

THE FEDERAL FOOD STAMP AND RELATED IN-KIND COMMODITY  
DISTRIBUTIONS: ECONOMIC HISTORY AND EVALUATION  
IN A PUBLIC CHOICE PERSPECTIVE,

by

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## TABLE OF CONTENTS

### Chapter

I.	INTRODUCTION . . . . .	1
II.	THE FOOD STAMP PROGRAM . . . . .	7
	Source of Authority . . . . .	7
	Coupon Use . . . . .	9
	Eligibility . . . . .	9
	Income . . . . .	11
	Enforcement . . . . .	11
III.	THE BEGINNING OF "FARM POLICY" . . . . .	13
	The Need for Farm Legislation . . . . .	14
	The Agricultural Marketing Act of 1929 . . . . .	16
	The Agricultural Adjustment Act of 1933 . . . . .	17
	The Agricultural Marketing Agreement Act of 1937 . . . . .	19
	The Agricultural Adjustment Act of 1938 . . . . .	20
	Section 32 . . . . .	22
	Food Stamps . . . . .	25
	The plan itself . . . . .	25
	What food stamps were meant to accomplish . . . . .	26
	How well did it work . . . . .	27
IV.	THE INTERIM PERIOD: 1943 TO 1960 . . . . .	30
	The Agriculture-Welfare Condition . . . . .	30
	The Brannan Plan . . . . .	32
	Leonor Sullivan--the "Food Stamp Lady" . . . . .	34
	Surplus Commodities . . . . .	40
V.	JOHN F. KENNEDY AND THE NEW FRONTIER . . . . .	42
	Farm Policy . . . . .	43
	Surplus Commodities . . . . .	45
	Food Stamps . . . . .	46
	The First Programs Begin . . . . .	50
	The Initial Evaluation . . . . .	52
	Non-participation . . . . .	54

Chapter

VI.	THE FOOD STAMP ACT OF 1964 . . . . .	57
	Cost Sharing . . . . .	57
	Administration . . . . .	61
	Civil Rights . . . . .	63
	The Committee on Agriculture . . . . .	67
	The Cotton Bill . . . . .	69
	House Debate . . . . .	71
	Floor Action . . . . .	76
	Vote Analysis . . . . .	81
	Republican Reaction . . . . .	84
	Senate Action . . . . .	84
	Conclusion . . . . .	85
VII.	THE 1967 AMENDMENT TO THE FOOD STAMP ACT . . . . .	86
	Initial Actions . . . . .	86
	Welfare Rights . . . . .	89
	The Committee on Agriculture . . . . .	91
	Conference . . . . .	94
	Peanuts . . . . .	94
	Conference Report . . . . .	96
VIII.	THE FOOD STAMP "DEAL" OF 1968 . . . . .	98
	Hunger Studies . . . . .	100
	Committee Hearings . . . . .	106
	The Deal . . . . .	110
	Floor Action . . . . .	111
	Conference . . . . .	112
	Conclusion . . . . .	112
IX.	REPUBLICAN ADMINISTRATION AND THE FOOD STAMP PROGRAM . . . . .	114
	The Nixon Proposals . . . . .	117
	Uniformity . . . . .	118
	The Congress . . . . .	119
	Conference Report . . . . .	121
	Variable Purchase Option . . . . .	123
	Conclusion . . . . .	125
X.	EFFECTS OF THE FOOD STAMP PROGRAM . . . . .	126
	Recipient Benefits . . . . .	126
	Agriculture . . . . .	128
	Commercial . . . . .	129
	Nonfood Sectors . . . . .	130
	Public Goods . . . . .	132

Chapter

Bureaucrats . . . . .	133
Other Beneficiaries . . . . .	135
Nutrition . . . . .	135
Conclusions . . . . .	138
XI. CONCLUSIONS . . . . .	140
Program Growth . . . . .	140
Policy Reforms . . . . .	144
The Economy . . . . .	145
Agriculture . . . . .	146
Welfare and Society . . . . .	148
Federalization . . . . .	150
The Courts . . . . .	152
Logrolling . . . . .	154
The Future . . . . .	158
APPENDIX, THE FOOD STAMP ACT OF 1964, AS AMENDED . . . . .	161
BIBLIOGRAPHY . . . . .	177
VITA . . . . .	181

LIST OF FIGURES

Figure

1. Total Program Cost (\$ Billions) . . . . .	142
2. Percent Bonus Value (Purchased Stamps) . . . . .	143

## CHAPTER I

### INTRODUCTION

The Food Stamp and Commodity Distribution programs both attempt to provide nutritional aid to the domestic poor. This makes them welfare programs, but they also represent efforts to make use of excess farm production. This means that they are agricultural surplus-disposal programs. Although both programs claim an ability to provide both services, commodity distribution is thought to be the better surplus-removal method, while food stamps are preferred as a welfare program.

The history of these two programs illustrates the conflict between a preference for welfare and a preference for surplus disposal, and the compromises which were made between them. It is the story of a political power struggle which began during the Great Depression. In the three decades which followed, agriculture's power waned, and welfare power increased.

Aside from a brief experiment with food stamps in 1939, commodity distribution was the only program of the two in operation until 1961. The power struggle consisted first of agriculture's efforts to prevent a food stamp program from getting started; these efforts were successful prior to the election of John Kennedy. The second battle front consisted of each group's efforts to alter whatever program(s) was operating better to suit the group's objectives. As the relative

powers of agriculture and welfare shifted over time, the programs themselves have been adapted, becoming more welfare- and less agriculturally-oriented.<sup>1</sup>

The purpose of this dissertation is to examine the functioning of the various government institutions as illustrated by their handling of these two programs. Naturally, some of the observations will pertain specifically to these two programs, to agriculture, and to welfare. Others, such as voting behavior, logrolling, and political rhetoric, are more representative of government in general.

Evidence concerning political deals proved to be quite interesting. This vote trading, or logrolling, is an accepted part of the legislative process, but it does not enjoy what could be described as a "good reputation," even among the traders.

Various studies have made use of simple or complex analyses of recorded voting behavior. But these studies cannot tell the whole story. Committee hearings and floor debates provide a different insight into the motives behind legislators' actions. The final vote on a bill may not be as revealing as the efforts to pass amendments. In other words, the type of amendment can show motivations which voting behavior does not.

If a legislator finds he must vote for a program which he really does not support--as part of a deal, for example--he may try to weaken

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<sup>1</sup>Many other programs, some still in existence, were used for similar, though specialized, purposes. These include lunches, breakfasts, and milk for the schools, aid to the elderly, and aid to foreign countries. Although these also show the effects of a greater emphasis on welfare, they are not in direct competition with the other two, and they will be mentioned only in passing.

the bill. While a food stamp bill finally passed in 1959, it only gave permission for the Secretary of Agriculture to act. It was no secret that he had no intention of using food stamps.

Another tactic involves reducing the support for a program. Such attempts were made to alienate any existing Southern votes on food stamps. Unsuccessful tries were made to write Civil Rights provisions into the bill before final votes were taken. At the same time, speeches were made which argued that existing provisions in the bill would themselves permit federal enforcement of Civil Rights on uncooperative Southern states.

There will be no attempt to settle conclusively those questions concerning nutritional need or how successfully these programs work, although some of the Food Stamp Program's benefits are presented in Chapter X. For the most part, mention of these topics will be made only where it helps to illustrate or clarify the behavior of the policymakers. In the first place, digressions into these areas are not necessary for the purposes of this dissertation. Secondly, much of the available evidence appears to be somewhat questionable, simply because there are frequent contradictions. In part, this may reflect the difficulty and expense of an accurate study of national nutrition and the success of different programs.

On the other hand, there is apparent bias in some presentations. The U.S.D.A. had a vested interest when it evaluated the pilot food stamp projects in 1962.<sup>2</sup> The authors of Hunger, U.S.A. had an

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<sup>2</sup>U.S.D.A. Consumer and Marketing Service, The Food Stamp Program: An Initial Evaluation of the Pilot Projects (April 1962; reprinted

obvious axe to grind when they presented their illustrated, emotionally-charged account of rampant hunger and insensitive politicians and voters.<sup>3</sup>

In any case, the severity of hunger, and to some extent the effects of the programs, are not critical to the analysis of legislative behavior. In fact, it is up to question how the legislators themselves perceive the problems and solutions. From their comments on the record, there seems to be a consensus to disagree on the facts.

Chapter II will familiarize the reader with some of the more important provisions of the current Food Stamp Program. These regulations originate on two levels: legislation contained in the Food Stamp Act of 1964, and subsequent amendments and regulations set down by the U.S.D.A. or state welfare agencies.

Chapter III begins the chronology of events relating to the decision-making process. Of particular importance is the surplus-oriented food stamp program of 1939, eliminated by wartime food shortages.

During the period from World War II until 1961 covered in Chapter IV, food stamps were never actually used, despite several attempts to revive the program. Throughout these years, agriculture was successful in making the selection of foods for distribution to the poor dependent on the available surplus. During 1960, this fell to a low of five items.

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<sup>3</sup>Citizens Board of Inquiry into Hunger and Malnutrition in the United States, Hunger U.S.A. (Boston: Beacon Press, 1968).

Kennedy's first few months in office demonstrated that social welfare considerations were going to influence the food subsidy programs as much if not more than agricultural ones. Initially expanding the commodity distributions on a near-emergency basis, he then established a series of pilot food stamp projects, devoid of any surplus disposal restrictions. This will be presented in Chapter V.

Chapter VI covers the passage of the first significant food stamp legislation in 1964. It is here that the conflict between agriculture and welfare is worked out with a controversial deal.

A 1967 bill to extend to program ran into trouble in conference. The House and Senate conferees could not agree on the length of the extended authorization. Chapter VII relates these events and how food stamp supporters attempted to force a compromise by attacking a farm bill dealing with peanut acreage allotments.

In 1968, Congress was under pressure from various welfare groups and "hunger studies." While the full House was becoming more supportive of the Food Stamp Program, the Agriculture Committee had to be again forced into action by threats to vote against farm legislation. Chapter VIII marks an important turning point. In the past, the more generous bill had always come from the Senate. In 1968, House liberals scored a victory in approving an open-ended authorization, only to have it limited by Senate forces in the conference committee.

Chapter IX is the last of the chronological history chapters, and it deals with the program under the Republican Nixon administration. During this period, appropriations increased several-fold, and the first significant legislative revision of the program took place. This

was not limited to the Congress, however, as there were several executive changes ordered by the Secretary of Agriculture.

The various beneficiaries of the Food Stamp Program will be discussed in Chapter X. These include the recipients, farmers, taxpayers, and food processors. The last section will make some observations on the issue of hunger and what, if anything, the program is doing about it.

The final chapter will summarize and examine the public choice behavior of the whole process. As the program became more popular in Congress, many of the earlier restrictions and cautions were removed. Neither the size nor the nature of the program in the 1970s could have been passed in 1964. Also in this chapter the reasons for and the extent of the program's growth will be presented.

## CHAPTER II

### THE FOOD STAMP PROGRAM

Before examining the origin and development of the Food Stamp Program, it may be helpful to discuss briefly the program as it existed during the mid-1970s. This is best accomplished by looking at some of the day-to-day operating instructions which govern the relationship between the local welfare agency and the program participant.

This chapter can only attempt to provide an introductory sample of some of the more significant regulations. The actual "rule books" contain hundreds of pages of instructions which have resulted from various legislative, administrative, and judicial actions over the years.<sup>1</sup>

#### Source of Authority

Food Stamp Program regulations originate at several levels of government, the highest of these being the U.S. Congress. Within Congressional constraints, the Food and Nutrition Service (FNS) of the U.S. Department of Agriculture establishes more specific guidelines.

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<sup>1</sup>See, for example, State of North Carolina, Department of Human Resources, Food Assistance Manual, Vol. 1. Certification Manual (revised 1 March 1975); U.S.D.A. Food and Nutrition Service, The Food Stamp Certification Handbook (5 August 1974); and Virginia Department of Welfare and Institutions, Food Stamp Program Certification Manual (revised April 1973).

Formally, this involves FNS approval of a detailed "certification manual" submitted by each state's welfare agency. Once approved, such a certification manual provides instructions for county welfare departments to determine the eligibility of individual clients to participate in the program.

When the first Food Stamp Act was passed in 1964, the states were promised a great deal of authority over their own programs. As time passed, however, more standards were being set at the federal level. Although state manuals were still submitted for approval, their contents showed little variation from a comprehensive FNS manual which was first made available in 1974.<sup>2</sup> To a large extent, the federalization of control has resulted from direct congressional action. For example, eligibility standards concerning income, family resources, work registration, and food coupon cost are now uniform for the 48 contiguous states and the District of Columbia.

Another source of increased national uniformity has been the courts, primarily the U.S. Supreme Court. According to one FNS official, a large number of the program's operating procedures--for example, the client's right to a "fair hearing"--are the result of various court actions.<sup>3</sup>

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<sup>2</sup>U.S.D.A. Food and Nutrition Service, Food Stamp Certification Handbook.

<sup>3</sup>One of the less significant challenges, made by an environmental group, apparently resulted in the removal of smoke from the smokestack of a factory pictured on the front of the food coupons.

### Coupon Use

Participants in the Food Stamp Program can purchase a quantity of food coupons based on family size, at a price determined by their ability to pay for them. The coupons are then used like cash to purchase any food item for human consumption, except tobacco and alcoholic beverages. The merchant, usually a retail food store, must endorse the coupons he accepts and is then able to redeem them for cash at a commercial bank. The bank redeems them through the Federal Reserve System, and the coupons are then destroyed.

Coupons are available in \$1, \$5, and \$10 denominations. Change is made by giving the customer the necessary amount of unendorsed \$1 coupons and a credit slip for amounts less than \$1. Coupons in the \$5 and \$10 denominations may only be used by the person to whom they were issued. Merchants are supposed to determine that the serial numbers of any loose \$5 and \$10 coupons match the number on the coupon booklet bearing the customer's signature.

### Eligibility

Cases are handled on the basis of a household, comprised of one or more persons who are living as a single "economic unit." The household must meet various standards, such as registration for work, cooking facilities, and constraints on its income and available resources.<sup>4</sup>

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<sup>4</sup>Households receiving public assistance or Supplemental Security Income are automatically certified to participate without separate certification by food stamp officials. Persons on Supplemental Security Income in some states (New York, Massachusetts, California,

Most able-bodied adults between the ages of 18 and 65 are required to register with the state employment agency and accept suitable work if available. Among the exceptions are mothers caring for dependent children under 18, or for incapacitated adults, students enrolled at least halftime, persons already working at least 30 hours per week, and addicts or alcoholics regularly participating in a treatment or rehabilitation program. Persons on strike are not exempt, and they must register for and accept work or become disqualified.

Most households must have cooking facilities where they reside. Persons who are 60 years of age or older may not be required to have cooking facilities, as they may use food stamps to purchase prepared meals from a non-profit meal delivery service or communal dining facility approved by the FNS. The same holds true for addicts and alcoholics who are certified as residents of a center which is authorized to accept food stamps.

A household is allowed a maximum of \$1,500 in "resources."<sup>5</sup> Resources include cash, savings, and some forms of non-liquid property. Excluded are one licensed vehicle, other vehicles required for employment, a home and lot, income-producing property, and tools of one's trade.

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Wisconsin, and Nevada) cannot participate; their S.S.I. cash grants already contain the value of the bonus food stamps for which they would be eligible.

<sup>5</sup>If one or more members is 60 or older, the limit is \$3,000.

Income

Income is used to determine both a household's eligibility to participate and the price it must pay for the coupons. Income normally includes all money received, except by students under 18 years of age. The important measure is "net income" after certain deductions.

Mandatory expenses such as income taxes, Social Security, and union dues are excluded. All medical expenses of \$10 or more (per month), disaster losses, mandatory school fees and tuition, and court-ordered alimony and support are deducted. Finally, any "shelter" expense (rent, mortgage, utilities, one telephone) in excess of 30 percent of income, after all other deductions, may be excluded.

Once the household is approved, it receives an Authorization To Purchase card and can purchase its food coupons from a participating welfare agency or commercial bank. The total value of the coupons issued depends only on family size, based on estimates of the cost of food for this number of persons. The household can elect to purchase a lesser amount if desired.

The price the recipients must pay, the purchase requirement, is based on the net income as described above. As income declines, so does the purchase requirement, so that households with the least income pay nothing at all.

Enforcement

Households are subject to disqualification and criminal penalties

information in obtaining the coupons, trading them to another person, or purchasing non-food items. For the most part, individuals are simply disqualified for a certain length of time for coupon misuse.

Retail stores which are found guilty of accepting food stamps for ineligible items, paying cash, or other abuses are also disqualified for a period; however, they are frequently fined in addition to the disqualification. Upon conviction, the FNS sends a notice to other stores in the area announcing the disqualification.

Apparently the ultimate effect is greater than the punishment itself. Frequently a convicted store finds itself the victim of a tacit boycott. Even after it has been readmitted to the program, a store may have suffered a reduction in its business which forces it to change locations or go out of business altogether.

The true extent of program abuses seems to depend on who is presenting the evidence. It is hard to estimate individual misuse, such as trading food (or stamps) for money. At the retail level, however, abuses are apparently in the range of only 1 or 2 percent.

## CHAPTER III

### THE BEGINNING OF "FARM POLICY"

The farm programs . . . were legitimized on the grounds that they were in the public interest since a healthier farm economy would strengthen the non-farm sector of the economy and therefore the programs were for all--not just for the special benefit of farmers.<sup>1</sup>

Interest in "farm policy" emerged following World War I, but it came into its own as part of the New Deal. With it came new ideas on supply control, planned production, and administered prices which, although never very successful, remain a part of the U.S.D.A.'s multi-billion dollar operation today.

This chapter will begin by tracing the historical highlights of early farm policy prior to World War II, when the primary objective was admitted to be the improvement of the farmer's economic well being. There was little effort to conceal the fact that agriculture's poor-relief programs were surplus disposal operations first and welfare programs only when expedient.

Over the years, arguments for farm policy tend to adapt to changes in public opinion, while the policies themselves often seem to change very little. Subsequent chapters will compare these early programs with those of today, when reduced political power has made

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<sup>1</sup>Paul Findley, The Federal Farm Fable (New Rochelle, NY: Arlington House, 1968), p. 37.

it necessary for agriculture to trade away most of the control over welfare programs run by the Department of Agriculture in exchange for sufficient votes in Congress to continue other farm-oriented legislation.

The remainder of this chapter will concentrate on the Department of Agriculture's food relief activities. The same programs which were created to increase the consumption of surplus food would be operating 30 years later but referred to as welfare programs.

#### The Need for Farm Legislation

Economic conditions during World War I had been relatively favorable for the American farmer, particularly when compared with those of his European counterpart. This was a period of unusual prosperity for the farmer which had come to an end by 1920 when increased production, brought about by high prices and improved technology, caused prices to fall toward more normal levels.<sup>2</sup>

Unfortunately, not everyone was willing to accept the normalcy of the lower prices.

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<sup>2</sup>Depending on whose account one reads, conditions ranged from an immediate drop in demand after the war, causing farm income and prices to fall 50 percent by 1921 [see, *ibid.*, p. 33], to a short postwar boom with increased export demand and higher prices; then prices fell to more normal levels but still remained generally above prewar levels [see, Hendrick S. Houthakker, Economic Policy for the Farm Sector (Washington: American Enterprise Institute, 1967)]. Disagreement may stem from the existence of two "agricultures" at this time. The increased number of commercial farms using newer and more efficient methods, relying on hired labor, was not hit as hard as the small family farm which was generally slower to adopt new methods. Whatever the true situation, it is sufficient at this time to simply observe the political solutions within a context of some amount of disturbance affecting some part of the agricultural sector.

. . . farmers and their populist spokesmen . . . regarded the farm price levels of the boom as their just reward, and the subsequent slump as a result of dire manipulation by speculators and other supposed enemies of agriculture.<sup>3</sup>

The farmer was being deprived of his "fair share," or so went the arguments calling for government to provide protective legislation for agriculture. In 1920, a presidential election year in which the concept of laissez faire dominated economic policy, the subject of government interference with the market to protect agriculture was highly controversial. Although several plans were discussed, most would attempt to raise the price of farm commodities by reducing the quantities available for sale.

The first of these plans, represented by the Capper-Volstead Act passed in 1922, was to give legal status to agricultural cooperatives and cooperative marketing agreements. In essence, farmers were exempted from antitrust legislation, and thus they were permitted to agree among themselves to set limits on the amounts they would offer for sale. The farmers felt that if they could avoid flooding the market, prices could be maintained at "reasonable" levels.

An alternative, and more controversial, solution was the "two-price" system outlined in the McNary-Haugen bill. In effect, this would allow agriculture to sell what it could at a set price in the domestic market and then "dump" the remaining amount abroad for whatever it could get. In practice, an individual farmer would initially be able to sell all he produced at the domestic price--assume for the moment--to some intermediary. That which was not

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<sup>3</sup>Houthakker, Economic Policy for the Farm Sector, pp. 19-20.

eventually purchased from this intermediary for domestic use would be exported at a loss, for whatever price it would bring. Finally, this loss would be recovered by taxing the farmers, with each to pay the same fraction of the deficit that his production represented of total production.

Political support for the McNary-Haugen bill was weakened as a result of passing the Capper-Volstead Act. Cooperative marketing agreements appeared to work well for tobacco, rice, and cotton, leaving farmers in the South relatively disinterested in further legislation for the time being. Consequently, it was not until 1927 that Congress was able to pass a modified form of the McNary-Haugen plan. However, this was vetoed by President Coolidge, as was a second variation on the same idea in 1928, the year Herbert Hoover was elected to the presidency.

#### The Agricultural Marketing Act of 1929

Federal legislation to remedy the farmer's price-income problem was finally enacted when President Hoover signed the Agricultural Marketing Act of 1929, establishing the nine member Federal Farm Board. This board was authorized to make agricultural loans from a \$500 million fund in order to encourage the formation of cooperatives and to stabilize prices by the coordination of agricultural marketing. Price stabilization, essentially accomplished by removing surplus from the domestic market, was handled by "stabilization corporations" (owned by cooperatives) who would make purchases in the futures market, using the loans obtained from the Federal Farm Board.

The Agricultural Marketing Act was not successful in raising farm incomes significantly, but it was nonetheless important. Coming at a time when government intervention was generally frowned upon, this act established a precedent of national responsibility for the agricultural economy. Although farmers were never really satisfied with this legislation, nor were they impressed with President Hoover's offer of additional tariff protection, they would now find less political opposition to future farm-oriented programs.

#### The Agricultural Adjustment Act of 1933

In the president's agriculture message to Congress in 1933, Franklin Roosevelt claimed the time had come for bold new economic policies. The result was the Agricultural Adjustment Act of 1933, establishing the Agricultural Adjustment Administration (AAA) for the primary purpose of raising farm incomes and restoring parity. In other words, "The legislation of the thirties was directed to correcting an imbalance between agriculture and the rest of the economy."<sup>4</sup> Unlike the Federal Farm Board whose price support authority was limited to making loans for futures market transactions, the AAA was able to deal with the farmer directly. The system that emerged was concerned first with limiting the amount of land under cultivation, and then with preventing any surplus which was produced from reaching market.

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<sup>4</sup>Marvin Jones, "Speech," Congressional Record (Washington: U.S. Government Printing Office, for 21 May 1968), p. 14367. Marvin Jones, a former Democratic Representative from Texas, was active in the formation of New Deal legislation. He presented with speech to Congress on the thirty-fifth anniversary of the Agricultural Adjustment Act of 1933.

In order to limit agricultural output, farmers were given acreage allotments calculated on the basis of the number of acres each had planted over the last five years. Those contracting to reduce the number of acres planted were eligible to receive benefit payments from the government. These payments were funded by a tax imposed on the commercial processors of each crop involved until 1936, when the Supreme Court ruled the practice unconstitutional on the grounds that "the processing tax was an inseparable part of the scheme to control production."<sup>5</sup> However, the only permanent effect of this decision was to prevent the tax from being initially collected exclusively from the processors. The Soil Conservation and Domestic Allotment Act of 1936, changing the emphasis from acreage control to soil conservation, replaced the processing tax with an appropriation from the general fund.<sup>6</sup>

Acreage controls alone did not sufficiently reduce production. Farmers were able to increase their yield per acre by using their best land and by farming it more intensively. This caused the government to use a second provision of the Agricultural Adjustment Act--the purchase and destruction of crops and animals already in production. This was particularly necessary in 1933, since most production was under way before acreage restrictions were enacted into law. This

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<sup>5</sup>Milton M. Snodgrass and Luther T. Wallace, Agriculture, Economics and Growth (New York: Appleton-Century-Crofts, 1964), p. 372.

<sup>6</sup>It is interesting to note that this act also replaced the previous "benefit payments" with conditional payments to farmers willing to plant soil-conserving legumes and grasses instead of soil-depleting crops, which coincidentally happened to be those in excess supply. See, James Tobin and W. Allen Wallis, Welfare Programs: An Economic Appraisal (Washington: American Enterprise Institute, 1968), p. 303.

brought the "New Dealers" under heavy criticism for plowing under crops and killing young pigs while "one-third of a nation was inadequately fed."<sup>7</sup> In response, it was decided that relief programs would be established using government-owned surplus to feed the needy, resulting in the distribution of 100 million pounds of salt pork by December, 1933.<sup>8</sup> This practice of feeding the needy with surplus, authorized again during the drought relief programs of 1934 and 1936, would soon be an integral part of U.S. farm relief programs.

The Agricultural Marketing Agreement  
Act of 1937

When the practices designed to restrict agricultural supply failed to provide a tolerable degree of market equilibrium, additional measures were tried, this time aimed at increasing demand.<sup>9</sup> The Agricultural Marketing Agreement Act of 1937 represented revision of the marketing agreement ideas which were part of the 1933 Agricultural Adjustment Act. For a particular crop to come under a marketing agreement, it was necessary that producers of that crop approve the decision by a two-thirds majority.

The plan presented in this act would allow a crop to be sold at different prices, according to its intended use. In this way, high

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<sup>7</sup>Gilbert Y. Steiner, The State of Welfare (Washington: Brookings Institution, 1971), p. 198.

<sup>8</sup>Ibid.

<sup>9</sup>Demand-oriented legislation was also passed in 1935, but because of the close connection between "Section 32" and welfare programs, especially food stamps, it will be discussed later in this chapter.

prices could be maintained for high value uses exhibiting relatively inelastic demand, while encouraging increased consumption in lower value uses with relatively inelastic demand conditions.<sup>10</sup> For example, milk which would be used for fluid consumption would be sold to processors at a higher price than the same milk to be used in making cheese, butter, or other manufactured products. A special committee would periodically examine the situation, making any necessary price adjustments on the basis of evidence presented during formal hearings.

#### The Agricultural Adjustment Act of 1938

So far, the "farm problem" had been able to resist the best efforts by government to insure a "decent" living for the farmer, with or without the necessity to remove large quantities of surplus from the market. Without taking past failures as an indication that perhaps government was not the answer, Congress passed the Agricultural Adjustment Act of 1938, which was essentially a consolidation of previously-tried programs. Enacted for the "maintenance of soil resources,"<sup>11</sup> the 1938 law provided for soil conservation and enrichment, crop insurance, marketing quotas, parity payments, surplus diversion, and loans for the storage of surplus.

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<sup>10</sup>This plan, as well as the McNary-Haugen two-price system, is based on the economic theory of a price discriminating monopolist, in this case a government-enforced cartel. On the theoretical assumptions of zero cost for transactions and information, as well as the ability to effectively divide up the market, the monopolist is made better off by setting a separate profit-maximizing price in each market division.

<sup>11</sup>Snodgrass and Wallace, Agriculture, Economics and Growth, p. 373.

These were "non-recourse" loans, an idea salvaged from the original Agricultural Adjustment Act in 1933 which was really a price-support mechanism operating as follows. The government would make loans to farmers who would store their crops in government facilities as collateral. The amount of a loan would equal that which the farmer would have received had he sold his crop at the current support price. The loan expired at some future date, until which the farmer could buy back his crop by paying off the loan, and resell it at the (now presumably higher) market price. Otherwise the farmer kept the loan, and the crop became government surplus. Price supports were denied to farmers who violated acreage restrictions established by the Secretary of Agriculture or marketing quotas approved by two-thirds of those growing a particular crop.

Up to this point, the discussion has been aimed at providing some exposure to several types of farm programs, and the political arguments used in their defense. It is interesting to realize that although none of the ideas were really very successful, subsequent legislation tended to reflect only slight variations on the original methods of supply restriction, price support, and surplus disposal.

When the first Agricultural Adjustment Act was passed as an emergency measure in 1933, it could not have been foreseen that by 1965 the Department of Agriculture would be the second largest federal agency, second only to the Post Office and the Defense Department. Not only has the U.S.D.A. grown in size, but its scope has expanded as well. In a November, 1966 address, Secretary Orville Freeman explained the Department, ". . . administers the biggest

recreational complex, operates and maintains the biggest fire department, sells more timber than the biggest lumber company, lends more money than the biggest bank, and carries out the biggest emergency feeding program in the world."<sup>12</sup>

Attention will now turn to the evolution of the Department's food relief programs.

### Section 32

By 1935, the increase in the level of agricultural surplus was being seen as a growing political nuisance by supporters of the farm subsidy program, in addition to the burden being placed on the taxpayer. Surplus was a nuisance in the sense that the entire farm program was subjected to attack by those who considered the surplus handling techniques to be wasteful and irresponsible. Unfortunately, this criticism provided a strong incentive for those intent on retaining the farm program to become more concerned with the political ramifications of their decisions relating to surplus than with questions of economic efficiency.

