

2. It is unfortunate that the United Kingdom's attitude had not been made clear to the Geneva Conference at its First Session, thereby avoiding futile discussion of amendments to an agreement which they were not prepared to support. Earlier indication of this attitude would have enabled the conference to devote its energies to seeking an alternative.

3. While it is true that the present form of multilateral Agreement is not a solution to the problem of surpluses, and no one has suggested that it is, it can nevertheless be a useful means of insulating prices and markets from the effects of surpluses to the extent that the members wish to avail themselves of the protection at the floor. It can equally well be said that it did not solve the problem of shortages but it proved to be a valuable protection to importing countries in the years of shortage following 1949.

4. Canada would have no objection whatever to a supplementary Agreement dealing with the problem of existing surpluses. We would welcome, for example, the withdrawal of artificial supports and protection to wheat growing in all countries. We believe that if wheat prices in all countries were at the level of present Canadian prices, to both producers and consumers, there would be few problems of a continuing nature.

5. We would also welcome adherence by exporting countries to a policy of restraint in disposal of existing wheat surpluses, pending their disappearance either as a result of the withdrawal of increased acreages resulting from artificial stimuli or the recurrence of crop failures in some areas of the trading world.

6. We are sceptical, however, as to the prospects of achieving the necessary degree of international cooperation towards either of these desirable objectives. We continue to believe that the present form of Agreement, if broadly supported, can contribute something to stability and we shall strongly support its renewal along the lines indicated in my previous message which you should now convey to Hitchman. We would welcome a supplementary agreement relating to surpluses if one can be achieved. We cannot take seriously a proposal to abandon the present agreement in favour of some disembodied and non-existent alternative.

7. However, we have no desire to quarrel publicly with the United Kingdom Government on this issue. We are more interested in retaining the United Kingdom as a good customer for our wheat and flour.

8. Presumably, the United Kingdom Delegation will declare itself shortly after the conference resumes on February 20th. We would hope that the declaration in favour of an alternative approach will be accompanied by some specific proposals to be examined briefly by the full conference and then submitted for further study to a committee.

9. If, on the other hand, the United Kingdom Delegation is not going to make a specific proposal [sic] will be forthcoming from any other delegation. In that case, a decision will be necessary as to whether the negotiations should be broken off quickly or whether weeks should be spent in futile debate on what will inevitably be a lost cause. The United Kingdom tactics will be very important in this connection. It will be most helpful if you are able to ascertain the position which the United Kingdom will take on the opening of the conference.

10. We are wondering also whether Frank Anderson knows of the likely United Kingdom position. If he does it would be useful to have his opinion as to the way in which the conference will proceed.

11. Please suggest to Hitchman that the United States, with whom we are to meet in London about February 17th, should be informed of the United Kingdom position. Ends.