# Legal Parity: Implementation of the Policy of Equality for Agriculture, 1929-1954

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# LEGAL PARITY: IMPLEMENTATION OF THE POLICY OF EQUALITY FOR AGRICULTURE, 1929–1954

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Although parity is regarded by many agricultural writers as having its legal origin with the passage of the Agricultural Adjustment Act of May 12, 1933,[1] this act did not mention the term in connection with farm prices. It did, however, express the idea of parity by implication in such words as "equivalent . . . purchasing power," "equality of purchasing power," "fair-exchange value," and "fair" prices. In this respect it was no different from its innumerable price equality antecedents, including those of the ancient world such as the Chinese price "equality" programs. Unlike its forerunners, including its immediate predecessor, the Agricultural Marketing Act of 1929, the 1933 act expressed the goal of parity in different, if not more specific, terms. The 1933 act was preceded, as was the 1929 act, by many recurring disparity price periods and resulting disparity remedies seeking the long-sought goal of equality for agriculture. Yet, the 1933 act, as compared with the 1929 act, was unique by virtue of its "base period" standard of equality.[2] The base period standard of price equality, according to its most persistent proponents of the 1920's and '30's, George N. Peek and Hugh S. Johnson of the Moline

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[1] While numerous examples can be found substantiating the prevalence of the assumption that parity originated legally with the 1933 act, it must be recognized that it was not shared universally by agricultural writers. The policy of "equality for agriculture" enacted under the Hoover administration and carried through with increased momentum by the Roosevelt administration was evidenced, for instance, in 1946 in a report by a Committee on Parity Concepts, "Outline of a Price Policy for American Agriculture for the Postwar Period," *Journal of Farm Economics,* 28:383–384 (February, 1946). Although the Agricultural Marketing Act of 1929 did represent the first major U. S. law designed to achieve price parity in the twentieth century, price parity has had a long-time evolution, the beginning of which antedates the twentieth century. See the writer's "Evolution of the Term Parity in Agricultural Usage," *Southwestern Social Science Quarterly,* 35:345–355 (March, 1955).

[2] The "base period" standard of equality is explained in the section of this study entitled "Equivalent Base Period Price Purchasing Power: 1933 Parity." Parity standards other than "base period" standards are referred to in this study as "nonbase period" standards. The Agricultural Marketing Act of 1929, for example, is classified as a "nonbase period" parity act.

Plow Company of Moline, Illinois, had among its many advantages the political advantage of freedom from the abuse of price fixing. As presented in their brief, *Equality For Agriculture,* the "controlling [price] formula [was] fixed by statute and . . . completely removed from human or partisan control."[3]

Parity is an historical concept of price equality for producers and consumers, which currently includes a base period standard of price equality. It is at the same time an evolving concept. This is shown most recently in our modern parity laws beginning with what might be classified as the "nonbase period" Agricultural Marketing Act of 1929 and continuing with the "base period" parity acts from 1933 through 1954.

*Economic Equality: 1929 Parity.* During the presidential campaign of 1928, the candidates of both major political parties recognized the serious nature of the farm problem and promised to help the farmer stabilize his business by government aid in the disposal of surplus crops. Alfred E. Smith, the Democratic nominee, favored the equalization-fee principle embodied in the McNary-Haugen bills, while Herbert Hoover, the Republican standard bearer, looked with disfavor upon the equalization-fee plan.[4] During the closing days of that campaign, Hoover promised that if the session of Congress ending March 4, 1929, failed to pass a suitable farm relief measure, he would, if elected, call a special session for that purpose. Three days after his inauguration President Hoover called Congress to meet in special session on April 15, 1929, to consider farm relief and limited changes in the tariff.

