

## S.O. 31

**Mr. Blenkarn:** The Hon. Member for Kamloops-Shuswap (Mr. Riis) knows that. He and his Party proposed this motion. It has to do with the Northland Bank. It has to do, then, with information to do with the Northland Bank—

**Mr. Gauthier:** Tell the Minister that.

**Mr. Blenkarn:** —and with administration of banks and the inspection of banks. I say to you, Mr. Speaker, that any reference to the Canadian Commercial Bank is totally out of order.

**The Acting Speaker (Mr. Charest):** I think the Hon. Member for Mississauga South (Mr. Blenkarn) did make his point. In his last phrase the Hon. Member for Kamloops-Shuswap (Mr. Riis) did refer specifically to the Canadian Commercial Bank. I would like to remind all Hon. Members of the House, in case there may be any confusion, because it would be quite—

**Mr. Gauthier:** How about the Minister?

**The Acting Speaker (Mr. Charest):** Order, please. It is quite easy to confuse the two issues but the motion is on the Northland Bank.

The Hon. Member for Kamloops-Shuswap.

**Mr. Riis:** Thank you, Mr. Speaker. The point I was getting to before I was rudely interrupted by the Hon. Member for Mississauga South (Mr. Blenkarn) was that the reason there is a problem with the Northland Bank today is because the Government mismanaged, mishandled and misdealt with the Canadian Commercial Bank. Had the Government dealt with that bank failure appropriately from the beginning, the Leader of my Party would not have called for an emergency debate.

● (2100)

The President of the Northland Bank precipitated this discussion tonight. A few days ago he decided to break an oath that he and his colleagues had with the Government of Canada because in their minds the Government had cut loose the bank. It was their impression that the Government had turned its back on western Canada. In the President's opinion the Government had turned its back on western financial institutions. He said that the Government of Canada was scuttling, sabotaging their efforts to make that bank viable. Without debating the merits of those comments, we felt they were serious enough allegations to call for an emergency debate. We thought it was important enough to hold a special session of the Standing Committee on Finance, Trade and Economic Affairs last weekend in order to hear the President of the Northland Bank, the Minister of State for Finance (Mrs. McDougall) and the Minister of Finance (Mr. Wilson) to get to the bottom of this. However, the Minister of Finance said that is not necessary. The Minister of State for Finance said that is not necessary, "trust us". These are the same two

people who, along with the Governor of the Bank of Canada and the Inspector General of Banks, repeatedly said over the summer that the banking system in western Canada is safe, there are no banks in trouble, the Canadian Commercial Bank is viable and there are no serious difficulties in western Canadian banking. We know those statements were absolutely false. I am not suggesting for a moment that they were purposely misleading people. Either they did not know what was going on with those two banks or they did. I will give them the benefit of the doubt and suggest at this point that all the information we have indicates that all those people did not have a clue what was going on with those two banks in western Canada. Not a clue. I am not convinced by anything we have heard in the last few days that things have changed much.

A few weeks ago the Minister of State for Finance said there will be no more trust company bail-outs in Canada. A few days later she said, "except for Pioneer Trust. We are going to bail out that company". Then she said in the latter part of August that there would be no more bank bail-outs in this country, we are finished. A few days later she said there was at least one exception, possibly two. They decided to bail out the CCB, including all of the uninsured depositors, and if need be they would do the same for the Northland Bank. Mr. Speaker, when you have one opinion one week and exactly the opposite opinion the next week, does that build confidence in the ability of this Government to properly manage the financial institutions of this country? Absolutely not!

When the original bail-out request first came to this House we said we did not have enough information. We were asked to provide \$60 million of taxpayers' money and we felt we did not have enough information. However, we had faith at that time in the Minister's suggestion that this had to be done. We said we will not support it because we do not believe in principle that this is the right thing to be doing to ensure a stable banking system and maintain the confidence of domestic and foreign investors in Canada. We said it was not an appropriate thing to do but we would take her word for it. In retrospect, God knows why we did it, but we did it. In return for our co-operation we demanded an inquiry take place. This was putting the cart before the horse just a little bit, but we took her word this had to be done. She said if we take this step the bank will be viable. That is what she said. She said to the people of Canada, the depositors, the shareholders, debenture holders, and everyone else, that the bank would be viable. We said this at least merits a full-scale inquiry by the Standing Committee on Finance, Trade and Economic Affairs. Thanks to the NDP we got that inquiry, albeit after the fact.

During that inquiry, as we peeled off the layers of the banking system, what emerged was a financial horror show in the CCB. Loan officers were being financially rewarded; the more loans they wrote, the more chances they would get on a condominium in Maui. Commissioned loan officers! This is unheard of in prudent banking practices. During that inquiry