

We do appreciate their interest in presenting to us this information.

First of all, I would like to ask the witness some questions touching on his comments and his study of the evidence of the Canadian Bankers Association and so on.

Is it not correct, sir, that if the farmers are, in fact, paid for their crops they would then have no priority over the banks if Mr. Whelan's bill went through. Am I correct in saying that the situation would be no different from what it was before.

Mr. ROBINSON: Mr. Gray, I did not follow your question.

Mr. GRAY: As I understand it, if Mr. Whelan's bill is passed the farmer who is not paid for his crop would be given a priority over that held by the banks now under section 88, in the event of a processor going bankrupt.

Mr. ROBINSON: Yes.

Mr. GRAY: Now, even if this bill is passed would you not agree that if the particular processor had paid the farmers and went bankrupt the bank would still be in no different position?

Mr. ROBINSON: I would think that was sound reasoning. Do you mean if there is no debt there?

Mr. GRAY: Yes.

Mr. ROBINSON: You mean if prior to his going into liquidation there is no debt there? If that is the case, certainly the banks' position probably has not been altered.

Mr. GRAY: I am sure you will notice, in studying the brief of the bankers association, that they make the point that these bankruptcies are not all that frequent in your industry.

Mr. ROBINSON: I think that is correct.

Mr. GRAY: As already mentioned, they are lending \$100 million a year.

Mr. ROBINSON: We are selling over \$1 million a day so I would expect we will have to have a little bit of financing.

Mr. GRAY: I am not criticizing the amount but, as I recall it, they were making quite substantial profits in respect of interest. Do you recall that?

Mr. ROBINSON: No. I would think this would be a battle between you and the banks rather than with the processor.

Mr. GRAY: I am directing your mind to a certain aspect of their brief in order to lead up to this question which I am going to put to you.

Mr. ROBINSON: Yes.

Mr. GRAY: Could you say as a businessman and a student in your industry, if these bankruptcies do not occur too often and if the banks are lending substantial amounts of money on which they are making very substantial amounts of earnings through interest, why the passage of this bill would lead to a serious reduction of credit.

Mr. ROBINSON: I would have to reply that you have pointed out if the growers' bills had been paid then the bank's position under section 88 has not been changed. Now, I am not here in defence of the bank, as you can well understand, but we do find this, with all the experience we have had—and I will leave it to Mr. Limoges to comment on this—that when a bankruptcy occurs we seldom find the situation where the whole range of creditors is not involved. The point with which we are concerned is what could easily happen to a processor's credit limits if there are changes in the Bankruptcy Act. This is the thing which would disturb us.