

*North-South Relations*

cupations of the leaders themselves. Our meeting will derive added importance from the fact that most of the participants will be gathering together for the first time.

The international press will probably place a lot of emphasis on the ideological differences of leaders who stand on the right, or the left, or in the centre. It is true that the electorates of various countries have been sending very different signals to their respective governments. But I do not expect that we will be overly preoccupied at the summit by our differences; I think that we will be trying to chart a common course, whether on North-South questions, on approaches to East-West relations, or on international trade, for example. We shall be trying to identify the broad areas where our countries can proceed together toward shared goals, transcending the differences among our national policies.

All of the summit participants know that the world looks to them for leadership. From the Third World, the look will be skeptical. But I believe leadership is emerging, and that it will be sensitive to the priorities of our times. The test of the summit, therefore, should not be whether we come out of the meeting with specific decisions. The true test will be whether all summit participants believe that we are defining together the best approaches to the great issues of the day, based on the objectives and values which we share in common.

This summit will be not only of the most difficult ever held, but will also be intentionally different. It is designed to be relatively unstructured, so as to give leaders the maximum opportunity to discuss the broad themes of crisis and opportunity, and how both can be effectively managed.

At Venice last year we agreed that we had to get back to these basic issues of international life, so as to strengthen our sense 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.

[*Translation*]

The most fundamental problems we are up against at the international level are tied up with the instability of our economic and political environment. And the management of the various economies of the industrialized world is not the least of those problems.

Right now, the western industrialized nations must cope with slow rates of growth, high levels of unemployment and rampant inflation. On top of that, due to the variation in the exchange markets, in recent weeks the European currencies suffered unprecedented devaluations as compared with the American dollar.

That devaluation of European currencies, coupled with the over-all increase in interest rates, adversely affects the economic growth of several countries which will take part in the summit. It is now feared that the expected economic upturn may be delayed at least until early 1982.

Certain participants in the summit, including Canada, are worried about the negative international spin-offs of the

American domestic policy and about its consequences on interest rates for instance. The role of the summit is to ensure that the various national policies aimed at common objectives are not incompatible and counterproductive. Any action by a country must be undertaken while keeping in mind its impact on other nations. That implies first an awareness of the economic and political situation of the partners and then a decision to co-ordinate the efforts so as to minimize the conflicts and the negative spin-offs.

[*English*]

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 and increased dramatically the weaponry which is arrayed against the West.

These challenges constitute another more traditional form of crisis to be managed. Western countries must develop the means to take a united stand, so that in the event of a direct threat, there will be a swift and concerted response, in the defence of our own interest and the interests of those countries which look to us for strength and support.

Personally, I believe that the good sense of Soviet leaders will prevail. I believe they will not feel themselves so threatened by events that they have to respond to the challenge of change by the force of arms. We all watch the crisis in Poland. The Soviet Union should know that recourse to arms is a losing game, for them and for all the world.

● (1530)

[*Translation*]

That being said, unfortunately we must act in the full knowledge that we are living in a dangerous world. Our security and that of the western alliance must rest on reality and be credible in our own eyes and in those of others. Experience over the past five years has shown the fragility of the "détente" as a basis for East-West relations. But I believe that the events in the coming months and years will determine what will be the next phase of the East-West relations. I think that all the countries involved recognize that we all have a stake in stabilizing those relations, particularly the southern nations which ought to be kept clear of the tensions between the eastern and the western worlds. But the U.S.S.R. is a superpower which claims the right to be heard on the same terms as its rival on the problems which affect any region of the world. The Russians claim that right for reasons of national interest but also, obviously, for reasons of an ideological nature. Consequently there is a potential element of rivalry among the superpowers in every troubled area of the developing nations.

One of the shortcomings of détente is, paradoxically, that it was conceived in a relatively balanced and stable European