

if blocked or any other exporter wished to make proposal of \$1.50 minimum \$2.00 maximum it was free to do so.

2. When Chairman made his compromise proposal we repeated our position at length roughly along the lines of statement¹² sent to Vogel. Commenting on Anderson's compromise we said that we would transmit it to our government but could not hold out hope of acceptance. We drew particular attention to drop of ten cents in ceiling in return for very little, if any stability at floor because of inadequate quantities. Van Essche, Chairman of importers, on the other hand said that minimum of \$1.50 would be more acceptable to importers if exporters could agree to \$1.90 at ceiling.

3. All importers and exporters are now seeking new instructions.

4. Anticipating that we would be confronted by a proposal for compromise between the position of the exporting countries at \$1.55-\$2.05 and that of importing countries at \$1.45-\$1.90 I polled the farm advisers on three questions: one, would they support government if it were to enter into an agreement basis of \$1.55-\$2.05 for not more than three years. Their replies were unanimous in the affirmative. Secondly, would they support government if it were to break off negotiations rather than to accept any reduction from present price range. Without implying recommendations they reaffirmed unanimously the position they had taken earlier that they would support the government's decision to break. Thirdly, if compromise proposal were advanced by Chairman at \$1.50-\$2.00 would they support a government decision to accept the compromise. To this question Mr. Parker, Mr. Brownlee and Mr. Wesson and Mr. Marler went further to say they would recommend as well as support such a decision. On the other hand Mr. Plumar replied in the negative saying he would have to report to his Director that he had not supported acceptance of compromise. He did not wish his position to be interpreted as implying he would criticize the government if it were to take such a decision. Except for Mr. Plumar's qualifications Sharp is satisfied that you have latitude in choosing between a break and acceptance of \$1.50-\$2.00 with support in either case of farm advisers.

5. Farm advisers unanimously opposed acceptance of ceiling of \$1.95 even if such a decision would end conference.

6. We now seek instructions on following alternatives: one, refuse to accept any compromise on prices. Two, propose minimum of \$1.50-maximum \$2.00.

7. We cannot assure you that the second of these alternatives would ultimately be accepted. Indeed importers are likely to form their decision around Chairman's compromise proposal. By putting forward this proposal we therefore run the risk of break on 5 cents at ceiling as in (group corrupt). On the other hand if we merely confirm our present position and not try the \$1.50-\$2.00 proposal we may be missing an opportunity to reach agreement if such price would in fact be satisfactory to Canada.

8. Pursuant to my telephone conversation with you I will now make a further statement to Prices and Quantities Committee this afternoon along the lines indicated in my telephone message namely that a reduction of ten cents in ceiling price is unacceptable to Canada.

¹² Non retrouvé./Not located.