pattern. At the same time, owners of feed lots and other producers experienced higher costs due mostly to increases in interest rates and in the cost of feed grain. The price for feeder cattle both in Canada and in the U.S. collapsed in 1974, and the Canadian government decide at the time to set up a price stabilization program for beef which came into force on August 12, 1974, with the passage of the Agricultural Stabilization Act. This forced the government to control the import of slaughter cattle, beef and veal. Thus, livestock on the hoof weighing over 700 lbs. and intended for slaughter within 90 days after their arrival in Canada, as well as fresh or frozen beef or veal were added to the import control list, under the Export and Import Permits Act.

A total import quota of 82,835 heads of live cattle and of 125.8 million pounds of fresh or frozen beef or veal was applied for a one-year period starting August 12, 1974. This quota was equivalent to the average imports into Canada during the five previous years. The U.S. government took retaliatory measures and on November 16, 1974, imposed a quota of 17,000 heads of live cattle and of 17 million pounds of beef or veal, which was less than the normal level of exports from Canada. In August, 1975, Canada and the United States simultaneously removed their import controls on livestock on the hoof. And by the end of 1975, that phase ended with both countries removing their controls on beef and veal imports. On January 1, 1976, Canada reopened its market and at that time the only protection afforded the Canadian beef industry was limited to the minimum tariff of 1.5 cent a pound for cattle and 3 cents for beef. The impact of these measures was reduced due to the then high exchange value of the Canadian dollar. As Canada was the one and only market open to exporting countries the situation turned out to be most interesting for South Pacific exporters and Canadian importers. South Pacific beef entered the Canadian market during the second and third quarters of that year in much larger quantities and at prices often lower than those paid on the United States market.

Mr. Speaker, this bill introduced today by the minister of Agriculture is the result of many representations and has received the approval of just about all the agricultural organizations of Canada. The United Cooperatives of Ontario, the Federation of Agriculture and the Meat Packers Council of Canada have stated their support for such a legislation on beef import whereby maximum quotas would be set according to an anticyclical formula. These same organizations, Mr. Speaker, strongly support the stated principles of the Canadian Cattlemen's Association with respect to import quotas set by the act according to the following criteria. 1) any beef import program must take into account the previous import levels set by Canada and the share of the market taken previously by our trading partners; 2) domestic beef producers and exporting countries should be able to forecast import quota levels which, before being changed, should be discussed in consultation with our trading partners; 3) over the long term, imports should be increased in proportion to national consumption, and the share of the market they represent should not fluctuate; 4) any change in short-term import levels should be inversely proportional to the domestic beef production in terms of beef-type cows being slaughtered. The Ontario Cattlemen's Association proposed that beef imports, during the growth stage of the cattle cycle, should not exceed 10 per cent and should be lower than 8 per cent of the domestic consumption during the closing stage of the cycle, in order to avoid the levels reached in previous crises. Those organizations generally agreed that imports of live cattle should not be legislated. Many cattlemen's associations have insisted that the law should provide no discretionary power. It will be left to the regulations ensuring from the act to devise the most favourable and beneficial formula for Canadian producers so that all Canadian producers may be assured of a favourable production cycle.

• (1520)

[*English*]

Hon. Alvin Hamilton (Qu'Appelle-Moose Mountain): Mr. Speaker, this bill is welcome in the House. I think the minister knows why and how long it has been requested. My remarks will deal with some general principles in the beef industry to back up what is in the bill.

I was very impressed with the analysis of the hon. member for Medicine Hat (Mr. Hargrave). The minister would be well-advised to use him as his main adviser for cattle problems in a marketing sense in western Canada.

The country should know that the livestock industry in western Canada is in a very bad way. This has a bearing on the people of Canada. It will show up very shortly in the price they will have to pay for beef. It is not a subject which concerns only a few people in Alberta and Saskatchewan. Presently we are not only in a cycle of breeding in the slow-moving cattle industry, but we are in the seventh year of a drought which is affecting that part of the continental plains in North America.

Our fellow producers throughout the continent are suffering in the same way. None of us know for certain what will happen in this seventh year. We had a pretty bad taste of it in the sixth year when the accumulative water tables were down. The people in small towns suffered in the first instance. Since the drought is cumulative, we must expect it to hit very hard the dry areas of the southern parts of Alberta and Saskatchewan this year. If we are lucky and the rains come, we can get by. The minister has the support of every member in the House in getting ready to cope with the problem if it comes this spring; the spring is with us now.

The big reason the cattle industry is in a bad way in western Canada is not just the breeding cycle or the drought with which we must contend every 20 years; it is the fact that there is a new competitor for the land. That competitor is grain. Whether or not we like it, the world is hungry for grain cereals. Western Canada has the ability to produce it. The demand for grain, at least as far ahead as we can see, will keep