

Canada Deposit Insurance Corporation Act

power and the resources to carry out its mandate in a proper forum.

In principle, for the arguments and the reasons I have outlined, we have great difficulty supporting Bill C-86.

Mr. Blenkarn: The Member from Regina East, who I consider a very valued colleague, I think has misplaced the concept of the CDIC, which is really an organization to pick up the chips and clean up the mess after the corporation pays off the uninsured depositors. I was wondering, that being the case, where he saw the huge problems with conflict of interest? After all, it is the member institutions that pay the costs eventually of the losses. It would seem to me that there may be a conflict of interest consideration in even having government members there, because the Government has in many cases stuck the CDIC and, therefore, stuck the member institutions with liabilities, perhaps they might not have had to pay.

I point out that the Bill following the Greymac, Crown affair, where the Government unilaterally without changing premiums or anything just increased the liability of CDIC from \$20,000 to \$60,000, left the CDIC with all sorts of liabilities that it would not have had to take up. I wonder why he feels there is a conflict of interest?

Perhaps the whole operation should not be private in the sense that the private operators are paying the cost and, therefore, the private operators ought to be out there in the street finding a way to minimize their costs by liquidating in a more effective fashion the assets of CDIC, and so as to recapture not only the money advanced by the Government but the money they have advanced themselves are going to be obligated to pay in premium?

● (1200)

Mr. de Jong: Mr. Speaker, the Hon. Member makes some valid points, some of which I believed I addressed in my remarks. I pointed out that in addition to the conflict of interest by the public representatives, there was no member of the corporation present when the decision on the CCB bail-out was made. The Hon. Member pointed out other examples.

I was calling for a board of directors whose primary concern is to act in the interest of CDIC. I am as critical of past appointees from the public sector as I am in expressing my fears about the appointees from the private sector. The primary concern of the board of the directors of CDIC should be the well-being of that institution, so that it is not used to pick up the pieces after the fact. It should play an active role in preventing failures and preventing self-dealing which could lead to financial failures. Its function should be similar to that of the cop on the block, so to speak, whose directors are strong enough and have the authority to withstand the pressures of Government and to use the CDIC for government purposes that might not be in the interest of the corporation itself.

The Hon. Member believes that the private sector should be in charge of controlling CDIC since the premiums come from the private sector. That is where I differ from him. First,

CDIC has access to the Consolidated Revenue Fund. Second, I believe that the Government's role is to act as the protector of the public. The money does not belong to those financial institutions that pay those premiums. The money belongs to the depositors and there should be representatives on the board of directors who have the interests of the small depositors and unsophisticated depositors at heart. If I had my way, the majority of members on the board would be acting in the interest of the public because it is their money that is at risk, not the bank's, the trust company's, or the government's. Therefore, those small depositors should be represented and CDIC should be the guardian of their interests.

Mr. Blenkarn: Mr. Speaker, I suggest that the Hon. Member for Regina East (Mr. de Jong) is confusing the problem. The finance committee believes there should be active involvement, with better inspection, supervisory and clean-up provisions associated with the CDIC. One of the recommendations of the national financial administration agency is that CDIC would be a fund of that agency. If we follow that recommendation, of course what he says is exactly the case.

However, he will appreciate that this Bill has nothing to do with that, but is essentially a temporary clean-up Bill to pump some money into the coffers of CDIC. It has nothing to do with addressing the real problems to which the Hon. Member alludes and with which I agree.

In view of the fact that this Bill is essentially a one-year clean-up Bill in order to put some money into CDIC and help pay some of the deficit that already exists and is increasing, why will he not agree to pass this Bill? Not only is it a short-term Bill, the passage of it alone puts the Government under the gun to take action quickly.

Mr. de Jong: Mr. Speaker, I recognize that the purpose of part of the Bill is to pump more money into CDIC. I indicated that we have no problem with that portion of the Bill. However, the Bill also addresses the question of the board of directors and that is where we have some difficulty, because in addition to increasing the premiums, the Government has opened the door to what type of direction CDIC will take in the future. Part of my criticism of this Bill is that it is not accompanied by other Bills which the Government has promised. For instance, we want to see the legislation that the Minister promised last fall.

Part of my criticism involves what is missing from the Bill, rather than its contents. I am concerned about the majority on the board being given to the private sector. I do not believe that the rules concerning conflict of interest are strict enough, or that public sector members of the board can send alternates. I do not like the fact that private sector members of the board can live most of their lives in the United States. Therefore, I am opposed to this Bill because of those several aspects which I do not like.