

dominated by the United States and the Soviet Union. This time it is Canadian scholars who disagree: was Ottawa's analysis of Soviet-American rivalry characterized by balance and moderation, or were its diplomats already the coldest of Cold War warriors? Readers can judge for themselves. The views of the members of the Department of External Affairs are presented in Chapter V in considerable detail, not simply because they convey the texture and complexity of Canadian thinking, but because they offer a glimpse of the collegiality of what was still in its essence a small, tightly-knit department.

It was clear to the members of the Department of External Affairs that the American thrust out into the world diminished Canada's diplomatic options. Asked to comment on the meaning of the Truman Doctrine for Canada, Dana Wilgress, recently the Ambassador in Moscow, had no doubt that it would "bring us into still greater dependence upon the United States and to this extent away from the United Kingdom The Pax Britannica of the nineteenth century is to be replaced in the later twentieth century by a Pax Americana. On account of our proximity to the United States, this gives rise to all sorts of problems for us and it makes it necessary for us to subscribe to the main lines of United States policy" (Document 225). Escott Reid, one of the department's driving intellectual forces, added that the American peace would be as benevolent as the British one, but Canada would have no choice except to participate immediately in the event of a Soviet-American conflict and no freedom of action whatsoever on war issues that the U.S. considered essential. There was bound to be, however, some limited room to manoeuvre in peacetime. "It will still be open to us to oppose the United States on certain issues in United States-Soviet relations. Indeed the fact that we are in the same boat with the United States makes it wholly proper for us to tell the United States to stop rocking the boat or driving holes in its bottom" (Document 226).

The Introduction to Volume 12 of this series points to the pre-eminence of foreign economic policy in Canada's international affairs, and certainly this was true in 1947. Decision-makers were attempting to devise long-term measures to assist economic revival, primarily through the mechanism of the multilateral trade negotiations in Geneva, but they were also pressed by short-term difficulties which had immediate repercussions on external relationships. One such was the shortage of U.S. dollars. Traditionally Canada ran a current-account deficit with the Americans, but sold much more to the British and Europeans than it bought, with payment coming in funds which could be readily changed into U.S. dollars. After the war, Canadian earnings in Europe were no longer freely convertible into American dollars as before, and in 1947 the shortage of U.S. dollars became sufficiently serious to demand government attention. Canadian officials were dismayed by this "inconvertibility", and were apt to blame the dollar problem on the huge outlays in credits and loans that had been granted to Britain and Western Europe and the slow recovery of those economies.¹⁰ The Canadian High Commissioner in London,

⁹Don Page and Don Munton, "Canadian Images of the Cold War 1946-7," *International Journal*, XX-XII, 3 (Summer 1977), pp. 577-604; David J. Bercuson, "A People So Ruthless as the Soviets: Canadian Images of the Cold War and the Soviet Union — 1946-1950," a paper presented to a conference on Canada and the Soviet Union, Elora, Ontario, August 1987.

¹⁰W.C. Clark to Pearson, September 6, 1947, NA, King Papers, J1, volume 423.