During the special session, Congress passed a "parity" law on June 15, 1929, officially entitled the Agricultural Marketing Act.[5] The many problems that he had encountered with "ratio" hog price supports as Food Administrator in World War I, conceivably helped convince Hoover that the "nonbase" period Marketing Act had a much more desirable parity standard than the more rigidly defined "base period" standards exemplified by the fair-exchange value schemes.[6]

The new act was designed to achieve parity by placing "agriculture . . . on a basis of economic equality with other industries. . . ." Specific base period measuring standards for economic equality in the 1929 act were not given. Parity was to be accomplished by protecting, controlling, and stabilizing interstate and foreign commerce in the marketing of agricultural commodities and their food products. In the declaration of policy, four steps were enumerated by which the broad objective was to be attained: (1) minimizing speculation; (2) preventing inefficient and wasteful distribution; (3) encouraging producer associations and corporations for greater unity of marketing; promoting and financing producer cooperatives and other agencies; and (4) preventing and controlling agricultural surpluses through orderly production and distribution so as to maintain advantageous domestic markets and prevent such surpluses from causing undue and excessive fluctuations or depressions in prices for the commodity.[7]

Insofar as price equality or price parity was concerned, the most specific interpretation that was possible from the act indicated that parity might be any price level for a commodity other than an excessively fluctuating or depressed level.[8] Presumably it was

[3] [George N. Peek and Hugh S. Johnson], *Equality for Agriculture* (Moline, Illinois, 1922), 25.

[4] Henry A. Wallace, *New Frontiers* (New York, 1934), 155.

[5] Senator Arthur A. Capper, Republican of Kansas, for many years one of the most influential Senate leaders in farm relief legislation, concluded that the passage of the Agricultural Marketing Act of 1929 would achieve economic equality for agriculture, that is, "parity" by enabling the farmer to "walk alone." See "Senator Capper Sees Parity Through Farm Relief Act—Calls Measure Fundamental for Program Enabling Farmer to 'walk alone'—Explains Mechanism Set Up for Merchandising Crops and Controlling Surplus," *Commercial and Financial Chronicle,* 128:4093–4094 (June 22, 1929), as reported in the *New York Times,* June 18, 1929, p. 2. H. L. Russell, "The Farm Board's Difficult Task," *American Bankers Association Journal,* 22:110, 166–168 (August, 1929); Clarence Poe, "Are Business Men Waking Up at Last?" *Progressive Farmer* (Texas ed.), 44:1193 (December 21, 1929); C. M. Reed, "A Challenge to America," *Saturday Evening Post,* 203:189 (September 13, 1930).

[6] Walter T. Borg, "Food Administration Experience with Hogs," *Journal of Farm Economics,* 25:444–457 (May, 1943).

[7] *U. S. Statutes at Large,* 46:11.

[8] The ill-defined price level that would be needed to achieve economic equality (parity) was apparently in deference to the second McNary-Haugen bill which omitted mention of prices because the original McNary-Haugen bill referred to prices

left to the judgment of the administrators of the act to decide what constituted excessive fluctuations or depression in prices. Income equality was expected to result from equality of price as well as from the other enumerated measures that would place agriculture on a basis of "economic equality." The designation of a surplus apparently was also to be left to the judgment of the administrators of the act:

> There shall be considered as a surplus for the purposes of this Act any seasonal or year's total surplus, produced in the United States and either local or national in extent, that is in excess of the requirements for the orderly distribution of the agricultural commodity or is in excess of the domestic requirements for such commodity.[9]

