

An effective economic union with an open, integrated internal market requires at least three elements:

- a clear definition of the scope of the economic union and a commitment among all partners to eliminate all barriers inconsistent with that definition;
- effective collaborative systems for managing the economic union, including managing change, defining the limits of the market and reconciling differences; and
- effective systems to maintain and protect the integrity of the internal market, once established.

In the Speech from the Throne and in our proposals for renewing Canada's Constitution, the government set a national objective for the reduction of domestic trade barriers by 1995. This represents the first element just mentioned, and is contained in our proposals with respect to Section 121 of the Constitution Act.

There are many constructive questions to be asked, for example, about the manner in which we modernize the common market clause, Article 121 of the Constitution, to include free mobility of people, services and capital. Should there be any exceptions to the open market because of the need to recognize regional development? How can labour mobility be assured to give business access to a qualified work force?

These are issues on which the government is seeking the views of Canadians and we look forward to receiving the advice of the CMA, among other interested parties. None of these proposals is cast in stone. All of them are open to improvement. We look forward to working with the provinces and territories as we build a new partnership for prosperity. The important aspect of the changes we are proposing is that if the principle contained in them is accepted, they will represent a significant commitment to establishing an effective economic union. This would establish, for the first time, the first element in the framework of an effective internal market, which I mentioned earlier.

As the Canadian Chamber of Commerce has noted: "Inter-provincial trade barriers act like a tax on local residents and on the national economy, and are a contributing factor to Canada's relatively low-productivity growth. It's estimated that inter-provincial barriers affect as much as 15 to 20 per cent of goods production, so it's not difficult to see how their removal will aid in global competition."

The development of effective collaborative management systems among the partners in Confederation is the second element that is critical to establishment of an effective internal market. Our proposals for changes to Section 91A in the Constitution Act would help Canada to develop such management systems.