

The changes in the act are timely, but I cannot stress too strongly that we should proceed with extreme caution for there is much more to this bill than meets the eye. I have spent a good deal of my business life making businesses work, making them operate better, making them operate more profitably and efficiently. I have turned businesses that were in serious trouble and making losses around until they broke even and then made profits. There are no academic courses on this. There are few guidebooks to follow. It is a job you accomplish with the application of common sense and looking reality in the face during this process. That is the procedure we should follow here. We should look reality in the face when we discuss this bill in the House and particularly in committee.

I have mentioned the foregoing because my approach to this debate and these amendments is not that of the legal expert or of the idealistic academic whose concept of business never seems to go beyond a flow chart. My approach is that of a practical, practising businessman for I am still involved in the operation of a business. I mentioned just now that I will want to hear argument in committee to show why we should not include the banks under this legislation. I think this is a very serious matter for if there is one group that should be examined closely by the committee, it is the group of banks making up the Canadian banking system. The banking business is probably without exception the most pampered, catered to and protected business in this country. Leaving the supervision of competition in the banking business to the Inspector General of Banks is just pure sham as far as I am concerned.

Let us see, for example, how the various banks handle loans under the Small Businesses Loans Act. I ask any member to go to the local branch of a chartered bank and ask about a loan under the Small Businesses Loans Act, the Farm Improvement Loans Act, the Fisheries Improvement Loans Act or any similar type of legislation. The manager will see you and tell you first of all that you do not qualify because he does not really want to lend you money under such legislation. Why should he lend you money at $8\frac{1}{4}$ per cent, the rate presently set under such legislation, when the going rate for bank loans is 10 per cent or 11 per cent? Even the Industrial Development Bank, which charges rates well beyond those charged by the chartered banks, never advises the use of the Small Businesses Loans Act. The IDB has a form which it asks you to sign. It says that you have been unable to get financing from private, commercial sources and you are therefore applying to that bank. In other words they are saying, "We are not supposed to be in competition with the chartered banks."

The truth is, Mr. Speaker, that many chartered banks refer clients to the Industrial Development Bank or to similar provincial agencies. It is well known to anyone who has ever floated a loan with IDB that your bank manager and the IDB people put their heads together very closely. You will find various tactics used by the chartered banks to discourage small businessmen from availing themselves of the facilities of the Small Businesses Loans Act. I am bringing this fact into the discussion on this bill which is to amend the Combines Investigation Act because to my mind and the minds of many small businessmen there is a conspiracy afoot.

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As I said, you will find various tactics used by the chartered banks. A favourite tactic is referring you to a small branch bank which is remote from the downtown business centre. If your business is in a downtown area of a large urban centre, the bank will say, "Yes, we can handle the loan, but you will have to go to our branch bank." It may be four or five miles away. In other words, they will make it as inconvenient as possible for you to use the facilities of the act.

The Minister of Finance (Mr. Turner) has been less than helpful in this matter. I have asked him in the House and in committee about the inability of many small businessmen to get loans under the act, and about the practices of the chartered banks in connection with the Small Businesses Loans Act. Let me read into the record, if I may, the reply given to me in committee by the deputy minister. I had been reassured that the minister was again going to look into this matter of banks not giving small businessmen a good break with regard to the Small Businesses Loans Act. He told me he was going to have a chat when he had lunch with the chairman of the Canadian Bankers Association and would see what they could do. That did not reassure me at all.

● (1650)

At the committee meeting I asked the deputy minister the current rate for loans under the Small Businesses Loans Act. He could not tell me offhand. I do not say that as a criticism; I realize he has many more things to think about in these times. I eventually got a reply. This is the reply that came through to my office. I wonder whether hon. members can decipher it better than I can. I quote from the *Canada Gazette*, part II, volume 102, November 27, 1968, page 523. Under item 2 it reads:

The base rate for each interest period shall be equal to the simple arithmetic mean of the Wednesday closing mid-market yields for all Wednesdays in the averaging period immediately preceding the interest period as computed from the yields as published by the Bank of Canada on all Government of Canada bonds payable in Canadian currency and due to mature in one to ten years, rounded to the nearest one-quarter of one per cent or, if the result would be equidistant from two multiples of one-quarter of one per cent, to that multiple thereof that is the lower.

I asked someone the interest rate. He said he would write me. That is what I got in the mail. Hon. members must admit that is hardly very helpful. I leaned a bit heavily on the Department of Finance. We had a few words over the telephone. I eventually received something that said in fact the rate was $8\frac{1}{4}$ per cent and that it was adjusted on March 31 and October 1 each year, based on the average yield of government bonds. This is what all that means. I took that quotation to a banker and asked if he could tell me the rate from looking at government bonds. He replied that he could not. I took it to an economist; he was unable to decipher it.

Before I leave the bank provisions of Bill C-7, let me press this point a little further. I think that statistics with regard to the Small Businesses Loans Act bear out what I am saying. The average loan in 1972 was \$9,000, below the limit of \$25,000. I might point out that a new bill was given first reading in this House which, among other things, will raise the limit to \$50,000. I certainly welcome that. I hope that after we have a chance to look at that bill we will be