

increase interest rates midstream, then who can stand up to that type of action? For example, if a man earns \$10,000 a year and makes arrangements to spend a percentage of his income on a home, say at 10 per cent, if he suddenly finds that the interest rate has been increased to 15 per cent or 19 per cent, that places a burden on him which he cannot carry. Bankruptcy is beyond the control of this person and he can lose his home. His family will be ruined. This is happening to a great many people today. My heart goes out to these people because their bankruptcies are not caused by bad management; their bankruptcies have been caused by the actions of others over whom they have no control.

The fourth point I would like to mention is a basic principle. Wage earners, unsecured creditors and small businessmen should not be given the dirty end of the stick. Pardon my language, Mr. Speaker, but that is exactly what is happening today. When a bankruptcy occurs a wage earner does not receive his wages. He has no cash put by upon which he can live, so he and his family go without. The same is true for unsecured creditors. There are cases involving the assets of an estate being eaten up through the costs involved in litigation, the hiring of lawyers and chartered accountants and paying off secured creditors. When it comes right down to it, the unsecured creditors sometimes receive nothing. Sometimes they receive a percentage on the dollar, but at other times they receive no wages whatsoever. A wage earner cannot bear such a burden. I will deal with this aspect in more detail in a moment. A bill such as the one before us should ensure that wage earners, unsecured creditors, and in some cases small businessmen and farmers, should be given equality with secured creditors.

The fifth point I wish to make is that in dealing with bankruptcies you are really dealing with tragedies. They should be handled with understanding, fairness and equality to all concerned, including the debtor. I think that if the five points I have mentioned were the foundation for the bill before us, the debate today would not be very long.

I now want to deal with some aspects of the bill. What are the facts in regard to bankruptcies? At the risk of being repetitious I will quote some figures, since what I have to say is based on them. If we were having few bankruptcies in this country, then there would be nothing to worry about. Let us look at a five-year average for the last 20 years. In 1960, 1965 and 1970 the number of bankruptcies ranged from 3,500 to 5,500. The increased number of bankruptcies through those years was not dramatic. But between 1970 and 1975 there was a substantial increase of almost 6,000 bankruptcies. That is more than double the number in the previous years. That is a serious situation.

I would have thought the government of the day, in 1975, would have looked at those figures and realized that something was wrong. They should have found out what was happening and taken steps to correct it, but apparently nothing was done. Between 1975 and 1980 the situation grew dramatically worse. The figures rose from 11,293 personal and business bankruptcies in 1975 to 27,620 in 1980, an increase of 144 per cent.

### *Bankruptcy*

Surely the minister in charge should have asked why this was happening. We must ask why today. I can understand the comments of the minister, who asked us not to discuss inflation and economics, but they are factors which are interwoven with bankruptcy. Today we have inflation and high interest rates. They are part of the cause to a very large extent.

Let us take a closer look at some of the bankruptcies on the personal side. In the first quarter of 1981 there were 6,152 bankruptcies. For the first quarter of 1980 there were 5,238. This represents a 17½ per cent increase in the number of bankruptcies in a period of only one year. Why should this be? The government should be trying to find out.

On the business side the figures are not quite so bad. For 1979 to 1980 the number of bankruptcies amounted to 5,523. But in 1980-81 the rise in the incidence of bankruptcy is 18.5 per cent. That figure is more than the rate for personal bankruptcies. Small businesses are going broke.

I would now like to look at the figures for farms. Often farms in our country are called the backbone of the nation. In the first quarter of 1980 there were 44 bankruptcies, while in the first quarter of 1981 the figure almost doubles, amounting to 75. This figure does not reveal the number of farms which went into receivership, nor does it include farms which fail. If those figures were included, a terrible picture would be presented. What is happening? We are not giving our producers a reasonable deal at all. As a matter of fact, we are providing no incentive for farmers to go out and break their backs the way they have been, and the way they have to today, working 10, 12 or 15 hours a day, particularly during seeding and harvesting. There is no incentive because, at the end, if they are trying to build stakes for their families, we now say: "You are going to be stuck with capital gains. We will not even give you once in a lifetime relief. If you pass it on to your families, they will pay; or if they pass it on, they will pay". So there is no incentive to try to build a nest egg any more.

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Hundreds of farmers in this country today have spent their lifetimes building up estates. Now they want to retire, but they find that by the time they pay capital gains, they have nothing to retire on, or very little. They cannot buy homes in the city, where they want to spend their last few years.

As for production, we discourage production in this country. We are trying to get farmers to produce. There is only one thing this government is doing to try to stop inflation, and that is to bring in high interest rates. It is not being successful. High interest rates keep going up further, yet we still have inflation. With high interest rates, with taxes such as the excise tax on natural gas increasing, with inflation and the extra they have to pay for natural gas, it means the farmer has to pay more for heat, more for fertilizers, more for credit, more for machinery—more for everything. He is unable to cope with these increases, so what does he do? He cannot afford to buy more fertilizer because we put an excise tax on it, so he lowers production.