

Kefauver Commission investigating organized crime found:

Whether out of ignorance or indolence is not clear, but some local authorities insisted, orally and in writing, that there was no organized crime in their jurisdictions, although the subsequent testimony proved them pathetically in error.

In Canada law enforcement agencies attempting to control loan sharking are severely restricted by our present legislation. The Small Loans Act does not cover loans greater than \$1,500, nor does it cover vendor credit such as credit cards.

I know the Minister of Consumer and Corporate Affairs (Mr. Ouellet) intends to introduce legislation which will remedy some of the weakness which exists presently in regard to the Interest Act and the Small Loans Act, and I want to congratulate the minister for his initiatives in this direction. My bill is not intended as a total answer to the problem and associated problems of loan sharking. But perhaps it is a start and will provide a platform for discussion of these problems.

I know one of the main criticisms of my bill will be the ceiling on interest rates and the inherent difficulties. While I agree with some of these criticisms to a certain extent, I would just like to say in closing that I fear that the removal of all ceilings on interest rates may only result in the legalization of loan sharking rather than its elimination.

Mr. Steven E. Paproski (Edmonton Centre): Mr. Speaker, I do not intend to extend the debate this afternoon. On this side of the House we feel that Bill C-203 introduced by the hon. member for Toronto-Lakeshore (Mr. Robinson) is a good bill and should be allowed to go to committee without further debate. If hon. members opposite wish to debate this bill to the end and talk it out, that is fine, but on this side of the House we think it is an appropriate bill and should go to committee without further debate.

Mr. Andy Hogan (Cape Breton-East Richmond): Mr. Speaker, I want to congratulate the hon. member for Toronto-Lakeshore (Mr. Robinson) for presenting Bill C-203 to the House this afternoon. It shows that he has a strong social concern, especially for the working poor and the poor in the large centres.

Any objection that I might express indirectly on behalf of my party would be that the bill does not go far enough. I think the hon. member has corrected the bill and has stated that the 24 per cent mentioned refers to 24 per cent annually. We all know that, besides being hit by loan sharks, the poor in the large urban centres and smaller areas like my own are also hit by high rents and inflation and these things as attacks against the poor are sometimes more difficult to get at, but also it is true that if rent controls were introduced across the nation it might be good for one part of the country and not for another. Surely, however, the federal and provincial governments in co-operation should mount an attack on slum landlords from one end of Canada to the other. I would put these people in the same category of contributing to poverty as the loan sharks.

While I commend the hon. member I should like to suggest that, rather than talking about 24 per cent interest

Loan Sharking

and whether there is a ceiling on interest rates in regard to these special lenders—from an economic point of view the effect would be negligible—we should tackle the basic issue which is a moral one. The question is what this practice does to the poor and its contribution to organized crime in our society.

The hon. member has spoken eloquently and has presented evidence about the contribution of loan sharking to organized crime. I would suggest to him that a more realistic figure to give a legal lender an adequate return, while protecting the desperate borrower, would be 18 per cent per year rather than 24 per cent per year. He is right in saying that our present laws are inadequate. A guarantee of 18 per cent would put teeth in this legislation and would allow the provincial authorities, as well as the federal authorities, to undermine the relationships between loan sharking and keeping the urban poor poorer and the relationship between loan sharking and the growth of organized crime.

It is now accepted that credit unions have made an important contribution to our society. I would ask the hon. member to consider whether this is not an area in which we should ask the credit union movement to consider seriously giving a more favourable rate of interest to these desperate people. Perhaps something additional can be done for the poor of this country by this great voluntary organization. Credit unions started in Germany, and came to this country to make a remarkable contribution to our many communities, including towns in my own province. What the Caisse Populaire has done in Quebec is well known by hon. members on the other side of this House.

I want to state that I think the 24 per cent figure is unreasonably high. Considering the people we are dealing with, 18 per cent should be sufficient. The present rates encourage Shylocking, and something should be done about that.

● (1720)

The government is indirectly contributing to an attack on the poor while at the same time saying that through a possible guaranteed income it wants to help the working poor. This is one way it could help the poor, by putting some teeth into the legislation attacking loan sharking. At the same time it would do much in this country to help undermine the subtle, pervasive and complex influence of organized crime and its relationship to money lending in our economy.

[Translation]

Mr. Adrien Lambert (Bellechasse): Mr. Speaker, I should like at the outset to congratulate the hon. member who introduced Bill C-203, an act to amend the Criminal Code by adding a few extremely important lines that read as follows:

Is guilty of an indictable offence and is liable to imprisonment for ten years...

I would write twenty years and even life imprisonment—

any person who, in respect of any loan directly or indirectly, charges, exacts or receives, or stipulates for the payment by the borrower of a sum of money as a result of the payment of which the whole of the cost of the loan of the borrower exceeds or would exceed twenty-four percent of the amount advanced.