

As our budgetary document "Canada's Economic Projects in the 1990's" states, it is our belief that a lower deficit would allow interest rates to fall. Lower interest rates would then help American business increase its productive capacity, thereby offsetting lower consumer spending, while also lowering the cost of servicing U.S. external debt.

In short, we believe that a credible, medium term U.S. fiscal plan would allow for a significant correction of the current account imbalance of the United States which is at the centre of global disequilibrium. It would start us all on the way back.

Such an outcome is clearly in the national interest of the United States, as well as our own. And it is surely in the interest of global stability.

In isolating this American impasse, let me make it clear that I do not wish to downplay Canada's own fiscal problems. We too have a serious fiscal problem, in relative terms. But it is the simple truth that we are not the world's key currency, with a central role in the global economy. Global markets simply do not move on the basis of Canadian economic and financial developments. Furthermore, I would suggest we are moving to solve our problem through concrete measures -- measures which we project could bring our financial requirements into balance by 1992-93.

We are indeed a part of the North American fiscal problem. But we are attempting to become part of the solution.

If North American fiscal policy is one key piece of the global puzzle, a second forum where success is critical is the GATT.

As we all know, progress in the current Uruguay Round of multilateral negotiations is also essential if we are to correct global imbalances in the 1990's. I would suggest we are playing what Canadian hockey fans would call a "four point game". Win, and we close the gap between where we are and where we would like to be. Lose, and we fall further behind than ever.

But let us not deceive ourselves. Here too, tangible progress is not going to be easy, given the domestic political concerns at play.