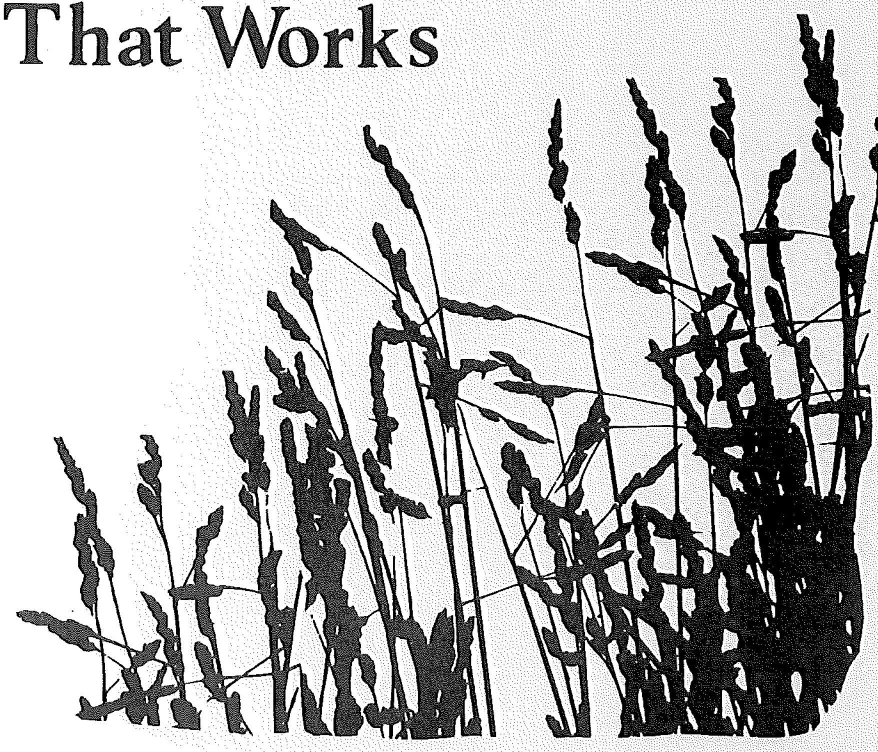
PARITY

An American Farm Program That Works



The U.S. Farmers Association

Parity - "(1) The quality of being equal: close equivalence or resemblance: equality of nature or value.
(3) An equivalence between farmers current purchasing power and their purchasing power at a selected base period, maintained by government support of agricultural commodity prices at a level fixed by law: parity is the price calculated to give the farmer a fair return in relation to the things he must buy."

Websters Dictionary

Parity - Ask almost any farmer what parity means and you'll get the right answer. It might not be the exact right technical definition, but the meaning will be right. To the men and women who work our farms parity means a fair deal, a fair price, a fair income for their work.

Parity also has a larger meaning; one that involves all the people in our country. When we offer farmers the protection of a parity system, society gets something in return. Consumers are assured of safe reserves of basic food items, at fair and stable prices. Agricultural prosperity forms a solid basis for the rest of our economy.

Parity is a scale that allows us to weigh the public interest in our agricultural policy, to measure the effects of costs and prices, and to balance the well-being of farmers with that of other working people.

INTRODUCTION

How can we say there is a "farm problem" when America's agriculture is so efficient that, not only does it feed America, but there are "surpluses" left over each year to help feed the rest of the world? Agriculture's efficiency and productivity have far outstripped the industrial sector. Today's farmer has a tremendous technological know-how and a huge army of agricultural experts available to him. With the situation so bright and promising, what then can the term "farm problem" mean in modern America?

In 1977, with the parity ratio the lowest since the Great Depression, 26,000 farmers left the land. Also thousands of young people made the decision that they could not afford to even try to start farming. Those farmers leaving the land and the young people not taking on the stewardship of the land are swelling the ranks of those seeking employment. As farm population and income decline, funding for schools, medical services and cultural opportunities becomes increasingly difficult and many rural Americans are deprived of services most Americans take for granted.

As farmers have sold their operations, their land has been absorbed into larger and larger units. Also, with land price inflation far outdistancing farm commodity prices, many young farmers have been forced into a tenancy relationship with absentee landlords.

The resulting large scale farming has negative implications far beyond the social decline of rural America. Study after study has shown that farming has definite size limits for efficiency and quality of product. Our agriculture is beginning to move beyond those limits. Large scale farming necessitates the wasteful and destructive use of excessive chemicals, undiversified monoculture and land use techniques which are harmful to the soil and the water.

Ultimately, concentration of land ownership and corporate control of food production will insure food scarcity just as the concentration of food processing and marketing have already caused spiraling food prices. Every hungry nation on earth is characterized by the concentration of land ownership in the hands of a few. To stop this dangerous situation from developing any further it is vital that we protect our nation's family farms.

