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"Parity" and "Comparable" Prices on Avocados

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The subject of "parity" prices is technical. "Comparable" prices are even more involved. Yet the method of their determination is vital to avocado growers. Hence, the Yearbook reprints the brief filed by Calavo after U.S.D.A. hearings in St. Louis, August 24, 1942. The purpose of the brief must be explained in order that the document itself be understood.

The Emergency Price Control Act became effective January 30, 1942. It was amended in important respects October 2, 1942. Under that law, government agencies are given broad power to fix ceiling prices on commodities, wages and services. As a partial protection against unfavorable treatment of agriculture as compared to industry and labor, Congress included in the law certain safeguards. One of those safeguards is that no ceiling can be fixed on an agricultural commodity which will not return to the producer at least "parity" or the "comparable" price for that commodity. The Secretary of Agriculture is empowered to determine and publish parity and comparable prices.

Parity price for an agricultural commodity is that price which gives it a purchasing power with respect to the things that farmers buy, equivalent to such purchasing power in the "base" period. In the case of parity on avocados, the Secretary of Agriculture has selected the 1924-28 period as the base period. Under the law the obligation is imposed upon the Secretary to compute a comparable price instead of a parity price if in his opinion the production and consumption of a commodity has so changed since the base period as to make the price of such commodity "out of line" with parity on the basic commodities.

Last August a hearing was held at St. Louis by the Department of Agriculture for the purpose of taking evidence upon the question of whether or not comparable prices should be established for a number of important commodities, including citrus fruits and avocados. Evidence was also taken upon the method which might be adopted in computing comparable prices if it were determined that they should be computed. The avocado industry was represented through Calavo, and testimony, as well as the following brief, was presented.

Prices on avocados during the 1924-28 period were high and their consumption was relatively small. Their production has also increased materially since that period. For those reasons the Secretary decided that comparable prices for avocados should be established. The average comparable price is subject to appropriate adjustment for seasonal, varietal and other differentials. Comparable prices are not ceiling prices. They are merely a floor below which ceiling prices cannot be established.

In reading the brief which follows, care must be taken not to separate statements from their context but to interpret them in the light of the purpose of the brief.