

(c) In particular, the Canadian government were opposed to the formalization of arrangements for consultation and cooperative action in relation to defence; as had been clearly indicated by the Canadian representative at the Prime Ministers' meeting, it would be unreal for Canada to regard as effective either general or regional defence planning on an exclusively Commonwealth basis; for these reasons, the Canadian government could not approve of the proposal of the Prime Ministers' meeting on this subject.

(d) The Canadian government, as was well known, were opposed to the establishment of machinery which would create the impression that the Commonwealth nations were being organized in order that one of them might speak for others in external affairs; in the Canadian view, the solution of present difficulties lay in the first instance in realistic regional arrangements in which Commonwealth nations would play their part; this had been made clear by the Canadian representative at the Prime Ministers' meeting.

United Nations; Palestine; Berlin situation

12. The Minister of National Defence and Acting Secretary of State for External Affairs reported briefly upon the present position with regard to Palestine and Berlin.

13. The Cabinet noted the Minister's report.

Food contracts with the United Kingdom

14. The Minister of Agriculture suggested that, as an alternative to the courses mentioned at the previous meeting, the government might allocate some \$25 million either for further credit to the United Kingdom for the purchase from Canada of additional foodstuffs or for agricultural subsidies which would permit marketing during 1949 of surplus Canadian bacon and eggs.

If this course were followed, a contract would be entered into with the U.K. government for 156 million pounds of bacon at 36¢, the quantity which the United Kingdom were willing to take on the basis of our releasing \$60 million of the credit. It would be made clear both to the U.K. authorities and to Canadian producers that, if at any time during 1949 the United Kingdom were unable to absorb available supplies of Canadian bacon, the surplus would be put on the U.S. market. Late in the year, if there was an excess over 156 million pounds, the surplus would be diverted, if possible to the U.S. market. Such an arrangement would be accompanied by the establishment of a floor price slightly below the 36¢ contract price, probably around 34¢.

It was proposed that the situation be now explored with the U.K. Ministry of Food to see what could be done.

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