

end of 1959 there were hints of great things to come in trade between Canada and China (Document 452).

Members of the North Atlantic Treaty Organization continued to confront the Soviet threat in Europe. However, Canadian officials played only a peripheral role in the formation of NATO policy. Berlin remained the flashpoint of East-West tension, and External Affairs officials hoped initially that Canada might play a prominent role in crafting a new Western solution to the German problem. Consequently, Canadian diplomats in NATO capitals were encouraged to determine the level of support for an initiative on Germany. Although senior officials in Ottawa professed their satisfaction at the outcome of these consultations, they ultimately saw “no advantage in Canada formally advancing or endorsing specific proposals” (Document 83) as the major NATO powers prepared for the Foreign Ministers’ Conference. These high-level discussions were conducted while earlier NATO decisions on the storage and use of nuclear weapons by the Alliance in Europe were being implemented. Canadian officials and the Prime Minister, who were worried about the impact of this development on East-West détente, proved unable to stop the Alliance from issuing an alarming press release on NATO’s new armaments.

Canada’s inability to influence the course of NATO policy on these important matters in part reflected Ottawa’s diminished financial and material contribution to the Alliance. Although the Diefenbaker government did make the costly decision to re-equip the Canadian Air Division in Europe, Canada was gradually retreating from its support of a comprehensive mutual aid programme. In August, Cabinet approved a mutual aid budget for 1959-60 of \$90 million, a sharp decline from the peak of more than \$250 million in the mid-1950s. This projected expenditure, however, also included Canada’s contribution to the NATO infrastructure program, and Canadian officials were forced to admit that the provision of military equipment and supplies to NATO countries could not be continued.

As always, Diefenbaker especially valued consultation with the United Kingdom. During the visit of Prime Minister Macmillan to Ottawa in March, a wide range of issues were discussed, including Berlin, German reunification, Macmillan’s recent visit to the Soviet Union, and preparations for the 1960 conference on the Law of the Sea. Nevertheless, limitations to the Canada-UK relationship had to be faced: when Macmillan expressed the hope that Canada would buy more British goods, Diefenbaker said he could give “no undertaking that the Canadian Government would feel able to take any fresh steps designed to increase imports from the United Kingdom” (Document 149).

In Western Europe, 1959 was a year of change. The first steps taken by the new European Economic Community brought to the forefront Canadian anxieties about possible disruptions to multilateral trade. External Affairs closely followed developments as “the Six” decided on their common tariffs, with such commodities as aluminum and agricultural products being of special concern. The negotiations