

of common purpose. We are attempting, therefore, to free ourselves from a set agenda this year. It is for the same reason that the meetings are being held in the relative seclusion of Montebello.

The basic international problem is, as I have said, the instability of our economic and political environment. The resulting problems in the management of the industrialized world's economies are obvious.

At the present time, the western industrialized world is having to bear with slow growth, high levels of unemployment and continuing high inflation. Added to these are the turbulent effects of exchange market movements, which in recent weeks have seen the main European currencies touch new lows against the U.S. dollar.

This decline in the relative value of some currencies, coupled with the effect of generally increasing interest rates, is having an adverse effect on real growth in many countries. There is real concern that the predicted economic recovery may be set back at least until the start of 1982.

Some of the summit countries, including Canada, are clearly concerned that domestic American policy, and its impact upon interest rates, are having a severe adverse effect internationally. The purpose of the summit is to try to ensure that different national approaches to common objectives do not produce counter-productive and competing effects.

National action needs to proceed in a way which takes into account its impact on others. That requires a prior appreciation of the economic and political situation in other countries, as well as a co-ordinated effort to minimize the areas of negative impact and of conflict.

Another source of great instability is the state of East-West relations. Here there is no denying some basic facts. The Soviet Union has invaded Afghanistan, implicitly threatening all of the countries of western Asia, and ignoring the call of the Third World to get out. In addition, there is no denying that the Soviet Union has both expanded its military presence in the oceans of the world,