

*Farm Debt Review Act*

usury laws which made it illegal for interest rates to rise above 12 per cent. The House passed both those laws, thus permitting the banks to write contracts that did not state what the rate of interest would be. In fact, the rate could be changed weekly. It was this House that precipitated such action. It was the Party which now sits opposite, the Progressive Conservative Party, that supported the then Liberal Government in bringing about these changes. There were one or two Conservative back-benchers who stood with the NDP in attempting to stop this silliness.

Essentially, the two Parties conspired against the people of Canada, particularly farmers and small business people, to bring about the results which we now have. After having talked about it for over two years, the Government has decided it will bring in some debt legislation. It will salve its conscience by allowing some people to squeeze out of the debt burden that they have had placed on them by going through a process. On my inspection, on almost all counts, this process will have a result in which the majority of farmers that are sucked into the meat-grinder will come out in little pieces and be carted off by the transition program which is soon to be put into place. There will then be an attempt to put them back together as some other form of sausage, allowing them to show up in the workplace somewhere else.

The Minister of Agriculture promised to have enacted debt review legislation with teeth in it prior to Christmas. He made a speech to the NFU convention. In reinforcing the Government's intention, the Minister of Finance in his Budget Speech in February said that we would have debt review legislation introduced. After that speech he spent a bit of time talking about it in front of television cameras. Since nothing happened, the Prime Minister decided to make a farm speech at the end of April. He also talked about farm debt review legislation being brought in before the end of June. I guess that is now what is before us. It was introduced too late for the various farm organizations, farmers, indeed, for even the lenders such as banks, credit unions and so on, to appear before the standing committee to make representations. We are stuck with a particular piece of legislation, inadequate as it may be, that may help a small proportion of those farmers who are facing pressure from lenders.

● (1540)

Farm organizations and opposition Members are in the catch-22 position of having to permit this inadequate legislation to pass through the House to save a few farmers or to hold it up and wait for something that is adequate while watching over the summer recess the banks and lending institutions wreak havoc on farmers who are having difficulty repaying loans. Because of that, we propose to let the legislation go through relatively quickly in all stages in the House rather than in a Standing Committee. We are doing this with the understanding that we will get consideration of several amendments which will permit the House to review the legislation and call witnesses that we have not been allowed to call during the winter so that we may see how the legislation is

working and so that we may hear what improvements should be made to the legislation. There are improvements that will have to be made.

There have been experiments with debt review legislation in Canada. The Minister started out by assisting the Grey—Bruce experiment which was conducted on a voluntary basis. A review board made up of farmers, some of whom had financial experience, looked at some 80 to 90 cases. My information is that about three or four cases were finally processed and came to a final conclusion. This process was totally voluntary. The farmer and lender had to find some conclusion to their difficulties with the debt process voluntarily, using the debt review panel as a mediator. I think that experiment proved quite conclusively that voluntary boards are relatively ineffective.

In Prince Edward Island, a process like that is beginning to be used. The debt review panel in Prince Edward Island has very little more power than that of the Bruce—Grey experiment.

In Saskatchewan, a program has been in effect for more than a year but in that province, there are a few things other than the panel to assist in the process. First, a moratorium on all foreclosures involving land has been declared, something which is within the constitutional power of the province. As well, there is a longstanding court process dating back to the days of Tommy Douglas which provides that the lender must refer a foreclosure case to a Court of Queen's Bench in order to proceed. The bank, trust company or credit union must go to Court of Queen's Bench in order to initiate the process. In most other jurisdictions, it is my understanding that creditors may simply call up the borrower to tell him that his loans are about to be foreclosed on and he has very little time under the Bank Act of Canada to find alternate financing or funds to pay off the loan.

The Province of Manitoba is putting a debt review process into place which would not only protect land but would also require a process to be gone through before seizures of machinery and livestock could take place. That is what is going on in Canada. At the same time as the provinces are putting forward some efforts toward mediating the problems the Bank Act created for farmers and small business people in 1980-81, the Government is also responding. It is a rather weak response and one that would have been much better if it had been used to strengthen the bankruptcy laws.

The Bank Act was upgraded and permitted the banks more and more power every 10 years on decennial upgrading while the Bankruptcy Act itself is stuck somewhere in the 1920s. The very powerful Bank Act gives the lenders extreme power to act to recover funds compared to the power they had back in 1920, while the only thing the creditor has to protect him is that very old and tottery Bankruptcy Act of the 1920s. Try as we might, we have not been able to put an Act before the House which will upgrade the Bankruptcy Act with which Canadians must deal. As a consequence, we are stuck with this