

Canadian Commercial Bank

and some of the rather questionable financial dealings between those two individuals, the Chief Executive Officer of the Bank found it appropriate to resign. A stir went out across the country. It moved the central banker of Canada, Governor Bouey, to pick up the telephone and call *The Globe and Mail* on January 25, 1983, when this whole business was beginning to unravel. At that time he said that the Canadian Commercial Bank was a solvent and profitable bank. There was nothing to worry about. Governor Bouey was looking into the situation and there was nothing to worry about. Therefore, I think it is important that we, as Members of the House of Commons, recognize that Governor Bouey, with his statement in the national newspaper, sent out a very clear signal to Canadians and foreign investors, saying that everything was secure, firm and okay with the Bank. That was not the case. Certainly, it is not the case today. This Bill is required because that Bank was not in a solvent situation, and because it made some imprudent loans. It brings into question some of the comments that Mr. Bouey has made regarding the solvency of that financial institution.

I think it is fair to say that the individuals whom I have mentioned, with all due respect—Mr. Frazee, Mr. McIntosh, Mr. Mulholland and many other chief executive officers of Canada's banks—and, in one way or another, all 73 of those chief executive officers, have said that they believe in free enterprise and that they are free enterprisers. I have heard many of them pounding away on the podium and saying that they are free enterprisers and that they believe in the market-place and the reality of the market-place. They believe in that for everyone except for themselves. The bankers of this country know, and I suspect the people who are involved in the banking industry and the financial industry know as well, that if they get into trouble the whole system is there to bail them out. The Government of Canada, their colleagues and the provincial Governments will bail them out. In other words, there is no risk in that particular business if you are a major banker.

There is an up side to that, there is no question. But those free enterprisers must keep that in mind the next time they stand up and say that they believe in free enterprise and the realities of the market-place. Those who are proficient and successful—great. Those who are not will go down the tube, unless they are bankers. That is what this legislation says. Banks do not have to worry about the market-place and the free enterprise system in which we operate.

● (1650)

I believe there are a great number of questions we have to ask ourselves. The Conservatives have introduced this legislation. They say there are tough times for farmers and ranchers. The realities of the market-place are going to result in tens of thousands of them having financial difficulties and hundreds going bankrupt. The Hon. Member for Crowfoot (Mr. Malone) nods his head. He knows full well what the ranchers and farmers in his constituency are experiencing. We are reminded regularly that in the small business community there are winners and losers. Hundreds and hundreds of small

businesses go under each year. That is the reality of the market-place. Hundreds and hundreds of home owners have lost their homes. There is no bail-out for the small businesses of the country, for the farmers, the fishermen or the ranchers. The banks get the bail-outs under this particular administration.

The new Conservative reality is that no one else is going to be assisted. Domtar in Quebec is not going to be assisted. Maislin is not going to be assisted. The former Government was soundly criticized time and time again for that kind of behaviour, but now when the time comes that a bank is in difficulty, the Conservatives fall all over themselves to ensure there is minimum damage.

The problems began, as I said earlier, back in January of 1983 and when Mr. Howard Eaton, the then Chairman and President of the Canadian Commercial Bank, resigned because of his personal business relationship with Leonard Rosenberg of the Toronto trust company collapsing fame. Mr. Rosenberg wrote a letter to the Bank the previous year, in 1982, and said that his aim was to take over 100 per cent of the shares of this Bank. This was in writing, Mr. Speaker, to a bank official. He eventually only got 33 per cent of the Bank's shares, but the Bank Act of Canada places limits on ownership to any one individual or corporation of a maximum of 10 per cent. The Bank Act says that no single individual or corporation is allowed to own more than 10 per cent of a bank, yet Mr. Rosenberg managed to accumulate 33 per cent, and his eventual goal was to get 100 per cent. The question is, where was the Inspector General of Banks while all this was going on? I am not going to criticize the Inspector General of Banks. I think it is only fair to point out that with 73 chartered banks in this country, and at a time when the financial community has never been so turbulent and the banking system so complex and changing—

An Hon. Member: So exciting.

Mr. Riis:—so exciting—and I thank my colleague for providing me with that term—the Inspector General of Banks has only eight field officers to keep an eye on what is going on with the 73 banks. Some of those banks are the largest and the most profitable in the world. Some are pretty small, of course, but when one considers that the Inspector General of Banks, with very limited power and a handful of employees, is expected to keep on top of all the goings on in the banking system in Canada, one can see that it is an impossibility.

I believe this Bill before us today indicates very clearly that the Inspector General of Banks has simply found it impossible to keep on top of this whole situation. He obviously needs more authority and more staff to carry out his responsibilities. I suspect that it is about time the Inspector General of Banks looked at the health of the lenders, in this case the Canadian Commercial Bank, but he should also take a look at some of the major borrowers.

There is no question, when one considers who the borrowers were in this particular Bank—as the Minister of State for Finance (Mrs. McDougall) has amply pointed out in her