The basic problem confronting American farmers is that they have not been receiving a fair price for their products. In recent years, while prices for farm products have been declining, costs of production have been steadily rising. What's worse, despite the low prices for crops, consumers' food bills continue to rise. The family farmer is told that to receive a good price food must become scarce. To overcome this dilemma farmers and consumers need a farm program that will assure parity prices.

Under a good farm program, participating farmers are assured that they will not have to sell their products at less than a fair price. In return for this assurance, they may be required to follow soil conserving practices and make production adjustments. All of this should be done without burden to the U.S. taxpayer or the creation of large bureaucracies. The legislative tool with a proven record of success has been the "non-recourse loan at 90% parity" on the basic storable commodities such as wheat, rice, corn, rye, soybeans, barley, oats, grain sorghum, and cotton. This means that after harvest, participating farmers are eligible to receive loans from the government in the amount of 90% of the parity price (as published monthly by the U.S.D.A.) for each commodity produced. Then, later in the year, when market prices are higher, the loans can be re-paid with interest. If in the rare case the market does not allow the farmers to sell their crops at a price that will cover the loan plus interest, the non-recourse feature requires the government to take possession of the crop and the farmers get to keep their loans.

Why is this the rare case? Because this farm program is geared to success! Farmers can see a clear advantage in voluntary participation and, therefore, most of the national production can be held off the market, if necessary, with the help of the non-recourse loan. 90% of parity, guaranteed by the government, in effect becomes the MARKET FLOOR, a price support. Under this program, the "minimum wage for farmers" comes from the purchase of the commodity, not through a subsidy payment to farmers or other device paid for with tax dollars.

This must be contrasted to the unsuccessful farm program of the last 25 years. Because loan rates were set so low relatively few farmers participated, farm prices fell to the loan rates or lower, and thousands of farmers went and are going out of business every year. Even the feeble attempts by the federal government to bolster farm income were a direct drain on the U.S. Treasury and most of the benefits have accrued to larger farmers and landowners.

An important provision and added bonus built into a good farm program is assurance that no one—consumers, processors, exporters, or livestock producers—need worry about a shortage or unstable price of food or fibre. Not only does a good program encourage a healthy farm sector, but abundance can be counted on by a predetermined level of commodity reserves held in an "Ever Normal Granary" on the farms of this nation. These reserves can be brought on the market when market prices reach 110% of parity. Such reserves prevent any monopoly interest from using the excuse of temporary shortages to raise prices at the expense of farmers and consumers.

Thus, farm legislation providing for 90% of parity non-recourse loans, tied to conservation measures, along with adequate reserves, will insure this nation of abundant supplies of farm products, and a fair price for farmers. Parity prices for farm products will help provide us with the protection we need from further concentration of food production and land ownership.

OVERPRODUCTION IN A WORLD WITH HUNGER? THE CASE FOR PARITY

Jack Benny once joked that the real "farm problem" was too many traveling salesmen. We're not joking when we say that the "farm problem" is really not a "farm" problem at all, but a "marketing system" problem. To put it simply, the biggest problem farmers have is that they have to sell their products through a market place that is really nothing more than a "raw materials procurement and distribution system;" a system that is designed to buy raw materials as cheaply as possible and resell the products on the basis of all the traffic will bear—regardless of cost, efficiency, supply, demand, or fair market value. This evaluation may seem harsh, but at a time when free enterprise has been replaced by monopoly, it is the reality of 1979.

If farmers failed to produce enough food to feed our people, then we would have a "farm problem". However, when farmers go broke because they are producing too much food in a world of hungry people, when we have starvation amidst abundance, then we have a problem with our marketing system, not with our farmers. A jackass standing belly-deep in grass and starving cannot blame the grass for not being high enough. But, unlike people, jackasses can't be dummied up by propaganda to accept such an incredible contradiction. When there is plenty they just enjoy it.

One consequence of our marketing system is that farm prices no longer have any relation to food prices. Last winter Texas grapefruit growers were getting $15.00 per ton (about ½ cent per grapefruit), while grapefruits were retailing in restaurants for $1.35 per half. This so called "free market" has never had any bottom to it. In the 1930's farmers shipped livestock to market and instead of being paid they received a bill from the commission companies because the livestock did not even bring enough to cover the commission fees. One sheep rancher wrote back and said that he didn't have any money to pay the bill, but he had more sheep. In one recent period food prices went up 63%, while farm prices went down 40%.

Yet Earl Butz never even strips a gear when he tells about the wonders of supply and demand at one of his $3,000 appearances, at which he fantasies about our "cheap food policy". As both farmers and consumers are beginning to realize, what we really have is a high priced food policy

". . .what we really have is a high priced food policy and cheap raw materials or farm product policy at the same time."

and a cheap raw materials or farm product policy—all at the same time!

