We want to be very cautious about giving these regulators the massive powers outlined under Bill C–48. We will spend a lot of time in committee studying it very closely.

I believe that the alternative to this would be worse, in other words if we did not pass this legislation. The situation that we presently have is that the regulators do not have the power to intervene early enough in some cases to protect our consumers, our depositors and our shareholders adequately.

I see no reason to hold up the second reading of this legislation. Before I begin discussing Bill C–48, I would like to put this legislation in historical context.

In 1985, I am sure that we all recall the two western banks that failed: Canadian Commercial and the Northland. That prompted an inquiry by the government. In August 1986, the Hon. Mr. Justice Willard Estey submitted his report. In that report he argued that the public would be well served if regulators had the power to force a bank or a trust company that is facing bankruptcy or insolvency, to restructure or to merge with another financial institution.

Mr. Justice Estey proposed that the regulator would have the responsibility by statute to recommend which course of action—liquidation or a merger or restructuring—would be appropriate in the circumstances and to seek the authority of the Minister of Finance to proceed. That was in August of 1986.

In December 1986 the government produced a blue paper. It looked as though it was going to move very quickly on the recommendation of Mr. Justice Estey, but all we received was a blue paper.

In that paper they proposed the recommendation that if an institution, a bank or a trust company is faced with insolvency, the federal cabinet would have the power to give control of the institution to the Canada Deposit Insurance Corporation.

According to the blue paper, conditions would be set out. In other words, it would be very clear as to when they would have the power to do this. Also, it would be spelled out how the creditors and the shareholders would be compensated. That was back in 1986 and here we are six years later, after that blue paper, and the government has finally tabled this recommendation and this legislation we have before us, Bill C–48.

The question is: Why did the government wait for six years? That is a question that is very difficult for me to understand because this is something that is extremely important to the financial industry.

I want to detail some of the main points of Bill C–48, paying particular attention to the restructuring process. That is the main thrust of the bill. Of the 20–page bill most of it is devoted to this restructuring.

Before I do that, I want to take a minute and talk about the Canada Deposit Insurance Corporation which was established in 1967 to provide insurance for depositors who put their money into banks or trust companies. That insurance covers up to $60,000. Really, it is an insurance for deposits or for people who put their money into banks and trust companies in this country and, therefore, it helps to promote the stability of the Canadian financial system.

The Canada Deposit Insurance Corporation is financed by the premiums that are paid by the banks and trust companies that belong to this corporation. It does insure over 150 Canadian financial institutions.

The Canada Deposit Insurance Corporation, as well as insuring deposits, guarantees loans to unhealthy financial institutions and it prescribes the standards of sound business and financial practice for financial institutions.

Of course, working closely with this corporation is the Superintendent of Financial Institutions, because he has to inspect and regulate the federal financial institutions that are under this corporation.

This restructuring process, as I mentioned, really provides that a bank or a trust company that is facing bankruptcy or insolvency can be seized by the Canada Deposit Insurance Corporation which will then restructure or merge it with a healthy institution.

In order to ensure that these special powers are used appropriately, in other words that they are not used unjustly and the corporation does not act prematurely, the legislation sets out a lot of conditions. For example, the corporation must get a report from the Superintendent of Financial Institutions stating that the financial institution is no longer viable.

Then the corporation has to take that report to the Minister of Finance and convince him that the institu-