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To the Editor,

Recently in these pages, you printed a letter stating that banks in Canada received a bailout from the federal government during the recent financial crisis (PM, Flaherty less than honest on bailout, Oct. 21/11). This is incorrect and I'd like to set the record straight.

During the global financial crisis three years ago, many banks in other countries became insolvent and either failed or received taxpayer-funded bailouts. This resulted in a crisis of confidence, and funding markets around the world seized up. Although the financial crisis did not begin here, Canada was nevertheless impacted. And so, because international funding sources were no longer operating properly, the government of Canada decided to buy insured mortgages from banks in Canada so that banks could continue lending to consumers and Canadian businesses to help the economy grow. It was not because any bank was insolvent, under-capitalized or in danger of failing.

These high-quality mortgages purchased by the government were already insured by the CMHC. And, most importantly, the government (and therefore the taxpayers) made billions of dollars on these investments.

Prime Minister Harper and Minister Flaherty are absolutely correct when they say that not one Canadian bank required or was given taxpayer-funded bailouts.

Sincerely,



Terry Campbell
President
Canadian Bankers Association