

Given the scope and character of General-Secretary Gorbachev's domestic economic ideas, we should be looking hard at the prospects for increased economic relations with the USSR. This is a major area, after all, of overwhelming Western strength. It would be of profound significance, and in our own interest, if we could begin drawing the USSR further into the global economy. Soviet leadership may, by degrees, accept the reality that economic dynamism requires real openness. We should be looking at joint ventures and increased trade prospects, though it would be clearly understood that enhanced trade must be conducted within the bounds of Western security interests and on a basis of true mutual benefit. It must also be understood that results will be quite constrained in the near term, given the current limitations on Soviet production and on Soviet foreign exchange. It must be realized, too, that the Soviet bureaucracy can probably resist economic reform more effectively than it can stop diplomatic initiatives.

My own country's interest in East-West issues is direct and urgent, and I do not believe this is fully understood abroad. In the United States, we still see a tendency to regard relations with the Soviets as almost a domain for American management. In Europe, the psychology of being on the front line is justifiably strong -- but there is more than one front line. A strategic nuclear exchange between the United States and the Soviet Union would take place over Canada. Canadian air space, particularly in the Arctic, will assume greater significance with the increased threat from manned bombers and cruise missiles. That is why we treat a reduction of tension very seriously.

Changes in military technology and strategic thinking are compelling us to rethink our own defence priorities. We are acutely aware of the growing strategic importance of the Arctic, particularly for submarines. We are factoring that reality into plans for defence upgrading. But it is our very intense hope, for the best of geopolitical, budgetary, and moral reasons, that real progress can be made -- and soon -- in reducing tensions and bringing about verifiable arms control.

The Soviet Union appears genuinely interested in obtaining an agreement on arms control. They want such an agreement for their own reasons, for self-interest, and clearly their detailed agenda will not be the same as our own. But in any reasonable interpretation of recent events, a parallel in East-West interests is becoming more apparent.

There have been very useful talks at Geneva on strategic nuclear forces, on INF, and on space-based systems. But the issues involved in arms reduction are extraordinarily complex