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Parity Panel Presentation *Abstract*
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Short history of National Organization for Raw Materials (NORM);
analysis of the procedure for regulating monetary purchasing power
and its footing in U.S. law

NORM

NORM grew out of conversations between Carl Wilken, Arnold Paulson of Granite Falls, Minnesota, and Charles Walters, Jr., of Kansas City, Missouri. NORM started in 1971 as a non-profit educational organization. When Paulson passed on in 1980, Charles Walters, creator and publisher of AcresUSA picked up the work Paulson had carried forward from Wilken and the Raw Materials National Council (1936).

As Paulson established NORM, Walters published *Unforgiven* (1st Ed.*)*, his "biography of an idea." I was instrumental in bringing that book to a second edition in 2003 [ISBN: 0-911311-67-X].

I have served as President of NORM since 1996.

PURCHASING POWER REGULATION

Henry C. Carey, Alexander DelMar, Frederick Soddy, Charles B. Ray, and Carl H. Wilken emphasized the importance of constancy in the purchasing power of society's money. "No one may profit at the expense of another" implies that each member of society must exercise our creative efforts to serve our own sustenance and the general welfare. Wealth is consumed or rots and must be resupplied, renewed, maintained, and reinvented. Money, real money, is only a *claim* on wealth. Soddy's epithet [*Role of Money*] about "...nothing, ...something, ...anything" is apt because, as a chemist, he understood physicality and substance.

Today's *Federal Reserve Note* is only "near-money" (a promise of lawful money). *Real* money is a *debt of wealth* owed to the holder of money for the substantive contribution the holder has *delivered* for the use of the community issuing the token. This "debt" is wholly incapable of being "paid back" other than through exchanging the token for wealth available in the community at the time and choice of the holder. Real money must "meet the wealth" as it is *delivered* to the service of the community. The "unit" of currency (money) is **all** of it. All wealth not yet purchased (serviceable inventory), plus that which is in the progress of preparation (to the extent of its completion), plus the current value of the capital assets of the community, divided by the total number of money tokens, *IS* purchasing power per token.

Wilken and Ray researched the statistical record of the nation. They observed that as income (gross earnings) of the raw materials sector rose and fell over time, National Income (NI) rose and fell in ratio to those earnings. That ratio changed slowly over time as the state of the arts of production and technology advanced. They observed that the income of the raw materials production sector always led prosperity and depression. Ray forecast NI six months in advance for a decade with better than 2%

accuracy by following the earnings of the raw materials production sector, chiefly agriculture. [*Prosperity Unlimited The American Way*, Wilken, 1947; http://www.normeconomics.org/putaw_essay.html]

The ratio of agricultural to total raw materials production (annually about ⅔) puts gross ag income in the primary driver role. “Markets” are established by the prices paid for raw materials. Too low a price for those raw items, and the producers cannot buy the finished products or hire those necessary to process them into usable goods and services. By keeping the economy’s foundational “buying power” connected in balance with processing, distribution, and consumption, money's purchasing power remains relatively constant.

The outcome of the Wilken analysis was the “parity ag” program, as it worked from 1942 through 1952. [AAA, 1933; Butler, 1936; AMAA, 1937; war, 1941-45; parity ag through 1952] It began with an “emergency” declaration; Supreme Court rejection; re-enacting legislation which still didn’t have the strength to resolve the issue; strengthening due to war necessity which eventually worked well enough to enable our nation to fight and win a war we were unprepared to handle. With parity ag policy, recession following WWII was avoided, and our economy was kept on a footing enabling us to convert to peace-time production, re-integrate returning veterans into our workforce, and take our place as the leading producer among the nations of the world.

The slow dissolution of parity after 1952 came from the ’49 “permanent” ag legislation with its “sliding parity” and “rolling base period” provisions, along with their delayed implementation. The results were to quietly encourage private debt financialization at the expense of *our general welfare while* avoiding severe political backlash against the internationalization of our domestic economic policies.