

restoring effective international competition, and in particular to an examination of the steps required to bring about convertibility of currencies. A meeting of an OEEC ministerial group was held in London in July to discuss these problems. Canada participated in all important meetings of the OEEC in Paris and sent an observer to the meeting of the ministerial group in London.

In general, there was an improvement in the economic situation in most of the countries of Western Europe, and an encouraging increase in intra-European trade as well as in trade with the dollar area, including Canada. One particularly interesting development was the measure of agreement reached between the Soviet bloc and the West in the United Nations Economic Commission for Europe on the desirability of taking steps to increase the flow of trade between the Western and Eastern countries of Europe as well as to promote a wider measure of inter-regional trade through the co-operation of ECE with the other United Nations regional economic commissions. Canada was not represented at the meetings of ECE but followed proceedings through its Permanent Representative to the European Office of the United Nations in Geneva.

Developments in the European Coal and Steel Community, the main practical experiment in European economic co-operation, reflected in part the importance attached to the activities of the Community by Canada's main partners. The High Authority of the Community signed an agreement with the United States for a loan of \$100,000,000, which will be used for modernization and development of resources. In addition, agreement was reached for the closer participation of the United Kingdom through a Council of Association which was set up on a consultative basis to resolve problems of mutual interest. Reports submitted by the President of the High Authority disclosed an encouraging measure of progress in the elimination of barriers to trade between the member countries, an increase in exchanges during the first year of operations, and a reduction in imports of coal from outside the Community.

The Prime Minister of France, Mr. Pierre Mendès-France, visited Canada in November.

3. Central Europe

The problem of Germany's future, and the issue of a State Treaty for Austria, continued to occupy the attention of the Western governments throughout the year. In an attempt to reach agreement with the Soviet Union on these issues, the Foreign Ministers of the United Kingdom, the United States, and France took the initiative in arranging a meeting of the four Foreign Ministers at Berlin in January. Hopes had been raised by what seemed a more conciliatory attitude on the part of the new Soviet régime, and it was essential for the Western powers to determine whether this change in attitude indicated a desire to reach a settlement of the German and Austrian problems.

Developments at the Berlin Conference made it fairly plain that there had been no real change in Soviet policy on these central issues. The Soviet Union was not prepared to agree to free elections throughout