

However, the telegram added the qualification that Canada could not overlook the United Kingdom as a valuable market for many Canadian agricultural products and that exports would be seriously affected "if the participation of that country in a European Customs Union meant that preferential treatment for Canadian products would disappear or that European goods would receive better treatment".

90. After the publication in September of the Paris report, there were three memoranda by Department officials on the advisability of Canada contributing to European aid as an indication of direct interest in the recovery of Western Europe, and as a political advantage in negotiations with the United States. If the State Department could point to other countries besides the United States extending a helping hand to Europe, the effect on Congress might be of some importance. As Mr. LePan put it in a memorandum of September 25

"Canadian cooperation in the Marshall Plan would tend to show that the Western world is not to be pictured as a single giant towering above a cluster of mendicant clients, each holding out a begging bowl, but rather as a group of freely associated states, differing widely to be sure in their resources and needs, but also held together by a great number of ligaments both of interest and of sentiment".

Meanwhile Dr. Clark had been in Washington discussing the serious Canadian economic position. He took pains to make the point that long term indirect benefits from the Marshall Plan would not meet the Canadian situation and that "direct and immediate benefits" were necessary. His views were met only by a promise that they would be presented to the various committees set up by the Administration to examine a program of action under the Marshall Plan. Mr. Wrong warned in September that the question of including Canada as a supply area had still to be considered. He advised that no good opportunity be lost for impressing the Canadian difficulties on the United States, with the reminder that if the Marshall Plan funds were tied to United States purchases Canada would have to take more drastic action to conserve American dollars. He believed that it would be very difficult to convince both Congress and the general public that Marshall Plan funds should be expended in Canada. In Ottawa it was decided to set up an interdepartmental committee to make a study of what goods and commodities Canada would be in a position to supply if orders were placed in Canada under the Plan. On November 18, the estimates prepared by this Committee were presented to a group of United States officials. It was found that Canadian figures closely paralleled those prepared in Washington. Optimism developed in Ottawa on the prospects for off-shore purchases to such an extent that Mr. Wrong felt it advisable on December 23, 1947, to warn that jubilant statements by officials or the press of what might be expected from off-shore purchases in Canada might be harmful as the ERP bill was debated in Congress. He hoped that the press might be educated "to look upon the ERP as something other than a large pie from which we may expect our cut".

91. A further curb on Canadian optimism was the growing recognition that the United States expected that Canada would maintain a substantial program of assistance to Europe. The State Department had publicly estimated that the countries of the Western hemisphere, other than the United States, might be able to provide \$700 million of financial assistance in the first 15 months of the Recovery