

Canadian Commercial Bank

Mr. Gray (Windsor West): Mr. Chairman, the Minister has suggested that giving the full details of the problem loans—the amounts, the names of the borrowers and so on—may create a problem. I presume she is referring to the secrecy provisions of the Bank Act. I would like to know whether any of that information would otherwise be available under U.S. law—the U.S. securities law, the U.S. banking law or the access to information law. If that is the case, I trust that the Minister will not hide behind our law in not disclosing that information.

Mrs. McDougall: Mr. Chairman, I would be happy to explore that. Our understanding is that in both countries common law protects the public under those circumstances. Indeed, if there is a difficulty with that we will have further discussions on it.

Mr. Gray (Windsor West): Mr. Chairman, I would like to return to the matter of problem loans. There is something about the whole aspect of problem loans in the United States oil sector which I find puzzling. The Government has said over and over again that the national energy policy created difficulties for the oil and gas sector in Canada. Yet the loans which got the company into difficulty were loans that were made to the oil sector in the United States. As far as I know, the United States does not have a national energy policy. In fact, when the Government was in opposition it always pointed to the American policy on energy as a model which we should follow. Can she explain how it was that the loans which tipped the balance and precipitated this very unusual bail-out situation were in the oil sector of the United States?

Mrs. McDougall: Mr. Chairman, with respect to the financial institutions within Canada, if we look at any economic statistics we will see that western Canada has faced a considerable amount of difficulty over the last three or four years. That difficulty resulted in part because investment capital left the country as the energy business declined. As well, some Canadian capital left. That situation was not unique to western Canada, but it was certainly endemic there, and some of the later prosperity in the oil industry in the United States was not shared in western Canada.

I do not think I have ever stated that the fact oil prices are now declining, and drilling activity in California is on the decline, had anything to do with the national energy policy. The point is, there was a period when the industry was profitable and the United States was benefiting but our industry was not.

Mr. Gray (Windsor West): Mr. Chairman, the Minister has made my point, which is that there can be problems in the oil sector quite apart from the national energy policy. That was proven by what happened in the United States. The argument of her Party is that outside Government and inside Government there is some type of ongoing nirvana in the energy sector in the United States because it did not and does not have a national energy program. Yet the loans which got this Bank into trouble were loans made to the oil sector in the United States.

In the Minister's press release of March 25, she indicated that if those loans had been made to the oil sector in a country where there was no equivalent national energy policy and had not gone bad, we would be doing something else today. The French version of her press release of March 25 reads as follows:

[Translation]

The support program is designed to provide the Canadian Commercial Bank with enough funds to maintain its solvency, following a recent and serious deterioration in its loan portfolio in the United States.

[English]

It was explained that this was particularly in reference to loans in the oil sector in the United States. I want to put on the record that the type of energy policy which is followed by the United States has certainly not prevented a decline in that sector which led to the loans made by the Canadian Commercial Bank going bad, and that in large part precipitated this bail-out situation.

Mrs. McDougall: Mr. Chairman, if the energy industry in Canada had participated in that more profitable time in the early 1980s after the national energy policy, which triggered an earlier decline in the oil industry in Canada than in the United States, then perhaps the Bank would have been stronger and have had the resources to absorb its other losses. I do not particularly want to carry on this argument all afternoon, but I would be happy to do so if the Hon. Member wants to pursue it.

Mr. Cassidy: Mr. Chairman, I have just begun to focus on this particular question. Frankly, I am appalled at what the Government of Canada is doing in terms of rushing in to rescue this particular private enterprise, particularly in view of the many statements which were made by members of the Conservative Party before they assumed government. When Conservative Members were in opposition, they criticized the bail-out of losers in other sectors, particularly in the industrial sector. I am also appalled at the double standard which is being applied here.

Perhaps I could begin by asking the Minister whether any similar type of terms, in terms of a rescue, will be made available to any western Canadian companies which were put into bankruptcy by the action of the Canadian Commercial Bank in the last two or three years by calling in its loans.

Mrs. McDougall: Mr. Chairman, I have tried to explain to the House that this solution was arrived at because, in the judgment of knowledgeable people—including the Governor of the Bank of Canada, a group of six chartered banks, the Inspector General and the Province of Alberta—the Bank would have been a viable operation if the capital was provided to resolve its loans problems. I have looked at the situation and I believe we came up with a solution which was in the interests of the small business community of western Canada. If we had liquidated the Bank, those people would be in enormous difficulty today. I believe we looked at the operation in a fairly