doubted if ECA would be able to finance any Canadian agricultural commodities, except perhaps bacon, after the end of September, 1949, and anticipated serious problems in finding eligible commodities on which ECA funds could be spent. Mr. Strange estimated that in 1949-50 off-shore purchases in Canada would be between $200 and $250 million (for the year ending March 31, 1949 they had been $690 million) of which about 80% would be for industrial products. Because of the continued delay another delegation of officials went to Washington and made the familiar round of visits on May 24-25. On this visit United Kingdom officials attached to the Embassy and the Treasury and Supply Delegation were also interviewed. They were justifiably gloomy, of the United Kingdom financial outlook. In view of subsequent developments it is of some significance that at this time Messrs. Deutsch and Plumptre indicated to U.S. officials that

> "they were not opposed to a devaluation of certain currencies but that the timing of any change and the manner in which it was proposed were of the utmost importance".

The general view was that the ERP position in 1949-50 would not be "too difficult" but that things would be worse the following year.

112. The financial crisis in the United Kingdom in the summer of 1949 and the resulting series of conferences that followed in London and Washington overshadowed ECA matters for almost six months. As has already been noted, in September, ECA made one outstanding decision during the Tri-Partite talks in Washington in agreeing that the United Kingdom should be allowed to use $175 million of ECA money to purchase Canadian wheat. This decision was justified to the American public by pointing to the seriousness of the United Kingdom position and its purchases as well of $30 million of United States wheat and almost $10 million of other agricultural commodities, Mr. Hoffman took pains to emphasize the fact that the United Kingdom had "a firm contract dating from an earlier period to buy from Canada". As he told a national farm association in November "We financed the existing Canadian wheat contract, not new purchases of Canadian wheat". This action eased the situation greatly for both the United Kingdom and Canada. Canada remained the largest source of off-shore purchases but their total had increased in Latin America. ECA was naturally keenly interested in the effect of devaluation upon United Kingdom exports and was eager to secure data from Canada as to its results in furthering imports to Canada. They were also anxious to have visitors from OEEC countries see Canadian plants and production techniques to aid in improving their own production. In turn officials were ready to talk frankly with Canadians about their difficulties, as the record of a very interesting conversation, which Mr. Wrong and Mr. Deutsch had with Mr. Bissell on February 7, 1950 indicated. In that conversation Mr. Bissell described the "moderate frustration" which he and others experienced in the second phase of European recovery when integration was the watch-word. Mr. Bissell also expressed the view, which was shared in Canadian circles, that the United Kingdom Government;

> "wish to maintain their position in the Commonwealth and sterling area even though this is at times a costly operation which prevents them from making the progress which they otherwise would in bringing into better balance their economic relationships with North America, the third great area to which they are attracted".