

## Foreword

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Since we came to office in September 1984, the government has followed a comprehensive, consistent and credible program for economic renewal. The goal is clear: to revitalize the Canadian economy and create more productive and higher quality jobs for Canadians. Achieving this goal requires confident producers and an efficient and flexible economy, one that can continue to go head-to-head with the world's best and compete on equal terms.

The philosophy and principles of our economic strategy were set out in *An Agenda for Economic Renewal*, published in November 1984. Considerable progress has been achieved in meeting these challenges in the first three years of our mandate. For example, we have:

- taken major steps towards restoring health to the country's finances: the fiscal deficit has been substantially reduced, federal spending has been restrained, and the excessive growth of the national debt will be brought into line with growth in the economy by fiscal year 1991-92.
- removed major impediments to growth in the private sector: the National Energy Program has been replaced with a market-oriented energy policy, regulations in the transportation and financial sectors have been modernized and streamlined, the Foreign Investment Review Agency has been replaced by Investment Canada with the mandate to attract (rather than discourage) foreign investment, 11 Crown corporations have been privatized, and a new Competition Act has been implemented to foster a healthier competitive environment.

- undertaken comprehensive tax reform: in the first stage of tax reform, personal and corporate statutory tax rates are being significantly reduced and the tax bases are being broadened. In the second stage, the present federal sales tax will be replaced with a broad-based multi-stage sales tax, the income surtaxes will be eliminated, personal taxes will be reduced further for middle-income Canadians, and the refundable sales tax credit will be increased, paid in advance and extended to more households.

These accomplishments have contributed significantly to progress in dealing with the policy and structural problems in the Canadian economy. Indeed, they have already begun to have a major effect on its performance. Since September 1984, the economy has created more than one million jobs and the unemployment rate has declined to its lowest level in six years. Over the past three years, Canada's record in real output growth and job creation has been second to none among the major industrial countries.

Yet more needs to be done to strengthen Canada's economic renewal. In the *Agenda for Economic Renewal*, the government indicated its intention to "examine as a matter of priority ... all avenues to secure and enhance market access". And the government has responded to the challenge of trade liberalization by taking bold and decisive initiatives, both multilaterally and bilaterally.