

*Oral Questions*

assure him that the survey from which I quoted referred to small business, the increase of jobs and the outlook and potential for jobs in small business. That is where the upturn will come; that is where it is predicted. In that area the Conference Board may not be quite accurate.

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● (1420)

**BANKS AND BANKING**

## CANADIAN COMMERCIAL BANK—ASSETS OF PENSION FUNDS

**Hon. Donald J. Johnston (Saint-Henri-Westmount):** Mr. Speaker, on the subject of jobs, if this Government can match the record of the previous Liberal Government, it will go down in the annals of history as being one of the great Governments of this country.

My question is for the Minister of State for Finance. Reports are that there are major pension funds, Air Canada, CN, the Alberta Teachers' Union Retirement Fund, the Manitoba Retirement Fund, that are shareholders of the Canadian Commercial Bank. Those assets will be substantially diminished by reason of the negligence of the Government in not monitoring the circumstances of that bank back in September when it first learned of them. What is the Government going to do to ensure that the assets of those pension funds, the assets of thousands and thousands of working men and women, and retired Canadians are protected?

**Hon. Barbara McDougall (Minister of State (Finance)):** Mr. Speaker, we took very decisive action on the weekend in co-operation with two provinces and six chartered banks to ensure that the assets in those banks and the viability of that bank to produce key growth in western Canada will continue. That is exactly the kind of action we have taken.

## PENSION FUNDS' SHAREHOLDINGS

**Hon. Donald J. Johnston (Saint-Henri-Westmount):** Mr. Speaker, perhaps I did not explain the point very well.

**Some Hon. Members:** Hear, hear!

**Mr. Johnston:** Mr. Speaker, I appreciate any applause I get. The point is that these pension funds hold shares in the bank. Under the proposal, those shares would be substantially diluted. That means that millions and millions of dollars will be lost to those pension funds which looked to this Government to ensure that the bank would never find itself in such circumstances. What protection are those pension funds, as shareholders, not as depositors, going to receive from the Government?

**Hon. Barbara McDougall (Minister of State (Finance)):** Mr. Speaker, I am glad to see that the Hon. Member is wearing his name tag today. We had a number of concerns that went into our decision in combination with other partners in dealing with this bank. Our first concern was for the small

businesses that are the borrowers of this bank. The second concern was for the depositors of the bank. We are also concerned about the people who hold assets in that bank in the form of shares. We had our first concern and our priorities straight.

## PROTECTION OF BANKING INTERESTS

**Mr. Ian Deans (Hamilton Mountain):** Mr. Speaker, my question is also for the Minister of State for Finance. Yesterday we learned that the Government of Canada, either directly or through the Canada Development Insurance Corporation, is prepared to put up something in the order of \$135 million to attempt to save the Canadian Commercial Bank. Overnight we discovered that the major Canadian banks, together with a number of foreign banks, had deposits with the Canadian Commercial Bank to the amount of \$150 million. Why did the Government move to protect those banking interests by directly expending taxpayers' money, rather than by pursuing the practice that has been followed since 1920 of forcing either a rationalization or a merger among the banks, in order to protect what is in fact the single most profitable banking system in the world?

**Hon. Barbara McDougall (Minister of State (Finance)):** Mr. Speaker, in addition to the deposits from other financial institutions, there are deposits of a number of small business people in the Province of Alberta, and ordinary Canadians. We did not move to save the bank. The Hon. Member should know that we moved to save the borrowers and the depositors of that bank.

## RATIONALIZATION PROPOSAL

**Mr. Ian Deans (Hamilton Mountain):** Mr. Speaker, the Minister knows full well that the majority of depositors in that bank would have been protected up to \$60,000 under the CDIC. Why did the Government not take the steps that have up until now proved to be effective and required of the banking community which, as I said before is the most profitable in the world—do what it has done in the past and come forward with a rationalization or a merger program in order to protect both the Commercial Bank and the depositors as well as those who have pension funds in that bank?

**Hon. Barbara McDougall (Minister of State (Finance)):** Mr. Speaker, I find it difficult to understand why, when you come forward with information and facts in this House, that is when the Opposition is at its most confused. I repeat, in the process of coming forward with a very responsible solution to this difficulty, we considered a number of alternatives and discussed them with the Province of Alberta and discussed them with the banks. We came forward with the most responsible solution that was available.