

Depositors Compensation

[English]

—an Act for the relief of the depositor of the Home Bank of Canada.

[Translation]

Mr. Speaker, history can teach us a number of things, and first of all, that it tends to repeat itself, but it can also repeat itself in reverse. And after listening to the Hon. Member for Cochrane-Superior (Mr. Penner), followed by the Hon. Member for Hamilton-Wentworth (Mr. Scott) and finally the Right Hon. Member for Vancouver Quadra (Mr. Turner), I would like to quote the Hon. Member for Halifax at the time, a Mr. Black, who said the following about the disastrous circumstances of the failure of the Home Bank:

[English]

The Home Bank failure is one of the greatest "black marks" which banking in Canada has ever experienced. . . . The principles of good banking were ignored; deception and fraud were practised; so that in the end shareholders, depositors and others suffered severe loss. There was a period when this government could have saved heavy loss to those interested parties, the depositors and shareholders, without costing the country a dollar. . . . Now the country is called upon to provide some five and a half millions to reimburse the depositors who unfortunately made bad investments by placing their savings in that bank—

Mr. Black continued as follows:

This is a dangerous policy, forming a precedent and opening the door for further claims, past or future, of similar character.

● (1620)

[Translation]

Mr. Speaker, today, history repeats itself with Bill C-79. In 1925, *Le Devoir* printed the following headline: "Nearly five and a half million for Home Bank customers". And who led the federal Government in 1925, Mr. Speaker? It was none other than the Right Hon. Mackenzie King! The motion presented by the Liberal Government at the time was adopted with 100 in favour and 20 opposed. I may add that in 1925, which was 61 years ago, five and a half million dollars was . . . Index that at 8 per cent with compound interest. How much would that be today, in 1985? Since I am not a financial expert, I'd rather not figure it out, but it was an astronomical sum for 1925.

And to continue this digression into history, what were the motives that brought the Members of the House to adopt this measure? There were two. People mentioned patriotism. In fact, it was said that the failure of a Canadian bank would be a disaster for Canada's prestige. That was one of the arguments. Our national credibility was at stake. And it was also said that this fiasco was due to World War I, which, it seems, had ravaged our economy. And, Mr. Speaker, even though I can feel this atmosphere of optimism and warmth, consultation and brotherly love, was it not the Liberal Government that went out to the West with its energy policy, and are not the results of that policy very similar to the economic devastation brought about by war? Those were the motives mentioned at the time for supporting this measure.

As the Hon. Member for Halifax, Mr. Black, said: We have created a precedent. Today, probably for the same reasons, we are faced with a disastrous situation, and this Government has decided to protect the interests of depositors and protect Canada's credibility by introducing a measure that is not necessarily a reason for rejoicing. Nobody likes to mop up the other guy's mess. It is not with overwhelming enthusiasm that we use public funds today to come to grips with a critical situation.

You know, we must put the fire out, and a fire is red, like a Liberal. Unfortunately, Mr. Speaker, we have to do it because we are in office and we are stuck with the same Canadian reality.

History usually repeats itself, Mr. Speaker. The then Government had also appointed a royal commission of inquiry to study the matter. Now we have the Estey Commission, but then Mr. Harrison A. McKeown was the commissioner. And of course, throughout the inquiry, much had been said about the enormous difficulties experienced by the management of the institution which handled a lot of venture capital in certain cases. Some Members at the time had expressed reservations about inquiries made by a few public officials.

It would seem that this institution, the Home Bank, had certain guarantees in British Columbia and that the Government could not very well ignore them. As a result of a thorough investigation, however, they had given rise to some questions, and properly so.

In any event, Mr. Speaker, I think that some of the Members who rose in the House earlier should have refreshed their memory about history. At least two of them forgot something, particularly the Member for Vancouver Quadra (Mr. Turner) when his own party at one time was forced to take similar steps in nearly identical circumstances. The same arguments had been used then, of course. A Member at the time, Mr. Kennedy of Glengarry, had stated that the amount involved was to be used to repay other depositors as well. Other institutions had been mentioned, like Banque Ville-Marie, Banque du Peuple, to mention Quebec banks, of course, and Banque Saint-Jean which had been unable to qualify for the same kind of generous assistance.

Mr. Speaker, I would suggest that the Government had to intervene, however regretfully, and Members should not attempt to indulge in petty politics with this matter which happens to be a reality, the result of a declining economy in Western Canada, the aftermath of incidents over which this Government had no control. The Government did so with generosity, undoubtedly inspired by the principles which had guided this Parliament in its decision in 1925. We are showing that this Parliament can be generous towards destitute people.

And at the time, Mr. Speaker, the Government did not reveal the names of the Home Bank depositors either. At the time, they respected the privacy of these depositors. And of