

house in order. Controlling the budget deficit will be our priority this year and in the years to come. Our immediate goal is to reduce the deficit through reductions in expenditures rather than major tax increases. We are already making progress. A review of possible spending reductions and revenue recovery measures has already turned up ways to shave 12% off the deficit projected for the next fiscal year. Our goal is to at least triple those savings by 1990.

Our second major challenge is to redefine the role of government so that it provides a better framework for growth and job creation. Government must not be an obstacle to business. It should afford a climate which stimulates change and innovation. We must move away from having too many of our industries over-regulated, and others over-protected not just from imports but from domestic competition. Programs designed to assist investment should not have the perverse effect of distorting it. Policies and programs should not send the wrong signals abroad -- signals that Canada does not welcome foreign investment, particularly in the energy sector. Thus, our third major challenge is to establish a stable policy framework with proper incentives for investment and growth.

At the same time, it is essential to take action to ensure that the private sector can expand to provide durable growth and productive jobs. To do this, we will encourage enterprise in Canada. We will reduce the regulatory burden, not as an end in itself, but to release the creative energies of individuals and companies to experiment, to innovate and to produce better goods and services at lower prices.

In this respect, we will soon propose changes in two institutions that have given particular concern to the German business community. These institutions are the Foreign Investment Review Agency and the National Energy Program, and we expect that their new mandates will make Canada measurably more attractive to foreign investors. We intend to make Canada a better place to do business.

We also intend to increase the business we do outside of Canada. Trade is Canada's life-blood. Exports account for almost one-third of our national income. Some two million Canadians work in industries that directly or indirectly depend on exports. Yet our trade performance has been faltering. In 1968, we ranked fourth among the world's trading nations; today we are eighth. One of the fundamental thrusts of my government -- and certainly my own most daunting responsibility -- is to restore Canada's stature as a first-class world trader.

Obviously, we cannot do this without paying