

the Holy Grail; he would not have made a good Commissioner.

Although the United States was leader of the Western alliance, it would be wrong to think of Canadian representatives on the Commissions as dancing to the American tune. Eayrs himself shows, for instance, that the settlement arrived at in Laos was not to the Americans' liking. Furthermore the Vietnam Commission, so far as was feasible, criticized breaches of the Geneva Agreements occurring in both South and North Vietnam.

What happened, of course, was that with the withdrawal of the French from South Vietnam in 1956, the United States became the chief Western presence in that country. The North Vietnamese were confident of taking over the South, either by peaceful means (subversion or electoral victory) or by military action, while the United States was determined to prevent either of these eventualities. The chances of the Commission's bringing about a Geneva-type settlement in Vietnam vanished and the outbreak of hostilities became imminent. It was also inevitable that as the Commissioners' judicial manoeuvring ground diminished, the importance of their diplomatic posture increased.

Since the Second World War, the diplomatic principle of preventive warning has often been applied in dangerous situations which could lead to the military involvement of major powers. The rationale is to let the other side know precisely what kind of action on their part would provoke a forceful response, so that war should not start from miscalculation on that score. As there was no direct contact between the United States and North Vietnamese governments, it was neither illogical nor dishonorable for Canada to have agreed in 1964 to the Americans' request that the Canadian representative on the Vietnam Commission, who had access to the North Vietnamese authorities, should transmit to those authorities warnings about the consequences of further aggressions against the South. It was made clear that Canada was not underwriting the messages. Whatever the North Vietnamese thought of the content of these messages, there is no evidence that they were outraged or affronted at the method used to convey them. From the Canadian point of view, it is reasonable to assume that the Seaborn missions to Hanoi were undertaken not to associate Canada with American threats but to try to keep alive a flickering hope of avoiding war, by ensuring that the North Vietnamese would not underrate what United States reactions would be to continuing aggressions against the South. The Seaborn missions were in keeping with Canada's then recognized mediatory role in international affairs.

Eayrs's lament, therefore, that Canada helped set the stage for the test between the United States and North Vietnam is a distortion of fact and intent. The stage was set before the Seaborn missions took place and it was set as a result of the implacable enmity of the main powers concerned.

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Counting the world's troubles

by Don McGillivray

World Economic Outlook (Occasional Paper 21). Washington: International Monetary Fund, 1983, 242 pages, \$US8.00.

World Business Cycles compiled by The Economist. Detroit: Gale Research Co., 1982, 191 pages, \$US65.00.

Oil Exporters' Economic Outlook in an Interdependent World (Occasional Paper 18) by Jahangir Amuzegar. Washington: International Monetary Fund, 1983, 99 pages, \$US5.00.

What is the shape of the world economy? How are recessions and booms transmitted through its ever-growing network of information and trade? How does the global economic system work?

We do not have good answers to these questions, despite the way computers spew out numbers these days. It is as though we were sitting around a campfire in the jungle. The immediate surroundings — the industrial countries that belong to the Organization for Economic Co-operation and Development — are clear enough. The newly-industrializing countries are a little back in the shadows. The less-developed countries are even more obscure. And then there are those countries — the Soviet Union is an example — where we distrust official numbers but distrust even more the alternative statistics provided by the Central Intelligence Agency of the United States.

Nor is it enough to counsel patience, to wait a bit for the light to grow. If anything, it is going the other way. The *World Economic Outlook*, which is in its fourth year as an annual project of the International Monetary Fund, has a special look in its latest issue at the growing discrepancy in international current account balances. When current flows of trade and payments to and from all nations are added and subtracted from each other, the result should be zero. But there has been a deficit instead, growing from \$4 billion in the 1970s to \$20 billion in 1980, to more than \$40 billion in 1981 and to \$89 billion in 1982.

The main reason seems to be the rising US dollar, in which much of the world's trade is denominated. But even where exchange rates are well-defined, accounts as kept by national governments may not balance, as witness the difficulties of reconciling US and Canadian trade numbers.

World Economic Outlook, a large-scale project of the IMF, attempts to wrestle, not only with the problems of measuring the world economy, but also with policy issues. As might be expected, the IMF staff (speaking for itself and not the Fund) leans to the tough-guy school of economics. Some may favor active economic stimulus, it says, but there is really no alternative to cutting inflation "convincingly" and getting budget deficits down, including the structural part of them. But even those who disagree with the prescription can welcome this year's expanded volume with its solid appendices on exchange rates, world oil and individual nations and regions.

Even more ambitious is *World Business Cycles*, an attempt by *The Economist* to give "the background for an understanding of present cyclical movements which, in