

In the economic development area, we want to see who is paying the \$8 billion in corporate taxes, and who is receiving the \$8 billion in government expenditures. Our goal is to move away from a politicized grant structure to greater reliance on the tax system.

We will also be examining the effectiveness of certain capital works expenditures....

Finally, we will be examining tax laws regarding transfer-pricing and other forms of corporate tax avoidance. Some critics say the treasury is losing millions. It's time to find out the facts.

In the social program area, we are not only committed to the maintenance of current income security programs, it is our goal to improve them — to make sure there are no holes in the safety net and that it is raised off the ground for all Canadians.

In health care, we will negotiate with the provinces to invest more of our health dollars in areas which will create long-term saving: areas such as: preventive medicine; community-based care; and medical research, particularly related to the problem of an aging population. We believe one of the keys to long-term deficit reduction lies in "spending smarter" our health care dollar.

We plan to reform the personal income tax system to make it more fair, more progressive and more productive. We are committed to the goal of fair taxation. And we will implement the best means to achieve that goal.

But let us be frank. No amount of prudent management or tax reform will cut the deficit down to size. That will only occur when interest rates fall, when economic growth resumes and when Canadians are put back to work. That is the fundamental goal of the new Progressive Conservative administration. And once we get the economy growing and the deficit shrinking, we can begin to strengthen the capital base of our private sector, through incentives which encourage investment in Canadian companies and worker equity participation. And we can also move to create the pool of venture capital needed to finance Canadian small business — the real source of jobs in this fast-paced world.

Next, improving our international competitiveness. The new Progressive Conservative administration will concentrate on two parallel initiatives to improve our competitive position in the world.

First, we must participate in the restructuring of our primary sectors, particularly the fisheries, forestry and mining sectors, and we must lower their production costs, wherever possible.

Second, we must increase our efforts in technology and training — the development of our human resources.

Our technology and training policies will be based on five assumptions:

- (1) It is clear that lower interest rates, a stronger capital base, and market access are essential prerequisites to increased research and development (R&D) expenditure by the private sector.
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