

Private Members' Business

Mr. Worthy: I have to apologize, Mr. Speaker. Obviously, I have confused some of the people. The question has to be looked at. Someone has to consider the issues when legislation is put down. One has to have answers which satisfy all conditions. The hon. member, in spite of his good intentions, has not considered all those alternatives.

Over the last 15 years there have been six bankruptcy reform bills which have been put forward in this House. The first and the last proposed super priority for wage earners. In the case of the last bill, the system devised to administer super priority for wage claims was so complex that it took 31 subsections to explain it. Both times that super priority was considered by this House or the other, the conclusion was that it did not answer all of the problems for providing promptness and certainty of payment to those workers. It was considered by many to be impossible to administer. If it cannot be administered and does not solve the problems, it really does not provide protection to the workers.

In case my colleague has not been convinced of these arguments, I would like to discuss the impact that the implementation of super priority could have on the lending industry.

Increasing the priority of paying wage claims in bankruptcy, as I have already shown, will have a direct impact on secured creditors.

Most of these, as the hon. member knows, are banks. As a result, they will be facing a higher risk with the money that they are lending to these companies. To compensate for this higher risk, and the hon. member knows better than most in this House, the banks will find it necessary to increase their rates.

Increasing the interest rates on the business loan is not exactly what we are trying to achieve in today's economy. In fact, it is exactly the opposite of what the businesses nowadays need.

Super priority leads to distortion in lending practices. We have already mentioned it can lead to higher interest rates. In many cases, that higher interest rate based on the argument I have put forward could in fact break the camel's back. It could be the straw.

Similarly, recognizing the super priority would risk their investments. Banks might begin, in fact, to move

more quickly to foreclose to ensure that they do get their assets returned. This could trigger action by banks that would create more foreclosures than we have now. This also is opposite to what we want to achieve.

Mr. Speaker, I see you signalling that I only have a minute. I have so many arguments to face here, I will have to try to summarize them.

I think if I am going to summarize many pages into the key points, we have to recognize that the worker who the hon. member has gone out to protect is the one who does need to be protected. His best protection is, in fact, the job, and wherever possible, a continuing job. I think the hon. member would agree with that.

A bill that tries to address not only the employee and his or her protection, but tries to ensure that those companies that are approaching bankruptcy get all of the assistance they need, in fact trying to prevent the bankruptcy from occurring, is the best protection that you can get, Mr. Speaker, for those same employees.

The member's intentions are good. He has argued well, but in fact this bill does not solve enough of the problems. We would be wise to wait for the government's bill that will do so.

Mr. Ron MacDonald (Dartmouth): Mr. Speaker, I am very pleased to rise today and support the initiative of my friend from Nickel Belt.

It is something that this government obviously lacks either the intellect or the courage to do, that is to take the bull by the horns, particularly in these very trying times, and to try to initiate some change in the outdated Bankruptcy Act, and to protect the interest of workers in bankrupt firms.

It is very easy to stand here and to criticize a member because his or her particular piece of legislation does not go far enough. The parliamentary secretary just said: "It is a good proposal, but it will not work because it is very complex." It is a big world out there, and since 1947 or 1949 nobody has been able to figure out how to make this piece of legislation better.

If anything, the parliamentary secretary should have first of all admitted the impotence and incompetence of this government in coming to terms with a very real problem. He could have said: "The legislation no longer has any relevance in a modern economic world, and we cannot do anything about it. We do not have the