

Canada is in general ranked as a "major" OECD economy. This means, quite simply, that our commitment to R & D is lagging behind our investment in other economic activities. It should be of concern to us that, on a per capita basis, in industrial R & D we rank still lower.

There is some evidence that the Canadian educational system may not be doing as well as it could in preparing graduates for the international marketplace. Although objective comparisons are hard to come by, international evaluations in progress suggest that Canadian students are not scoring high enough in key subjects such as mathematics. We also need to ask ourselves if the pattern of post-secondary specialization is producing the optimal mix of engineers, scientists and managers that we will need to achieve and maintain an advanced industrial structure.

Trade and education and Research and Development have not traditionally been considered part of Canadian foreign policy. From now on, we think, they must be. We propose a major change in the way we look at foreign policy.

There is one final aspect of the relation between foreign and economic policy which I want to mention. That is the TAWDRY reality that richer countries can have more material influence than poorer ones. Despite restraint, the Government of Canada has decided to maintain an active role in international development, in our defence alliances, and in our presence abroad and in international institutions. But we are not able to do all we want. That is not a reflection of our spending priorities. It is a reflection of our earning priorities as a country. To do more, we have to produce more. Our international effectiveness depends on our ability to compete and excel in a changing world economy.

Canadians respond very well to challenges, once we recognize them. We built a nation against odds far more daunting than the economic complexity or nuclear uncertainties which mark today's world. Of course, government leadership involves taking tough decisions, and we will take those decisions. But it also involves equipping Canadians to welcome or accept the changes nations have to face. We all have to prevail in this dangerous, complex world, so we had better get to know it, and put aside the illusion that there is some comfortable haven in which Canada can sit down and watch.

I have no doubt that Canadians want to embrace those economic and political challenges. In two World Wars and in Korea Canadians volunteered for wars that far away. In every country I visit in Africa and Asia, I am