

being competitive doesn't only mean working hard -- Canadians already do that -- it really means working smarter. It works the other way, too. When we lose our competitive edge, we lose markets, which results in a lower standard of living.

Our prosperity depends in large measure on the reputation of the Canadian trademark: "Made in Canada." The competition is tough, and getting tougher all the time. Canada does well on a world-competitive scale, but if we are to thrive, as well as survive, we have to do better.

For example, Canada has ranked fifth for the last two years running in the World Economic Forum's survey of competitiveness of the 23 Organization of Economic Co-operation and Development (OECD) nations. That's up from 11th place five years ago, before our program was fully in place. But it's slipped slightly from fourth place two years ago. We are rated near the top for our natural endowments, our human resources, our transportation and health services infrastructures, our market orientation and the dynamism of our economy. The Ontario auto industries, the quality of the Ontario work force, and the strong, market-driven regional economy, are all good examples of Canadian competitive advantage.

But there are also strong warning signals on the horizon. Canada spends more per capita on higher education than any country in the world except Sweden, and we have the second highest post-secondary enrolment after the United States. Yet in terms of the responsiveness of our school system to meet the demands of a competitive economy, we ranked 11th, in the middle of the pack. At the same time, we face a critical shortage of scientists and engineers.

Equally troubling is the fact that we ranked 20th -- at the back of the pack -- in terms of effectiveness of company training programs. In terms of international orientation -- our adaptiveness to technology and innovation -- we rank 16th. In terms of science and technology, we rank 17th.

We are not sufficiently outward-looking, forward-looking, risk- or investment-oriented. There are some 400 000 manufacturing firms in Canada, but fully two-thirds of them don't export at all, not even to the United States, our closest market and best customer, with which we conduct a \$200-billion a year two-way trade relationship, secured by the Free Trade Agreement. And we have relied too much, for too long, on our basic resource industries to guarantee our standard of living. The growth areas of the economy in the 1990s are in the knowledge-based industries. And in the resource and manufacturing sectors, still vital to our prosperity, we need productivity improvements, better quality products, and a more highly skilled work force.