

## IX

### ECONOMIC AFFAIRS

The pace of economic recovery in the industrialized countries quickened in 1959 and was reflected in an expansion of world trade over the 1958 level. The recovery was not nearly so marked or so widespread in the prices of primary commodities, and primary producers continued to face serious market difficulties. With the increase in economic activities, Canada's trade deficit also increased substantially, particularly in its trade with the United States. On the other hand, the continuing payments deficit of the United States with the rest of the world was of growing concern generally, and was an important factor in the consideration of European trading developments.

Canada's economic assistance programmes showed a substantial increase over the 1958 levels. The year saw the commencement of two new programmes, the Canada-West Indies Aid Programme and the Commonwealth Scholarship and Fellowship Plan, and Canada's first contribution, \$2 million, to the recently-established United Nations Special Fund. Canada's contribution under the Colombo Plan rose to \$50 million, an increase of \$15 million over the figure for the previous year. These various trade and aid activities continued to have an important bearing during the year on international affairs generally and on Canada's general relations with many countries.

#### 1. International Trade Relations: GATT

The year 1959 seemed to mark a turning-point in the history of post-war international trade relations. With the restoration of external convertibility for the major European trading currencies at the end of 1958, the achievement of a genuine, world-wide and non-discriminatory system of trade and payments, unfettered by restrictive and often discriminatory controls, appeared at last to be within reach.

In accordance with the decision taken at the thirteenth session of the contracting parties to the General Agreement on Tariffs and Trade in November 1958, there were two regular GATT sessions in 1959. The fourteenth session took place in Geneva from May 11 to May 30. For their fifteenth session the contracting parties met in Tokyo from October 26 to November 20. A meeting of ministers from most of the contracting parties was held in conjunction with the Tokyo session.

The dominant theme at both GATT sessions was the recognition by contracting parties that discrimination in trade restrictions, which had, in circumstances of convertibility, lost its justification, should be promptly eliminated and that, in the improved economic conditions, substantial progress could and should be made in removing quantitative restrictions generally. The International Monetary Fund expressed itself clearly in this sense in October 1959; and this conclusion was endorsed by the contracting parties at the fifteenth session. A second major task of the contracting parties concerned the carrying out of the programme for the expansion of world trade formulated at the thirteenth session. This programme envisaged new efforts to lower tariff barriers, an examination of