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Parity and Profits

Remarks of Charles Walters, Executive Editor, Acres USA
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If you told the story of *Acres USA*, now thirty years old, you'd have to add that there are thirty years more that went into it even before then. Thirty years is a long time. Back in the late 1960s, I worked with the National Farmers Organization. I traveled all over the US and I saw a losing fight taking place—the struggle of farmers trying to collect as much wealth as they produced.

In order to understand the agricultural picture here, you have to realize that a picture is composed of what the printers call pixels: little dots of various sizes and densities. And these little pixels in clusters and patterns make the big picture. If you look at a newspaper and examine it with a magnifying glass, you'll see what I'm talking about. Each little dot doesn't tell you much about the big picture, and each big picture doesn't tell you much about the little dot. That farm out there is a little pixel but this is not clearly understood by the managers of public policy. Basically they've operated from a theory that the basic storable commodities that come from 80 percent of the harvested acres constitute what happens in agriculture. They don't see—or don't care—what happens at the farm level, at each little dot.

The idea of parity in agriculture

Going back another 30 years to the early 1930s the first parity legislation was written, based on the works of Professor George Warren, who figured out that it is agriculture that leads countries into and out of depressions. Basically, parity is a measuring device that puts the value of raw commodities at a level that equals all the costs, including labor costs and capital costs. The idea was that the basic storage commodities—wheat, corn, soybeans, rye, oats, grain sorghum and a couple of others—should go into trade channels at a parity price, that the farmer's sale of his commodity should be an equal exchange. Usually this was computed on the basis of a base period equal to one hundred, a value that reflected the costs under optimum conditions. If the farmer couldn't sell his crops at parity prices, then the government paid for them and put them into storage. What did it cost the government? It didn't cost the government one cent. The government actually made a little money on the transaction because there were always people who passed away and commodities had to be reclaimed by the government, and they were sold into the market and they always made a little money on it.

Parity, George Warren said, was based on a market basket of what was happening in the rest of the economy, which whipped around and provided the requirement for the first part of the economy, which was agriculture. It's as old as civilization. The archeologists tell us that agriculture came into being about ten thousand years ago. It was invented by the women because the men frequently left for the hunt. The women were raising the crops and those crops provided much of the wealth.

Now all of political economy from prehistory on to 1932 has been intent upon one thing only—how to take the wealth from the producer, how to take the food from the person who cultivated it and harvested it and give him very little in return. But when you take too much, you can kill the goose that lays the golden egg. And when the buying power dries up, then everybody suffers.

First parity laws

In 1932, the buying power had dried up to the point where the economy went into a tailspin. That's when the first parity laws were passed. The Roosevelt Administration is the only administration that tried to do something about the family farm. The President's first step was taken about 1935-36 when he raised the price of corn by presidential edict overnight from ten cents a bushel up to about fifty-five cents a bushel. Immediately a new cash flow entered the economy. Then in 1937 new legislation was passed that raised the price levels up—the support levels—to a point where they were to be no higher than 90 percent of parity, but they wouldn't actually let it get that high because if the crop was more than normal, then it dropped down again. For that year they actually had to cheat on the figures in order to keep from collapsing the economy back into the tailspin from which it was trying to emerge. There was a lesson that came out of those early trials and errors, and so when WWII broke out in 1941, Congress passed a War Stabilization Act. And that Act had an attachment that raised basic storable commodities back up to 90 percent of parity. This 90 percent of parity added to the storage function actually came out to 100 percent, and that's how we fought WWII without excessive inflation, and without excessive windfall profits to either farmers or labor. The parity system worked best under the War Stabilization Act.

As Truman was deciding to run for his second term, his first term merely finishing out the Roosevelt term, there was a debate on parity that lasted until 5 am. Finally a compromise was reached, because the Democratec convention was opening the following day in Philadelphia that would nominate Harry Truman for a second term. The new legislation continued 90 percent of parity, as had been the case during WWII, for one more year, and then it would drop to 60-90 percent. This became the *modus operandi* under Truman; every year they passed emergency legislation extending one more year, one more year. Finally the Korean War broke out and Eisenhower, at the end of it, became President, and one of the first things he said was, "We're going to stop mollycoddling the farmers." Ezra Taft Benson put together the last legislation aimed at getting for American agriculture a payment for as much wealth as it produced. Eisenhower vetoed it in 1954.

When Kennedy became President, the political atmosphere had changed so much that it was no longer possible to even attempt to get a 90-100 percent of parity payment. The Kennedy brothers realized that there was a level below which commodity prices should not be allowed to fall. But they realized too that they could not get the 90 percent support measures repassed that Eisen-hower had vetoed, and so the new policy became the management of the "dis-parity" rather than an attempt to achieve parity. From there on, farmers started

farming the mailbox. You've heard the expression about creasing the caps, you know, real sharp. Well, they say that's because they're always looking into the mailbox!

