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Nobody is going to invest in R&D if they can't afford it, or if there is no market for the improved product.

- (2) The small size of our country means we must not only encourage the production of Canadian technology, but the adaptation of foreign-sourced technology. We must then encourage the diffusion of this technology and know-how across the country — on the farm, in the factory and in the office.
- (3) We believe the essence of the so-called "information revolution" is the application of new technology in existing industries — in manufacturing, textiles, agriculture, mining, forestry and so on. Producing new technology is important. But even more important is using it to our advantage.
- (4) We believe tax reform is also necessary to redirect investment to this vital job-creating activity. Tax changes will reflect our belief that incentives should replace grants, that the definition of "development" should be broadened and that tax laws must better reflect the idea that research and development is an integral part of the production process, not a separate activity.
- (5) Hand-in-hand with policies to encourage the production, application and diffusion of new technologies must be policies to train Canadians in their use. And we believe the recommendations of our two caucus task forces on retraining and youth unemployment are an excellent start. They are innovative, forward looking and cost-effective. They will train people to fill the new jobs being spawned by complex and changing technologies and trade patterns.

Finally, the question of stimulating demand. In our view, a sustained economic recovery in Canada requires increased domestic business investment and increased foreign trade. We have identified five priority areas for increased capital investment:

- the energy industry — both in the West and offshore;
- the national rail transportation system, particularly in the West;
- the application of technology throughout the economy;
- local and municipal infrastructure development and maintenance; and
- capital equipment upgrading for our armed forces.

To increase foreign demand, it is critical that we negotiate increased and secured access to foreign markets for our goods and services, through multilateral and bilateral negotiations.

To that end, the new Progressive Conservative government will continue to be a strong proponent of the multilateral trading order. We will strive to develop the international consensus necessary to begin a new round of General Agreement on Tariffs and Trade negotiations in such areas as safeguard arrangements, procurement, agricultural trade and trade in high technology.

The creation of an international framework for trade in various services will also be high on the agenda of the new government, and I welcome your views on how best to proceed in these complex sectors.