

*Government Orders*

Then of course the question is what do we do with wages. The current act was passed in 1949 when there were no or very few general security agreements. Banks and creditors generally did not have floating charge security and so the problem did not arise. When people went bankrupt, the wage earners had a \$500 preference when the estate of an insolvent person was put through bankruptcy.

The trouble is today we do not have bankruptcies. We have a situation where the secured creditor sends his receiver in and the receiver sells everything out. Of course it is stuck with a Crown priority. Then the receiver takes the money and there is nothing left for anybody.

What bankruptcy legislation is really trying to do is re-orient the priorities because in an insolvency there never is enough money to pay everybody. If there was enough money to pay everybody there would not be an insolvency. So this legislation and all bankruptcy and insolvency legislation deals with sorting out what is left and how you divide it.

The issue really is, how do you work out the questions of priority? The current situation is that the Crown comes first: super-priority. The second person to come first is the big bank, who has the security on it. I want to tell you someone else who might come first. It might be the shareholders who were smart enough to register a floating charge debenture themselves. As a lawyer on many occasions acting for a shareholder, I have gone in and sent my trustee in or my receiver in, seized the assets, wiped out the ordinary creditors and sold the assets to someone else.

That is not very nice. You know that a shareholder does not have to be a director and therefore is not responsible for wages. So right now under the current system, the person with that floating charge security can wind up ahead. After the Crown they were there. Okay.

What we should be doing is re-orienting the priorities. That is what this bill should be about. That is when we talk wages, it is what we are talking about. We are talking about re-orienting the priorities. It was the view of the committee that workers should come first. Workers ought to have something out of what is left in an insolvency, first. Then the view of the committee was

that the secured creditors should come, after revindication of early delivered goods. And then of course, eventually, the ordinary creditors come and the Crown would be an ordinary creditor.

That is what this is all about. This debate is about priorities. Who is to collect out of an amount of assets that are there? The view of the committee was that workers should come first. People who had a specific claim on a revindication should come in there and then the secured creditor should come on the floating charge claim. The view of the committee was that specific creditors who have specific charges like a first mortgage on a building or a lien on a specific piece of equipment ought to be able to take back their equipment or their building because they own it. Those who had floating charges against accounts receivable and unencumbered assets and stock in trade, the floating charge stuff that is secured by these floating security agreements, those agreements ought to be subject to these priorities.

That is really all we are talking about. The question really is: Is this question of looking after employees to be a social claim or a matter of social justice or something of this nature that perhaps the government ought to be involved in? Should we have the government creating a new social right? If your employer will not pay you, then you call upon the government in prayer and say: "Dear government, pay me". Is this the kind of social policy we ought to have?

This bill is a bill with a wage protection fund and is a social policy bill. Let us get it straight. It is a social policy bill. It says if you do not get paid, go to the government and get it. Do not get it out of the assets of the business. Go to the government and get the money. Is that the thing we really want? Do we really want to have further claims on the government? Is this the kind of social priority we want in social priority spending or would we rather have it in day care or in something else? Is this the social priority we should be setting up?

I suggest it is not. What do we do? We call it a wage protection fund. We say it is collected on the UIC, it is only collected from employers and it is only 10 cents a week and it is only a little bit. It reminds me of the baloney, it is a little bit now and a nice slice now. Bit by bit by bit, we make sure that Canada is unproductive.