

Agriculture

the long-term interests of our Canadian industry. In basic terms, we do not want to confuse the maintenance of a free and competitive market for our product with the idea that we can only do so if we retain a close relationship with the United States.

I suggest that if rigid controls are implemented in the United States, as they were this year, then any idea that our market is operating freely is surely naïve. It cannot be argued that the way to maintain a viable open market system in Canada is to tie ourselves to a pricing system in the United States that is under government control. Our two industries certainly respond to similar economic stimuli and in similar fashion; there is no doubt about that. However, it must be clearly recognized that this is only true where the same rules are applied in both games.

Finally, because of its size the United States industry is capable of draining or swamping our market without any appreciable influence on their price structure. I would suggest that the time has come to reassess our policies with regard to the relationship between the United States and Canadian cattle price levels. If, as cattlemen, we do not do so, there is no doubt that the government will do it for us.

We have three basic alternative directions in which we can move in our industry today. The first is to gradually move our whole industry away from the United States price base. This would not only appear impossible but also undesirable if we accept the fact that the United States is likely to remain the most important producer and consumer of beef over the next decade at least. The second alternative is to press for complete integration of our industry with that of the United States, and I mean the reciprocal removal of all tariffs and quotas on movements of beef, fat and feeder cattle. Because of the factor mentioned, that is, government controls, I would suggest that not only would this be difficult to achieve but may also be foolish as far as Canadian producers are concerned.

The third alternative is to press the government to adopt a policy which will allow us to improve our competitiveness with the United States, which basically means a free market between ourselves and the United States. It also embodies the ability of Canada to protect our industry from market aberrations where those aberrations are due to political rather than economic forces. This may well have to be done by some form of agreement between our two countries.

Let us examine the impact of this United States government involvement in the Canadian cattle industry today. Since the Canadian export controls, or the permit system as the minister referred to it this afternoon, were imposed in mid-summer we have come full circle and are now witnessing the heaviest concentration of fat cattle and beef imports in Canadian history. In September, imports of live fat cattle totalled 40,369 head, compared to 763 head in 1972. For the week ending October 5, imports amounted to 13,378 head. For the week ending October 12, they amounted to 18,385 head. For the week ending October 19, they amounted to 20,401 head. The estimated imports for the week ending October 26 are a further 15,000 head. The estimated figure, up to tonight, for this week is 8,700 coming into Ontario and 2,000 coming into western

[Mr. Hargrave.]

Canada; and there is still another day to go to round out the week.

October total imports were 77,864 head. We might compare this figure with the figure of 64,000 head which represents the total for the whole of 1972. Our total imports for the year, to date, are 142,099 head. During September and October we received 120,000 head of this total. This has shown up very vividly on the Toronto market in the last two weeks. The Toronto market yesterday and today dropped in price between \$1.50 and \$2 on fed steers. Ontario is receiving the major impact of these imports of cattle, all of which are grossly overfat even by United States prime standards. Loads have been imported with animals weighing from 1,600 to 1,800 pounds. These were purchased by our packers in the United States for as low as \$28. Today's Toronto price for Canadian-fed steers was around \$42.50 to \$44.50.

There have been very limited Ontario deliveries, with equally limited buyer activity, to the Toronto fat cattle market these past few days. There are ample reports of extreme difficulty in getting packers to bid on our Canadian finished fat cattle of more desirable grades. All of this is now giving rise to a distinct possibility of a holdback of Ontario fat cattle, which can only lead to further overfat cattle in Canada.

Last October 16 the minister met with a delegation of the Canadian Cattlemen's Association. That delegation told the minister that with conditions as they then appeared to be—I emphasize that—cattlemen preferred to ride it out without government controls. However, as I have just outlined, conditions have indeed changed drastically to the serious detriment of the Canadian, and especially the Ontario beef industry. A little over a week ago the Canadian Cattlemen's Association recommended an immediate temporary surcharge of three cents a pound live, and six cents a pound dressed, on United States imports. Yesterday, in Regina, the full directorate of the Canadian Cattlemen's Association from every region of Canada unanimously approved this action of their executive. As I indicated earlier, there were some cattlemen, especially from the west, who had some misgivings about this approach to the serious situation. I have to admit that I was one of them.

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Now, however, after weighing all the pertinent facts which I have just outlined to hon. members, I say to the Minister of Agriculture, "You moved very quickly in applying export controls last August. Will you now give serious consideration to the cattlemen you will meet tomorrow and to their request for an immediate import surcharge?" I must remind all members of the House of the very serious, four-pronged dilemma facing Canada's cattle industry today. First, feeder calves are presently selling in western Canada for \$65 to as high as \$80. Second, domestic feed barley for feeders who will buy those calves or who have already bought them, ranges from \$2.10 to \$2.25 a bushel in western Canada. Third, the present fat cattle market is at about \$45. If you put those three points of dilemma together, there is no way in which you can come out with a profit. The fat cattle price will have to jump by at least \$10.