

built on small and medium-size business; (d) market disciplines for state-owned industries; (e) sound fiscal and monetary policies.

The challenges facing the Soviet Union are of the greatest magnitude.

The U.S.S.R. has taken some steps which will help build a firm foundation for economic development, such as the introduction of legislation allowing some private control of land and factories. We can see the day when other fundamental economic reforms, such as market pricing, convertibility for the rouble, and outright ownership of land and resources will be implemented.

The Canadian Government supports President Gorbachev's reforms, and we are taking a number of practical steps to improve the commercial ties between our two countries.

During Prime Minister Mulroney's visit to the U.S.S.R. a few months ago, a large number of important commercial agreements were signed, and a Canada/U.S.S.R. Business Council and trade task force were set up to study ways to build trade and investment between our two countries.

These steps not only deepen the bilateral relations between Canada and the U.S.S.R., they add impetus to the economic transformation of the U.S.S.R.

Business people in Canada and other CSCE states want to broaden their participation in the economy of the U.S.S.R.; further economic reforms on the part of Soviet authorities would dramatically increase the amount of private capital and expertise available to the Soviet economy.

Ensuring the orderly transformation of the countries of Central and Eastern Europe is equally pressing.

This process, underway at various stages in all Central and Eastern European countries of the CSCE, will inevitably produce some wrenching adjustments to national economies and societies.

The Polish program is perhaps the most comprehensive and advanced, and already the expected shocks have begun to hit. Yet, Poland's leaders are courageously staying the course, aiming to establish the economic, legal and institutional basis for a private-sector market economy in just one year.

As one Polish economist has described his country's efforts at achieving a rapid transformation of the Polish economy, "You don't try to cross a chasm in two jumps."