

# Parity: What It Is and Isn't

**By Ferdie J. Deering**

A group of farmers was talking about farm prices, as farmers do. One of them, Emil Loosen of Blaine County, said: "I've read and read, and I've never seen a good definition of parity. I couldn't give you one. What is parity?"

There are many definitions of parity, which is one of those words which seems to mean whatever its user says it means.

To a farmer, it might mean yields, prices and costs in a relationship equivalent to his most profitable year.

To a consumer, it may have connotations of rising food prices while farmers, middlemen and retailers get rich.

To a politician, parity may mean an issue on which he can take a vigorous stand to win election and re-election.

To taxpayers, there may be implied fears of higher taxes because of farm subsidies.

To food processors and retailers, parity may be interpreted as higher production costs and more sales resistance.

Perhaps each definition has a measure of accuracy in it, while none of the definers may be thinking strictly in terms of the dictionary meaning of "quality or state of being equal or equivalent."

The Farmers Union supports parity price objectives, even if subsidies are required. So do wheat, cotton, peanut, soybean and corn growers organizations.

The Farm Bureau favors parity prices, but argues that parity should be obtained in the market place without government interference.

Cattlemen's organizations want no parity guarantees, no subsidies and not nearly as much government control as they now have.

The Oklahoma Legislature came out flat-footed last January with a resolution supporting 100 percent of parity but didn't define it.

When the American Agriculture Movement (AAM) was sending delegations of farmers and tractors to Washington earlier this year to demand 100 percent of parity, they were asked to define it.

One definition they gave was "the farmer must have the cost of production plus a fair return on investment and labor, a proper relationship between what we buy and what we sell."

Among bills introduced in Congress to satisfy their demands was a "flexible parity bill." It promised parity based on 1910-1914 statistics, but farmers would have been required to set aside or

not plant half of their cropland in order to qualify for it.

Parity became an agricultural term 60 years ago when farmers started demanding equality with urban workers. Leaders said farmers would achieve parity when the average price received by farmers was on a par with the wholesale price index, or prices the public paid in a previous period.

The Agricultural Act of 1933, the old AAA, directed Congress to provide parity. As defined, parity became a ratio of prices received for farm commodities to prices paid by farmers for production and living expenses. It has been redefined since.

In a discussion some months ago, Dr. John Goodwin, Stillwater, executive director of the USDA Agricultural Stabilization and Conservation Service (ASCS), said that many farmers regard parity as guaranteed coverage of production costs, "which it is not."

Spokesmen for AAM have said they equate the minimum parity law with the minimum wage law.

In order to calculate farm production expenses, all costs, including land, obviously must be taken into account. Non-farm buyers, inflation and strong demand have driven land values upward, complicating any statistical calculations of parity prices.

Last spring, Secretary of Agriculture Robert Bergland said: "Full parity by govern-

ment fiat would be a mistake. It would mean a government-established marketing system that would be an administrative and bureaucratic monstrosity."

On more than one occasion, President Carter has said that full parity pricing would be too costly and that he does not favor guaranteeing farmers a profit.

A Harris survey released some months ago reported that 73.6 percent of the respondents favored giving farmers 100 percent of parity "if that enabled them to make ends meet."

However, when asked if they favored parity even if it would raise their food costs by 15 percent, consumers supporting parity for farmers dropped to only 11.3 percent. As consumers, they seemed to prefer below-parity prices.

A person's definition of parity depends to a large extent on whether he is buying or selling. Parity might be defined as a device to achieve equality favoring the user of the word.