A Federal Farm Board was established to carry out the policy of placing agriculture on an economic equality with other industries. Major agricultural commodities produced in the United States were to be fairly represented by eight members to be appointed to the Farm Board. A revolving fund of 500 million dollars was appropriated to make loans to cooperative associations and stabilization corporations. Although Congress apparently desired the development of a system of cooperative marketing associations as the major method of accomplishing the intent of the act, stabilization operations quickly became the principal means for carrying out the purpose.[10] Loans were made by the Farm Board to the cooperatives in order to enable them to hold commodities in storage until the market improved. Stabilization corporations were set up for wheat and cotton which took over a large share of the supplies that had been held by the cooperatives as well as stocks acquired by direct purchases. The Board urged wheat producers to reduce production. It had no authority for bringing about a reduction in wheat production other than by voluntary means. In May 1931, the Farm Board ceased purchases of wheat after suffering heavy losses. Among other ways to hold production of cotton in line with demand, the Farm Board favored crop destruction. Governors of the cotton states were asked to lead a movement for plowing under every third row of "growing" cotton. The proposal met with opposition not only from the governors but also from many Southern officials and the press.[11] The Board did not purchase any cotton from the 1931 or any later crop, but held what it had acquired from the 1929 and 1930 crops for approximately a year and a half. Most of the Farm Board funds were used to make loans on wheat and cotton. The Board needed, according to one writer, one or two billion dollars rather than half a billion to carry stabilization operations through as severe a depression as that which developed after 1929.[12]

Toward the close of 1931, the Farm Bureau, the Grange, and the Farmers Union gave notice that Congress would be asked to modify the Agricultural Marketing Act.[13] The stage was thus set for a revival of farm relief plans to modify the disparity conditions. Dramatic evidence of the desperate nature of economic conditions was revealed by the "farm holiday" movement.[14] This movement was characterized by farmer organization to force an embargo on the movement of livestock, grain, and other products toward the central markets. Violent disputes frequently occurred between picketing farmers and sheriffs' forces.

With the failure of the Farm Board, sentiment decreased for marketing and increased for adjustment as the way out of the surplus

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and was objected to on this ground. Despite its omission, Professor Benjamin H. Hibbard of the University of Wisconsin concluded that "a surplus removing plan would be a plan by which the remaining product should be as high as those concerned want. No matter how much effort is made to cover up the price-fixing phases of the plan, it remains a price-fixing plan." B. H. Hibbard, "Equality and the American System," *Country Gentleman,* 91:125 (November, 1926).

[9] *U. S. Statutes at Large,* 46:11.

[10] *First Annual Report of the Federal Farm Board,* 1930, pp. 3, 24.

[11] *New York Times,* 1931: May 30, p. 8; August 13, p.1; 14, p. 1; 15, p. 2.

[12] Geoffrey S. Shepherd, *Agricultural Price Control* (Ames, Iowa, 1945), 35. In 1938, the Commodity Credit Corporation, which handles the current price support program, was authorized to borrow up to 500 million dollars—the same amount allocated to the Farm Board in 1929. In early 1954, this agency was authorized to borrow up to 8.5 billion dollars; in August, 1955, it was raised to 10 billion dollars.

[13] *Weekly Star Farmer,* December 8, 1931, p. 14.

[14] The name "farm holiday" was adopted since the term "holiday" had been chosen by the banks which had closed and made it impossible to withdraw money. *Des Moines Register,* March 11, 1932.

dilemma. Awareness, however, of the interacting demand-supply price making process was not lost; instead there was simply a shifting of emphasis from the symbolic demand blade to the symbolic supply blade of the Marshallian price determining scissors. Once this was done, it was felt that the fair price could be cut from the farm relief pattern. Besides attempting to affect supply more specifically, a more definite parity standard, advocated strongly in the 1920's, was favored. This was a "base period" standard of price equality.

*Equivalent Base Period Price Purchasing Power: 1933 Parity.* Prior to 1933, the majority of the usages of the term, parity, stressed other than base period standards of equality. Implied usages of the term up to this date, as applied to farm prices, referred also to nonbase period rather than base period standards. The identification of the term with a base period standard of equality came with the passage of the Jones bill on January 12, 1933. Passage of the bill inspired much controversial writing in the journals and newspapers, most of which was initiated by those who opposed the bill.[15] Congressman D. D. Glover, Democrat of Arkansas, asserted the bill was "pure price-fixing . . . and . . . shocking to the intelligence, even the intelligence of Congress."[16] The idea of parity became associated increasingly with the base period standard of price equality.

