

*Canada Deposit Insurance Corporation Act*

CDIC is given the resources and the mandate to do the particular job which is meant to be done.

There is also the question of social impact. This may be a matter where there is some conflict between getting the top dollar and looking at the social impact of liquidation practices. I know as an Ontario politician that there are some 15,000 apartment units which are under the control of liquidators because of the collapse of Crown Trust. These are the apartments which were in the Cadillac Fairview rental empire before they were eventually flipped into the hands of the federal Government.

Is it appropriate social policy, for example, for the federal Government to be doing as it is doing now, seeking to drive a hole through the rental accommodation policies of the Government of Ontario by trying to obtain various kinds of condominiumizations of those 15,000 properties and thereby very substantially increasing the rent levels on those properties and rent levels within the Metropolitan Toronto area generally, at the expense of the rent review policy in force in the Province of Ontario right now? I have a suspicion that it is not, and I have a suspicion that we may have to look at some other policies. If nothing else, maybe the Cabinet should be called upon to judge between top dollar for CDIC and the social impact of getting top dollar in that particular case, but that question is not being addressed either, Mr. Speaker.

● (1240)

The Hon. Member for Mississauga South, who said that we have \$162 billion at risk, said it very well. You have an organization which does not have even a Scout's guard located here in Ottawa. CDIC does not know what the devil is going on. When the Bank of Canada, the Superintendent of Insurance and the Inspector General of Banks were not doing the job, where was the CDIC? Was it off, as any institution or organization should be, defending its vital interests? No way, Mr. Speaker. Was the CDIC even consulted or involved when \$75 million of the CDIC's assets were committed to the CCB bail-out? No, they were not. It was simply done by the Governor of the Bank, I suppose, who said: "Well, we will get the CCB to give a bit of money from the pot." He assumed he could treat that almost as a personal treasury.

The change that is being proposed in the board of directors would change that position slightly. It would not be possible, I presume, to do that without reference to the Board of Directors, given that the board will have a majority not from the private sector. There is no mandate in the CDIC to start to act in order to ensure that it does not have premiums which are excessively high because it failed to do the job or because the Government failed to do the job. There is a very severe conflict of interest there.

I recognize that part of the premium income from the CDIC comes, as probably should be the case, from the profits of financial institutions. A lot of it comes from the pockets of ordinary depositors who get a slightly less substantial return from their deposits because a certain amount is taken off the

top to pay the premiums to the CDIC, but the depositors get something very valuable in return. They get the assurance that, if their deposits are less than \$60,000, they will get repaid. That is good for them, but at the same time it seems to me that the depositors on whose behalf CDIC may presume to be acting have the right to ensure that CDIC is trying to make a point of not taking a higher premium than it has to.

This Bill is ridiculous. It raises the premiums by a three fold margin but only for one year or two years. After that it reverts to a level which cannot even cover the interests on CDIC's current outstanding losses. Goodness knows what CDIC is going to do about that. We have seen no policy enunciated from the Government, nor has CDIC taken any independent action on that measure. For God sake, Mr. Speaker, why can we not get these problems solved rather than deferred?

It reminds me of other people who have been prominent in Government under the previous regime who used to skip gaily on to another Ministry just before the next disaster struck. I do not know how "Billion Dollar Barbara" gets away with it, but she has been the Minister responsible through this fiasco. She has yet to come up with a coherent and acceptable policy. She has not yet come to terms in recognizing the concerns ably expressed by members of all Parties from the Commons finance committee on these issues, and yet in a few months she is likely to be promoted to some other position and will go, presumably, with halos of glory around her, despite the wreckage she will have left.

I want to suggest that the changes needed are a great deal more substantial and are needed more quickly. One thing we need to look at is whether the concept of insurance has gone too far. We have "quick buck" operators out there, and God knows, the ethics and the morals of a lot of people running our financial institutions would make the average alley-cat blush with shame. There is a profound absence of morality and ethical conduct on the part of people who like to preach to ordinary Canadians because they are running financial institutions. Some of those "quick buck" artists have been able to get total guaranteed repayment if they happen to blow \$60,000 in deposits which were put with their institution because of CDIC. That concept very sincerely needs to be reconsidered.

Perhaps we could insure totally \$10,000 worth of deposits and then give 90 per cent or 85 per cent of insurance on the next \$90,000. I believe there has to be some risk. I suspect there has to be some kind—and I am a New Democrat saying this—of a market test in these cases so that "quick buck" operators who are offering interest rates 1 per cent, 2 per cent or even 3 per cent higher than the established institutions with total guarantees would have to face a market discipline, because people would say: "Look, we love your interest rates but we are not sure about your standards. We will look at you a lot more closely than we have in the past." We have to avoid that. Maybe the only way is that people who want to behave that way with low standards will find out they cannot get the necessary money to handle what it is they are meant to do.