

DIPLOMA

Mulroney in Moscow: A Sign of the Times

The first visit by a Canadian prime minister to the Soviet Union in 18 years was triumphal, contrary to predictable political and media sniping that it had to make up in style what it lacked in substance. Prime Minister Mulroney's rapport with Mikhail Gorbachev, and the welter of signed agreements and memoranda were eloquent testimony to a more productive relationship between the world's two major Arctic nations. Furthermore, many of the 200-odd businessmen along for the trip were enthusiastic about opportunities for trade and investment, and a prominent Ottawa-based legal firm, Gowling Strathy Henderson, has already moved to establish a Moscow office to facilitate investment and joint ventures. Central to the economic part of the visit was an agreement in which each country promises to ensure that the other's investments will receive 'fair treatment in cases of expropriation, nationalization or transfer of funds.'

Possibly the most important aspect of the trip from a strategic perspective was a declaration by the two leaders that their governments 'respect the rights of the peoples of Europe to pursue paths of political and economic change without outside interference and in an atmosphere of international confidence and security.' Signed in the Kremlin, the document is seen as a commitment by the Soviets not to intervene in the democratization taking place among many of its allies. 'Both countries are committed to building bridges of understanding and co-operation to overcome this legacy (of a divided and heavily-armed Europe) and strengthen their common search for security.' Mr. Mulroney, previously reserved in his assessment of President Gorbachev's perestroika and glasnost, was laudatory in Moscow. 'He's a man of great vision who has initiated profound reforms that have clearly had a beneficial effect, not only across Europe but around the world.' Mr. Gorbachev called his visitor 'a personality and policy-maker' who meets the demands of a changing world. Welcoming the refreshed Canada-Soviet relationship, he predicted it would become 'richer and more substantive.' The visit included an announcement of

Canadian plans for a consulate in Kiev.

There also was confirmation that NATO and Warsaw Pact foreign ministers were invited to a February 12-14 'open skies' conference in Ottawa. Soviet Foreign Minister Eduard Shevardnadze and his American counterpart, Secretary of State James Baker, had already accepted. Open skies would permit 'short-notice overflights' of the signatories' territory by others' unarmed aircraft 'to satisfy themselves regarding the peaceful intentions of the other adherents.' Canada's position is that there should be no restrictions other than the basic air safety regulations applicable to civil aircraft. The Ottawa ministers conference is followed by 2 weeks of officials' meetings. This is to be followed within a few months by a conference in Hungary before any agreements are signed. In that vein, a Canada-Soviet agreement establishing the first military exchange programme between the two countries was signed.

Another agreement will lead to a resumption of scheduled Canadian air service to Moscow this year. The agreement amends a 1966 bilateral agreement to give Canadian Airlines International Limited rights to a route given up by Air Canada in 1977. In return, Aeroflot has rights to the routes between Gander, Newfoundland, and Shannon, Ireland, as well as Gander-Cuba. 'The new traffic rights created by this amendment are expected ... also to lay the basis for a further mutual expansion of traffic rights at the next round of air negotiations in 1990,' External Affairs Minister Joe Clark's staff explained after he and Mr. Shevardnadze exchanged notes. Although the route was unprofitable for Air Canada, 'the demand

for a safe and secure air service is the greatest threat is an improvement on last year's 11%. Concern about the 'arms race' continues to decline, to 21% from 1988's 23, while concern about 'regional conflict' slips to 25% from 28. Although there is a sharp rise, to 40% from 32, in the proportion of worried about nuclear proliferation, the chance of nuclear war

promote scientific co-operation in water research and future joint commission research ventures.' Another agreement establishes a framework for Arctic co-operation, including creation of a joint to oversee scientific, technical, economic, social and cultural co-operation. A separate MoU, signed by Mr. Mulroney and Prime Minister Nikolai Ryzhkov, is designed to limit oil spill potential. 'Our first priority is to improve the method of prevention as well as regulatory and monitoring initiatives in each country,' Mr. Mulroney said. 'The second priority is to reduce and control ship-source pollution through improved technology and greater international co-operation on information- and resource-sharing.' It commits both governments to exchanging a wide range of information on such things as environmental legislation, pollution prevention and monitoring and cleanup capabilities and research in the field. It also provides for an exchange of icebreaker captains as well as observers for cleanup at 'significant' spills.