To most people, the marketing system is something they use every day but is little understood, just like the many people who use an automobile all their life and don't know the size of the fan belt that their car uses. The marketing system was not established by farmers. It is hard to imagine a group of farmers setting up the Board of Trade. It was never designed or planned to be fair to farmers, and it certainly was not designed to get parity. In fact, a good case can be made that it was structured to maintain disparity. The marketing system has much in common with the "fur trade" with the Indians. The fur trade was not established by the Indians or designed to give them a fair price, and it didn't. It was designed to make John Jacob Astor rich, and it did.

Our marketing system is predicated on the theory that there must be an empty cupboard at the end of a production year for farmers to have good prices. Consumers must be hungry or near hunger for farmers to prosper. The grower and the eater are put in the role of what's bad for you is good for me—a perfect divide and conquer concept. In the world of agri-business theory, big crops mean cheap food and short crops mean high priced food. But in the real world, whether farm prices go up or down, food prices continue to go up. There is no longer any relation between food prices and farm prices.

"Our marketing system is predicated on the theory that there must be an empty cupboard at the end of the year for farmers to have good prices."

Thanksgiving is a celebration for a bountiful harvest. For centuries people all over the world have celebrated the joy of abundance. Instead, our marketing system makes a bountiful harvest into an economic death sentence for farmers. We have a marketing system that can handle the problem of abundance only at the expense of the farmer. Any reward system that means taking a financial beating for doing a good job would be classified by a psychologist as psychotic—disorganized and out of contact with reality.

In the spring of 1978, our country with all of its balance of payments and dollar devaluation problems, had most of the only exportable wheat suitable for making bread in the world, and yet our marketing system could not even get the cost of production for that wheat. If farmers can't get a fair price under these circumstances, just when is it that this supply and demand magic is supposed to work for us? Surely the rest of the economy would have known how to price their products if they had the only exportable cars, steel or oil. We're not saying that farmers should adopt the methods of the rest of the economy, but we do want to point out that the game is different for farmers than it is for big business.

We have a marketing system on our hands that is not only a disaster for farmers, but also overcharges the consumer, runs counter to our national interest in balance of payments, and is counterproductive and costly for the government and taxpayers. The five big grain conglomerates admitted that they were making "undreamed of profits". Can our society afford to have a marketing system for our grain production which serves a huge grain oligopoly at the expense of all others in our country?

We can write a similar scenario for almost every other sector of our economy. A&P recently lost a lawsuit to ranchers who claimed that the grocery chain had manipulated prices in a way that cost the ranchers as much as 20¢ per pound on their beef. Beatrice Foods alone has gobbled up 400 companies and other big fish have devoured thirty billion dollars of smaller companies this past year. In farm machinery, a handful of corporation, without competition, can charge highly inflated prices for farm machinery, and outrageously inflated prices for replacement parts. And the list goes on and on. Farmers, when they confront the marketing system, are playing a game called " 'everyone for himself' the elephant shouted as he danced among the chickens." Yes, get the government out of agriculture, throw out the referee, and let the farmers and the elephants slug it out in the "free market".

"Farmers are playing a game called, 'Everyone for himself' the elephant shouted as he danced among the chickens."

PARITY—A BETTER WAY TO DO BUSINESS

It is because of this senseless and unfair marketing system that farmers believe parity is so important. The parity concept embraces the idea that all raw materials' producers and working people must receive parity prices and wages to have a healthy and balanced economy. In this complicated society where we are all specialized and contribute to the economy in many different jobs, services, and production, there simply must be a fair way to exchange goods and services— a par economy—or some people will become unbeleivably rich while others will become worse off with every transaction. If two people start out with 100 and one person gets 70 in each transaction, while the other gets 30, it will only be a short time until the one has it all. Eric Sevareid tells us that by the year 2000 a handful of corporations will own half the resources of the world. It is indeed time to halt runaway greed. No country founded on injustice can or should stand. Parity, equality, justice and par exchange should be the policy and goal of any good government.

Of course, the key here is the phrase "good government". The parity concept requires that government work to assure the public interest and not the special interest. Historically, farmers and working people have had to fight to make their government work for them. Often, when they fought hard, they won; and when they won, it was worth it.

* 20 GOOD YEARS - THEN THE PROGRAM WAS DESTROYED.

Farmers had 20 years when they received 98.2% of parity. They had it because following years of intense struggle by farmers, it was made government policy. They had it because there were good people in positions of power in the government, and good administrators. They had it because a lot of people were not confused about who their allies were, and were willing to carry on a relentless fight against their enemies.

"From 1935 to 1954 farmers received 98.2% of parity . . . with the government only seeing to it that there was a floor on farm prices."

