

Program. Canadian officials insisted that the maximum assistance Canada could extend to Europe in 1948, apart from the saving for the United Kingdom on the price of wheat, would be \$100 million, of which \$45 million had been promised to the United Kingdom in the first quarter of the year. The remainder would be required for purchases by those European countries such as France, the Netherlands, Belgium and Norway whose credits were not entirely exhausted. These figures were presented by Mr. Wrong to the State Department on February 27 and were not too well received. When the State Department was informed of some further aid to the United Kingdom in April, Mr. Wrong was instructed to make it clear that Canadian credit arrangements for 1948 were based on two assumptions, the disposal of the entire export surplus by sales abroad, and receipt in return of United States dollars or freely convertible currency, with the exception of the amounts covered by credit arrangements. The warning was added that:

"If either of these assumptions fails, which could happen if the Administrator (of ERP) should not be able to effect a sufficient volume of off-shore purchases in Canada, then we will be in a position of having already over-extended ourselves in granting credits now outstanding".

92. In March, Mr. Drury, then a member of this Department, was appointed co-ordinator of working arrangements by the various departments in relation to ERP activities. He visited Washington to get some idea of how Canada could be associated with ERP planning, and learned that it was still impossible "to get the slightest response from any State Department official" on the question. Mr. Drury did discover, however, that Canada was to be asked to make available, in a form similar to those to be used by ERP recipient countries, a complete statement on supplies which might be secured in Canada during the second quarter of the year. This list was accordingly prepared by a Sub-committee on Availabilities. When Congress finally passed in April the Foreign Assistance Act, 1948, giving legislative authority for the ERP program, Mr. St. Laurent praised the measure in the House of Commons as "an act of far-seeing statesmanship on the part of the Government and representatives of the United States". The appointment of Mr. Paul Hoffman as Administrator of the Economic Co-operation Administration established to take charge of the program was quickly followed by a suggestion from Canada that Mr. Howe should visit Washington to have a general discussion with the new administrator on the relationship of Canada to his organization. It was not possible to secure an appointment until the last week in April but Mr. Howe was the first governmental representative to have an extended discussion with Mr. Hoffman. Immediately prior to Mr. Howe's interview Messrs. Drury, Deutsch, Skelton and Beattie, accompanied by Mr. Wrong and other Embassy officers, had the first formal meetings with ECA officials. The talks were chiefly on Canadian availabilities and the figures prepared in Ottawa were examined in detail. These discussions gave Mr. Howe a useful background for the second round of interviews which were closed by a dinner at the Embassy attended by all the top people in ECA. Mr. Howe was given very cordial assurances of ECA's desire to work closely with Canada, but, as expected, no formal commitment. It was gratifying that there was no suggestion that Canada should extend further credit to the United Kingdom unless Canada's balance of payments should improve substantially with the aid of an unusually good crop. ECA recommended that Canada arrange to have senior representation in Paris, where the new Organization for European