

it determined the Cabinet's decision-making on international issues. The force behind this was neither External Affairs nor Trade and Commerce, but the Department of Finance where every move was carefully calculated by its Deputy Minister, W. C. Clark, to advance Canadian prosperity, not charity. The Department of Finance had a group of financial experts whose involvement with international economic reconstruction tended to relegate External Affairs to the role of a post office in these transactions. For this reason the record of Canadian external relations cannot be found solely within the files of the Department of External Affairs. Questions of relief, rehabilitation, exchange rates and balance of payments were all bound up with Canada's desire to strengthen the newly created international financial agencies. At the Paris Peace Conference in 1946 the Chairman of the Canadian delegation, Brooke Claxton, announced that: "We believe that peace is not merely the absence of war but the positive establishment of prosperity. Trade between nations, like the well-being of the people within each nation, is a main pillar on which to build the structure of a lasting peace."² Those who managed the Canadian economy remembered the slump that had followed the First World War and the aggravation caused by the American policy of high tariffs. During the Second World War Canada's productive capacity had so expanded as to make her the second largest supplier in the world. No one had to be told of the domestic consequences that would follow if Canada could not sustain that productivity through exports abroad after the war. By the nature and extent of her contribution to the war effort she had made herself more vulnerable to shifts in the international economic climate. For that very reason Canada was a most concerned participant in the conferences preceding the appearance of the IMF, UNRRA, FAO, WHO, PICAQ, IBRD, and the abortive ITO. This type of involvement led other departments, such as Labour, to establish at this time their own divisions for handling matters of international concern.

Canada's enviable record of putting vast resources at the disposal of Mutual Aid, Military Relief and the United Nation's Relief and Rehabilitation Administration programmes had led her European and Latin American allies to expect greater Canadian bilateral involvement. Sometimes in an embarrassing way, they sought assurances of continued access to Canada's vast material and slim financial resources. For they too realized that underneath all the jargon of peace on earth was an innate Canadian desire to advance her status and prosperity through increased contacts abroad. By the end of 1946 seven countries had established legations in Ottawa for which Canada could not reciprocate and a host of others were anxious to negotiate an exchange of diplomatic representatives. This phenomenon and its subsequent demands upon a limited number of skilled diplomats is reflected in the documents.

In responding to both its own needs and the changing world scene, the Department of External Affairs had its parameters and operations altered. For as long as the Prime Minister served as Secretary of State for External Affairs and the Cabinet Secretariat was in an embryonic stage, it was convenient for

² See Document 72.