

It is a great pleasure, Mr. Chairman, to be back in Chicago again, and to meet with such a distinguished group as yours. (I know a room full of Blue Jay fans when I see one.)

I had rather hoped, in a perverse sort of way, that I might be competing this fall afternoon with a barn burner of a ball game back in the Toronto Skydome. But instead, my consolation will, I hope, be your undivided attention for a few serious thoughts that I would like to share with you on a subject that is near to my heart, and I suspect not very far from yours: the Canadian economy, where it has come from, and where it is going.

The Chicago Council on Foreign Relations has a major role to play in fostering understanding of international issues in this vital city and this great state. And there is no state better placed in all the U.S. to appreciate the importance of the Canadian economy to the past and future prosperity of the U.S. in general, and the mid-west in particular.

Two-way trade between Canada and Illinois, worth \$9.7 billion in 1990, makes Illinois alone Canada's third-largest trading partner in the world, after the U.S. and Japan. Conversely, Canada is Illinois' number one trading partner, as it is for both Wisconsin and Missouri as well, incidentally.

In terms of sheer verve and determination, it would be hard to top what an Illinois-Canada partnership accomplished in taking the Big Mac to Moscow. As close partners, we have many other bread and butter topics to deal with, and understanding is the key ingredient.

As regards the Canada-U.S. Free Trade Agreement, the FTA, our Consul General, Doug Valentine, tells me that you have been "FTA-ed out," and that, in any case, I would merely be preaching to the converted if I were to dwell on the FTA. You will appreciate that this is not always the case at home, and I hope you will indulge me if I occasionally digress into some of the not so widely appreciated reasons why the FTA is working well for Canada. I know you are looking for some comments from me on the new, North American trilateral talks, but I'd like first to say a word or two, Mr. Chairman, about the broader policy context in which Canada is approaching these important negotiations.

Some six years ago, in December of 1985, here in your great city, at the University of Chicago, Prime Minister Mulroney spoke at some length about his new young government's plans for Canada's "economic renewal." He spoke about creating the essential conditions for renewed growth, the importance of deficit control, the role of investment and the significance of trade.

Our government had recently been elected on a policy platform committed to dealing with the new challenges facing Canada -- challenges of job creation, of improving our competitiveness and of achieving sustainable economic growth. In November of 1984,