From 1935 thru 1954 farmers received 98.2% of parity and about 99% of it through the market place, with the government only seeing to it that there was a floor on farm prices. Congressman Cooley entered in the Congressional Record on May 6, 1960, that the total cost to the tax payers for 20 years of price supports was $1,064,617,225 or about $50 million per year. Participation by farmers was 80% and the program was almost all voluntary. There were no controls on livestock other than some subsidies to stimulate production in certain areas. There is a great deal of research in the files at the U.S.D.A. which supports the theory that when feed grains are planned and programed for price and production, livestock production and price—without controls—will follow. Those 20 years of experience will bear this out. Conversely, cheap feed means cheap livestock.

The next 22 years from 1955 thru 1977 farmers received 75% of parity. Cost to the taxpayers was between 3 and 4 billion dollars per year. Surpluses for over production of feed grains was not a problem until the late 1950's when the wrecking crew of Benson and Butz—

program enemies—went about proving that it was a bad program. Farmer participation dropped from 80% to 40%, consumers found food prices skyrocketing. It is strange that the first 20 years provided nearly 100% of parity for farmers, reasonably priced food for the consumer, economy for the taxpayers, and the government was never respected more.

Ezra Benson, "Farmers need the spur of insecurity."

A change in government policy which had been gradually coming on since the late 1940's came to full bloom in 1952 with Ezra Taft Benson and Earl Butz becoming Secretary and Assistant Secretary of Agriculture. Benson said, "Farmers needed the spur of insecurity," and that the Ever Normal Granary, which provided home base for the price support of grains for non-recourse government loans, was a "monument to stupidity". These enemies of good farm program were now administrating it. The task of making a co-operative work or a government program work is hard enough when it is administered by people who believe in what they are doing. The price support floors were turned upside down and became ceilings to dump government grain on the market and drive the prices down. Prior to this, with a government that wanted the program to work, we had accumulating stocks of grain and rising prices in the late 1930's because it was government policy to do it.

FARM PRICES ARE MADE IN WASHINGTON

In our discussion we have ended up at the same place that farmers always find themselves when they get into trouble: the Federal Government, Washington, D.C.. Farmers came to Washington in 1932 and 1978 and 1979 because farm prices are made in Washington, either by the government failing to act at all, or by the government acting to protect the interests of the marketing system and not the interest of the farmers. It is a tribute to farmers' good sense that they are right on two main things: their goal of parity, and the right place to get it, Washington, D.C.. Contrary to what we hear from Dr. Butz, various agri-businessmen, the Farm Bureau, the Chamber of Commerce, and others, there is no way we can "get the government out of agriculture." Our government should get involved, but how and in whose interest the government is going to be involved is the real question.

There often is a feeling amoung concerned farmers that the only solution is to forget about government, to organize and fight the marketing system on it s own terms. This is appealing, but so far it just hasn't worked. For farmers to forget about the government doesn't make it go away; it just makes it easier for special interests to use it for their own benefit. Also, government has direct control over many seemingly non-agricultural decisions which determine export and import policies. Moritoriums, freezes, embargoes, electrical and telephone rates, freight rates, military contracts, airline rates, etc., are all policies which the government has direct control over, and which have great impact on farmers. Whatever leverage farmers gain in the market place can be eroded or weakened if farmers do not also organize to get control of farm policy.

WHO WILL CONTROL FARM POLICY?

The U.S.D.A. has written on its building in Washington, D.C., "The husbandman that laboreth in the vineyard must receive his share first." Like so many government buildings, we have the right things written outside about "liberty, justice, freedom, rights", but we have the wrong things going on inside. This represents the constant tug-of-war that is going on to influence and determine government policy. The amounts of money spent on elections, the four billion plus dollars that the chain stores spend on advertising in just two years, the billions spent by corporate giants to tell us about the wonders of "free enterprise", are all indications of how important winning this tug-of-war is to corporate America. Instead of the husbandman being taken care of, the game they play is one of power. The reason the corporate sector gets guaranteed profits on freight rates, government contracts and bail-outs is because they have never hesitated to use their power.

Knowledge is also power, and to know the truth is to be set free. During the days of slavery, for a slave to know how to read was a punishable offense. You can't go around in this day and age trying to prevent people from reading, but it is still fair game to stop them from thinking. In Germany they call it "volksverdumming". It means "making people dumb"

At a time when corporations are up to their eyeballs in government contracts, military contracts, policy making, grain deals, guaranteed foreign investments, buying off foreign governments, export subsidies, etc., telling farmers to walk off and not participate, to not hold their government accountable, is a hoax of the same proportions as the elephant and chicken game. Earl Butz has had farmers chasing organized labor, welfare mothers, Blacks (which he got fired for) and worst of all pitting farmer

"Earl Butz has had farmers chasing labor, welfare mothers, Blacks, pitting farmer against

against farmer, saying only the ineffecient one would go. He was the hired speaker for the Pennsylvania Bankers Association and General Motors and he could drink cider out of a brown jug, milk a cow, spin off country jokes and yet when you look a little closer, never once has his loyalty left the marketing system.

farmer. . . . yet never once has his loyalty left the marketing system."

