

And the record shows that. The 1950s and '60s were good years for Canada. In that period, labour productivity increases averaged 4 per cent. In the 1980s it was 1½ per cent. Multi-factor productivity growth was flat.

Getting productivity up is a challenge that requires action at both the macroeconomic and microeconomic levels.

In the matter of public policy we must build on a commitment to two unshakable principles.

1. No government, federal or provincial, must be allowed to grow in size and cost beyond our ability to support it without borrowing. We must reduce both federal and provincial spending as a percentage of our national income.
2. Governments -- all governments -- must hold the line on taxation. That too is crucial. If we are to regain our global competitiveness, tax rates in this country cannot rise any further. The strategy for deficit reduction must be based on controlling and reducing government spending.

To achieve these goals, and to avoid nullifying each other's efforts, Canada's governments, federal and provincial, must get their acts together. They must co-ordinate their policies on spending and taxation and on borrowing.

There was a time when this subject couldn't be raised in polite conversation. In these leaner years it has become completely mentionable. Provincial governments are talking openly now about the need for co-operation, with each other and with Ottawa. And, as Don Mazankowski said in his budget speech, he has invited his provincial colleagues to a meeting to get this vital work started. This collaboration is essential.

We paint the broad strokes on the canvas with macroeconomics. It takes action at the microeconomic level to fill in the details. And, as Ross Perot keeps reminding Americans: that's where the devil is.

There are a multitude of microeconomic facets to the productivity challenge. There are many sectors of our national way of life and ways of doing business that require attention.

The cutting edge of the effort has to be the private sector. That's where the knowledge of the problems is. That is where action has to begin.

It was to draw up a real-world agenda, that we launched the Prosperity Initiative. This was not yet another government study. It was an exploration of the challenges we face, conducted by eminent Canadians, none of them in government, but