

investment and know-how are welcomed under fairly liberal conditions. Joint ventures develop.

- o National and ethnic unrest continues, but can be contained short of violence and secession. The Baltic Republics do not renounce independence goals but accept temporary compromises that bring a large degree of autonomy, especially in the economic field. Ethnic tensions in the Caucasus and in Soviet Asia recede.
- o Soviet nuclear and conventional arms and forces are gradually and substantially reduced, releasing skilled workers and capital to the civilian sector.

#### b) Foreign

- o Soviet foreign policy continues to be supportive of efforts to reduce international tensions and levels of conventional and nuclear forces, solve regional conflicts, and revitalize the UN. The countries of Eastern Europe build new ties with the West while maintaining a loose association with the USSR through the Warsaw Pact. COMECON gradually disappears.
- o Agreement is reached with the West on the conditions of German unification.

#### The West

- o The US, leading Western European countries, and other NATO countries including Canada are strongly supportive of the new Soviet policies and of Gorbachev.
- o They contribute to the success of those policies by vigorously pursuing nuclear and conventional arms negotiations to early and successful conclusions.
- o Restrictions on trade and payments are largely removed, and credits are granted, in response to Soviet progress towards a market economy.
- o The West takes the lead in making clear its views on the arrangements needed to bring about new, closer and more productive East-West relations, including the conditions for German unification (this includes the role of NATO and the Warsaw Pact, conditions for new relationships with the European Community, and how the USSR can be brought into world economic institutions like the GATT and the IMF).