

we have our priorities in the wrong place. If one wanted to identify the indirect impact of bankruptcies, most often not taken into account, one would see that for every business officially declaring bankruptcy, there are many unsecured creditors who suffer losses which may, in turn, threaten their own business. How many of us have been approached by small businesses in our own communities which themselves have been dragged down by bankruptcies of neighbouring firms within that same community? Although a bankruptcy heralds the demise of one business, again it simply accelerates and adds to the process which causes economic strain on a variety, and in some cases on a wide variety, of suppliers, contractors and so on. Each year these losses, which small business by and large has to accept, run into the hundreds of millions of dollars, and that is only in the case of bankruptcies.

Receiverships raise a potentially more serious problem. I say potentially because the government does not bother to collect adequate data on the number and impact of receiverships in Canada. It is estimated that for every single business bankruptcy, between three and six businesses are placed in receivership. If one considers the multiplier effect of this process on the unsecured creditors of businesses placed in receivership, the damage itself becomes absolutely staggering.

Last year, 1980, it is estimated that over \$550 million in assets were seized from Canadian businesses placed in receivership by banks and other corporate lenders, including the Federal Business Development Bank. A recent study carried out at Western University by a scholar named Russ Knight showed that 90 per cent of all receiverships are initiated by the chartered banks of Canada. Of all the assets disposed of through receiverships, who is the main beneficiary? Again, 80 per cent of assets go directly to the banks of Canada. It is estimated that 40 per cent of these assets should have gone to unsecured creditors. Many of these are other small or medium-sized businesses which, under the present law, have no recourse, and will not have their position significantly improved under this proposed Bill C-12.

When you consider the devastating effect of receiverships on Canadian businesses and the fact that so little protection is provided in this area, and when you examine Bill C-12 clause by clause, you will notice that only six out of the 420 sections even mention the phenomenon of receivership.

A look at the record provides some insight into this government's failure to provide fair and even-handed treatment to small businesses having difficulty in a hostile economic climate created by what can only be called inept Liberal economic policies. I use that term hesitantly because it is difficult to identify what a Liberal economic policy is other than to say it is from band-aid approach to a knee jerking attack on some of the problems facing Canada today.

The present law that we are debating which does not even mention receiverships, has not been substantially improved for 30 years. Surely that in itself must tell us a great deal about the concern of the Liberal government regarding the problems associated with small companies experiencing bankruptcy. Five draft bills on bankruptcy have been tabled since 1975.

### *Bankruptcy*

Unfortunately, that is as far as they went. As the MacEachen-Trudeau policy of stagflation drives the Canadian economy further into a quagmire, the number of bankruptcies and receiverships mount weekly. But increasingly, corporate lenders are resorting to the use of receivership to cover client debt.

Receivership occurs when a company's assets, which have been pledged as security for a loan or credit, are seized because the borrower cannot make the agreed upon payments. The secured lender is invariably a bank, and because it calls its loans as soon as the borrower's liabilities exceed his assets, little or nothing is left for the hundreds of unsecured lenders, which are mostly suppliers and other small businesses. Once again, under due process, it is the small entrepreneur who gets it in the neck.

Federal officials with the finance department admit there are almost no government controls on receiverships, and the field is extremely confusing. Under legal requirements for bankruptcy procedures, there is at least government supervision and protection of the law. But that protection does not exist in the case of receiverships.

Bill C-12, an act respecting the bankruptcy and insolvency, received first reading on April 16, 1980. Today, more than a year later, it has returned to the House for second reading. Mind you, what is another year when you have been introducing bankruptcy legislation since 1975 but never getting around to passing it? I am sure the Canadian people are impressed with the speed and efficiency with which this government moves, particularly in this area. But the problem is that Bill C-12 deals with post-mortems, in other words, with the bodies left in the wake of this government's economic policies.

The real bankruptcy we should be debating here this afternoon is the bankruptcy of a federal government which has allowed inflation to get so out of hand that it is now running at nearly 13 per cent, and a government that has increased interest rates to record levels, the highest in Canadian history, and that is determined in the weeks ahead to sacrifice even more small businesses, farmers and home owners with its bankrupt monetary policies.

I suggest that one of the most haunting spectres for small business, for farmers, fishermen and home owners are these excessively high interest rates. It is interesting to note now how spokespersons for the financial community, economists and financial advisers, are saying more and more that the government is on the wrong tack and that the way to slow inflation is not to increase interest rates. People are talking more and more about the spectre of 25 per cent interest rates. What is that doing to the imagination and the hope of Canadians and the vision of a better Canada when we have a government which is prepared to sit back and a Prime Minister (Mr. Trudeau) who is prepared to stand up and essentially say to home owners that they have never had it so good?

One wonders with all seriousness to what extent members opposite get out and actually talk to people in their constituencies. To whom do these people talk? With whom do they discuss economic policies? Surely it is not the people who elected them to the House of Commons because I have yet to