Since export markets were incapable of absorbing the surplus at the rate it was being produced, due in part to restrictive tariff barriers, attention turned to expanding domestic markets for farm products. Rather than Congress making the decision on the specific ways this would be done, authority was given to the Secretary of Agriculture to initiate a variety of yet unspecified programs. As part of the 1935 amendment to the Agricultural Adjustment Act, "Section 32"

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<sup>12</sup> Findlay. The Federal Farm Fable. p. 215.

has been responsible for numerous social welfare programs, but it was nonetheless enacted initially for the farmers' benefit. This was reaffirmed 35 years later in a speech by its sponsor, then a Democratic representative from Texas, Marvin Jones when he said,

. . . the farmers had been paying the burden of the tariffs<sup>13</sup> for a hundred years without any corresponding benefits, and this provision wasn't giving them a substitute, this was simply making restitution.<sup>14</sup>

Although amended several times, Section 32 remains much as it was in 1935.<sup>15</sup>

The bill appropriated into a special fund an amount equal to 30 percent "of the gross receipts from duties collected under the customs laws" during the calendar year preceding the fiscal year for which the appropriation is to be used.<sup>16</sup> Beginning with the fiscal year 1957, an additional \$500 million is appropriated "to enable the Secretary to further carry out the provisions of Section 32 . . . ."<sup>17</sup> The total amount is set aside for use at the discretion of the Secretary of Agriculture for certain programs to aid farmers.

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<sup>13</sup>The tariffs were mainly applied to industrial production, which included equipment and other goods purchased by farmers.

<sup>14</sup>Jones, "Speech," p. 14368.

<sup>15</sup>Major changes include extending eligibility to cover the domestic fishing industry in 1939 and supplemental appropriations beginning with fiscal year 1957.

<sup>16</sup>U.S.D.A., Consumer and Marketing Service, Compilation of Statutes Relating to the Consumer and Marketing Service, and Closely Related Activities (Agricultural Handbook No. 407, as of 6/30/71, no publication date), p. 247.

<sup>17</sup>Ibid.

Essentially through "payments, indemnities, or other means," the Secretary is authorized to:

1. encourage the exportation of agricultural commodities and products thereof, or make payments (etc.) to producers in connection with agricultural products for domestic consumption.
2. encourage domestic consumption by diverting commodities from normal channels of trade and commerce or by increasing their utilization among persons in low-income groups.
3. reestablish farmers' purchasing power by making payments in connection with the normal production of any agricultural commodity for domestic consumption.<sup>18</sup>

Among the uses of Section 32 are the provision of milk and lunches for schools and other institutions, domestic welfare programs, and foreign aid. Sometimes, as in the case of surplus commodity distribution to the needy and food stamps, a program started under Section 32 will be transferred out into the general fund through legislation. There are two reasons for doing this. In the case of food stamps, legislative action permitted those in Congress who viewed food stamps as a welfare program to obtain concessions which were not forthcoming from the Secretary of Agriculture. On the other hand, once a Section 32 program has gained sufficient congressional support, its passage as a separate law eliminates its need for Section 32 funding. It is important to note the value Section 32 derives primarily from the essentially free hand it gives the Secretary (and therefore the president appointing him) to initiate programs quickly, and, if necessary, over the objections of Congress.

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<sup>18</sup>Ibid.

### Food Stamps

Section 32 provided the authority and funding to implement the first food stamp plan in May, 1939. It was a concept developed by New Deal economist Milo Perkins, and first used in Rochester, New York to expand agricultural markets and improve the nutrition of the poor. After 35 years, one can only speculate as to Perkins's original motives. Was he primarily concerned with the poor, finding it expedient to claim market-expansion to win the farmer's approval, or was this an additional surplus disposal program which happened to provide poor-relief superior to that of direct distribution?

#### The plan itself

To be eligible to receive food stamps, one had to be enrolled in a program like the W.P.A. (Works Progress Administration), on relief, or otherwise certified on the basis of need and income. Since this program was intended to increase a recipient's food consumption rather than to free some of his own resources for non-food expenditures, the recipient would pay the government the amount he normally spent for food and receive in exchange a 50 percent greater amount of food purchasing power. It was further stipulated that the subsidy amount could be used only to purchase those items designated as surplus.

These provisions were incorporated into a system of orange stamps and blue stamps. Each eligible person was allowed monthly to purchase between \$4.00 and \$6.00 worth of orange stamps, which could be redeemed for the same amount of any food item. When the recipient purchased his orange stamps, he was given, without charge, \$.50 in blue stamps

for each dollar spent on orange stamps. Blue stamps could be used to purchase items appearing on the Department of Agriculture's list of current surplus food.

What food stamps were meant to accomplish

When compared with direct distribution, food stamps were supposed to provide a better relief program, as effective a surplus program,<sup>19</sup> subsidizing only surplus items as before and a reduction in cost. Under commodity distribution, all recipients were given the same standard assortment of foods. On the other hand, food stamps provided a value-amount of surplus buying power, leaving the actual selection of items to the customer. One could consider a direct distribution analogy as being, for example, where the recipient is first given the standard assortment mentioned above, and he then is permitted to substitute one item more or less for another at prevailing market prices. The total value of surplus received would not change, but an assortment more in line with the individual's preferences could be obtained.

Without the chance to make substitutions, the person is required to accept less-preferred items as part of an all-or-nothing offer, and it is not unusual that he use these for trading purposes if given the opportunity to make a better deal. Frequently, in this case, surplus would trade for non-surplus, non-food, or cash. Providing the opportunity, in effect, to legally make some trades at market prices

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<sup>19</sup>Food stamps could not, however, deal as effectively with spot surpluses of perishable items like fruit and vegetables.

(i.e., through food stamps), although still limited to surplus items, should reduce the incentive to exchange subsidized food for other items, since its value-in-exchange was generally less than market price.

Food stamps were argued to be less costly than commodity distribution, with commercial trade channels replacing government in the storage, packaging, and distribution of surplus foods. Instead of having the government purchase surplus from farmers and then distribute it, needy persons would be given the purchasing power (blue stamps) to buy surplus foods in the grocery store. With a greater share of farm production being used to meet increased commercial demand, less would remain for government purchase as surplus.

#### How well did it work

A fair amount of confusion and error (accidental and intentional) was present in connection with early food stamp operations, largely due to the differential eligibility of food items. While penalties other than disqualification were seldom applied to the recipients, several arrests were made of retailers found to be "brokering" in stamps.<sup>20</sup> At one point it was estimated that diversions and evasions may have run as high as 25 percent of the federal subsidy (blue stamp) amount.<sup>21</sup>

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<sup>20</sup>Modern equipment makes detection of this type of behavior much easier today. The amount of food stamps a merchant redeems is monitored so that any indication of large increases or larger amounts than normal for the size of the store and location can be investigated.

<sup>21</sup>Steiner, The State of Welfare, p. 199.

During the program's brief lifetime (1939-1943), there was a significant increase every year in cost and almost every year in the number of participants. For example, between 1940-41, the federal government's cost increased 35 percent, while the number of recipients declined 4 percent.<sup>22</sup> At the peak of operation, there were stamp programs in 1,741 counties and 88 cities.<sup>23</sup> However, the program actually only reached about one-sixth of those who could qualify.<sup>24</sup>

Required by amendment to the Agricultural Adjustment Act in 1956, an evaluation of the food stamp program was made by the Department of Agriculture. It was concluded that food consumption of participants had been increased. But, as one might expect, surplus was not reduced by the full amount of the blue stamps issued, as these were used to replace some cash purchases of those items which the recipients would have made without the program or received through direct distribution. Furthermore, the impact was less for some items than for others. The surplus of less-preferred commodities "was not significantly reduced."<sup>25</sup>

The additional purchasing power afforded by the blue stamps was also instrumental in two other situations. Buying normal quantities of surplus items with the supplement made more orange stamps (essentially cash in the absence of the program) available for the purchase of

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<sup>22</sup>Armand J. Thiebolt and Ronald M. Cowin, Welfare and Strikes (Philadelphia: University of Pennsylvania Press, 1972), p. 233.

<sup>23</sup>Steiner, State of Welfare, p. 199.

<sup>24</sup>Thiebolt and Cowin, Welfare and Strikes, p. 233.

<sup>25</sup>Randall B. Ripley, "Legislative Bargaining and the Food Stamp Act, 1964," in Congress and Urban Problems, ed. by Frederic N. Cleveland et al. (Washington: Brookings Institution, 1969), p. 280.

non-surplus items. Second, there was evidence that the attempt to maintain the same amount of the family's resources (in cash) being allocated to the purchase of food was not fully successful.

Although the purchase of surplus items increased by less than the amount of the blue stamps distributed, total food purchases also increased by less than the amount of this supplement. The subsidy results in clearly defined (although not measurable) income and substitution effects.

There were only a few minor changes made during the program's operation. The transition to a wartime economy brought an end to the food stamp program in 1943, as need for relief programs subsided in the face of rising employment. At the same time, agricultural politicians were talking of the need to provide price-supports and subsidies to encourage increased agricultural production.

This marked the end of an agricultural program under the New Deal; food stamps would never again enjoy strong support from agriculture. The plan was simply unable to correct the "natural imbalance between surplus items, and items people wanted to buy."<sup>26</sup> It would be those wanting a welfare program who would be responsible for enacting a more relief-oriented food stamp plan during the early weeks of the Kennedy Administration.

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<sup>26</sup>Sar A. Levitan, Martin Rein, and David Warwick, Work and Welfare Go Together (Baltimore: Johns Hopkins University Press, 1972), p. 232.

## CHAPTER IV

### THE INTERIM PERIOD: 1943 TO 1960

. . . there are some politicians who are not interested in "solving the farm problem." Politically, the issue is more valuable to them than a solution. If the problem were solved, a valuable political issue would be lost. As long as the problem continues, the issue can be kept alive and votes harvested.<sup>1</sup>

During the period between 1943 and 1960 agricultural interests were able to prevent much progress in the battle to reinstate food stamps. It was feared that surplus disposal operations would be jeopardized if forced to compete with food stamps which were not restricted to surplus foods.

This resulted in efforts to cripple the food stamp legislation submitted to Congress by restricting bonus stamps to surplus foods and making the program optional at the discretion of the Secretary of Agriculture. Since food stamps did not enjoy support from the Secretary, such a provision was tantamount to defeating the bill. Without the support of agriculture, there would be little chance of success by supporters of food stamps.

#### The Agriculture-Welfare Coalition

During World War II, when there was relatively little agricultural surplus being produced, there seemed to be little need to operate

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<sup>1</sup>Donald Paarlberg, American Farm Policy (New York: John Wiley and Sons, 1964), p. 114.

federal food relief programs as a means of reducing government-owned surplus. As for the now discontinued food stamp operation, this meant that legislators trying to reestablish it as a welfare program would not have the support provided previously by representatives of agriculture.

Within this ad hoc coalition of agricultural and welfare interests, agriculture had a decided advantage. When a proposal to reinstate the use of food stamps was submitted, it was initially sent to the congressional committee on agriculture. This was apparently because food stamps had indeed originated as an agricultural program. It was normally the committee's decision whether a bill would be reported out for a vote in the House or Senate, or simply left to die in committee.

For example, the effect of losing agricultural support was clearly evident in 1944, when an attempt was made to revive the use of food stamps. The bill's sponsors, Senators Aiken (R-VT) and Lafollette (Progressive-WI), argued that food stamps were a "better solution . . . to maintain the health and efficiency of our low-income citizens than any other plan that has so far been suggested."<sup>2</sup> An agricultural subcommittee was appointed to hold hearings, but that was the only action taken.

The post-war period saw renewed interest in programs designed to protect and improve the farmer's income. This again created the need

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<sup>2</sup>Ripley, "Legislative Bargaining," p. 281.

to dispose of the increase in surplus which artificially high prices would encourage. Although many previously-used techniques were again employed, food stamps were not considered to be a very effective method of reducing surplus.

#### The Brannan Plan

During his second term, President Truman appointed Charles F. Brannan to serve as Secretary of Agriculture. Although Brannan believed it necessary to provide some type of farm program, he did object to government-encouraged surplus, which then required government action for its disposal. In what became known as the Brannan Plan, he proposed replacing the various price support operations with a system of direct payments to farmers.

The government would no longer offer to purchase the amount of a crop which would not sell at the support price on the open market. Instead, farmers would be responsible for selling their crops, with the price free to seek the market-clearing level. The government would then pay the farmer, directly, the difference between the sale price and what would be equivalent to a support price. Total agricultural output would, in theory, be the same as that produced under a price support system. Farmers would still receive the administered price per unit of their output. However, a major accomplishment of the Brannan Plan would have been to remove the government's responsibility for the storage and handling of surplus commodities.

Secretary Brannan argued that implementing his plan would make food stamps, or other food disposal programs, unnecessary. First, the entire agricultural output would be sold in the market, leaving no surplus. Then, there would be much less need of food relief for the poor, since all consumers would be able to buy more food at the lower subsidized prices.

Although Brannan's plan had the potential of reducing the cost of administering farm policy, it quickly demonstrated a tremendous lack of congressional enthusiasm.<sup>3</sup> Consequently, the Department of Agriculture began reconsidering methods of surplus disposal, showing some interest in food stamps. However, before any final action could be taken on food stamps, the United States became involved in the Korean War, which again reduced the need for surplus disposal.

Farm policy under the Eisenhower administration was inclined to be somewhat less generous. This did not mean, however, that surplus would not continue being a side effect of support prices. As one of the first problems to be faced by the new Secretary of Agriculture, Ezra Taft Benson found agricultural surplus again rising after the Korean War, in response to the price supports implemented by his predecessor.

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<sup>3</sup> Among the reasons contributing to the failure of the Brannan plan were the greater outward similarity to the "dole," an increase in the farmer's dependence on his voting power for his income, and a more visible burden on taxpayers. That which voters had paid as consumers in higher food prices would now be paid as taxpayers. Legislators, especially those with little constituent demand for farm programs, were reluctant to share the blame for raising taxes.

In dealing with this, Benson argued that a system of direct commodity distribution would be less costly and more effective in producing a net increase in surplus food consumption than would the use of food stamps. The commodities were still made available to schools, and foreign aid was expanded using surplus foods. The point to be emphasized is that food stamps stood little chance of becoming reality during the Eisenhower years, although interest persisted in parts of Congress.

Leonor Sullivan--the "Food Stamp Lady"

The one person most persistent in keeping the food stamp issue alive was Representative Leonor Sullivan (D-MO), referred to on occasion as "the food stamp lady in Congress." She was elected from urban St. Louis and therefore had no obligations to an agricultural electorate. Her efforts on behalf of food stamps tend to reflect primary concern with welfare-type functions, accepting a compromise with agriculture when necessary.

Sullivan submitted her first food stamp proposal in 1954 and one every year thereafter through 1959. The plan itself, similar to the system used in 1935, would enable the poor to purchase any surplus food using food stamps. Perhaps this surplus limitation is one example of Sullivan's concern that a backlash could result when a program becomes, or appears to become, "too liberal."<sup>4</sup>

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<sup>4</sup>This will become more important in the 1960s when liberalization is attempted by over-enthusiastic welfare supporters, as well as opponents trying to create just such a backlash.

Among the few accomplishments made during the 1950s was the section of the 1956 agricultural amendment requiring the Department of Agriculture to study and report the feasibility of establishing a food stamp program. Although the House Committee on Agriculture was generally unsympathetic, Harold D. Cooley (D-NC), the chairman and Sullivan's ally, was instrumental in obtaining this study.<sup>5</sup> The report, issued in January 1957, concluded that present commodity distribution was adequately dealing with both surplus removal and the diet of the poor and at a lower cost than could be achieved using food stamps.

The minimum scope of such a plan would involve 6 million participants at a cost of an estimated \$600 million per year. A more adequate operation, the report continued, would cover 25 million persons and cost \$2.5 billion.<sup>6</sup> Finally, if it were decided to implement the use of food stamps anyway, greater effort was needed for agricultural items showing "marketing difficulty." This desire to safeguard the program's surplus handling ability reappears in food stamp-related legislation in 1959.

A provision responsible for much of the objection to Sullivan's food stamp bills (including riders on other more popular farm bills) was the requirement that the program be mandatory for the federal government. In other words, she would require the Department of Agriculture to administer a program for any qualified locality so

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<sup>5</sup>Ripley, "Legislative Bargaining," p. 283.

<sup>6</sup>Ibid.

requesting. Stamps would be optional only for the recipient local government.

Consider Sullivan's experience in 1957. She submitted a proposal which the agriculture committee returned because it "lacked sufficient detail to be reported on the floor."<sup>7</sup> She responded by submitting the proposal as an amendment to another farm bill dealing with surplus commodities, and she made appeals to other urban legislators for support of the combination.

Committee chairman Cooley expressed his unwillingness to accept the amendment in its existing form. While expressing personal sympathy toward her plan, he suggested removing the term "mandatory," or simply leaving implementation at the discretion of the Secretary of Agriculture. He felt this would enhance the chances for final approval. Sullivan refused. There was brief debate in the House, and the amendment failed by teller vote 128-89.<sup>8</sup>

Further Department of Agriculture opposition was expressed by the assistant secretary, Don Paarlberg. In 1958 he reaffirmed the adequacy of existing programs which made the additional cost unnecessary and would improperly cause the federal government to bear the full cost. On the other hand, he voiced opposition to placing the food distribution programs under the Department of Health, Education, and Welfare.<sup>9</sup>

Repeating her defense of a mandatory program, Sullivan explained to the agriculture committee that the Department of Agriculture still had the 1935 authority under Section 32 to begin food stamps if it

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<sup>7</sup>Ibid., p. 284.

<sup>8</sup>Ibid.

<sup>9</sup>Ibid.

were interested. It was therefore up to Congress to ". . . build a hot fire under the Department of Agriculture."<sup>10</sup> When it appeared that her bill would still not be reported out, she then "made it clear that she would object to all agricultural legislation that required unanimous support for passage."<sup>11</sup>

But the committee did report the bill out favorably in August after Speaker Sam Rayburn became interested. Unable to obtain a rule from the Rules Committee on such short notice, Cooley brought up the bill under suspension of rules procedure and argued for its passage. Although the vote was 196 to 187 in favor, the bill failed to obtain the two-thirds required under rules suspension.<sup>12</sup> With the exception of some Southern Democrats, the Democrats were generally in favor and the Republicans opposed.<sup>13</sup>

By August 1959, the agriculture committees in both houses had voted out food stamp bills. The Republicans on the House committee,

<sup>10</sup>Ibid.    <sup>11</sup>Ibid., p. 285.    <sup>12</sup>Ibid.

<sup>13</sup>Ibid.; see breakdown of voting outcome below.

		<u>No. of Reps.</u>	<u>% pro Food Stamps</u>
<u>Democrats:</u>	Urban	74	94.6
	Suburban	22	95.5
	Rural	110	70.9
<u>Republicans:</u>	Urban	46	13.0
	Suburban	34	23.5
	Rural	95	13.7

in their minority report, objected to the invasion of state and local rights and responsibilities concerning welfare, the program's high cost, and placing the U.S.D.A. in an area belonging to H.E.W. This time, on 19 August, the House Rules Committee simply tabled the bill. Cooley offered to have it amended to the extension of P.L. 480, concerning surplus commodities for overseas relief, but this was rejected by his committee. The following day, Sullivan offered the bill as an amendment on the House floor and indicated Cooley's support. She again stressed the futility of food stamp legislation which did any less than require that the Secretary of Agriculture implement the programs. The amendment was passed by a teller vote of 156 to 96. Although the Senate bill specified ". . . authorizing and directing," the House-Senate conference committee on P.L. 480 agreed that the nature of the bill was intended to be "permissive."<sup>14</sup>

A "permissive two year food stamp plan for the distribution of \$250 million worth of surplus food per year to needy people in the United States" was authorized.<sup>15</sup> This program could be operated between 1 February 1960 and 31 January 1962. Perhaps it should be recalled that the Department of Agriculture study two years before had suggested \$600 million as the funding required for a "minimum scope" plan.

Furthermore, the annual expenditure limit was specifically to include the federal cost of "acquiring, storage, and handling such

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<sup>14</sup> Ibid., p. 288.

<sup>15</sup> U.S.D.A. Food and Nutrition Service, Chronological Legislative History of the Food Stamp Program (September 1973), p. 1.

surplus food commodities."<sup>16</sup> Since surplus production was already being purchased in connection with price supports, the acquisition of more surplus would be required, or a portion of current expenditures to purchase surplus could be reported as an expense of the food stamp program. Thus, the bill appears to be making a new appropriation of somewhat less than the stated \$250 million.

If the plan were adopted, the recipient would find less freedom of choice than that provided by the orange/blue system of 1939. The reason was the concern for the "less preferred" items which did not move as well when food stamps were used previously as they did when recipients had no choice but to accept all foods in a commodity package or none of them.

The Secretary of Agriculture would be required to issue a different type of coupon for each surplus commodity. The quantity of each coupon would reflect the total number of recipients and the amount of each item's available surplus.<sup>17</sup> This procedure very closely resembles the calculations involved in the direct distribution of surplus.

The Secretary shall ". . . distribute surplus food in commercially packaged form, preferably through normal channels of trade."<sup>18</sup> Permitting recipients to obtain food from local stores instead of a relief line is perhaps the most significant advantage of this particular piece of legislation. This was not enough for Sullivan

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<sup>16</sup>Ibid.    <sup>17</sup>Ibid., from Section 306 of PL86-341.

<sup>18</sup>Ibid.

and her allies who remained critical of the program's restrictions, despite there being little chance Secretary Benson would actually implement the plan.

Since this plan was never really operated, its effectiveness cannot be accurately evaluated. From the wording of the law, recipients would be provided the same foods in quantities which, under direct distribution, were being criticized as inadequate. Additionally, the food relief received by the poor would continue to fluctuate with changes in the availability of agricultural surplus.

#### Surplus Commodities

Concluding this chapter of background information, a closer examination of direct commodity distribution will further help to place in context the food stamp program of the "New Frontier." By 1959, the commodities program, operating in 1,300 counties, was under criticism as being nutritionally inadequate. A family of four was receiving a monthly allocation of:

20 lbs. flour  
 10 lbs. corn meal  
 9 lbs. non-fortified dry milk  
 2 lbs. rice

and sometimes . . .

4 lbs. butter  
 10 lbs. cheese.<sup>19</sup>

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<sup>19</sup>Nick Kotz, Let Them Eat Promises (Englewood Cliffs, NJ: Prentice-Hall, Inc., 1969), p. 50.

Some who criticized the lack of variety learned of large quantities of federally-owned vegetable oil which were not available for domestic distribution. When questioned, Secretary Benson explained certain priorities established for the oil's use. From highest to lowest, these were overseas sale for dollars, the Food for Peace program resulting in foreign sale for certain "soft" currencies, and then domestic relief. He went on to point out the Department's first priority was to the farmer.<sup>20</sup>

The above commodities were felt by some to be inadequate in 1959. But during 1960, the estimated market value of foods distributed monthly declined to around \$1.20 per person. As a result, more than 200 counties dropped the program. The general feeling was that the locality's cost of transporting, warehousing, and distributing the food exceeded the value of the food provided to the recipient.<sup>21</sup>

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<sup>20</sup>Ibid., p. 51.

<sup>21</sup>Judith A. Segal, Food for the Hungry: The Reluctant Society (Baltimore: Johns Hopkins Press, 1970), p. 48.

## CHAPTER V

### JOHN F. KENNEDY AND THE NEW FRONTIER

Prior to the 1960 presidential campaign, primary responsibility for public welfare programs belonged to state and local governments. As a candidate, John Kennedy argued that the eradication of poverty and malnutrition was a national obligation; there was no reason to have "seventeen million Americans going to bed hungry at night."<sup>1</sup> He was critical of existing federal efforts, especially the commodity distribution program.

Kennedy had sponsored one of several food stamp bills in 1959, and now the Democrat platform promised to "use the food stamp program authorized to feed needy children, aged, and unemployed."<sup>2</sup> But with farmers already unsympathetic toward food stamps, it was necessary that they be convinced of the Democrats' understanding and support of programs relating to farm income and surplus disposal.

After a brief look at farm policy and the commodity distribution program, the remainder of this chapter will be devoted to the pilot food stamp programs and their evaluation by the Department of Agriculture.

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<sup>1</sup>Kotz, Let Them Eat Promises, p. 23.

<sup>2</sup>Ripley, "Legislative Bargaining," p. 288.

### Farm Policy

By mid-1960, the Commodity Credit Corporation was holding \$846 million in grain sorghums, \$2.7 billion in corn, and \$3.2 billion in wheat.<sup>3</sup> According to Representative Paul Findley (R-IL), Ezra Benson left office with the government owning enough wheat to meet the "entire U.S. need for about two years."<sup>4</sup> Unaware of the liability involved, Kennedy had previously supported the Benson policies until Minnesota Governor Orville Freeman explained this to be the reason Kennedy had failed to win the vice presidential nomination in 1956.<sup>5</sup>

The Democrats' plan to completely restructure farm policy was later described as the "widest pledge of assistance to farmers made in the postwar period." The objective would be to "guarantee farmers 'full parity of income' with non-farmers," which Kennedy explained to mean a return on capital and family labor equal to that which the same resources could earn in the non-farm sector.<sup>6</sup> The administration would raise farm prices by applying the most stringent controls ever used, "imposed whenever possible in terms of 'barrels, bushels and bales' instead of acreage limitation." When this was not feasible, price supports (at a minimum of 90 percent of parity), acreage limits, and direct payments to farmers would be employed.<sup>7</sup>

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<sup>3</sup>U.S.D.A., Food and Nutrition Service, Chronological Legislative History of the Food Stamp Program (September 1973), p. 45.

<sup>4</sup>Findley, The Federal Farm Fable, p. 45.

<sup>5</sup>Houthakker, Economic Policy for Farm Sector, p. 25.

<sup>6</sup>Congressional Quarterly Service, U.S. Agricultural Policy in the Postwar Years: 1945-1963 (Washington: U.S.G.P.O., 1973), p. 47.

<sup>7</sup>Ibid.

From the election results, one might suspect this plan of being too extreme, since Nixon, the vice president while Benson was in office, did better than Kennedy in farm states.<sup>8</sup> The Republicans stressed individual freedom with a minimum of federal interference. The system apparently in mind would eventually have support prices linked to changes in certain economic variables, instead of being determined through political bargaining. Nixon attacked the Democrats' promises as ". . . cruel deceptions based on the pessimistic pretense that only with rigid controls can farm families be aided."<sup>9</sup>

The Kennedy administration's proposed "supply management," submitted by Secretary of Agriculture Orville Freeman, was strongly opposed by farm-oriented congressmen who feared too much authority over agriculture would be given to the executive branch. Commodity prices would be increased using a comprehensive system of federal marketing orders, developed by Willard Cochrane, in setting sales limits for each farm. Total sales would be authorized at levels providing a fair return to all full-time family farms. Cochrane, with no solution to problems facing nearly 2 million submarginal farms, did not expect them to remain in agriculture. Not surprisingly, "the administration was careful never to admit this publicly nor did it ever direct the main thrust of its programs to these farms,"<sup>10</sup> often the ones cited to illustrate the need to subsidize agriculture.

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<sup>8</sup>Houthakker, Economic Policy for Farm Sector, p. 25.

<sup>9</sup>Agricultural Policy in Postwar Years, p. 47.

<sup>10</sup>Houthakker, Economic Policy for Farm Sector, p. 25.

Surplus Commodities

President Kennedy's first executive order, signed 21 January 1961 (Inauguration Day), directed the Secretary to expand and improve the distribution of surplus foods to the needy. This was done as an emergency measure and not to indicate a preference for commodity distribution over food stamps. A fundamental change in Department of Agriculture priorities is shown when the first non-surplus items are bought and processed to improve the nutrition and appeal of the commodities program. From five items, the food package was expanded to the eighteen listed below.<sup>11</sup>

	<u>Quantity million pounds</u>	<u>Cost million dollars</u>
Beans, dry	63.1	5.3
Butter	118.7	74.7
Cheese	11.2	4.2
Corn Meal	163.2	5.7
Date pieces	1.7	0.4
Eggs, dried	24.2	28.1
Flour	437.7	23.1
Honey	0.7	0.1
Lamb carcasses, frozen	8.1	3.1
Lard	77.6	11.8
Meat, chopped	5.1	2.2
Milk, non-fat dry	163.1	28.8
Oats, rolled	20.0	1.3
Olives, canned	2.1	0.8
Peanut butter	17.7	3.6
Pork and gravy	58.3	33.4
Poultry, canned	4.0	6.8
Rice	<u>116.8</u>	<u>12.2</u>
	1,297.5	245.6 <sup>12</sup>

<sup>11</sup>Concerning the amounts indicated, it should be noted that the expansion took place with about five months remaining in fiscal year 1961.

<sup>12</sup>Source: Paarlberg, Subsidized Food Consumption, p. 16. Costs were determined using market prices prevailing in the spring of 1961.

An effect of the increased distribution can be found in the eight localities eventually chosen to receive the first pilot food stamp programs. There were 151,000 commodity recipients during December 1960 and 310,000 during May 1961.<sup>13</sup> According to the federal government's figures, its own cost was about \$1.3 million, or \$4.00 per person, to provide food with a retail value of around \$2 million, or \$6.00 per person.<sup>14</sup> Nationally, commodity packages were being distributed to 6.1 million persons by October 1961.<sup>15</sup>

#### Food Stamps

In his Economic Report to Congress on 2 February 1961, Kennedy announced he had instructed the Secretary of Agriculture, "consistent with the bill enacted by Congress last year authorizing establishment of pilot food-stamp programs, to proceed as rapidly as possible to establish pilot programs" for areas in six states.<sup>16</sup> Although the first formal announcement occurred during a press conference only the day before, a task force in the Food Distribution Division of the U.S.D.A.'s Agricultural Marketing Service began work on a food stamp proposal soon after the election. Several employees in the Food Distribution Division had favored the use of food stamps while

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<sup>13</sup>There is some evidence that a seasonal peak would also occur over the same period.

