

Where we are is still uncomfortably close to the falls. We are on the right heading now, but it will not be a quick journey or an easy one. Setting economic policy is like steering a supertanker. Once a given direction is taken, it achieves its own momentum. It takes a long time to turn the vessel around.

Fifteen years is a long time to be headed the wrong way. Since 1984, we have been working hard to get back on track.

On November 8, 1984, I had the honour to present Parliament our new Conservative Government's Agenda for Economic Renewal.

Nothing in An Agenda for Economic Renewal would have sounded very strange to C.D. Howe, and I think he would have liked it. It set out a plan for sound government finances and a vision for public-private sector co-operation to increase productivity. The fact that it was considered a bit radical at the time was only a measure of how far off course Canada had fallen over the previous years.

I believe that the current government can look back on that first declaration of economic policy with satisfaction. The vision was right then and it is right today. We have remained faithful to the vision and we have accomplished much. Reforms in trade policy, tax policy, privatization, inflation control and deregulation have immeasurably strengthened Canada's economic base, but much more remains to be done to realize our vision of a productive, competitive economy.

One area where we have yet to fulfil our agenda is in the area of deficit reduction. While our performance on deficit reduction was not as forecast in 1984, I will not shrink from defending the Government's record. Real progress has been made. When we came to power we inherited a spending juggernaut that had become accustomed to 14 per cent annual growth over the previous 15 years. Our government has held program spending increases to about 4 per cent, lower than the rate of inflation over the same period. To maintain the discipline, we have legislated spending controls. Program spending has dropped 2½ percentage points as a share of gross domestic product (GDP) since 1984/85.

Public-sector deficits still haunt our economic prospects. While federal deficits are now much lower as a portion of the economy than in 1984, the same cannot be said of provincial deficits. Current public-sector deficits are much too high. Together they place an unsupportable burden on capital markets and taxpayers alike.

What is different now is the level of public understanding. Governments can lead public opinion, but they cannot pursue policies that the public does not understand. For far too long, public-sector deficits were seen as a "paper" problem, distant