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TELEGRAM

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

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LONDON.

of the present United Kingdom attitude to say that it was thought that economic coordination in Europe could better be effected through the OEEC than by way of a customs union. Although Burns declined to answer this question officially, he gave it as his personal opinion that European economic coordination would have to be achieved on an ad hoc basis and that, if this intuition proved to be correct, the prospects of a customs union being created were slight.

3. Garner of the Commonwealth Relations Office, who was presiding in place of Makins (who had been called away by the Foreign Secretary), added that, in his view, opinion in London was now running against the idea of a customs union, although no formal decision would be taken until towards the end of the year. However, it would be unwise to attach too great importance to the views of the Commonwealth Relations Office on this subject. They have always been lukewarm towards the proposal for a European customs union because of the difficulties in which it would involve them with other members of the Commonwealth, notably Australia and New Zealand. On the other hand, officials who are closer to key members of the Government, such as Otto Clarke of the Treasury for example, are also doubtful whether the United Kingdom will join a European customs union; and their testimony must be given greater weight.

4. It would not be fair, however, to conclude that the Government here are cooling towards the whole idea of European economic coordination. When he spoke in reply to the second-reading debate on the Finance Bill on the 6th May, Cripps took occasion for the first time to draw attention to the initial dislocations and sacrifices which any genuine economic integration