

Insolvency Act

authority for some group or board to look over the situation before farmers are kicked off their land.

I had a few Ontario farmers visit my office a short time ago. One of those farmers told me that he had recently been kicked off his land. He had paid more than the total principal. He told me that he was prepared to pay but that he did not have the wherewithal to pay because his land was taken away from him. We need legislation to ensure that our farmers and small businessmen who want to pay have the wherewithal to pay. It should not be like the Shakespearean play, because when the lenders take their pound of flesh, they also take the life savings of individuals and those individuals cannot continue in business.

I would like to make a point regarding collateral. I know of a case where a bank took the tractor and the cattle of a farmer. What was the farmer to do? He had no wherewithal to pay off his debt. It is tantamount to saying: "We want your farm". They took away his means of ever meeting the payments on the loans to which he had agreed. He required the equipment to put in the seed and to thresh and harvest that seed. He required his cattle to reproduce in order to sell them. But the bank took away the very means he had of paying the debt. I say that is not right. There must be power in this Bill to ensure that we can protect our farmers and small businessmen against the financiers. All financiers who lend money are not that tight-fisted, but there are some around who want their pound of flesh and every ounce of blood that goes with it. We must ensure that our farmers, businessmen and people trying to produce in Canada are not crippled by giving the financiers the right to do anything they want to do; whether it is right or wrong. We need protection for those who are honestly trying and who, through no fault of their own, are unable to meet the obligations which they want to meet as early as possible.

I will not say anything more because the Hon. Member from Bruce-Grey (Mr. Gurbini) dealt very well with bankruptcies, and other Members have dealt with other points. In conclusion I would like to say that this Bill should give us a chance to protect wage earners, farmers, small businessmen and other people against the financiers who want to take every ounce of blood and reduce a borrower's ability ever to pay back a loan.

● (1740)

Mr. Deputy Speaker: Questions or comments? Debate.

Mr. Stan J. Hovdebo (Prince Albert): Mr. Speaker, it is a pleasure to be able to spend a few moments speaking in this debate on Bill C-17, an Act respecting bankruptcy and insolvency. I will spend my time, Mr. Speaker, mainly on the needs of the agricultural industry in bankruptcy legislation, although I would far rather be speaking about how we could keep them in business.

When a business or a farm is ailing, there are really only four alternatives put before them; receivership, liquidation, some form of proposal which would keep them in business, or bankruptcy. Unfortunately, Mr. Speaker, only one of those

options is really an attempt to keep the farm or business going. Perhaps we should spend more time in this House attempting to provide ways of keeping farms and businesses going rather than worrying about bankruptcy. However, what we have here today is a Bill which is intended to put down rules in the battlefield between the financial institutions and the rest of Canada.

I am speaking only about farming because there is probably no area of the economy which is more affected by the vagaries of the market than the agricultural industry. It has to deal with circumstances outside of its own ability to establish what it will get back for its efforts. Only for agriculture, and a few of the other primary producer industries, is the free market still expected to work. The theory of supply and demand is expected to dictate the returns which a farmer receives from his operation. Since the farmer has no control over the marketing of most of his products, he accepts what he can get. The market, therefore, dictates whether or not he will survive. The farmer can plan as well as possible and look to the future as much as possible, but the market, the weather and other conditions may make the difference in whether he survives or not. Survival, therefore, is what Bill C-17 is all about.

If one cannot survive in farming, one goes bankrupt or one quits. Most farmers are too proud to go bankrupt so they move over and make room for someone else. They sell their land and what is left and let someone else have the farm. They stay as long as possible, living on their equity, until their debts become more than their equity; then they sell out saying, "I guess I will go to town and work."

How does a farmer get into the position where he finds it necessary to go bankrupt or to sell out? Farmers are probably the largest users of credit for their operations of almost any industry. They use credit for their operations as well as for financing their capital costs. I remember in a speech not too long ago the Hon. Member for Sarnia-Lambton (Mr. Cullen) said that we spend our lives establishing a credit rating. I believe possibly there are some people who have gone bankrupt in the last few years who would think that if their credit rating had not been quite so good perhaps they would not have had quite so much money and not now be bankrupt.

However, in establishing a credit rating, a farmer must prove his ability to continue to operate. He goes out in the spring and borrows money to buy feed and fertilizer and in many cases the fuel, and he waits for the land to produce the crop so he can harvest it in the fall. It seems simple. However, if you are a new farmer going into business, first of all you must have the land. These days land costs anywhere from \$150 to \$1,000 an acre. The absolute minimum for a viable farm in my area, Mr. Speaker, is a section or a section and a half. You can purchase that for possibly something better than half a million dollars. If you were going to borrow the money to buy that land and make payments on it, you would be paying \$120,000 in interest. And at present prices for wheat, you are not going to make that much from the land you own. Therefore, it is much better if you own the land ahead of time. No sane individual would go out and pay \$600,000 for land and