

away from the economic policies that had served us so well. What were we doing differently in that period?

To start with the basics: we forgot what it was that made the Canadian economy perform well. We lost sight of the importance of price stability and fiscal stability to productivity. We ignored the link between productivity and competitiveness, and the health of a modern economy. Our competitors, unfortunately, did not.

Secondly, we forgot that competitive edges have to be constantly sharpened. We did not reinvest enough in new capital, new technology, better training or more relevant education. Because our traditional industries were doing so well, we did not diversify fast enough into new sectors and new markets. And we didn't pay attention to the fact that other countries were doing all these things.

Thirdly, we lost sight of the principle that C.D. Howe put at the top of the list -- co-operative action: getting our act together, building collaboration between producers, management and labour.

We became so wrapped up in constitutional wrangling among ourselves that we forgot about competing with the outside world. We became so preoccupied in "divvying up" the Canadian economic pie, that we neglected our more fundamental common interest in making it bigger.

And, as a result, Canadians stopped earning their standard of living in the 1970s and began to borrow it. We borrowed from every nook and cranny of the world.

There is one aspect of this story that I want to dwell on for a moment because it is important in the context of where we stand today and where we go from here.

The changes of course we made in those years went largely unnoticed by most Canadians. Economic analysts, business leaders and others who many regarded as spoilsports did suggest that the vessel now seemed to be on course downstream, in the general direction of the falls. But everyone was too busy enjoying the ride to listen. A blind spot about the relevance of things like productivity, competitiveness and deficits to the real lives of people, was part of the problem.

Getting these realities into national focus has to be part of the solution.

It's important for Canadians to understand where we've come from in recent times, where we stand now, where we ought to be and what we need to do to get there.