

U.K. representatives, it had been suggested that an immediate increase of \$2.00 a hundred be stipulated in the contract on bacon prices to September 1947, and, thereafter, an increase of \$4.00 a hundred throughout 1948. This was generally equivalent to the figure of \$1.50 a hundred for hogs which had been discussed by the Cabinet previously.

Agreement had not yet been reached on arrangements during 1949 but it had been suggested to the United Kingdom that a minimum price be established for that year leaving actual quantities for later negotiation.

6. The Cabinet, after discussion, noted the Minister's report and deferred decision upon revisions of the U.K. contract in these respects pending examination by the Minister of Finance of the amendments suggested.

Dominion-Provincial Conference on
Agricultural Production; feed grains

7. The Minister of Agriculture read an interdepartmental report upon proceedings of the recent Dominion-Provincial Conference on goals for agricultural production during 1947.

Attention was drawn to the serious effect of declining production of hogs, of butter and cheese and of concentrated milk products and to the diversion of acreage from coarse grains to wheat.

It appeared that there was need not only for upward revision of certain prices in U.K. contracts but also in domestic ceiling prices. Some special stimulus was required as well to the production of coarse grains, in particular barley. At the same time it was realized that immediate higher prices for these agricultural products might lead to a demand for higher floor prices; stability of prices and markets over a long period was more important than maximum prices at present.

In the circumstances, officials of the Department of Agriculture felt that the domestic price for bacon should be equivalent to the price agreed in the revised contract with the United Kingdom. It was also considered that the price of cheese to the United Kingdom should be increased by about 5¢ and that a domestic price increase on butter of about 10¢ would be necessary. It was estimated that an increase in the ceiling price of barley should be allowed, as well, or, alternatively and preferably, a bonus of \$4.00 or \$5.00 an acre paid on land sown to barley. A substantial part of such a bonus might be recouped from a stabilization fund created in connection with coarse grain exports to the United States.

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RG 2, A5a,
Vol. 2639

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