We all feel in our guts that our government has gone rotten. It is a sad day indeed, when the Secretary of Agriculture can accuse farmers who are demanding a fair price for their crops of being "greedy". The inefficiency, waste, and bureaucracy all need to be cleaned out. At the same time we should be aware that the corporate sector is taking advantage of the need to do this and leading farmers and most other people into a trap of walking off and leaving the government to its loving care. It would be one thing to dismantle and decentralize the Federal Government for the common good, but it is a totally different thing to give up in apathy, walk off, and leave it to the tender mercy of corporate America.

THE ROLE OF GOVERNMENT

Farmers need to be quite skeptical about being taken on a wild goose chase. We should be skeptical of those who carry on about the evils of "big government" but never mention the evils of "big business". Those who are afraid of government control but not corporate control. Those who can see government waste, but not corporate and Pentagon waste, and those who are afraid of government power but not corporate power.

Letting big business do away with big government is no program for family farmers. The size of government is not the real issue. The role of government, the interests it serves, is the real issue. Just as the U.S.D.A. fails to serve the "husbandman", neither does the rest of government serve justice, truth, reason or the public interest.

"The real question is not whether government should get involved, but how and in whose interest."

We live in a world where corporate empires have reached the stage of monopoly control of our economy. There is hardly a major U.S. company that has not been involved in the bribing of other governments. Many of these companies have economic resources and sales that would rank them with the top 20 nations in terms of gross national product. This is unbelievable power, concentrated in a rather few hands. Can farmers and consumers confront this kind of power as individuals or small groups? The best source of power we have is the political power to demand that farmers control farm policy, to fight to get control of our government. If this fails, the corporate elephants will ravage the economic, political, and social system to the point where family type agriculture will be gone forever, and consumers will be ripped off for all the traffic will bear in both price and quality of product.

A government farm program that guarantees farmers 90% of parity, as proven by our own history, will set a floor for the market and in effect bring the market price up to the floor. Such a guarantee can only be offered by a force that is equal to the corporate grain monopolies and that is the Federal Government working for the common good.

Part of the corporate bag of tricks is to poison the minds of people about their use of government. In one breath the propagandist will say that this is the greatest country in the world, and in the next breath that you shouldn't trust your government as far as you can throw a bull by the tail. The marketing system, with all its power, doesn't want rules or a referee. But in our increasingly complex world there is no way we can have an unregulated economic, political or social system. It would be like trying to handle traffic without rules. The biggest vehicle would always have the right of way. The key is that rules and laws must be just, and enforced with fairness and equality. No country lasted very long that was not built on justice.

The function of government should be to see that justice is done. It would be one thing to have little government if we have little business, but to have little government and big business is quite another. Is big business going to protect those without power, the husbandman that laboreth in the field, or the consumer? We think not. More likely they will follow the old program of what's good for General Motors is good for America. Supreme Court Justice Louis Brandeis said: "We can have democracy in this country or we can have wealth in the hands of a few. We can't have both." The demand by farmers for parity is not a plea for a subsidy or welfare, but a call for justice. The response they receive will not only determine the future of the family farm, it will also tell us whether our nation is going to serve only the needs of the wealthy or those of the great majority.

THE GREAT GRAIN ROBBERY

We would like to offer some examples of how the special interests of big business are served when farmers are not on guard. First the story of Clarence Palmby. Mr. Palmby was the head of the Export Marketing Service of the U.S.D.A. He went to Russia, found out about a big Russian grain deal, came back, resigned, and became vice-president of Continental Grain Company. Continental Grain got the big share of the first Russian grain purchase. Meanwhile, back at the U.S.D.A. the export grain subsidy was raised from $.08 a bushel to $.47 a bushel. Farmers were not told there was a grain deal in the works and were selling wheat for a $1.40 a bushel. The grain trade knew it. The U.S.D.A. knew it. Palmby's replacement at the U.S.D.A. was another man from one of the other big 5 grain firms.

In February of 1978, the Chamber of Commerce showed up at the House Committee on Agriculture to testify. "We recommend that Congress and the Administration resist the temptation to raise loan rates and target prices at this time." Farmers were getting 66% of parity overall and less then 50% of parity on many grains. Now who do you suppose is the chairman of the Food and Agriculture Committee of the Chamber of Commerece? It is none other then Clarence Palmby trying to make farm policy for the U.S.D.A. and the government. But this is only one caper. Ezra Taft Benson tried to destroy the Ever Normal Granary, but it was his assistant, who became Secretary of Agriculture under Nixon who finally got the job done. Earl Butz bragged how he "got the government out of the grain business".

"Have I got a deal for you?"

