

reform of half-hearted half measures will simply weaken one system without putting a new one in place. The Soviet Union is trying to move as quickly as possible on two tracks, tracks imposed by political reality and economic necessity. First, Soviet institutions must come to reflect the society that country has become. The legitimate aspirations of peoples must be accommodated through compromise if only because those aspirations cannot be ignored or erased. Second, an economic system must be established with the rules and rewards essential to an open market which works.

We are not taking sides.

We in the West will not create success for the Soviet Union. Success will come from attitudes and effort there, not attitudes and effort here. But we can assist where our interests and assets coincide or are complementary. And we can continue to staunchly defend reform -- informed reform, reform that works.

A new phase in our bilateral relationship was launched by the Prime Minister's trip to the Soviet Union last November. My visit last week allowed us to move that relationship forward on several fronts.

First, Canada is prepared to negotiate a formal treaty that will provide the legal framework for more co-operation in the future.

Second, as discussed by Mr. Crosbie, we will move to negotiate a new, less restrictive, trade agreement replacing the current one negotiated in 1956.

Third, we will actively pursue further relaxation of COCOM restrictions on exports to the Soviet Union. There has been much recent progress here but more is needed. Canada will actively engage our allies in that effort.

Fourth, we can move forward with new agreements in specific sectors, including a bilateral agreement on public health, an agreement on the prevention of dangerous military activities, an agreement on co-operation in the area of human contacts and a mutual insurance agreement.

Fifth, we can elaborate co-operation under existing agreements and programs. I believe there is much that can be done in the environmental sector, in management training, in advice on regulatory reform and privatization, in statistical expertise and in the area of establishing financial and judicial institutions crucial to an open market and a functioning democracy.