

particularly following Reykjavik. It is going to take great skill and a corresponding application of will to achieve real breakthroughs either on nuclear or conventional forces.

Let me make Canada's objectives clear: We want a major breakthrough, and dramatic reductions in all categories of arms. We believe our Allies want the same thing.

One particularly complex issue, not just for superpower negotiations, but also for Alliance solidarity, is SDI. The immediate issue is how the ABM Treaty is to be interpreted. The longer-term issue is that of possibly profound changes in long-standing NATO strategic doctrines.

It is going to be critically important for the United States to keep consulting fully and frankly with Western allies regarding these questions. Within NATO and with Japan, a dialogue at quite a new level of intimacy and sophistication may be required on the relationship between offensive and defensive systems. The alternative to dialogue is unilateralism and incrementalism in changing strategic doctrine. Given the implications for the rest of us, that is not acceptable. It is only on the basis of Western solidarity regarding new strategic defence systems that truly effective and broad-ranging East-West arms control agreements can be achieved.

Obviously, problems of peace and security can create considerable strain within the democratic community. But the potential for strain in economic relations within the trilateral community is even greater. Those are not the most serious international economic problems, but failure to resolve the strains within our Western community may prevent us from facing squarely the larger issues of debt and development. Problems among ourselves limit our ability to build a more realistic and open multilateral system.

Our economic relations are dictated by the proverbial bottom-line. The industrial democracies compete with one another, often very sharply under a system of agreed rules. Our economic interaction is a fluid and rather volatile mixture of competition and cooperation. It requires constant management to ensure that the resulting tensions are healthy rather than pernicious.

Fortunately, over the past several years our domestic economic policies have been fundamentally sound in coping with extraordinary changes. We have long cooperated internationally within established institutional frameworks: the OECD, IMF, and World Bank. Since the 1970s we have established some extremely