<sup>14</sup>U.S.D.A., Consumer and Marketing Service, The Food Stamp Program: An Initial Evaluation of the Pilot Projects (April 1962, reprinted June 1966), p. 13.

<sup>15</sup>Ibid., p. 9.

<sup>16</sup>Chronological Legislative History, p. 2.

Eisenhower was still president, but they had not been in a position to influence policy. With a sympathetic president in office, it was hoped that a few successful pilot programs would set the stage for requesting legislation to expand operations in a few years.<sup>17</sup>

After the intention to activate the 1959 law was announced, the decision was made to use Section 32 instead.<sup>18</sup> On 20 March 1961, the Department of Agriculture's budget (for fiscal 1962) was amended, funding the pilot programs under Section 32 and explaining that an increased use of agricultural commodities would tend to increase farm incomes and ". . . help to reduce further accumulations in CCC inventories and remove price-depressing surpluses, particularly perishables,<sup>19</sup> from the market."<sup>20</sup>

General Counsel Opinion Number 89 of 3 April 1961 concurred that authority did exist under Section 32 to begin ". . . pilot food stamp programs . . . in a limited number of areas . . . without regard to the provisions of the 'Sullivan Act' . . . which authorizes the conduct of a food stamp plan on a nationwide basis."<sup>21</sup> Kennedy's previously cited message to the Congress referred to the Sullivan Act as "authorizing

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<sup>17</sup>Ripley, "Legislative Bargaining," p. 288.

<sup>18</sup>According to one explanation, this was because the 1969 authorization would expire in less than a year.

<sup>19</sup>Although expedient to enumerate agricultural benefits for uses of agricultural funds, the emphasis on perishables appears somewhat curious. An often-cited disadvantage of food stamps over commodity distribution is the inability to selectively increase consumption of those perishables which become temporarily available in surplus.

<sup>20</sup>Chronological Legislative History, p. 3.      <sup>21</sup>Ibid.

establishment of pilot food stamp programs,"<sup>22</sup> when in fact there is no such limitation. According to one interpretation of these events, President Kennedy was influenced by officials in the Department of Agriculture to use Section 32 instead of the Sullivan Act which would have limited food stamps to surplus foods.<sup>23</sup>

The Food Distribution Division was no doubt able to anticipate the opposition of agricultural congressmen to some of what the Division felt were important program features. While the Sullivan Act authorized the use of food stamps on a nationwide basis, any change in the nature of the program would require congressional approval. Section 32, on the other hand, would give the administration greater freedom to structure the program as it saw fit, but only in the "limited number of areas." Then, later, legislation could be requested to implement the administration's program nationally once evidence of its effectiveness had been obtained from pilot program operation.

Of course, other considerations may have influenced the decision not to use the Sullivan Act. But it seems clear in retrospect that the administration's vision of a food stamp plan would not have evolved as it did without the almost complete freedom from congressional interference afforded under Section 32.

The Food Distribution Division was ready by mid-March to begin work with the state and local welfare agencies that would administer the pilot programs. It would be their responsibility to certify the

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Ibid., p. 2.

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Ripley, "Legislative Bargaining," p. 289.

recipient's eligibility and dispense the food coupons. Since the program's objective was to cause greater food consumption and not to supplement or replace other forms of aid, agencies were instructed against reducing a family's other welfare grants when it began receiving food stamps.

Food purchasing power is increased . . . by giving needy families an opportunity to exchange the amount of cash they normally would spend for food for food stamp coupons of a higher monetary value. The purchase of food coupons--in the amount the family could normally be expected to spend for food--is designed to insure that the food coupons provided free actually result in increased food consumption.<sup>24</sup>

The total value of the coupons issued to a family was determined by family size alone, based on the estimated per capita costs of providing adequate nutrition. The recipient was not given the option of receiving more or less than the standard budget, which had been a feature of the 1935 program.

The "purchase requirement" was estimated to be the amount which families of similar size and economic situation should be "normally" spending for food. The purchase requirement would vary directly with income, and would vary inversely with family size.<sup>25</sup> Finally, the difference between the total value the family received in coupons and the purchase requirement it paid in cash was called the "bonus" value.

A significant change from the early program was the use of a single type of food coupon. Although this meant the bonus amount was

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<sup>24</sup>Food Stamp Program, p. 10.

<sup>25</sup>Naturally some families would be spending more, and others less, than this amount of food.

no longer restricted to surplus foods, none of the coupons could be used to purchase "coffee, tea, cocoa (as such), bananas, or any packaged item identified as an imported item."<sup>26</sup> While these restrictions possibly represent a desire to avoid subsidizing imports, others have argued that coffee, tea, and other items should be excluded because they lack nutritional content.<sup>27</sup>

### The First Programs Begin

The first pilot program was started on 29 May, with the other seven following soon after. The areas selected were Fayette County, Pennsylvania; Franklin County, Illinois; Floyd County, Kentucky; Detroit, Michigan; Silver Bow, Montana; the Virginia-Hibbing-Nashwank area of Minnesota; San Miguel County, New Mexico; and McDowell County, West Virginia.<sup>28</sup> By August 1963, there would be 43 pilot program locations.

During the five months July through November, 1961, there was an average of 140,000 participants, receiving nearly \$2.8 million in food coupons for an outlay of \$1.7 million.<sup>29</sup> On a per capita basis, this would be a monthly allowance of \$20.00, costing the recipient about

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<sup>26</sup>Food Stamp Program, p. 10.

<sup>27</sup>As a theoretical distinction, it cannot be said that all recipients would prefer this new procedure to the old two-color system. Recipients in 1935 could use the orange stamps (the purchase requirement) to purchase any food item, while the blue ones could only be exchanged for surplus. Under the new system, coffee, tea, etc., could not be purchased with any of a recipient's calculated food budget.

<sup>28</sup>Paarlberg, Subsidized Food Consumption, p. 38.

<sup>29</sup>Food Stamp Program, pp. 13-14.

\$12.15.<sup>30</sup> The average recipient therefore paid around \$0.62 for each dollar's worth of coupons.<sup>31</sup>

Gradually, several new pilot programs were established in areas showing the "greatest need." Many Republicans criticized the partisan attitude indicated by placing the first 26 programs in districts with Democrat congressmen. Charles Bartlett, writing for the Chicago Sun-Times, on 30 August 1962 alleged

The Democrats maintain the Republican party has never shown any previous support for the program and that there is no reason why Republican congressmen should now share in its experimental phase.<sup>32</sup>

Secretary Freeman testified in early 1963 that program locations were selected according to a "combination of factors reflecting workability. . . . need was not the sole criterion. As a matter of fact, it was not the overwhelming criterion."<sup>33</sup> Others argued that the purpose of pilot programs was to gain experience under a variety of operating conditions.

While Freeman tried to convince critics that programs were not being placed on a partisan basis, Sullivan sought to reduce opposition by correcting the existing political imbalance. For example, she tried to obtain approval for a pilot program requested by Representative John Saylor (R-PA) who was probably the only Republican to actively

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<sup>30</sup>It was interesting to find the U.S.D.A. evaluation--which contains, for example, expenditure increases per item per region, aggregate dollar amounts and number of participants per month, and detailed changes in several nutrients--provided little information on the program's impact on a representative family or the effect of region and family income on aid received.

<sup>31</sup>Food Stamp Program, p. 14.

<sup>32</sup>Steiner, State of Welfare, p. 207. <sup>33</sup>Ibid., p. 208.

support food stamps during the Eisenhower years. The Department of Agriculture finally agreed to begin a program in Saylor's district beginning in March 1963.<sup>34</sup>

Representative Sullivan maintained close contact with the Food Distribution Division, observing program progress and pointing out where corrective action was needed. She argued many needy persons were being discouraged from participating by too many rigid restrictions. In view of her continued loyalty to the food stamp concept, it is ironic that she should encounter difficulty in obtaining a pilot program for her district in St. Louis.

For two years she tried to get the Department of Agriculture to act on her request. She contacted Secretary Freeman, Speaker of the House McCormack, and the president. But it was not until the middle of 1963, after Speaker McCormack insisted that the Democratic Steering Committee pass a resolution specifically requesting a program that one was located in St. Louis.<sup>35</sup>

#### The Initial Evaluation

As the first pilot programs became operational, plans were made to evaluate the results after six months. The 38 page report was issued in April 1962 based on information collected through December.<sup>36</sup> Beginning with sections on background, project description, and administrative experience, the report then examines changes in retail

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<sup>34</sup> Ibid.

<sup>35</sup> Ripley, "Legislative Bargaining," p. 290.

<sup>36</sup> Food Stamp Program; the report was reprinted in June 1966.

food sales, family food consumption, and intake of specific nutrients. This is followed by a discussion of the implications for agriculture and for public welfare, and concludes with recommendations for possible expansion.

A more detailed study was undertaken in two of the eight pilot areas: Fayette County, Pennsylvania, and Detroit, Michigan. Between one-third and one-half of the participants in these programs were found to be receiving at least 100 percent of eight nutrients recommended by the National Research Council, compared with slightly more than one-fourth of qualified but non-participating families.<sup>37</sup> Furthermore, "85 and 95 percent of the free coupons represented increased food consumption."<sup>38</sup> Farmers stood to benefit from increased food consumption under either program, but it was too soon to tell which would have the greater impact. Although recipients may not appreciably increase their own consumption of surplus-type foods, increased meat consumption would in turn provide greater use of feed grains.<sup>39</sup>

The preliminary evaluation concluded that the pilot projects were, for the most part, successful and preferred over commodity distribution by local welfare administrators and recipients. Data collected during the first six months of operation indicated the program's ability to benefit both welfare recipients and farmers, although it was too early to make accurate projections as to the magnitude of these benefits.

The brief experience did suggest the need for further consideration of some parts of the program, and certain administrative procedures

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<sup>37</sup> Ibid., p. 6.      <sup>38</sup> Ibid., p. 5.      <sup>39</sup> Ibid., pp. 31-32.

which could be improved. The recommendation was to retain the program under Section 32 and provided limited expansion over the next 18 months. One subject merits detailed discussion at this point: the non-participation by eligible families. This issue would be the cause of much criticism, even though the initial study outlines the problem and several possible causes.

#### Non-participation

The fact that qualified persons chose not to participate was cited by critics as evidence that the basic concept behind food stamps was faulty, and therefore the projects should be discontinued as unworkable. The preliminary report acknowledges that "lower participation was to be expected under a food stamp program."<sup>40</sup> The number of food stamp participants was described as "substantially less" than those receiving surplus foods in May 1961, but it was only "slightly lower" than the number of surplus recipients during July through November 1960.<sup>41</sup> Put another way, approximately one-half of those receiving surplus foods when the projects were begun did not participate.<sup>42</sup> Nearly one-third of eligible non-participating families questioned said they could "get along" without the coupons.<sup>43</sup>

The program's administrators were able to pinpoint several factors contributing to non-participation. Some, such as lack of transportation to obtain coupons and poor information about the

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<sup>40</sup>Ibid., p. 14.      <sup>41</sup>Ibid., p. 5.

<sup>42</sup>Steiner, State of Welfare, p. 18.

<sup>43</sup>Food Stamp Program, p. 21.

program were relatively easy to correct. Others may indicate circumstances which cannot be changed, such as a more thorough certification procedure which disqualified some previous commodity recipients from receiving stamps. Also, the bonus amount was reduced as the participant's income increased, causing many with relatively higher incomes to feel the small benefit was not worth the trouble. It was important that coupon allotment and purchase requirement be adjusted for cost of living variations between different regions, and the report urged further consideration of the rates applied to small families and the aged.

The purchase requirement for many families seemed to be greater than their normal expenditures on food. To receive food stamps would require that they reduce some non-food expenditures in order to meet the purchase requirement. Some potential recipients found this difficult or undesirable, as was the necessity to have a full month's food budget all at once to purchase the coupons. Those with little or no money often had to await approval of a welfare grant before receiving stamps.

One controversial subject was the provision of free stamps, with local welfare officials about equally divided for and against.<sup>44</sup> The report suggested that free stamps would probably be ". . . less susceptible to noncompliance,"<sup>45</sup> since this would allow some money normally spent for food to purchase other needs but that effectiveness in causing greater food consumption would be impaired. This statement

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<sup>44</sup> Ibid., p. 21.      <sup>45</sup> Ibid., p. 19.

may be misleading, since any incentive to use the stamps for unauthorized purchases is likely to persist as long as a recipient desires to spend less than the full amount of his coupons on food.

In his budget message for fiscal year 1964, President Kennedy requested Congress to pass legislation to continue the program at the 1963 level. Legislation was necessary at this time because Section 32 authorized projects on a limited basis only, and the growing program was beginning to require a large share of the Section 32 fund. The situation was described as one of harmony, with no problems anticipated in Congress.

The optimism began to fade when the Senate Appropriations Committee requested the U.S.D.A. to submit a separate budget request for food stamp programs. The full \$51.5 million needed to continue at the 1963 level was approved by the Senate; the House consented to \$40 million. They compromised at \$45 million.<sup>46</sup> This was only the beginning of the problems to be encountered in getting the legislation passed.

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<sup>46</sup>Ripley, "Legislative Bargaining," p. 291.

## CHAPTER VI

### THE FOOD STAMP ACT OF 1964

The administration's food stamp proposal (H.R. 5733) was submitted to the House of Representatives early in 1963, with Leonor Sullivan as its sponsor. It was necessary for Congress to authorize appropriations if the pilot programs were to be expanded nationally. When the bill came up before the full House in April 1964, Sullivan indicated that a lack of funds (from Section 32) had resulted in 200 communities having to wait for their food stamp programs to begin.

The bill went to the House Committee on Agriculture which held hearings on 10, 11, and 12 June. This chapter explores the political tactics employed and the importance of political "deals" in getting this piece of legislation out of committee and passed by the House.

The first section, however, will outline some of the issues which seemed to spark the greatest controversy. This is not intended to imply that these considerations were necessarily the most significant as far as the mechanics of the food stamp program are concerned.

#### Cost Sharing

Under the pilot programs, all costs, with the exception of most of the local administrative expenses, were paid by the federal government, which is similar to the funding arrangement for distributing

surplus commodities. As such, there was little financial incentive for a locality to prefer one program over the other.

Albert Quie (R-MN) sponsored an amendment to require the states to pay 50 percent of the program's total cost, including half of the value of free or "bonus" stamps given. He argued that this was only natural, since other welfare-type programs required joint funding. Several representatives feared that without some cost sharing, the program would be regarded as another free gift, and would grow too large. This way, states would be more likely to consider to what extent the program was needed. People have somehow come to regard federally funded programs as not costing taxpayers any money.

Claims were made also that the Quie amendment preserved states' authority and responsibility to administer welfare programs. "The opponents want to deal directly with local units or with individuals and to bypass and weaken the States in all these affairs. A vote against the Quie amendment will be a vote against State participation in these programs."<sup>1</sup>

Food stamp supporters had been careful to emphasize the program would be voluntary and would not undermine state authority. Charles Hoeven (R-IA), the ranking minority member of the House Agriculture Committee, warned of increased federal control once the programs began operating.

I can understand why some of my good friends do not like the so-called Quie amendment. Bless your hearts, you do not

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<sup>1</sup>Congressional Record, vol. 110, part 6, 88th Congress, 2nd Session, 7-8 May 1964, p. 7302.

want any interference with a federal welfare program. We know full well that some of the States are not going to participate, even if they could. They are not in favor of that kind of a program. They will be practically forced into this kind of setup, once it gets going.<sup>2</sup>

Agriculture Committee chairman Cooley claimed that such a provision would make the program inoperative. Why should state or local governments elect to pay half the cost of a food stamp program when the surplus food packages were essentially free? Many of the counties with the greatest need for food stamps were also the ones who could least afford to share the cost.

April 1964 was a convenient time for opponents of the Quie amendment to stress that 29 state legislatures meet only in odd-numbered years. These states could not adopt a food stamp program until after their legislatures could meet and appropriate the funds required by the amendment.

While there is validity to both sides of this argument, there is a more subtle aspect to be considered. Some food stamp supporters argued that the Quie amendment's objectives were at least in part to damage the food stamp bill's chances of passage and to make the program less attractive to the localities if the bill did pass. The bill's sponsor, Leonor Sullivan, expressed the following:

Unless this amendment is defeated, we would be passing a bill that would never go into effect. I urge its defeat. It was not inserted in this bill in order to improve the bill or the program; it was offered as a device to kill the bill, and kill the program. If this bill were to become law with this amendment included, not only would there be no new food stamp plans put into operation, but all of the existing pilot programs would also come to a halt.<sup>3</sup>

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<sup>2</sup>Ibid., p. 7154.    <sup>3</sup>Ibid., p. 7301.

The amendment was defeated by teller vote, 156-168. A motion to recommit the food stamp bill and add essentially the same cost-sharing arrangement was made by Charles B. Hoeven (R-IA). This was also defeated by a 195-223 roll call vote.<sup>4</sup>

Questions were raised regarding the use of federal tax money to pay for trading stamps and sales tax. W. R. Poage (D-TX), claiming that retailers customarily add between 1.5 to 2 percent to grocery prices to provide trading stamps, saw no sense in the "United States spending a million dollars to buy these stamps."<sup>5</sup>

It was also pointed out that a portion of the food stamp funds would go to pay state sales tax on food. While this would not amount to much when compared with the total cost of operating the program, several localities would eventually recognize the financial incentive to adopting a stamp plan.

For example, assume a state has a 3 percent sales tax with counties adding another 1 percent. If changing to food stamps resulted in a \$100,000 increase in local grocery sales (the bonus value), state and county tax revenues would rise by \$3,000 and \$1,000, respectively. For a "poor" county with many potential food stamp recipients, this could provide good reason for requesting a stamp program.

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<sup>4</sup>Congressional Quarterly Almanac (Washington: Congressional Quarterly Service, 1964), p. 113.

<sup>5</sup>U.S. Congress, House Committee on Agriculture, Hearings on H.R. 5733, 88th Congress, 1st Session, 10-12 June 1963, p. 26.

Administration

It is doubtful that many politicians failed to recognize the proposed food stamp plan as being primarily a welfare program, despite the benefits to farmers--for example, the increase use of feed grains. Dollar for dollar, the food stamp plan would result in less consumption of actual surplus, since part of the money would go to buy non-surplus items. Agricultural interests were therefore reluctant to have this welfare program charged to the Department of Agriculture. Others, including Sullivan, still maintained that reducing agricultural surplus was still one of the program's primary objectives.

Representative Andrews favored an amendment which would administer the plan under the Department of Health, Education, and Welfare. Otherwise, it would increase "false charges" of taxpayers subsidizing farmers, when he feels "the reverse is true."<sup>6</sup> The administration disagreed. Freeman said his department needed to retain control of those programs related to the welfare of farmers. Other agencies would run the program without regard for the welfare of American agriculture.<sup>7</sup>

Although at one point in 1963 it appeared that Agriculture Committee Vice-Chairman Poage would make a motion to move the program to H.E.W., the motion was forestalled, largely through pressure from U.S.D.A. But, generally, congressional agriculture committees did not

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<sup>6</sup> Congressional Record, p. 7283.

<sup>7</sup> Hearings on H.R. 5733, p. 20.

support relinquishing control. The major effect of this dispute seems to be the following disclaimer in the final bill:

Amounts expended under the authority of this Act shall not be considered amounts expended for the purpose of carrying out the agricultural price-support program and appropriations for the purpose of this Act shall be considered, for the purpose of budget presentations, to relate to the functions of the Government concerned with welfare.<sup>8</sup>

Agriculture and welfare motives were again in conflict over the types of foods which stamps should be allowed to purchase. This time there was not so much concern specifically with surplus foods but with limiting stamp use to those foods produced in the United States.

Secretary Freeman stated that the pilot programs prohibited the use of food stamps to buy foods clearly labeled as imported, because the program was funded under Section 32. Such would not be required with funds from a general appropriation. He also felt purchases of imports would be minimal.<sup>9</sup>

Sullivan suggested an exemption for foods not available from domestic producers, since she received many letters which expressed interest in coffee, tea, and bananas.<sup>10</sup> Further difficulty would occur if "imports" were banned instead of foods "labeled as imports," particularly in cases like hamburger which contained New Zealand beef.

In the Senate, the Agriculture Committee deleted a House ban on purchasing "soft drinks," because it might be applied to milk, orange juice, or other nutritious drinks.<sup>11</sup> Senator Paul Douglas (D-IL)

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<sup>8</sup>Chronological Legislative History, Sec. 16(d) P.L. 88-525, 78 Stat. 703-709, p. 10.

<sup>9</sup>Hearings on H.R. 5733, p. 33.      <sup>10</sup>Ibid., p. 49.

<sup>11</sup>Quarterly Almanac, p. 115.

proposed amending the ban to read "carbonated" drinks. He claimed that using food stamps to purchase non-nourishing drinks could be "used as propaganda against an otherwise splendid and much needed measure."<sup>12</sup>

### Civil Rights

The issue of racial discrimination, or "civil rights," entered the food stamp debate from two directions. First, southern states which chose to replace commodity distribution with a food stamp plan were accused by some of doing so for anti-Black reasons.<sup>13</sup> Many of the poorest recipients of surplus foods were Blacks with little or no money, who could not afford the purchase requirement to obtain the stamps. It was argued that they would find it necessary to move into other states or localities where the free commodities were still available.

Of greater political importance was the potential leverage which might be applied through the food stamp program against states where segregation continued to exist. It was no secret that ending segregation ranked high on the President's list of priorities. Opponents of food stamps were careful to point this out in an attempt to lose whatever southern support might exist.

The administration, on the other hand, tried to play down any connections between food stamps and the fight for civil rights. This

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<sup>12</sup>Ibid.

<sup>13</sup>Timothy J. Sampson, Welfare: A Handbook for Friend and Foe (Philadelphia: United Church Press, 1972), p. 131.

is apparent both in the arguments presented by administration officials and the deletion of specific civil rights provisions from the administration's original food stamp proposal.

Representative Paul Findley (D-OH) raised the issue during committee testimony given by Secretary Orville Freeman. In the following excerpt, Freeman seems reluctant to either confirm or deny the civil rights intention of the proposed legislation.

Mr. FINDLEY. I understand from your statement that the stores which participate experience a gain in business.

Secretary FREEMAN. Yes, sir.

Mr. FINDLEY. The President has been giving a lot of attention to segregation recently. I was wondering whether in the operation of the pilot program you limited it to stores which are racially nondiscriminatory?

Secretary FREEMAN. No.

Mr. FINDLEY. Would you object to language in this bill that would limit the operation of the program to the stores which operate on such a policy?

Secretary FREEMAN. I think there is a provision in relation to this in the bill now.

Mr. FINDLEY. It would limit the program to stores that operate under such a policy?

Secretary FREEMAN. In terms of receiving the stamps, the certificates, they are to be made available without regard to race, creed, or otherwise.

Mr. FINDLEY. Similar to the welfare part?

Secretary FREEMAN. Yes.

Mr. FINDLEY. How about the store itself--do you limit the programs to stores which operate on a racially nondiscriminatory basis? That subject has been in the papers a lot of late. I notice that the President would like to end segregation. Would this not be a way to put a financial incentive into this, moving towards a nondiscriminatory basis in the operation of grocery stores?

Secretary FREEMAN. As a practical matter, this is not necessary, because the recipients are free to go wherever they wish to purchase. And they take care of this pretty well themselves.

Mr. FINDLEY. Would you object to language which would limit this to stores which operate on a nondiscriminatory basis?

Secretary FREEMAN. I think that language is unnecessary.<sup>14</sup>

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<sup>14</sup>Hearings on H.R. 5733, p. 42.

Freeman's testimony seems consistent with provisions of the bill that participation may be denied to any locality whose official agency discriminates with respect to race in the issuance of stamps to recipients. "In the administration of the food stamp program the State agency shall not discriminate against any household by reason of race, religious creed, national origin, or political beliefs."<sup>15</sup>

But consider the case of a segregated retail food store. First, he "thinks" there is a provision which would prevent such stores from redeeming the coupons. Later, he feels such a restriction would be "unnecessary" since recipients are free to shop where they wish. Since the bill would give the Secretary broad powers in establishing regulations,<sup>16</sup> it is not at all clear that specific civil rights could not be imposed at the administrative level once the program began operation.

In another exchange, Representative Delbert Latta (R-OH) asked Howard Davis, the director of the U.S.D.A.'s Food Distribution Division, ". . . would it not be possible to enforce civil rights legislation by withholding foods from needy areas until they did whatever was directed by the Justice Department?" Davis replied that participation can be denied in any program where a locality fails to comply with the program's regulations. Latta then emphasized his point by replying: "It gives the Federal Government one more lever

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<sup>15</sup>Ibid., Sec. 10(d), p. 4.

<sup>16</sup>"The Secretary shall, from time to time, issue such regulations, not inconsistent with this Act, as he deems necessary or appropriate for the effective and efficient administration of the food stamp program." Ibid., Sec. 4(b), p. 2.

or one more club to use in its drive toward complete integration in the South."<sup>17</sup>

The issue was again raised on the House floor with references to the civil rights nature of the bill. The following excerpt perhaps illustrates the air of hostility toward the term "civil rights," as opposed to "no discrimination." Representative H. R. Gross (R-IA) is questioning the previously cited prohibition against discrimination:

Mr. GROSS. I am just trying to find out. Let me now ask the chairman, is there a civil rights provision in this bill?

Mr. COOLEY (D-NC). No. There is a provision against discrimination.

Mr. GROSS. That is, a civil rights or civil wrongs amendment.

Mr. COOLEY. It is to the effect there is to be absolutely no discrimination.

Mr. GROSS. And the gentleman supports that?

Mr. COOLEY. Yes.

Mr. GROSS. The gentleman from North Carolina supported the civil rights bill?

Mr. COOLEY. The gentleman may look at my record on that. I am not going to discuss that here now.<sup>18</sup>

In addition, the Civil Rights Act, if it became law,<sup>19</sup> would impose a similar restriction on any federally funded program with respect to discrimination. Since the Civil Rights Act was generally expected to pass into law, the attention given to the civil rights aspects of the food stamp bill was of little practical consequence. The Republicans were quick to note that either way, existing segregation would likely prevent the South from widespread participation in the program.

There were other issues raised, including the reluctance to give the Secretary of Agriculture such broad discretionary powers instead

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<sup>17</sup>Ibid., p. 89.    <sup>18</sup>Congressional Record, p. 7279.

<sup>19</sup>The House had already passed it.

of retaining closer congressional control and attempts to portray the bill as a partisan issue. As previously indicated, the aim of this dissertation is to focus on the operation of the legislative process and not primarily the evolution of specific provisions of the program itself.

#### The Committee on Agriculture

In his Agricultural Message on 31 January 1964, President Johnson urged passage of legislation that would place the food stamp program on a permanent basis and extend its coverage to other needy areas. Four days later, 4 February, the House Committee on Agriculture voted 19-14 to table the food stamp bill, H.R. 8107. The motion, which in effect killed the bill, was made by Watkins Abbitt (D-VA) and supported by all 14 Republicans and 5 (Southern) Democrats, with two Democrat absentees.<sup>20</sup>

Committee chairman Cooley was surprised and upset, since he favored the food stamp concept. It had also been suggested that favorable reporting of the food stamp bill would be a gesture of good faith following the House passage of a controversial cotton bill. The Department of Agriculture was equally surprised, since their information was that only Democrats Abbitt and Abernethy (D-MS) would join the Republican opposition. Sullivan suggested that she would be forced to object to all unanimous consent agreements relating to agriculture until the bill was favorably reported.

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<sup>20</sup>Ripley, "Legislative Bargaining," p. 296. Much of the information concerning the attempt to pass this legislation is contained in the piece by Ripley; specific footnotes to this effect will therefore be kept to a minimum.

In what began as an unrelated issue, several members of the Agriculture Committee appeared before the House Committee of Rules on 27 February to request a rule on H.J. Res. 915, a bill to approve Section 32 funds for tobacco research. Especially concerned were Cooley, from a tobacco-growing district, and Abbitt, the chairman of the Tobacco Subcommittee.

Rules Committee chairman Howard W. Smith (D-VA) interrupted hearings on a more controversial bill, confident that a rule would be granted quickly and without difficulty. B. F. Sisk (D-CA), a supporter of the food stamp bill, said he had "many questions" and anticipated a lengthy discussion of the tobacco bill. He had previously indicated to Cooley, Speaker McCormack, and Sullivan that he would try to prevent a rule on the tobacco bill until the Agriculture Committee reported the food stamp bill. Chairman Smith was not advised of this plan, perhaps because of his opposition to the food stamp bill. By a vote of 6-5, the Rules Committee refused to grant the rule, with Sisk reserving a motion that the tobacco bill might be reconsidered at some time in the future.

Sullivan introduced another food stamp bill (H.R. 10222) on 3 March 1964. This was essentially the same as H.R. 5733 submitted nearly a year earlier, and H.R. 8107 sometime later, but there were some language changes, such as listing the program's expenditures under "welfare" while retaining authority in the Agriculture Appropriations Subcommittee.

The Agriculture Committee quickly passed the bill on 5 March, reporting it out on 9 March but not without approving three amendments.

