

- (7) That a guarantee of 10 per cent of any loans made by the bank be provided under the Act. This amount would be extended as a guarantee to the bank and would be 10 per cent of the amount originally extended and be payable to the bank in the event of default and bankruptcy proceedings;
- (8) That the bank maintain its present provisions with respect to securing assignment of assets for support of such credit;
- (9) That a statement of the amounts to be borrowed under this Act be filed with an appropriate officer of the Department of Veterans Affairs and the approval of this department be secured before loans are granted under the Act;
- (10) That the Canadian Credit Men's Trust Association be asked to set up committees to provide a counselling service and to advise the officers of the Department of Veterans Affairs, and to make available their facilities with respect to solvency of small businesses which borrow money under the Act;
- (11) That, where advisable, vocational training be introduced before any such loans are made to any applicant, such vocational training to include a knowledge of accounting and business practices.

The brief outlines a suggested procedure for making a loan and states:—

In the event of default the ordinary procedures will then be followed, but the bank will have a guarantee for an amount stated in the original form of approval, and the other creditors, including the Government with respect to its original grant, will rank equally as ordinary creditors.

The Citizens' Rehabilitation Council, Vancouver, recommends that consideration be given to applications of veterans qualified to establish their own businesses for a loan possibly equal to their own investment; such loans to be granted with requirements similar to those by any lending institution as to the character of the person and the proposed enterprise and its need or possibilities in the community.

Mr. J. C. Thompson states that he is taking the Institutional Management Course at the University of Toronto to assist in the management of a summer resort or camp, that approximately 150 boys are taking the course and about half of them expect financial assistance from some government source, preferably on the same basis as under The Veterans' Land Act. Mr. R. Stennett, with extensive hotel and catering experience, urges similar assistance.

The representatives of the Canadian Bankers' Association discussed generally the practice of giving loans for small businesses, being businesses requiring capital not exceeding \$3,000, and the loan repayable in eighteen months (in exceptional instances two years) usually at an interest rate of 6 per cent. The bankers stated that the main considerations in determining the propriety of a loan were experienced in the particular type of business, opportunity for that type of business in the particular locality, amount of capital, and character of the applicant. Service experience in trades would be taken into consideration. They said that it was impossible to lay down any hard and fast rule as to the expected amount of equity in the capital investment; this depended upon the nature of the business and the individual bank manager's judgment as to the applicant's capabilities. The witnesses emphasized that too small a stake greatly lessened a borrower's chances of ultimate success, not only because of the drain on income necessitated by regular repayments of capital but, of possibly greater importance, because of the relative lack of incentive to protect his own money. The bankers stated emphatically that wherever, in the opinion of the local bank manager, the applicant had ability, experience, character,