Practicability Prevails in Moscow

Contrary to what some western observers suggested in the wake of the latest Congress of People's Deputies in Moscow, the Soviets have not put the brakes on perestroika. What Mikhail Gorbachev and others seem to acknowledge, at last, is that the vaunted restructuring lacks a concrete foundation. Trying to appease conservatives and radicals, Mr. Gorbachev has opted for an ambivalent regime that is neither market-driven nor centrally planned but which leans toward the latter. Although regressive, it seems the only way to achieve admittedly modest but nonetheless realistic progress that would give him time to lay a proper foundation for his reforms.

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the 7% who see the US as the greatest threat is an improvement on last year's 11%. Concern about the 'arms race' continues to decline, to 21% from 1988's 23, while concern about 'regional conflict' slips to 25% from 28. Although there is a sharp rise, to 40% from 32, in the proportion of worried about nuclear proliferation, the chance of nuclear war

for domestic policy, opinion is evenly divided on the possibility that Canada might acquire more conventionally-powered submarines now that plans for a nuclear fleet have been scrapped. A total of 50.1% are 'strongly' or 'somewhat' in favour of the conventional option compared with 49.9% who oppose it. Asked about

Best CIIPS Poll

ment priorities over the next five years. 23.6% of the latest sample want aid cuts rather than defence cuts. 1.2% prefer the opposite. Some want even reductions in both defence and foreign aid compared with those who feel the cuts should have smaller.

Although the poll was done in October and November, well before Prime Minister Mulroney's stated commitment to keeping Canadian Forces open as part of NATO, the response suggests Mr. Mulroney is on the right on this aspect of Canadian defence. Participation in NATO is 'very important' to 52.4% of the respondents compared with 33.7% for whom it is only 'somewhat' so and only 13.9% for whom it is 'not very' important. The size of the current Canadian commitment is 'just about right' for 58.6% while 16.9% feel it should be more, 10.4% feel it should be less and 14.1% want total withdrawal.

Tightening the Pursestrings: Aid Budget in Jeopardy?

The \$1.8 billion trimmed from Canada's Official Development Assistance (ODA) budget over the next 5 years does not 'reflect the wishes of a broad majority of Canadians who support a leading role for their country in fostering international development,' the North-South Institute (NSI) says. Yet the latest Canadian Institute for International Peace and Security poll indicates that a sizable number of Canadians may feel differently, possibly paving the way for further cuts as the government bears down on deficit reduction.

The NSI says if Ottawa is contemplating further aid cutbacks this year, it would be 'an abdication of Canada's commitment to developing countries.' While it sympathizes with the need to curb the deficit, it feels 'strongly that this should not be attempted at the cost of hurting our assistance to developing countries and jeopardizing prospects of moves toward a co-operative global community.' Furthermore, it considers the \$1.8-billion reduction as 'apparent abandonment' of the goal agreed to by

the government.

A possible signal of the government's intent is the pre-Christmas announcement that \$1.4 billion will be trimmed from overall spending in the next several years, beginning with \$460 million in 1990-91. There is a two-year extension of the 2% annual cap on departments' operating and maintenance budgets. There also is a reduction of \$70 million in funds for External Affairs and International Trade, starting with \$10 million in fiscal 1990-91 and rising in \$5-million increments through the following three years. 'Cuts will be considered in all areas of operations,' Treasury Board says of EA&IT. It also plans 'a full review' of Canadian International Development Agency decentralization, including potential transfer of staff to the field. 'It is felt that savings may be achieved by reducing or regionalizing some specialized aid delivery functions.... Construction of new aid administration facilities will be deferred.'

Public opinion aside, any re-examination of Canada's aid commit-

ment must be done against the backdrop of the recent meeting in Paris of representatives of the World Bank, the International Monetary Fund, the UN Development Programme, and the Development Assistance Committee of the OECD. They agreed 'the essential conclusion of DAC's work ... in the 1990s' must be a break in 'the vicious circle of underdevelopment that links high population growth, poverty, malnutrition, illiteracy and environmental degradation.' This would require economic and development strategies that promote sustainable growth while facilitating broader participation by the populations of the affected countries. 'Developing countries themselves are ultimately responsible for their own development,' but aid remained essential within an international framework that fosters trade and investment.

'Developed and other economically advanced countries cannot live in isolated enclaves of prosperity,' the four bodies concurred.