Parity law is based on economic security

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The term "parity," besides referring to fairness generally, has become a twentieth-century dictionary-entry word, referring specifically to an agricultural policy that mandates farm commodity price levels that will provide some specified degree of purchasing power for family farmers, which they should have for the good of the economy.

Parity pricing was first codified in U.S. law in the Agricultural Adjustment Act of 1933, continued in the Agricultural Adjustment Act of 1938, and enacted in the Agricultural Act of 1949, which, until today, remains the standing legislation, or "permanent law," to which agricultural policy reverts in the absence of superseding measures by Congress. These acts also contained other authorizations, but here we focus on the parity policy concept.

Federal interventions to maintain some degree of parity pricing, for at least selected commodities, continued into the 1960s. However, as of the 1970s, a so-called "market price"-based approach came to dominate policymaking. This was reflected in the series of five-year farm bills, enacted successively to override reversion to the 1949 permanent parity legislation. As of January 1996, the 1949 law came back into effect; however, all parties in Washington concurred with ignoring it, while working on passing a new, overriding law.

Today, legislation (the seven-year "Freedom to Farm" Act) is pending, that would eliminate any form of federal intervention to support farm prices at a level to provide for the national interest. The new, draft legislation is aimed at "pure" free trade—in other words, complete liberty for the companies and interests of the international food cartels.

The 1933 act

The Agricultural Adjustment Act, signed into law on May 12, 1933, began with a "Declaration of Emergency," because of the low prices ruining the nation's farm sector at that time, and the implications for food shortages. It then gave a three-point "Declaration of Policy," before proceeding with specifics. The idea of parity becomes clear from the text (48 U.S. Statutes at Large 31):

Title I: Agricultural Adjustment

Declaration of Emergency

That the present acute economic emergency being in part the consequence of a severe and increasing disparity between the prices of agricultural and other commodities, which disparity has largely destroyed the purchasing power of farmers for industrial products, has broken down the orderly exchange of commodities, and has seriously impaired the agricultural assets supporting the national credit structure, it is hereby declared that these conditions in the basic industry of agriculture have affected transactions in agricultural commodities with a national public interest, have burdened and obstructed the normal currents of commerce in such commodities, and render imperative the immediate enactment of Title I of this Act.

Declaration of Policy

Sec. 2. It is hereby declared to be the policy of Congress—

1. To establish and maintain such balance between the production and consumption of agricultural commodities, and such marketing conditions therefor, as will reestablish prices to farmers at a level that will give agricultural commodities a purchasing power, with respect to articles that farmers buy, equivalent to the purchasing power of agricultural commodities in the base period. The base period in the case of all agricultural commodities except tobacco, shall be the pre-war period, August 1909-July 1914. In the case of tobacco, the base period shall be the postwar period

August 1919-July 1929.

2. To approach such equality of purchasing power by gradual correction of the present inequalities therein at as rapid a rate as is deemed feasible in view of the current consumptive demand in domestic and foreign markets.

3. To protect the consumers' interest by readjusting farm production at such level as will not increase the percentage of the consumers' retail expenditures for agricultural commodities, or products derived therefrom, which is returned to the farmer, above the percentage which was returned to the farmer in the prewar period, August 1909-July 1914.

The 1938 act

From the Agricultural Adjustment Act of 1938 (52 U.S. Statutes at Large 31):

An Act

To provide for the conservation of national soil resources and to provide an adequate and balanced flow of agricultural commodities in interstate and foreign commerce and for other purposes. . . .

Sec. 2. It is hereby declared to be the policy of Congress to continue the Soil Conservation and Domestic Allotment Act, as amended, for the purpose of conserving national resources, preventing the wasteful use of soil fertility, and of preserving, maintaining, and rebuilding the farm and ranch land resources in the national public interest; to accomplish these purposes through the encouragement of soil-building and soil-conserving crops and practices; to assist in the marketing of agricultural commodities for domestic consumption and for export; and to regulate interstate and foreign commerce in cotton, wheat, corn, tobacco, and rice to the extent necessary to provide an orderly, adequate, and balanced flow of such commodities in interstate and foreign commerce through storage of reserve supplies, loans, marketing quotas, assisting farmers to obtain, insofar as practicable, parity prices for such commodities and parity of income, and assisting consumers to obtain an adequate and steady supply of such commodities at fair prices. . . .

Title III. . . .

1. "Parity," as applied to prices for any agricultural commodity, shall be that price for the commodity which will give to the commodity a purchasing power with respect to articles that farmers buy equivalent to the purchasing power of such commodity in the base period; and, in the case of all commodities for which the base period is the period August 1909 to July 1914, which will also reflect current interest payments per acre on farm indebtedness secured by real estate, tax payments per acre on farm real estate, and freight rates, as contrasted with such interest payments, tax payments, and freight rates during the base period. [Base period for tobacco set at August 1919 to July 1929.]

"Parity," as applied to income, shall be that per capita net income of individuals on farms from farming operation that bears to the per capita net income of individuals not on farms the same relation as prevailed during the period from August 1909 to July 1914. . . .

[Detailed instructions were provided for how to implement the stated objectives.]

In carrying out the purposes of this Act, it shall be the duty of the Secretary [of Agriculture] to give due regard to the maintenance of a continuous and stable supply of agricultural commodities from domestic production adequate to meet consumer demand at prices fair to both producers and consumers.

The 1949 act

From the Agricultural Act of 1949 (63 Statutes at Large 1041):

Title I—Basic Agricultural Commodities

Sec. 101. The Secretary of Agriculture is authorized and directed to make available through loans, purchases, or other operations, price support to cooperators 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) [for tobacco, corn, wheat, and rice], (b) [for cotton and peanuts], and (c) [more conditions for tobacco] as follows:

(a) For tobacco (except as otherwise provided herein), corn, wheat, and rice, if the supply percentage as of the beginning of the marketing year is [left-hand column]:

The level of support shall be not less than the following percentage of the parity price [column on right]:

Not more than 102	90
More than 102 but not more than 104	89
More than 104 but not more than 106	88
More than 106 but not more than 108	87
More than 108 but not more than 110	86
More than 110 but not more than 112	85
More than 112 but not more than 114	84
More than 114 but not more than 116	83
More than 116 but not more than 118	82
More than 118 but not more than 120	81
More than 120 but not more than 122	80
More than 122 but not more than 124	79
More than 124 but not more than 126	78
More than 126 but not more than 128	77
More than 128 but not more than 130	76
More than 130	75

Titles II and III directed that similar sliding scales be applied to other commodities, as specified. For certain commodities, such as wool (including mohair), tung nuts, honey, and Irish potatoes, the parity scale began at 60% and went to 90%. For other commodities, including milk, butterfat, and other dairy products, the scale went from 75% to 90%. In addition, the secretary of agriculture was authorized to take action for any other non-designated, non-basic commodity, to provide price support "at a level not in excess of 90 per centum of the parity price for the commodity."