

we had released a comprehensive strategy to help Canadians meet the challenge of the new global economy.

To our critics, it was an ideological plan based on blind faith in market forces and a deep-seated suspicion of government. In fact, as in many other countries, it was a pragmatic response to the two fundamental realities of our times. The first reality is that governments can no more roll back the waves of change than reverse the tides in the Atlantic Ocean. The second is that much had to change in Canada. Only by adapting to inexorable change could we maintain our standard of living and quality of life.

Our policy agenda recognized the practical need to devolve power from the state to the private sector and individual citizens. Decisions should be taken on the basis of real needs as indicated by market pressures rather than government edict.

We recognized that the very basis of economic growth was changing. Technological innovation and knowledge continued to replace natural resources as the key source of wealth creation. And we understood that, in this global marketplace, success required being internationally competitive. Countries must meet international standards of quality and price.

To meet Canada's economic and industrial challenges, we embarked on a wide-ranging agenda of reforms.

We downsized our bureaucracy and privatized many state enterprises.

We deregulated our transportation and energy sectors to restore the roles of cost and price in our economy. We reformed the income tax system to reduce rates and lessen its role in determining investment decisions. We sought and secured a bilateral free trade agreement (the FTA) with the United States, that gives us more secure access to our largest export market. We implemented aggressive trade development strategies outside North America, but with special emphasis on Europe and the Pacific Rim. We have encouraged direct investment from abroad. We recognize that new investment brings with it new technologies and know-how.

We have been reforming our educational and training programs to improve the knowledge and skills of Canadians. And we have been reforming our social policies in order to direct assistance to those Canadians most in need. We have replaced an outdated, discriminatory wholesale tax with a fairer, export-friendly value-added tax.

As a result of our fiscal restraint, Canada's deficit has been reduced farther and faster than yours. And throughout our mandate, the long-term anchor of our monetary policy has been, and remains, price stability.