Mr. McNamara: That is our responsibility—to secure for the producer the best price for the grain that we can.

Mr. Argue: That is the attitude you take in regard to selling it within a province, outside, and so on?

Mr. McNamara: All markets.

Mr. Argue: If feed mills were allowed to buy grain outside the jurisdiction of the wheat board, outside of the wheat quotas and so forth, what would be the effect on the prices of grain they purchased? Would they purchase at lower prices?

Mr. McNamara: In the event that they have been purchasing, in some instances, at prices below our initial payment price, which is the guaranteed price, we pay to the producer—when we merchandise a producer's grain, if we have been fortunate, as we have been in all except one case, in selling at a better price than the initial price, we reflect to the producer the final price, after deducting our operating expenses. So, to the extent that a feed mill procures grain at a price below the price at which the board is selling the same grain and type of grain at that time, it enables them to undersell the board agent, who must buy at the board price—and this creates a price competition with board grain.

Mr. Argue: And it would lower the return to the grain producers. Anything done this way would affect adversely the total amount of money paid to the grain producer?

Mr. McNamara: Yes. If a feed mill bought and sold below our prices it would create competition for us, and could have the effect of forcing us to lower our general price levels.

Mr. Argue: I have two or three more questions. You say that the feed mills, in some instances, have been buying below the initial price. I would suggest that feeders, in some instances, have been buying greatly below the initial price. I make this statement: I see no reason why the feed mills could not buy as cheaply as the feeders, if they have the same opportunity. Are you aware that in some instances advertisements have appeared saying that wheat would be purchased for as low as one cent a pound, or 60 cents a bushel.

Mr. McNamara: Yes.

Mr. Argue: So, if you had a bad situation, so far as surplus is concerned, I suggest by doing this you might cut the initial price as much as 50 per cent —in some instances, you might cut it in half.

Mr. McNamara: That is a matter of opinion. Competition would be a factor in it. However, so far as the board is concerned, I would point out that these feed mills, who are not agents of the board, we do not endeavour to control their prices. They are free to pay a price below or above. All we are concerned with is that in buying from producers they must live up to the quota regulations. The advantage is when the farmer can deliver his quota and get the guaranteed price, he is not likely to deliver a quantity of grain at a price below our initial payment.

Mr. Argue: That is my point. The fact that the quota is there removes, I would think, almost all—maybe not quite, but almost all the incentive to deliver the grain to a mill, even at the initial price. If that is done, there is no further participation taken.

Mr. McNamara: No, unless they are an agent of the board.

Mr. Argue: So while you are not expressing any direct concern in regard to price, nevertheless the fact they have to buy within the quota regulations means that some expense—perhaps I had better put it this way: the producer