

Bankruptcy Act

preliminary announcement of that event. Instead, today he has made an announcement dealing with debt consolidation and the orderly repayment of debts on the part of individual wage earners. I understand the importance of this matter and I am aware that it was discussed in committee by the hon. member for St. John's East as recently as last week.

As the minister emphasized, there is some urgency in dealing with this matter prior to the comprehensive revision of the Bankruptcy Act because Canadians are falling deeper and deeper in debt as a result of the dual pressures of the rising cost of living under runaway inflation and the growing unemployment. This is true in all parts of Canada and in all sectors of the economy.

As the minister has indicated, I believe it is significant that the provinces which have already acted on this problem are located mainly in western Canada. Manitoba has raised the limit of debt consolidation from \$1,000 to \$2,000 and Saskatchewan and Alberta are applying the procedure without limit; in other words, there is no ceiling restriction. This is understandable when one considers the growing problem of the prairie farmers in respect of debt and credit and the very difficult economic situation which exists there. The minister did not refer specifically to farmers but I presume this procedure has been introduced in anticipation of the wider amendments so that the farmers may at least be able to stay afloat for a reasonable length of time.

The essential features are urgently needed. The individual will now be immune from legal proceedings and cannot be sued. I believe this is the essence of the matter. Individuals are also prohibited from contracting any debts above an amount of \$500 until the consolidated debt is fully discharged. This feature indicates that the present action is merely a stopgap measure.

Because of the disastrous state of the economy at the present time, many Canadians have reached levels of credit or debt much larger than is provided for. If the situation is to be dealt with—and it comes directly under the responsibility of the Minister of Consumer and Corporate Affairs—something must be done by the government to control runaway inflation and to come to grips with the problem of growing unemployment. The people cannot live on debt and credit forever, Mr. Speaker.

[Mr. Dinsdale.]

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, the announcement made by the Minister of Consumer and Corporate Affairs deals specifically with Part X of the Bankruptcy Act. As hon. members are aware, Part X was added to the Bankruptcy Act by Parliament in 1966 mainly at the request of the province of Manitoba and those provinces that had had orderly payment of debt legislation which had been found unconstitutional by the courts. When that request was granted in 1966 the action taken seemed to be appropriate, but it has now become clear that the level of debts is such that the ceiling must be raised.

We welcome the action of the minister in bringing in these regulations. However, I think this word could be added. If the wages, salaries and pensions of our people were a little better, and if we had a minister who would act aggressively on behalf of the consumers of this country, there would not be so much individual debt and we would not need this kind of legislation.

Some hon. Members: Hear, hear!

An hon. Member: Well said.

[*Translation*]

Mr. Réal Caouette (Témiscamingue): Mr. Speaker, the minister has just told the House that small wage earners who account for nearly 85 or 90 per cent of the population, are in debt, but I do not think that extending the scope of this legislation would prevent our small businesses and industries from going bankrupt.

Hon. members know that under the La-combe Act, which is in force in the province of Quebec and in other provinces throughout the country, low-income people can bring in to court part of their monthly, weekly or semi-monthly wages, which enables them to pay off their indebtedness over a number of years. But the minister will agree with me that if small wage earners have debts, it is precisely because they could not afford to pay cash. Here again, it is a matter of dollars and cents.

Under the present legislation, the small wage earner will be able to make payments to the court and, until he has paid all his debts, he will not be allowed to contract new ones above a level of \$500 until the consolidated amount is fully repaid.

In other words, if a man is indebted for \$1,500 for instance, he can undertake to repay \$20 monthly and afterwards he will be