Have I got a deal for you? Under the original parity program grain reserves had been built up by the government. These reserves were referred to as the Ever Normal Granary. The reserves were to be used by the government to stabalize farm income. If farm prices rose above 110% of parity, the reserves were to be gradually sold until the market was back down to parity. (This function also provided consumers with protection from rapidly rising food prices, which rarely go down due to temporary shortages.) This is not the way the program was run in 1973. In March of 1973 the corn that had been stored in the Ever Normal Granary was put on the market on a county level, but very few farmers, if any, knew of it. It was then taken off the market at the county level and sold out of Washington, D.C., through the U.S.D.A. It was sold for $1.35 a bushel, no money down, delivered to terminal elevators, with the option to re-grade and store at government expense until boxcars became available. Boxcars, which are also owned by the grain trade, could not be found until the price of corn doubled and in many cases more than doubled. Almost 16 months later, when the boxcars were "found", the corn was re-graded to the benefit of the buyer and "undreamed of profits" were made by the grain companies, thanks to Earl Butz, who bragged about getting the government out of the grain business.

GETTING CONTROL—FARMERS FIGHT FOR POLITICAL POWER

American farmers have a long history of fighting for their rights. The Farm Holiday Association, the Non-Partisan League, sharecropper movements, and many others are examples when farmers were organized and won political power. Unfortunately, the history books almost always ignore this part of our agricultural heritage. We are left feeling that things have always been as they are now. That farmers have never been able to pull together, never been able to fight back. This is just not true.

Of course, times have changed. Farmers are no longer a majority of the population and the economic forces acting on us have grown even larger and more concentrated. But just as this broadens and changes the problems we face, so does it broaden and change the way we can organize. Farmers are not in this alone. The same corporate and market forces that seem to be controlling farmers are also affecting other working people.

As farmers, we need to understand who our real allies are, and learn to work with them. We should reject this baloney that because we are a small part of the population we have no political power. There are many people, many other segments of our society, who we can and must join with under the parity concept.

During the 1978 farmers' march on Washington, we had glimpses of the possibilities of such alliances. Independent truckers blocked a bridge in support of the farmers; a few consumer groups offered help in lobbying; some members of organized labor offered their support; and Black churches opened doors in cooperation. Many positive steps were taken. We should be aware that nothing makes the enemies of a good farm program shudder more than the thought that these alliances might develop.

1978 was a historic year for agriculture. More rank and file farmers became active and spoke, and demonstrated their demand for farm parity than have for many years. More farmers expressed concern and presented testimony than ever before. The main credit for bringing the plight of the American farmer to the attention of the nation goes to the American Agriculture Movement. Much good work has been done.

But the goal of parity has not been achieved and, as this pamphlet is being written in 1979, farmers are again in Washington. Secretary Bergland, in response to the farmers' protest, says that they are simply greedy, that they have made poor business decisions, and that the only way to get parity is to increase exports. But it won't wash. Farmers know their situation. If increased exports were the solution then we should be getting parity now, for our exports are at an all-time high, yet the parity ratio is at an all time low. Similarly, we are now being told that farm income increased in 1978 by 20 billion dollars, but no mention is made of the fact that national farm debt also increased over 20 billion dollars putting our total national farm debt at an all-time high of some 138 billion dollars.

Because of the seriousness of our situation and the staunch resistance to the demand for fair farm prices, it is particularly important for farmers to have a clear sense of what it is we want, and of all the tools we can use to get it. Our own history can teach us much, and it also can bring us together in a common understanding.

We had, at one time, a national farm program committed to parity, and it worked. Farmers were organized into voluntary Associations in over 3000 counties. Nearly 6 million farmers switched from being competing individuals to co-operators in a unified effort to improve their own and their country's welfare. They set price and production goals, adjusted their acreages, adopted soil conserving practices, shifted production from unneeded soil depleting crops to soil conserving crops that were needed. Farmers should be absolutely clear this is the type of farm program we want now.

We also have a legacy of struggle for just causes in our farm heritage, and we should be proud of it. As farmers who have gone to Washington, D.C., know, we are in for a fight. But it is a fight that can involve more than just farmers. It can include all of those growing members of our society who want to make government responsible to the public interest.

Merle Hansen

FACT AND FICTION ABOUT FARM PARITY

1. Won't Parity Cause Food Price Inflation?

There has been real food price inflation in recent years, while farm prices were near an all time low. There is very little relationship now between farm prices and food prices. Food prices have risen while farm prices have been plummeting down. When farmers were getting parity, food prices were very reasonable. In fact, consumers got the best bargain during the very years when farmers were getting parity.

2. Is It Not True That Farmers Are Better Off Now Then Ever?

No it is not true. Actually it could be argued that during the last two years farmers were worse off then ever before. The parity ratio—the relationship of farm prices to farm cost—has been near an all time low. During this same time total farm indebtedness reached a record high of $128 billion.

