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TELEGRAM

From THE HIGH COMMISSIONER FOR CANADA IN GREAT BRITAIN
To THE SECRETARY OF STATE FOR EXTERNAL AFFAIRS, CANADA

- 3 -
LONDON.

would entail. His purpose clearly was not to throw cold water on the whole project but rather to prepare the public for the concrete measures which might be necessary. After declaring that he had told the Finance Ministers of the other countries which are bound by the Treaty of Brussels of the United Kingdom's willingness to adapt its economy in the interests of European cooperation, if they were prepared to do the same, he pointed out:

"This means that we have to contemplate some quite considerable readjustment in our economy as that cooperation develops. We may have to deal with certain industries; we may have to agree that we should not manufacture certain things; but that they will manufacture them, as they may agree that they will not manufacture some things which we will manufacture for them."

The statement, I think, was a useful first step towards enlightening the public mind on this subject. The following morning the popular press for the first time woke up to what economic cooperation in Europe might mean. The Daily Express ran a banner headline reading "Give up Trade Shock" and the Daily Mail prefaced a front-page article with the headline "West Facing Industrial Revolution." I do not think there can be any question of the genuineness of the conviction of the chief members of the Cabinet here that the United Kingdom must increasingly coordinate its economy with that of Western Europe. The decline in interest in a European customs union does not mean that the United Kingdom is less prepared to cooperate economically with the other countries of Western Europe but rather that it has been decided that cooperation can be better achieved through a different agency than the Study Group and in a different way than by the formation of a customs union.