the bill should be referred to the Standing Committee on Agriculture, and that committee should encourage every interested group to come before it and give it the benefit of their experience.

I hope that other related items could also be reviewed in that committee under the same referral. I am sure that it will not surprise the minister when I suggest that one of them might very well be the recent extreme market disturbance this year by the 30,000 head of live fat cattle imported into southwestern Ontario in the first five weeks of this year. That situation still remains, although it is not as extreme as it was.

I thank you for your patience, Madam Speaker.

Some hon. Members: Hear, hear!

Mr. Vic Althouse (Humboldt-Lake Centre): Madam Speaker, I rise to speak briefly in the debate on this bill. We agree that the bill should be referred quickly to the Standing Committee on Agriculture because the contents are relatively technical and cannot be dealt with adequately in the House.

I want to make a few brief comments about the bill. My first reaction is to say that at last we have some cognizance by this government and the immediately preceding government that there is a need to recognize the value of supply management in the Canadian beef market.

What we have before us is a very rudimentary move toward a supply management scheme. It applies only to offshore beef and to beef and veal of a fresh-killed or frozen nature. It ignores mutton, goat meat and lamb, but it is a beginning. This is the first time that any government has brought in a bill that gives some recognition to the fact that we need supply management in our beef marketing system.

The bill purports to be a supportive measure to the U.S. bill, which was revised in 1969 and is intended to be a beef import bill that would be counter-cyclical in nature. Stated simply, that means that we would allow more imports into our country when our beef cycle is low on the supply side. This is the kind of concept that no one can argue with, except that if you think about it you will realize that the major exporters of beef to this country, the New Zealanders and the Australians, see North America—in this case meaning Canada and the United States—as their major market. Once they understand that we have such a formula at work, and given the fact that they operate through single desk selling agencies, I can see that within one or two beef cycles they will be able to make adjustments so that they can manage to work the system to suit their production and price requirements as well. However, we will try it and see how it works.

Since I believe this to be a very rudimentary bill, I am, of course, distressed that it does not take into account the movement of live beef. This is very important to a country like Canada where we sit next door to a country whose beef production patterns and consuming patterns are very similar to ours. But we are only approximately one tenth the size of that country, both in terms of production capability and consumption capability, and certainly in terms of political clout when dealing with bilateral agreements.

I am a little distressed that the ministers who drew up this bill did not recognize the good work in the report of the Senate agricultural committee issued in 1977, which urged that the bilateral agreement be renegotiated to include live beef. I can readily see why the United States is not keen to renegotiate such an agreement. Their country is ten times the size of ours and when we have a short-term distress surplus of beef we can walk it across the border with little effect on their market. When they are in a similar situation, however, and have a 1 per cent or 2 per cent surplus in American terms, that translates into a 10 per cent or 20 per cent surplus when it crosses the border to our side. We feel it very much. At the beginning of this year there were weeks where imports were at the level of 3,000 or 4,000 head of fat beef coming into Canada. That had an effect on our prices and a lot of beef producers were hurt.

● (1450)

We insist on keeping the door open because most of us who are in agriculture have an optimistic view. We look forward to that great day when we will be surplus producers and can have a good calf crop. We will want to have access to the U.S. to sell our production.

That perhaps made sense 50 or 60 years ago, but the situation is changing. We should use a different form of analysis, a straight producer-consumer analysis. If we compare the total amount of beef produced in this country with what is consumed, we have to go back to 1967 to find a year where we produced more than we consumed. My figures only go to the end of 1979. There may have been a quarter in 1980 where that changed. However, for the 13 or 14 years previous to the end of 1979, our total production of beef was slightly less in every year than what we consumed.

Holding the door open, keeping free trade flowing and allowing meat to pass back and forth between the borders of our two great countries, only to take advantage of some time in the future when we may produce a surplus to what we consume, is no longer realistic. This situation should be looked at in today's terms. Thirteen or 14 years' experience gets us through one and a half or two beef cycles. In all that time we have not produced more than we have consumed. Therefore, holding the border open for those reasons no longer makes sense.

As I said at the beginning, the bill supplies us with a curious form of supply management patterned after a U.S. example. The formula presented in the bill leaves at least three spaces for ministerial discretion. There are three statistics we can plug into the formula which use estimates. This does not leave as much leeway as existed under the old system, where the minister and his department sat down toward the end of the year to decide whether the level should go up, down, or, as was done at the end of 1980, disappear altogether. Even though that discretion is no longer there, it is still a fair amount.