

Canadian Commercial Bank

an National Railway Pension Fund, North West Trust Co., the Alberta Teachers' Retirement Fund, the Alberta Government Telephone Employees' Pension and Death Benefit Fund, the Air Canada Pension Trust Fund and the Manitoba Teachers' Retirement Fund.

Obviously those interests had to be protected and in fact, under this arrangement, the shareholders will take substantial losses. There will be a considerable dilution of their funds, but obviously it is still a better situation for them than failure of the Bank. I note that under the Memorandum of Agreement, the shareholders are required to approve the arrangement that is made.

Having said that, I do not wish to imply that our agreement to go ahead with the Bill today and tomorrow means that we approve of the way the Government has handled the entire matter. Let us understand what we have agreed to here and just how it departs from usual procedure. It is not unusual for the House to agree to pass a Bill through all stages in one or two days, particularly if there is a clear imperative to do so. In this case, however, we are dealing not only with a Bill but with a Memorandum of Agreement which was tabled only this afternoon.

The Bill contains the bare bones of the rescue operation announced by the Minister earlier this week. However, according to our rules, we can only debate what is contained within the Bill. The Memorandum of Agreement which was tabled only one hour ago contains the bulk of the information pertaining to the rescue operation, so even if the Chair allows considerable latitude in questioning during Committee of the Whole, we will still end by passing this Bill without having had a full opportunity to debate the contents of the Memorandum of Agreement.

Our opportunity to examine carefully what it involved in the Memorandum of Agreement and the entire history of the Government's actions over a period of a year or more since the Bank has been known to be in difficulty will come after the Bill is passed, when the Memorandum of Agreement will be referred to the Standing Committee on Finance, Trade and Economic Affairs. Although we will have an opportunity to get answers to the questions Members have been raising in the House this week, some of those answers will come after the fact. That is not a satisfactory way of proceeding, but we agreed to it because of the importance of maintaining faith and confidence in our financial institutions and because of the need to give some answers and some order and predictability to those pension-fund managers and their many anxious clients.

When Conservative Members were in opposition, they opposed vigorously all attempts at bail-outs. Those of us who were here will remember some very bitter debates in the House and very firm statements were made indicating that a troubled industry should get itself out of its trouble and not have taxpayers' money spent on it. In this case, a bank, of course, is in a particularly sensitive situation as compared to a manufacturing industry, and this is why we will not throw Conservative

Members' fine words back at them. However, we do have some questions to ask.

Regional banks have not had an unlimited success rate in Canada, but on two previous occasions when two regional banks were in difficulty, they were absorbed by larger, established eastern banks. The assets of this particular Bank are, I believe, less than 2 per cent of the assets of the entire banking industry, and one naturally questions why the banks are not putting more into this support package. The banks are contributing \$60 million, the Government of Canada is contributing \$60 million, and the Alberta Government is contributing \$60 million. It is totally unprecedented for the Government to rescue a bank in this country; the banks have always done it themselves. We would like to know more about the history of this matter and we must hope that this decision has not been made because the Alberta Government did not wish to see its assets controlled by an eastern bank.

The amount of public money that is going into rescuing this Bank is very substantial. It is being put in interest free and it may be a very long time coming back. The terms of the agreement require that up to 50 per cent of pre-tax income is required to go into paying off the debts, if I understand correctly, and the question must be asked whether or not this is a reasonable expectation. Will a bank that is already in difficulty have the kind of cash flow that will permit it to make those payments or will we be waiting for a very long time to get that money back?

We have heard different statements in the House about the dates on which the Government became aware of the fact that the Bank was in difficulty. The first date that was given us was in March, just a couple of weeks ago, and I gather that that was the date on which the Inspector General of Banks indicated that the situation needed immediate action. Later, in response to a question, the Minister of Finance (Mr. Wilson) said that the Inspector General of Banks had consulted with him last September. I understand that some of the American regulatory authorities have been in touch with the Minister of Finance because of their concerns about Northlands Bank in California, a bank which is connected to the Canadian Commercial Bank.

Hopefully, before we pass this Bill tomorrow and if not, although less desirably, during the course of the Finance Committee hearings, we would like to know exactly what the sequence of events was and how seriously attempts were made to get the banks themselves to rescue this particular Bank before this amount of public money was committed. The Minister, in all of her statements, has rightly emphasized the bad effects on the economy if uncertainty were left hanging regarding this Bank. We have already seen some of the results. We have seen the shares in the Bank drop. We have seen also, when the rescue was announced, slight measures of security taken. No one would want to leave this matter hanging for very long as the effects on our dollar and many other Canadian financial transactions would be undesirable.

We all agree that the Bank had to be rescued, but our concern is whether, before the Government provided that