

The third area the Prosperity Initiative will focus on is financing growth: the need for capital investment.

The cost of funds is important, and the government has a role to play in helping lower interest rates. The federal deficit is under control. We have one of the soundest commercial financial frameworks in the world. All this helps. We have also created the third-lowest rate of taxation overall in the G-7. We are a bit behind the Americans on the tax side, but are ahead of them on the social benefits side.

But more can be done to lower the cost of capital in Canada. And more Canadian firms must explore the opportunities for equity financing -- financing that can lead to strategic partnering on many levels and can secure the technology of a foreign investor or the new markets of a partner.

The fourth area where Canada's competitiveness must improve is in its domestic market. Government plays a major role here. It must regulate effectively and efficiently. And governments in Canada must continue their efforts to bring down the interprovincial barriers to trade -- barriers that cost Canada \$6 billion every year. We need a true Canadian common market and a stronger economic union for the prosperity of all Canadians.

Section 121 of the Constitution Act of 1867 has governed interprovincial commerce since Confederation. Now is the time to modernize Section 121 in order to enhance the mobility of persons, capital, services and goods within Canada.

We are proceeding on two tracks to improve Canada as an economic union. One is through the proposals for a new Constitution that is now before the Parliamentary Joint Committee that is touring the country to hear from Canadians.

But the endeavours to reform the Constitution will run in tandem with my efforts to work with my provincial colleagues to remove some of the 500 barriers to interprovincial trade that exist in this country. We have been making progress in such issues as sales of beer and wine.

The final of the five areas that the discussion paper "Prosperity through Competitiveness" addresses is trade.

More Canadian businesses must learn to benefit from tapping export opportunities. Despite the proximity to the enormous markets in the U.S. and the Pacific Rim, many Canadian firms find it difficult to establish a presence abroad. They must learn to broaden their views about trade, and what trade entails. The time has passed when you could sit at home and fill export orders. If your company is to prosper in the international marketplace, you have to become established in your markets.