

It should be emphasized that consumer prices will not be adversely affected as a result of the government's premium program. The premium program will be terminated when there is a return to a better and more stable market for cattle.

Mr. Bert Hargrave (Medicine Hat): Mr. Speaker, notwithstanding the fact that a copy of the announcement by the minister has just been delivered to me, in view of the remarks and comments I have made over the last two weeks about the cattle situation I think it most appropriate that I respond at this time.

The 7-cent subsidy, and I think that is a much more realistic term than "premium", is the main thrust of the minister's announcement. Cattle feeders have suffered tremendous losses, beginning early last fall and continuing over the year end; they are still losing money. I should like to point out that the Canadian Cattlemen's Association did not suggest or ask last week for this subsidy approach in its presentation to the government. They did not make this suggestion because it would do nothing to stop or even slow down the massive flow of United States feed cattle into Canada. Last week there were some 10,000 to 11,000 head imported into Canada. The indications this week are that there will be about 1,000 less, somewhere between 9,000 and 10,000.

● (1430)

I suggest very sincerely that the announcement of this subsidy will be greeted with mixed feelings in the cattle industry across Canada this afternoon. Those who have sustained substantial losses, and are still sustaining them, will feel one way about it. That is pretty obvious. Those involved in the cattle-calf grass side of the operation, which is really the major or total, if you like, operation, are more inclined to take the longer view and want no part of this kind of subsidy approach. This announcement will do nothing to restore confidence in the total Canadian cattle industry which is so necessary at this time. I suggest even with this week's market upturn of about \$2. to \$3. in western Canada, and a little less in eastern Canada, the producers of beef cattle who are finishing them in the feedlots today are still \$10 per hundredweight or 10 cents a pound below their minimum costs of gain. I know the minister is aware of this.

I think it is regrettable that the cattlemen's proposal for the longer term was not at least commented upon in a meaningful way in the minister's statement. I think it was a very reasonable and workable proposal. The cattlemen themselves had a tremendous amount of input from all over Canada in respect of this aspect of it. Admittedly, there is a longer term, but that is what we need in the industry. I wish to read a telegram delivered to my desk minutes before I came into the House this afternoon. It is from the Saskatchewan Association of Rural Municipalities. I believe the minister spoke at their meeting the day before yesterday. It reads as follows:

At a convention of the Saskatchewan Association of Rural Municipalities in Regina this week the following resolution was passed:

Whereas the cattle industry is recognized as a very important part of our agriculture economy and whereas the livestock feeders of Canada are in a very grave financial position and whereas the large importation of US fat cattle at this time is very depressing to our Canadian

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prices therefore be it resolved that as a means of alleviating the present situation that we support the Canadian Cattlemens Association, the United Grain Growers, the Canadian Federation of Agriculture, and other provincial organizations in their efforts to attain an immediate escalating tariff on beef cattle based upon reciprocal quotas with the United States.

This is signed by Mr. C. F. Mitchell, President of the Saskatchewan Association of Rural Municipalities. I am told that there were some 1,600 people in attendance at that meeting. This telegram was addressed to me, personally.

I suggest it is long-term policy for beef and cattle that will determine if retail beef prices are to be relatively cheap. I stress the word "relatively". The days of cheap food are long gone. The answer to relatively cheap food, and especially beef, is increased world production. But that increased production must recognize that farmers, including cattlemen, are entitled to reasonable profits. The alternative is decreased production combined with increasing imports and resulting higher beef prices. Once again we have the situation of a serious producer price drop and very little if any corresponding drop at the retail-consumer level. This is an old situation I know, but it is a most frustrating situation and is difficult for producers and cattlemen to understand when they are selling at the time of a downward trend in the market and do not see that price trend transferred reasonably quickly to the retail level. Surely this situation merits appropriate government action. This announcement is a stop-gap measure that will cost millions, I am sure, but really does not deal with the long-term cattle situation.

Mr. A. P. Gleave (Saskatoon-Biggar): Mr. Speaker, whether or not the minister's announcement will stop the phone calls from Saskatchewan to Ottawa, we will know in a day or so. His announcement, in effect, is a short-term policy obviously designed as a bail-out policy to deal with the situation. It is the government's method of dealing with the situation as it sees it, but I believe its application will be limited. There is no floor. The seven cents will be in addition to whatever the market price may be the day the cattle are taken to market. I would judge by the fact that the minister is encouraging the A3 and A4 type of cattle that they will come to market and get the premium while it is still there, and that he hopes to get an increased amount of cattle from the feedlots to slaughter. The minister agrees. Whether or not this plan will work in the interest of the consumers remains to be seen.

I believe we need a stable industry. I think farmers who are in the business of raising feed cattle want to know what the return will be. They would like to know how long the program announced in this statement is to last. If they do not know how long it is to last, they may very well bring unfinished cattle to the market. They do not know whether or not there is a floor price. Obviously—and I repeat this because I think it should be repeated—this is a short-term program. I cannot particularly call into question, and do not wish to call into question the fact that the minister is using a deficiency payment or subsidy approach instead of a tariff approach. In the area I represent there are a great many ranchers and farmers who have to sell their feeder cattle across the border in the United States. We have a very large hog operation and the United States is a very considerable part of the market for