

him: Why did the government, the Inspector General of Banks and the officials of the Department of Finance not make a careful assessment of the value of the loan portfolio at that time? Why did the government not do that?

Senator Roblin: I would like to say that my honourable friend probably inadvertently missed out one of the caveats that I offered at the time, last March, when I said—

Senator Frith: Where is that?

Senator Roblin: On page 745 of *Debates of the Senate*:

... unsatisfactory loans that this bank has made stand a reasonable chance—

And then the words:

—and I go no further than that—

—with respect to getting the money back.

I want to make it clear that I recognized at that time that there was a risk, and I suggest to my honourable friend that everybody concerned recognized that there was a risk. There is no question about it, that it was not a risk-free operation, and it is a question of judgment as to how great a risk you wish to take.

Respecting the information received from the Inspector General of Banks, I said that he had reviewed the position and that he was of the opinion—and I added the words “and we hope he is right.” So, it is clear that this, from the very beginning, was a question of judgment, and it was a judgment call.

One may say whatever one wishes to say about that, and if events turn out to be less than one would hope for, one simply has to recognize that fact, and I certainly do.

Respecting my observation as to the root of the problem being the question of loans, I must make it quite clear that I am not speaking *ex cathedra*; in other words, I do not believe that is an opinion other than mine, and I have arrived at that from reading such evidence as has been available so far. Others may hold different views as to what the trouble was.

I am unable to answer detailed questions on this matter, and I know that my honourable friend does not expect me to, but if a Senate committee is established to examine this subject, honourable senators will have an opportunity to question those who are more familiar with the facts than I am.

Senator MacEachen: Honourable senators, I acknowledge that the Leader of the Government cannot answer all of the detailed questions, but surely this is a particular case and puts a special responsibility on the Leader of the Government, because it was he who told us that passing the bill was something that we ought to do. Surely it is reasonable now to ask him to have at hand an explanation as to why the judgment of the government was so wrong at that time.

The leader appears today to be saying that he really did not support the bill when it was brought before the Senate; he is almost saying that, on second thought, he is not sure whether the bill should have been brought before the Senate.

I wish to draw to the attention of the Leader of the Government that he did, in his opening statement, say that he

was not going to deal with the matter fully because the Minister of State (Finance) would be available and would respond as the authoritative voice of the government. At page 750 of *Senate Debates* the minister made the following statement:

This is now a solvent bank which has, among its supporters, the federal government, provincial governments and six other chartered banks. So I think it would be a place which the public would regard as being secure and solvent and a place in which to do business.

The minister made that comment in reply to a question I had asked her.

So the government told us that that was a solvent institution, yet the Leader of the Government today says, “Don’t ask me detailed questions about it.” Can the leader not go further and tell us why the minister and he, himself, were so wrong on that occasion? I ask that because at page 751 I expressed some doubt regarding the arrangement. I said:

However, we are taking a risk. The minister will understand that to some extent it is an act of faith—

The minister then went on to make an even more categorical statement. She stated:

This bank, because of this action, is now a solvent institution. I want to make that clear and get that into the record. By coming up with a solution to the problem, this bank is a solvent institution.

It was on the basis of the assurances we had received from the Leader of the Government and the Minister of State (Finance) that the Senate moved quickly to pass the bill. Surely, the Leader of the Government has to give us more information as to why the government reached the decision that it was a solvent institution. He has to tell us what information the minister had relied upon when she told us that she was confident that it was a place for the public to do business, while only a few months later the bank collapsed. He said, “I just read somewhere that the assets had been improperly evaluated, but I really cannot tell you very much about it.” Will he not reconsider and understand that he has a responsibility to give us some information because he will be introducing a bill here shortly, so we are told, to compensate the uninsured depositors. We will have to have the information, so why does he not start now?

● (1410)

Senator Roblin: I want to set my honourable friend’s mind at rest about my enthusiasm in proposing the bill to the Senate. It is true that I proposed it and that I recommended it, and I back away not a tittle from that, but it was only correct, I think, for me to share with honourable senators as much as I knew or the opinions that I had about the problem in hand, which I did. Despite my own reservations, which I expressed then, and despite the reservations expressed by my honourable friend in committee when he was discussing the matter, I guess we both decided that it was a good thing to do, and we did it. It was done on the basis of the best information then available. We were not alone in that opinion.