

Bank Act

I wish to refer back to the speech of the hon. member for York-Peel (Mr. Stevens) last night in which he called the hon. NDP members his cousins, and there was a great deal of good-natured banter back and forth. In that line I want to dissociate myself from the cousin concept. I very carefully checked my family tree and I found that there were no socialists in my family tree. Therefore, I cannot, with the greatest respect, call any of them my friends or, certainly, my cousins.

Mr. Knowles: Maybe your grandchildren will be.

Mr. Thacker: I suspect that the hon. member for Winnipeg North Centre (Mr. Knowles) is incorrect. I do not think any of my dependants will become socialists because, by nature, we are accumulators of capital, accumulators of things, so that we can build this nation rather than try to tear down the people who work hard and build up a little nest for themselves.

Some hon. Members: Hear, hear!

Mr. Thacker: With respect to this present act, I know that it has been under review for four or five years. I know that on the whole the Bank Act is excellent. It clearly brings Canada into the modern era. It permits Canada as a whole to pursue actively international development. For me it is absolutely critical, in this small world we have, that we all become very much interlinked. The sooner we can have Canadian banks operating in the entire world, the sooner other nations can have their money in this nation, the greater chances there will be for world peace. One of the greatest things to keep people peaceful is if they know they will lose an incredible amount of money if they are aggressive in a nation.

My two concerns with respect to the Bank Act are very narrow points which can be rectified easily in committee, and I hope they will be. My first concern relates to the position of livestock producers and the payment they receive from their animals when sold to packing plants, particularly those plants that have a section 178 bank loan but go bankrupt before the producers are paid. Some will immediately say that that will not happen very often, and that is correct. But, in fact, it does happen from time to time to the small producers. There is no doubt it will happen again. It will basically happen because in this country at the national level we have accumulated a deficit that has really become onerous. We are in tough times vis-à-vis the world economy, and there will be several thousands of businesses and people who will have to declare bankruptcy, and clearly some of those will be processors.

● (1700)

I think another aspect that will cause failures in my own province of Alberta, and very likely in my own riding, which has a lot of livestock producers and processing plants, relates to the fact that the province of Quebec is taking equalization money from the national government and using it to subsidize its farmers who are becoming self-sufficient in terms of livestock. That is affecting our livestock producers in Alberta, with the result that several of our small packing plants are

going to go bankrupt. It is a shame that should be so, sir, but that is the hard reality.

In addition, there is the question of equity between the innocent livestock sellers and the lending banks. We need, for a moment, to address our minds to section 178 of the Bank Act, which is the actual section that gives banks a very special type of security for the loans they make to agricultural producers, agricultural processors and others in a number of similar situations.

When the borrower signs a section 178 security the effect in law is to transfer the ownership of the goods secured to the bank. The bank then has a very special procedure the rest of us in our society do not have, and that is to sell those products and thereby be paid in full.

If I come to you, sir, and buy your cow, I take delivery and tell you I will pay you tomorrow, and I do not pay you tomorrow, then you have to bring an action in law in the courts, and presumably you will get a judgment and you can seize my assets. If I do not have any, it is tough luck for you.

The effect of section 178 vis-à-vis the banks is to give them some special security, so they get a degree of priority in respect of those goods.

Under section 178, as proposed, certain products are exempt from this special security the banks take. One of those exemptions relates to direct products of the soil and another to dairy products. It is interesting that the bill continues these special exemptions from the old act. I think we need to look very carefully at this in committee, because we must understand the rationale for picking out certain of the agricultural products and not the broad range. In committee we need to look very carefully at an amendment that would permit us to have the entire range of agricultural products fit within this exemption.

Perhaps I could trace an example for you of how this would work a hardship on the individual livestock producer, of which there are many in my riding. We know that across Canada there are over 100,000 livestock producers. They usually have operations with 60 to 100 cows, which usually results in from 50 to 100 calves each year. If, in fact, there were 100 head and they were sold for \$900 an animal, that would result in about \$90,000. In fact our livestock producers are not getting that kind of return now. They should be, because that is what it would take to really have an economic operation. They are getting much less, and we need to address our minds to that question at another time. We should note that if the producer sold his entire 100 head for \$90,000 that would be his entire gross income for the year.

The producer would take those animals to a smaller packing plant, negotiate a price and sign an agreement for the sale. The effect of that agreement is that from the moment of the agreement the ownership of those animals is transferred to that packing plant. Even though that producer has not been paid he has lost ownership of those animals and the ownership is with the packing plant.

Such a producer does not really have any choice. You might say, let him watch out for himself. Certainly people have to be