

*Adjournment Debate*

He quickly forgot the \$10 market drop over the entire North American continent which came after President Carter opened the United States beef import quotas by only one pound per person last spring. This, of course, was done for political purposes.

Finally, at a beef seminar he told Canadians to eat more fish and poultry. I repeat: he was abrupt and abrasive.

We are now on the down side of our cattle number cycle, in Canada and the United States, and that is why the price cycle is now higher. Continued heavy kill of cows and heifers in North America has definitely lowered our potential per capita supplies for 1980 through to the end of 1982. We are now in a critical position.

Our Canadian Cattlemen's Association has advised Canadian cattle producers to retain 15 per cent to 20 per cent more heifer calves than last year for breeding next year. In my opinion this has not happened and, in addition, too many cows which could have produced two more calves each went to slaughter this fall. Both of these developments arose for the same reason, that is, to take advantage of the very strong cattle prices to pay off creditors, in other words, banks, after four losing years.

In my supplementary question to the Minister of Agriculture I asked for a reassurance that it was not government policy to increase beef import quotas and to install floor and ceiling live cattle price limitations. I thank the minister for this reassurance. He said this: "At this time we have no intention of changing it." He went on to add, and I quote:

—if the policy which was announced jointly by the Minister of Industry, Trade and Commerce and myself did not work, we would bring in an immediate import law.

That was a reference to a joint policy announcement by the Department of Agriculture and by the Department of Industry, Trade and Commerce last March 30. The announcement came under the heading "Beef and Veal Import Controls". I want to quote briefly from that announcement:

The quotas will be set under the Export and Import Permits Act in relation to the average level of beef and veal imports between 1971 and 1975, adjusted for changes in domestic beef consumption since this base period.

The announcement went on as follows:

We will use this procedure for the next three years and evaluate its effectiveness . . . we will introduce legislation to control imports.

Such legislation would be introduced if it were necessary. That three-year period will not be up until March of 1980. Let us not have a repeat of 1976 when 186 million pounds of offshore beef were imported. That was an increase of some 60 per cent over the previous year, with the help of that infamous "6 cent under" rule.

Finally, I want to add that Canadian beef cattle producers and feeders desperately need some incentive to remain in the beef cattle industry. Their confidence in government policy, both short and long term, has been severely tried over the last four years. Increasing import quotas and bringing in floor and ceiling live prices is not the way to bring confidence and increased production and stability to our cattle industry. I urge

[Mr. Hargrave.]

the Department of Agriculture and the Department of Industry, Trade and Commerce to announce the 1979 beef import quotas as soon as possible and before the year's end so that our industry can plan accordingly.

● (2207)

**Mr. Frank Maine (Parliamentary Secretary to Minister of Employment and Immigration):** Mr. Speaker, in a joint statement dated March 30, 1978, issued by the Minister of Industry, Trade and Commerce (Mr. Horner) and the Minister of Agriculture (Mr. Whelan), it was announced that the federal government set up an ongoing procedure to control imports of beef and veal. At the time it was stated that the quotas will be set under the Export and Import Permits Act in relation to the average level of beef and veal imports between 1971 and 1975, adjusted for changes in domestic beef consumption since this base period. The government is currently in the stage of calculating what the import levels should be for 1979. We are not able to say specifically that there will be no adjustment in 1979, but I can say that the minister does not expect any substantial change.

It is recognized that cattle producers have had a difficult time during the last four years, but fortunately cattle prices have improved substantially. However, we believe producers must be given an opportunity to recoup some of their losses and regain confidence in the cattle industry. Only if Canadian cattle producers have confidence that in the longer term they will receive reasonable and stable prices, will they again increase their cattle inventory levels. Of course, this is in the long term interest of consumers as well.

With reference to the current marketing situation, undoubtedly the hon. member is aware that the level of cow marketings has decreased. This points to an increase in cattle inventories some time down the road. However, a turnaround in the beef situation will not take place until around 1982 because of the time required for the build up of cattle herds.

While it is recognized there has been some increase in cow exports, this was brought about partly as a result of the change in exchange rates, that is, the reduced value of the Canadian dollar vis-à-vis the United States dollar, and partly by the failure of our processors to outbid their United States counterparts for Canadian supplies. We have no intention of introducing a floor and ceiling for live cattle prices. Concerning the floor price, hon. members are probably familiar with the stabilization program which is in effect.

Slaughter cattle are one of the named commodities under the Agricultural Stabilization Act. This act, along with the cow-calf stabilization program, has been of real benefit in helping producers through the difficult period. The stabilization program assisted producers to cover their cash costs of production and to carry on despite the low prices as a result of the sharp increase in beef supplies on the world market.

The emphasis on stability is consistent with our policy to control imports. A ceiling on live cattle prices, on the other hand, would only further disrupt the cattle industry and undermine the confidence we are trying to restore to the