

development. Reform of the tax system could also provide broader national incentives for investment that would assist in the rationalization of industries. These policies could also focus on the development of viable replacement industries and vertical integration, within the regions, of naturally advantaged industries, which would include related spin-off activities. Governments could increase their international promotional and informational programs for regionally advantaged industries that are export oriented. This type of program could be of particular benefit to small business. In general, governments must reduce the discretionary elements of assistance programs and ensure that market criteria are met.

Government agricultural policies have both regional implications and special interest protection aspects associated with them. The farm sector will continue to be a major concern to governments and current policies will have to be replaced by new approaches which recognize market forces and the need for rationalization of agricultural production. The instability of commodity prices in this sector will continue to create demands for income stabilization plans. These plans must provide for accountability and shared responsibility between governments and primary producers so that markets are not distorted and consumer prices are not determined solely by producer interests. To provide for growing markets in agricultural products, performance oriented incentives could be employed to encourage product and processing innovation as well as the rationalization of the processing industries.

Government interest in consumer protection in the services sector is primarily tied to regulations. Regulatory reform is required to eliminate overlap and duplication between jurisdictions and outmoded regulations. This could be best accomplished in our federal system through harmonization of regulations and the development of common standards. Governments should focus less on discretionary "command and control" practices and more on market-oriented alternatives such as marketable rights, broad performance standards, monetary incentives, information disclosure, corporate governance, and less across-the-board application. One means