

SECRET

019302

August 12th, 1957.

MEMORANDUM FOR THE PRIME MINISTER:

When we returned from London about a month ago, you asked me to have prepared a memorandum on the possibilities and means of diverting some 15% of Canadian imports from the United States to imports from the United Kingdom.

In discussion with Mr. Fleming and Mr. Churchill and officials in connection with the Commonwealth trade conference preparations, this problem was assigned to the Department of Finance. They have worked on it intensively and have revised their original paper to take into account comments from Trade and Commerce and External Affairs. They have now furnished me with their revised paper which I attach hereto.

The memorandum makes clear there are many serious difficulties. The pattern of our trade reflects far more than measures of commercial policy and indeed the latter have hardly been a dominant influence in the past decade. Consequently, to divert as much as 15% in the way considered would require quite drastic action.

You may like to think of having some study somewhat along these lines prepared in a form that could be published or that could form the basis of a detailed speech by one of your colleagues. It seems to me there would be some value in a good public understanding of the nature of the problems involved here. The matter of timing, however, is a very substantial one and perhaps it would be better to do this in Parliament on a suitable occasion.

*R.B.B.*

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