

## S.O. 21

Mr. Speaker, it is my humble opinion that vastly increasing the number of inspection offices is not going to enhance the quality of inspection itself. Hiring more staff is not necessarily going to improve the quality of inspection. Nor are we going to do that by establishing the CDIC's office in Toronto or Montreal or Halifax or Vancouver.

I would suggest that a whole series of questions comes to mind: What role are the external auditors expected to play? What kind of mandate will the deputy minister and the officials responsible for inspecting the institutions be given under the Government legislation? What kind of mandate will they be given by the Government? What kind of mandate will they give the external auditor so as to fulfil the various requirements to achieve adequate funding and sound management of the financial institutions, and to avoid bankruptcies such as we had last year in the case of the Northland Bank and the Canadian Commercial Bank, the two western financial institutions that went belly up and gobbled up millions of dollars of taxpayers' money?

Mr. Speaker, Bill C-86 will triple the premiums, and I have some questions pertaining to the idea behind this measure, for instance whether this might not be the quickest way to make up for the Canada Deposit Insurance Corporation deficit.

Pursuant to the Wyman report recommendations, increasing premiums in two stages and less drastically than what is being proposed here would have eliminated the Canadat Deposit Insurance Corporation by 1990.

In the realm of insurance I have no idea whether it is advisable to proceed so quickly to wipe out the deficit because, obviously, today's depositors will be expected to run risks incurred by yesterday's depositors who might well become tomorrow's depositors as well. This is why I find rather strange that the Government would choose to raise premiums without making any changes likely to improve the financial institution inspection system. Seen in this light the Bill amounts to nothing more than a band-aid operation which does not solve anything; all it does is guarantee additional funding.

The way I look at it, the Government is not proceeding with sufficient dispatch nor with enough sense of responsibility, given the many recommendations made and numerous reports drafted not only by members of the industry but also by observers and various interested parties that submitted briefs to the Standing Committee on Finance, Trade and Economic Affairs.

And then there is the other aspect of this Bill which more specifically relates to the make-up of the board of directors of the Canada Deposit Insurance Corporation.

In my opinion, Mr. Speaker, it is extremely dangerous that the possibility of conflict of interests be included in the Bill as a matter of principle. In other words, just imagine the turn of events had the Canada Deposit Insurance Corporation been governed by Bill C-86 and listed the president of the Canadian Commercial Bank or of the Northland Bank on its board of

directors! I think this amounts to putting people in an unacceptable conflict of interests position. In this sense Bill C-86 leaves the door wide open for that eventuality since it provides that the board should include people from the industry. True enough, in her remarks the Minister did seem to indicate she would give preference to competent people who have retired and are no longer tied in with a financial institution as such. Should that turn out to be the case, then of course my remarks may not be quite as relevant. However, in its present form, the Bill allows the Government to appoint to the Board of the CDIC people who might one day have to make decisions about their own financial institutions.

This is why we believe that Bill C-86 was prepared too hastily and that it does not meet the expectations of the financial institutions, of consumer groups, of the depositors, and of the Members on this side of the House. This is why, while we may agree with the principle of the Bill, it will be agreed to on division. What we have to point out is the inability of the Government, the Minister of Finance (Mr. Wilson) and the Minister of State (Finance) (Mrs. McDougall) to settle a matter which has been dragging on for months and on which there have been all kinds of reports.

Mr. Speaker, it should also be pointed out that there is a relation between the ownership of financial institutions and the way that Bill C-86 will protect consumers. I think that it is about time for the Government to make up its mind and to present much more comprehensive legislation than Bill C-86, which provides only a temporary solution, over a period of one year, to a financial problem which deserves much more attention than that.

**The Acting Speaker (Mr. Charest):** Order, please. It being one o'clock, I do now leave the chair until two o'clock this day.

At one p.m. the House took recess.

## AFTER RECESS

The House resumed at 2 p.m.

## STATEMENTS PURSUANT TO S.O. 21

[English]

## TRADE

U.S. TARIFF ON CANADIAN CEDAR SHAKES AND SHINGLES—  
GOVERNMENT RESPONSE

**Hon. Chas. L. Caccia (Davenport):** Mr. Speaker, 10 days ago, when the U.S. announced a 35 per cent tariff on shakes and shingles, threatening 4,000 jobs in British Columbia, the Prime Minister (Mr. Mulroney) and his Secretary of State for External Affairs (Mr. Clark) huffed and puffed, sent off a telex to President Reagan, threatened retaliation, and talked about a range of economic responses if the U.S. would not back off. Then the Government talked about compensation by