industry. Many of my comments apply to the United States beef cattle industry as well.

There are two beef cattle sectors which are in serious trouble today and were over most of 1980 as well. They are the cow-calf, grass yearling producers in western Canada and cattle feeders in Ontario and the west, especially cattle feeders in Alberta. The concerns of cattle producers are: the aftermath of the western drought which took place in 1977, 1980, and the first part of 1981; interest rates; increasing cost of production; worsening inflation; and live fat cattle imports for the first half of the year from the United States of America.

Our cattle feeders are probably more acutely aware of the interest rate disaster and feed grain costs—and I mean by that barley in the west and corn in Ontario—in addition to the other factors I mentioned for producers. Fed cattle prices have been at or below—and I would say mostly below—the cost of production throughout most of 1980 and all of 1981 to date. This is not because of the overproduction of domestic live cattle and beef which we experienced in 1975, 1976 and throughout most of 1977.

The current situation is different. Canadian beef cattle numbers and supplies have been at the bottom of their respective cycles for the last four years. This is where it differs from the other years I have mentioned. There has been no genuine incentive to expand breeding herds in the face of the short and long-term realities I have already mentioned. There is not an oversupply of beef in Canada today. However, throughout 1980 and 1981 to date there have been record supplies of meat, that is, beef, pork and poultry. This is true in both Canada and the United States. Our meat prices reflect this situation.

During the spring of 1980 most hon. members will remember that hog prices were less than half cattle and beef prices at both the farm gate and in retail stores. Consumers reacted quickly and predictably by backing away from the most expensive food today, beef, and settled for the cheaper meat supplies of pork and poultry. The result was that cattle prices and consumption declined rather rapidly, pork and poultry prices and consumption increased quite dramatically. All three commodity price levels are now much more closely grouped. We have not experienced this situation for many years. It will likely continue under the intense inflationary pressures and fierce competition for the consumer food dollar of which we are all so conscious today.

I should like to refer to the current situation. In retrospect it is easy to say that Canadian cattle feeders paid too much for their yearlings, and especially for their calves in the fall of 1980. This is true both in southern Alberta and in Ontario. Today, approximately a year later, Alberta and Ontario feeders have two alternatives. They can buy at lower prices, perhaps substantially lower than last year, or they can suspend feeding over the coming winter. I am sure feeders in the west and in Ontario are seriously considering these options, even as late as it is this season. Some Alberta feeders may very well do this, but Ontario feeders may not be able to do so. In spite of recent severe losses, cattle feeders may have difficulty justifying lower bid prices for feeder calves in the face of the anticipated all-time high record production of barley in Alberta and corn in Ontario and the consequential expected lower feed grain prices.

Grass and hay supplies across southern Alberta and southwestern Saskatchewan are excellent. The grass is the best I have seen since 1953; it is even better than it was in that good year. These conditions are a wonderful and welcome turnaround from last spring when there was a severe drought right at our doorstep. These conditions may encourage cattlemen to hold their yearlings, especially their calves, until late November, hoping for a higher price, or even into January and February of next year before selling them. As recently as a month ago I predicted lower feeder cattle prices in the early fall, strengthening in late November and December, and holding firm into the first quarter of 1982. After about two weeks of the larger calf sales in Alberta and in southwestern Saskatchewan, we now know that calf prices are significantly lower than a year ago.

I want to give some examples of actual calf sales over the last two weeks. Good steer calves in southeastern Alberta and in southwestern Saskatchewan, weighing approximately 450 to 500 pounds—and these are in large lots—are selling from $71 per hundredweight to a top of $74, with comparable quality heifers selling at approximately $12 per hundredweight lower. In the Fort Macleod area of southwestern Alberta their earlier prices were somewhat stronger, perhaps $2 stronger but with the same wide spread to heifer calves. The indications today are that they have pretty well settled down to that same level and the same wide spread is applied to heifer calves.

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Ontario calf buyers are obviously remembering last year's extravagance and are bidding much lower and buying considerably fewer calves at this date. It is quite possible that the late Ontario corn harvest, due to extremely wet corn fields, could be at least a partial explanation of what I would call their careful and guarded buying pattern for western calves. The major explanation must surely be, however, that Ontario calf buyers are aware that the interest on a $350 calf—and that is the present cost that I just mentioned—at 20 per cent comes to $70. That amount has to cover their cost for the 12-month period which is needed to winter and grow out a calf and fatten it to slaughter weight approximately one year from now. At this date, early November, western calf sellers are acutely aware that calves are selling for about $100 per head lower than a year ago, yet their production costs are considerably higher.

I should like to say a few words now about beef imports and GATT, Mr. Speaker. Live fat cattle imports from the U.S.A. to Ontario for the first half of this year prevented any hope of a fed cattle price recovery this year. It was last summer's 80-cent Canadian dollar that finally halted these imports, but recently they have resumed although at a more modest level. At the moment the average is about 929 head per week, over the last seven weeks. For a number of weeks last spring the