The Agricultural Adjustment Act of May 12, 1933, gave legal recognition to the base period standard of price equality, and inaugurated our base period parity acts which with modifications have been in effect since 1933. In the 1933 act parity was fixed at a level equal to the base period price purchasing power of farm products. The law provided:

(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 prewar 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.[17]

The idea of parity was expressed as "equality of purchasing power" and "fair-exchange value."[18]

The 1933 act sought to reduce supply and stimulate demand in the following ways:

(1) To provide for reduction in the acreage or reduction in the production for market, or both, of any basic agricultural commodity. . . .

(2) To enter into marketing agreements with processors, associations of producers, and others engaged in the handling . . . of interstate or foreign commerce of any agricultural commodity or product thereof. . . . For . . . carrying out . . . such agreement the parties thereto shall be eligible for loans under the Reconstruction Finance Corporation under section 5 of the Reconstruction Finance Corporation Act.

[15] "Temporary Bullish Features Found in Farmers' Parities," *Journal of Commerce* (January 5, 1933), 10; "Exporters Protest Cotton Parity Law," *ibid.* (January 6, 1933), 8; J. S. Lawrence, "The Parity Plan of Farm Relief," *Bradstreet's Weekly,* 61:48–51 (January 14, 1933); "Parity Plan," *The Nation,* 136:54 (January 18, 1933); "The Financial Situation," *Commercial and Financial Chronicle,* 136:361–362 (January 21, 1933); "Position of Cotton in Competition with Other Commodities," *Southern Textile Bulletin,* 43:12–13 (January 26, 1933); "Senator-elect McAdoo Criticizes Farm Parity Plan—Amendments Needed Before It Would Be Practical," *Commercial and Financial Chronicle,* 136:603 (January 28, 1933); "Farm Allotment Income vs. Cost of Living," *Commercial West,* 65:12 (January 28, 1933); "Farm Parity Plan," *Guaranty Survey,* 12:4–6 (January, 1933); "What Price Hogs?" *Breeder's Gazette,* 98:3, 13–15 (January, 1933); *New York Times,* 1933: January 3, p. 1; 7, p. 8; 9, p. 36; 10, p. 2; 11, p. 1; 13, p. 1; 14, p. 6; 16, p. 2; 17, p. 3; 19, p. 2; 20, p. 2; 23, p. 2; 25, p. 7; 25, p. 16; Feb. 12, sec. 2, p. 7; March 7, p. 28; 22, p. 16; H. N. Owen, "As Things Look to Me," *Farmer and Farm, Stock and Home* (Minn. ed.), 51:10 (February 4, 1933); "Take Counsel of Common Sense," *National Sphere,* 11:29–30 (February, 1933); "Congress Looks to Farm Parity," *Review of Reviews,* 87:54 (February, 1933).

[16] *New York Times,* January 13, 1933, p. 1.

[17] *U. S. Statutes at Large,* 48:32, 36.

[18] *Ibid.,* 48:36.

> (3) To issue licenses permitting processors, associations of producers, and others to engage in the handling, in the current of interstate or foreign commerce, of any agricultural commodity or product thereof. . . .
> (4) To require any licensee . . . to furnish . . . reports as to quantities of agricultural commodities . . . bought and sold and the prices thereof. . . .
> (5) No person engaged in the storage in a public warehouse of any basic agricultural commodity . . . shall deliver any such commodity . . . without prior surrender . . . of such warehouse receipt.[19]

Under sub-section 2, an agency could be set up to receive loans from the Reconstruction Finance Corporation. Section 5 of the 1932 act specified:

> aid in financing agriculture, commerce, and industry, including facilitating the exportation of agricultural and other products . . . corporation is authorized and empowered to make loans . . . [to] agricultural credit corporation . . . organized under the laws of any State or of the United States. . . . [20]

After the abolishment of the Federal Farm Board, the Commodity Credit Corporation, incorporated as an agency of the United States government, was organized on October 17, 1933. The C.C.C. was designed to improve farm prices and consequently farm incomes by storage and loan operations. The C.C.C. plan was closely affiliated with the Agricultural Adjustment Administration program of production control. These two programs had the common goal of price, and consequently income, improvement.

