Ferdie Deering

Price Divided by Ten Equals Value

NEARLY everyone can recite a list of things that cost several times as much now as they used to, including pay for his own services.

For those of us whose standards of values are hitched to the tight-money days of the 1930s, a reasonable gauge seems to be a multiple of 10. Divide the present price by 10 and if that seems to be about what an item ought to be worth, it may be a good buy. In other words, your dollar now buys a dime's worth of anything.

Those "good ol' days" were not so good in many ways, but at least when you got hold of a dollar then, you had something.

For the past half century farmers have been struggling with a rubbery economic yardstick called "parity." It is a theoretical balance of prices based upon relationships prevailing in 1910-1914, when a lot of our present-day necessities weren't even available as luxuries.

Parity has been cussed, discussed, tried, revised, amended and altered since then. Farmers still are trying to find some way to obtain income on "parity" with other segments of the economy.

The Monthly Crop Reporter for March 1920, published by the U.S. Department of Agriculture, shows that rising prices have been a worrisome problem for decades.

In 1915, an ax cost 96 cents and 100 pounds of barbed wire $3.08. These were essentials of life then and by 1920 the cost had risen to $2.22 for an ax and $6.07 for 100 pounds of barbed wire.

The price of buggy whips, necessary for getting up speed on the turnpike, rose from 40 cents in 1915 to 79 cents in 1920. Calico had been 6 cents a yard back in "normal times" of 1915, but had almost quadrupled five years later, costing 23 cents a yard.

The price of flour had come down from $13.50 per barrel to $12.90 for 196 pounds. In those days, folks worked hard, ate a lot of pancakes, homemade bread and pastries. Packaging later dropped to 48-pound sacks, then 24 pounds and now 5 pounds of a flour is common package. Amounts purchased have declined while price per pound has soared.

Men's shoes cost an average of $4.90 per pair in 1920 compared to only $2.30 in 1915. During the same period, the price of a suit of clothes rose from $14 to $39.

Wage rates were regarded as "high." Farmers paid permanent help $46.89 (average) per month, plus board. Day labor cost as much as $3.60 per day during harvest.

Multiply those averages by 10 or 15 and you can see a sort of relationship that still exists in today's values. There are distortions, too, where inflexible rates or fixed incomes prevail.

A calculation published a while back indicated that if 13 percent inflation (the present rate) continues through 1990, the present purchasing power of a dollar would drop to 29.5 cents.

In spite of the wave of conservatism that surfaced to politics, we have good reason to expect that there will continue to be more talking about stopping inflation than actually doing it.