

Government had been "finally and completely discharged" and that it was up to the Canadian Government to defend the arrangement. Speaking personally, Mr. Pearson suggested that the United Kingdom Government might be willing to use the unexpended balance of the Canadian credit of \$65 million as a payment under the clause, or, failing that, renounce further payments upon the credit. If the second course was taken, the Canadian Government might then take action unilaterally. Sir Alexander was certain the United Kingdom Government would be unwilling to adopt the first proposal, but might accept the second. He was asked to think matters over and was told that "From the Canadian point of view some final solution was of the greatest urgency and the greatest importance." The next step, taken with Cabinet approval, was for the Minister of Agriculture to fly to London to discuss the situation. He was informed after discussions began on February 20, 1951, that the United Kingdom would not make a further payment, and was going to declare at once that it did not intend to utilize the balance of the Canadian credit. This left the way clear for the second method which Mr. Pearson had proposed. On March 1, Cabinet agreed that the Prime Minister should announce on the following day that an amount equal to the undrawn balance of the Canadian credit would be added to the sum available for distribution in a final settlement of the Five Year Wheat Pool. In this uncomfortable fashion the issue was closed. More agreeable news came in May at the Canada - United Kingdom Continuing Committee on Trade and Economic Affairs meeting in Ottawa, when the United Kingdom officials disclosed an import program for 1951-52 which forecast an expenditure of \$780 million, more than \$100 million in excess of Canadian estimates.

89. In describing economic relations with the United Kingdom and the United States, several references have been necessarily made to the part which the Marshall Plan and the various agencies which administered it played in Canadian policy. From the outset it was appreciated, as a Departmental memorandum of July 17, 1947, records, that benefits might accrue to Canada from the large-scale credits which the United States might extend to Europe. When there were rumours that the Soviet Union might use a meeting of the Economic and Social Council as a forum for abusing the Plan, the Canadian delegation was told on July 19 that the Government favoured as close co-operation as possible with the United Nations in the implementation of the Plan, but recognized the danger of Soviet obstructionism. It would be prepared to endorse a resolution supporting the utilization of United Nations machinery in reconstruction, but would not wish to see one adopted recommending that the Marshall Plan be implemented through United Nations machinery. Some irritation was caused by Mr. Bevin at the Paris Conference pledging on behalf of his Government "the resources of the great Commonwealth", as well as of the United Kingdom for European rehabilitation. Although his pledge was modified by the phrase "insofar as it can influence them", which reduced its impropriety, his statement was regarded in the Department as "unfortunate and obviously open to misunderstanding". A third reflection of Canadian preliminary opinion came when the possibility of a European Customs Union being examined by the states in the Marshall Plan was discussed in the early autumn of 1947. When Mr. Wilgress reported from Geneva on this question, he was told on September 9, 1947, that:

"We would not oppose any plan which would result in a closer integration of the economies of the European countries and which would assist in their recovery".