

Reviving Small Farms Key to Sound Economy

Family Farms Pulled US Out
of the Great Depression
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by Jay Greathouse

It seems to be a widely held myth that World War II was the main agent for moving the United States out of the Great Depression of the 1930s.

Cornell University Professor George F. Warren, an important adviser to Franklin D. Roosevelt on rural development policy, figured out that it is agriculture that leads countries into and out of depressions. The Roosevelt Administration is the only administration that tried to do something about supporting the family farm.

Our recovery started in 1942, the year the Steagall Amendment to the War Stabilization Act mandated farm parity, but the war got the credit. We then had ten years of economic stability until 1952 when the Steagall Amendment was allowed to expire.

In 1952 "export-oriented pricing" replaced the New Deal policy that had put farm prices in balance, or parity, with other prices. That New Deal policy worked effectively with farmer-approved "supply management" that cost far less than today's subsidies to Agri-business.

Farm parity laws that created a fair price floor for all raw materials was the main agent for moving the United States out of the Great Depression of the 1930s. This support of prices allowed farmers to afford to stay on the farm and rebuild the United States economy literally from the ground up.

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.

Parity maintained a level for farm-product prices by governmental support and intended to give farmers adequate purchasing power. Parity, official value, or par value, maintained equality between the cost to farmers for their production and the price they received for their products.

Parity laws guaranteed equality of price, rate of exchange, wages, and buying power. Farm parity laws made sure that farm income was keeping up with farm costs.

In 1933 farmers in Nebraska, for example, received almost 43 percent less than the parity level. This is what crushed family farms, drove people off the land and extended the Great Depression.

True democracy requires an agriculture of numerous family farms, owned by farmers rooted in their communities, not by corporate landlords. Agri-business is the work of corporate landlords.

Our exporting of grain at "globally competitive" prices injures Third World farmers and results from our failure to keep commodity prices at parity (balance) with other goods and services. The U.S. farm community has seen a 50% fall in the number of farmers during a 30-year period of "export-oriented" agriculture.

The present path is such a narrow, competitive approach to the world that it misses the possibilities of cooperation and disregards the legitimate need of other nations for their own markets and their own resources. The present path is not the path to peace.

Care International, one of the world's major aid agencies, recently refused \$45,000,000.00 of United States aid money. The money the charity refused is tied to buying the grain from American farmers and shipping it in American carriers.

Which means that much of the aid 'money' goes back to the United States.

Some food goes to the needy, but the rest is sold cheaply in markets, undercutting local farmers and giving little incentive for them to grow more. The combination of wastage and the damage done to the local market means the aid does more harm than good.

The current system injures family farmers globally.

Our nearly 50-year-old "export-oriented, globally competitive" farm pricing policy is intended to gain markets by undercutting prices paid to farmers abroad. This amounts to Welfare For Agri-business.

The theme of "growing the economy" through exports ignores the experience of farmers. Non-farmers often confuse agriculture and agri-business.

To contend that agriculture has done well even while the number of farmers has plummeted surely misses essential facts. Those who work in agriculture speak with credibility about how our pricing policy undercuts both our farmers and the farmers of hungry nations.

The United State's thirst for foreign markets and resources is due to overlooking needs and resources of our own people, leading to growing income dis-parities here. Fair farm parity laws will compensate for this inequity.

We can turn around our current situation and avoid a Greater Depression by raising basic storable commodities back up to 90-100 percent of parity. Supporting family farms can put the United States back on a secure economic footing.

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