

Coarse grains must be carefully considered if the production of live stock—pork, beef, mutton and poultry—is to be maintained; and also if dairy products—milk, cream, butter, cheese and eggs—are of sufficient importance to enter into the national scheme of things.

Now for a few words on the prices of grains. The prices of oats and barley are quite out of line with wheat. If wheat is worth \$1.55 per bushel, then oats should be worth 75 to 80 cents per bushel, instead of 51½ plus the 10-cent equalization bonus, making 61½ cents. Further evidence of the inequality of values in oats is demonstrated by the fact that five grades are selling for the same price. No. 2 C.W., No. 3 C.W., Extra No. 1 feed, No. 1 feed, and No. 2 feed, are selling at the ceiling price. The best oats, No. 2 C.W., are selling at the same price as a very poor sample, five grades lower, namely No. 2 feed. The reason is, of course, that the ceiling for the good oats is much too low. It should be around my earlier estimate of 75 cents, while the ceiling for the low grades of oats is somewhere near their value. I will not go into detail, but a similar situation exists with respect to barley. No. 3 C.W., a very good grade of barley, is selling at 64¾ cents plus a 15-cent equalization bonus, making 79¾ cents; while No. 3 feed is selling for the same price. Barley, incidentally, ought to be priced, to be in fair alignment with wheat, at two-thirds of the wheat price; so that the good barley should be selling for \$1.05 per bushel. Again may I draw to the attention of the Minister of Agriculture what I believe to be an important factor in the present shortage of barley, namely the price factor.

This question of proper alignment or true relationship of prices is far more important than many people think, and has a definite effect upon the state of an industry, and even upon the economy of a country. According to the Canada Year Book of 1945, in which at page 204, average long-term yields and prices are given for the three principal grains, wheat, oats and barley, we see that the yield of wheat is 15.6 bushels per acre, and the average price 87 cents per bushel, and that for oats the yield is 30.3 bushels per acre and the price 41 cents per bushel. For barley the yield is 23.3 bushels per acre and the price 51 cents per bushel.

Let us extend these yields and prices and find out what the farmer is really interested in—the return in dollars and cents per acre. We find that for wheat he received \$13.57; for oats, \$12.42 and for barley \$11.88. In other words he received \$1.69 per acre more for growing wheat than for growing barley, or better than 14 per cent. If we consider

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the question in the light of today's prices we find that the return per acre for wheat is \$24.18; for oats, \$18.48, and for barley, \$18.64. There is a gain for the wheat grower over the barley grower amounting to \$5.54, or 35½ per cent per acre. Who then would want to grow barley when he can make 35½ per cent more by growing wheat?

This is what I mean when I say that prices are out of line. This is one of the reasons, and a very important one, why there is a scarcity of barley. If these prices were adjusted, our farm economy would level itself off. The barley farmer could grow barley, the oats farmer could grow oats, and the wheat farmer could grow wheat. As a start toward this happy and logical state of affairs I suggest to the Minister of Agriculture, who is concerned, and rightly so, over the shortage of barley in the country, that the ceiling price on this commodity be raised by ten cents per bushel, and that he arrange also for a bonus of \$5 per acre. This will still fail in bringing about a proper equivalent value, but it will help give evidence of a desire to correct the situation and may be a means of getting more barley. The same thing applies to oats.

In my opinion feed grains will not be forthcoming until some levelling up of prices takes place. Indeed the whole question brings us into the realm of what we call parity prices. A great deal has been said about parity at different times, and demands have been made frequently for an explanation of the term. I think the word was most unfortunately chosen. Webster says that it means the quality or condition of being equal or equivalent. When we use the term in connection with prices I think of it as meaning a true or equivalent relation in the values of the commodities being priced.

I believe that the values of all the things in common use in our economy can be brought to a common denominator and the prices all made to bear a true relation to each other. This will not be easy, but it can be done. First, we shall have to make a start within an industry itself. It has been said that parity means the true relation between the price of the things a farmer has to sell and the price of the things he has to buy. This is so, but I think we shall have to begin even closer to home than that, and establish, first of all, parity between the things themselves which a farmer has to sell. Thus, as I said a short time ago, if wheat is worth \$1.55 per bushel, then oats are worth 80 cents and barley \$1.05.

Working on this hypothesis, how much is butter worth per pound, or potatoes per bushel, or hay per ton? A great many factors will come into the question, including, of course,