we took it to GATT and we won there as well. In other words, we had an impartial group, and we know full well that the Americans, or most other countries, take their decisions seriously because once they begin to run with impudence to those decisions, they know the international trade system breaks down. The Americans right now say their number one trade priority is improving the rules of GATT.

We had an opportunity. We saw it most clearly. What an opportunity we had in the softwood lumber case! That was a test case for Canada. The Americans were claiming that by their definition of a subsidy, our stumpage fees and other forms of support programs for our resource industries, were an unfair trade practice. That is a challenge not only to Canada but to every other country around the world which exports commodities.

If we had taken the case to GATT and won, we could have put to rest the American claim that its definition of "subsidy" must predominate. The Americans would have had to force back into their own administration and Congress the fact they had been ruled against. But what did she do, that wonderful Minister for International Trade (Miss Carney), who fights on the beaches against all these trade practices? She decided not to go to GATT. Now we have compounded the problem. It is within the agreement that if one chooses to use the binational panel for review, one forgoes the right to go to GATT. We forgo the right to challenge the law itself, or the premise of the law. So what we have limited ourselves to is a panel that will review someone else's law, someone else's precedence and decisions, and we have given up the right to challenge the very premise and basis of those decisions. That is a definition of a retreat.

The Acting Speaker (Mr. Paproski): I regret but the time for questions and comments is now terminated. Debate.

Hon. Michael Wilson (Minister of Finance): Mr. Speaker, I am very pleased to have this opportunity to participate in the debate on free trade. We all know that this type of debate is going to give rise to a good deal of partisan rhetoric and a good deal of emotion as well. However, I think it is too important a debate to have the type of excesses, the type of rhetoric and the type of distortions we heard from the previous speaker, be it on investment, be it on the effects on the wine industry, on grain transportation, or you name it. Those are excesses which should not be a part of this debate. We should be dealing in facts and in the precise nature of the agreement, and from there, draw the conclusions that will allow Canadians to judge the effectiveness and impact of this agreement on our future as a country.

This agreement is of vital concern to all Canadians. What I want to do in my time is to deal with some of these specifics of the agreement and then draw some conclusions from that.

Let me start, if I can, with the financial sector. This is the area of the agreement with which I have had the most involvement. There are two basic questions. What does the agreement do for our financial sector? And what does it do for Canadians who make use of the services from the financial sector, be they regular customers of the banks and trust companies or investors or Canadian business?

Let us take a look at it. The agreement preserves the access of our banks, our trust companies and insurance companies in the very, very important United States market. It preserves the current status of Canadian institutions in the United States and, in some ways, that is actually better than the treatment of domestic United States banks. It addresses some of the problems that the American laws are beginning to cause for Canadian banks which want to take advantage of the substantial elements of financial reform that we brought in almost a year ago. It ensures that Canadian institutions will benefit from future easing of the restrictive U.S. laws that are in place now, and I want to come back to that point.

• (1600)

It also provides a new source of capital for our banking institutions. It will enliven competition. It can only help the millions of Canadian borrowers and savers. Finally, it affirms the directions that we took. I believe that was supported in a general way by all Members of this House, in terms of financial service reform, something that we commenced last December.

In short, we have achieved an agreement that permits healthy competition, greater access to the United States market, and a more secure position in the most important financial market of the world in the United States. We know that our financial institutions are strong. They have been described by many as being world class. The reform proposals that we put forward last December are intended to bring our Canadian financial sector right into the real world in a very competitive way. We want them to be better prepared for the changing circumstances in the international markets and better equipped to meet competition both at home and abroad.

So let us look at some of the specifics of the free trade agreement as it relates to this sector. You will recall, Mr. Speaker, that our reform of the financial sector allows banks to engage in the securities industry through an affiliate. One of the specifics of the trade agreement is an undertaking by the Americans to amend the regulations of the Glass-Steagall Act which would have caused problems for Canadian banks that are taking advantage of that reform. Right now, Glass-Steagall prevents our banks, as well as American banks, from engaging in the securities business in the United States, whether it is through an affiliate or through a direct operation of its own. As presently interpreted, it would mean that a Canadian securities dealer that is taken over by a Canadian bank would have to reduce its operations sharply. That is not desirable.

[*Translation*]

The Americans have agreed to give particular consideration to the case of Canadian brokers and to broaden the scope of