

properly warn them of the fact that certain things were not guaranteed.

I am of the view that we, as elected people, must send a message that not all investments in CDIC approved institutions are insured. This is not to scare people or erode confidence in our financial institutions, but we must alert the people far better than we do now. When people discover that their investments are not guaranteed, after having seen the logo of CDIC on the door, on certificates, or on leaflets handed out by the financial institution, something has gone wrong. We must have a system which highlights that on those contracts, perhaps with a large stamp on them which says that it is an uninsured deposit or investment from a so-called insured institution. In that way consumers will be aware of what they are getting themselves into.

Unless we do that, Mr. Speaker, we will fail again, as we already have. People will again be in the same situation in which they are now. I do not say this to criticize the present administration. Governments at the federal and provincial levels must instruct and advise consumers better so they do not get taken in as they have in the past.

There is one other issue which we should all remember with regard to the Canada Deposit Insurance Corporation. All people are users of services of banks, trust companies, and other financial institutions that are insured by CDIC. We must remember that funds extended by CDIC for the purpose of reimbursing people are actually tax dollars by another name. If everyone pays for them, they are in fact taxes. We all pay for the failures of those trust companies and other financial institutions. We could convince ourselves that these are not really taxes. They are funds which are paid 25 per cent by depositors and 75 per cent by the banking institutions of which we are all customers. However, that is only a play on words. Since everyone uses those facilities, we are all paying for it in the end. The total loss of those financial institutions is really a loss to the consumers of the country. To call it anything else is to be not entirely honest with ourselves.

Because of the magnitude of these losses, Mr. Speaker, I hope that confidence in financial institutions is not too badly damaged. However, I also hope that consumers of the country will be better informed when they make investments in the financial institutions of our country.

Mr. Orlikow: Mr. Speaker, I would like to ask the Member a question. We are talking about Pioneer Trust. Surely the Member knows that this is only the latest of about a dozen similar cases with trust companies. Does the Member know that in 1962 a royal commission headed by Professor Porter studied problems surrounding trust companies? He warned that since provincial and federal laws, regulations, and monitoring agencies were inadequate, this kind of thing would happen.

Does the Member not believe that a large part of the responsibility for what has happened in these cases should be put on the former federal Government? First, it should have brought in legislation of the type he has spoken about. It

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should have discussed the bringing in of laws and regulations by the provinces, particularly the Province of Ontario. It should have given the Inspector General the mandate to monitor the trust companies and banks. In that way the Inspector General could have discovered in advance that they were following improper procedures and making risky investments rather than finding out after the fact.

Mr. Boudria: Mr. Speaker, I am pleased to respond to the question of the Hon. Member. First, as the Member knows, we are dealing with areas of mixed jurisdiction. There are trust companies that are incorporated federally and some that are incorporated provincially. We are also dealing with the credit unions and caisses populaires provincially. The Civil Service Co-op is federally incorporated. Therefore, there are a variety of areas of jurisdiction.

I am aware of the Porter Commission report. There was also a provincial report in Ontario in 1980 after the fall of Astra and ReMor. There was also a provincial report started in 1983 in the Province of Ontario that took almost a year to prepare and which made certain recommendations. Frankly, that 1983 provincial report did not address such things as the 10 per cent rule in ownerships of common shares of trust companies such as exist federally for banks. I believe that the absence of such a rule was at least partially the cause of the fall of Crown, Greymac and Seaway. It could almost be said that the owners of some of these companies could use a process by which they could take a depositor's funds and, through a series of flips, convert it into equity in the company. Of course, that benefited the common shareholders in those companies. That is an example of real problems concerning these areas of mixed jurisdiction.

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It is as a result of those reports that the federal Government became involved with Canada Deposit Insurance Corporation. That corporation which is almost parallel to the CDIC guarantees deposits in caisses populaires and credit unions. In 1981 and 1982, there were several runs on those institutions in industrial towns in Ontario that had severe problems, especially in the housing market. Many of those institutions faced severe difficulty as a result of taking over the buildings and suffering severe losses.

When I was a member of the Ontario Legislature I raised the question of the Canada Deposit Insurance Corporation giving consumers better warning. I believe it is the responsibility of the Government to ensure that, in the future, consumers are at least given better warning so that they do not experience difficulties such as those that exist today. Obviously this legislation will not prevent financial institutions from collapsing but at least those who have uninsured deposits will be better notified if and when there is a collapse.

Mr. Nickerson: Mr. Speaker, I have some comments as a result of the Hon. Member's presentation. It is quite clear from the title of the Canada Deposit Insurance Corporation