

# House Farm Bill Wipes Out FDR Parity Principle

by Marcia Merry Baker and Susan Welsh

July 30—The farm bill passed by the U.S. House of Representatives on July 11 (216-208, with all Democrats opposed) would repeal all principle and law concerning the Federal government’s authority to set and support parity-based pricing for farmers, and to provide for the adequacy of food supply for the population.

The bill also hived off the food stamp program (SNAP—Supplemental Nutrition Assistance Program), for separate action, which the House has not taken. SNAP now provides food relief for some 48 million Americans (enrollment has doubled since 2004, as a result of the economic crisis). The House bill had originally called for cutting \$20 billion from the program over ten years (the Senate bill cuts “only” \$4 billion), but when this proved politically difficult, the House GOP decided to eliminate the “Nutrition” title from the bill altogether. (Some Republicans want to cut \$40 billion.) Food stamps have been included in all farm bills since the early 1970s, and bipartisan compromise has always been required to secure passage of a bill.

The House bill reflects the general morass on Capitol Hill, in which a stall-out continues on any Congressional action to come up with a five-year farm bill by Sept. 30, the date of expiration of the “Food, Conservation and Energy Act of 2008.” It is not even clear whether a House-Senate conference committee will meet by the September deadline to reconcile the bills.

The National Farmers Union angrily opposed the House vote, saying, in a release issued July 11, “Any final legislation must continue existing permanent law [parity principle] provisions and include meaningful safety net protections for both family farmers facing difficult times and the food insecure.”

## The Importance of Parity Pricing

The parity and supply-management provisions have been on the books of standing law (U.S. Code No. 7)

since the agriculture acts of 1938 and 1949. They worked spectacularly well during World War II, when U.S. food output increased dramatically, despite the fact that most young men were in the military, and not on the farms.

In July 1941, Sen. Henry Steagall (D-Ala.) proposed an amendment, as part of the defense readiness effort, specifying that farmers must receive prices on the level of at least 85% of parity for specified commodities (milk, beans, hogs, etc.); this was later raised to 90% or more. The Steagall Amendment passed immediately. The Agriculture Department, at the time, and [to the present day](#), determines what a parity price is for a farmer, calculating all the expenses of his operations, and thus a figure for fair earnings that allow him a reasonable profit and investment in future production. Various mechanisms are available to the government to ensure that farmers receive such a parity price.

President Franklin D. Roosevelt was especially proud of the farm legislation, writing in a letter to the Senate on April 2, 1943: “In the past, no one has fought harder than I to help the farmers get parity prices for their crops. With pride, I recall that the parity idea was first put into law during my administration.”

