

University in cooperation with five other Canadian universities. This summer the program will train 120 business people from Poland, the Baltic states, the Soviet Union, Czechoslovakia and Hungary. Local expenses, estimated at \$1.1 million last year, are being borne by the federal government, the Ontario government, host companies and the participating universities. **The Committee recommends that the Government increase its financial contribution to such programs, and encourage the private sector to increase its support, so as to permit a substantial expansion of Soviet and East European business training in Canada. At the same time, the Government should encourage the development or expansion of other training programs, such as the training of Soviet farmers at Fairview College in Alberta, training in public administration and in labour-management relations. Wherever possible, training should be connected to joint ventures so as to encourage its relevance and immediate application. We would add that training is needed on the Canadian side as well. As the Japanese already do, our business community should invest much more in the foreign language and other training of its employees, so essential to their effectiveness in foreign markets.**

People-to People-Capital. In his appearance before the Committee in Ottawa in March, Andrew Sarlos, the Toronto financier and founder of First Hungary Fund, recommended that the Government extend to the countries of Eastern Europe and the Soviet Union certain tax benefits that would encourage Canadian investment in those countries, particularly by Canadians of East European and Soviet ancestry. This was one of a number of suggestions we received as to ways in which Canada could encourage the economic development of these countries through the use of tax and other laws. **The Committee would recommend that the Government carefully examine the various recommendations for using Canadian tax and other laws to encourage investment in the Soviet Union and Eastern Europe, bearing in mind the need to avoid large costs to the Treasury.**

Nationalism: The March Towards Confederation?

If glasnost has complicated the process of economic reform in the Soviet Union, it is well on the way to revolutionizing the relations between Moscow and the many nationalities, union republics, autonomous republics and national districts of the country. It was taken for granted by virtually everyone with whom we spoke that the Soviet Union was headed for a radical decentralization of power from the center to the republics, leaving the Union as a much looser federation or even as a confederacy of sovereign states. Volodymr Ivashko, First Secretary of the Communist Party of the Ukraine and a member of the Politburo, told us that the new law on the Union, currently being developed, will be based on "entirely new" principles. "The republics will be the basis and they will only voluntarily transfer power to the center."

The drive for a new federation was repeatedly explained to us as arising from the fact that the USSR was a federation in name only; in fact, it is a highly centralized state. The