

Meeting the Challenge

After the Government took office in 1984, it concluded that Canada's past prosperity had made it complacent about the precarious position that it faced as a trading nation. Determined to take the steps necessary to renew and strengthen the Canadian economy rather than resist the forces of global change, Canada has sought to harness them to its advantage.

The Government's approach was to make the private sector the driving force of this economic renewal. Government policies created an environment that would encourage and reward entrepreneurship and facilitate adaptation to the changing international economic demands. By opening Canada's economy to greater international competition and by encouraging Canadian-based firms to adopt global business strategies, Canada could remain one of the most prosperous nations on earth. The Government's economic strategy was based on three interrelated and mutually reinforcing goals aimed at:

- removing obstacles to growth;
- encouraging entrepreneurship and risk taking; and
- supporting those in genuine need who could not adapt quickly enough to changing circumstances.

This strategy was based on establishing domestic policies designed to encourage Canadian-based firms to make products that the world will buy at prices that the world is prepared to pay. Directly related to these policies were efforts to create a more open economy and promote more diversified trade and investment relations.

As international markets and production were becoming more global in scope and outlook, Canada was in danger of being pushed to the margins of the world economy if it did not participate in this trend. Not only were we not equipped to expand our participation in global markets, we were in danger of losing our own market. Canada needed more companies able to take on the competition both at home and abroad. We had to change from a branch plant to a world-class economy and we needed the rules to give firms and workers both the incentive and the reward for taking on the competition.

Trade agreements provide opportunities; results come when firms and workers take advantage of those opportunities. Over the past few years, the Government has taken steps to strengthen Canada's capacity to adjust to changes in the economy. It has placed greater emphasis on retraining and job counselling. It is working with the provinces to ensure that both federal and provincial programs are attuned to changing circumstances.

The perception in some quarters that the FTA has had a negative impact on the economy is not supported by the evidence. Canada's access to the U.S. market has improved since the Agreement, with 15 of 22 Canadian industry sectors gaining market share; Canada's exports to the United States have reached record highs; and net foreign direct investment inflows turned positive in 1990 and 1991 after nearly two decades of net outflows. Canada has already benefited from the FTA in a number of ways....

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