

business prospects and sufficient capital to give him a fair chance of success, credit would always be extended.

The witnesses claimed that the banks never refused applications from "credit-worthy" borrowers, that in their judgment a Government guarantee would not greatly improve the borrower's chances and that there was no great demand or need in Canada for assistance; however, they were unable to give any estimate of the number of applications declined because of lack of capital and they undertook to conduct a survey of representative branches throughout the Dominion and, within a few weeks, to furnish their findings as to

- (a) Volume and class of loans presently being made to veterans;
- (b) Any evidence of veterans being unable to obtain credit;
- (c) The reasons for credit being refused.

The bankers stated that under normal conditions one-seventh of all business enterprises failed every year and of these one-half represented an investment of less than \$2,000, four-fifths of less than \$5,000.

The bankers referred, from time to time, to information available from the United States. They quoted a report on an industrial survey made in New York State which estimated that a minimum of \$5,000 capital was required to establish a small grocery and the minimum of \$10,000 a laundry. An opinion was expressed in the same report that a man starting any type of small business should have sufficient capital to give him an equity of at least 50 per cent, preferably 75 per cent. They also pointed out that in the first four months after the promulgation of the regulations governing loans to veterans in the United States there were only 489 applications of which 289 were granted in a total amount of \$321,000. (This period covered the first four months of 1945—see later information filed by Mr. Hogan.)

The bankers observe that very few applications had been received from professional men starting practice and in such cases personal loans were usually granted.

Mr. J. H. Hogan administers the release of Re-establishment Credit and, in pursuance of those duties, has had direct contact with the veteran belonging to the group on whose behalf the foregoing representations are made. The Interdepartmental Committee, therefore, sought the advice of Mr. Hogan as a public officer close to the problems of the veteran desiring to establish a small business.

Mr. Hogan explained the procedure followed by his field man in dealing with an application under Section 9 (g) (purchase of a business) of The War Service Grants Act. The veteran is interviewed by the District Supervisor of Re-establishment Credit and advised as to the data required to reach a decision on his application. These data would normally include evidence as to service in the forces, experience in the type of business proposed and an accurate outline of the proposed plan to finance the undertaking. This material, and when necessary the veteran himself, is referred to the District Re-establishment Credit Advisory Committee established pursuant to the provisions of Order in Council P.C. 165 of the 18th January, 1945.

The average Advisory Committee is composed of one or more leading business men, a retired or active bank manager and a professional man; the Secretary is furnished from the staff of the District Re-establishment Credit section. If the recommendation of that Committee is favourable, the Re-establishment Credit is released as the veteran has already made any necessary arrangements with a lending institution.

Mr. Hogan pointed out that a favourable recommendation by the Advisory Committee did not necessarily follow approval of a loan by the bank as the Advisory Committee, having access to service and other record, might find the man unsuitable from a health standard for the enterprise which he proposed.