motion relate to a very important issue: competitiveness in our economy.

Enhancing Canada's competitiveness has been one of the government's foremost concern since 1984. The budget tabled by the Minister of Finance last February 26 made us look at the matter from a new vantage point. I want to debate that aspect of the motion in light of the budget and the strategy of the economic policy which the government has been steadfastly pursuing.

The 1991 budget responds to the twofold competitiveness and prosperity challenge facing Canada. We Canadians enjoy one of the world's highest standards of living and an unprecedented quality of life, but we have no guarantee that these conditions will remain unchanged. No longer can we rely on such factors as may have accounted for past successes if we want to continue to better our living conditions and our quality of life.

We have to get back on the road to economic recovery, but we must go one step further and achieve economic prosperity. To this end, Canadians are expected to co-operate more efficiently in a prosperity partnership which will seek to face up to our competitors' challenges.

As the world economy grew ever more competitive, Canada lost some ground as our trade partners became more aggressive on international markets. Trends in productivity remain one of the most telling indication of what Canada can expect in terms of economic challenges. Productivity growth spells higher standards of living for Canadians. Unfortunately we are not as productive as we once were, a fact to which my colleague in the opposition referred to a moment ago. To put it another way, we are finding out today that Canadians are less and less efficient at producing goods and services.

From 1974 to 1989, over-all productivity growth slipped to 25 per cent of the average level for the 20 preceding years. It did not go up at all during the first half of the 80s. With respect to labour competitiveness in the manufacturing sector, in the last 15 years Canada dropped from second to fifth among the industrialized countries of the Group of Seven.

In fact, Canada is the G7 country which recorded the lowest productivity growth over the last six years. My other colleague said earlier this is because we have gone down. No! We managed to improve our productivity in the manufacturing industry less than other countries and this, in spite of our strong economic growth. Such competitors as West Germany, Italy and France have not only equalled but exceeded our level of productivity.

Policies implemented in Canada in the 1970s and 1980s, have undermined its long-term productivity. A change of direction was necessary. The 1984 economic Recovery Plan described the economic challenges which Canada had to meet and the steps taken later on have helped create a framework much conducive to productivity enhancement. The Economic Recovery Plan stems from the wise realization of a need for basic recovery aimed at bringing about sustained growth and productive employment. Before laying out the solid foundations necessary for this renewal, the Canadians and their government joined forces to develop and implement an action plan to eliminate the many obstacles to economic growth. This action plan started off with energy and determination in two major closely connected directions.

First of all, federal program policies had to be changed to make it possible for the private sector to become the motor of economic recovery in an increasingly competitive international market. To support growth in the private sector, Canadians had to focus on change and progressively adopt a new positive approach towards entrepreneurship and adjustment to new market realities.

In some cases, this resulted in less regulation and government intervention. In other cases, it resulted in a reduction of subsidies and other government expenditures which were detrimental to a wise allocation of our limited resources. In others still, it resulted in a redirection and reinforcement of government activities necessary to support growth and adjustment. This was especially required in the areas of research and development, exports and investments, especially in the case of small-and medium-sized businesses.

On the other hand, Mr. Speaker, we had to address the federal deficit in order to control the constant increase of a federal debt resulting from past squanderings. In order to reduce the deficit, it was necessary to systematically and consistently limit the increase in federal spending. We had to carry out a thorough