

banks which failed. These people were in positions of responsibility as public servants and failed to see what was happening, the fundamental change that was taking place in terms of standards of ethics and responsibilities of financial institutions beginning about six years or seven years ago. These people failed to provide the proper advice or, if they did, they should have indicated it publicly. I think one or two of them should have had the guts to resign for the failure of the previous Government and this Government to take their advice when the Crown Trust-Greymac-Seaway fiasco occurred in the Province of Ontario.

During the course of the subsequent investigations of that fiasco, in which I was involved as a member of the Ontario Legislature, we found that the Ontario Superintendent of Insurance, who was also responsible for loan and trust companies in the province and was registrar for loan and trust companies, was a total nitwit. He was dealing with total nitwits at the federal level in the Canada Deposit Insurance Corporation. They could not get to the point of picking up a telephone and talking with each other, let alone meeting and considering serious and growing problems during 1982 and 1983.

I recall during that time that it was common parlance on Bay Street in Toronto the way in which those financial institutions, particularly Greymac and Seaway, were finding ways of getting around normal commercial practice. They were doing such things as bumping up the value of loans, self-dealing, lending to each other, and getting phoney appraisals. God knows why the Appraisal Institute of Canada has not taken disciplinary action against some of its members, because they were clearly complicit in actions which have to be qualified as fraud.

However, when all that started to unravel was any action taken? Did CDIC wake up to what was happening and the potential risk at which its insured deposits were being put by these actions? The answer is, not at all. They simply stayed asleep at the switch. They were so asleep at the switch that when Crown Trust was taken over and very quickly raped, no one within Crown Trust had the wit, the courage, the tenacity, or the fortitude to blow the whistle on what was taking place. The investment of the lending committee in that particular institution was not even discussed or consulted. All that took place in the case of the quick-flips, and all that took place in the collapse of Crown Trust which followed the flip over the Cadillac Fairview properties was nothing—nothing took place. The same techniques which had been pioneered in Greymac and Seaway were simply replicated or repeated in the case of Crown Trust. The individuals responsible took billions of dollars in profits out of that, and the public was left holding the bag.

Subsequently the Government has gone from disaster to chaos to further disaster in terms of the bail-out of western banks, which in many cases were using the same kind of so-called creative financing, financing which is creative at the expense of taxpayers ultimately. Despite what happened in

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1982 and 1983, and despite the clear evidence of 1983 and early 1984 when the Ontario Legislature was considering a report on the mismanagement, not only of its own officials but the mismanagement of federal officials who should have had a piece of this particular problem, I find it inconceivable that no action was taken as far as the federal Government was concerned.

One cannot blame the fact that we were going into an election in early 1984; one cannot say that that was responsible. It was open to federal officials who saw what was happening, or should have seen what was happening, to have taken that to the new Government and to have said: "We need action, and we need action now". They could have taken it to the old Government and said: "We need action now". They could have warned the new Government when it was contemplating the bail-out of the CCB and Northland about what happened in those particular cases, to try to ensure that it did not happen again.

Did those things take place? Not at all. If they did, we have not been made aware of them. Instead we have this sorry tale of disaster which has been unfolding over the past few months before the Estey Commission.

The new Government has not taken the necessary measures in order to reinforce the Canada Deposit Insurance Corporation. At the most recent count it had only 23 employees. In 1984, after the collapses in Ontario, it had only 16 employees. If 23 people who, among other things, were responsible for collecting \$100 million or more of premiums every year and administering relations with some 150 financial institutions across the country can also adequately oversee the liquidation operations and agency agreements involving \$5 billion worth of assets, which are currently in one way or another affecting the future of the CDIC, they have to be superhuman. I do not believe that is the case.

Where have the new Government and this vaunted Minister of State for Finance been in not ensuring that a more effective job was being done to protect the interest of taxpayers in the case of the liquidation of these particular assets? Do we know that we are getting a fair deal? I suspect not. Can 23 people, most of whom have to do other things, adequately oversee the work? I suspect not. Do we know for sure that the liquidators are doing a decent job? I suspect not, because liquidators have a reputation for being ham-fisted, for doing a lousy job, and for often costing a great deal of money or often walking off with huge fees in the process.

We have already been told that the liquidation of one institution which went down in 1970 has taken some 14 years. Time means lost money. A 1 per cent difference in the effectiveness of the recovery of \$5 billion of assets would be equivalent to some \$50 million, and this is an agency which is currently facing estimated losses of perhaps a billion and a quarter of the \$5 billion in assets under administration. In other words, it makes a very material difference in what either the institutions and the depositors will ultimately have to pick up or we as taxpayers will ultimately have to pick up if the