

Last summer we heard evidence from spokesmen for most banks, trust and insurance companies to launch a basic reform to avoid the reoccurrence of such incidents in the future.

Our only regret—and there is nothing we could do about it—is that we did not come into office a year sooner, for we certainly would have been able to avoid the shutdown of the two Canadian banks which are now the subject matter of this Bill. As a result of those policies, both banks—the Canadian Commercial Bank and the Northland Bank—had to cope with all kinds of problems. Unemployment increased, the market value of real estate declined, and the special nature of mortgage legislation resulted in those two institutions finding themselves stuck with boxes full of keys to houses on which they held mortgages. Homeowners were no longer able to meet their obligations. In turn the banks were unable to meet theirs.

That sums up the reasons which explain how Western Canada found itself in the midst of an economic crisis. Since we are a national Government we have to lend a hand to a region of our country, Western Canada, which finds itself in dire straits. Our duty is to help that region solve the problems it is facing. More than that, we have to assess the consequences of our action if we were to refuse to help the depositors of those two financial institutions which are now in the process of being liquidated.

Private individuals had deposits of about \$27 million in the two banks, and I would suggest we cannot let them fend for themselves because there are too many of them. Nor can we forget the unions and their deposits of about \$7 million. As we all know union funds come mostly from low wage workers. Are we going to ignore all those small depositors?

The problem is the same when it comes to municipalities: if we do nothing about their deposits we will be asking small depositors, people who must pay taxes on their homes, to bear the brunt of this whole affair, and we are talking about roughly \$82 million.

Credit unions are in the same predicament. Religious organizations stand to lose close to \$22 million. If one remembers that the money was collected cent by cent, one can imagine just how many people are involved. We cannot ignore those organizations for the sake of \$22 million and it is imperative that we continue to protect them. Pension funds and small businessmen account for an additional \$6 million, so all told we are looking at about \$230 million which directly affect individuals in a relatively small region.

What, then, would be the cost of the measures the government would have to take in this area if we did not compensate them now? It would have to help them directly or indirectly through various social schemes, including unemployment insurance and welfare programs, which would probably cost a lot more than what we are giving now.

We can imagine what loss in income tax the government would incur if we abandoned these people to their own

### *Depositors Compensation*

resources, for small businesses would probably have to close and the Government would lose major fiscal revenues; \$230 million for those who have adhered to our bailout package, that is very little.

In other words, what would be the price we would have to pay to rebuild this region which is the most severely affected by these bank failures and to ensure the economic future of its people?

The \$875 million provided for under this Bill is certainly a large amount of money, but it is not much in term of helping these people to operate in a recovering economy. The economic policies implemented by our Government over the past few months have already made possible the creation of some 284,000 jobs; what is more, a large number of foreign corporations which have confidence in our economy are currently negotiating possible investments in Canada, which should create hundreds of thousands new jobs in this country. Also we should not forget that our policies for the past year only have reduced unemployment by 1.5 per cent to restore the steadiest climate since 1971: bank rates have been greatly reduced, automobile plants have increased their production by 23 per cent, construction has increased by 17 per cent. And if we specifically refer to the West, oil drilling companies have increased their operations by 19 per cent.

It was for all those reasons that I mentioned a while ago that if we had had the opportunity to come to power a year earlier, we would not have experienced all those consequences. We do not want to bail out the bank or the financial institution as suggested by the Opposition. They alter the facts. It is far more dramatic not to compensate the small businessmen and the ordinary Canadians who have so painfully saved.

We may not be happy today to have to pay out such a sum. However, we have to do so to protect and maintain the parliamentary spirit. It is due to the irresponsibility of the previous government that we have to pay and Canadians know it, they are not easily deceived. They know that we are paying for the administrative mistakes of the team now sitting opposite.

For those reasons, Mr. Speaker, I support this Bill as a responsible parliamentarian and all parliamentarians either on the Government side or in the Opposition should do likewise.

**Mr. Deputy Speaker:** Order. Are there comments or questions on the Hon. Member's speech? If not, we will resume debate with the Hon. Member for Laval-des-Rapides (Mr. Garneau).

**Mr. Raymond Garneau (Laval-des-Rapides):** Mr. Speaker, I heard the comments made by the Hon. Member who spoke before me. He referred to the reasons why the Government stepped in and introduced this legislation. And like all Conservative Members, he was anxious to put the blame on the previous Government.