

reduce the dollar gap would have to be taken individually. Those in favour of association with OEEC argued that the United States would have a somewhat changed relationship to OEEC, since it would be in the position of a collaborator in meetings and not solely as a donor. They felt that Canada's association would emphasize the change in the United States position and should be given if Mr. Acheson thought it would help. They also believed it would help to offset isolationist tendencies in OEEC which had caused some concern in the past. It would offer commercial advantages in being a party to the discussions of the import programs of the OEEC countries, and would give economic contacts with countries like Germany and Sweden that NATO did not afford. As Mr. Howe agreed with Mr. Pearson a statement was prepared for the Prime Minister. In announcing the decision to the House of Commons on May 18 he stressed that the new association would be informal and involve "a recognition that the economic problems faced by OEEC countries, the United States and ourselves are common problems, not isolated individual problems."

115. On June 1, 1950 the Secretary-General of OEEC wrote to Mr. Pearson a carefully worded invitation for Canada and the United States "to associate themselves, on an informal basis, with the work of this organization in accordance with arrangements to be mutually discussed." At the time the invitation was publicly announced Mr. Harriman, the United States Ambassador to OEEC, made it clear that the intention was not that the United States and Canada should join OEEC, but rather that they should participate in discussions with it. In reply the Canadian Government "gladly" accepted the invitation. It was agreed that Mr. Pierce should go to Paris as soon as possible to explore the arrangements for the "association". Meanwhile during talks with ECA officials in Washington, who had been taken almost unaware by the new development, it was learned that they anticipated that both Canada and the United States would have to proceed as the European countries had been doing in the past two years and prepared for OEEC fairly elaborate national submissions which would include trade and financial forecasts involving considerable statistical investigation. From Paris General Vanier reported on June 24 that Canada would receive all OEEC documents and be free to attend meetings of any interest in order, that, "Our association can therefore take whatever form we regard as most useful".

116. Mr. Pierce represented Canada at the OEEC Council meeting in Paris on July 6. He expressed Canada's desire to participate actively in any way that would usefully contribute to the development of OEEC as an agency for economic co-operation between the countries of Western Europe and North America. He was struck by the improvement in the relations of the United Kingdom and the United States since his visit two years previously and reported that some ECA officials were of the opinion that "the United Kingdom is the only country in the OEEC on both whose intentions and performances they can rely". On his advice an office separate from the Canadian Embassy was established for the Canadian Delegation to OEEC, of which he was later made head with the personal rank of Ambassador. By October the Mission was fully established and trying as Mr. Pierce wrote on October 23, "to cover in one way or another sixty-four meetings held this week of the OEEC committees, subcommittees, working parties and sub-groups".

117. But the war in Korea had already cast a shadow on the Paris organization and was to limit its usefulness in the economic planning for the long-term relationship.