

Financial Institutions

Company, and Pitts Insurance Company. I will not take up the time of the House to continue reading the list. However, basically since the Conservatives formed the Government of Canada, we have seen the collapse of a whole series of financial institutions. I do not want to suggest for a moment that it was only because of the election of the Conservative Party to form the Government of Canada, but I will say that it was a factor.

The need to move with some haste or some expedition in terms of reregulating or updating the regulations attached to Canadian financial institutions was focused on the \$1 billion bank bail-out bungle perpetuated by various government Members. It was a financial mess.

Those who must bear some of the responsibility include the management of the banks in the whole matter of the bank-gate affair, when they tried to cover up the errors they had made as senior financial managers in both the Canadian Commercial Bank and the Northland Bank. Then of course outside auditors were involved—the Clarkson Gordon team, the Peat Marwick team, and the Thorne Riddell team—for not ringing the alarm bells when they should have. If they were living up to their professional responsibility, they should have said to the shareholders and the depositors that those two banks were in serious trouble. However, they too were part of a giant cover-up.

Then the Governor of the Bank of Canada told people not to worry, that the Canadian Commercial Bank was a secure bank. He told depositors to have no fear, and of course he should have known better. The Inspector General of Banks also misled, I suspect inadvertently, the people of Canada by saying that his team had been in there looking at the banks, and of course he had not. He had overlooked that and in a sense misled the shareholders, the depositors, and those doing business with those two banks, to say nothing of the then Minister of State for Finance and the Minister of Finance (Mr. Wilson) who repeatedly stood in the House of Commons as senior representatives of the Government, sending out a false message to the people of Canada, particularly the shareholders, the depositors, and those doing business with the two banks. They said: "Everything is fine, don't worry, have confidence in us". Big deal, we know what happened when the whole thing collapsed.

Of course with them went thousands of small businesses in western Canada and a concern for the shareholders, to say nothing of those people who were wondering what would happen to their deposits.

Even the six chief executive officers of the six major Canadian banks were caught up in this misrepresentation of the facts. They were brought in at the eleventh hour. They did not realize that the two banks, for all intents and purposes, were brain dead and could no longer survive. They did not know that the two banks required artificial intensive care just to keep them going in a very artificial way for some time. They should have known, but they listened to the Minister of

Finance, the Minister of State for Finance, the Governor of the Bank of Canada, and the Inspector General of Banks. They had faith in these people, but of course we know now that that faith was misplaced.

Then along came the Estey Commission which proved conclusively that the failure of the two banks had nothing to do with economic conditions in western Canada. It was a popular myth at the time to say that there were difficult economic times and therefore the two banks collapsed. We were reminded of many other financial institutions which did not collapse in western Canada; they in fact remained strong and viable. It is true that they had difficult times, but they did not collapse.

● (1430)

Judge Estey of that inquiry pointed out clearly that it was the management or, more appropriately, the mismanagement of those financial institutions that made the whole set of errors, errors upon errors upon errors, made by people who had failed to do their jobs adequately. While no one person or one group of people can be targeted as being the cause of the problem, it was indeed the system. Today we are trying to improve the system.

We have made some progress in improving the system. As my colleague, the Hon. Member for Ottawa Centre (Mr. Cassidy), indicated, we are supporting parts of this legislation, but other parts we have difficulty with. The critical part of Bill C-42 responds to Estey in the creation of the office of the Superintendent of Financial Institutions. This mega-office will provide an overview of financial institutions in the country. This office will consolidate the function of the present Inspector General of Banks and the Superintendent of Insurance. The superintendent of this new office will be responsible for the administration of statutes, the execution of supervisory actions in the assessment of solvency and will be answerable, of course, to the Minister of Finance.

I will not take up any more time of the House in an effort to facilitate the passage of this Bill, but we oppose this Bill primarily for the reason that it fails, in our estimation, to deal adequately with deposit insurance. While we hold to the policy of ensuring deposits over \$60,000, as long as this Government is in power the depositors know that regardless of what happens, it will move in with whatever amount of taxpayers' money is necessary, whether it is half a billion dollars, a billion or a couple of billion dollars. But there is no money for decent day care facilities, no money to provide venture capital for small business and no money to support fishermen and farmers. When it came to bailing out the uninsured depositors, made up almost exclusively of foreign banks, the Bank of Japan, Wells Fargo, the Bank of Kuwait, the Dubai National Bank—and we can go on, along came the Government of Canada, using taxpayers' money, and bailed them out.

We do not have confidence in the present Government to have faith in the present deposit insurance changes. More