

cattle from the market. The supply dried up and the price went up. However, there was no price restriction on imported beef from abroad, so the Canadian beef was drawn off and the price rose. This caused a reaction from the Canadian government and a ban was placed on the export of Canadian cattle. This is an example of where the export control is working.

The ban was not selective in that it stopped the export of the traditional feeder cattle from the west to the United States and caused chaos in the western market. I know of one instance where a feeder moved his operation from southern Manitoba to the Dakotas because of this ban. He stayed there.

At the present time, with the drop in the American consumption of meat, especially beef, of between 20 and 30 pounds per person, and with both the American and Canadian beef population at a very high level, the beef producers are again in trouble, particularly with the high price of feed grains.

We responded with banning American beef by the convenient use of DES as a means of justification. This has caused comment among the American trading people. They have talked about retaliation. I understand there will be a meeting in Calgary with the officials of the two countries to try and iron out the difficulties so that this import-export ban in which we both indulge may be settled. If not, we can look for the complete separation of the cattle industry in the North American market.

In the long run, the net effect of preventing the flow of meat products across the border will mean higher prices for Canadian consumers without any corresponding benefit to Canadian producers. Like the auto pact, the meat industry is largely an exchange. If we are going to prevent this exchange, we can expect dislocation. An example of this is hogs. I understand bacon is exported in large quantities and hams are brought in to balance. This is not a bad idea.

Use of export-import controls causes many problems. Use of an export control to determine what products will be exported certainly raises many questions. It really implies that some government official in Ottawa acting under the authority of the minister will have to make decisions about which he is not particularly cognizant. They will be complicated. He will not be familiar with all the problems. The further you get from Ottawa the more you realize that decisions are made by government officials who do not have proper knowledge of the real problem. Fortunately, they may not be that important to the country; however, they are often very important to the individual.

What criteria will determine at what level the state of manufacture of a product has to be? It is also necessary to decide what natural resources are to be affected by export restrictions. That really means that regions of the country can be discriminated against with impunity. This raises several questions. If natural resources cannot be exported in what is considered a desired form, should they be exported at all? An example might be wheat.

Many years ago we had a thriving flour export along with the normal exports of wheat. This has dropped way down. Developing countries and other countries are grind-

Export and Import Permits

ing their own wheat to be made into flour. If we stopped exports of commodities that are not fully processed, we would not export any wheat.

This raises the problem at what level we should export. I agree with the hon. member who just spoke that this is a question of trade. If we do not export, we will not be able to import. It raises the whole question of our stance in world trade. Are we to share our resources with the world, or do we keep them only for our own use? If we restrict our trade with the world and the total volume of trade breaks down, will international anarchy and wars result? There are feelings that the resources of the world should be pooled, at least to some degree. For example, should the price of oil be allowed to rise, causing great consternation in the developing countries?

The purpose of trade is to allow political units to have effective use of each other's products. When trade breaks down, standards of living fall correspondingly. Obviously the use of import and export permits is a trade barrier, and in many ways these permits have considerable disadvantages over tariffs.

Since coming to Ottawa I have been interested in studying tariffs, which I never thought were a very good idea, as opposed to quotas. We now have the export and import means of changing trade. I find that tariffs have at least one advantage. They are visible, and an importer or exporter can survey them and assess what can be done in the way of trade in his particular circumstances. However, trade plans become much more vulnerable and uncertain when at a minute's notice the cabinet can disrupt and cause cessation of any normal trading pattern.

Import and export controls should not be undertaken lightly. Perhaps tariffs have a place with regard to the control of goods going out and coming in. The use of quotas often brings better results than the use of any import or export regulations.

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At the present time we are debating the relative value of a two-price system. Let me cite an example in respect of wheat. We are selling some 60 million bushels of wheat within the domestic market for considerably less than it is being sold for in world markets. What does this mean to the producer? It means he gets somewhat less than the world market price, and as a consequence his ability to produce is restricted by that amount. We all realize that the Americans, who represent one of our main competitors in the export of grain, do not have this situation, and in this way they are better equipped to penetrate and capture world markets than are we.

What is the situation in respect of the production and processing of minerals? We have had a two-price system on copper for a number of years, with the result that the price returned to the producer is obviously a combination of world and domestic pricing. So the producer receives less than he would if the copper was sold on world markets alone. What is the answer? The answer is that he does not work the ore bodies at the lower level which he might work if he was receiving world market prices for his copper.

Conservationists suggest we should be using all our low-grade ore and low-grade crude in the old fields. It is a