committee. After that we can decide what will become of this proposed legislation.

I say this particularly as the bill seeks to eliminate the termination date of the act, which otherwise would expire on July 31 of this year. The minister proposes that deadlines for extension periods be abolished and that the statute be permanent. His reasons may be right. He told us yesterday why he thinks this legislation is justified. Our spokesman, the hon. member for Trinity (Mr. Hellyer), thought his reasons were acceptable. We want to hear the minister's reasons confirmed in committee, and to that extent we agree that the committee should review this bill and, in so doing, try to determine what is the real thinking and planning behind the bill.

Mr. Gordon Ritchie (Dauphin): Mr. Speaker, I rise to place on record some thoughts on Bill C-4 which has been brought forward partly to repeal section 27 of the Export and Import Permits Act which is due to expire in July, 1974, and to make amendments to the regulations.

This relatively innocent law has not been made use of too often in the past. It was first enacted to control the export of munitions of war, so it is quite understandable that export licences were required under the act. We are now entering the era of the two-price system. GATT regulations, trade regulations and traditional tariffs which protected industry and which at least had the advantage of being visible and consistent are being replaced by export and import permits. So I think it behooves us to consider this legislation carefully. Certainly it can be effective in bringing about a two-price system, as happened with oil.

This bill is a further example of government interference in the export market. It is an attempt to control and direct the export market for our producers and, of course, to control the importation of products, particularly food, the existence of which on our market could be considered inimical to our producers. This is largely an anti-trade bill. Obviously, it will increase the possibility of non-tariff trade barriers being erected in the rest of the world.

It is interesting to speculate on the export control list which will permit the cabinet to restrict the export of any natural resource produced in Canada if our national policy requires further processing of the product in this country. That, I think, has been brought in as a reaction to the comments of the leader of the NDP, who suggested in October, 1972 that we should slow down resource development and protect future Canadian jobs by requiring that resources be fully processed in Canada in the future. In addition, the NDP leader called for the government to put export and price controls on steel, lumber, some building materials, some minerals and some food products. The response of the February 27 throne speech was an amendment to the Export and Import Permits Act to provide the government with better means for stabilizing the Canadian market. Although such controls have been imposed on wheat, to some extent on feed grains and on oil, they have not been imposed on other commodities.

I now want to comment on the inherent philosophy of these amendments, as they affect our trading with the world. Recent wild fluctuations in commodity markets made a two-price system seem attractive for us, but I am

[Mr. Stevens.]

not so sure it is the answer to our difficulty. Consider what happened on commodity markets this past summer. As an editorial in *Country Guide* put it:

> To understand what happened ... you've got to go back to 1970 when the U.S. and Canadian governments increased the money supply at more than twice the rates required by actual growth in gross national production. The inevitable result was inflation and subsequent devaluation of the dollar on international money ...
>
> ... the U.S. delayed devaluation by forcing foreign governments to build up huge holdings of U.S. currency and Japan ended up owning billions of U.S. dollars. When Japan realized it stood to take a terrible drubbing because the dollar was in deep trouble, it looked for a way out. World commodity markets offered an escape.

The commodity futures market normally offers buyers and sellers protection against price swings. Producers know in advance what they will receive for their products and manufacturers want to lock in prices for commodities they will need in future. Speculators who neither produce nor consume but try to make money by trading normally provide enough trading volume to allow the market to work in an orderly and efficient manner. Most of the time this system works quite well.

In 1973 things got out of hand. The huge Russian purchase of United States wheat mopped up world wheat surplus. Japan began to realize it could protect itself against the imminent dollar devaluation by buying commodity futures. In addition, the American practice of holding down interest rates to unreasonably low levels made it cheap for foreigners to borrow money with which to speculate. What happened? The price of soybeans went almost through the roof, and when the price settled, there was a marked change in price levels. That action prompted this government to impose export regulations in this country. During the soybean crisis we put flax and rapeseed under the export permit regulations.

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The problem is that it is fine for us to restrict exports when it is in our own interests to do so, but we become terribly upset when other nations have the same idea, sometimes with much more national reason than we. The whole premise of the import-export idea is that it is better not to trade under certain circumstances. Furthermore, the use of import-export controls sets up a chain reaction that does not stop with the initial action by the government concerned.

With the behaviour of the commodity market last year and the sudden demand for soybeans, the price went skyhigh. The Americans put a ban on soybeans which was equivalent to our export ban. We in turn put a ban on the export of oil seeds from Canada. What happened? It brought cries from countries in the world which depend on our rapeseed and American soybeans. We were accused of withholding supplies and being unstable suppliers by the traditional importers around the world.

At the present time soybeans are plentiful. This is partly because Brazil is entering the export market with large amounts of soybeans to take over that portion of the market the Americans lost.

Let us take a look at what happened to the North American beef situation. Here again we have export controls on beef. The freeze on prices in the United States last summer caused the feedlot operators to withhold their