With the passage of the "Potato Act of 1935," Congress amended the Agricultural Adjustment Act of 1933. In the 1935 act, more attention was given to income parity by bringing interest and tax payments per acre into the calculation. The base period was to remain at 1909–1914 except in those cases wherein statistics were not available, then 1919–1929 or "that portion thereof for which the Secretary finds and proclaims that the purchasing power of such commodity can be satisfactorily determined . . ." shall be used.[21]

*Equivalent Base Period Income Purchasing Power: 1936 Parity.* Following the invalidation of the 1933 act by the Supreme Court decision in 1936, Congress passed the Soil Conservation and Domestic Allotment Act, among other reasons, for the purpose of perpetuating parity. In the 1936 act, parity was defined as a ratio between "the purchasing power of the net income per person on farms and that of the income per person not on farms that prevailed during the five-year period August 1909–July 1914, inclusive . . . ." As with the 1929 and 1933 acts, parity for producers was the major objective of the 1936 act; however, recognition was given to the need of a parity that would also be fair to consumers: "In carrying out the purposes . . . due regard shall be given to the maintenance of a continuous and stable supply of agricultural commodities adequate to meet consumer demand at prices fair to both producers and consumers."[22] The 1936 act provided for payments to cooperating farmers for reducing production. The Secretary of Agriculture was also provided funds for expansion of markets.[23]

The Agricultural Marketing Agreement Act of 1937 re-enacted and amended the provisions of the Agricultural Adjustment Act of 1933, as amended in 1935, relating to marketing agreements and orders. Except for milk and its products, the 1937 act retained the previous base periods unless:

> the Secretary finds . . . that the prices that will give such commodities a purchasing power equivalent to their purchasing power during the base period . . . are not reasonable . . . he [Secretary of Agriculture] shall fix such prices . . . [and] make adjustments in such prices.[24]

Several favorable Supreme Court decisions in 1939 upheld the marketing agreements and apparently clarified their status.

Parity prices, and consequently better incomes, were to be attained through the marketing agreements which would assure more orderly marketing. They have been used mainly with milk, fruits, and vegetables; however, their use is not restricted to these commodities. Marketing agreements take the form of contracts between the Secretary of Agriculture and the handlers of the product, or market orders made compulsory upon the handlers by the Secretary. Equalizing the bargaining power between relatively few han-

[19] *Ibid.*, 48:34–35.
[20] *Ibid.*, 47:6–7.
[21] *Ibid.*, 49:750, 762.
[22] *Ibid.*, 49:1148.
[23] *Ibid.*, 49:1150–1151.
[24] *Ibid.*, 50:247.

dlers and many producers represents one of the major ways in which more orderly marketing is attempted through marketing agreements.

*Equivalent Base Period Price and Income Purchasing Power: 1938 Parity.* By the time the Agricultural Adjustment Act of 1938 was passed, parity, which had been used often in expressions of agricultural equality, assumed legal status as a distinct term. In the 1938 act the terms, "parity as applied to prices" and "parity as applied to income," were first used; however, emphasis continued to be placed on producer parity. In the 1938 act, consumer parity was still referred to as "fair prices."[25] Parity for prices and income is defined in the 1938 act as follows:

> '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. The base period in the case of all agricultural commodities except tobacco shall be the period August 1909 to July 1914, and, in the case of tobacco, shall be the period August 1919 to July 1929.
>
> 'Parity,' as applied to income, shall be that per capita net income of individuals on farms from farming operations that bears to the per capita net income of individuals not on farms the same relation as prevailed during the period August 1909 to July 1914.[26]

The 1938 law required the Agricultural Adjustment Administration to support prices of wheat, corn, and cotton at not less than 52 per cent nor more than 75 per cent of parity under specified conditions. It also permitted, but did not require, price supports on agricultural commodities other than wheat, corn, and cotton. The Secretary of Agriculture was to decide at what point between 52 and 75 per cent of parity the support price was to be set except in the case of corn. For this crop a sliding-scale or flexible support was to be set which depended upon the amount of the excess supply above normal.

