

Economic Co-operation was intended to be the centre of planning for European reconstruction, which Mr. Hoffman regarded as the main task of his organization. It was for that reason that Mr. Pierce, then Ambassador to Mexico, was subsequently selected to spend some time in Paris in liaison with OEEC and remained there until December 1948. It was also learned that the United States Government was anxious for Canadian co-operation on export controls, particularly in the area of strategic materials, in view of the widening breach with the Soviet Union following its rejection of the Marshall Plan and the Communist coup in Czechoslovakia. A policy was readily worked out on those lines.

93. On May 5, 1948, the first authorization affecting Canada was announced when the United Kingdom was given permission to use \$33.5 million of ERP funds for bacon, wheat and flour. Two days later an order for \$8 million for Canadian wheat was approved. Soon after that the ECA official, to be the liaison on policy matters with the Canadian Embassy, was appointed. He was a Mr. Robert Strange, who came of United States Loyalist stock, had extensive business interests in Canada, and was very well informed on Canadian affairs. This appointment greatly facilitated the work of the Embassy when a special team of seven officers for ECA work was established that met twice weekly. Some idea of the volume of supplies that might be required from Canada came on May 19 when estimates by the importing countries of what they would require from Canada in the first quarter of the program (April-June, 1948) were received from the State Department. The value of the suggested imports totalled \$241.5 million. For the 15 month period to be covered by the first appropriation from Congress United States estimates placed the total imports of the OEEC countries from Canada at \$1.36 billion.

94. Although no definite off-shore program had yet developed, Mr. Wrong was so encouraged by these initial developments that he wrote on May 22 that "ECA have adopted as generous an attitude towards Canada as I think we could possibly hope for." He thought that this situation would continue unless unfavourable forces in Congress or elsewhere in the administration forced a change. In the following week when Mr. Pierce visited Washington to get as much information as possible about ECA methods and policies before leaving for Paris, he commented that it was particularly gratifying "to see the easy straightforward and friendly way in which Bissell (the No. 2 man in ECA) and his associates approach the problem of Canada's association with the European Recovery Program." Mr. Pierce's main conclusion was that Canada should proceed on two lines:

"The first is to have Canada nominated in all country programs, and to see to it at Paris and Washington that Canada's name stays on the program and is added to it where possible. The second is that our Trade and Commerce representatives and our businessmen should proceed to seek business as at present. We should ask them to advise us if they run into trouble, and we can determine if and how to help them".

Mr. Pierce reported that there were virtually no restrictions as to the class of goods that could not be provided by Canada, but advised against seeking any firm declaration that certain commodities were eligible. The advisability of not gloating too openly at the size of ECA purchases in Canada was again stressed by our Washington Embassy, which pointed out, on June 24, that 22 per cent of ECA authorizations to date had been for Canadian goods and that of the \$233.7 million of off-shore purchases, almost \$133 million had been made in Canada.