These included an emphasis on the program's role to help farmers by reducing surplus, a reduction in the size of the authorized appropriations, and the cost-sharing provision in the Quie amendment. The vote was 18-16. Three Democrats had presumably been persuaded by the tobacco bill's being held hostage to change their votes, but not Abbitt and Abernethy. Incidentally, the tobacco bill was never cleared by the Rules Committee.

On 16 March, President Johnson again voiced this support for the food stamp bill, indicating it to be part of his "war on poverty." On 19 March, the Rules Committee granted a rule to the food stamp bill. Four hours would be allowed for debate on the House floor, and the rule was "open," allowing amendments. The chairman has the power to delay filing a rule for 10 days, which Smith, being against the bill, chose to do. This delay meant the bill would not be taken up in the House until after the upcoming Easter recess.

#### The Cotton Bill

At this point, it becomes necessary to go back and trace the history of a bill dealing with government policy on cotton production, which the House passed in December 1963. This was an important piece of legislation to both the administration and the House Agriculture Committee, but with little to offer to representatives whose districts did not produce cotton.

In the Senate, a wheat program was amended to the cotton bill on 6 March, and the bill was returned to the House. The wheat legislation was not particularly popular, and it was reported out without

recommendation by the House Agriculture Committee sometime earlier. Final passage of the combined bills in the House was in doubt. There was talk of linking it to a bill raising the pay of government workers, including the Congress. Rural votes were instrumental in defeating the pay raise, resulting in increased antiagriculture feelings among urban Democrats.

The Republican minority, by and large, opposed both the wheat-cotton bill and food stamps. A large number of urban Democrats favored food stamps but not the farm bills. Many Southern Democrats were very concerned with the farm programs, but they were not interested in the welfare bill--food stamps. Naturally there were exceptions, but this generally describes the situation. The administration, including Secretary Freeman, favored passage of both bills.

A deal began forming to unify much of the Democrat majority. Urban Democrats would support the wheat-cotton bill and rural and Southern Democrats would support food stamps.

During the delay occasioned by Smith's failure to file the rule on food stamps, his committee granted a rule to the wheat-cotton bill on 25 March. This bill could be debated for one hour, then put to one yes-or-no vote. Apparently it was somewhat unusual to handle the wheat-cotton bill in this manner, since it normally would have gone to conference following its return from the Senate.

House consideration of the food stamp bill was scheduled for 7 and 8 April. The wheat-cotton bill would come up immediately afterwards.

House Debate

The food stamp bill may have had enough support to pass, according to polls taken among House members, but the wheat-cotton bill almost definitely would have been defeated by itself.

Republicans revived the issue of partisan administration of the pilot programs as one part of their opposition to the bill. For the most part, Sullivan tried to dispel the notion that the programs had been operated on a partisan basis, and that the program was therefore deserving of nonpartisan support. But she could not ignore that the opposition was strongly split along party lines, and she attacked this attitude on the House floor.

Mr. Chairman, echoing Mr. Benson, who has now cast his lot with the John Birch Society and turned his back on General Eisenhower, the minority report of the Republican members of the Committee on Agriculture is using all of the same arguments against this bill which were used 5 years ago when we last voted on this idea. They are the same arguments which Mr. Benson used every year from 1957 until he left office.<sup>21</sup>

Sullivan then characterizes the Republican opposition as being politically motivated, instead of reflecting dissatisfaction with the program itself.

Those who choose to vote against it will do so not because it does not work, but because it works too well to suit their political desires. They do not want the Democrats to get credit for a good program.<sup>22</sup>

Republicans are equally eager to dispel the claim that their opposition is politically motivated, as demonstrated by Charles Hoeven (R-IA).

Mr. Chairman, I hope this bill will not be considered on a partisan basis. I regret that some of those who have spoken

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<sup>21</sup>Congressional Record, p. 7132.

<sup>22</sup>Ibid.

would like to inject politics into this proposed legislation. I want to say that the milk of human kindness does not flow alone in the veins of Democrats.<sup>23</sup>

The wheat-cotton bill made an unscheduled appearance when Paul Findley (R-OH) requested unanimous consent to "revise and extend my remarks and proceed out of order." Using time yielded to him by Charles Hoeven (R-IA), he explained the damage the wheat-cotton bill would do to the small wheat farmer.

Hoeven then yielded 10 minutes to Representative Harvey (R-IN). Harvey warns of shortsightedness on the part of food stamp supporters. The program will become a "Gargantua you will live to repent." There will be ". . . no turning back." It is unfair ". . . to put anybody who opposes this bill in the position of being opposed to anyone who wants to fight hunger. . . ."

In closing, he brings to light the "deal":

Mr. Chairman, I suppose, because I am sure that sort of an arrangement has been made to get enough votes to pass this bill in the House, it will pass, but it is not going to pass with my vote, and I can tell the members of the Committee that.<sup>24</sup>

Mention of a deal was frequently met with denials and disapproval. John P. Saylor (R-PA), one of the few long-time Republican supporters of food stamps, attempted to remove some of the stigma often associated with political dealing:

. . . and I heard some Members talking about a deal that had been made.

Some implied that this bill might be connected with another piece of legislation that might be brought up later in the week. There was an implication left, at least in my mind, by some of

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<sup>23</sup>Ibid., p. 7152.

<sup>24</sup>Ibid., pp. 7137-38.

the Members who spoke, that such things were new and that such things indicated that our form of government was changing. I just wonder how good a student of American history those people are, who talk about those things today.<sup>25</sup>

He proceeds to relate a story of the Congress meeting in Philadelphia in 1790. Under consideration was moving the nation's Capitol into rural Pennsylvania from Philadelphia. Alexander Hamilton put together a deal in which Virginia would support a bill to have the federal government take on the debts of the rebelling colonies, and Pennsylvania would vote to move the Capitol south to the Potomac. On 16 July 1790, the Relocation Act was passed, followed on 4 August by the Assumption Act.

So that if somebody has made a deal with regard to this bill today, and another one that may be called up later this week, I just want to say that the Republic has existed from 1790 with deals being made, and it is going to continue to exist for a long, long time even though another deal has been made.<sup>26</sup>

It is interesting to note the various attitudes toward the deal. In the first case, Hoeven (who yielded the time), Findley (opposing the wheat program), and Harvey all voted against the final passage of the food stamp bill.<sup>27</sup> Harvey seems to be suggesting that only because of some (perhaps under-the-table) arrangement will this poor legislation become law.

Saylor, on the other hand, tried to disassociate the food stamp bill with a deal which constitutes some new and unique miscarriage of

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<sup>25</sup>Ibid., p. 7140.      <sup>26</sup>Ibid., p. 7141.

<sup>27</sup> It cannot be determined whether this sequence of events was planned this way, or that they were simply a convenient coincidence for causing discussion of the deal.

the legislative process. Another supporter, Matthews of Florida, tries to minimize the significance of a deal in his argument against a proposal to remove control of the program from the Department of Agriculture and place it in H.E.W.

I have made no deal on the way that I am going to vote on this bill. I shall vote, as the majority of my colleagues do, on the basis of what I think is best for the country.<sup>28</sup>

Hoeven's own speech was delivered in terms which seemed to hold deals in a state of disrepute, while leaving no doubt that food stamps were being traded as part of such a deal.

I do not think anyone is naive enough not to know what is going on around here in the consideration of this bill now at this very convenient, appropriate time, the first bill to be considered in a quadruple package or a triple package, if you please. It is the same old situation of you tickle me and I will tickle you and we will both tickle the third fellow. Then we will all smile and we will put one over on the taxpayers.<sup>29</sup>

Hoeven continues by recalling the history of the food stamp, cotton, and tobacco bills,<sup>30</sup> and the wheat bill which was never very popular with the administration or the Agriculture Committee. Now with the wheat bill attached to the cotton bill, and with the rule

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<sup>28</sup>Congressional Record, p. 7148.      <sup>29</sup>Ibid., p. 7152.

<sup>30</sup>One can speculate that the repeated reference to the Rules Committee's part in the deal through its handling of the tobacco bill, and the generally unfavorable reputation of the publicized deals, had an effect on the Rules Committee's failure to report out the tobacco bill. In what might seem like a dare, Hoeven says when it is all over with the wheat-cotton and food stamp bills,

". . . do not be surprised, then, if the Committee on Rules reconsiders its tabling of the tobacco bill and a tobacco bill is sent to the House. . . .

. . . In fact, my chairman in a statement put in the Record the other day said it would be promptly acted upon. I don't know what he meant by that, but apparently it is part of the deal or program to take care of all of these three pieces of legislation." (Ibid., p. 7153.)

granted by the Rules Committee,

. . . The cotton-wheat bill will be shoved down your throats whether you want it or not.

I am appealing to the honor and integrity of the House of Representatives, and I do not care what political party you belong to. . . . This is an unprecedented move here to deny to Members of the House the opportunity to debate the bill or even to amend it. They ought to try to send it to conference, but that has not been attempted. This is a part of the deal.<sup>31</sup>

Of course, there are members who are truly not involved with the deal, and wish not to be so accused. Cooley, for one, appears to be concerned with the passage of each part of the deal.

Mr. Chairman, I just want to deny that I have been a party to any sort of dealing or wheeling or any other type of transaction that involves any more than a vote on this bill today and a vote on the other bills as they are scheduled by the leadership of the House.<sup>32</sup>

This prompted Hoeven to deny that he had been making any personal accusations:

Mr. HOEVEN. I hope my good friend, the chairman, will not feel that I was singling him out. I never mentioned this gentleman.

Mr. COOLEY. I know you did not, but you were looking at me all the time.

Mr. HOEVEN. I did not personally charge him with being the generalissimo of the plot. I think there are several involved and it is apparent.<sup>33</sup>

What can be concluded from this? Vote trading, or logrolling, is part of the legislative process, although few politicians seem eager to admit their own involvement. Obviously the above remarks must be considered with the understanding that they were made "on the record."

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<sup>31</sup>Ibid., p. 7153.

<sup>32</sup>Ibid., p. 7154.

<sup>33</sup>Ibid.

Floor Action

Among the matters before the House of Representatives on 7 April 1964 was a unanimous-consent request by majority leader Carl Albert (D-OK).

Mr. Speaker, I ask unanimous consent that it may be in order at any time on Wednesday and Thursday for the Chair to declare a recess subject to the call of the Chair.

The request was made and approved to allow participation at memorial ceremonies for the recently deceased General Douglas MacArthur. This was to play an important, although perhaps unintentional, role in the passage of the food stamp bill.

The House convened earlier than usual on 8 April. The procedure for House debate on the bill and its amendments was for the House to dissolve itself into the Committee of the Whole House. The House did so on a motion by Cooley. Debate continued until Speaker McCormack declared a recess at 2:06 p.m. to participate in memorial services in the rotunda. The House reconvened at 3:55 p.m. and continued the debate.

Democrats supporting the food stamp bill were determined to remain in session until the vote was taken. They felt a sufficiently strong coalition between Northern and Southern Democrats existed to pass the legislation at the time. Republicans sought to delay the proceedings and perhaps adjourn without voting. There was also an attempt to arrange that the vote be taken on the wheat-cotton bill first. Food stamp supporters feared that if this happened, Southern Democrats would not continue to support food stamps.

The minority leader, Charles Halleck (R-IN), was upset with the haste with which the pair of bills was being considered. He also argued the necessity of the Quie amendment as a safeguard against the program becoming wasteful and extravagant.

Tomorrow is another day, but I understand there is a determination to act tonight not only on this bill but the bill dealing with wheat and cotton. As far as the latter bill is concerned, I think I might as well say right now that probably the way this is being handled is the most highhanded, cavalier operation involving a matter of consequence that I have seen here in my time.<sup>34</sup>

This prompts Carl Albert to defend the majority's desire to continue, blaming the late hour on the Republicans.

I am going to advise the minority leader that we are going to stay here and finish these bills and that the leadership of the committee has endeavored from 11 o'clock this morning to expedite the consideration of this matter. . . . Every objection made to our considering this bill as having been read and every point of no quorum that was made has been made from the other side of the aisle. We do not apologize for going on with the consideration of this matter.<sup>35</sup>

Cooley requested unanimous consent that all debate on the amendment under discussion (Quie) and on the bill close by 6 p.m. There was an objection, so he placed his request in the form of a motion. There were several parliamentary inquiries as to whether this motion was in order. The Chair declared the motion in order, and Hoeven (R-IA) demanded tellers. Cooley's motion passed 149-117.

Ben Jensen (R-IA) then moved that the Committee "do now rise out of further respect for one of the greatest Americans, General Douglas MacArthur." The motion was accepted by the chairman.

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<sup>34</sup>Ibid., p. 7298.      <sup>35</sup>Ibid.

Mr. JENSEN. Mr. Chairman, I demand tellers. It is disgraceful to have this sort of thing going on while General MacArthur is lying here in the Capitol.

The CHAIRMAN. The Chair will inform the gentlemen that a vote on his motion is being taken. He is not recognized to make a speech.

The motion to adjourn was defeated 114-146.

This was immediately followed by a speech by Miller of California announcing the successful launch of the first Gemini capsule earlier that morning. H. R. Gross (R-IA) followed with his own remarks on the House's conduct.

Mr. Chairman, apparently the conduct and voting in the House is about to be put in orbit. That is evident from the way the chairman of the House Agriculture Committee is running this show. There is to be still another bill considered as a part of this "You scratch my back and I'll scratch yours" deal. I do not know how much further in orbit the Democratic leadership can put the votes in this House. I would just like to serve notice here and now that as far as I am concerned I do not like it and I will be present for a further round of this highhanded business in the days and weeks ahead.<sup>36</sup>

Debate continued on the Quie amendment until the time allowed had expired. The amendment was defeated 155-168. The Committee of the Whole rose and control was returned to the Speaker, who intended to put the bill to a vote.

A vote was prevented when Charles Gubser (R-CA) demanded the reading of the engrossed bill. In other words, the bill was to be reprinted as it now existed, with all changes and amendments, and then read into the record. Democrats had anticipated such a delay and had a printer standing by.

In the meantime, House Resolution 665 was called up for discussion. The Resolution, if agreed to, would constitute passage

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<sup>36</sup>Ibid., p. 7299.

of the cotton bill with the wheat program rider added by the Senate. Clarence Brown (R-OH) began the discussion, urging the bill's defeat. He abhorred the procedure by which the wheat-cotton bill was to be considered. The Senate had added the amendment, and they then returned the bill in the usual manner, requesting a conference with the House. He called the present "no amendment," yes-no rule a "disenfranchising of 435 elected Members of the House."

. . . I want to brand this action as being dictatorial; this proposed action as being un-American; and, if I can use the words of one of the supporters of this resolution without naming him, because he is a friend of mine and a member of the Rules Committee, as he said in executive session: "This resolution is just raw, bloody, power politics." It is an attempt to say to this House, "You are going to accept what we want you to accept without any opportunity to vote whatsoever upon the real merits of the far-reaching and important Senate Amendment."<sup>37</sup>

At the same time, Sullivan had become fearful that the wheat-cotton bill would pass (or be defeated) and Southern Democrat support for food stamps would disappear. She advised Speaker McCormack that this procedure was unacceptable. McCormack then declared a recess at 6:24 p.m., pending the arrival of the engrossed copy of H.R. 10222.

The House was reconvened at 9:04, and the clerk ordered to read the engrossed copy. Before this could be done, there was a series of parliamentary inquiries regarding the discussion of the wheat-cotton resolution, going on when the recess was called, and the attempt to now bring up food stamps when the discussion on the resolution had not been completed. House Resolution 665 was withdrawn by the member calling it up, and the Speaker again ordered the reading of the engrossed bill.

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<sup>37</sup> Ibid., p. 7303.

Again before it could be done, Charles Gubser (R-CA) made a point of order that a quorum was not present. The Chair counted 225 members, and declared that a quorum was present.

Charles Halleck (R-IN), in a parliamentary inquiry, questioned the authority for the recently declared recess. McCormack read the unanimous-consent request offered by Albert the day before. Gubser, in another parliamentary inquiry, asked if authority had not been given for the chair to declare a recess "in the singular." The Speaker replied by again reading Albert's request, saying that the Chair exercised the authority given in the request.

Oliver Bolton (R-OH) followed by again bringing up his earlier parliamentary inquiry over the disposition of House Resolution 665, which he felt had not received an answer. He was assured that the Chair was within its authority to declare the unfinished business at this time was the reading of H.R. 10222 and not House Resolution 665, which had been withdrawn.

Bolton then made a preferential motion to adjourn. A roll call was ordered and taken. The motion failed by 173-239 with 21 not voting.

The Republican strategy seems clear at this point. Either the wheat-cotton resolution should be considered, perhaps realizing Sullivan's fears, or voting on food stamps should be postponed until something could be worked out to break up the North-South Democrats alliance.

The Speaker again ordered the clerk to read the engrossed copy, which (this time) was begun. Carl Albert (D-OK) interrupted the

reading with a unanimous-consent request to consider the bill as having been read. Since there was an objection, the clerk finished the reading.

Upon completion of the reading, Hoeven offered a motion to recommit. In effect, this would send the bill back to committee with a request to add an amendment, one very similar to the defeated Quie amendment.

Cooley asked unanimous consent that the motion be considered as having been read. Halleck objected, and the motion was read. The motion was put to a vote, with Hoeven demanding a roll call. His motion was defeated 195-223, with 15 not voting.

Finally, the food stamp bill, H.R. 10222, was ordered put to a vote, with Hoeven again demanding a roll call. The bill passed by 229-189 with 15 not voting. A motion to reconsider was laid on the table.

House Resolution 665 was again called up, and debate began anew. When the allotted hour had expired, it was passed by a roll call vote of 211-203, with 4 voting "present" and 15 not voting. The House adjourned at 12:44 a.m. on 9 April 1964.

#### Vote Analysis

The final vote on H.R. 10222 was strongly divided along party lines. Democrats voted 216-26 in favor, and Republicans voted 163-13 against. Two Democrats voting against were northerners, while the other 24 were from the South.

Many of the 13 Republicans voting for the program were considered to have districts which would benefit from food stamp programs.

Saylor (Pennsylvania), Fulton (Pennsylvania), and O'Kronski (Wisconsin) all had pilot programs. Five Republicans with pilot programs voted against the bill, but three of these districts had Democrat representation when the programs were started.<sup>38</sup>

The question now is how important was the "deal" in passing the bills? Randall Ripley analyzed three roll call votes: H.R. 10222 recommittal, H.R. 10222 final passage, and wheat-cotton on final passage.<sup>39</sup> He finds that voting was along party lines, that urban district Representatives were more likely to support food stamps in both parties, and members whose districts had pilot programs were probably more likely to approve the bill than those from districts without projects.

He then categorized House Democrats on the basis of their voting behavior.

1. 12 Democrats were absent for all three votes.
2. Six missed at least one roll call, but voted with the administration when they did vote.
3. 180 supported the administration on all three votes, and can therefore be considered "reliable" traders.
4. There were 26 "greedy liberals" who voted in favor of food stamps, but against the wheat-cotton bill.
5. There were 12 "greedy conservatives" who voted for the wheat-cotton bill but not for food stamps.

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<sup>38</sup> Quarterly Almanac, p. 114.

<sup>39</sup> Ripley, "Legislative Bargaining," pp. 305-6.

6. Members who voted favorably on one food stamp vote, and unfavorably on the other, and voted for the wheat-cotton bill were labeled as "half-hearted traders."
7. 8 Democrats voted consistently against both bills.
8. 3 Democrats had what Ripley called unique voting patterns.

From the above tabulation, Ripley concludes that the deal was "82 percent successful in that only the 'greedy liberals', 'greedy conservatives', and 'half-hearted traders' refused to participate. Even if only the 'reliable traders' are counted, the trade was 71 percent successful."<sup>40</sup>

Ripley seems to ignore the possibility that some of his 180 "reliable traders" actually favored both bills, as did the administration. In other words, they would have supported each of the two bills independently of the other.

Therefore, it seems that any conclusion on the importance of the trade cannot be drawn from the voting figures alone. Evidence of a more convincing nature can perhaps be found in the actions of the parties involved. From the chain of events presented in this chapter, it can be seen that supporters of food stamps worked very hard to prevent a delay or a vote on the wheat-cotton bill from coming up first. The Republicans seemed equally determined to prevent this, hoping that the deal would break down when Southern Democrats failed to support food stamps once the wheat-cotton bill was passed. Whether or not the deal actually mattered, participants on both sides of the issue indicated by their behavior that they believed it to be important.

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<sup>40</sup> Ibid., p. 306.

### Republican Reaction

During the House session on 9 April, Republicans delayed business for four and one-half hours to indicate that the pressure and unusually late hours of the previous night were unnecessary. The House Journal was read, there were repeated quorum calls, and there were two procedural roll calls. Majority leader Carl Albert said of the events: "'We had a job to do yesterday and we did it,' adding that Republican dislike of the late session April 8 'does not . . . justify a filibuster today.'"<sup>41</sup>

### Senate Action

Senate action on the food stamp bill was not nearly as complicated as that of the House. The Senate Committee on Agriculture and Forestry held hearings, reporting the bill out with a few minor changes and amendments on 29 June. The Senate then passed H.R. 10222 by voice vote on 30 June, accepting one amendment and rejecting three.

The accepted amendment banned the use of food stamps to purchase imported meat. Those rejected would have required states to pay 10 percent of the cost of stamps issued to persons not receiving public assistance, prohibited the use of stamps to purchase carbonated soft drinks, and permitted states to require able-bodied heads of households to participate in work-relief programs in order to receive the stamps.

The Senate version was accepted by voice vote in the House on 11 August. Sullivan gave much of the credit for the bill's passage to

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<sup>41</sup>Quarterly Almanac, p. 114.

President Johnson's effort and determination. The President then signed the bill into law (P.L. 88-525) on 31 August.

#### Conclusion

The Republicans were fairly unified in their opposition. The food stamp bill was, correctly or not, identified as an urban issue. It was therefore necessary to formulate a trade to include the rural and the relatively conservative members in order to unify the Democrat majority and pass the bill. This bill had the additional difficulty of having to be reported out by a largely rural-oriented committee in the House.

This law authorized the food stamp program for fiscal years 1965-1967. During that period, the only pertinent actions were the passage of various appropriations bills.<sup>42</sup> The food stamp program itself was not up for debate until it required renewal in 1967. At this time, Republican and Southern Democrat opposition again surfaced in the House.

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<sup>42</sup>Chronological Legislative History, PL 88-573, PL 88-635, PL 89-316, PL 89-556.

## CHAPTER VII

### THE 1967 AMENDMENT TO THE FOOD STAMP ACT

When the Food Stamp Act was passed in 1964, the program became "permanent." Although there was no time limit on the program itself, there were "specified ceilings on appropriations for the first three fiscal years."<sup>1</sup> This meant that new legislation was required to appropriate funds for the program to continue operating beyond 30 June 1967. The administration sought open-ended authorization. Funding limits would then be the responsibility of the Appropriations Committees and not controlled by Agriculture.

In 1964 there had been substantial debate and argument, primarily within the House. In 1967, the chief difficulty would be a disagreement between the House and Senate. Both chambers were in agreement to approve only a limited authorization; the disagreement was over how limited it should be.

#### Initial Actions

The House Committee on Agriculture held hearings on 15 and 16 March 1967 to discuss H.R. 1318, a bill to continue the food stamp program. The bill was reported out on 12 April with two amendments. The first would limit appropriations to one year at a maximum of

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<sup>1</sup>Congressional Record, vol. 113, part 11, 90th Congress, 1st Session, 8 June 1967, p. 15142.

\$195 million. The second would require participating states to pay 20 percent of the program's operating costs.

The Senate Committee on Agriculture and Forestry held hearings on 25 April on S. 953. The Senate bill, reported out on 24 May, authorized the program to continue for three years, authorizing \$200, \$225, and \$250 millions for fiscal years 1968, 1969, and 1970. The Senate further provided that the funds be taken from the Treasury's general fund (not wholly or partially from Section 32) "to bar the repeated raids on these agricultural funds by the Budget Bureau."<sup>2</sup> The full Senate passed S. 953 by voice vote on 31 May.

As reported by the House Agriculture Committee, H.R. 1318 would require participating states to begin paying 20 percent of the food stamp program's operating costs as of 1 July 1969. This provision, supported by most of the Republicans and several Democrats, was described in the Committee's report (H. Rept. 189) as "modest state cost sharing . . . not designed to wreck the program but to structure state and local participation and responsibility."<sup>3</sup>

This provision was necessary, not so much for the direct 20 percent reduction in federal expenditure but for its effect on the decisions made by state and local officials. For each dollar these officials chose not to spend (in order to save the 20 cents of local funds), the federal government would save 80 cents. Although the stated concern

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<sup>2</sup>Congressional Quarterly Almanac (Washington: Congressional Quarterly Service, 1967), p. 437.

<sup>3</sup>Ibid.

was the prevention of wasteful and unnecessary expenditures, the amendment's opponents felt it would hinder necessary program expansion.

Sullivan again accused several Democrats on the Agriculture Committee of siding with the Republicans in an attempt to kill the program. Whether or not this was their intention, Sullivan was probably correct in predicting failure of the program, if cost sharing were required. Several representatives submitted correspondence from officials in their states to the effect that cost sharing would force them to return to commodity distribution. Of course, these officials were probably aware that they might help to defeat this amendment with an empty threat to abandon the use of food stamps.

Although the House had previously accepted cost sharing by a 141-120 teller vote, it was finally rejected by a 173-191 roll call vote. The voting alliances were much as they had been in 1964. Cost sharing was supported by 124 Republicans, 47 Southern Democrats, and 2 Northern Democrats. Against the provision were 132 Northern Democrats, 32 Southern Democrats, and 27 Republicans. The Republicans still had the support of a majority of the Southern Democrats.<sup>4</sup>

The second committee amendment would limit the program's extension to only one year. Besides giving the Agriculture Committee more control over the program's growth than open-ended authorization, it would provide for annual review and consideration of the program's performance.

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<sup>4</sup>Ibid., p. 438.

Objection was not so much to the idea of limiting the period of authorization but that one year was too short. Uncertainty about the program's future would create an unnecessary hardship for those responsible for planning food stamp operations at the local level. This situation would be made worse whenever the continuing authorization was put off until the last minute, as was being done now in 1967.

In addition, Sullivan was concerned with having to get an extension each year from what she regarded as an unsympathetic committee. Although she had previously argued that the program should remain under the jurisdiction of the Agriculture Committee, she now hinted that perhaps it would be better to transfer it to H.E.W.

This second committee amendment was accepted by the House, and it would now become the major point of disagreement with the Senate.

#### Welfare Rights

Although the Minority Report (H. Rept. 189) claimed that the food stamp program was poorly structured, doing little for either agriculture or the truly needy, there seemed to be little discussion on the program's ability to meet its objectives. Many of those opposing the program expressed concern that it would grow too large and become a too liberal giveaway. The president added to this concern with requests to hold down federal spending.

Facing this type of opposition, supporters were perhaps reluctant to make too much of the desires to expand the program to better serve the poor. If they appeared too greedy, there may be no food stamp legislation at all.

George A. Wiley (Ph.D. in Organic Chemistry), a director of the Poverty Rights Action Center of the National Welfare Rights Organization, appeared before the House Committee on Agriculture with an attorney on 15 March 1967. In his statement, he argued the recipients' rights to the food and suggested free bonus stamps, if not simply a cash donation. He pointed to the hardships and inequities caused by using a formula to calculate the recipient's purchase requirement instead of doing this on a more personal or individual basis.

This group may have been responsible for an amendment offered on the House floor by William Ryan (D-NY) to prevent exclusion of participants through minimum purchase requirements which exceeded their financial resources. This proposal was defeated with little effort.

The Welfare Rights delegation appeared somewhat hostile toward members of the Committee. They implied that the Committee was unsympathetic toward, and failed to understand, the needs of the poor.

There was also a perhaps unrelated discussion between this group and John Rarick (D-LA). Rarick noted the group's claim to have over 200 welfare rights organizations from 26 states and over 70 communities. He then asked how they raised the money to "go to these meetings." He never received an answer. Instead, Etta Horn, national vice chairman a food stamp recipient, accused the "power structure" of making up a program for "people who are slaves or something."<sup>5</sup>

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<sup>5</sup>U.S. House Committee on Agriculture, Hearings to Extend the Food Stamp Act of 1964 and Amend the Child Nutrition Act of 1966, 90th Congress, 1st Session, 15-16 March 1967, p. 69.

There seemed to be attempts to bring in the issue of racial inequity, also.

The following day, during the testimony of B. F. Sisk (D-CA), Rarick expressed amazement that the group appeared with their Park Avenue lawyer. "I wonder whether these people who were assigned to speak are misleading the welfare recipients into using their food money to support such an organization." Sisk replied that tragically there were such "vultures," and that "some of us from California" have been concerned about antipoverty funds going to support such organizations.

This digression was included at this time because it foreshadows much greater welfare-oriented pressures which are soon to appear. The next time the legislature finds itself discussing food stamps, it will be faced with such activities as the Hunger Crusade and the Poor Peoples' March on Washington. At least during the 1967 deliberations, the effect of these groups was minimal.

#### The Committee on Agriculture

One important difference between 1964 and 1967 was that W. R. Poage (D-TX) became chairman of the House Committee on Agriculture. Poage did not support the same concept of a food stamp program as his predecessor, Cooley. Joseph Resnick (D-NY) defended his "distinguished chairman" saying ". . . the only way he [Poage] could get the bill out was with these crippling amendments."<sup>6</sup>

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<sup>6</sup>Congressional Record, p. 15147.