Changing US agriculture policy

This has been public policy ever since—regardless of whether there was a Republican or a Democratic President. When Nixon was President and Henry Kissinger was Secretary of State, a new policy paper was written in 1974 that addressed the matter of food production as a matter of national defense. A couple of years later the Paddock brothers wrote *The Famine of 1975*. One of them worked for Henry Kissinger and one of them worked for the USDA. What they did was identify a new policy that said that we did not want the various countries in the world to be able to feed themselves because it was in our national interest to create a supermarket that would feed the world. All of a sudden the rhetoric out of the USDA changed. In 1942 their publications had explained how parity was used to win the war. Later their publications said that parity was a theory and a form that no longer mattered. And then a couple of years later another USDA publication said that parity was outmoded, that it didn't fit the paradigm of the new economy. So the USDA today is bad-mouthing the very concept, as if all of a sudden you were to decide you didn't like the shape of the ruler; you weren't going to use rulers any longer to measure the shape of things, which is all parity ever was: a measuring stick.

Now the American farmer has slept pretty soundly while his industry has been dismantled under him. Those commodities that I mentioned, excluding tobacco and cotton, 75 percent of them are used in operating the American economy and 25 percent go into international trade. But today we let the 25 percent that's the fire sale stuff determine the price for the rest of it. As a consequence, the average mainline commodity farmer is consuming his capital at a rate of 2-5 percent per year. And over these 40-50 years, four-fifths of them have disappeared from the scene. Meanwhile, out of Washington you get the rhetoric, "Save the Family Farm." It sounds almost like the mantra you get every four years when they run for president and they're going to "Save Social Security." They're going to " Save the Family Farm."

Fertilizer mania in the land grant universities

Well, what else happened to the family farm? A new technology was introduced in 1949-50. The oil companies and the fertilizer institutes started pushing into every land grant university in the US a certain amount of money according to the harvested acres in that state. The professors stopped caring about science and the kind of thing we're talking about at this conference and what these people are telling you when you attend one of our soil seminars. No, the land grant universities started teaching partial and imbalanced fertilization, NPK fertilization, and toxic-rescue chemistry. Sir Albert Howard, the Britisher, identified the trend quite early in the game. He said two false premises have swept the republics of learning—partial and imbalanced fertilization and toxic-rescue chemistry. And all the while the soil and agricultural science that had been developed from the beginning of the last century up to that point, and the professors like Dr. Albrecht whom you've heard me refer to many times, were simply drummed out of office, retired early and gotten rid of. They were replaced not by soil scientists, but by people who were administrators and who could get the grant money into the university.

There was a very important organization called Friends of the Land, which was controlled by the great professors of those universities prior to 1947. They met

up at Malabar Farm and had their conferences there and published their proceedings. They revealed for anyone who wanted to look at it that plants in touch with balanced, exchangeable nutrients provide their own protection against bacterial, fungal and insect attack. They proved beyond a shadow of a doubt that weeds were an index of what's wrong with the soil and the best treatment for weeds over little more than just the day after tomorrow, was managing the soil. They proved conclusively that NPK fertilization meant malnutrition and insect attacks and there was very little or no discussion of any kind of a toxic technology for coping with these problems.

Dr. Albrecht did experiments. He could have one test plot 1/100 of an acre. He could have it produce potatoes with potato beetles on it and across the little walkway he'd have a plot that was completely clean. He did the same thing with corn cutworm and earworm. He did the same thing with sugar beets and with all kinds of crops.

But with the arrival of the toxic genetic chemicals and the channeling of money in the land grant universities by the chemical and fertilizer companies, all of a sudden they taught only one approach—partial and imbalanced fertilization and toxic-rescue chemistry. This is what we're trying to get across at these conferences and have for thirty years. The thirty years that we've put out papers and interviewed maybe 300 important people that have really had something to say. I'm sorry to report to you that as many as one-third of them have passed from the scene. But what they had to say and teach us would have passed from the mind and memory of man if we hadn't made a record of it. That's why those thousands of pages that have been published and continue to be published are an important compendium of where we're going. Now it doesn't look like we're going very fast when you just see a few pixels scattered around the countryside. But I saw on a bag that they're handing out in the exhibit hall, "One Farm at a Time." And that's the only way that the direction is going to be changed—one farm at a time. And it's going to be done with good sound science.

Soil health experiments

I used to get on a plane and fly up to Boise, Idaho where an associate of mine named C. J. Fenzau was stationed. C. J. had a research farm and lots of clients in Idaho and California. And we duplicated those test plots that Albrecht had at the University of Missouri. Sure enough the sugar beets had mildew on this plot and the next one perfectly clean. What did we do? We had calcium, magnesium, sodium, potassium in equilibrium; we had the anions the way they're supposed to be. We used some pH modifiers and sometimes we would use foliar fertilization. We reported all of this in *Acres USA*.

