

We also look forward to real growth in employment this year, more consumer spending, more personal disposable income and more housing starts. In other words, stronger economic growth this year and next. There are already signs of this turnaround in recent economic statistics.

We have a record of accomplishment in recent years. We abolished a manufacturing sales tax that was handicapping our exporters. We have re-oriented our unemployment insurance system towards retraining. We have updated our competition policy. We have deregulated energy and transportation and initiated reforms of financial institutions. We have opened our economy, transforming a foreign investment review agency into a foreign investment promotion agency. We have privatized or eliminated 24 government-owned companies, reduced the federal payroll by 90,000 employees, and streamlined virtually every federal department and agency.

Of course, the most important measure we have taken in recent years to improve our economy has been our Free Trade Agreement with the United States.

Freer trade is vital to economic renewal. Freer trade means more competition. Competition lowers prices for consumers and forces business and industry to rationalize and become more competitive. Economies of scale increase. Manufacturing costs decrease.

Our Free Trade Agreement with the United States is being phased in over 10 years. To date, the experience has been very positive. Let me give you some facts.

When we negotiated the Agreement we knew that some Canadian businesses might wish to accelerate tariff reductions and adjust sooner rather than later. That's why the Agreement allows us to accelerate the rate of tariff reduction if industries request it and both countries agree.

In the first round of tariff reductions, hundreds of Canadian businesses told us they were ready to compete and did not want to wait. As a result, tariff reductions on more than \$6 billion in bilateral trade were accelerated. In the second round of reductions, more businesses came forward. This July we will accelerate tariff reductions on a further \$2 billion in bilateral trade.

In 1988, just prior to the Free Trade Agreement, there was a net direct investment outflow from Canada of \$2.5 billion. In 1990, Canada enjoyed a record net direct investment inflow of \$4.3 billion. Our trade surplus with the United States increased from \$14 billion in 1988 to \$17 billion in 1990. Some of that export growth has been manufactured goods, such as electrical machinery