However, Poage himself defended each of these two amendments on the House floor. First, he felt the one year authorization gave the Committee the necessary opportunity to review the program. "Unless the committee amendment is adopted, we will have no such opportunity."<sup>7</sup> Sullivan said she did not dispute the Committee's right to periodically review the program but that this amendment was not necessary for that purpose. According to the Legislative Reorganization Act of 1946, it had the right to propose amendments or limitations to the program at any time it chose.<sup>8</sup>

Arguments for cost sharing stressed its ability to encourage responsible behavior by the states and localities, rather than the 20 percent saving to the federal government.

If you want to prevent fraud and corruption, you are going to keep this program as close to the people as you possibly can, and the way to make people understand that a program is close to them is to make them get out their pocketbook and at least put a few nickels in the box."<sup>9</sup>

Sullivan suggested that the Agriculture Committee was being hostile to the whole food stamp idea. Everyone had known since the bill was passed in 1964 that legislation would be needed to extend the appropriations beyond June 1967. She herself had introduced a bill the previous summer. The Committee took no action on her bill, and it took no action on its own to extend the program. Poage called such charges unfair and false. He intended to vote for the bill, regardless of the action on the amendments.

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<sup>7</sup> Ibid.    <sup>8</sup> Ibid., p. 15142.    <sup>9</sup> Ibid., p. 15151.

However, Poage did not speak for the majority of his committee, which was simply not as liberal-minded as the administration or many members of the House when it came to welfare programs. While the House rejected the cost-sharing amendment by 191-173, Agriculture Committee members voted 24-8 in favor of this requirement. When the House voted 8 June 1967 to pass the food stamp bill 230-128, members of the Agriculture Committee voted 17-15 against its passage.

The allegation that cost sharing was a device used by those opposing the program is not entirely correct. Closer examination of how Agriculture Committee members voted reveals three attitudes.<sup>10</sup> Eight members (6 Democrats and 2 Republicans) voted along with Sullivan against cost sharing and for the program. Seven members (6 Democrats and 1 Republican) voted for cost sharing but still voted for the program, even after the amendment was defeated. It would be incorrect to suggest that these particular members used cost sharing to cripple a program they did not support.

The final 17 members (5 Democrats and 12 Republicans) voted for cost sharing but against the program. It is this group which best fits the charges levied by Sullivan. There may still be room for doubt, since it is conceivable that some voted against the program only because it would not carry the cost-sharing requirement.

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<sup>10</sup>This agrees with a statement made during May by Chairman Poage. He referred to three groups: One group wants to continue and expand the program with an open-ended authorization, another group wishes to scrap the entire program, and a third (to which he belonged) who wish to continue a basically very sound program but with some perfecting amendments.

Conference

On 8 June, after the House passed its food stamp bill (H.R. 1318), attention turned to the Senate-passed S. 953. Poage offered an amendment to replace the three-year authorization with the one-year provision in H.R. 1318. The amendment was accepted, and the House passed this amended version of S. 953 by voice vote. At this point, the only difference between the two bills was the prohibition against the use of Section 32 funds.

Conferees were appointed in both chambers to meet and work out the disagreement over the length of authorization. But after several weeks, the conference remained deadlocked.

Peanuts

On 21 August, Maston O'Neal (D-GA), a member of the Committee on Agriculture, offered a motion in the House to suspend the rules and consider H.R. 11565, which would authorize the transfer of peanut acreage allotments from one farmer to another.

Sullivan rose to speak in opposition to this bill. She professed concern that the bill would authorize the transfers for a period of two years. "Without an annual review by the Committee on Agriculture, how will we know whether people are cheating?" "How will we know whether the consequences of this legislation will be different from those anticipated by its sponsors?" Her motives began to appear more clearly in the following:

I am sure I may be excused for raising these questions because, as the Members remember, these were the main questions

raised by the committee in connection with the food stamp authorization bill which we considered here in the House last June.<sup>11</sup>

She suggests that it would be good to require periodic review of all types of primarily agricultural legislation. A valid point is made in connection with the Section 32 appropriations.

I would love to have an opportunity to vote each year on whether we should continue to set aside one-third of all customs receipts for the benefit of the cattle ranchers, the chicken farmers, the lettuce growers, and others who raise perishable commodities, based upon the depression period census, which indicated that in those days one-third of our population lived on farms, instead of today's 6 percent.<sup>12</sup>

In a less serious vein, Sullivan calls for limiting the peanut program to one year and, perhaps, ". . . for sharing by the states of up to 20 percent in the value of the peanut acreage allotments to be set aside to provide food stamps to those who sell their allotments and then are left with farms on which they cannot make a living."<sup>13</sup>

In commenting on the consequences of voting against the peanut bill, Sullivan said farmers would simply continue farming as they had for the past several years. Failure to act favorably on the food stamp bill would mean millions of people being cut off from food aid. Although she did not explicitly refer to a deal at this time, her intention was apparently felt by Carl Albert, speaking in favor of the peanut bill. "But I believe that the argument on the pending bill should not turn on some other piece of legislation, and I believe this sincerely."<sup>14</sup> Sullivan then put the obvious into words:

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<sup>11</sup> Congressional Record, vol. 113, part 17, 90th Congress, 1st Session, 21 August 1967, p. 23299.

<sup>12</sup> Ibid., p. 23300.    <sup>13</sup> Ibid.    <sup>14</sup> Ibid., p. 23301.

. . . I give warning that on every bill coming out of the Committee on Agriculture authorizing a program for more than 1 year. I will fight it until we put the authorization of the Food Stamp Act on a more equitable basis.<sup>15</sup>

Sullivan's attempts to use the peanut bill to break the conference deadlock on the Food Stamp Act brought her under attack from Page Belcher (R-OK):

Therefore, I am a little surprised . . . that the distinguished gentlewoman from Missouri [Sullivan] would want to penalize a group of poor peanut farmers in order to get back at a group of members of the Committee on Agriculture who would not agree to a compromise on the food stamp plan. I just cannot believe the gentlewoman would do that.<sup>16</sup>

Nevertheless, when the vote was taken, there were 208 yeas and 146 nays. Under the suspension of rules, requiring two-thirds to pass, the peanut bill was defeated.

Incidentally, after final passage of the food stamp bill, the peanut proposal was again brought up for consideration, this time under a rule which required only a simple majority for passage. This time it passed 256-57, well over the two-thirds which it failed to obtain the first time.

#### Conference Report

On 19 September the committee of conference on S. 953 issued its report (H. Rept. 649), stating that it could reach no agreement. The Senate then voted to accept a compromise amendment offered by Allen J. Ellender (D-LA), the chairman of the Committee on Agriculture and Forestry. The food stamp program would receive a two-year extension

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<sup>15</sup>Ibid.    <sup>16</sup>Ibid., p. 23302.

at the levels previously indicated for fiscal years 1968 and 1969 by S. 953.

In the House, Poage moved to accept the Senate's compromise. Although he still favored a one-year authorization, Poage argued that it was now likely to be a case of compromise or nothing. Page Belcher reaffirmed his opposition to the program in any form but agreed with Poage that this proposal would probably pass. He also reminded everyone that the appropriations bill for the Department of Agriculture, between \$6-7 million, could not be acted upon until after there had been some final decision on food stamps.

The extension for the food stamp program was finally passed by the House on a roll call vote of 196-155. President Johnson signed it into law (P.L. 90-91) on 27 September. Although this law extended the program's operation through 30 June 1969, food stamp legislation would again be under serious consideration within nine months.

## CHAPTER VIII

### THE FOOD STAMP "DEAL" OF 1968

In 1968, the Johnson administration sought a nominal increase in the food stamp budget, while Sullivan again argued for an open-ended appropriation. But this year, persons new to the argument began loudly criticizing the program itself as being "stingy" and inefficient.

Congressional and private foundation studies painted a grim picture of hunger and malnutrition in the United States. The "Poor Peoples' March," led by Ralph Abernathy, camped out in Washington and lobbied for greater efforts in the "War on Poverty." Although these actions prompted officials to take a serious look at the situation, there was some backlash in the form of references to freeloaders and chiselers.

This dissertation purposely avoids any conclusion as to the definition and extent of poverty and hunger. It seems nearly impossible to draw any meaningful conclusions from the vast amount of evidence and testimony presented to the public. In fact, serious doubts exist as to how well informed our elected representatives could be concerning the need for poverty programs on a national scale.

In February of 1968, President Johnson requested that Congress approve an additional \$20 million for food stamps for the current fiscal year. This increase from \$225-245 million for fiscal 1969 was

the purpose of H.R. 15896 sponsored by W. R. Poage and its Senate counterpart, S. 3068. The Senate bill was passed, without debate, by voice vote on 17 May.

As an alternative to the administration's bill, Sullivan submitted seven identical bills requesting "such sums as may be necessary" for the fiscal years ending in June 1969, 1970, and 1971. Following the Poage Committee hearings in June, her bills had 130 cosponsors, including 10 committee chairmen and 4 ranking minority members.<sup>1</sup>

Her objective was to allow funding of food stamp programs in 200 localities whose applications had already been approved but for which there was no money available. The "open-ended" appropriation would allow the Appropriations Committees to control the program's growth instead of the less sympathetic Agriculture Committee. She would also require the Secretary of Agriculture to report on the program's progress and anticipated needs each January.

In addition to the recurring conflict between the Committee on Agriculture and food stamp supporters, there was increasing criticism that food stamps and other poverty programs were not doing enough to feed the poor. Sullivan was thus fighting the Committee for expanded operations on the one hand and fighting those who demanded free stamps or cash payments on the other.

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<sup>1</sup>Congressional Quarterly Almanac (Washington: Congressional Quarterly Service, 1968), p. 441.

### Hunger Studies

The growing demands for more liberalized programs were partly the result of several investigations into the extent and causes of hunger and the publicity they received.

In April 1967, the Senate Subcommittee on Employment, Manpower and Poverty went to Jackson, Mississippi to hold hearings on the effectiveness of existing antipoverty programs. Joseph Clark (D-PA) and Robert Kennedy (D-NY) were persuaded to tour shacks in the Delta region to examine poverty first-hand. They returned to Washington and urged Orville Freeman to take emergency action to feed the people starving in Mississippi.

Newspaper accounts of the Kennedy-Clark findings prompted the Field Foundation to send a crew of physicians to Mississippi. They, too, returned with a sense of urgency concerning the conditions they found. They approached several liberal administration officials, including Freeman, John Gardner (H.E.W.), and Sargent Shriver (OEO). None was very encouraging. Kennedy and Clark, however, promised to hold public hearings in Washington on the issue of hunger.

The Citizens' Crusade Against Poverty, founded in 1965, was closely allied with the United Auto Workers. Its chairman was union leader Walter Reuther. Generally, this group's major function was to support poverty-related legislation.

Following the "discovery" of poverty in Mississippi, Reuther requested, during the summer of 1967, the formation of the 25-member "Citizens' Board of Inquiry into Hunger and Malnutrition in the United States." With its purpose of focusing attention on hunger as a

political issue, the Board issued Hunger, U.S.A., which was highly critical of existing government food programs.

Mississippi was chosen by Kennedy and Clark for apparently political reasons. They wished to avoid the districts of Senate patriarch Richard Russell from Georgia or Lister Hill, chairman of the Senate Labor and Public Welfare Committee, the parent committee of Clark's Poverty Subcommittee.<sup>2</sup> They worried little about Mississippi Senators Eastland and Stennis. Ironically, they chose to upset Jamie Whitten (D-MS), chairman of the House Appropriations Subcommittee on Agriculture. He described the delta tour as "a Kennedy plot and a liberal ploy to gain Negro votes by maligning the South."<sup>3</sup>

Legislation was passed in 1967 to authorize H.E.W. to conduct a national nutrition survey among the poor. One of the states selected to be examined was again Mississippi. Whitten was again displeased. Since Whitten held control over the Department of Agriculture's budget, according to one observer, "the entire 107,000-man department is tuned to the Mississippi legislator's every whim."<sup>4</sup> It is not surprising to learn that Mississippi was dropped for the survey's agenda.

Whitten's power, together with that of the conservative Agriculture Committee, placed Secretary Freeman in a difficult position. He was severely limited in his ability to support liberalization (or expansion) of food stamps. In the past, the limited support in Congress had prevented much expansion or easing of eligibility rules. But even as general congressional support grew, Freeman had to take care to avoid offending these powerful opponents.

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<sup>2</sup>Kotz, Let Them Eat Promises, p. 5.    <sup>3</sup>Ibid., p. 15.    <sup>4</sup>Ibid., p. 84.

The citizens' groups were critical of the food stamp program itself. For example, why not just give money? This direct cash aid, according to Sullivan, was more in line with the philosophy at H.E.W., where they felt that if the poor spend their welfare checks "foolishly," that is fine. She felt public responsibility goes beyond this when it comes to food. People need help to spend their money intelligently, and food is the concern of the Department of Agriculture.

It was allegedly the food stamp program's fault that an area's changeover from an inadequate surplus commodity program resulted in fewer participants, often as much as 40 percent fewer. This was partly blamed on a purchase requirement which was too high, and the inability of families to purchase a month's worth of stamps at one time. Naturally, those families with no money at all could make no stamp purchases.

Critics wanted free stamps for families without money, lower purchase requirements, and higher bonus amounts. It was also recommended that the purchase requirement be adjusted to reflect seasonal changes in income.

Other problems included the delay in certifying individuals and the requirement that eligibility be continually reviewed. The Citizens' Board felt that eligibility standards should be simplified and certification made on the applicant's affidavit alone. Finally, states should be prohibited from disqualifying any family considered "poor" by the federal government. This last provision would answer allegations that some states and counties were disbanding food

programs, or tightening requirements, during harvest season to force the poor to provide cheap labor.

During his Agriculture Committee testimony (12 June 1968), Freeman indicated several changes had been made during 1967. The monthly purchase requirement for the poorest persons was reduced from \$2.00 to 50 cents per person, limited to a maximum of \$3.00 per family. To help ease a family's transition into the program, the first purchase requirement would only be half of the normal amount.

Freeman resisted pressure to provide free stamps, saying that he had no such authority. Other officials felt he did, since the Food Stamp Act required him to charge a figure approximating the family's normal expenditure on food, a family with no money had no normal expenditure. Sullivan argued against legislating free stamps because it would create problems in deciding that one income level would get free stamps and a family with one more dollar had to pay. Most families, she felt, could get some kind of relief or private charity grant. She no doubt still feared a backlash could result from too much liberalization of the program.

So Sullivan concentrated her efforts on obtaining the funds to expand the program geographically, rather than liberalizing its nature. As of 11 June 1968, she testified that there were 1,027 projects operating, leaving 2,000 counties without the program. There were 239 counties whose applications had been approved, that were now waiting for the funds to become available, and 145 still pending.<sup>5</sup>

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<sup>5</sup>U.S. Congress, House Committee on Agriculture, Amend the Food Stamp Act of 1964 (Washington: U.S.G.P.O., 1968), p. 15.

It would seem that a Secretary of Agriculture, free from political pressures, could go a long way toward meeting the demands for a liberalized program on his authority alone. In fact, the politically expedient action, if he were so inclined, would be to support Sullivan's attempt to transfer the funding authority for the next few years away from Agriculture. Once this decision rested with the Appropriations Committee and a relatively favorable Congress, he could make several changes without specific legislation from the Agriculture Committee and without fear that the Committee would retaliate by cutting next year's budget.

Hunger and poverty were brought forcefully to the public's attention in April 1968, when the Citizens' Board of Inquiry published its findings in Hunger, U.S.A. In words and photographs, this book examines poverty and malnutrition. The major conclusion is that poverty exists, and exists because of the failure of various government agencies and programs. This study classifies 256 counties as "hunger counties."

Because of the relatively greater impact of television, a CBS documentary entitled "Hunger in America" probably stirred up more concern among the voting public. The program was aired on 21 May 1968, and it was somewhat similar in approach to Hunger, U.S.A. The viewer was taken on a tour of poverty areas, many of which were in the rural South.

The CBS study was reportedly the result of a cocktail party conversation between Senator Robert Kennedy and a network producer,

Don Hewitt. Hewitt was persuaded that the issue of hunger deserved serious media coverage.

These criticisms provoked retaliation by Poage and Whitten. Poage contacted county welfare officials in the "hunger counties" in a letter suggesting that improper diets perhaps indicated a problem of "education or personal decision."<sup>6</sup> He reported, based on responses from 212 counties, that malnutrition largely resulted from "ignorance, immorality, degeneration, retardation, or cruelty."<sup>7</sup>

Freeman argued that the CBS coverage was exaggerated and inaccurate. He approached the network, seeking equal time under the fairness doctrine, to refute the charges. CBS denied the request, saying that it was under no obligation to provide time for a rebuttal on this issue.<sup>8</sup> In fact, CBS was to announce its plans to rebroadcast the program.

These two hunger studies undoubtedly had their desired impact on the general public. However, the opinion of many government officials is that they depended too much on sensationalism and not enough on

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<sup>6</sup>Kotz, Let Them Eat Promises, p. 112.

<sup>7</sup>Ibid., p. 113. The previously cited work by Kotz is itself highly critical of agricultural officials, poverty programs, and similar existing efforts, and it generally adopts a liberal viewpoint. Since the author makes little use of footnotes, it is difficult to ascertain how he discovered the behind-the-scenes activities and attempted cover-ups. While these facts may be quite correct, it should be noted that Kotz is the only source for some of this information.

<sup>8</sup>The correspondence between Freeman and CBS, including several specific errors according to Freeman, is reprinted in the House Agriculture Committee hearings. See, Amend the Food Stamp Act, pp. 66-72.

fact. The importance here is not their accuracy but their impact in creating public pressure on legislators to remedy the problems described.

### Committee Hearings

Sullivan began her opening statement before Poage's committee by accusing its members of reluctantly allowing the food stamp program to survive only after the full House overruled attempts to kill it. As she had done in the past, perhaps unwisely, Sullivan brought the pragmatism of "deals" into the open. This prompted criticism from committee member John Meyers (R-IN).

Mr. MEYERS. I am quoting from your statement.

"If we have to have another fight, let's have it. But let's make it clear what the issue is going to be: If you do not let us use this method to assure adequate diet for all needy Americans wherever they live, then many of us from urban areas are simply going to withhold our votes on farm legislation until we again make another 'deal,' as we had to do in 1964."

Mrs. SULLIVAN. Very blunt and perhaps crude, but it is very true. We had to "make a deal" in 1964 to pass a food stamp bill and a farm bill.

Mr. MEYERS. Sure is crude, I must agree with you. I could not agree more. I could not say that you are interested in the whole country when you have to make a deal.

Mrs. SULLIVAN. Sometimes, we have to shock people. I do not, as a rule, talk about "deals" but this is the shocking truth of this situation.

Mr. MEYERS. I am shocked, I will tell you that.<sup>9</sup>

One might wonder whether Meyers was shocked by the use of a deal or the frank mention of it.

Sullivan defended the necessity of making a deal since the Agriculture Committee refused to consider the food stamp program

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<sup>9</sup>Ibid., p. 44.

seriously, on its merits. Chairman Poage continued to maintain that he did not believe the use of deals to be acceptable behavior.

Mrs. SULLIVAN. I am telling you, Mr. Chairman--telling you something that you have known through all of these years that we have been working on the food stamp legislation--that we have not been able, in this committee, to discuss the food stamp program on its merits. We have talked about money; we have talked about whether there should be free stamps--we have talked about many things, but this committee hasn't really made a study of the merits of whether this program is good or not. You vote it up or down, or to force the States to pay for it, but you don't indicate whether you believe in something like this. I do not know how else to tell you.

The CHAIRMAN. I take it that you missed the whole point.

Mrs. SULLIVAN. No, I have not.

The CHAIRMAN. I think you have. With all due respect to you, I do not believe that it is proper for me to demand that anyone support legislation simply because I want him to support it. I do not think that you ought to, as a Member of Congress, vote for it if you believe that I am wrong. I do not believe or think that John Meyers will support this just because I have introduced it. I do not think he should. I do not think that I ought to support a bill just because some of my friends support it, unless they can show me that it is a meritorious bill that will help the Nation. If I am convinced that it does, I will support it, even though its author has never voted with me.

I have always tried to support every bit of the so-called social big city legislation, where I could be convinced that it was sound and good, and whether you even vote for agriculture legislation or not, Mrs. Sullivan, or whether any of the 107 on your list ever vote for an agriculture bill--and most of them never did--most of them have never voted for an agriculture bill like you have and John McCormack has. Beyond that, most of the people who tell me that "I always support farm legislation" simply have not paid enough attention to even know what they have done themselves. Most of these people never vote for a farm bill and never will. If you do not believe in farm legislation, I do not want you to vote for a farm bill. I do not want to see you stultify yourself. Anybody who comes in here and votes for a bill that he does not believe is sound for his country, because somebody else wants to trade with him, has a different concept from my own.

I thought it was a pretty good bill. We do want the Department's suggestions as to what they expect to do with additional money, and with a proper showing of need, I am willing to vote for it, and I will so vote, but I will vote for it because I believe in it, and not because you threaten me. No, I will vote for it in spite of that, because I think and believe

it is sound. I do not believe that any member of this committee will vote for or against it because you threatened us.

Mrs. SULLIVAN. I thank you for the chastisement. I think, in the votes I have cast, I have been able to stand up before my people and tell them why I voted as I did and I have told them. I have told the committee here again why I voted for farm bills. As far as what was said, all you have to do is to think back to the wheat-cotton bill back in 1964; think back to these other bills. I helped you. I helped you on many of these bills.

The CHAIRMAN. Did I ever ask you to vote for the cotton bill, the wheat bill, or any farm bill because I was going to vote against something that you were going to be interested in, if you did not?

Mrs. SULLIVAN. You never did ask; you never threatened, but we all know that in order to get legislation passed and in order to get the Members to listen--because if you can get the Members of Congress to sit down and listen when debates are going on about a program so that they really know what the "Sam Hill" is in the program, then you are a better man than I am, and it is only the fellow who does his homework that knows what he is voting for--but Members need help in getting any bill through. I have never apologized for voting for a farm bill, or helping to get others to vote for it. But I have said to you and to many others, that the Members from rural areas ought to listen to our problems and study about the needs of the cities. They do not vote for the city bills. I do not say that there must be a trade--I think it is a case of lack of knowledge. It is the same thing on the farm bill. It is a lack of knowledge. Some city Members are simply not going to vote for anything for the rural areas. That is too bad. If they listened and understood what the bill was about, maybe they would change their minds. The only place that I know to change their minds is in committee where you actually work on bills.

The CHAIRMAN. We thank you very much, Mrs. Sullivan.

Mrs. SULLIVAN. I apologize for causing such an explosion. I think we understand each other.<sup>10</sup>

In February of 1968, Orville Freeman was requesting favorable action on the president's request for a \$20 million increase in food stamp appropriations. But during his appearance before Poage's committee on 12 June, he voiced enthusiastic support for Sullivan's bill. His new position took Poage by complete surprise. In the

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<sup>10</sup>Ibid., pp. 48-49.

words of Page Belcher (R-OK), the ranking minority member, it "almost knocked the chairman off his chair. He got rather irked about it, and he was not happy about it, so he proceeded to get the Committee on Agriculture to disregard the Sullivan bill and pass out the chairman's bill."<sup>11</sup>

Belcher thought that Freeman should have extended the chairman the courtesy of telling him privately of his new position. Freeman apologized, saying he thought he had done so, "but I apparently have not communicated very well."<sup>12</sup> The blame for the Committee's action may not be Freeman's alone, since others tended to feel that Sullivan offended the chairman and others with her criticism and talk of making deals.

The exact reason for Freeman's change of heart is not clear. When Poage asked if this request was "in accordance with the President's program," Freeman replied, "I don't know."<sup>13</sup> Perhaps Johnson, who was calling for a reduction in federal spending, was simply unwilling to declare his public support at this time. In 1967, President Johnson had been in support of an open-ended appropriation for food stamps.<sup>14</sup>

The Department and Freeman had taken a beating in the CBS inquiry into "Hunger in America" on 21 May. It was pointed out during Freeman's testimony (by Charles Teague (R-CA)) that CBS had been

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<sup>11</sup>Steiner, State of Welfare, p. 234.

<sup>12</sup>Amend Food Stamp Act, p. 80. <sup>13</sup>Ibid., p. 76.

<sup>14</sup>Quarterly Almanac, p. 440.

advertising its intention to rebroadcast the program in a few days. There is, however, no way to tell what influence this information may have had on Freeman's stand.

### The Deal

The deal this year involved H.R. 17126, a bill to extend the basic farm programs for one year, in what was termed a "shotgun wedding." Sullivan seems to have been very instrumental in the House Rules Committee's tie vote (6-6) which defeated a motion to grant a rule for floor debate on the farm bill, 21 May 1967.

The Agriculture Committee held its food stamp hearings on 11-13 June. On 18 June a rule was granted to H.R. 17126. Unfortunately, it is not clear what effect the delay had on the food stamp bill. Even though the farm bill had been granted the rule, several Democrats were able to delay its being called up for debate until after the House had acted on food stamps.

On 25 June, the Agriculture Committee voted 4-26, defeating a motion to accept the Sullivan provision of an open-ended authorization. The following day, the \$245 million limit requested by the president was passed 19-13, and a clean bill, H.R. 18249, was reported out on 2 July.

In addition to limiting the appropriation, the Committee amended the program to prohibit strikers and students from using food stamps unless they were so qualified before striking or becoming students. It was pointed out that during October 1967, while Ford workers were on strike, there were 3,809 families (16,970 persons) receiving food

stamps in Detroit under category "C" (strikers). In fact, Detroit found it necessary to open a second food stamp office to handle the increased number of recipients.<sup>15</sup>

#### Floor Action

House debate began with Sullivan proposing an amendment to replace the \$245 million limitation with a four-year open-ended authorization. This year, as in the past, it had been necessary to "ransom" a food stamp bill out of the Agriculture Committee so that the full House could again amend it into a workable program.

Teague proposed an amendment to Sullivan's amendment to include the restriction against students and strikers. It was accepted by a 150-134 teller vote, following its rejection by an 85-86 standing vote. Teague explained this was necessary to "restore the language of the committee bill, should the Sullivan amendment be adopted."<sup>16</sup>

The Sullivan amendment was adopted by a teller vote of 151-138, and then by roll call 227-172. Immediately thereafter, the House voted 315-83 to pass H.R. 18249. Then as a housekeeping matter, the House accepted by voice vote a motion to substitute the provisions of H.R. 18249 for the Senate-passed bill, S. 3068. Interestingly enough, this motion was offered by Poage, who had voted against the Sullivan proposal itself.

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<sup>15</sup>Amend Food Stamp Act, pp. 130-31.

<sup>16</sup>Congressional Record, vol. 114, part 18, 90th Congress, 2nd Session, 20 July 1968, p. 24237.

### Conference

The food stamp bill then went to conference with the Senate. The requirement for an annual report by the Secretary of Agriculture was retained intact. Where the House bill extended the authorization through fiscal 1972, and the Senate bill through fiscal 1969, the conference committee agreed on 31 December 1970, to expire simultaneously with the farm bill.

They also compromised on the size of the authorization. For fiscal years 1969, 1970, and the first half of 1971, they allowed \$315 million, \$340 million, and \$170 million. A final change was the omission of the provision relating to students and strikers. An unsuccessful attempt would later be made in the House to restore this prohibition.

The members of this conference committee were the same as those conferring on farm bill H.R. 17126. The report on food stamps (H. Rept. 1908) was issued on 19 September, while the one for the farm bill came out the day before.

On 25 September, the House voted 245-98 to accept the food stamp report, and President Johnson signed P.L. 90-552 on 8 October.

### Conclusion

Despite the final defeat of Sullivan's proposal by the conference committee, House liberals had made significant advances concerning the food stamp program. In the past, most of the debate and opposition had come from the House. Now, by an overwhelming

margin, the full House was supporting expanded use of food stamps over the objections of its Agriculture Committee only to find its wishes limited by the Senate.

## CHAPTER IX

### REPUBLICAN ADMINISTRATION AND THE FOOD

#### STAMP PROGRAM

Prior to 1969, Food stamp supporters had their hands full getting money to keep the program operating on a relatively small scale. There was little talk of program revision. Without stronger legislative support, mention of the program's shortcomings could endanger its chances for funding.

In general, Republicans had been opposed to the program. Therefore, many observers were surprised when, in early 1969, the new Republican administration came out in favor of extensive liberal revisions and funding increases. The program would provide greater benefits to a larger number of participants.

Conservative (and agricultural) forces in Congress finally lost their hold on the program. The administration and congressional welfare interests set about making food stamps into a nationwide welfare program, showing little concern for its role as an agricultural program, albeit an ineffective one.

During 1969, Congress was beginning to respond to pressure to expand the food stamp and other welfare programs. Part of this response was to exert pressure on the new Nixon administration to take action. The Democrat majority could feel freer to publicly

criticize the (Republican) administration now than it could when Democrats Kennedy and Johnson were in office.

Almost simultaneously with Nixon's taking office came the first "hard statistics" on the subject of hunger. The National Nutrition Survey, the result of a federal study commissioned legislatively in 1967, had a great impact on many officials who had been skeptical of earlier, more "sensational" reports.

One of the first developments came on 21 February when Agriculture Secretary Clifford Hardin announced that free food stamps would be provided to families in two South Carolina counties whose monthly income was less than \$30. Although this marked a significant liberalization of policy, it was criticized as merely a token effort.

Secretary Hardin explained that the money would come from Section 32. Section 32 funds had previously been prohibited from use in the program by the 1967 law (P.L. 90-91) extending the food stamp program. But the 1969 agriculture appropriations bill permitted up to \$45 million of these funds to aid persons suffering from "general and continued hunger."

