

THE SENATE

Wednesday, September 18, 1985

The Senate met at 2 p.m., the Speaker in the Chair.
Prayers.

THE SENATE

OMISSION FROM ATTENDANCE RECORD—QUESTION OF PRIVILEGE

Hon. Frederick W. Rowe: Honourable senators, I rise on a very small matter of privilege. I noticed in the *Minutes of the Proceedings of the Senate* for yesterday that my name is not listed on the attendance page. The fact is that I was here for almost the entire session yesterday. Perhaps the officials concerned would take the necessary action to remedy that omission.

QUESTION PERIOD

[English]

BANKING

COLLAPSE OF CANADIAN COMMERCIAL BANK

Hon. Allan J. MacEachen (Leader of the Opposition): Honourable senators, yesterday I indicated that I would have some questions for the Leader of the Government in the Senate with respect to the collapse of the Canadian Commercial Bank. Probably the best way to begin the questioning is to remind honourable senators that on March 29, on the recommendation of the Leader of the Government, we took steps to pass very quickly a bill with respect to the Canadian Commercial Bank. In the course of that debate we received assurances that the action taken would ensure the viability of that bank. On September 1, the Minister of State (Finance) announced the collapse of the Canadian Commercial Bank. My question to the Leader of the Government in the Senate is: What happened?

Hon. Duff Roblin (Leader of the Government): Honourable senators, I took the precaution of reading what I said in the Senate on March 29, and I am glad to say that my undertakings to the house were not as sweeping as some might suggest they were. I was careful to enter a caveat with respect to the opinions offered to us by the Inspector General of Banks and also with respect to the possibility of losses or recovering 100 per cent of the money advanced to the bank. In my mind, at any rate, I felt that we were running some risk, and I believe I notified the Senate of my opinion at the time. However, I admit quite freely that I recommended that the Senate pass

Bill C-37, which it ultimately did, to validate the measures proposed by the government with respect to the support of the bank.

At the present time, I do not think that I would like to embark on a lengthy discussion as to what happened to the bank in the intervening period. However, I think one can say by way of shorthand reference regarding assets that appeared to have a certain value at the time the bill was put through last March, when it came to the test in the market several months later that value proved to be greater than could be realized in the market and, while there are countless angles to this very important matter that would occur to people who are asking questions about it, I think probably that is the basic reason for the trouble; that the assets do not appear to be realizable at the value that was set on them at the time, which was approximately 50 per cent. It appears now that the value that will be realized will be somewhat less than that. Someone said 30 per cent, but I suspect no one will know until the entire matter has been cleared up.

There is, however, an investigation being made in the other place into all aspects of this matter, and I suspect that many of the points that concern honourable senators will be the subject of discussion in that chamber and in committee in the other place.

I am aware, of course, that we are the masters of our own agenda, so that what we do about it is something that is within the power and discretion of the Senate to decide.

Senator MacEachen: Honourable senators, it is true that the statements made by the Leader of the Government in the Senate at the time were not quite as dogmatic as the statements made by the Minister of State (Finance), who appeared before the committee and who answered direct questions. But surely the Leader of the Government will admit that he himself was quite wrong in his statements to the Senate on that occasion, when he said:

... all things being considered it seems to me to be the thing that we ought to do,

—namely, pass the bill—

and there seems to be a reasonable chance of the public treasury getting back all or at least a substantial portion of its financial contribution in due course.

So the Leader of the Government in the Senate at that time told us that not only was there a chance that the bank would continue as a viable institution but also that the public treasury would get back all or at least a portion of the money. Of course, he was wrong, and he has told us today that the reason he was wrong was that the assets had been improperly evaluated at the time the support package was put together. I ask