

*Oral Questions*

In the financial institutions part of the free trade agreement, Canada not only guaranteed the access it already has for its insurance companies, trust companies and banks, but we were given a privileged position in the U.S. that even American banks were not given, whereby our banks were allowed to own securities firms in the United States. We have gained in the United States through negotiations, a certification of our advantage.

Under NAFTA our banks, our insurance companies, our trust companies our financial institutions are looking forward to the ability to compete there. We are trying to negotiate approved access for them in Mexico, just as we did in the United States.

**Ms. Catherine Callbeck (Malpeque):** Mr. Speaker, I have a supplementary question for the same minister.

The Canadian Bankers' Association said recently that the free trade agreement put Canadian financial institutions at a clear disadvantage.

Will this government tell Canadians today what its plans are regarding financial institutions? Will the minister assure this House that his government will not sell out our financial services industry as it did under the Canada-U.S. Free Trade Agreement?

**Hon. Tom Hockin (Minister of State (Small Businesses and Tourism)):** Mr. Speaker, the hon. member disappoints me because her supplementary clearly was written before she heard my answer.

The hon. member would have found it interesting last Sunday to have read the business section of *The New York Times*. In it, the 12 largest banks in North America are identified. Four of the 12 biggest banks in North America are Canadian banks. The article by Clyde Farnsworth goes on to develop the tremendous advantages that Canadian financial institutions are finding in the U.S. He warns the Americans to watch out.

• (1440)

We did not lose in the free trade agreement. In fact, we gained all sorts of access we never had before.

**THE ECONOMY**

**Mr. Steven W. Langdon (Essex—Windsor):** Mr. Speaker, the Minister of Finance sounds like Herbert Hoover.

He is trying to talk this country into prosperity but the reality is that bankruptcies are at record rates and housing starts have declined. Today the Royal Bank said that the growth rate in this country is going to be half what the government projected in its budget.

I want to ask this government: Is it not clear to the minister that his approach has come to a dead end? Is he not prepared to recognize reality, bring in a new budget and get Canadians back to work?

**Hon. Don Mazankowski (Deputy Prime Minister and Minister of Finance):** Mr. Speaker, if the hon. member wants to quote the Royal Bank of Canada, he had better quote it completely.

Mr. Ed Neufeld, the economic and corporate affairs executive said this: "I can think of no single development that would be more positive for economic recovery than resolution of the constitutional issue."

I certainly agree with that wholeheartedly. It would at one stroke remove enormous uncertainty, an uncertainty that no business can really ignore when it is planning its medium term position in the marketplace today.

Mr. Neufeld goes on to say: "Another danger is the fast rising provincial budget deficits, especially in Ontario, which will put upward pressure on interest rates, slow economic growth". That is what the Royal Bank of Canada predicted.

**Mr. Steven W. Langdon (Essex—Windsor):** Mr. Speaker, the fact is that the rate which the government projected in the budget for growth was 2.7 per cent.

The Royal Bank says absolutely that it will not be greater than 1.4 per cent. That is half. The government has to recognize that there must be a change in its strategy.

Will the government, in fact, start to do something? Will it lower interest rates? Will it set up an economic recovery fund? Will it respond to municipal infrastructure concerns? Will it do something, or will it continue to excuse itself on the basis of constitutional problems or