

At the macroeconomic level, it would be more accurate to characterize the approach of the government since 1984 as back-to-basics – a return to principles that have served our country well since the founding of the Canadian Confederation.

Those principles, briefly summarized, are a commitment to stable prices, balanced public finances and liberalized trade. They also include a conviction that prosperity is not a gift that is within the power of governments to give. Prosperity is what happens when a business sector operates in a climate that rewards effort, enterprise and innovation – one built on co-operation.

These were the principles by which Canada's economic policy has been guided throughout most of its history. And, because they grew out of the realities of our situation, they have been accepted and acted on by successive federal governments – Conservative as well as Liberal.

These steering points have never been explicitly abandoned. But when the Mulroney government came to office, federal policy had strayed a good deal from the basics and had created a costly legacy with which we are living today.

Consequently, the national agenda required a course correction to get the ship of state back on course to prosperity by way of international competitiveness. This required corrective action at many levels, most of them related to the role of the public sector. For example, over the years, a degree at a time, the climate for foreign investment had been allowed to cool to a less-than-comfortable level.

We took various steps to turn up the thermostat. I won't go into all the details, but one good way to sum up the altered atmosphere was the replacement of a government office called the Federal Investment Review Agency by an agency called Investment Canada. The change in name fit the new mission, which changed from warning off investors to welcoming them.

We also retired a national energy policy that was not only a deterrent to investment, but was also a serious irritant in relations with our oil-producing provinces.

We deregulated the financial services and transportation sectors.

We got rid of a hidden 13.5 percent tax on manufacturers' inputs that was a competitive handicap. We replaced it with a visible 7 percent national value-added sales tax on goods and services.

We also began to get government out of business. Over the years – often for reasons that made good nation-building sense at the time – the Government of Canada had collected a costly cupboard full of what we call Crown Corporations.