

*Financial Institutions*

Not only would such a measure protect the consumers, making them aware of the risks they are taking, but it would also help to give education to the consumer about the type of obligations that financial institutions are under. It would show consumers that they are not just faceless, soulless types of institutions in which one puts one's money thinking it will be safe for ever and ever. It would show people that there are certain types of activities that take place that put some investments at risk. This is a good resolution.

● (1710)

I hope Members of the House will support the motion. I know members of my Party will support it. It is one way of helping ordinary Canadians become better informed about the type of society in which they are living, and what financial institutions can and cannot do for them. Therefore, they will be much more cautious in the investments that they make and feel much more secure about it.

**Mr. Murray Dorin (Edmonton West):** Madam Speaker, I have a strong interest in the matter raised by the Hon. Member for Kamloops—Shuswap (Mr. Riis). As a member of the Finance Committee I participated in our investigation into the situation of the Canadian Commercial and Northland Banks. I also participated with that committee in our study of the regulation of financial institutions. Approximately two years ago we issued a report which included major recommendations in that area. Subsequently the Government has moved in a legislative sense on most of those recommendations, not always completely in agreement, but addressing all the areas of concern.

One of the problems is that the federal Government does not have complete jurisdiction in this area. Essentially, this motion is suggesting that the Government should consider the advisability of co-operating with the provinces. There has never been any lack of intent to co-operate with the provinces in achieving the intent of this motion. The Minister of State for Finance (Mr. Hockin) has been attempting to do that. I suppose that is one of the difficulties of the federal system, but it is heightened in a system where people do not necessarily know under what rules the institution may be operating.

In large measure the motion has been triggered by the collapse of the Principal Group, with which I am familiar because it is resident in my own city. I might mention that none of the 127 companies associated with the Principal Group were federally registered. In fact, only one company, Principal Savings and Trust, was CDIC insured. I would suggest that if the Principal Group had been federally registered, none of those problems would have occurred, because in large measure those problems were the result of or compounded by what is referred to as "self-dealing" which are transactions between related companies. Many of those transactions would not have been allowed under the proposals put forward by the Finance Committee in the new legislation, or even under the existing legislation.

When the CCB and the Northland Bank collapsed, the federal Government paid insured depositors, as was required under the CDIC Act, and it also acted to reimburse insured depositors for two reasons. One, it felt there was an element of fairness required to reimburse those people. The Government had indicated that it wanted to see those banks continue, and that it wanted to play a part. Therefore, to some degree the Government was a partner in continuing those institutions prior to their collapse. Second, in paying out more than \$1 billion to uninsured depositors, the federal Government recognized that at that time the economy of western Canada, particularly Alberta, could not stand the blow of losing \$1 billion.

One of the dichotomies of this is that the Party, and the Member who proposed this motion, was one of the leading critics of the federal Government acting to reimburse a billion dollars or more of uninsured deposits. I read in an article in *The Globe and Mail* of March 1 that the Hon. Member is suggesting that this rule should be put in place to protect uninsured depositors, and that the CDIC Act should be amended to cover investments not backed by any form of government insurance. These include deposits of more than \$60,000, foreign currency deposits, deposits with a term of maturity of more than five years, and about \$3.5 billion in deposits placed with investment dealers. It behooves me to understand why day after day that Party, and the Member in particular, criticized the Government for reimbursing uninsured depositors, and now as part of this motion the Hon. Member is suggesting that it should be an every day practice.

Notwithstanding the desirability of that motion making the Government liable for every type of investment that people might make, which is obviously impractical, in a large measure we must consider that the Hon. Member is talking about areas that fall completely under provincial jurisdiction, for example, the \$3.5 billion in deposits placed with investment dealers. As we know, those fall virtually under provincial jurisdiction. To suggest that the federal Government should take responsibility for insuring people who place their money with investment dealers or stockbrokers is a questionable strategy and one that I find a little strange coming from a member of the New Democratic Party.

All of us in the House believe in the concept of deposit insurance. I question that we want to insure everyone against all potential losses. The current existing deposit insurance of \$60,000 protects very small investors. Those persons with greater than \$60,000 in assets should have some responsibility for looking after their own affairs.

On the question of having people sign for an uninsured deposit, where the deposit is placed with what would normally be regarded as a deposit-taking institution such as a trust company, that is a reasonably and possibly effective method of consumer protection. Many of the problems that have arisen have arisen with quasi-financial institutions. The problem and the difficulty would be to define what is a legitimate deposit-taking institution. Is a lawyer who receives \$50,000 from each