circumstances, would be a safeguard for the industry and for the consumer also. One of our real problems is the thought of a rate structure that becomes a sort of fixed structure.

Mr. MACDONALD: You have the problem which came into existence in Nebraska. I am sure you have studied it. There was some legislation which came to be enacted there, under which the grantors of credit became reluctant to move; and the movement of goods in that state slowed down some 35 per cent, and people went to other states to buy; because neither the credit grantors nor the subsequent purchasers of the contract would encounter the risks involved. This created an economic calamity in that state, caused by seemingly unwise legislation.

Co-Chairman Mr. GREENE: And your evidence is that this restricted the flow of trade to the extent of 35 per cent?

Mr. URIE: I should like to ask a question of Mr. Trudeau, getting back to the California and New York type of legislation. Why do they distinguish between automobile financing and other types of financing, in imposing a maximum in some cases of dollars, and percentages in other types of consumer goods?