In April 1968, the Senate passed a resolution by Senator George McGovern (D-SD) forming the Senate Select Committee on Nutrition and Human Needs. It was hoped that progress could be made in the fight for nutritional programs if the hunger issue were removed from the conservative agriculture committees.

The new Select Committee ran into trouble when its budget was significantly reduced by the Senate Rules Committee, which was dominated by Southern Democrats and midwest Republicans. These funds

were necessary to support further investigation into the extent of hunger. McGovern appealed to the full Senate, suggesting that this was done to hamper work on programs to which members of the Rules Committee were opposed. The budget was restored when, for "the first time in memory," the Senate overruled the Rules Committee.<sup>1</sup>

In the administration, it was H.E.W. director Robert Finch, Agriculture Secretary Clifford Hardin, and Urban Affairs Council chairman Daniel Patrick Moynihan who most strongly supported reform and expansion of the food stamp program. Actually, Finch and Moynihan seemed ultimately to favor a system of guaranteed income, but they saw food stamp changes as necessary in the meantime. The president, having requested administrative agencies to reduce spending, did not originally favor the reforms and expansion he was later to request.

Concern was growing that unless the administration acted quickly, they would receive no credit for the expanded nutrition and welfare programs which would soon emerge from the Congress. Public pressure was mounting as McGovern publicly invited Finch and Hardin to testify before his committee on 5 and 6 May. On 3 May, the Washington Post carried a feature detailing proposed revisions of the food stamp program which had been drawn up by Finch and Hardin but had not received presidential approval.

The administration's position changed after a meeting between presidential assistants and Finch and Hardin. It was concluded that

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<sup>1</sup>Kotz, Let Them Eat Promises, pp. 203-4.

their forthcoming testimony could be politically disastrous unless the administration took some initiative concerning food stamps.

### The Nixon Proposals

On 6 May 1969, President Nixon called for an additional \$270 million for fiscal 1970, and \$1 billion more for fiscal 1971. Besides the funding increase, the president's food stamp proposal (H.R. 12222) contained several reform measures.

Free stamps would be provided to any family with a monthly income of less than \$30.<sup>2</sup> Furthermore, a family of four would be able to purchase \$106 worth of food, spending no more than 30 percent of its monthly income.

At this point, it should be stressed that these are net income amounts, and they are relatively meaningless as far as descriptive content is concerned. The real significance for the participant will depend on his own expenditures for other "necessities" such as shelter and utilities, which he is allowed to exclude from his gross income. Therefore, an individual family's net income figure is highly dependent on administrative regulations concerning legitimate deductions.

From the beginning, Sullivan and her supporters had emphasized the voluntary nature of the program. The Nixon proposal would require every state to have a plan by 30 June 1970 for the participation by all localities in either the surplus foods or food stamp

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<sup>2</sup>A McGovern proposal (S. 2014) would make this figure \$80, affecting an estimated 3.5 million families with monthly incomes of between \$30 and \$80. See. *ibid.* p. 229.

program. Any state failing to do so could lose those programs which it did have in operation. But rather than wait for the legislation to pass, which was not until 31 December 1970, the president announced on 4 December 1969 that food stamp programs would be set up in those countries without federal food programs.

### Uniformity

Recognized regional differences in the cost of feeding a family had resulted in one amount of stamps being issued to families in the South,<sup>3</sup> and a higher allotment for the rest of the nation. Secretary Hardin eliminated this difference, establishing uniform allotments in December 1969. The reasoning was apparently to allow a family to purchase what the U.S.D.A. estimated to be, on the average, a "minimum diet." In effect, this seemed to be a denial that regional differences in food prices were significant enough to warrant separate schedules.

The president's proposal would also require the Secretary to establish a uniform nationwide income level for eligibility, as well as limits on allowable liquid assets. Currently, these amounts were determined by each state and required approval by the U.S.D.A. At the beginning of 1970, the maximum monthly income limits ranged from \$160 in South Carolina to \$360 in New Jersey.<sup>4</sup> (In practice, there would still be exceptions to the required uniformity in the cases of Alaska,

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<sup>3</sup>The states referred to here were Alabama, Arkansas, Kentucky, Louisiana, Mississippi, North Carolina, South Carolina, Tennessee, and Virginia. See, Steiner, State of Welfare, p. 192.

<sup>4</sup>Ibid.

Hawaii, Guan, Puerto Rico, and the Virgin Islands.) Uniform income limits were established in response to allegations that some localities set eligibility requirements that prevented participation by truly needy persons.

At first, it may seem that uniform eligibility standards would create a hardship in high income-high cost regions, and/or allow participation by persons who were not considered "needy" in low-cost areas. For example, \$200 will go farther toward providing a family's necessities in the South than it would in New York City. But, again, these are net income figures, the amount left over after deducting allowable expenditures on other necessities. While such uniformity will not produce any perfect "equality," it does not seem to be as "unfair" as it might appear initially.

#### The Congress

Congressional reform of the food stamp program was proving to be a long drawn-out process. There was, however, general agreement for increasing the size of the authorization. This was evidenced by Senate actions intended to avoid delaying the funding increase until disputes over program changes had been resolved.

On 20 June, the Senate voted to increase the fiscal 1970 authorization from \$340 million to \$750 million (S.J. Res. 126). The president had requested \$610 million. A later bill (S. 2547) raised this to \$1.25 billion for fiscal 1970 and \$1.5 billion for each of the next two years. Also included was a provision authorizing free stamps to families with incomes below \$60 per month.

The House Agriculture Committee took no action on either of the Senate bills. Instead it held hearings on the administration's reform bill (H.R. 12222) and others between 15 July and 31 October. One bill, H.R. 12430 sponsored by Chairman Poage, would make both the food stamp and farm programs permanent. Poage explained his intention to treat the two programs together was "because the production and distribution of food were closely related."<sup>5</sup>

In the past, food stamp supporters had needed to bargain for the support of the farm bloc in order to get legislation passed. The situation was now reversed. With support for farm programs dangerously low, Agriculture was attempting to tie its programs to the now-popular food stamp program.

Poage must have also realized the necessity for his committee to give serious consideration to food program reform. If Agriculture lost legislative authority for these programs, they obviously could not be used to secure votes for farm legislation. The same concern prompted various farm lobby groups to urge Secretary Hardin to retain control over the food stamp program instead of letting it go to H.E.W.<sup>6</sup>

While the Senate took action on the funding increase in June, it was 14 October before the House Agriculture Committee voted out the president's request for \$610 million for fiscal 1970 (H.J. Res. 934). The resolution passed the House on 5 November and the Senate on 6 November, and was signed by the president on 13 November (P.L. 91-116).

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<sup>5</sup>Congressional Quarterly Almanac (Washington: Congressional Quarterly Service, 1969), p. 825.

<sup>6</sup>Kotz, Let Them Eat Promises, p. 206.

Poage explained that this bill was necessary at this time in order to be included in the pending agriculture appropriations bill. It appears that the appropriations bill (H.R. 11612) was being delayed until the Agriculture Committee acted on the food stamp authorization request. H.R. 11612 was then cleared to the House on 19 November.

During 1970, the House and Senate again attempted to rewrite the food stamp program. By far the more generous bill came from the Senate, due primarily to the efforts of McGovern and his committee. The House version contained provisions such as a work requirement, state cost sharing, a ban on free stamps, and other conditions resulting in a less costly program. Poage explained that while the authorization was open in the House version, their program would require only around \$1.5 billion. This, he claimed, was about "one-quarter of what the other body proposes to spend."<sup>7</sup> He described his purpose as "maintaining a program of real value to the actual needy rather than . . . in competing with Members of the other body for a reputation of generosity regardless of cost and regardless of need."<sup>8</sup>

#### Conference Report

Conferees filed their report on 22 December 1970. Their compromise of the two bills was accepted, as written, by the House

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<sup>7</sup>Congressional Quarterly Almanac (Washington: Congressional Quarterly Service, 1970), p. 765.

<sup>8</sup>Ibid.

on 30 December and by the Senate on 31 December. On 11 January 1971, the president signed it into law, P.L. 91-671.

The House version denied participation to households containing an employable but unemployed person who failed to register with a state or federal employment agency or who refused to accept suitable work.<sup>9</sup> The conference report modified this, saying that a person could not be required to accept less than the applicable state or federal minimum wage, or \$1.30 per hour if there were no applicable minimum wage law. McGovern, who opposed any work requirement, characterized this as "a declaration of serfdom for America's hungry poor."<sup>10</sup>

The coupon allotment for a family of four was \$106 in the House bill, corresponding to the U.S.D.A.'s "nutritionally adequate diet." Rejecting the Senate's provision of \$134 per month, the conferees agreed to require the Secretary of Agriculture to annually adjust the allotment figure to reflect increases in the cost of food.

Free stamps were finally authorized for a family of four whose income was less than \$30 per month, the figure requested by the administration. The House wanted to prohibit free stamps, while the Senate would give them to families with less than a \$60 monthly income.

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<sup>9</sup>This is intended only as a general summary of the law's basic features. More precise meaning can be found for terms such as "employable" and "suitable work" in the language of the statute. See the Appendix to this dissertation or, Chronological Legislative History, pp. 18-19.

<sup>10</sup>Quarterly Almanac, 1970, p. 767.

The Senate had limited authorizations to \$1.25 billion, \$2 billion, and \$2.5 billion for fiscal years 1970 through 1972, while the House had approved an open-ended authorization. The final bill provided \$1.75 billion for fiscal 1971 and open-ended authorizations for 1972 and 1973.

#### Variable Purchase Option

According to Sullivan, the crucial feature of the food stamp program was its ability, in theory, to force participants to use the bonus amount to increase only the purchase of food. While the degree to which this obtains depends on the accuracy of the purchase requirement's approximating "normal" expenditures on food, the variable purchase option has virtually eliminated the program's ability to force an increase in food consumption.

The situation can be illustrated briefly using eligibility standards for a four-person household in 1973.<sup>11</sup> Assume a family has a net income of \$170 per month, and, for the moment, there is no variable purchase option. At this level, the coupon allotment is \$116 for which the recipient pays \$47.

Assume the family, without the program, normally spent \$47 per month on food. If they chose to buy stamps instead, they would receive an additional \$69 in food purchasing power. With no form of cheating, the family would therefore buy \$116 worth of food per month without any change in the amount they spent on other items.

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<sup>11</sup>Virginia Department of Welfare and Institutions, Food Stamp Program Certification Manual (revised April 1973).

Now suppose the family normally spent more--for example, \$60-- on food without the program. The bonus amount would therefore be divided between increases in food and nonfood spending. They would get the same \$116 by paying \$47, leaving them \$13 in cash out of their normal food budget. In other words, their choice to participate resulted in an increase of \$56 for food and \$13 for nonfood items.

Despite the unintended increase in nonfood purchasing power, the overall goal of the program was reached, at least theoretically. The \$116 that the family is spending for food is the amount estimated by the U.S.D.A. to represent the "minimum" diet, which is the program's objective.

The variable purchase option gives the family the choice of purchasing a fraction of the \$116 allotment, paying an equivalent fraction of the purchase requirement. Shown below in the information for a four-person household with a net income between \$170 and \$189.99.<sup>12</sup>

	100%	75%	50%	25%
Coupon value	116	87	58	29
Purchase requirement	47	35.25	23.50	11.75

Assume, again, a normal food budget of \$60 per month. Since food is a "normal good," any additional income would therefore be divided between food and nonfood items. But consider the "worst" case in terms of the program's goals: the family chooses to use its bonus amount only for the increase of spending on nonfood items.

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<sup>12</sup>Ibid.

They purchase 50 percent of the monthly allotment, \$58, at a cost of \$23.50. They now purchase the same \$60 worth of food for \$25.50 (\$23.50 for stamps, plus \$2 added to the \$58 worth of stamps). The result is a reduction in their cash outlay for food of \$34.50 which can be spent on nonfood items, with no increase in spending for food.

More realistically, this family would probably choose the 75 percent option, increasing its purchase of food and nonfood items. The variable purchase option has meant, again theoretically, that food stamps have little more ability to increase selectively the purchase of food than a cash grant.<sup>13</sup>

#### Conclusion

These constitute the more significant changes in the program's operation.<sup>14</sup> As should be fairly obvious, the overall impact of these revisions has been to increase the net benefits to participating families and to make more households eligible to participate. At the same time, a greater share of the specific regulations are being made at the federal level.

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<sup>13</sup>Kenneth W. Clarkson, Food Stamps and Nutrition (Washington: American Enterprise Institute, 1975), Appendix A. Clarkson applies indifference curve analysis in describing the effect of the variable purchase option, as part of his attempt to compare recipient's utility from food stamps to that which would be received from a somewhat smaller cash gift. This dissertation will not attempt to argue the benefits of one type of aid program over another.

<sup>14</sup>Further comparison between the original law in 1964, P.L. 88-525, and the new one, P.L. 91-671, can be found in the Appendix.

## CHAPTER X

### EFFECTS OF THE 'FOOD STAMP PROGRAM

This dissertation has thus far concentrated on how the institutions of government operated in producing the current food stamp program. In so doing, the program's effect on various sectors of the economy was only briefly mentioned.

This chapter will first examine the different categories of beneficiaries. In some cases, such as the stamp users and farmers, it is possible to make some estimate as to the size of the benefits. For other groups this is not practical. For example, the impact on the commercial food industry is too small to be significant, while theoretical roadblocks prevent quantifying the public good.

Finally, this chapter will discuss the food stamp program's effect on hunger and poor nutrition. While detailed information on a nationwide scale appears to be lacking, it is possible to observe the program's effect from smaller regional studies.

#### Recipient Benefits

The most obvious beneficiaries of the food stamp program are the recipients themselves. For most, if not all, public assistance programs, the cost to taxpayers exceeds the benefits received by those being aided. In addition to the administrative and operating costs

for an in-kind transfer, such as intended through the use of food stamps, the market value of the aid being provided is likely to exceed the recipient's own valuation of that aid.

Consider first the theoretical argument. Assume that there are only two composite-type goods: food and nonfood. In the absence of food stamps a family's budget is assumed to be in equilibrium. The marginal rate of substitution (MRS) between the two goods will equal the ratio of their relative prices in the market.

Participation in the food stamp program increases the quantity of food, leaving the quantity of nonfood unchanged.<sup>1</sup> This increase in the quantity of food causes a change in the MRS. Since the MRS of food for nonfood is now higher than the ratio of the relative prices, the budget is in disequilibrium, and the family could reach a higher level of indifference by trading some food for nonfood.<sup>2</sup>

In other words, the recipient would desire to spend less than the full bonus amount on food, and purchase additional amounts of other goods. This implies that he places a lower subjective valuation on the bonus value received in food than he would on an equivalent transfer made in cash.

Kenneth Clarkson attempts to estimate the difference between the bonus value and the recipient's valuation thereof, which he terms

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<sup>1</sup>Obviously this is the theoretical intention of the program. Evidence to be presented later in this chapter shows an increase in the purchase of all items. This can be taken as indicating the recipient's attempt to remedy the disequilibrium being suggested here.

<sup>2</sup>A formal indifference curve presentation of this argument can be found in Clarkson, Food Stamps and Nutrition, and "Welfare Benefits of the Food Stamp Program." Southern Economic Journal 43 (July 1976).

"waste." He does this for each family size and income level, finding that the valuation of a dollar in transfer falls as incomes increase. Then by aggregating these figures, he finds that, on the average, one dollar of food stamp aid is valued at less than eighty-three cents.<sup>3</sup>

Since these figures are themselves estimates and not measurements, their accuracy can be tested in relation to the following hypothesis. First, the decision to participate in the program depends, in part, on the size of the benefits to be received. Clarkson feels that participation rates should be more positively correlated with his estimates of recipient-perceived value than with actual bonus value.<sup>4</sup> He does find that participation is better explained by his estimates,<sup>5</sup> which tends to support the idea that recipients place a less-than-market-value on this in-kind transfer.

#### Agriculture

The program was also intended to "strengthen the agricultural economy." Rather than attempt a complicated procedure to determine how much farmers actually do benefit from the program, if that were possible, it is easier to demonstrate how the program is too small to be of much effect.

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<sup>3</sup>Clarkson, "Welfare Benefits," p. 877.

<sup>4</sup>In estimating the subjective valuation, he assumes constant and unitary price elasticities, work-leisure patterns are unchanged, identical preferences, and no transfer or resale of coupons or food.

<sup>5</sup>Clarkson, "Welfare Benefits," p. 871.

In 1973, food stamps accounted for an average increase in food purchases of \$390 per participating household, or about \$1.5 billion total. For the nation as a whole, this represented around 2 percent of the total spent on food. Since less than half of the retail food dollar actually goes to the farmer, the effect on agricultural net incomes could be only 1 percent or less.<sup>6</sup>

This line of reasoning assumes that farmers will also retain all previous markets. In fact, one goal of the program was to prevent some output from becoming government surplus. This would mean that the farmer's 1 percent increase in commercial sales could be partially offset by his reduced sales to the government. It would therefore seem that farm incomes are to be much less affected by the food stamp program than by programs of price support and production controls.

#### Commercial

While the commercial food trade was not included in the legislation's intended beneficiaries, the potential gains to this sector of the economy were evident in the testimony of legislators and industry representatives. A sample of retail stores in the eight pilot project areas in 1961 showed an average increase of 8.4 percent in total sales.<sup>7</sup> It must be remembered that these stores were located in areas chosen for their poverty and anticipated high program participation.

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<sup>6</sup>Ibid., p. 873.

<sup>7</sup>Consumer and Marketing Service, Food Stamp Program, p. 23.

On a national scale, the "representative" store could only attribute a 2 percent increase in sales to the food stamp program, corresponding to the 2 percent increase in total food spending. In reality, food stamps account for a much greater share of sales in stores located in poor neighborhoods, leaving less than 2 percent for stores in more affluent areas.

The figures mentioned thus far reflect the effect on food sales with, as compared to without, the program. A retail store's dependence on food stamp customers, given the existence of the program, is somewhat greater. A store which would not, or could not, accept the coupons would lose not only the increase in food spending (bonus value) but that amount representing the recipient's purchase requirement. In other words, the money a family would have spent on food had the program not existed is now in the customer's hand in the form of food stamps.

The reduction in the use of the commodity distribution program may have an adverse effect on part of the food industry. Since the food to be distributed is largely processed and packaged by private firms, there would be a decrease in this source of revenue as food stamps replace commodity distribution. Although precise measurement is difficult, it is doubtful that the food stamp program has a significant net effect on the food industry, with the exception of those stores doing a large proportion of their business in food stamps.

#### Nonfood Sectors

The program was designed to increase food purchases by the full amount of the bonus value. Theoretical and empirical evidence suggests

that part of the subsidy goes for food and part is an increase in general purchasing power.

One can arrive at a crude estimate of the nonfood subsidy by manipulating some of Clarkson's figures. First, the estimate for the increase in food spending for calendar year 1973 is \$1.5 billion.<sup>8</sup> Since the total bonus value is given in terms of fiscal years, an approximate value for calendar year 1973 can be found by averaging the amounts for fiscal years 1973 (\$2.13 billion) and 1974 (\$2.73 billion) to obtain \$2.43 billion.<sup>9</sup> To the extent that \$1.5 billion accurately reflects the increased spending on food, \$.93 billion or 38 percent of the bonus value went to subsidize nonfood purchases.

Further evidence is found in a U.S.D.A. report quoted by Yale Brozen. Here it is claimed that ". . . about 50 percent of the bonus stamps . . . simply replace cash expenditures formerly made for food."<sup>10</sup>

While these magnitudes may be significant in terms of the program's objectives, it seems unlikely that they are felt in the nonfood sectors. Ironically, the "leakage" could be reduced by raising the purchase requirement, at least for some income levels; but it would be done at the cost of increasing the already significant amount of nonparticipation already being blamed on high purchase requirements.

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<sup>8</sup>Clarkson, "Welfare Benefits," p. 873.

<sup>9</sup>Clarkson, Food Stamps and Nutrition, p. 28.

<sup>10</sup>Ibid., p. 3.

Public Goods

The most difficult benefits to measure are those accruing to the nonrecipient public. The various characteristics of the food stamp program can be thought of as providing a "package" of public goods, and displaying the properties of joint-consumption and nonexcludability.

Although some persons will receive positive benefits from the entire program, others will view all or part of it negatively. For example, the in-kind transfer is going to produce negative external benefits for those favoring a cash grant and it will increase the positive externalities to those who want to supplement only the diets of the needy. Others may oppose government aid to strikers, students, and "hippies." Since the primary public good component of the program now seems to be the nutritional aid to the poor, comments on this as a means of evaluating the program's performance will be presented later in this chapter.

While there is no way to measure the value of the public good provided, it is possible to examine the direct cost to the taxpayer.<sup>11</sup> Using figures for fiscal 1973, a bonus value of \$2,132.6 million was provided at a cost of \$196.4 million, for a total cost to taxpayers of \$2,329.0 million. Going a step further, this works out to about \$11.00 per capita.

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<sup>11</sup>The possibility that the governmental process, including logrolling, could produce a program where net or gross benefits are negative is discussed and an example provided in, *ibid.*, Appendix C.

The cost per unit of "output" (bonus value) is also of some interest. Using the above figures, one finds that it costs slightly more than \$1.09 (including the transfer) to transfer \$1 in bonus value, which was valued at \$0.83 by the recipient.

#### Bureaucrats

It is obvious that a large number of people whose jobs depend on the food stamp program would tend to favor its continuation. Perhaps most of them are involved with the actual operation and have no more influence over the program than the average voter. But at higher administrative levels, bureaucrats are in a better position to influence policy.

Critics of the pilot projects, together with some outside observers, accused program officials of being less than accurate in the preparation of the initial evaluation. True or not, it would be easy enough for those involved with both the operation and evaluation of a project to play down the importance of problems like nonparticipation and abuses and to emphasize the dietary improvement.

More directly in a position to alter or expand the program is the U.S.D.A.'s Food and Nutrition Service (FNS), the principal bureau in charge of food stamps. There have been two related attempts to examine FNS behavior in terms of William Niskanen's bureaucracy theories.<sup>12</sup>

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<sup>12</sup>William A. Niskanen, Bureaucracy and Representative Government (Chicago: Aldine-Atherton, 1971), and "The Peculiar Economics of the Bureaucracy," American Economic Review 58 (May 1968).

The first study tested two models of bureaucratic behavior.<sup>13</sup>

In the first model, the FNS was postulated as a revenue-maximizing, price-discriminating monopolist. The second concerned a revenue-maximizing bureau, which was also responsive to congressional intent.

The author somewhat reluctantly accepted the congressionally-responsive, tentatively rejecting the pure budget-maximizing version.

In his words:

The fact that the model has not been rejected out of hand makes the author more hopeful that it might have some predictive as well as explanatory power. Had the model been rejected as an explanation of the price and output behavior in the food stamp market, doubt would have been cast on the efficacy of similar models of other public sector models.<sup>14</sup>

The second paper reversed the conclusion.<sup>15</sup> The major differences included the correction of a mathematical error, more complete data, and the results following the abolishment of the 1971 price structure soon after Earl Butz replaced Clifford Hardin as Secretary of Agriculture. The author claims that the post-1969 evidence clearly supports the "budget-maximizing" model instead of the "modified Budget-maximizing" one. The pre-1968 evidence he finds less helpful.

In any case, he feels that the new conclusion is still tentative, but resting on more data and the corrected equation. Additionally,

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<sup>13</sup>W. Keith Bryant, "An Analysis of the Market for Food Stamps," American Journal of Agricultural Economics 54 (May 1972).

<sup>14</sup>Ibid., p. 313.

<sup>15</sup>W. Keith Bryant, "An Analysis of the Market for Food Stamps: Correction and Extension," American Journal of Agricultural Economics 54 (November 1972).

acceptance of the budget-maximizing version is ". . . attractive on the grounds that it is a simpler hypothesis than its alternative."<sup>16</sup>

#### Other Beneficiaries

As stated elsewhere in this dissertation, state and local governments would benefit from a larger amount of food assistance going through retail channels instead of the commodity distribution program. Retail food sales produce sales tax revenue in some states, while surplus food donations do not.

It should be noted that since the taxpayers in these localities are ultimately paying the food stamp cost which goes to pay the sales tax, this benefit is not a net gain from the program's existence compared with its absence. Instead, given that the food stamp program does operate elsewhere, taxpayers have an incentive to have it operating in their area as well.

Finally, there are various benefits to politicians. Depending on the sentiments in one's home district, it could be a benefit politically to vote one way or the other. Of course, one of the central themes of this dissertation has been the benefits to farmers and their elected officials in terms of aiding the passage of the various farm programs.

#### Nutrition

One must conclude that most people think of the food stamp program as a device for combatting hunger and poor nutrition.

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<sup>16</sup>Ibid., p. 692.

Congressional discussion, especially in recent years, ultimately revolves around the problems associated with hunger, and this program's contribution to their solution. Two questions which should be considered are, therefore, to what extent is inadequate nutrition a serious social problem and how much effect does this program have?

Accurate information on the extent and causes of malnutrition for the nation as a whole is apparently not available. The results of many regional studies cannot be legitimately extrapolated to reflect conditions on a national scale. Much of the official testimony and published material consists of seemingly accurate observations for limited areas and often conflicting conclusions as to the severity of the problem.<sup>17</sup>

However, an accurate picture of this country's hunger problem may not be necessary in order to evaluate the performance, or potential performance, of the food stamp program. Where careful studies have been made, one can examine the program's effect on nutritional levels in the community and on the individual.

A persistent problem since the first pilot projects has been the large numbers of people, many of whom were qualified, who did not participate. Since 1961, the program has undergone many changes, several of which were in response to the various reasons given for nonparticipation (see Chapter V). Certain institutionalized and

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<sup>17</sup>For example, see, Kotz, Let Them Eat Promises; Don Paarlber, Subsidized Food Consumption (Washington: American Enterprise Institute, 1963); Steiner, State of Welfare; Segal, Food for the Hungry; and Clarkson, Food Stamps and Nutrition, esp. Appendix D.

elderly persons became eligible, purchase requirements and coupon allotments were adjusted, participants could elect to receive their coupons through the mail, and each local agency was required to operate an "outreach" program.

However, claims still persist that many of the needy are either still ineligible or are not using stamps for some other reason. But before concluding that greater participation will reduce the problem of poor nutrition, one should first evaluate the dietary improvement of food stamp users.

In the official evaluation of the pilot projects, detailed studies were performed in Fayette County, Pennsylvania, and the city of Detroit. In general, food usage and nutrient intake increased following the start of the projects. And while only 28 percent of nonparticipating (but eligible) households had diets providing the "recommended allowances" of eight selected nutrients, this figure was still less than 50 percent of the households using food stamps.<sup>18</sup>

More recent evidence suggests little improvement in overall nutrition despite much greater bonus values. Although food spending has increased, there has been a tendency for many families to buy more of the same nutritionally inadequate product-mix. In many cases where the product-mix did change, people were buying more convenience and luxury-type foods.<sup>19</sup>

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<sup>18</sup>Food Stamp Program, pp. 37-38.

<sup>19</sup>Clarkson, Food Stamps and Nutrition, pp. 50 and 77.

One explanation for the poor performance is that buying power alone will not ensure adequate nutrition. Eating habits seem to be influenced by such things as geographical location, knowledge about food and nutrition, age, ethnic background, population density, and other variables.<sup>20</sup>

There is perhaps one important difference between the pilot projects and programs operating during the later studies which could help to explain why the pilot projects are the only one showing statistically significant nutritional improvement. The pilot projects provided an educational program to help "the participants in the wise use of their newly-gained purchasing power in an effort to prevent the use of this buying power for frivolous foods."<sup>21</sup>

One can conclude from this that the food stamp program of the early 1970s fails to have an observable impact on nutritional inadequacy as a social problem. Not only does it fall short of aiding all eligible households, it fails to produce adequate nutrition for many of those it does aid. There may, however, be a reduction in the amount of hunger due to the somewhat larger quantity of food being consumed.

#### Conclusions

Since buying power alone appears to do little for the problem of poor nutrition, serious questions exist as to whether nutritional improvement is a legitimate reason, in the political arena, to increase

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<sup>20</sup>Paarlberg, Subsidized Food Consumption, pp. 55-65.

<sup>21</sup>Ibid., p. 43.

bonus values or program participation. It also suggests that if an in-kind transfer of food has little effect, replacing food stamps with cash assistance will accomplish the same or less improvement.

While nutrition may be the ultimate concern of social policy makers, it is perhaps the simple lack of food which the poor regard as their immediate problem. To this extent, either cash assistance or food stamps should contribute to reducing their discomfort and perhaps political demands as well.

From the effects presented in this chapter, there seems to be only one possible justification for the program's continued operation. If voters feel upset by the evidence of others going hungry, or the arguments portraying hungry children, then some assistance may be in order.

If they then fear that their tax money will be used for automobiles and alcohol instead of feeding the family, it may seem worth the additional expense to provide an in-kind transfer. In other words, they may feel it is their right to ensure that their money is used for the purpose which originally caused them to choose (vote) to offer the aid. The legislators may find less constituent opposition to feeding the hungry than to what might seem to be another "giveaway" program for "welfare loafers."

## CHAPTER XI

### CONCLUSIONS

This chapter will begin with a look at the expansion of the food stamp program. While factors such as the economy's performance have had an influence, policy-makers' decisions are responsible for most of the growth. In turn, policy decisions have been influenced by changes in the political power of agriculture and welfare groups, as well as the courts and the overall growth of federal jurisdiction.

Returning, then, to the subject of political dealing, questions are raised concerning the apparent willingness of some politicians to make a bargain and then cheat. In the case of food stamps and farm bills, there is some doubt as to what extent there was mutual agreement to deal. Even so, there seem to be circumstances which could partially excuse a legislator's "dishonesty" on specific issues.

