

Canada Deposit Insurance Corporation Act

We know how inadequate they were in protecting the depositors when these institutions were forced into bankruptcy.

Mr. Deans: Pitiful.

Mr. Orlikow: Yes, it was. According to the current chairman of the corporation, Ronald McKinlay, the directors participated in the federal Government attempt to rescue the Canadian Commercial Bank. The CDIC was authorized by the directors to make available \$75 million worth of effort. However, when the officials were asked whether a representative of the corporation was present for the decision-making, the reply was that there was no one there. What kind of regulatory agency is that? The Wyman committee was of the opinion that the CDIC should have a greater degree of independence than it currently enjoys. Decisions of the board of directors should be made with the interest of the corporation in the forefront, rather than the interest that the board members may have outside of the corporation. There should be no inference of any conflict of interest as one might find when examining the decision to involve the corporation in the March bail-out of the CCB. That decision was made by whom? By the Inspector General of Banks. It was approved by the head of the Bank of Canada, Mr. Bouey, although later he made it very clear that he really did not have the information he should have had before being involved. It was, to say the least, far from a realistic and careful decision.

Mr. Deans: It was slipshod.

Mr. Orlikow: It certainly was. Last September the Minister of State for Finance (Mrs. McDougall) assured members of the Standing Committee on Finance and Economic Affairs that the private sector members would not be permitted to be associated with a single member institution. The background document released by the Department of Finance on September 1, 1985, provided the same assurance. Yet there does not appear in this Bill to be any such restriction. The only stipulation in the Wyman Report was that the board members should not be "active in the industry". That is not satisfactory to us.

In conclusion let me deal with several other matters. The Wyman committee was of the view that the primary objective of the CDIC required a fundamental realignment. Not only should it insure small, unsophisticated depositors against loss, it should more prudently administer the deposit insurance fund. Increased private sector participation in the CDIC is perceived as the most appropriate means by which to accomplish that. I have to say on behalf of, I suppose, 98 per cent of my constituents who put their money into a trust company or bank that, despite the suggestions by some people in financial institutions or what one reads in the financial pages of *The Globe and Mail* or *The Financial Post*, they, my constituents, do not have the ability, background, education or sophistication to be able to choose among financial institutions.

Mr. Deans: Most Members of Parliament, too.

Mr. Orlikow: Yes, they are in the same boat. Speaking for myself, I am certainly not competent to do it. If I put my savings into a bank, I assume the bank is operating so efficiently that I am not going to lose my money. We are very much opposed to the suggestion that somehow the depositors should have to pick and choose which institutions are soundly managed. That is pushing the idea of the free enterprise system far beyond where it ought to go.

Mr. Deans: *Caveat emptor*.

Mr. Orlikow: Yes, *caveat emptor*. That would not work for most people in this country.

While this Bill seeks to increase the control the private sector has over this regulatory body, there is no corresponding increase in the specific obligations of the corporation. For example, there is no emphasis placed on the corporation's responsibility to inform its member institutions as to what is and what is not insured. Remember that Saskatchewan trust company which was liquidated. It was telling its customers that their deposits were guaranteed by the CDIC when they were not. Not only was that institution making more than a major mistake, it was making a fraudulent claim, but the CDIC was remiss in not ensuring that its name was not used in that way.

Mr. Deans: It did nothing.

Mr. Orlikow: It did nothing about it. The CDIC's legal counsel said that, whether or not there was a legal obligation on the part of the Crown corporation, he knew of none under the Act. If that is true, and I am sure it is, then there is something very seriously wrong with this Act, indeed with all the legislation. While we are going to let this Bill go through at this stage, I want to warn the Minister that when she brings forward the promised legislation to deal with the whole question of the responsibilities of financial institutions, we will be examining the proposals with a very, very careful eye.

[Translation]

Mr. Jean-Robert Gauthier (Ottawa—Vanier): Mr. Speaker, I merely have a few very brief comments to make in order to explain our position on that vote. We do not feel the Government acted promptly on this matter. It is unusual in my view for a Government to legislate retroactively, and I would urge my Progressive Conservative colleagues opposite to look back at the history of their own party. They consistently fought retroactive measures in this House for a long time. One has to be reasonable and try to understand the situation. In my view, the Government should realize that retroactive legislation is something wrong, as I think most Members in this House will agree.

If this was urgent on February 5, when the Committee reported to this House, at that point they should have asked the House to pass the legislation post haste, instead of presenting us with a measure which, unlike most pieces of legislation,