

to receive wide acceptance by producer groups all across the country.

It is clear that this interim report deals primarily—in fact, almost exclusively—with import and export trade policies respecting beef. Certainly, that is where the focus of attention has been on the part of the beef producers themselves as a result of the low prices experienced during the past few years. For that reason it was appropriate for the committee to have taken the extra effort to prepare an interim report. I think it is equally important, given the current preliminary negotiations respecting the terms and conditions of GATT, for this report to go forward at this time. I do not think the chairman, or any other member of the committee, need apologize because at this juncture some of the recommendations may be interpreted as a violation or a variation of the terms and conditions of GATT. I do not think that GATT has the same status as the tablets of stone from the mount. The terms and conditions of GATT are not written in stone. They can be changed. Indeed, many of the provisions in the General Agreement on Tariffs and Trade ought to be changed, if for no other reason than the fact that some countries rather meticulously live up to them while other countries have found ways of circumventing them—and the beef industry is a good example of this—to the extent that they are really meaningless. Given the various interpretations, it is hard to believe that one is a signatory to the same agreement.

So I see no problem if the Committee's recommendations are at slight variance with some of GATT's terms and conditions. Many of them should be changed anyway, and this would be a particularly appropriate time because the General Agreement on Tariffs and Trade is now under scrutiny. Hopefully, this will lead to some modifications.

Honourable senators, I obviously have some reservations, given the nature of some of the recommendations, about the administrative problems. I am sure members of the committee do too; but, for the reasons I have stated, I think it is appropriate to come forward with these recommendations, notwithstanding that there could be some problems, in a general way or in a bilateral way, with some of the countries in making them administratively feasible while still attaining the desired results.

I should like now to turn to another subject matter, and that is the pricing mechanism within Canada. I consider this to be an equally important part of the task assigned to the Agriculture Committee, although it is not dealt with specifically in this report.

I was not a member of the committee during the last session. I was not summoned to the Senate until late in the session, but I did attend a number of the committee's meetings. I know that the committee endeavoured to call knowledgeable people directly involved in the brokerage and the wholesaling and retailing aspects of the Canadian beef market. Some of the witnesses did refer briefly to the pricing mechanism, but we really did not have a thorough examination of this aspect. As I said, some indications came through, and other organizations in Canada have investigated this aspect or have at least

attempted to understand how the pricing mechanism works today.

It seems reasonable that if improvements to a system are going to be made, there should be an understanding of how the existing system works. You would be amazed at the number of people directly involved in the beef business who do not know how the price-setting mechanism works today. The August issue of *Cattleman*, the beef industry magazine, gives a brief outline of how the pricing mechanism works today. When one looks at that article, especially in light of what some of the witnesses said in committee, one is amazed by the almost unbelievable biases that are in the system now. One of the most asinine or stupid things is that most of the beef sold in the Montreal market is shipped out of Alberta, and it is rolling towards Montreal—some of it may be in Winnipeg or in Sudbury or at other points—before the producers know what the selling price is going to be. In the beef business, as in other businesses, there is a rule that you either sell it or you smell it. If there is no purchaser of the beef by the time it gets to Montreal, the holder of the inventory—whether it be a broker, a chain store, or whatever—gets into a more distressed position hour by hour. It does not take any great understanding of the beef industry to know that that is the way the beef industry is running in Canada today. Let me read from this magazine so that you will see that my interpretation of what some of the witnesses told us is correct.

• (1500)

Killing and shipping also continue on Wednesday.

They have already been shipping on Monday and Tuesday without any sales, or at least without a price on the sales.

The Tuesday kill is generally fairly large and must be shipped on Wednesday morning to clear cooler space.

That is in western Canada.

These orders, whether standing orders or orders offered in the week's trade are shipped without a committed price—

That is something we simply have to take seriously. I do not think there is a villain, whether it is the packing houses, the broker, or anybody else, who has set up this thing. I think the system has evolved on the same basis as all other forms of commerce, and that is that you want to buy at the lowest possible price. But in this case, honourable senators, there is a built-in tendency by everyone involved in the trade to beat the price down at every stage, because they do not own the inventory. And if one or other of their competitors should be able to buy his beef the next day, or a few hours later the same day, at a lower price, then of course they are in great difficulty. So the buyers wait as long as they possibly can before they agree to a price. They even wait until Thursday or Friday, according to this article, and in the meantime the beef has been rolling since Monday from western Canada, particularly from Lethbridge and Calgary. Whether we like it or not, it is the price that is set between Lethbridge, Calgary and Montreal that determines the price of beef for the week in all other