

Senator Di Nino: Honourable senators, when I spoke of the superintendent, I was referring to all the regulators across the country. In some instances, it involves not only the federal regulator but also the provincial regulator.

I am sure my friend reads all these reports. If he does, he will notice that in every one there is some comment or some admission, as was the case with Confederation Life, that plans for the dissolution or for solving the problems in that company were already being considered by the regulators of that particular institution some two years or so before it became public.

Honourable senators, I do not want to mention other companies, although I am sure that parliamentary privilege would offer me protection from being sued. In every failure that has occurred in this country, regulators have admitted fault of one form or another. We wrote an institution a letter two years ago telling them to cease and desist, otherwise their licence would be taken away. In the two years since that letter was written, huge losses have increased to mammoth losses.

The regulators had the power to save taxpayers' dollars in every case. If the honourable senator would like me to check my research and cite examples, I will find the specific instances.

I am sure the honourable senator will agree with me that in the cases involving reviews of failures that have happened in this country, the major ones in particular, there was knowledge within the regulating body that the institutions were in trouble. The regulators have a huge hammer and they can hold it over the head of the institution and tell it to either change or we will close you down.

I agree that maybe there should be some measure in the middle somewhere but, in the meantime, I can tell the honourable senator that, having been a vice-chairman of the Trust Company's Association for some 10 years, I was well aware of what was occurring. In some cases, we were contacted by the regulators asking for information to support some questions that they had. It was always in confidence, obviously. I had some knowledge of what was occurring.

Senator Stewart: Honourable senators, I do not doubt that the honourable senator has great knowledge. However, he is asking the Senate for support. His plea would be more persuasive if he gave more specifics. He has mentioned only one case.

With respect to Confederation Life, his argument is that the regulator had the knowledge and the power to effect a remedy, but lacked intestinal fortitude to use the power. Is that the case?

Senator Di Nino: Honourable senators, it was either that or political intervention, I do not know which.

Senator Stewart: Then it is one or the other?

Senator Di Nino: Yes. I am not sure which.

Senator Stewart: The situation developed before the election, so I do not know about political intervention. Let us set that aside. Thus, it was the lack of intestinal fortitude.

The honourable senator should be more precise if he wishes to gain support. I am not saying he should not receive it. I am suggesting that he try to make his case more convincing.

Senator Di Nino: Honourable senators, in the cases of the Canadian Commercial Bank fiasco and the Bank of Western Canada, in particular, there were public calls for action long before action was taken, regardless of which government finally took action.

In some cases regulators did not act, and in other cases governments forbade the regulators to act.

• (1540)

With respect to the majority of the failures of institutions that have occurred in this country, the losses would have been a lot less if action had been taken a lot faster. That is not to say that the failures could have been prevented. I suspect that it was a combination and/or a lack of action on the part of the regulators, or that the politicians did not have the guts to take those difficult actions.

Hon. Michael E. Meighen: Would the honourable senator accept a question from me with respect to this particular area? If my memory serves me correctly, the evidence was that the difficulty lay not so much in lack of administrative guts, financial guts, or political intervention, but because of the fact that there was no intermediary step. It was either close it down or let it carry on.

The natural tendency of any regulator, indeed of any politician — indeed of anyone concerned with the financial health of the sector — would be to hope against hope that a solution could be found, and that the institution would not go bankrupt. Consequently, it was that which led them to be loathe to intervene, since the only way to intervene was to close it down.

If, as the committee has suggested, there is an intermediate step whereby the regulator can intervene so as to effect an ongoing solution, then perhaps your concern would be met. Would the honourable senator agree with that?

Senator Di Nino: Honourable senators, I certainly agree, as I said in my remarks and in my response to Senator Stewart, that the powers can be enlarged. I say that with some care. One does not wish to get to the point where the regulators are running the businesses, because then you may as well not have a business. Having said that, there are certain things that can be done within the powers of the regulators.

However, that does not take away my main argument. Taxpayers' dollars are at stake. Hundreds, and in some cases thousands, of jobs are at stake. You cannot fool around with a serious problem. In particular, if you are part of an industry, you are probably aware before anyone else is that problems exist. The industry itself always hopes that some intervention will take place, not only to try to salvage what can be salvaged from a troubled company but also to try to salvage what can be salvaged in relation to the reputation of the industry. That reputation suffers every time one of these institutions goes under, whether it is a life company a bank or a trust company, or some other institution. The co-op movement and the credit unions had some difficult times some years back, and the whole industry suffered.