Finally, it is difficult to speculate as to the nature and size of a food stamp program of the future. It will probably be a political issue for several years to come, since it is not likely to be eliminated and not likely to eliminate the problems of poor nutrition.

#### Program Growth

Prior to fiscal year 1970, program growth was limited by the funds that Congress would appropriate. This was the case in spite

of President Johnson's requests (1967) to make the program permanent, with an open-ended appropriation. Total program costs (including administrative expenses) grew from \$1.4 million to \$272 million for fiscal years 1961 and 1969, respectively. During this period, the growth in spending resulted almost entirely from increasing the number of participants.

This changed dramatically during the Nixon administration. Although a comprehensive income support program was in the works, it was decided that food stamp program inadequacies should be corrected, at least in the interim.<sup>1</sup> The change included the eligibility of more needy persons, a greater monthly food budget or coupon allotment, and larger bonus values. The effect on the program's total cost can be seen in figure 1.

The ratio of bonus value to purchase requirement was relatively stable, around 0.6 prior to 1970. As a result of more liberal regulations concerning allowable (deductible) expenses and net income, together with more generous benefit schedules, this ratio more than doubled following fiscal 1971 (see figure 2). In other words, a greater number of persons were receiving a greater total allotment of food stamps (bonus value + purchase requirement), with the government contributing a greater share of the allotment. The non-policy causes for the program's growth will be discussed later.

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<sup>1</sup>For a detailed account of the ill-fated Family Assistance Plan, see, Daniel P. Moynihan, The Politics of a Guaranteed Income (New York: Random House, 1973).

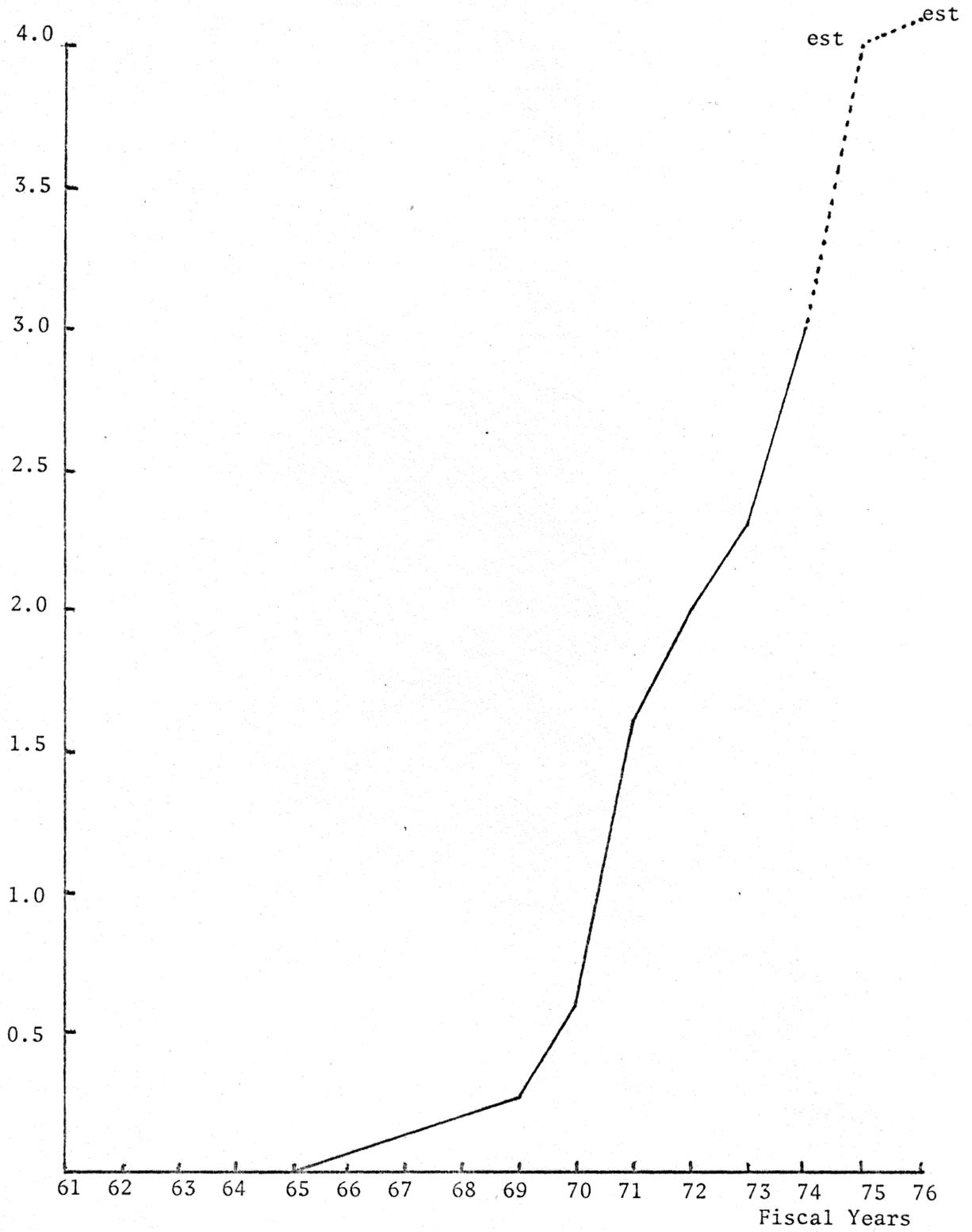


FIGURE 1  
TOTAL PROGRAM COST (\$ BILLIONS)

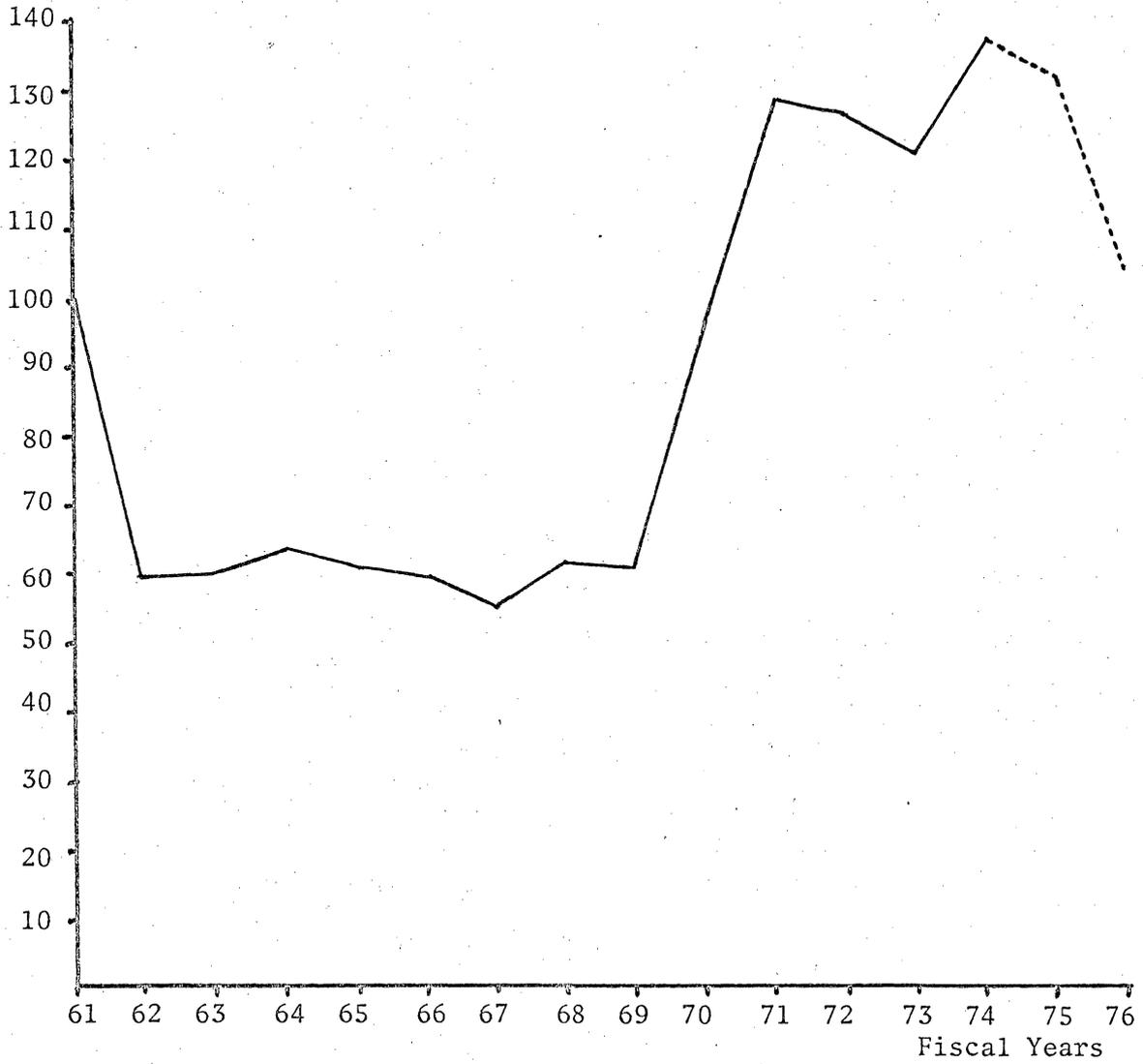


FIGURE 2  
PERCENT BONUS VALUE (PURCHASED STAMPS)

Policy Reforms

A recent empirical study examines the possible causes of the increases in caseload and bonus values. "The predicted caseload and bonus value series both explain well over 99 percent of the historical variation in their respective actual series between 1961 and 1975."<sup>2</sup>

These two equations are used to compute "counter-factual simulations." In other words, values are estimated as if certain historical events had not taken place; they simulate artificial values for caseload and bonus value for the second quarter of 1975. For example, without the entire set of Nixon reforms of 1970 and 1971, the number of recipients would have been 53 percent lower in 1975. The average bonus would have been 70.7 percent less.<sup>3</sup>

In 1970, prior to these reforms, about 55 percent of the "poverty population" lived in the areas served by the food stamp program. The 1973 amendments to the Food Stamp Act required that the program operate in all areas. The effect of this was estimated by assuming that coverage remained at the 55 percent figure into 1975. If this assumption were true, there would have been 42 percent, or more than 8 million fewer recipients.<sup>4</sup>

Under the Nixon administration, the coupon allotment, reflecting the estimated costs of the acceptable diet, was indexed to the food

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<sup>2</sup>Martin Holmer, "Why Have Transfer Payments Grown So Rapidly?" in The Impact of Unemployment, Inflation, and Transfer Payments on Income Distribution, ed. by Edward M. Gramlich (forthcoming), p. 22.

<sup>3</sup>Ibid., p. 23.      <sup>4</sup>Ibid., p. 25.

price index. As a result, the average bonus value per recipient rose from \$14.50 to \$21.88 per month between the fourth quarter of 1972 and the second quarter of 1975. Had the allotment been indexed instead to the Consumer Price Index, the bonus value in 1975 would have been only \$18.65.<sup>5</sup>

### The Economy

The overall performance of the economy can affect the food stamp program in several ways. Direct effects, like an increased caseload resulting from a larger number of eligible persons, or an increased allotment resulting from higher food prices, are relatively easily observed. Indirectly, the economy's effect on policy-maker's decisions is somewhat less clear, and it will be discussed later in this chapter.

Aside from the policy changes, the single greatest influence on program growth has been the high and rising rate of unemployment. Again using the counter-factual simulations, ". . . if the unemployment rate had not risen above 5.0 percent during the 1970s, and disposable personal income had risen at a rate consistent with this lower unemployment rate, the number of recipients in 1975 would have been 23 percent lower than the actual level."<sup>6</sup>

Unemployment itself has no direct effect on bonus value, only on caseload. As such, it was found that unemployment during the two recessions of the 1970s accounted for 70 percent of the recession's

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<sup>5</sup>Ibid., p. 24.    <sup>6</sup>Ibid., p. 25.

effect on caseload, while lower disposable incomes accounted for the rest.<sup>7</sup>

To summarize, the greater the rate of unemployment, the more eligible persons there are. Then, if prices in general are increasing faster than incomes, more people become eligible because they are paying a greater part of their incomes for "necessities" which are deducted when calculating "net income" for certification purposes. Finally, when food prices are rising faster than incomes, the rising (indexed) allotments and bonus values appear more attractive, encouraging more eligible persons to choose to participate.

#### Agriculture

The main focus of this dissertation has been the institutions of government and how they functioned to produce the food stamp program. By this time, it is clear that the legislation itself was a compromise between agricultural and welfare objectives. As the relative political strengths of these two groups changed, so did their abilities to influence the formation of the program in the direction each wanted.

In terms of the food stamp program of the 1960s, some contributing factors appear almost accidental. A good example concerns the existence of the agriculture-welfare conflict, which finds its origin in the precedents set during the Depression-era experiment with food stamps.

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<sup>7</sup>Ibid.

The first of these was the use of Section 32 (agricultural funds), perpetuated through the years to continue other farm surplus programs, to fund the program during the Depression. It then provided President Kennedy with an expedient way to decree a food stamp program without fighting hostile legislators.

Second, the congressional machinery channeled all food stamp legislation to the agricultural committees. This was undoubtedly because the first use of a food stamp idea had been as a farm program. While Kennedy may have reaffirmed the concept's agricultural origins by using Section 32, the ill-fated food stamp bills of the 1950s were considered to be farm bills.

Because of the peculiar position the farmer enjoys in our society, with his reputation as "the salt of the earth," many observers argue that farmers have retained a great deal of political power, despite a declining share of the voting population being employed in agriculture. Ironically, it seems to have been the decline of this power which accounted for the initial legislative successes of the program.

In the early 1960s, a welfare bill, with civil rights overtones, faced a great deal of opposition in Congress. Agriculture's ability to pass farm legislation had weakened to the point where a group of food stamp supporters, threatening to withhold their support, could endanger the passage of some farm bills.

The result was the first deal, in 1964, which forced an unsympathetic farm bloc to support food stamps. It would appear that

this could not have been successful if the farm bloc had been either too weak to provide much stamp support or too strong to have been seriously threatened.

So food stamp legislation, and consequently the authority for program operation (in the 1960s), began under agricultural control. By the time this program and other federal welfare programs enjoyed perhaps sufficient congressional support on their own "merits," there was another reason for the U.S.D.A. to retain control over food stamps. As explained previously, those most loyal to the food stamp concept were afraid that if they allowed the program's transfer to H.E.W. to avoid future conflicts with agriculture, the program would be replaced by an unrestricted cash payment.

One can only speculate that the food stamp program owes its very existence to the albeit uncooperative agricultural politicians. Without agriculture's votes, the Food Stamp Act (1964) would probably have been delayed until there were enough welfare votes to pass it. On the other hand, to the extent that welfare à la H.E.W. does prefer cash payments, if the bill had to await welfare power to pass, it may have been "replaced" by a cash program before ever being voted into law.

#### Welfare and Society

As agriculture's political power was declining, that of welfare supporters was on the rise. During the Kennedy administration, there seemed to be a rapidly growing demand for, or society's willingness to accept, the principles of a type of federal welfare

state. In the mid-1970s, it is indeed difficult to imagine how different things would be with federal programs in support of this cause or that ethnic group at the levels which prevailed during the 1950s.

The reasons for the change in popular attitude are unclear. Perhaps society simply reevaluated its approach to dealing with the poor, after some prodding from Washington. On the other hand, people may have simply come to accept what has been implemented by the architects of the New Frontier and the Great Society.

In any case, it has become increasingly popular to argue for or against some action on the basis of its impact on the "poor." This concern has been voiced in connection with everything from the price of gasoline to the failure to grant amnesty to military deserters, who happen to be largely poor members of minority groups.

Nearly as important as society's new ideas concerning aid to the poor is the way these ideas have been expressed. The 1960s saw increased usage of demonstrations and confrontations in support of numerous worthy causes. Unlike many protesters of the past, there seemed to be a greater willingness to justify violence or the infringement of others' rights for a "good" cause. The greater threat and visibility of the demands for government aid undoubtedly influenced the behavior of congressmen and agency administrators as well.

As demonstrations became more threatening and destructive, many social critics blamed poverty and discrimination for crime and

violence. The obvious implication was for increased government programs to correct the problems. But the problems continued, as did increased demands for even more government aid. One school of thought argues that when policy-makers failed to fulfill their unrealistic promises of the good life, those affected became even more disappointed and demanding.

Social structure has indeed influenced the formation of today's welfare system, including the food stamp program. It should perhaps be left to the sociologist to explain why the concept of a federal welfare state, so long resisted in a country stressing individual self-sufficiency, should grow in acceptance so rapidly during the 1960s. Economic recession of this period was relatively minor in comparison to the Depression which produced the New Deal. It will be left to history to determine whether the New Deal or the New Frontier resulted in the greater change in American lifestyle.

A brief comment on the changing composition of the electorate is in order. Since farmers are likely to support a candidate for his stand on farm policy, people who derive a living from welfare may tend to vote for the one promising the most benefits. While the effect may not be large on a national scale, efforts to "get out the vote," particularly in urban ghettos, could conceivably swing an election for a pro-welfare candidate.

#### Federalization

In part, the food stamp program fell victim to a general trend of power and responsibility being transferred from states to the

federal government. In some cases, state officials found it easier to demand money from Washington instead of raising taxes on their own constituents. Along with the money came an increasing number of federal regulations.

Centralization was frequently defended with claims that it would improve the efficiency of a particular activity. However, it may also reflect the disapproval by federal officials of decisions made at local levels. Senator George McGovern has urged for an increased federalization of the welfare system because some states failed to provide (what he considered) adequate benefits.

In the beginning, states were assured that food stamp programs would be set up only in those localities which requested them and were willing to provide the required administrative and certification functions. For several years this posed no problem, since funding was inadequate to provide all the programs that were requested.

The different states retained a fair amount of control over the programs operating within their own counties. Although many decisions were required to have U.S.D.A. approval, it was a state welfare agency which determined benefits amounts, standards of eligibility, and many of the specific operating regulations. In the early years while the food stamp program was fighting to gain acceptance in the states as well as in Congress, complete federal control would have been a handicap in those states where there was already resentment and distrust of having decisions dictated from Washington.

But as time passed, all localities were first required to operate either a food stamp or commodities distribution program. By 1971, uniform national standards for food stamp eligibility and benefits were enacted, with the exact amount to be determined within the U.S.D.A. Each participating locality was then required to operate an "outreach" program to educate or persuade eligible persons to participate. Finally, in 1973 legislation was passed requiring nationwide expansion of the food stamp program. Apparently the only way a locality could avoid food stamps was for the state to show that a particular area's participation was impracticable.

#### The Courts

One subject which requires further research is the influence of the court system on the nature and operation of legislated programs. While some few court decisions may result in major changes in these programs, most apparently do not merit much publicity. For example, one local food stamp official gave the impression that his office receives a near-continuous flow of minor changes which must be filed, as a result of various court decisions.

The 1971 amendment to the Food Stamp Act contained two provisions aimed at reducing the number of students and "hippies" receiving food stamps. This action may have been more cosmetic than significant, since much of the program's criticism surrounded these two groups.

First, the term "household" was defined to include only groups of legally related individuals, with some exceptions for persons over

60 years of age and addicts and alcoholics. In 1972, the courts prevented the enforcement of this section. Even admitting that Congress had intended to use this to ". . . combat unconventional living arrangements . . . ," this definition of household was held to be ". . . unconstitutional as overbroad."<sup>8</sup> For the most part, a household now consists of a group (one or more persons) living as a single economic unit and sharing common cooking facilities, but with the same exceptions mentioned above.<sup>9</sup>

The second provision, aimed more at college students, said that an applicant who was currently or within the past year a dependent for federal tax purposes of an ineligible household was himself ineligible. In other words, if a tax-dependent student's family could not qualify for food stamps, then neither could he. Again in 1972, this provision was declared "grossly unfair," apparently along the lines of unequal treatment of persons in equal or similar circumstances.<sup>10</sup>

The Secretary of Agriculture's authority to decide which categories of vendors to approve to accept food stamps was upheld by the courts in 1971. Since the program was intended to provide an adequate, but low-cost, diet, the Secretary was deemed to have the authority to approve only those merchants providing a large number

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<sup>8</sup>United States Code Annotated, Title 7, Agriculture, Section 2011-2026; Ch. 51, Food Stamp Program (St. Paul, MN: West Publishing Co., 1973), p. 67.

<sup>9</sup>State of North Carolina, Department of Human Resources, Food Assistance Manual, Certification Manual (revised 1 March 1975), section 6101.

<sup>10</sup>U.S. Code Annotated, p. 72.

of low-cost staples. Perhaps the wisdom of this decision becomes more apparent by observing that the plaintiff in this case was Kentucky Fried Chicken of Cleveland, Inc.<sup>11</sup>

Some changes in a program's character are easily attributed to a court when the decision is important enough to receive publicity. By and large, however, it seems that Congress or the president gets the credit or blame for a particular provision, when it may have been a judicial decision. A systematic study of court behavior may reveal to what extent the intentions of the elected officials have been thwarted.

#### Logrolling

One aspect of the logrolling process deserves further consideration. Events surrounding the passage of the Food Stamp Act in 1964 (Chapter IV) suggest the possibility that, under some circumstances, some legislators would not hold up their end of the deal.

This is reflected in the extraordinary measures taken by some farm bill supporters to cause the wheat-cotton bill to be voted upon first. The fear of an intended default was evident in the food stamp supporters' efforts to prevent a change in the voting order.

Most of the rather extensive literature on logrolling and coalitions, with the exception of some game theory approaches, assumes that an exchange, or deal, is carried out as agreed to. One would normally expect that a legislator would not jeopardize his reputation

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<sup>11</sup>Ibid., p. 76.

of being trustworthy, and therefore being invited to future dealings, in order to reap the momentary rewards of cheating on one issue.

Although perhaps unusual, the 1964 activities on the House floor are not an isolated case.<sup>12</sup> In March 1964, the House Agriculture Committee was forced to act favorably on the pending food stamp bill when the Rules Committee let it be known that they were holding up a tobacco research bill pending favorable action on food stamps. Even though there is no evidence of any "promise" by the Rules Committee to act, the implication seems clear. But the tobacco bill was never granted a rule.

There are several factors peculiar to this 1964 House action which may have added to the incentive for some legislators to cheat. Obviously those legislators who would abstain or vote against the food stamp bill if and only if wheat-cotton passed first must have felt such action was worth the expected consequences.

First, it must be recalled that Agriculture did not join the two issues in the first place. Food stamp supporters threatened the farm legislation. Even if the farm legislation could not have passed on its own without some vote trading, it seems doubtful that the farm bloc, especially its southern members, would have chosen to use the food stamp bill.

Of perhaps all constituencies, the greatest opposition to welfare tends to exist in the South. Even more inflammatory, and therefore

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<sup>12</sup>Throughout history, nations have continued to make treaties with each other, despite the fact that these "deals" were repeatedly violated. For a further discussion of treaties, see, Laurence W. Bailenson, The Treaty Trap (Washington: Public Affairs Press, 1969).

politically costly, would be a favorable vote on what had been characterized as civil rights legislation and a transfer of states' rights to Washington. With this in mind, there seems to have been ample incentive for some southern legislators to avoid being associated with food stamps. In cases where a bill represents near-suicide politically, a legislator's colleagues may feel his breach of trust to be somewhat justified.

Without the personal assurance of a legislator's vote, it could be difficult to separate those who defaulted on a deal and those who never intended to vote for food stamps. If food stamps were voted first, one may feel one must help the bill to pass to avoid the farm bill's rejection later. If the voting order were reversed, one could then enjoy a degree of anonymity within a group who voted against food stamps, some of whom always intended to vote negatively and others who were cheating.

In one sense, there may have been no real "deal" on which agriculture could be considered as having defaulted. Since it was a food stamp deal, there was at least an implicit promise not to vote against the farm bills if their own bill passed. Agriculture does not seem to have made such a commitment. Of course, such a promise would have been unlikely, since Agriculture persisted in denying the existence of a deal about which to promise.

For all practical purposes, what existed resembled a blackmail threat to kill the farm program if food stamps failed for lack of farm support. If wheat-cotton voted first, and did not support the food stamp group, then food stamps would surely fail. It would thus

appear that first passing the farm bill and then defeating food stamps was seen by Agriculture as a tactic to get back the "hostage" without paying the ransom. If the blackmail analogy is essentially correct, then Agriculture could not really be considered as having defaulted on a deal to which they were not a willing party.

There seems to be plenty of room for further research, theoretical and empirical, on the nature of legislative deals and coalitions. Specifically, how common are one-sided or blackmail-type deals? And, in the case of a bilateral agreement, how is it enforced and what are the "costs" associated with broken promises?

A legislator's word cannot be totally useless if he is to function effectively. The frequency of his honesty may, however, resemble a stochastic variable. Those things influencing his decision about whether to cheat or not may include the proximity of an election and the consequences of his vote on the specific issue at hand. In any case, being 80 percent trustworthy is better than being considered simply untrustworthy.

One question which this study has failed to answer concerns legislators' attitudes toward making deals. Most voters are aware that deals are made and are unlikely to be easily convinced otherwise. Yet there are some politicians who admit their participation and others who apparently deal but voice their disapproval and denial. Perhaps the answer lies in the politician himself. At this point, however, one cannot rule out the possibility that it is not the deals per se which some wish to conceal but deals concerning certain bills or programs.

If a food stamp deal had been admitted by all parties involved, there is a simple way to ensure that all votes would be cast as agreed. Since the Agriculture Committee had jurisdiction over both bills, they could have been combined into one, requiring only a single vote on both issues together.

### The Future

Now that it is entirely a welfare program despite the stated goals to help the farmer, what is the future of the food stamp program? The accuracy of some past predictions is somewhat mixed. In 1968, Orville Freeman was asked to estimate the cost of a nationwide program. Not wanting to be pinned down, he gave only a "horseback" estimate of a ". . . mature and efficient-working program . . . ," providing adequate nutrition and reaching all areas, which was \$1.5 billion annually.<sup>13</sup> This figure was passed in 1971, and estimates for 1976 were for \$4.1 billion, although some of the increase may reflect the inflation in food prices, which Freeman chose to ignore.

Perhaps a more astute observation was made by Texas Congressman Alger, prior to the passage of the Food Stamp Act of 1964. He asked why not have a comprehensive stamp plan? This would include "child-i-care, electric-i-care, rent-i-care, transport-i-care," and others. All the government must do is to print stamps to meet the demand for cradle-to-grave services. He characterized the plan as a utopia,

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<sup>13</sup>U.S. Congress, House Committee on Agriculture, Amend the Food Stamp Act of 1964 (Washington: U.S. Government Printing Office, 1968), p. 76.

". . . and it's fun trading stamps." "Before you laugh too heartily at this discourse as something too fantastic, read the food stamp bill as it is here."<sup>14</sup> In some areas, transportation stamps have already been provided to the elderly. And in recent years, when proposals to allow market-clearing prices for gasoline or other energy were challenged for being hard on "the poor," a frequent response was to set up some type of energy stamp program, "just like the food stamp program."

It seems unlikely that the food stamp program will be eliminated anytime soon. It is even more unlikely that it could be terminated without giving current participants near-equivalent value under some other program, which would probably be in cash. There is no assurance that the voting taxpayer would agree to replace food subsidy with "beer money."

Politicians are unlikely to vote the program out, as this would leave them open to charges of being insensitive to the poor. There is simply no way to explain the program is not efficient or not meeting its objectives, and it should therefore be eliminated. When President Nixon attempted to build some responsibility into the Medicare system by requiring patients to pay as low as 10 percent of the costs, the Democrats and the news media portrayed his total lack of feeling for senior citizens.

As previously indicated, farmers have no actual monetary incentive for the program's continuation. But to the extent that a

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<sup>14</sup>Congressional Record, vol. 110, part 6, 88th Congress, 2nd Session, 7-8 April 1964, pp. 7151-52.

government agency wants to maintain its power and budget, the U.S.D.A. may resist efforts to halt operation.

It is very difficult to predict the program's growth over the next decade. Some claims have been made to the effect that if present behavior continues, 30 percent of the population will be eligible in the early 1980s. Since the program is now available in all areas, and nonparticipation is presumably by choice, the dramatic caseload increase of the 1970s is not likely to be repeated.

Perhaps the best guess is that the food stamp program will assume a place alongside the issues of crime, government bureaucracy, and the tax structure. Periodically, its abuses, inefficiencies, and inequities will foster a flurry of legislative activity to reform the mess. Unfortunately, while we may get a different, and perhaps more complicated, program, there seems to be small hope of getting a significantly "better" one.

APPENDIX

THE FOOD STAMP ACT OF 1964

FOOD STAMP ACT OF 1964 <sup>1/</sup>

## AN ACT

To strengthen the agricultural economy; to help to achieve a fuller and more effective use of food abundances; to provide for improved levels of nutrition among low-income households through a cooperative Federal-State program of food assistance to be operated through normal channels of trade; and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as "The Food Stamp Act of 1964".

## DECLARATION OF POLICY

Sec. 2. It is hereby declared to be the policy of Congress, in order to promote the general welfare, that the Nation's abundance of food should be utilized cooperatively by the States, the Federal Government, local governmental units, and other agencies to safeguard the health and well-being of the Nation's population and raise levels of nutrition among low-income households. The Congress hereby finds that the limited food purchasing power of low-income households contributes to hunger and malnutrition among members of such households. The Congress further finds that increased utilization of food in establishing and maintaining adequate national levels of nutrition will promote the distribution in a beneficial manner of our agricultural abundances and will strengthen our agricultural economy, as well as result in more orderly marketing and distribution of food. To alleviate such hunger and malnutrition, a food stamp program is herein authorized which will permit low-income households to purchase a nutritionally adequate diet through normal channels of trade. <sup>2/</sup> (7 U.S.C. 2011.)

