Employment Support Bill

saying, Mr. Speaker, is that this bill must be discussed further by other members of this House. It will go to committee, but we want a full discussion. Going to committee is not a vote except in principle, and certainly not of the bill we have before us. To that extent I say that I am prepared to discuss it with the minister in committee, but there certainly will have to be some improvements.

Hon. H. A. Olson (Minister of Agriculture): Mr. Speaker, my colleagues have indicated that the general impact of the United States new economic measures on Canadian industry and trade in general could be considerable. Additionally, they have outlined the measures that are today being introduced to cope with some of the problems. First, however, I would like to note that because of the nature of agricultural production and trade, and because of the trade pattern that has evolved over the years, the impact of these measures taken by the United States on our agricultural industry could be particularly severe.

I say that because for many important agricultural products the market is not solely a Canadian one nor a United States one but, rather, a North American market. Trade flows both ways across the border according to demand and supply conditions and particular regional needs. During the post-war years tariffs have been reciprocally negotiated downward. For example, when the Kennedy round tariff reductions are fully implemented, the tariff on apples, both ways, will be reduced and that on pork will be reduced to one-half cent per pound. Maple products and many forage seeds will become free of duty.

These are examples of items for which there is important two-way trade, and it has been to our mutual advantage to progressively reduce these tariffs. Some of these items, such as apples, we expect will be reduced to a nil tariff as of January 2, 1972. Of course, if that happens as has been announced by the United States, then we hope that the impact or indeed the application of the surtax will be completely exempt because they have not applied it to any agricultural products that were entering the United States duty free. Further, during the recent Kennedy round of negotiations—

Mr. Stanfield: Would the minister permit a question?

Mr. Olson: Yes.

Mr. Stanfield: Would this bill provide any help?

Mr. Olson: Oh, yes, Mr. Speaker, there is definitely some assistance provided in this bill and in other measures that I shall deal with. The point I wanted to make is that a number of products have been slated by the United States for a reduction to a nil tariff or duty as of January 2 next under the Kennedy round of negotiations. If that happens, under the formula they are applying now they should then remove not only the duty but the surtax because they would be items entering the United States free of duty other than the surtax.

An hon. Member: Which is it?

[Mr. Lambert (Edmonton West).]

Mr. Olson: It is both. During the recent Kennedy round of negotiations, because of the dominant position of the United States in our export trade the Canadian negotiations on agricultural products other than cereals were conducted largely with this in mind. Thus, any measures such as the 10 per cent United States surcharge which disturbs this long established equilibrium cannot help but have disruptive effects on agricultural trade.

In many ways we are fortunate to be in such close proximity to a market of 200 million consumers. But in a situation such as we face now, this very proximity and the relative disproportionate size of our two markets works to our particular disadvantage. For many of our products, the prices producers receive on both sides of the border are based on the continental or North American market. Thus, when the normal market flow is disrupted and our producers are forced to reduce their price in order to compete, it is not only the quantity that is exported that is affected but total Canadian marketings. The border effects reverberate and are felt throughout the whole Canadian market. Nevertheless, regardless of trading changes and the resultant market disruptions, the harvesting and marketing of crops, particularly fruits and vegetables, must go on as the crops reach maturity: livestock and poultry have to be sold when they reach market weight.

Looking particularly at the two main aspects of the problem as far as agriculture is concerned, the surcharge on imports and the price freeze, I think I can say that the latter does not appear now to present us with as great a problem as was first thought. There are two reasons for this. Raw agricultural products, defined as those essentially unchanged from producer to consumer, have been excluded from the freeze. Grading, washing and packaging have not been defined as processing for the purpose of the price freeze. Many of our exports, such as fruits, vegetables and eggs, will not be subject to the price freeze. Another factor of importance is that prices will be frozen at the level determined by that which applied to a significant proportion of sales in the 30 days preceding August 15 or by the price at which the product sold on May 25, 1970, whichever is higher. Thus, for certain Canadian products—and I think hogs is the outstanding example here—for which the price has been lower in recent weeks than it was in May, 1970, there is some scope for price rises before the price ceiling is reached if, of course, market conditions warrant.

• (9:20 p.m.)

Let us, for example, take a look at how this will affect hog prices. As hon. members are well aware, hog prices are and have been depressed. Nevertheless, the outlook is for strengthening prices. Of course, this trend has been going on for about the last six weeks—but prices are strengthening. As I say, the outlook is for strengthening prices as the supply position improves this fall. Were the U.S. price freeze to be based solely on the 30-day period immediately preceding August 15, hog producers on both sides of the border would be seriously affected. However, in the United States the average price for hogs as of May 25, 1970, was 23.63 per hundredweight live weight, which