

Bankruptcy

in storage and it is worth dollars. He goes to the bank to borrow money on it so that he can operate. He mortgages his soul so that he can plant this year's crop when he is not rid of last year's crop.

I do not know if there is something wrong with me at times, because I see this clearly. People seem to become involved in the incestuous relationship which we seem to have in Ottawa and absolutely ignore all these things. The minister stood in the House and said that we should not be talking politics about the Bankruptcy Act. This is not politics, it is common sense. He said that we should not be discussing anything, that we should bang this bill through the House of Commons and go on our merry way, because it has no relationship to the economic situation facing Canada today. What utter nonsense and rot!

It is correct and necessary to update the present legislation before the House. It has been long overdue. We all know of instances where a wage earner has worked loyally for a company which goes bankrupt and he loses all his wages; he might even have piled up wages. He is not able to get this wages because he is not a secured debtor. Bill C-12 goes a little way toward helping him, but would it not be more reasonable to give absolute paramountcy to the wage earner or the salesman who sells on commission for a company? Would it not be better to give him absolute paramountcy over everyone and to say, "You get paid first because you put your sweat, blood and tears into your job"? Then the secured debtors could be paid.

The government has built in a \$500 to \$2,000 limit for a wage earner. With inflation going the way it is, is that reasonable? I can remember taking a job, living high off the hog, thinking I was rich and doing well earning \$3,000 a year. Hon. members know that one requires \$12,000 to \$14,000 per year now in order to live. That amount is increasing all the time with inflation and the manner in which the government is handling the situation. Why should we place a ceiling on it? If a man is owed a dollar because he put in a dollar's worth of work, he should get it. Whether it is \$2,000, \$5,000 or \$10,000, he earned the money. The bankruptcy laws should be such that he has absolute paramountcy over any creditor.

We talk about the wage earner. We think he is the guy who punches the clock and gets his pay cheque every day, every week, every two weeks or every month. I am talking about the guy who buys his own car, gets his sample cases together, drives all over the country at his own expense and picks up orders. He is a commercial salesman. His company might give him a bit of a draw, but in essence he is not incorporated; he is still an employee of the company. He goes to the bank to borrow on his future earnings or the earnings he has. He picks up the orders, the orders come back, and he might wait four or five months before his money starts to flow to him. It is the nature of the business.

What about the guy who takes his savings and buys a gravel truck to start hauling for a construction firm? Usually he operates on a net 30-day basis, and the construction firm can hold him off for 45 days. In the meantime he has expenses. He

goes to the bank and says, "This is how much money the construction firm owes me; I will get my cheque next week." The bank advances him the funds to keep operating and driving his truck. Then there is a bankruptcy and, bang, he is lost because he is an unsecured creditor. It is not right, it is not fair. If a man puts an ounce of sweat into his job, he should be paid for it. He should have paramountcy in all legislation dealing with bankruptcy. Pegging the maximum at \$2,000 is artificial indeed.

If inflation keeps going the way it is, we will be back here next year, the year after and the year after that. We may take another ten years to update this legislation again. I ask the minister to consider seriously including salesmen, self-employed individuals and truck drivers. I am talking about the guy who goes out and buys a welding rig to weld on pipelines. They can be absolutely devastated by a bankruptcy and must be protected.

Who are the secured debtors? They are the Federal Industrial Development Bank—government and DREE. Let us put the priorities where they belong. The priorities must be with the individual who works day after day and depends on his cheque for his livelihood.

The government or government agencies should have the lowest priority of the secured debtors. We should think about that for a minute. If a government agency is willing to extend credit and to take the flier because the government is involved, it brings in on its coattails other people who say, "If the government is involved, that company must be pretty good or the government would not have advanced the funds." So, unsuspectingly, the small businessman comes along behind and grants credit. He says to himself, "Surely my government, which is knowledgeable about all these things, would not advance credit to this guy if he was no good." And bingo! He goes broke, Mr. Speaker. Who receives their money back first? It is the agency of the federal government. The small businessman is left out there—I have an expression to use, but I will not.

● (1750)

An hon. Member: Go ahead!

Mr. Shields: He is left sucking his thumb.

This is another concrete example I would like to give the House. The government should set up the legislation in such a way that the wage earner, the self-employed wage earner, and the others I have described, receive absolute paramountcy, before secured creditors or anyone else. The second suggestion I have is that the government, as a secured creditor, should be last in line behind all the other secured creditors. I think that is reasonable and fair.

There was a press release issued by the minister on December 29, 1980 announcing that a committee on insolvency problems would be established. We called the committee chairman's office. He is Mr. Landry of the University of Ottawa. We were not able to reach him but we did get hold of a Mr. Guam, who is on loan from the Justice Department. Mr.