

Oral Questions

Bank had problem loans. The package we put together was to deal with those problem loans. It was done in our best judgment, on the advice of the best bankers of the country, and with the advice of two western provinces. We made our decision, and we made it based on the evidence that we had at hand.

ADVICE GIVEN BY PUBLIC OFFICIALS

Mr. Nelson A. Riis (Kamloops-Shuswap): Mr. Speaker, my supplementary question is for the Prime Minister. At a time when we are all concerned about the stability of the banking system in Canada as well as about the confidence of Canadians and external investors, questions are being asked about other financial institutions.

The Inspector General of Banks said that the Canadian Commercial Bank was sound, as were all the other banks in Canada. The same was said by Governor Bouey of the central bank, the Minister of State for Finance, the Minister of Finance, and the Chairman of the Finance Committee. They were all wrong. Now when people ask us whether there are any other financial institutions in difficulty, to whom is it that we should turn it for real honest advice, Mr. Prime Minister?

Right Hon. Brian Mulroney (Prime Minister): I think, Mr. Speaker, that my hon. friend asks an important but a delicate question. The assets in this unfortunate situation, and we will explore all of the facets of it, amount, as I understand, to less than 1 per cent of the assets of the chartered banks in Canada. I think it is widely known that the chartered banks in Canada are ranked with the strongest in the world. We have that kind of integrity in our banking system, and this Government proposes to maintain it.

DEPOSIT INSURANCE LEVELS

Hon. Donald J. Johnston (Saint-Henri-Westmount): Mr. Speaker, in the *Report on Business* of September, 1985, the Minister of State for Finance is quoted as saying "deposit insurance levels will be adhered to religiously if a lending institution fails". In view of that, how can she bring the proposal to us to reimburse uninsured depositors in the Canadian Commercial Bank?

Hon. Barbara McDougall (Minister of State (Finance)): Mr. Speaker, we have a responsibility to those depositors because they are institutions, businesses and credit unions. If the Hon. Member is suggesting that we do not have a responsibility to those people in that economy, I would certainly be interested in knowing it.

POSITION OF SHAREHOLDERS

Hon. Donald J. Johnston (Saint-Henri-Westmount): Mr. Speaker, perhaps the Minister has changed religions. We have a born-again bail-outer here.

Some Hon. Members: Oh, oh!

Mr. Johnston: The statement is clear and unequivocal in the *Report on Business*. How can the Minister if she is going to reimburse uninsured depositors, at the same time not reimburse the shareholders, many of whom are small pensioners who are seeing their interests in this bank wiped out completely through this exercise?

Hon. Barbara McDougall (Minister of State (Finance)): Mr. Speaker, once again the Hon. Member is using scare tactics around small pensioners. The amount of assets in those pension funds invested in this bank is very small. I can assure the pensioners whose pension funds are in the CCB bank that their assets and pensions are not at risk.

[Translation]

INQUIRY WHETHER GOVERNMENT WILL SEEK RESIGNATIONS
OF GOVERNOR OF BANK OF CANADA AND OF INSPECTOR
GENERAL OF BANKS

Mr. Mike Cassidy (Ottawa Centre): Mr. Speaker, my question is directed to the Right Hon. Prime Minister and concerns the Government's confidence in the Bank of Canada and the Inspector General of Banks. Considering the fact that the advice given by these two authorities is going to cost the taxpayer about one billion dollars, do the two public servants concerned still have the Government's confidence? If not, is the Prime Minister going to ask for the resignations of Messrs. Kennett and Bouey?

Right Hon. Brian Mulroney (Prime Minister): Mr. Speaker, after the rather surprising statement... the accusation made by the Leader of the Official Opposition concerning the Governor of the Bank of Canada, which was unusual to say the least, I find the Hon. Member's statement even more astonishing.

We have already said there would be a parliamentary commission in order to shed light on this complex affair. Wait! Wait!... The Hon. Member will then be able to judge the behaviour of all those involved in this matter, but he should not accuse anyone of bad faith or incompetence before hearing all the evidence. That is all.

[English]

FINANCE COMMITTEE REPORT

Mr. Mike Cassidy (Ottawa Centre): Mr. Speaker, I have a supplementary question. A first-year finance student in university would have known that the Canadian Commercial Bank was a total disaster if that student had read the report of the Finance Committee in June. The information which that committee found was available to the Governor of the Bank of Canada and to the Inspector General of Banks in March when they advised that the support package be given. How could the Government be prepared to give its confidence when it had such advice which cost taxpayers a billion dollars?