

interprovincial trade. With the expansion of this off-board market, a two-price system for oats and barley developed, one at board prices for the restricted delivery to elevators, and another at a much lower price for off-board sales. Not only were western producers discontented, but their eastern customers became incensed because they had no access to the low-priced off-board grains, and had to pay the higher board prices for grain moving through interprovincial trade.

Hon. members who were here in those days will recall the hearings which took place in the House committee on agriculture which led to the recommendation adopted by the government in 1974 to remove from the Wheat Board the sole responsibility for the domestic marketing of the feed grades of wheat, oats and barley. Commencing on August 1, 1974, western producers were given the option of selling their feed grades of these grains either on the open market or through the facilities of the Wheat Board. Thus, from that time a substantial portion of the sales of the feed grades of western grain have reverted to the open market.

One further episode in the Wheat Board's experience in handling oats and barley should also be recorded. This hit at the core of the Wheat Board's legislative responsibility to sell producers' grain to the best advantage. Occasions arose in the 1970s when barley could be sold for higher prices overseas than in competition with imported feeds in eastern Canada. The board's parliamentary directive required it to sell in the producers' interests in the most attractive market. But this meant the shorting of supplies of western feed in the eastern market, and the irregularity of supply could threaten the future competitive position of western grains in that market.

In that situation, the government and the board recognized that western producers' longer-term interests warranted the retention of a continuous supply to eastern Canadian feeders at the expense of sacrificing short-term price gains to the western producers. In consequence, the Wheat Board undertook to furnish the eastern Canadian market on a continuous basis in accordance with a pricing formula which related the domestic prices for western oats and barley to the prices eastern feeders were paying for corn imported from the United States. There is an adjustment for protein from soybeans. American corn and soybean prices are, of course, determined by the Chicago futures market.

In conclusion, in the account I have given, I have described the extent to which the marketing of western oats and barley differs from the marketing of western wheat, and the way in which any government is caught in the middle in trying to arbitrate the price governing transactions between one set of domestic producers and another. I have shown that no board system is in complete control over all transactions in feed grains and that a two-price system can develop between board and off-board grains when farm to farm sales take place within each province.

I wonder, therefore, if the sponsor of this motion would like to see feed grades of western wheat, oats and barley sold to Canadian feeders in the east and the west at different price levels, either through the board or through farm to farm

transactions. It would be a backward step if Canadian feeders did not have access to the same price. I also wonder about the extent of actual producer support for such action.

Last, I would like to know what price directive he would be prepared to give to the board—whether to sell to western producers' best advantage at all times, thereby shorting at times the domestic market, or whether he is satisfied that western feed grains should be continuously offered to eastern markets at prices related to the Chicago open market prices for corn.

● (1740)

**Mr. Bert Hargrave (Medicine Hat):** Mr. Speaker, I want to make a few remarks in this private members' hour and try to put on the record, at least briefly, the position of the western livestock feeding industry. I am thinking primarily of my own province of Alberta, I suppose, but my remarks certainly include the feeding industry in Saskatchewan and Manitoba—and that is an enormous feeding industry. It has become vastly important, much more important than it used to be. For example, in Alberta, wheat is no longer the big crop; it has not been so for a good many years. The big crop is feed barley. Sometimes we can raise anywhere from 500 million to as much as 700 million bushels of barley every year in the province, an enormous crop. That situation is going to continue. After the very severe indication of drought for the first two to three months of this year's growth season, when the rains finally came back it was barley with its growth season, that came back and won the day for the grain producers in Alberta. There was a very substantial crop of barley in spite of conditions during that crop year.

Where is the principal market in the west for feed grains? The big market, in spite of the headlines that are made about the export of feed grains and especially barley to foreign markets, is right at home. That is the big market and we should never forget it. It is either on the same farm as the barley is produced on or on the farm next door or at the feed lots which are so well established in western Canada. The sales through the private grain market, through the open market for feed grains, satisfy that market which is by far the most important market there is.

I know that the member for Prince Albert (Mr. Hovdebo) is very sincere in his motion. He is a very sincere man. I respect his sincerity and his initiative in promoting this market, but I say to this House and to all western Canadians who are concerned about this subject, that there is no way the feeding industry could ever operate with a proposal such as he has put forward in this private members' hour. We must have an open market for our domestic feed grains in western Canada. Let there be no doubt about that. The importance of the feeding industry itself in western Canada should certainly be justification for that statement and I mean this most sincerely. I want to mention that this is only part of an ongoing debate that we are hopefully going to see more of in the balance of this session of the Thirty-second Parliament. I am sure it will not surprise members to know that I am referring to the combined Crowsnest Pass freight rate issue and the domestic feed grain pricing