

I am not sure my hon. friend was here to hear this yesterday, but I did respond to his reminder of the survey done by the CFIB of members of Parliament and their attitudes toward a tax in this regard. I will just summarize my response of yesterday by saying that we are all here to learn. One of the most wonderful things I have learned over the past few weeks since October 8 when I took an oath as parliamentary secretary is the lack of wisdom of super priority and the wisdom of a tax. We can all learn. We can be educated. The hon. member opposite in perhaps 20 years may have the opportunity to become a parliamentary secretary and may learn what I am talking about.

• (1630)

I believe the committee did not accept the idea that the banks would change their credit granting practices. Perhaps the committee should not have ignored what banks have done and are presently going to do with super priority for withholding. They have amended their margin formulas. Banks will always respond so as to best protect themselves. I do not think there will be any challenge to that truism around this House.

Credit may not be impacted in dealings with large corporations and multinationals. However, borrowers with less than the double *a* rating will undoubtedly face restrictions. Lenders will definitely take into account the impact of wage priority when fixing margin ratios, particularly for the riskiest and most vulnerable and labour intensive businesses.

The cost to such an employer of a reduced margin on credit availability would be much greater than \$5.20 per employee per year. Furthermore, when a vulnerable borrower is up for credit review or given some financial difficulties, the lender requests that a viability study be performed by an independent third party account firm and such an accounting firm would see that the realization test applied in reviewing the credit should include a full reserve for wage liability, thus resulting in a cutback in credit to a business which terribly and precisely needs more credit and a break to survive temporary financial difficulties.

That would be the straw that breaks the camel's back for that particular business. That is not speculation. If the margining formula does not reserve for wage liability the viability report will do so at full values and exposure,

and this will result in a sudden reduction of credit from the borrowers most vulnerable and when the borrower needs the credit most.

As to my friend's point on competition among banks, banks are not competing on the basis of more relaxed credit granting policies. Banks are competing by offering new and better products and services, not by relaxing credit terms. Competition and maintenance of sound credit granting policies are not congruent concepts.

In conclusion, a key policy of the government is to contain and reduce expenditures in order to contain and reduce the federal deficit. It is hard to know how this kind of a recommendation would impact on that.

The concept of super priority has been rejected by just about all the stakeholders in the game, except for the Canadian Federation of Independent Business and perhaps the Vancouver Board of Trade. All other groups, including the Canadian Chamber of Commerce, the Canadian Manufacturers' Association, the Canadian Labour Congress and the Canadian Federation of Labour, have indicated their strong preference for a fund over super priority.

Indeed, in the first few days of hearing, the hon. member for Mississauga South for one systematically asked each and every witness what they thought of super priority. Invariably the answer was that super priority would not work and would have a negative impact on credit availability and was not therefore the preferred option.

It is a total mystery contained in a conundrum within an enigma to me why the hon. member for Mississauga South who donated his not inconsiderable talents and wisdom to the work of this committee— as a contribution he offered himself into the work of the committee and I am sure that all who know and respect him appreciate that—came up with a recommendation for super priority in the face of such incontrovertible evidence.

Mr. Don Blenkarn (Mississauga South): Mr. Speaker, I was interested in the compliments given to me by the member for Edmonton. I hope he realizes that I have had something to do with banks over the past decade or so in the finance committee.

I want to tell him that I get along very well with the bankers and the trust officers and the people in the financial community. I know where they are coming from