

Government Orders

unacceptable. History cannot be rewritten simply by passing legislation.

I remember a number of my hon. colleagues almost being unable to express themselves with indignation and outrage at this incredible grab by the federal government to impose retroactive legislation, which is certainly not fair. They said it was like changing the rules of the game, moving the goal post half way through the game.

Now the government is doing just that. I have not heard a clear response yet from the government that it supports retroactive legislation, not going back to 1989 or 1988, but in fact right back to 1987. You will recall, Madam Speaker, that the government was taken to court by the Alberta Court of Appeal saying that the government did not have the right to have priority when it came time to divide up the assets of a firm during bankruptcy proceedings. I think it was Lloyds Bank that made the case and won the case, saying that indeed the wording was insufficient to give the federal government that priority. It was unfortunate. This legislation will now do that, and that is why we support it. However, I cannot support legislation that attempts to rewrite history, that attempts to impose retroactive regulation.

What signal does this send to the business world? The government is essentially saying to a business, if it went bankrupt two years ago, that it now wants to go in and upset the proceedings to ensure, if the business had taken employees' moneys that were being held in trust for pensions and unemployment insurance premiums and the like, that it would get its fair share. Well, you cannot do that.

The most astounding testimony came from the Insolvency Association of Canada that opposed this very strongly when it heard that the government was going to impose this in a retroactive fashion. You can imagine where this leads us, if we were to say that we support this notion.

I might say that the *caisse populaire* from Quebec made a compelling argument in committee. It stated that this was not only a philosophic case or a case of principle on which it was arguing, but that it would cost members of the small *caisses populaires* hundreds of thousands of

dollars, if this particular retroactivity was introduced and allowed to go ahead.

I can only say that when they stated that they could lose up to \$300,000 as a result of this retroactive application of the law, I assumed they were telling the truth and that is what it is going to cost. That is a lot of money to a struggling *caisse populaire*.

I have yet to hear any argument in favour of retroactivity. I read the committee minutes carefully. I read the reports from the various witnesses. Even those in the Department of Finance could not offer what I would consider a satisfactory explanation for the use of retroactivity in this bill. I think we are on pretty shaky ground here.

If we say to the government that it can impose retroactive legislation today, what will it do tomorrow? Tomorrow will it decide to change taxes, and rather than having a personal tax rate of 26 per cent, maybe it should be 40 per cent and we will make that retroactive seven or eight years. Where does this end?

We are in very dangerous territory when the Parliament of Canada changes regulations and changes laws retroactively.

There is enough fuss in the country when on budget day the government states that it is going to change a number of tax measures and that they are effective immediately and then the legislation takes place six months or two or three years later. People ask if the government has the right to impose tax changes or the imposition of other levies without legislation. Yes, Madam Speaker, that is a custom and a tradition that we have developed in this country. But we have not developed a tradition where legislation can be imposed retroactively. That does not exist.

We are now breaking into some very questionable areas when we allow this to occur. That is why my hon. friend from Essex—Windsor has done the most honourable thing and has said to the House of Commons that we want to support this in the future, because in a bankrupt firm, of course, the funds held on behalf of employees are not to be considered part of the company's assets.

When I consider the number of bankrupt firms that we are experiencing these days, I begin to shudder. Bankruptcies are up again and the policies of the Conservative government are adding to that number. Every