

15. The Minister of Finance pointed out that a course such as the Minister described would have the effect of freezing bacon prices at 36¢ for a considerable period. Moreover, since 36¢ was higher than present coarse grains - hog ratio, it might stimulate heavy production of pork products and involve government losses under the floor price policy.

From the point of view of the Department of Finance, the plan suggested earlier, namely opening the U.S. market at once and allowing the United Kingdom to purchase on the Canadian market at the going price would appear preferable.

16. The Minister of Trade and Commerce suggested that the Meat Board might assume control of export marketing and general regulation of the flow of bacon to the U.K. and U.S. market. By retaining the difference between any higher U.S. market price and a U.K. contract price of, say, 36¢, the Board might establish a pool to offset possible losses under the suggested floor price policy.

17. Mr. Abbott stated that he had had a communication from the Chancellor of the U.K. Exchequer stating that any discussions between the Canadian and U.K. governments on food contracts should be concerned not only with the agricultural aspects but also with the finance of any new arrangements. In this connection it was again emphasized that the capacity of the Canadian Treasury to extend further credit to the United Kingdom depended directly upon the progress of the European Recovery Plan and in particular upon the continuance of substantial U.S. off-shore purchases in this country. Furthermore the government's ability to modify the present restrictive programme was in large measure governed by the amount of credit which was extended.

18. The Cabinet, after considerable further discussion, noted that the Minister of Agriculture proposed to continue exploratory discussions with U.K. representatives on these matters, with a view to seeing what arrangements were possible.

Nova Scotia apple marketing; assistance  
to growers

19. The Minister of Agriculture, referring to discussion at the meeting of March 5th, 1948, pointed out that the government had authorized financial assistance for a three year programme involving the pulling up of 240,000 apple trees in Nova Scotia.

It had now been suggested that this programme be accelerated and that the figure be increased

001828

RG 2, A5a,  
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