

vigilant for their own protection, but in actual fact that livestock producer does not have any alternative to selling them because his animals are at market weight. If he keeps them, it costs him more to put additional weight on them and they become over or undergraded and he loses money on the sale. He has to sell them when they are ready for market.

The problem comes in relation to the packer who, prior to buying from the livestock producer, has borrowed money from the bank and has given to that bank a section 178 security. The effect of that security is to transfer the ownership the packer gets to the bank. If the packer goes bankrupt, all of its assets are frozen, a trustee in bankruptcy is appointed, that trustee collects all the assets, sells them and distributes the money among the creditors. However, the bank, having taken a section 178 security, steps in and gets absolute priority. It picks the animals up, takes them out, sells them and gets paid in full. The rest of the people, including our livestock producer—and remember that this is his entire product and income for the year—ranks as an ordinary creditor, and has to share with the other creditors, and very likely settles for 15 cents or 20 cents on the dollar. I have seen that happen many times in my career. Therefore we really need an amendment by which we could perhaps delete the whole section. The effect would then be to make the banks much more careful about the loans they give to the producers as well as to the packing plants.

A more likely amendment would be one which would give livestock producers a priority for payment, that is, they would have continuing ownership in those animals until they were actually paid for. We know, the way the livestock industry works, that payments very seldom come through in less than a period of 30, 60, or 90 days. The United States, as a result of having gone through the major catastrophe of a large packing plant going bankrupt, with several hundreds of individual producers suffering, amended its law so that the livestock producer continues in this ownership quality until he is actually paid. If he delivered his animals to a packing plant and the packing plant went bankrupt, he could step in and get his animals back and go elsewhere. While he might suffer some loss, it certainly would not be as great as if he got nothing.

The way the statute is now, upon declaration of bankruptcy the ownership of the animals passes from the producer to the packer, and because the packer has signed a section 178 security the ownership immediately transfers to the bank. Therefore, as between two innocent parties, the seller and the bank that lends the money, the way the existing statute reads, the seller bears that entire loss. That really is not fair. If we amended the statute to give the livestock producers a priority in payment that would certainly solve the problem.

The question really is, who should bear the loss between many small producers and one bank? I submit to you that the institution, or the person, that can best protect itself is clearly the financial institution. Our banks are now large successful corporations. They should be large and successful, and I am delighted to have shares in banks because that gives me a piece of the action. I am glad to note that other members have some too. I hope our friends in the NDP have shares, because

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certainly that would give them a feeling of owning this country and being a part of it. That is a great feeling.

**Mr. Knowles:** Did you ever hear about credit unions?

**Mr. Thacker:** Sir, if they have their shares in credit unions that is the first step in the right direction, because very soon credit unions will want to apply under this amended Bank Act to become banks and their members will automatically get shares. That will solve the problem, so there is hope for them yet.

● (1710)

Getting back to the banks, they now have specialized lending officers, particularly in the agricultural industry. These officers are able to monitor the very few packing plants in the country, but it is difficult for the 100,000 producers to be aware on a daily basis of what is happening in the packing plants and the industry generally as to who is weak and who is strong. Banks are able to monitor this situation through their agricultural commodity loans officers.

Between the two parties, I believe that there should be equity in favour of the producers. Clearly this Parliament is the highest court of the land, and we have an obligation as members to be equitable as well as to allow what we would define as narrow legal rights. I submit that we should be more concerned with the producers in this area.

My second major concern is with regard to the provisions in this act which would permit the banks to be involved in automobile leasing. I will not bore you, Mr. Speaker, with too many comments on this subject. I agree with the comments of the hon. member for Edmonton South (Mr. Roche) and the hon. member for Okanagan North (Mr. Dantzer). It is a measure which will need study in some detail during the committee stage and perhaps amendments will be proposed.

If banks are permitted to get into the auto leasing industry directly, they would, on the face of it, be in a conflict of interest situation, because the rest of us must borrow money from those same banks. They could easily give a degree of priority to their own subsidiary corporations by way of a lower rate of interest, or they might give a loan or withhold a loan to me, for example, if I were in competition with them. That is a very real concern, and I think it is necessary to build in some protection if those sections will be allowed to pass. I would prefer to see these sections deleted completely.

Therefore, subject to the act being amended in these two areas, I believe that the bill is sound, that it is in the national interest and that it will see this country take off in terms of becoming an active participant in the international development of the world. As a result, it will lead to a more peaceful world, which can only make things better for the citizens of this country.

**Mr. Bob Ogle (Saskatoon East):** Mr. Speaker, I would like to speak to Bill C-6 with regard to the effect it will have on the development of the Third World. Because of my different background and experiences, I see the bill in a completely