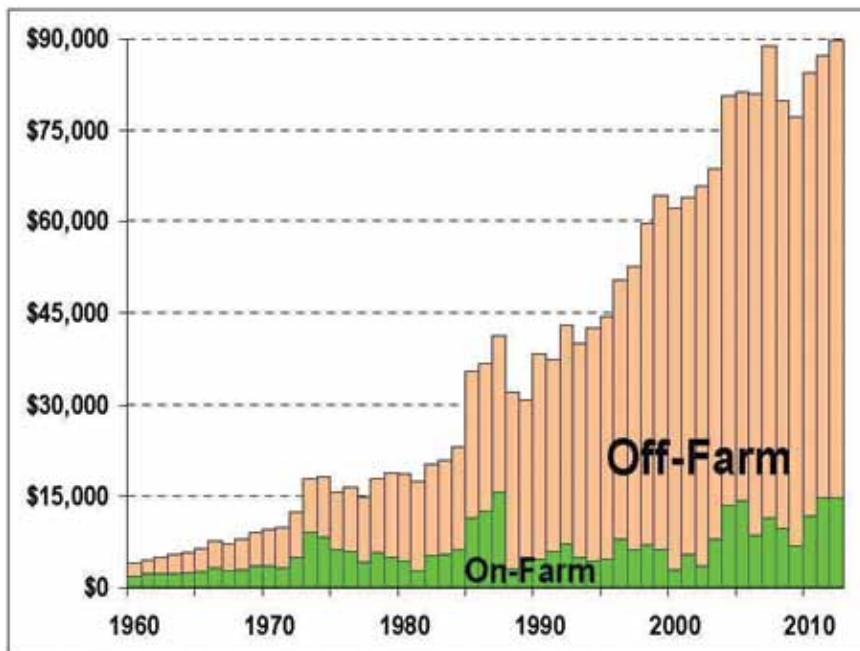
## Takedown of the Governing Principles

Then came the post-war subversion process. Over the 1950s, through to the present, the parity principle, and the principle of government responsibility for the food supply, remained on the books as “permanent law,” but they were successively less practiced and respected. If Congress fails to enact a new farm bill on schedule, the permanent law (from 1938 and 1949) automatically goes into effect. But this never happens, because Congress has repeatedly enacted shorter-duration farm bills (usually for five-year periods, with sunset expiration dates), which temporarily lessen or override the parity and food supply management statutes of the permanent law.

The 1996 farm law was a radical landmark, shifting the United States away from parity and national food sovereignty altogether, in keeping with the new World Trade Organization (1995). Called the “Freedom to Farm Act,” it threw farmers and eaters into the “free” (rigged) markets system of globalized cartels and finance, serving the City of London/Wall Street complex. Farmers called the 1996 Act the “Freedom to Fail” law. This approach took the “culture” out of “agriculture,” replacing it with “business”; it destroyed rural America

FIGURE 1

**U.S. Average Farm Household Income, On- and Off-Farm Sources, Since 1960**



Source: USDA, ERS, "Farm Household Economics and Well-Being: Historic Data on Farm Operator Household Income," Nov. 27, 2012.

by reducing the numbers of farmers, churches, doctors, local businesses, and small towns. Profits were made the priority over developing the future scientific and cultural endeavors of civilization.

After the 1999 repeal of Glass-Steagall, and passage of the 2000 Commodity Futures Modernization Act, all manner of contrived financial wing-dings ensued—collateralized debt obligations, swaps, derivatives and speculation in futures of money and commodities of all kinds. Farmers were whipsawed by wild price swings for what they produced, and what they had to pay as costs of production. Thousands of family farms shut down as incomes declined, and other farms continued to operate only because of off-farm earnings by family members (Figure 1). All the while, the U.S. came to be import-dependent for more and more of its food consumption.

Farmers were told by Washington/Wall Street/London to farm smart, and “become expert at risk management,” that is, to forward sell your output, hedge on your inputs, and otherwise speculate on the markets. Crop insurance was promoted as a policy, not a fall-back, as it had been when it was introduced in the 1930s.

This year, both House and Senate bills have been rebranded as “Risk Management” legislation. The House bill, H.R. 2642, “Federal Agriculture Reform and Risk Management Act of 2013,” under various knuckle-head pretexts, specifies the repeal of three core sections of the “Agriculture Adjustment Act of 1938” and 12 sections of the “Agricultural Act of 1949.”

For example, the law would repeal the key parts of the 1938 “Price Support Levels” section, referring to what price the farmer gets for his output, in terms of what a parity price is at the time. Paragraph 1441, which would be repealed, reads:

“The Secretary of Agriculture is authorized and directed to make available through loans, purchases, or other operations, price support to cooperators [farmers who have signed up with the Agriculture Department parity and supply-management program] for any crop of any basic agricultural commodity, if producers have not disapproved marketing quotas for such crop, at a level not in excess of 90 per centum of the parity price of the commodity, nor less than the level provided in subsections (a) to (c) of this section as follows.”

The 1938 bill goes on to specify how farmers should get a higher percentage of the parity price for their crop if the national supply of that crop is low, but a lower percentage if supplies are plentiful. For example, if the “supply percentage as of the beginning of the marketing year”—meaning the percentage of a previous several-year average—is not more than 102%, farmers will get not less than 90% of parity; if the supply is 130% or more, farmers will get 75%, etc.

The current House bill not only eliminates these provisions, but establishes *itself* as the new “permanent law.” Repealing these principles, established in the FDR era, is a roll-over-and-die command to the nation.

The LaRouchePAC drive for reinstating Glass-Steagall is the essential context for restoring the thinking and proposals for restoring agro-industrial production, and the means to food for all. And let’s put the “culture” back in agriculture.