[25] *Ibid.*, 52:38.
[26] *Ibid.*

Parity was to be achieved by such measures as adjustments in freight rates for farm products, new uses and new markets for farm products, loans on agricultural commodities by the Commodity Credit Corporation, marketing quotas, acreage allotments, and crop insurance.[27]

*Beginning of Higher and More Rigid Price Supports, 1941.* In July 1941, the law was changed to provide a "comparable" price for a commodity if the production or consumption had so changed since the base period as to result in a price out of line with parity prices for basic commodities. This act provided for 85 per cent of parity for basic commodities and 85 per cent of parity or a "comparable" price for nonbasic commodities.[28] Even with the more restrictive, if not more definitive, interpretation of parity, a fair or just price equality was assumed with the "comparable" price. The legislation defined cotton, corn, wheat, tobacco, and rice as basic commodities. Nonbasic farm commodities included other than the "basic" commodities. In December 1941, legislation was approved which added the basic commodity, peanuts, to the previous list of supported commodities.

The following January a price control act was passed designed to check wartime speculative price rises, price dislocations and inflationary tendencies. This act specifically prohibited price ceilings on farm products below certain levels deemed fair to producers. It provided also that no ceiling would be set on a farm product without the prior approval of the Secretary of Agriculture. No maximum price was to be established or maintained for any agricultural commodity below the highest of the following prices, as determined and published by the Secretary of Agriculture: (1) 110 per cent of the parity or "comparable" price for such commodity, (2) the market price on October 1, 1941, (3) the market price on December 15, 1941, or (4) the average price during July 1, 1919 to June 30, 1929.[29] In October 1942, the Price Control Act of the previous January was amended.[30] The October 1942 amendments did, among other things, reduce the 110 per cent of parity or comparable price standard provided in

[27] *Ibid.*, 52:36–77.
[28] *Ibid.*, 55:498.
[29] *Ibid.*, 56:27.
[30] *Ibid.*, 56:765.

the earlier act to 100 per cent. In effect, the arguments for parity had been so well sold that the farm bloc could not justify 110 per cent of parity during the national emergency. The amended act provided price supports on basic commodities and for those commodities which the Secretary of Agriculture requested an increase in production at 90 per cent of parity (later 92½ for cotton) for the duration of the war and for a period of two years beginning with the first of January after the declaration of termination of hostilities. This postwar provision was intended to give farmers equal protection with industrial plants during the war and postwar reconversion period. Wartime farm price supports expired at the end of 1948.

*Flexible Supports in Theory, Rigid Supports in Practice, 1948–1954.* The expiration of wartime controls led to the adoption of the Agricultural Act of 1948 which provided higher price supports. Price supports remained at 90 per cent of parity in 1949 for basic commodities and for dairy products, hogs, chickens, and eggs. For certain other commodities, price supports were not to exceed 90 per cent of parity.[31]

The 1948 act also introduced what is currently termed a "modernized" parity formula. This act provided for the determination of parity prices in such a way as to hold the average of all parity prices at such a level as to give farm products generally the same purchasing power as they had during the original base years, 1910–1914, but with parity prices for specific commodities adjusted to maintain the same relative relationships between commodities as prevailed during the 10 years immediately preceding the year for which the parity calculations were being made. In addition, wages of hired labor were included in the index of prices paid and provision was made for the gradual transition from the old to the new parity formula in those cases where parity prices under the new act might be lowered.

The sliding-scale provisions of the Agricultural Act of 1948, that is, support prices as a percentage of parity depending upon the supply, which were to go into effect in 1950, did not materialize. The Agricultural Act of 1949 was passed before the provisions of the 1948 act became effective. The 1949 act continued price supports at higher levels.[32] It required price supports for the basic commodities (corn, cotton, wheat, rice, tobacco, and peanuts) and for certain designated nonbasic commodities: wool, mohair, tung nuts, honey, Irish potatoes, milk, butterfat, and the products of milk and butterfat. Price supports could be granted for other nonbasic commodities by permission of the Secretary of Agriculture.

