

It is the Canadian taxpayer who is now going to have to pay as a result of the imprudent decisions taken by these people. And we do not have the answers yet. We do not know who it is that we are being asked to spend all of this bail-out money for. We do not know yet the extent to which the California operations of the Canadian Commercial Bank led to its overall failure. We do know that a lot of money went from the Canadian Commercial Bank to its supposed branch plant, its bought-out bank in California; but it is not clear which was the head office and which was the branch plant. To what extent was the Canadian Commercial Bank, in effect, acting as the branch plant and taking the losses for a bank in California?

We have a Progressive Conservative Government that acted far too hastily in making the original decision for a bail-out. It did not have adequate information in March, when it made this decision. It simply hoped that the figures given it about the long-term viability of that bank would be accurate. However, it became painfully obvious this past summer that the problems of the Canadian Commercial Bank were far more fundamental than had been revealed up to that point. Certainly it was up to the Government at the time of the bank bail-out to look into the long-term viability of the bank and not simply to indulge in wishful thinking which led it to believe that the bank could be turned around and made profitable and solvent again.

● (1240)

We have to wonder why a merger with one of the chartered banks was not considered at that time rather than rushing into a bail-out which turned out to be extremely costly to the Canadian taxpayers. We have to wonder what kind of personality problems on the part of the Prime Minister (Mr. Mulroney) might play a part in this. Perhaps the loss of face involved in a bank failure under a new Conservative Government when banking institutions had been sound for many years is something the Prime Minister did not want. Perhaps he did not want to have a bank failure appear as a blot on his record. Perhaps that is why a hasty bail-out was carried out rather than taking more time to look at the options and come up with a solution that might have worked in the long term. We do not know if such a solution would have worked, but we do know that the decision was taken prematurely.

We still have questions about the discussions the Minister of Finance (Mr. Wilson) had with the heads of the large chartered banks. We have heard reports indicating that the banks were getting information which made them take their money out of the bank. Certainly we do have information indicating that it was largely the banks that did take their deposits out of the Canadian Commercial Bank after the bail-out when they began to realize that the bail-out had been an unwise, stop-gap measure and that eventually the music would have to be faced.

When looking at the deposits of the Canadian Commercial Bank, we see that at the end of January before the bail-out, the Government of Canada had \$15.5 million on deposit. After the bail-out it still had roughly the same amount of money, \$14.4 million, on deposit at the bank. The provinces had \$45

Time Allocation

million on deposit before the bail-out and \$45 million on deposit after the bail-out. However, the banks had \$641.8 million on deposit before the bail-out, but by the end of June, they had \$267.2 million on deposit. There was a very substantial reduction in deposits on the part of other banks. They began to see the writing on the wall and to understand that the bail-out had been a short-term measure and was not going to solve the problem of the bank.

Before the bail-out, individuals had \$410.1 million on deposit and after the bail-out they had \$308.5 million on deposit. Certainly some individuals knew or had the wisdom to assess the situation correctly in time to get their money out of the bank.

Who is going to benefit from this massive bail-out? It will be the uninsured depositors who have uninsured deposits above the limit of \$60,000. Let us take a look at precisely who these people are. We do not have their names although we would like to. However, we can look at the categories of individuals and corporations involved. Since that is the best information we have, that is what we have to examine. Banks had \$200 million left on deposit with the CCB. Corporations had \$140 million, credit unions had \$130 million, investment dealers had \$110 million, and the provinces had \$165 million. Municipalities had \$82 million on deposit and individuals had \$27 million on deposit. Regarding the latter two categories, there is much more cause for concern.

Members of the New Democratic Party have recommended that there should be compensation for those who have been badly hurt by this failure and were not in a position to know better. Less sophisticated investors would have been innocent in this kind of situation and unable to protect their own interests. However, in the case of the chartered banks, major corporations, investment dealers and indeed the provinces, this kind of excuse simply does not hold. We consider it absolutely unconscionable for there to be a blanket bail-out, and indeed a bail-out without names attached. We find it unconscionable that taxpayers' money should be used in this wholly unaccountable way.

As well, we have some concerns about the role played by the Bank of Canada in this procedure. Part of the arrangement made at the time of the bail-out last March was for the Bank of Canada to infuse funds into the Canadian Commercial Bank. It was to lend the Canadian Commercial Bank any amount of money that was needed to make up for short-term losses in deposits. Of course, as word began to get around and people began to figure out the situation, there was a short-term loss in deposits, particularly because of the chartered banks and some investment corporations.

The money that was lent to the Canadian Commercial Bank by the Bank of Canada amounted to \$1.3 billion. This money was supposed to have been secured against the assets of the bank, but it is not clear what security this entails. If the assets are not worth very much, that is not very good security. At this point, it is possible that the assets of the bank are going to be worth only half of their book value at the time these advances were made. Thus, it is possible that the bail-out, which