advisability of immediately implementing policies to encourage farmers to increase steadily the production of staple foodstuffs on a basis that will provide a fair income for the farm family and basic food at a reasonable price for the consumer.

9. The committee recommends that the federal government consider the advisability of protecting the Canadian market from the pressures of world food requirements by ensuring that domestic prices reflect domestic demand and supply.

These two recommendations to which I wish to address myself cannot help being interconnected and should be considered together in this debate. During all the food cost discussions, both in our committee and all over Canada, I suggest that no single food item received more attention than meat, especially beef. Because of the important position beef holds in any food cost debate, I wish to use this commodity to illustrate the tremendous need for the implementation of these two recommendations.

Up until about a month ago there was ample justification for saying that one of the major reasons for the present pressure for beef in North America is the fact that beef producers have so successfully produced high quality, cheap beef that demand has outstripped supply, and also because this demand pattern is now becoming evident around the world. Let us look a little more closely at this demand-supply pattern between Canada and the United States.

First, whether we like it or not, we must remember that as a nation Canada is a net importer of beef and a net exporter of feeder cattle. In the period January 1 to September 8 of this year Canada exported 111,000 feeder cattle to the United States and 12,600 live fat cattle. In the same period of 1972 we exported only 4,460 feeder cattle and 6,000 head of fat cattle. Our beef and veal exports, that is, the carcass exports to the United States were about 44 million pounds for the same period in both years, so there is no change there.

On the import side, over the same period, we imported 33,700 live cattle in 1973 compared to 32,300 last year, which is an increase of almost 4 per cent. But here is the significant part. Over 50 per cent of these current imports have taken place in the past three weeks. That is, 50 per cent of the cattle coming live to be slaughtered here have come in during the past three weeks. In addition, Canada imported about 105 million pounds of beef from all countries in this same current period compared to 111 million pounds in 1972.

The total trade balance here is definitely not in our favour. Canadian beef cattle producers have recently seen their market prices tumble drastically, with more of the same likely to come. These same cattlemen presently are very concerned about the results of two recent federal government actions which definitely do not provide the long-range incentives called for in recommendations Nos. 8 and 9. The first of these is the manner in which the government imposed the export beef controls. I should like to suggest that most thinking cattlemen did not seriously object to the actual need for these controls, at least for a very short period of time, but they did object very strenuously to the way in which they were imposed on a Monday afternoon back on August 13, just hours before the heaviest run of slaughter cattle in the entire week.

I am sure the Minister of Agriculture (Mr. Whelan) knows that on Tuesdays there is the biggest run of the week in Canada. As late as Monday a good many had started on the trip to market. Also, it was at a time when our Canadian weekly kill was at a near record level of 65,000 head. Surely these controls could have been announced on a Friday afternoon, to allow a reasonable adjustment period for cattle shippers. In addition, an unreasonable delay in announcing the details of the controls caused untold confusion for both producers and packers. Those details did not catch up to them for several days afterward. I suggest this is not the way to create genuine incentives to produce more foodstuffs.

The second federal action is the very current situation involving our so-called one-way free trade which permits duty-free imports as opposed to export tariffs that are presently charged by the United States. Last week 8,000 head of live fat cattle came into Canada, nearly all through the Sarnia-Port Huron entrance, at a time when rail shipments of beef from western Canada were just starting to arrive after the rail strike. What was the result? A downward plunge of fat cattle markets, with more of the same to come. Some southern Ontario cattlemen are so concerned that they might very easily set up some form of demonstrations in opposition to these U.S. imports. Surely the government should immediately reimpose the import tariffs on beef to help restore some confidence in our Canadian cattle market.

● (2120)

Some hon. Members: Hear, hear!

Mr. Hargrave: There is no question that the confidence of Canadian cattlemen in their own market has indeed been shaken over the last four weeks.

To develop these recommendations properly, our consuming public must understand thoroughly just how beef prices are determined. First of all, they are not arrived at by adding up all our costs such as land, taxes, feed, labour, interest, etc., then adding a percentage for profit, then adjusting somewhat for competition and finally coming up with today's beef prices. It is not that easy or simple. Today, $2 steaks or ground beef at $1.25 is the result of events that took place two years and three months ago when the cattle producer made the decision to breed the beef you are eating today. You should add another year to that interval to cover additional planning time which, I can assure you, is definitely necessary. What I am saying is that three to four years ago cattle producers decided, entirely on their own, not to increase their breeding herds sufficiently to produce enough for today's supplies. They did so because there was not enough money in prospect, so they diverted their attention to other agricultural production.

Our national objective in beef cattle must surely be at least to be self-sufficient in Canada today. Why not develop the confidence and incentives to keep those 111,000 head of feeders at home, finish them out here and export the surplus if any? One way of achieving this objective is to develop as quickly as possible a new national feed grain policy. It is important that this new policy clearly recognize the total dimensions of our domestic feed grain industry. This industry represents some 800 million bushels, or 80 per cent of our total feed grain production which, I suggest, is considerably larger than our wheat production.