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**national farmers union**

***In Union Is Strength***

**FOR IMMEDIATE RELEASE**

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### **PRIME MINISTER EMBARRASSES HIMSELF**

“Not only does Prime Minister Harper not grow or sell any grain, apparently he doesn’t read the commodity charts either. Earlier this week in the House of Commons, Harper stated that barley prices went down because of the judge’s ruling July 31. Nothing could be further from the truth,” stated Stewart Wells, President of the National Farmers Union (NFU).

Wells said the Prime Minister is clinging to a myth. “Looking at the cold, hard numbers from the commodity charts, it is crystal clear that barley prices started to go down within hours of the government announcing on June 11 that it would take barley away from the Canadian Wheat Board (CWB) single desk,” he stated. “Barley prices then started to go up again a few days after the judge ruled in favour of the farmers’ court action against the government.” *[A background analysis documenting barley prices is attached.]*

Wells noted that barley prices have continued their upward trend, and the CWB is currently projecting returns to farmers of up to \$5.06 per bushel at an Alberta farm gate. These returns could rise even more as the CWB makes additional sales at record values. Prior to the court decision, grain companies were offering farmers a maximum of just \$4.75 per bushel for malting barley.

“The power of the CWB single desk is putting millions of extra dollars in farmers’ pockets,” he stated.

The NFU President said Harper’s statement on barley pricing is “just as ridiculous” as the assertion in the government’s throne speech that the barley plebiscite provides a mandate to destroy the CWB’s single desk selling advantage. The plebiscite violated a number of basic democratic principles. The NFU earlier this year formally requested the federal Auditor-General to investigate the government’s actions, and documented a host of irregularities in that plebiscite including lack of ballot secrecy, manipulation of voters’ lists, an illegitimate and ambiguous plebiscite question, lack of third-party spending controls, and manipulation of the plebiscite results by the government. *[A copy of the letter can be downloaded from the NFU website: [www.nfu.ca](http://www.nfu.ca) ]*

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## **Background Analysis:** **Truth and lies about barley prices**

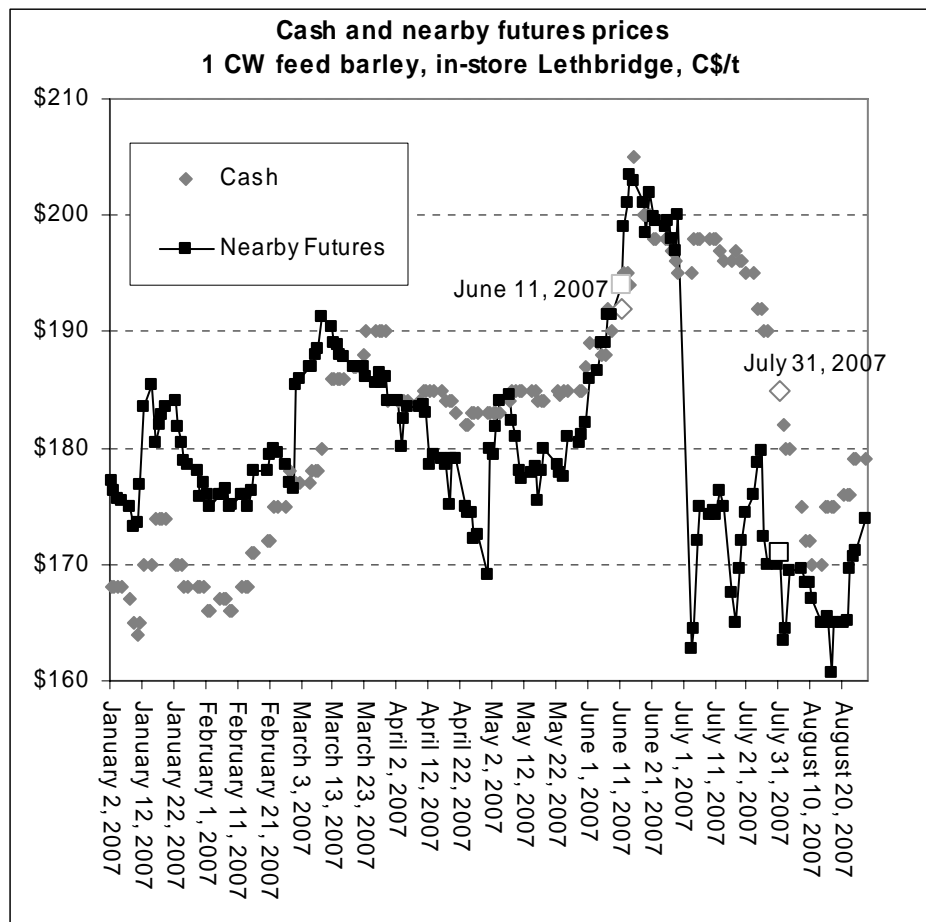
On July 31, the Federal Court ruled that Government moves to terminate the CWB's single-desk mandate over barley violated the law; barley would stay under the Board. In the days that followed, many, including the Prime Minister, told us barley prices fell as a result of that decision. 100% wrong. The data clearly shows that the price of barley did not fall as a result of the Court ruling.

While prices did drop slightly in the days after the decision, those early-August declines merely reflected a trend that had been underway for nearly *eight weeks*. Moreover, post-July 31 price declines were much smaller than declines in June and early-July.

Further, and this is key, the 8-week long downward trend in barley prices does not correlate at all with the July 31 Court decision to retain the CWB's single-desk. If that 8-week long decline correlates with anything, *it correlates with the announcement by the government of its Cabinet Order to terminate the CWB's single desk.*

This price graph shows Winnipeg Commodity Exchange (nearby month) futures prices and Lethbridge, Alberta cash prices. The data is published by Agriculture Canada.

The two highlighted data points near the right-hand side of the graph are July 31—the day the Court ruled to retain the CWB's single-desk for barley. The highlighted points nearer the middle of the graph are June 11—the day Minister Strahl announced the "Market Choice" Order-in-Council regulations. The graph shows us the following:



Taking futures prices first:

- Price declines following the Court decision were small—3.8% at most. (Futures prices have now completely recovered.)

- b. These declines are very small compared to the (largely unexplained) June 29 drop of nearly 19% (the graph shows “nearby futures,” so June 29 saw the switch from one futures month to another; note, however, that no similar drops occurred on previous “switch” days).
- c. The futures price decline began in mid-June, a month-and-a-half before the Federal Court decision.
- d. Falling US corn prices had been putting downward pressure on barley for weeks; analysts were predicting corn-related barley price declines well before the Court decision.
- e. The government announced its “Marketing Choice” Cabinet Order on June 11. By then, the market had been rising strongly for over 8 weeks. Three days after the government made its announcement, that strong 8-week rally turned downward. The trendline from the government’s June 11 announcement to today (or to July 31) is strongly *downward*.

Now, cash prices:

- i. Cash prices similarly rose for 3 days following the June 11 “Market Choice” announcement, before going into a sustained 8-week decline.
- ii. Prices were already in mid-decline on July 31—the day of the Court ruling.
- iii. The slope of the decline did not change on July 31.
- iv. The beginning of the cash price decline correlates most closely with the government’s announcement that it intended to strip the CWB of its single desk (with only a 3-day lag); there is no visible causal link to the court decision, no visible correlation.

Three days after the government announced its Cabinet Order to terminate the CWB’s barley mandate, an eight-week long barley price rise ended and an eight-week long decline began. That’s the true story. The story that Prime Minister Harper continues to state: that barley prices fell as a result of the Court ruling to retain a strong CWB - is simply not true. The hard data confirms it. Farmers need to know the truth.