

Depositors Compensation

However, Mr. Speaker, if the Hon. Member for Longueuil (Mr. Leblanc) had taken the time to read the statement made by the Minister of State (Finance) (Mrs. McDougall) in this House on March 25th, certainly he would have changed his speech, because according to a Member of this Conservative Government the Canadian Commercial Bank's difficulties were due: "to the Canadian Commercial Bank's operations in the United States and the losses incurred in the United States by that bank".

Moreover, for the benefit of the Hon. Member for Longueuil, I am going to quote what the Minister, a Conservative Minister in his Government, had to say in this House, and since I have the English text, he will allow me to read it in English. Mrs. McDougall had this to say:

● (1550)

[English]

The bank recently experienced a sharp deterioration in its U.S. loan portfolio, particularly as a result of lower oil prices. This situation significantly depressed the value of the Canadian Commercial Bank loan portfolio.

[Translation]

If I understand correctly the comments made by the Minister on March 25, 1985, when she announced that the Canadian Commercial Bank was having difficulties, I believe these were in the nature of the difficulties known to exist in the United States rather than difficulties facing the Canadian economy in western Canada. For sure, if the Minister who is now on the spot wants to change the speech she made on March 25, she will give us the reasons. But one thing is certain. If the Hon. Member for Longueuil (Mr. Leblanc) had read that statement made by his colleague, a Minister of his Government, he would not have made such comments.

Mr. Speaker, when dealing with Bill C-79 I have the feeling I am taking part in a demolition project, the demolition of two financial institutions, and the demolition of something which was certainly part of the pride shared by Canadians living in the Prairies and Western Canada. Because this Bill is the death sentence passed on two financial institutions, two regional banks which operated in Western Canada, even though they had operations elsewhere in this country.

What the Government is proposing is using the taxpayers' money to actually cover that part of the assets of those two banks which was in trouble. It is clear to me, according to the statements we heard from Government Members, that the cost—it is not yet known and I will come back to this—will be based on the amount of bad loans and the ability of liquidators to get the best price possible for the assets. I will also come back to this later, and refer to the Hitchman Report which seems to indicate that the Government, faced with the options outlined by the expert, chose the one that was least recommended by Mr. Hitchman himself.

What this demolition project undertaken by Bill C-79 boils down to, is that the overall cost to the Government and its

agencies totals \$3.3 billion. In the case of the Northland Bank, it is first a sum of \$1.232 billion, which breaks down into \$414 million for uninsured deposits, \$318 million for insured deposits and a \$500 million advance from the Bank of Canada, for a total cost of \$1.232 billion with respect to just one bank.

In the case of the Canadian Commercial Bank, there will be an expenditure of \$2 billion, of which \$532 million will be for uninsured deposits, \$275 million for insured deposits and \$1.3 billion for the money advanced by the Bank of Canada, for a total of \$3.332 billion.

This is a substantial amount, and it will come either from the Government directly through this bill or from the Bank of Canada, which will try to recover its losses. Whatever amount the Bank of Canada succeeds in recovering will lower the amount that the Government can recover under Bill C-79, and whether we want it or not, there will also be the amounts paid by the CDIC, which will be passed on to consumers. Instead of being a tax to be paid at income tax time, this will be passed on as additional costs for banking operations throughout the system.

What will be the real cost of this operation? That is the question, Mr. Speaker. Until now, a figure of \$1 billion has been quoted. In other words, after the Government has recovered whatever it can, the net cost would be about \$1 billion. For those who have examined the Hitchman Report which was tabled this morning—and I am pleased that it has finally been made public after we had been asking for it such a long time—I can point out that this report states on page 6 that the necessary reserves for bad loans in the case of the Canadian Commercial Bank would be of \$1 billion. This is only for one bank. If the report is true, the cost will be \$1 billion for a single bank.

How much will it cost for the Northland Bank? We do not know yet, but apparently, it will certainly be around \$225 million, which means that the real cost to the Crown will not be \$1 billion as we had thought until now, but more like \$1.2 billion.

Mr. Speaker, we have asked the Minister of State for Finance and the Minister of Finance, who has the ultimate responsibility for the financial administration of this country, to provide clarification about the real cost of this operation. However, in her comments last Monday, the Minister of State for Finance candidly admitted that she had no real idea of the true cost to the taxpayers, but she certainly did not deny that this cost would exceed \$1 billion.

I do not want to go over the entire speech that I made in this House during the special debate on the Northland Bank which the Chair granted to us some days ago, more specifically last week, I believe. At that time, we thought that the Minister would rise to inform us about what was happening to the second bank facing financial problems. However, nothing happened; the Minister spoke for about 20 minutes, and during all that time, she succeeded in evading the issue completely and