

land Bank debentures on the grounds that Wood Gundy, who were selling the debentures, had been assured by William Kennett, the Inspector General of Banks, that the investment was sound, reasonable—or whatever words he happened to use.

I believe that representatives of this group were in Ottawa yesterday making representations to the government, and I am wondering if the Leader of the Government in the Senate can tell us whether or not those representations are being considered.

Hon Duff Roblin (Leader of the Government): My honourable friend is talking about an organization that bought stock in this company, is he not?

Senator Argue: I think it is quite clear that what they bought are debentures; not stock, not deposits but debentures. By way of further information on this matter, Mr. Wayne Carpenter, the general manager of the credit union is quoted as saying that Wood Gundy had received similar assurances from Gerald Bouey, Governor of the Bank of Canada.

As I understand it, a representation was made yesterday to the government to reimburse the credit union for the \$7.5 million they invested a short time ago in debentures of the Northland Bank. I would like to point out to the Leader of the Government in the Senate something that I am sure he knows as well as I do, that this credit union is owned by tens of thousands of members who can ill afford to suffer this kind of loss, and because of the assurances they received from the authorities named before the investment was made, their request should be given consideration.

Senator Roblin: There are a number of organizations of the same class that are involved in this matter as shareholders. Indeed, there are several pension funds in the same situation and the sequence of events with respect to their purchase of shares is another interesting matter that should be looked into.

I am not aware of the delegation that my honourable friends speaks of. I can make inquiries about it, but I suspect that no immediate answer can be given in view of the investigations that are taking place.

Senator Argue: I would appreciate that. I will not mention the names of particular organizations, but I can say that there is a section of the co-operative movement in Canada that had as much as \$700,000 invested in shares of the Northland Bank. I do not know whether or not they have made any representations with respect to recovering that sum of money represented by those shares. However, I do feel that there is a significant difference between going out and buying stock in a company and investing in a debenture which, after all, carries a guarantee. Stocks, as far as I know, never have carried a guarantee.

Senator Roblin: It is perfectly true to say that one of the moving spirits behind the establishment of the Northland Bank in the first place was the co-operative movement in western Canada and elsewhere. However, I do not think that my honourable friend could claim there is any guarantee on debentures. There is no guarantee on debentures; there is a

priority that, if there are assets left over, the debenture holders come ahead of the stock holders and we will have to wait until the matter plays out before we can be certain what the fate of these debenture holders will be.

Senator Argue: That is not an encouraging reply. I hope the minister will follow up on my question as to whether representations have been made and let us know what consideration may be given to those representations. Their ground for seeking a return on those investments is the assurance that was given by the Governor of the Bank of Canada and the Inspector General of Banks that that was a company that was solvent and on the go. They gave the same assurance to other people with regard to deposits and they are being paid.

• (1430)

Senator Roblin: That is part of the problem.

GREEN PAPER ON REGULATION OF FINANCIAL INSTITUTIONS— SUGGESTED WITHDRAWAL

Hon. Leo E. Kolber: Honourable senators, my question is for the Leader of the Government in the Senate and relates to the green paper on financial institutions.

One of the cornerstones of the green paper will be the authorization of a new class of banks, namely, the Schedule "C" banks. The rationale for that suggestion is that it will help competitiveness in the banking industry.

In view of the incredible fiasco we are witnessing with the CCB and the Northland Bank, and what I am told is the precarious position of a few other relatively new banks, would it not be a good idea if the government withdrew the green paper, scrapped that provision, and attempted a rewriting job?

Hon. Duff Roblin (Leader of the Government): Honourable senators, I must say that I do not agree with that view. I think that the advice the government receives from the committee of the other place and from the Senate committee will be very helpful in reframing the green paper. I do not know of any green paper that gave perfect satisfaction on first reading. Many changes may be required, and it would be much better to take advantage of the work that has been done.

HEALTH AND WELFARE

CONSUMPTION OF ALCOHOL—"A LITTLE OF WHAT YOU FANCY ..."

Hon. Leo E. Kolber: Honourable senators, my colleague, Senator Haidasz, has suggested that people drink too much in Canada. Since I am closely associated with that industry, would the Leader of the Government in the Senate not agree that drinking in moderation is not a bad thing for anybody?

Senator Walker: You ought to know!

Senator Doody: No commercials or endorsements!

Senator Roblin: My honourable friend possibly discloses a conflict of interest in connection with the consumption of alcohol in this country.