

123. The record of Canadian-United Kingdom negotiations has been clouded by the biennial financial crises that have afflicted the United Kingdom Government and the sterling area since the war. These have resulted in repeated efforts to conserve dwindling reserves of precious dollars at the cost of Canadian exports. What used to be regarded as the stable market has become one liable to periodic threats to Canadian commodities of all kinds. The fact that dollar devices and bilateral deals had to be made by a Government which for five years both preached and practiced Socialism has not made things easier. It has been hard for Ministers and officials in London to forget the United Kingdom's historic role as the world's banker and to remember the new position of the United Kingdom as debtor. Their partners in the sterling area have not been slow to press their claims upon its margin. It is surprising to note the casual frequency with which Canadian Ministers and officials were asked to come to London to discuss the difficulties of a country substantially in debt to Canada. In any event, with both governments at fault, it is in the economic field more than in any other that Canadian relations with the United Kingdom have experienced the most strain.

124. In contrast the record of economic negotiations with the United States has been better than might have been anticipated. For this fact the continuance of the Democratic Administration in power has been a contributing element but is by no means the whole answer. There have been exasperating difficulties over such problems as wheat, potatoes, newsprint and coal cars. There has been a persistent failure in Congress to meet adequately the complaints that have been so often recorded against the harassing nature of United States customs procedures. It has been difficult to get the United States Government to realize quickly enough the seriousness of Canadian economic difficulties, as was demonstrated in 1947. But the enormous expansion of the American economy and its corresponding need for a wide number of Canadian commodities, when combined with the steady chipping away at the tariff wall between the two countries have given Canada a market which in volume and value exceeds anything that might have been forecast in 1945. On more than one occasion the American investor has caused the Canadian Government the greatest headaches. His temperamental forays and withdrawals have complicated Canadian exchange problems, furthered the unpegging of the Canadian dollar in October, 1950, and retarded the postponement for a time of the dollar's return to a fixed parity. In the economic sphere the State Department has worked well with this and other Departments and the same has been true of ECA. Co-operation is less easy with Treasury and Commerce, and most difficult with Agriculture. It is generally true, however, that it is easier for Canadians and Americans to talk over their economic difficulties than for any other two peoples. As a result of all these factors, if the choice should have to be made, which it is to be devoutly hoped may never be necessary, the record shows that it is with the United States that Canada would align herself economically.