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*Extrait des conclusions du Cabinet**Extract from Cabinet Conclusions*

TOP SECRET

Ottawa, May 18, 1949

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PRICE SUPPORT; DRIED SKIM MILK POWDER

1. *The Postmaster General and Acting Minister of Agriculture*, referring to the discussion of May 9th, reported that, during 1949 to date, there had been an increase in skim milk production of 40.9% over the first four months of 1948, largely due to the plentiful supply of feed and diversion of milk from other products. Total production for the year could be expected to be at least as great as in 1948—64,253,000 pounds. In 1948, 45.58% had been exported, two thirds going to the International Children's Emergency Fund. Unless the government were to make purchases, whether for contributions to the Fund or otherwise, a substantial fall in the price of milk to producers could be expected. Prices had already dropped by from 50½ cents to 80 cents per hundred pounds.

(Department of Agriculture memoranda, May 17 and 18, 1949).†

2. *The Minister of Trade and Commerce and Acting Prime Minister* stated that his conversations in the United Kingdom had indicated that no market for dried skim milk could be expected there. It was essential that it be made clear to the industry that, unless they could develop markets, production would have to be reduced.

If any purchases were made at present, they should not exceed \$1 million in total, and the price should be at least 1½¢ per pound below U.S. support prices, which, according to the Department of Agriculture, were 12¼¢ for spray process and 11¢ for roller process milk.

(Letter, Deputy Minister of Agriculture to the Secretary to the Cabinet, Apr. 19 and attached memoranda).†

3. *The Secretary of State for External Affairs* felt that, if a purchase were to be made, it should be indicated that the government intended to hold the milk for contribution to the International Children's Fund when authorization from Parliament for a further contribution to the Fund could be secured.

4. *The Cabinet*, after considerable further discussion, agreed:

(a) that the Agricultural Prices Support Board be authorized to purchase dried skim milk powder at prices 1½¢ per pound below U.S. support prices, to a total of \$1 million; and,

(b) that it be indicated that it was the intention of the government to hold such dried skim milk for contribution to the International Children's Emergency Fund when authorization for a further contribution was given by Parliament.