The Agricultural Act of 1949 provided price supports for five of the basic crops (wheat, corn, cotton, rice, and peanuts) at 90 per cent of parity through 1950. The law provided a flexible system of price supports after 1950 for these five basic crops. The sixth basic crop, tobacco, was to get a fixed support of 90 per cent of parity as long as the law was unchanged. During 1951 the basic crops, except tobacco, were to be supported between 80 and 90 per cent of parity. After that, the scale of support would begin at 75 per cent and not go above 90 per cent of parity. The supports were to vary with supply changes for the commodities.

The new act provided also two parity standards. One was based on 1909–1914, and the other on the most recent ten years. Following 1954, the most recent ten years were to represent the standard for the basic crops.

Although the Agricultural Act of 1949 was to provide a flexible system of price supports after 1950, the passage of a farm act in 1952 continued rigid supports for basic farm commodities through 1954.[33] Once again flexible supports, referred to as "sliding scale" supports, were deferred. The new act delayed for two years a shift to a modernized parity formula that was established in the Agricultural Act of 1949. In addition, price supports for long-staple cotton were provided on a basis comparable to that given upland cotton.

Two farm acts of 1954 are noteworthy in the continuing struggle for farm parity. They are the Agricultural Trade Development and Assistance Act of 1954 and the Agricultural Act of 1954.[34] The Trade Development Act provided for overseas disposal in the following three years of one billion dollars worth of surplus foods—300 million of which would be a gift. The remainder was to be paid for

[31] *Ibid.*, 62:1247.

[32] *Ibid.*, 63:1051.

[33] *Ibid.*, 66:758.

[34] *Ibid.*, 68:454, 897ff.

in foreign currencies which in turn would be used to buy strategic materials for our country.

The Agricultural Act of 1954 provided flexible price supports ranging from 82.5 to 90 per cent of parity for five basic crops: corn, cotton, wheat, rice, and peanuts. Tobacco, a sixth basic crop, was to be supported at 90 per cent of parity as long as growers continued to approve planting and marketing controls. The year 1955 was recognized as a "transitional" year, after which the principal (flexible) price support provisions of the Agricultural Act of 1949 would become operative.

*Summary and Conclusions.* From 1929 until 1938, the idea of parity had been expressed with such words as "equality," "equivalent," "fair-exchange value," and "fair" prices. The term, disparity, was mentioned in the 1933 act as the major reason for seeking "equality of [price] purchasing power" or parity.

In the Agricultural Marketing Act of 1929, the parity price level was significantly affected by what the administrators of the act considered to be a fair or just standard inasmuch as it was within the broad price range not characterized by excessive fluctuations or depressions.

The base period parity acts beginning in 1933 and currently in effect that are definitive in statistically expressed formulae are likewise affected by what is considered to be a fair or just standard. This is evidenced by the choice of the base period, the items to include in the formulae, the selection of the means to achieve a balance between demand and supply for price and in certain cases income equality, the determination of "comparable" prices, and the "fixing" of prices on certain occasions by the Secretary of Agriculture whenever he finds base period price relationships unreasonable for certain products under marketing agreements and orders.

Farm parity is defined differently by the several parity acts—particularly the 1929 act as compared with those that follow—but all have had the common objectives of (1) achieving a level of agricultural prices and in certain cases incomes at some standard of equality that is considered fair or just, and (2) adjusting agricultural surpluses or stimulating demand in order to realize the equality (parity) goals. Surpluses in the acts refer to market surpluses rather than physical surpluses, and as such may result from an excess supply, a deficient demand, a fall in the general price level, or from any other causes that may keep farm prices and consequently incomes below parity. Implicit, too, in the acts are the assumptions that price and income inequality for agriculture can be remedied, and price and income equality can be attained and maintained through price and income remedies.