And we made the refractometer current coinage. The refractometer or Brix meter measures dissolved solids, plus sugar content. If the sugar content in a plant was up, the insects didn't come and take it.

Now we've got two or three consultants I've talked to at this conference, who make trips regularly to Europe, South Africa, Australia and New Zealand, teaching what surfaced first here at *Acres USA* and I think we're making quite a bit of progress doing things like that.

I was on hand when Fletcher Simms was still running a Howard Rotovator over big brick-like manure at the edge of a feedlot trying to figure out, "How can you break this stuff down and make compost out of it?" And finally he threw in the towel and invented a machine that would pass over the compost and pulverize it and he made windrows of compost the length of a small airplane runway. This

material is reported here in the *Acres USA Primer*. Today there are compost operations in every county in the USA. Certainly in every state—big ones. Every county is starting to look at the proposition that the waste has got to be recycled one way or another. Most of these lessons did not come out of the universities. They came out of the readership of *Acres USA*.

When I first met Dr. Albrecht, he had me come over there for a little Socratic instruction, a day at a time, and I asked him what course I should enroll in because I wanted to start this newspaper and he said, don't bother enrolling in a university. You'll have to find your answers out there. There are some smart cookies out there and he told me where to start—there are a couple of farmers out there to go and interview. He said, "There is where you have to learn it. You're not going to get it out of the university any longer."

Diminishing returns

I had written a book called *Unforgiven*. It's kind of hard to find now days. It's been out of print many a year. But in the process of writing that book I came to where I was crunching the numbers, and I found that we were adding this toxic technology and chemical fertilizers to the fields and to the business equations geometrically. But we were only increasing production arithmetically, at least in terms of quality. (I'm talking about protein in wheat like my father used to grow at 18-19 percent, instead of the 9-11 percent we have today.) So we had a kind of Malthusian equation and that's when I started looking into what was wrong with the technology and not just what was wrong with the economics. Up to that point, I had worked as an economist. I had spent my time working out equations on parity and how we were going to get it and how we were going to change the institutional arrangements. Of course you know what has happened to these movements. They went to the wall over the lack of leadership; over the lack of understanding; but mostly over the attitude of farmers themselves.

Two people came up to me out in the hall and they asked me to tell that story again about Crazy Ivan. I said the reason that US agriculture has allowed itself to be co-opted by Con Agra, Cargill, ADM, Iowa Beef and the rest of them, giving farmers very little in return while their costs increase exponentially, is because they have the thinking, too many of them, of a Russian peasant. What do I mean? God came to Ivan. "Ivan, you're a favorite son. You want more land, I'll give you more land. You want more money, I'll make you a millionaire. You want better crops, I'll make your crops the envy of everyone. If you want to preserve your soul, I'll assign you a penance you will accept. But know this! What ever I do for you, I'll do double for your neighbor Vladimir." Well, Ivan could hardly take that. He went home and mused about it all night. He finally came back and he said, "God, put out one of my eyes."

Success of organic farming

Today the commodity farmers are just a conduit for government subsidies that go straight to the bank. Payments to farmers just keep the bankers happy, to keep the loans paid—they're not saving the family farm. The only farmers making money today are those who are farming organically or have found a little niche market. Take Diane and Gary Endicott in Bronsan, Kansas. They went to Louisiana State University to get their doctorates, but then left to take over the family farm. They began with some greenhouses and raised organic vegetables. Now they have a cooperative of about 20 farmers who sell to the Hen House stores. They sell organic eggs, beef and vegetables to local stores and they get a premium for what they produce. The trick is to sell under a recognizable label, a label the consumer recognizes as quality and will keep him

coming back to the store.

Another farmer in Arkansas was in the breeding business, but his legs hurt too bad to continue, so he took to finishing 20 head of cattle at a time. He has them processed and sells them himself, from the back of a refrigerated truck, not to the feedlots but to the auto agencies in the area. Within 40 miles, he gets rid of all his meat within four weeks.

Another farmer with 40 cows decided he wanted to get $40 per hundred weight not $10 so proceeded to make yoghurt. At first, it sold slowly but now he has a million-dollar business with his yoghurt and other products, all under the same label.

I could point to hundreds of examples like this. *Acres USA* has been promoting organics since our beginning and we always said that this was not only good for consumers, it was good for farmers because they could make money at it. Sometimes just an acre or two of an organic crop makes up for all the losses from hundreds of acres of commodity crops.

Bring back parity and farm organically—that's the double recipe for bringing prosperity back to the farm.

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The Weston A. Price Foundation
PMB 106-380, 4200 Wisconsin Ave., NW, Washington DC 20016
Phone: (202) 363-4394 | Fax: (202) 363-4396 | Web: www.westonaprice.org
General Information/Membership/Brochures: info@westonaprice.org
Local Chapters and Chapter Leaders: chapters@westonaprice.org
Website: webmaster@westonaprice.org

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