

*Supply*

Premier. The real winner in a free trade agreement will be the consumer.

**Mr. Stackhouse:** Mr. Speaker, I commend the Minister of Finance (Mr. Wilson) for the very positive presentation he made, particularly in respect of the impact of free trade on financial services.

Just this past weekend I was told by a commercial realtor in Metro Toronto that one of our chartered banks is now negotiating for the rental of 75,000 square feet of space in New York City in anticipation of business growth in that area. The head of an insurance company told me within the past 10 days that he is awaiting a chance for access into the United States market. What the Minister has told the House is certainly corroborated and supported by representatives of the business community.

• (1630)

I want to put a question to the Minister. Such predictions as those I have cited have been based on the assumption that business would continue to prosper on both sides of the border. Since then, there has been a record stock market collapse and many alarms about the possibility of a recession. What impact does the Minister see the prospect for free trade having on business in light of the recent changes and upheavals in the investment industry?

**Mr. Wilson (Etobicoke Centre):** Mr. Speaker, this is a very pertinent question at a time like this. One of the lessons we have learned from the past is that when we have seen substantial declines in stock markets, there has been a tendency for Governments to pull in their horns, to seek protectionist solutions. I think the timing of this agreement is particularly important to Canada in light of what we have seen in the equity markets over the past week and a bit.

If we are able to find approval for this agreement within Canada and the United States, then North America might be able to avoid the problems that entered into the economy in the 1930s when there was a tremendous increase in protectionist pressures, which aggravated the difficulties caused by the recession. In fact, that protectionism came at a time when it reinforced the natural forces of contraction that were developing within the economy.

I think it is very important for Canada, in looking ahead, to approve this agreement and get on with developing access to the United States market. We should allow ourselves the opportunity to avoid the problems of the past and some of the effects caused by the stock market which we have seen in the past by moving ahead with confidence today.

**The Acting Speaker (Mr. Paproski):** I will allow a short supplementary question.

**Mr. Langdon:** Mr. Speaker, I have a very short question since the Minister has referred to these various studies. The

Minister has a reputation for honesty and I want to put this question to him very directly.

I am certain that the Minister has read the Economic Council's study very carefully or he has had staff briefings on it, and I would like him to tell the House quite clearly that assumptions made within that Economic Council study are contrary to the facts of the trade agreement with the United States, particularly with respect to services. The Economic Council assumed that services would not be included, but they are included in this agreement. One could go on to mention three or four other major assumptions which the Economic Council made which are not part of this agreement. I would like the Minister to indicate that fact to the House.

**Mr. Wilson (Etobicoke Centre):** Mr. Speaker, I think any of the studies that have been done to date were not able to take into account the complete range of items included in the agreement itself. I would expect, though, that some of these organizations, whether they be the Economic Council or private organizations, will be revisiting the work they have done. I would expect that we will see, sometime in the fairly near future, new, updated studies based on the facts of the agreement as they came out in the final negotiations.

Having said that, I think we will see that there will still be a positive impact on job creation in Canada after the free trade agreement as compared to what it would be without the free trade agreement.

Let me make two comments that I think are important. One is that no economic model can calculate what the *status quo* would have been. I indicated in my remarks, and I think we all would agree, that the *status quo* would have involved a good deal more protectionism than is the case today, and that is clearly prevalent in the attitudes expressed daily in congressional debates.

The second point I would make is that no economic model is able to measure the so-called animal instincts to which Lord Keynes referred in his great work. The animal instincts, the investment attentions and confidence, the things that come from a greater degree of investment and consumer confidence, are very, very important elements in the future growth of an economy. We saw that very clearly, as I recalled in this House on a number of occasions, in 1984 and 1985.

When we came into office, there was not the sense of direction in the economic policies of the Government that we were able to introduce in the November 8 agenda paper and subsequent Budgets. As that confidence developed, as people saw that we did mean business, there was an increase in investment and an increase in consumer confidence. The Hon. Member's Leader said we would lose somewhere between 100,000 and 200,000 jobs, and that was the general assessment of Members on the other side of the House. In fact, as Hon. Members know, we have created 959,000 jobs during that period of time.