

high-tech sectors as electronics, aerospace and computers. And private sector R&D in Canada has grown by 6.5 per cent a year, in spite of the recession. But we still have a long way to go. Canada ranks with Italy as the G-7 country that spends the lowest percentage of output on R&D. Germany, Japan and the U.S. all spend at least twice as much as we do on R&D.

In business terms, R&D is nothing less than an investment in the future, and in those terms, as Canadian Pacific Chairman Bill Stinson said just last week here at Calgary Chamber of Commerce, investment is nothing more than "putting today's profits into tomorrow's products."

Canadians have nothing to fear, and everything to gain, from enhancing our competitiveness. Competitiveness isn't a dirty word. It isn't about losing jobs, it's about securing jobs. As Bank of Nova Scotia Chairman Ced Ritchie has said, "competitiveness is really about the chance for every Canadian to have a decent paying job." In this emerging world economy, our only guarantee is our performance.

Well, what are we doing about it, as a government, and as a country? The awareness of the importance of this issue is building. Canadians increasingly realize the importance of competitiveness, and they realize that we are all in this together. In a discussion paper we'll be releasing on competitiveness, we've identified five building blocks to Canada's prosperity.

First, a learning culture. We're not going to compete with a 30 per cent high-school dropout rate, compared with 2 per cent in Japan; not when Japan is producing nearly nine times as many engineers per capita as we are. Not when Mexico is graduating four times as many engineers as we are.

Second, science and technology. The government has made significant investments in R&D. We have established 14 university centres of excellence with nearly \$250 million of funding. We have created an R&D-friendly tax regime recognized worldwide as one of the most attractive to companies. However, Canadian business is lagging behind its competitors. We rely on the private sector to create jobs, it should also take the lead in making critical R&D investments. However, in the late 1980s Canadian industries' investments declined as a percentage of GDP. As a result, Canada has the lowest level of R&D investment of any of the G-7 nations. We need greater business investment in R&D. We need more pure research, more applied research, and we desperately need more scientists and engineers.

Third, financing investment, putting money back into the product. Working capital drives growth. We need to invest in physical capital. And in infrastructure. Both are essential to make