3. Is It Possible To Have A Parity Program Based On Abundance?

Yes, of course. The 1938 Agricultural Adjustment Act aimed at having 10% more carry-over of grains than the previous longtime average. Allotments and acreage goals were set with such increased reserves in mind. In actual practice such increased reserves were achieved. During World War II the War Production Board singled out U.S. agriculture for special commendation for being better prepared than any other industry.

4. Can Exports Or Other New Uses For Corn Solve Problems?

No. If increased exports were a cure-all, then farmers should be getting parity now, for exports have reached an all time high of $29 billion; yet farm prices, especially corn, are near an all time low (about 53% of parity.)

5. Won't A Parity Program Mean A Large Bureaucratic Government Watching Over The Farmers' Every Move?

This is an old canard that deserves special attention since it was dragged out again last winter to scare the public. The answer is no. On balance it is the sub-parity programs which are bureaucratic and costly. The early programs, run by elected farm committees, with the goal set at parity, were relatively free of bureaucracy, cost taxpayers very little, and did get parity for farmers.

We often forget about the real rebirth of democracy that took place in every township in the land in 1933-34 when the first farm programs began. We talk about the need for people to have a voice in the things that affect their lives. That is just what farmers had when they were asked to organize and elect their own price and production systems, with only minimum supervision by a State Committee and Fieldmen to assure compliance with the program's objectives.

6. Won't Parity Prices Help Big Farmers At The Expense Of Small Farmers?

The direct answer to this question is a definite no. This is supported by statistics. Most small farmers lost out when prices were low, not when prices were at parity or above. This argument has often been used by those who pretend to be concerned about small farmers but are really trying to divide farmers. Naturally, farmers with lots of good land will get higher incomes when prices are at parity, regardless whether higher prices are the result of government programs or the result of drought or some other means. Big farmers also lose more than small farmers when prices are below parity as now. But this wide difference is due to the differences in land ownership and it is a land reform question rather than a price question. A parity program is not a land reform program. The U.S. Farmers Association supports the concept of land reform tied to a graduated land tax. Land reform programs are restricted by the U.S. Constitution to the domain of states; price support program by their very nature can only be properly administered on a federal level.

7. Will Parity Price American Grain Out Of The World Market?

The U.S. as the world's biggest exporter of grain really sets the international market price. Actually, the U.S. prices have stayed below the prevailing prices in most countries. It is national folly to export our grain at less than full value and far less than the cost of production.

8. Will Parity Prices To Farmers Inflate Land Prices Further?

The best answer to that question, as others, is to "look at the record." The fact that farm land prices have tripled in the last five years, when farm prices were far below parity gives the lie to that old canard. Farm prices never once reached parity in that five year period. In fact, the parity ratio was down in the low 60's part of the time and at this writing is but 70% of parity. On the other hand, when farmers had programs aimed at parity the price of farm land was not skyrocketing at all.

9. If Government Gets Involved, Won't Farmers Have To Accept A Lot Of Restrictions On How They Operate?

Not really. Sometimes a comparison is made to traffic lights on our streets. Farmers, like drivers, accept some restrictions in return for which they get definite benefits. By accepting the restrictions of traffic lights we gain the special, unrestricted right to cross the intersection when the light turns green.

By accepting or "signing up" in a farm program, a farmer is guaranteed two things, a minimum price and his share of the market. That's what the terms "allotment", "base", "permitted acreage", and "appraised yield" really mean.

10. How Much Do Low Farm Prices Have To Do With Farmers Leaving The Farm? Isn't Inefficiency, Or Poor Management, The Biggest Reason?

Experience shows that only good farm prices have stabilized the farm population. As late as 1947-48, in spite of the drain on farm manpower due to the draft and the opening of good job opportunities at higher wages in industry, there were still 5.3 million farmers. As late as 1958 there had not been many farmers bulldozed off the land, but from 1958 to 1973 for about 14 to 15 years, over 2 million farmers disappeared.

11. How Is Parity Figured?

Parity is a statistical means of hitching farm prices to farm cost. If total farming costs rise, say 10%, then the indicated parity figure will rise accordingly. If farm costs go down the parity figure will also go down.

Here is how it is done: A base period is selected when farm prices and farm costs were in a balanced relationship. Initially, for the basic crops the five year period of 1910 to 1914 inclusive was used as a base.

Each month the U.S.D.A. determines the weighted average of all prices received by farmers. This is called the "prices received index". They also determine the "prices paid index" which includes all farm costs including interest and taxes. The prices received index for November 1978 is 536. The prices paid index is 763.

The parity ratio; the overall average of farm prices is determined by dividing the prices received figure of 536 by the prices paid figure of 763. This gives us the November parity ratio of .70 or 70% of parity.

To figure what the parity price for a specific crop should have been in November of 1978, take the five year average price received during the base period and multiply it by 763% or 7.63.

