

*Consumer Credit Control*

with interest. This section deals with interest-bearing loans and reads as follows:

The rate of legal interest is fixed by the law at five per cent yearly:

The rate of conventional interest may be fixed by agreement between the parties, with the exception:

1. Of certain corporations mentioned in the law respecting interest, which cannot receive more than the rate per cent, therein mentioned;

2. Of certain other corporations which are limited as to the rate of interest by special acts;

3. Of banks, which are not subject to any penalty for usury, but which cannot recover more than seven per cent.

Mr. Speaker, now I should like to refer to another section of the Civil Code of the Province of Quebec which deals with usurious rate. It reads as follows:

However, if the debt is made up of interest exceeding the legal rate, and seems to the court to be usurious, or if it includes such interest, whether such interest is called interest or be claimed under the name of discount, reduction in the advance, commission or otherwise, such court may order that such usurious interest, or such portion of usurious interest, be paid by instalments, and fix the amount of such instalments and their term of payment, at its discretion, according to circumstances.

Therefore, we find in the Quebec legislation, as in other statutes, a desire on the part of the legislator to protect as much as possible the humble consumer against the ruthless exploitation of some financial interests who do not hesitate to oppress those who are unable to benefit from production, and who are short of the necessary purchasing power to satisfy their essential needs.

In spite of all that, it remains that this bill could not be passed as it is now, because it contains too many arbitrary proposals, for instance it limits the interest rate to 10 per cent. There again, is that provision based on a careful and detailed investigation?

All in all, its objective is to prevent the unfair exploitation of small wage earners. In that regard, the anxiety of the mover of the bill is very understandable. But, on the other hand, I think it would be very interesting and very important to institute a general inquiry which could establish how to divide adequately the national heritage and how to give enough purchasing power to the consumers. I would not want you to think that I have some sympathy for the ideas of Social Credit, but it remains that any government should worry about dividing the national heritage as fairly as possible and allowing each and everyone to benefit from national production.

Everyone knows that enough purchasing power is necessary for that and I think that it would be very interesting to institute a detailed inquiry to establish how the small wage earners can be favoured, how they can be given enough purchasing power to benefit from production in general.

● (5:50 p.m.)

[English]

Mr. D. S. Macdonald (Rosedale): Mr. Speaker, in beginning my remarks I should like to echo some of the observations made by the hon. member for Danforth (Mr. Scott) with respect to the value of having this difficult subject studied by a parliamentary committee or rather by having a continuation of the committee's previous studies. As the hon. member pointed out, there is now a resolution on the order paper. It is hoped that within a short time this resolution will have an easy passage through the house so that a joint committee of the Senate and the House of Commons of the kind we had in the last session may be set up. The bills relating to the subject matter of that resolution and in particular the subject matter of the present bill would be referred to that committee for further study.

Perhaps as a member of the committee which sat in the past session on this question I might make one or two comments on the procedure at that time and particularly on the demeanor of some of the people who appeared before the committee. We received briefs from a variety of people representing a variety of interests, mostly in the business and financial field. These people appeared to be distressed by the general tenor of the bills which had been referred to committee, namely that there should be some further measure of protection for the consumer.

I do not know whether my remarks will reach these people, or people like them, who will ultimately be appearing before the committee but it seems to me there was a degree of shortsightedness in the somewhat negative approach taken at that time toward the subject we were considering. I have forgotten the name of the famous economist who coined the phrase about bad money having the effect of driving out the good, but I would point out to some of these prominent gentlemen in the business field that those representing the firms with most prestige stand to lose more than anyone else by dishonest or marginal practices in the field of moneylending. I hope that when this subject comes