influence on policy can be exercised, and as instruments through which policy may be pursued. Until this time, there had been no organized business constituency to advocate the expansion of relations with the Eastern countries. Only in 1983 was a Canadian-East European Trade Council organized through the initiative of the International Division of the Canadian Chamber of Commerce. The Council provided support for firms engaged in trade with the Soviet Union and Eastern Europe, and in 1985 signed a cooperation agreement with the Soviet Chamber of Industry. In 1988, a Canada-USSR Business Council was formed on the initiative of a group of prominent Canadian businessmen interested in the new opportunities made possible by *perestroika*. By 1990, the Business Council had a large Soviet membership as well as over 120 Canadian member firms, and had opened offices in both Toronto and Moscow. The developments in Eastern Europe in 1989 prompted the organization of other bilateral councils, with Poland, Hungary and Czechoslovakia.

The rapid course of political events in Poland and Hungary in 1989, and Western responses to them, provoked the Canadian government into belated action. At the July economic summit, the PHARE (Pologne Hongrie: Assistance à la Restructuration Economique) international aid programme for Poland and Hungary was launched. The Commission of the European Communities was given responsibility for coordinating the efforts of the twenty-four Western countries (Group of 24), including Canada, which agreed to participate. In these circumstances, Prime Minister Mulroney announced in October the Canadian aid component. Directed primarily to Poland, this $32 million package promised food aid and a special credit insurance facility to support purchases of urgently needed imports.

THE MULRONEY VISIT TO MOSCOW

It was the Prime Minister's scheduled visit to the Soviet Union in November, 1989, which was perceived in Ottawa as the opportunity to demonstrate that official policy was not lagging behind domestic and foreign perceptions of the reform processes underway in Eastern Europe. Fortuitously, the dramatic chain of events in Eastern Europe in the fall of 1989 heightened the Canadian public's attention to the occasion.

During the Soviet visit, Prime Minister Mulroney went out of his way to show support for the Gorbachev reforms. An official statement issued by his office on the eve of the visit asserted that "it is clear that the revolutionary changes championed by President Gorbachev offer the best chance for East-West relations in the postwar era." The Prime Minister echoed these thoughts in his address at a Kremlin state dinner on the first day of his visit, affirming his "deep conviction that it is very clearly in everyone's best interest that your reforms succeed." He added that Canada "welcomed the greater integration of the USSR into the world economy" and would "support progressive Soviet participation in the international trade and payments system as the reforms of Perestroika create the conditions for success." He specifically mentioned in this regard close cooperation between the USSR and the OECD, as well as Soviet observer status and eventual membership in the GATT. In a Moscow speech two days later, the Prime Minister summed it up as follows: "East-West relations are at their most promising point since the war. And Canada-Soviet relations are poised to make a new beginning." The official pronouncements of the Mulroney visit thus clearly marked an abandonment of the equivocal tone of previous government statements.

The Canadian government was anxious to create the public impression that new substance as well as new rhetoric had emerged from this visit. While in Moscow, the Prime Minister signed no less than ten bilateral agreements for cooperation in a variety of areas, ranging from peaceful uses of nuclear energy to combatting narcotic drug abuse. Although all had an economic dimension, two of these agreements are of particular significance for future commercial intercourse. The first, a full-scale agreement for reciprocal investment protection, is a measure clearly designed to encourage Canadian firms to invest in the Soviet economy. This agreement is the first of its kind for Canada, and provides official guarantees not hitherto available to Canadian investors abroad. The second is an umbrella accord which authorizes individual Canadian provinces and Soviet republics to establish direct cooperation in economic, scientific, technical and cultural areas. The announcement during the visit of the intended opening of a Canadian Consulate in Kiev took on special economic significance in light of this agreement.

The Prime Minister also used the occasion to demonstrate official support for Canadian business initiatives. He invited a large (240-strong) business delegation to accompany him to the Soviet Union and, together with his Soviet counterpart, Prime