12. If The "Roosevelt" Farm Program Was So Good, What Happened To Change Its Effectiveness?

A lot of things happened as soon as F.D.R. was gone, and the record on parity would not be complete without relating what was done to discredit parity in this period. The forces of reaction, the enemies of farm parity led by the Agriculture Committee of the U. S. Chamber of Commerce got busy. A direct effort to eliminate the whole program was not politically feasible since there was strong support among farmers. So they concentrated on making the program ineffective by directing efforts to remove the primary undergirding pillar. That was the non-recourse price support loans of 90% of parity. During late 1947 and early 1948 Secretary of Agriculture Clinton Anderson was able to line up all the big farm organization moguls to support a "flexible sliding scale parity". Ignoring the fact that parity was itself as flexible as non-farm prices or total farm costs. A Republican congress, led by Senator Aiken of Vermont was glad to pass such a measure and after a bit of arm twisting, the good farm congressman from Kansas, Clifford Hope, chairman of the House Agriculture Committee, reluctantly went along, and the 1948 Hope-Aiken Bill was passed and signed into law by Harry Truman. This bill knocked about $1.00 per bushel off corn and wheat by using a moving base period instead of the 1910-1914 base period. But the main thing wrong with the bill was that it was designed and structured to provide effective support at only 60% of parity. Since farmers were getting a bit more than parity in 1947 and 1948 the whole parity question was somewhat of an academic matter and few farmers were aroused about it at the time. It was the New Progressive Party, headed by veteran statesman Governor Elmer A. Benson of Minnesota, that put the parity issue back into the political ball park in September of 1948. The Progressive Party Farm Conference held in Chicago at that time, fired the first salvo at the Hope-Aiken Bill. They blasted the bill calling it "a bi-partisan monstrosity", and exposed its sinister design for 60% of parity. After that it seemed like everybody got back on the parity bandwagon, including two-time Republican presidential candidate, Tom Dewey. Then, in April of 1949, Elmer Thomas of Oklahoma, the new chairman of the Senate Agriculture Committee, presented his bill, misnamed the Brannan Plan. It would have provided the equivalent of parity to a number of farm commodities besides the six "basic" crops. But in 1950 the Democrats disowned the bill, implying that it was not needed because the Korean War would boost farm prices. In 1952, Dwight Eisenhower won the election with his twin pledges of "100% of parity" and "I will go to Korea." His Secretary of Agriculture, Ezra Benson, was unable to get price supports down to the 60% bedrock of the Hope-Aiken Bill. Republican congressmen from the Midwest opposed Ezra Banson's efforts to lower supports. The Hope-Aiken Bill was meanwhile amended so as to postpone the lower support levels. Added to "revised" and "modernized" parity was a "transitional" parity. Transitional parity was to drop price supports 5% a year. It was not until 1959 and 1960 that Ezra Benson got price supports down to 65% of parity.

The Democrats wrote a good farm platform at their 1960 convention, and most likely young John Kennedy had planned to support it. But the parity ratio chart in this pamphlet shows that it was not done. All of the above shows that the parity issue had some political popularity.

To summarize: under F.D.R. the goal was parity. He had problems with some of the early programs with questionable administrators. But after the enactment of the 1938 Agricultural Adjustment Act, with the full functioning of the Ever Normal Granary, the Steagall Amendment, and his seven point stabilization program, farmers did get parity. Storable reserves were not dumped on the market as they were by Agriculture Secretary Orville Freeman under Johnson, and by Earl Butz under Nixon, when the intent of both these administrations was to use the Ever Normal Granary in reverse and keep farm prices down.

What is needed now, in 1979, is not to haggle over any revised formulas, but to get Carter and Bergland to effectively support all the parity figures as now determined and published by their own U.S.D.A.

Fred Stover

THE U.S. FARMERS ASSOCIATION

The U.S. Farmers Association was organized in 1952. The Association has members across the country, and its newspaper, The *U.S. Farm News,* goes to readers in most states and various foreign countries.

The Association doesn't believe that the farm problem can be isolated or detached from the other social problems. It cannot be compartmentalized. It is inter-related with all other struggles for economic, social, and political justice.

The struggle to maintain security and freedom on the land for farm families is today part of the struggle against the growing militarism both within our country and around the world. The billions now spent on arms need to be channeled into peaceful uses, to raise the standard of living for all the people in an economy of balanced abundance.

Additional copies of this pamphlet are available at $1/copy. A subscription to *U.S. Farm News,* a monthly newspaper, is $3/year. Annual dues for membership in the Association is $10.00.

This pamphlet has been a joint effort by a number of Association members. We are especially pleased that it has provided an opportunity for both younger and older members to work together, and to develop a common understanding of the farmers' struggle, both past and present. The Association gives special thanks to Merle Hansen and Fred Stover.

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