

the Bank of Canada, have played an especially powerful role, with Trade and Commerce, and Agriculture also taking the initiative on occasion. Under such conditions the Department has made its usefulness most felt either by preparing memoranda or expressing its views at Inter-Departmental meetings, or by taking an active part in the conduct of negotiations. Illustrations of the latter can be found in the part which Mr. Pearson played in securing a compromise during the food talks with the United Kingdom in 1947 at Ottawa; in the work of Mr. Wilgress as Chairman for five sessions of the contracting parties under GATT; in the negotiations which Mr. Robertson carried on with the Treasury while High Commissioner in London; and in the success of Mr. Wong in facilitating entrance to the holy places in Washington for the numerous pilgrimages that were necessary.

120. A second feature of Canadian international economic policy has been its great sensitivity to domestic political considerations. In a country where private enterprise is the heart of the economic system the Government is keenly alive to the views of its exponents and highly susceptible to the pressure that can be brought to bear upon it in the constituencies. Some of the less edifying features of negotiations with the United Kingdom have arisen from a desire to placate the wheat farmer of the prairies, and the fruit growers of Nova Scotia and British Columbia, to mention only a few pressure groups. The feverish desire to conserve a market for bacon, eggs, pitprops and salmon has exerted an influence on trade negotiations that seems out of all proportion to the financial amounts involved. It has also created a toughness in bargaining, especially with the United Kingdom that is more admirable for its vigor and pertinacity than it is for its methods.

121. Throughout the period the Government has striven to revive the sort of world best suited to the nature of the Canadian economy. With the important exception of the wheat and food contracts with the United Kingdom, where the search for security and stability (that proved a will of the wisp) was the dominant consideration, the avowed Canadian aims have been multilateral trade, convertibility of currencies, and as little discrimination in trade as possible.

122. In Geneva, Havana, Annecy, Torquay, Washington, London and Paris Canadian officials have striven to further these objectives but without the degree of success that had been hoped. In Ottawa the Government used its financial strength in the immediate post-war years to assist good customers to regain their strength and to consume Canadian products for that purpose. But the European patient was weaker than had been diagnosed and demanded more nourishment and a longer convalescence than Canada was able to finance. The resulting strain upon Canadian resources was one of the major causes of the dollar crisis of 1947 which left behind especially in financial aids an enduring memory of a disagreeable experience. Otherwise it would be difficult to explain the dogged refusal of a prosperous Canada to meet United States requests for greater help in furthering recovery after 1948 when Canadian reserves had again reached comfortable proportions. Only in this way can be explained the grudging manner in which United Kingdom requests for the unfreezing of Canadian credits in 1948 was received. It is true of course that generosity is easier to practice when commodities threaten to be in surplus supply, as was true in 1946, but it is a virtue that could be cultivated, as this Department believes, more freely than it has been in the past three years.