

to finance our national debt. That is one major reason we have placed so much emphasis on reducing the deficit. And our emphasis is showing results. For example, Canada's deficit this year will be \$30.5 billion -- despite the impact of the recession -- well below the \$38.5 billion deficit we inherited in 1984. And let me put this in a international context.

On a comparable accounting basis, the Canadian deficit for the last fiscal year was equal to 3.7 per cent of our economic activity compared to an estimated 5 per cent for the American deficit for their fiscal year ending this September. I should add, that our deficit as a share of GDP has declined substantially compared to five years ago -- while the American deficit has grown.

For Canadians -- especially those in the business community -- this means fewer demands on the capital market by the federal government, which will help free up investment funds for capital projects to produce wealth.

Canadian competitiveness will also depend on an improved domestic market. As part of the Constitution Proposals Prime Minister Mulroney presented two weeks ago, we have included fundamental reforms to the Canadian economic union.

Canadians are modernizing a constitution which was written with economic realities of the mid-19th century. It could not have anticipated the rapid changes brought on by the creation of a global marketplace. The government is proposing a series of amendments -- for public discussion -- which will enhance the mobility of people, goods, services and capital within Canada which is key to strengthening our economic union.

In an era of growing international business linkages, Canada simply has too many barriers to trade within the country. Our ability to compete in global markets is hindered by antiquated restrictions to the free functioning of our internal market. So, we propose that by 1995, the Constitution be modernized to enhance the mobility of persons, capital, services and goods within Canada.

Two key provisos are attached to this idea. First, there should be no slackening in current efforts to remove the some 500 existing barriers to interprovincial trade. And second, there are legitimate circumstances for governments to maintain some barriers, such as reasons of national interest, regional development or equalization.

This modernization is part of a range of proposals to strengthen the economic union by giving Parliament "a new power to make laws for the efficient functioning of the economic union," and by harmonizing the fiscal policies of all Canadian governments, along with the nation's monetary policy.