## DEFINITIONS

Sec. 3. As used in this Act--

(a) The term "Secretary" means the Secretary of Agriculture.

(b) The term "food" means any food or food product for human consumption except alcoholic beverages and tobacco and shall also include seeds and plants for use in gardens to produce food for the personal consumption of the eligible household. <sup>3/</sup>

(c) The term "coupon" means any coupon, stamp, or type of certificate issued pursuant to the provisions of this Act.

(d) The term "coupon allotment" means the total value of coupons to be issued to a household during each month or other time period.

<sup>1</sup>Pub. L. 88-525, 78 Stat. 703, approved August 31, 1964.

<sup>2</sup>Section 2 amended by Pub. L. 91-671, 84 Stat. 2048, approved January 11, 1971.

<sup>3</sup>Section 3(b) amended by Pub. L. 93-86, 87 Stat. 221, approved August 10, 1973.

(e) The term "household" shall mean a group of related individuals (including legally adopted children and legally assigned foster children) or non-related individuals over age 60 who are not residents of an institution or boarding house, but are living as one economic unit sharing common cooking facilities and for whom food is customarily purchased in common. The term "household" shall also mean (1) a single individual living alone who has cooking facilities and who purchases and prepares food for home consumption, (2) an elderly person who meets the requirements of section 10(h) of this Act, or (3) any narcotics addict or alcoholic who lives under the supervision of a private nonprofit organization or institution for the purpose of regular participation in a drug or alcoholic treatment and rehabilitation program. No individual who receives supplemental security income benefits under title XVI of the Social Security Act shall be considered to be a member of a household or an elderly person for any purpose of this Act for any month if such person receives for such month, as part of his supplemental security income benefits or payments described in section 1616(a) of the Social Security Act (if any), an amount equal to the bonus value of food stamps (according to the Food Stamp Schedule effective for July 1973) in addition to the amount of assistance such individual would be entitled to receive for such month under the provisions of the plan of the State approved under title I, X, XIV, or XVI, as appropriate, in effect for December 1973, assuming such plan were in effect for such month and such individual were aged, blind, or disabled, as the case may be, under the provisions of such State plan or under Public Law 92-603 as amended. Residents of federally subsidized housing for the elderly, built under either section 202 of the Housing Act of 1959 (12 U.S.C. 1701q), or section 236 of the National Housing Act (12 U.S.C. 1715z-1) shall not be considered residents of an institution or boarding house for purposes of eligibility for food stamps under this Act. 4/

(f) The term "retail food store" means an establishment, including a recognized department thereof, or a house-to-house trade route which sells food to households for home consumption. It shall also mean a political subdivision or a private nonprofit organization or institution that meets the requirements of section 10(h) or 10(i) of this Act. 5/

(g) The term "wholesale food concern" means an establishment which sells food to retail food stores for resale to households.

(h) The term "State agency", with respect to any State, means the agency of State government which is designated by the Secretary for purposes of carrying out this Act in such State. 6/

<sup>4</sup> Section 3(e) was amended by Pub. L. 91-671, 84 Stat. 2048, approved January 11, 1971 and again by Pub. L. 92-603, 86 Stat. 1329, approved October 30, 1972, further amended by Pub. L. 93-86, 87 Stat. 221, approved August 10, 1973.

<sup>5</sup> Section 3(f) was amended by Pub. L. 91-671, 84 Stat. 2048, approved January 11, 1971, and again by Pub. L. 93-86, 87 Stat. 221, approved August 10, 1973.

<sup>6</sup> Section 3(h) was amended by Pub. L. 92-603, 86 Stat. 1329, approved October 30, 1972.

(i) The term "bank" means member or nonmember banks of the Federal Reserve System.

(j) The term "State" means the fifty States and the District of Columbia, Guam, Puerto Rico, and the Virgin Islands of the United States. <sup>7/</sup>

(k) The term "food stamp program" means any program promulgated pursuant to the provisions of this Act.

(l) The term "elderly person" shall mean a person sixty years of age or over who is not a resident of an institution or boarding house, and who is living alone, or with spouse, whether or not he has cooking facilities in his home. <sup>8/</sup>

(m) The term "authorization to purchase card" means any document issued by the State agency to an eligible household which shows the face value of the coupon allotment the household is entitled to be issued on presentment of such document and the amount to be paid by such household for such allotment. <sup>9/</sup> (7 U.S.C. 2012.)

(n) The term "drug addiction or alcoholic treatment and rehabilitation program" means any drug addiction or alcoholic treatment and rehabilitation program conducted by a private nonprofit organization or institution which is certified by the State agency or agencies designated by the Governor as responsible for the administration of the State's programs for alcoholics and drug addicts pursuant to Public Law 91-616 "Comprehensive Alcohol Abuse and Alcohol Prevention, Treatment, and Rehabilitation Act" and Public Law 92-255 "Drug Abuse Office and Treatment Act of 1972" as providing treatment that can lead to the rehabilitation of drug addicts or alcoholics. <sup>10/</sup>

#### ESTABLISHMENT OF THE FOOD STAMP PROGRAM

Sec. 4. (a) The Secretary is authorized to formulate and administer a food stamp program under which, at the request of the State agency, eligible households within the State shall be provided with an opportunity to obtain a nutritionally adequate diet through the issuance to them of a coupon allotment which shall have a greater monetary value than the charge to be paid for such allotment by eligible households. The coupons so received by such households shall be used only to purchase food from retail food stores which have been approved for participation in the food stamp program. Coupons issued and used as provided in this Act shall be redeemable at face value by the Secretary through the facilities of the Treasury of the United States. <sup>11/</sup>

<sup>7</sup> Section 3(j) was amended by Pub. L. 91-671, 84 Stat. 2048, approved January 11, 1971.

<sup>8</sup> Added by Pub. L. 91-671, 84 Stat. 2048, approved January 11, 1971.

<sup>9</sup> Added by Pub. L. 91-671, 84 Stat. 2049, approved January 11, 1971.

<sup>10</sup> Added by Pub. L. 93-86, 87 Stat. 221, approved August 10, 1973.

<sup>11</sup> Section 4(a) was amended by Pub. L. 91-671, 84 Stat. 2049, approved January 11, 1971.

(b) In areas where the food stamp program is in operation, there shall be no distribution of federally donated foods to households under the authority of any other law except that distribution thereunder may be made: (1) during temporary emergency situations when the Secretary determines that commercial channels of food distribution have been disrupted; (2) for such period of time as the Secretary determines necessary, to effect an orderly transition in an area in which the distribution of federally donated foods to households is being replaced by a food stamp program; or (3) on request of the State agency: Provided, That the Secretary shall not approve any plan established under this Act which permits any household to simultaneously participate in both the food stamp program and the distribution of federally donated foods under this clause (3). <sup>12/</sup>

(c) The Secretary shall issue such regulations, not inconsistent with this Act, as he deems necessary or appropriate for the effective and efficient administration of the food stamp program. (7 U.S.C. 2013).

#### ELIGIBLE HOUSEHOLDS

Sec. 5. (a) Except for the temporary participation of households that are victims of a disaster as provided in subsection (b) of this section, participation in the food stamp program shall be limited to those households whose income and other financial resources are determined to be substantial limiting factors in permitting them to purchase a nutritionally adequate diet. <sup>13/</sup>

(b) The Secretary, in consultation with the Secretary of Health, Education, and Welfare, shall establish uniform national standards of eligibility for participation by households in the food stamp program and no plan of operation submitted by a State agency shall be approved unless the standards of eligibility meet those established by the Secretary. The standards established by the Secretary, at a minimum, shall prescribe the amounts of household income and other financial resources, including both liquid and nonliquid assets, to be used as criteria of eligibility: Provided, That such standards shall take into account payments in kind received from an employer by members of a household, if such payments are in lieu of or supplemental to household income: Provided further, That such payments in kind shall be limited only to housing provided by such employer to such employee and shall be the actual value of such housing but in no event shall such value be considered to be in excess of the sum of \$25.00 per month. Any household which includes

<sup>12</sup> Section 4(b) was amended by Pub. L. 91-671, 84 Stat. 2049, approved January 11, 1971.

<sup>13</sup> Section 5(a) was amended by Pub. L. 91-671, 84 Stat. 2049, Approved January 11, 1971.

a member who has reached his eighteenth birthday and who is claimed as a dependent child for Federal income tax purposes by a taxpayer who is not a member of an eligible household, shall be ineligible to participate in any food stamp program established pursuant to this Act during the tax period such dependency is claimed and for a period of one year after expiration of such tax period. The Secretary may also establish temporary emergency standards of eligibility for the duration of the emergency, without regard to income and other financial resources, for households that are the victims of a mechanical disaster which disrupts the distribution of coupons, and for households that are victims of a disaster which disrupted commercial channels of food distribution when he determines that such households are in need of temporary food assistance, and that commercial channels of food distribution have again become available to meet the temporary food needs of such households: Provided, That the Secretary shall in the case of Puerto Rico, Guam, and the Virgin Islands, establish special standards of eligibility and coupon allotment schedules which reflect the average per capita income and cost of obtaining a nutritionally adequate diet in Puerto Rico and the respective territories; except that in no event shall the standards of eligibility or coupon allotment schedules so used exceed those in the fifty States. <sup>14/</sup>

(c) Notwithstanding any other provisions of law, the Secretary shall include in the uniform national standards of eligibility to be prescribed under subsection (b) of this section a provision that each State agency shall provide that a household shall not be eligible for assistance under this Act if it includes an able-bodied adult person between the ages of eighteen and sixty-five (except mothers or other members of the household who have the responsibility of care of dependent children or of incapacitated adults, bona fide students in any accredited school or training program, or persons employed and working at least 30 hours per week) who either (a) fails to register for employment at a State or Federal employment office or, when impractical, at such other appropriate State or Federal office designated by the Secretary, or (b) has refused to accept employment or public work at not less than (i) the applicable State minimum wage, (ii) the applicable Federal minimum wage, (iii) the applicable wage established by a valid regulation of the Federal Government authorized by existing law to establish such regulations, or (iv) \$1.30 per hour if there is no applicable wage as described in (i), (ii), or (iii) above. Refusal to work at a plant or site subject to a strike or a lockout for the duration of such strike or lockout shall not be deemed to be a refusal to accept employment. For the purposes of this section, the term "able-bodied adult person"

<sup>14</sup> Section 5(b) was amended by Pub. L. 91-671, 84 Stat. 2049, approved January 11, 1971 and Pub. L. 93-86, 87 Stat. 221, approved August 10, 1973.

shall not include any narcotics addict or alcoholic who regularly participates, as a resident or nonresident, in any drug addiction or alcoholic treatment and rehabilitation program. <sup>15/</sup>

(d) The Secretary shall establish uniform national standards of eligibility for households described in section 3(e) (3) of this Act. <sup>16/</sup>

#### ISSUANCE AND USE OF COUPONS

Sec. 6. (a) Coupons shall be printed in such denominations as may be determined to be necessary, and shall be issued only to households which have been duly certified as eligible to participate in the food stamp program.

(b) Coupons issued to eligible households shall be used by them only to purchase food in retail food stores which have been approved for participation in the food stamp program at prices prevailing in such stores: Provided, That nothing in this Act shall be construed as authorizing the Secretary to specify the prices at which food may be sold by wholesale food concerns or retail food stores.

(c) Coupons issued to eligible households shall be simple in design and shall include only such words or illustrations as are required to explain their purpose and define their denomination. The name of any public officials shall not appear on such coupons. (7 U.S.C. 2015)

#### VALUE OF THE COUPON ALLOTMENT AND CHARGES TO BE MADE

Sec. 7. (a) The face value of the coupon allotment which State agencies shall be authorized to issue to any households certified as eligible to participate in the food stamp program shall be in such amount as the Secretary determines to be the cost of a nutritionally adequate diet, adjusted semiannually by the nearest dollar increment that is a multiple of two to reflect changes in the prices of food published by the Bureau of Labor Statistics in the Department of Labor to be implemented commencing with the allotments of January 1, 1974, incorporating the changes in the prices of food through August 31, 1973, but in no event shall such adjustments be made for value of the coupon allotment for such households, as calculated above, is a minimum of \$2.00. <sup>17/</sup>

(b) Notwithstanding any other provision of law, households shall be charged for the coupon allotment issued to them, and the part of the household, but in no event more than 30 per centum of the household's income: Provided, That coupon

<sup>15</sup> Added by Pub. L. 91-671, 84 Stat. 2050, approved January 11, 1971 and again by Pub. L. 93-86, 87 Stat. 221, approved August 10, 1973.

<sup>16</sup> Added by Pub. L. 93-86, 87 Stat. 221, approved August 10, 1973.

<sup>17</sup> Section 7(a) was amended by Pub. L. 91-671, 84 Stat. 2050, approved January 11, 1971 and again by Pub. L. 93-86, 87 Stat. 221, approved August 10, 1973.

allotments may be issued without charge to households with income of less than \$30 per month for a family of four under standards of eligibility prescribed by the Secretary: Provided further, That the Secretary shall provide a reasonable opportunity for any eligible household to elect to be issued a coupon allotment having a face value which is less than the face value of the coupon allotment authorized to be issued to them under subsection (a) of this section. The charge to be paid by eligible households electing to exercise the option set forth in this subsection shall be an amount which bears the same ratio to the amount which would have been charged under subsection (b) of this section as the face value of the coupon allotment actually issued to them bears to the face value of the coupon allotment that would have been issued to them under subsection (a) of this section. <sup>18/</sup>

(c) The value of the coupon allotment provided to any eligible household which is in excess of the amount charged such households for such allotment shall not be considered to be income or resources for any purpose under any Federal or State laws including, but not limited to, laws relating to taxation, welfare, and public assistance programs.

(d) Funds derived from the charges made for the coupon allotment shall be promptly deposited in a manner prescribed in the regulations issued pursuant to this Act, in a separate account maintained in the Treasury of the United States for such purpose. Such deposits shall be available, without limitation to fiscal years, for the redemption of coupons. (7 U.S.C. 2016)

#### APPROVAL OF RETAIL FOOD STORES AND WHOLESALE FOOD CONCERNS

Sec. 8 (a) Regulations issued pursuant to this Act shall provide for the submission of applications for approval by retail food stores and wholesale food concerns which desire to be authorized to accept and redeem coupons under the food stamp program and for the approval of those applicants whose participation will effectuate the purposes of the food stamp program. In determining the qualifications of applicants there shall be considered among such other factors as may be appropriate, the following: (1) the nature and extent of the retail or wholesale food business conducted by the applicant; (2) the volume of coupon business which may reasonably be expected to be conducted by the applicant retail food store or wholesale food concern; and (3) the business integrity and reputation of the applicant. Approval of an applicant shall be evidenced by the issuance to such applicant of a nontransferable certificate of approval.

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<sup>18</sup> Section 7(b) was amended by Pub. L. 91-671, 84 Stat. 2051, approved January 11, 1971.

(b) Regulations issued pursuant to this Act shall require an applicant retail food store or wholesale food concern to submit information which will permit a determination to be made as to whether such applicant qualifies, or continues to qualify, for approval under the provisions of this Act or the regulations issued pursuant to this Act. Regulations issued pursuant to this Act shall provide for safeguards which restrict the use or disclosure of information obtained under the authority granted by this subsection to purposes directly connected with administration and enforcement of the provisions of this Act or the regulations issued pursuant to this Act.

(c) Any retail food store or wholesale food concern which has failed upon application to receive approval to participate in the food stamp program may obtain a hearing on such refusal as provided in section 13 of this Act. (7 U.S.C. 2017)

#### REDEMPTION OF COUPONS

Sec. 9. Regulations issued pursuant to this Act shall provide for the redemption of coupons accepted by retail food stores through approved wholesale food concerns or through banks, with the cooperation of the Treasury Department. (7 U.S.C. 2018)

#### ADMINISTRATION

Sec. 10 (a) All practicable efforts shall be made in the administration of the food stamp program to insure that participants use their increased food purchasing power to obtain those staple foods most needed in their diets, and particularly to encourage the continued use of those in abundant or surplus supply so as not to reduce the total consumption of surplus commodities which have been made available through direct distribution. In addition to such steps as may be taken administratively, the voluntary cooperation of existing Federal, State, local, or private agencies which carry out informational and educational programs for consumers shall be enlisted.

(b) The State agency of each participating State shall assume responsibility for the certification of applicant households and for the issuance of coupons: *Provided*, That the State agency may, subject to State law, delegate its responsibility in connection with the issuance of coupons to another agency of the State government. There shall be kept such records as may be necessary to ascertain whether the program is being conducted in compliance with the provisions of this Act and the regulations issued pursuant to this Act. Such records shall be available for inspection and audit at any reasonable time and shall be preserved for such period of time, not in excess of three years, as may be specified in the regulations.

(c) Certification of a household as eligible in any political subdivision shall, in the event of removal of such household to another political subdivision in which the food stamp program is operating, remain valid for participation in the food stamp program for a period of sixty days from the date of such removal.

In the certification of applicant households for the food stamp program there shall be no discrimination against any household by reason of race, religious creed, national origin, or political beliefs. 19/

(d) Participating States or participating political subdivisions thereof shall not decrease welfare grants or other similar aid extended to any person or persons as a consequence of such person's or persons' participation in benefits made available under the provisions of this Act or the regulations issued pursuant to this Act.

(e) The State agency of each State desiring to participate in the food stamp program shall submit for approval a plan of operation specifying the manner in which such program will be conducted within the State, the political subdivisions within the State in which the State desires to conduct the program, and the effective dates of participation by each such political subdivision. In addition, such plan of operation shall provide, among such other provisions as may be regulations be required, the following: (1) the specific standards to be used in determining the eligibility of applicant households; (2) that the State agency shall undertake the certification of applicant households in accordance with the general procedures and personnel standards prescribed by the Secretary in the regulations issued pursuant to this Act; (3) safeguards which restrict the use or disclosure of information obtained from applicant households to persons directly connected with the administration or enforcement of the provisions of this Act or the regulations issued pursuant to this Act; (4) for the submission of such reports and other information as from time to time may be required; (5) that the State agency shall undertake effective action, including the use of services provided by other federally funded agencies and organizations, to inform low-income households concerning the availability and benefits of the food stamp program and insure the participation of eligible households; (6) issuance of coupon allotments no less often than two times per month; (7) notwithstanding any other provision of law, the institution of procedures under which any household participating in the program shall be entitled, if it so elects, to have the charges, if any, for its coupon allotment deducted from any grant or payment such household may be entitled to receive under title IV of the Social Security Act and have its coupon allotment distributed to it with such grant or payment; and (8) for the granting of a fair hearing and a prompt determina-

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19 Section 10(c) was amended by Pub. L. 91-671, 84 Stat. 2051, approved January 11, 1971 and by Pub. L. 92-603, 86 Stat. 1329, approved October 30, 1972.

tion thereafter to any household aggrieved by the action of a State agency under any provision of its plan or operation as it affects the participation of such household in the food stamp program. In approving the participation of the subdivisions requested by each State in its plan of operation, the Secretary shall provide for an equitable and orderly expansion among the several States in accordance with their relative need and readiness to meet their requested effective dates of participation. The State agency is required to submit, prior to January 1, 1974, for approval, a plan of operation specifying the manner in which such State agency intends to conduct the program in every political subdivision in the State, unless such State agency can demonstrate that for any political subdivision it is impossible or impracticable to extend the program to such subdivision. The Secretary shall make a determination of approval or disapproval of a plan of operation submitted by a State agency in sufficient time to permit institution of such plan by no later than June 30, 1974. 20/

(f) If the Secretary determines that in the administration of the program there is a failure by a State agency to comply substantially with the provisions of this Act, or with the regulations issued pursuant to this Act, or with the State plan of operation, he shall inform such State agency of such failure and shall allow the State agency a reasonable period of time for the correction of such failure. Upon the expiration of such period, the Secretary shall direct that there be no further issuance of coupons in the political subdivisions where such failure has occurred until such time as satisfactory corrective action has been taken.

(g) If the Secretary determines that there has been gross negligence or fraud on the part of the State agency in the certification of applicant households, the State shall upon request of the Secretary deposit into the separate account authorized by section 7 of this Act, a sum equal to the amount by which the value of any coupons issued as a result of such negligence or fraud exceeds the amount that was charged for such coupons under section 7(b) of this Act.

(h) Subject to such terms and conditions as may be prescribed by the Secretary in the regulations issued pursuant to this Act, members of an eligible household who are sixty years of age or over or an elderly person and his spouse may use coupons issued to them to purchase meals prepared for and delivered to them by a political subdivision or by a private nonprofit organization which: (1) is not receiving federally donated foods from the United States Department of Agriculture for use in the preparation of such meals; (2) is operated in a manner consistent with the purposes of this Act; and (3) is recognized as a tax exempt organization by the Internal Revenue Service: Provided, That household members or elderly persons to whom meals are delivered

<sup>20</sup> Section 10(e) amended by Pub. L. 91-671, 84 Stat. 2051, approved January 11, 1971; Pub. L. 92-603, 86 Stat. 1329, approved October 30, 1972; and by Pub. L. 93-86, 87 Stat. 221, approved August 10, 1973.

are housebound, feeble, physically handicapped, or otherwise disabled, to the extent that they are unable to adequately prepare all of their meals. Meals served pursuant to this subsection shall be deemed "food" for the purposes of this Act. Subject to such terms and conditions as may be prescribed by the Secretary in the regulations issued pursuant to this Act, members of an eligible household who are sixty years of age or over or elderly persons and their spouses may also use coupons issued to them to purchase meals prepared by senior citizens' centers, apartment buildings occupied primarily by elderly persons, any public or nonprofit private school which prepares meals especially for elderly persons, any public or nonprofit private eating establishment which prepares meals especially for elderly persons during special hours, and any other public or nonprofit private establishment approved for such purpose by the Secretary. When an appropriate State or local agency contracts with a private establishment to offer, at concessional prices, meals prepared especially for elderly persons during regular or special hours, the Secretary shall permit eligible households who are sixty years of age or over or elderly persons and their spouses to use coupons issued to them to purchase such meals. 21/ (7 U.S.C. 2019)

(i) Subject to such terms and conditions as may be prescribed by the Secretary in the regulations pursuant to this Act, members of an eligible household who are narcotics addicts or alcoholics and regularly participate in a drug addiction or alcoholic treatment and rehabilitation program may use coupons issued to them to purchase food prepared for or served to them during the course of such program by a private nonprofit organization or institution which meets requirements (1), (2), and (3) of subsection (h) above. Meals served pursuant to this subsection shall be deemed "food" for the purposes of this Act. 22/

#### DISQUALIFICATION OF RETAIL FOOD STORES AND WHOLESALE FOOD CONCERNS

Sec. 11. Any approved retail food store or wholesale food concern may be disqualified from further participation in the food stamp program on a finding, made as specified in the regulations, that such store or concern has violated any of the provisions of this Act, or of the regulations issued pursuant to this Act. Such disqualification shall be for such period of time as may be determined in accordance with regulations issued pursuant to this Act. The action of disqualification shall be subject to review as provided in section 13 of this Act. (7 U.S.C. 2020)

#### DETERMINATION AND DISPOSITION OF CLAIMS

Sec. 12. The Secretary shall have the power to determine the amount of and settle and adjust any claim and to compromise or deny all or part of any such claim or claims arising under the

<sup>21</sup> Added by Pub. L. 91-671, 84 Stat. 2051-2, approved January 11, 1971, and by Pub. L. 93-86, 87 Stat. 221, approved August 10, 1973.

<sup>22</sup> Added by Pub. L. 93-86, 87 Stat. 221, approved August 10, 1973

provisions of this Act or the regulations issued pursuant to this Act. (7 U.S.C. 2021)

#### ADMINISTRATIVE AND JUDICIAL REVIEW

##### Sec. 13. Whenever--

(a) an application of a retail food store or wholesale food concern to participate in the food stamp program is denied,

(b) a retail food store or a wholesale food concern is disqualified under the provisions of section 11 of this Act, or

(c) all or part of any claim of a retail food store or wholesale food concern is denied under the provisions of section 12 of this Act, notice of such administrative action shall be issued to the retail food store or wholesale food concern involved. Such notice shall be delivered by certified mail or personal service. If such store or concern is aggrieved by such action, it may, in accordance with regulations promulgated under this Act, within ten days of the date of delivery of such notice, file a written request for an opportunity to submit information in support of its position to such person or persons as the regulations may designate. If such a request is not made or if such store or concern fails to submit information in support of its position after filing a request, the administrative determination shall be final. If such a request is made by such store or concern, such information as may be submitted by the store or concern, as well as such other information as may be available, shall be reviewed by the person or persons designated, who shall, subject to the right of judicial review hereinafter provided, make a determination which shall be final and which shall take effect fifteen days after the date of the delivery or service of such final notice of determination. If the store or concern feels aggrieved by such final determination he may obtain judicial review thereof by filing a complaint against The United States in the United States district court for the district in which he resides or is engaged in business, or in any court of record of the State having competent jurisdiction, within thirty days after the date of delivery or service of the final notice of determination upon him, requesting the court to set aside such determination. The copy of the summons and complaint required to be delivered to the official or agency whose order is being attached shall be sent to the Secretary or such person or persons as he may designate to receive service of process. The suit in the United States district court or State court shall be a trial de novo by the court in which the court shall determine the validity of the questioned administrative action in issue. If the court determines that such administrative action is invalid it shall enter such judgement or order as it determines is in accordance with the law and the evidence. During the pendency of such judicial review, or any appeal, therefrom, the administrative

action under review, shall be and remain in full force and effect, unless an application to the court on not less than ten days' notice, and after hearing thereon and a showing of irreparable injury, the court temporarily stays such administrative action pending disposition of such trial or appeal. (7 U.S.C. 2022)

#### VIOLATIONS AND ENFORCEMENT

Sec. 14. (a) Notwithstanding any other provisions of this Act, the Secretary may provide for the purchase, issuance or presentment for redemption of coupons to such person or persons, and at such times and in such manner, as he deems necessary or appropriate to protect the interests of the United States or to insure enforcement of the provisions of this Act or the regulations issued pursuant to this Act. <sup>23/</sup>

(b) Whoever knowingly uses, transfers, acquires, alters, or possesses coupons or authorization to purchase cards in any manner not authorized by this Act or the regulations issued pursuant to this Act shall, if such coupons or authorization to purchase cards are of the value of \$100 or more, be guilty of a felony and shall, upon conviction thereof, be fined not more than \$10,000 or imprisoned for not more than five years or both, or, if such coupons or authorization to purchase cards are of a value of less than \$100, shall be guilty of a misdemeanor and shall, upon conviction thereof, be fined not more than \$5,000 or imprisoned for not more than one year, or both. <sup>24/</sup>

(c) Whoever presents, or causes to be presented, coupons for payment or redemption of the value of \$100 or more, knowing the same to have been received, transferred, or used in any manner in violation of the provisions of this Act or the regulations issued pursuant to this Act shall be guilty of a felony and shall, upon conviction thereof, be fined not more than \$10,000 or imprisoned for not more than five years, or both, or, if such coupons are of a value of less than \$100, shall be guilty of a misdemeanor and shall, upon conviction thereof, be fined not more than \$5,000 or imprisoned for not more than one year, or both.

(d) Coupons issued pursuant to this Act shall be deemed to be obligations of the United States within the meaning of title 18, United States Code, section 8.

#### COOPERATION WITH STATE AGENCIES

Sec. 15. (a) Each State shall be responsible for financing, from funds available to the State or political subdivision thereof, the costs of carrying out the administrative responsibilities assigned to it under the provisions of this Act. Except as provided for in subsection (b) of this section, such costs shall include, but

<sup>23</sup> Section 14(a) amended by Pub. L. 91-671, 84 Stat. 2052, Approved January 11, 1971.

<sup>24</sup> Section 14(b) amended by Pub. L. 91-671, Stat. 2052, approved January 11, 1971.

shall not be limited to, the certification of households; the acceptance, storage, and protection of coupons after their delivery to receiving points within the States; and the issuance of such coupons to eligible households and the control and accounting therefor.

(b) The Secretary is authorized to pay to each State agency an amount equal to 62-1/2 per centum of the sum of (1) the direct salary, travel, and travel-related cost (including such fringe benefits as are normally paid) of personnel, including the immediate supervisors of such personnel, for such time as they are employed in taking the action required under the provisions of subsection 10(e)(5) of this Act and in making certification determinations for households other than those which consist solely of recipients of welfare assistance; (2) the direct salary, travel, and travel-related costs (including such fringe benefits as are normally paid) of personnel for such time as they are employed as hearing officials under section 10(e) of the Act. 25/ (7 U.S.C. 2024)

#### APPROPRIATIONS

Sec. 16. (a) To carry out the provisions of this Act, there is hereby authorized to be appropriated not in excess of \$75,000,000 for the fiscal year ending June 30, 1965; not in excess of \$100,000,000 for the fiscal year ending June 30, 1966; and not in excess of \$200,000,000 for the fiscal year ending June 30, 1967; not in excess of \$200,000,000 for the fiscal year ending June 30, 1968; not in excess of \$315,000,000 for the fiscal year ending June 30, 1969; not in excess of \$610,000,000 for the fiscal year ending June 30, 1970; not in excess of \$1,750,000,000 for the fiscal year ending June 30, 1971; and for the fiscal years ending June 30, 1972, through June 30, 1977, such sums as the Congress may appropriate and not in excess of such sum as may hereafter be authorized by Congress for any subsequent fiscal period. Sums appropriated under the provisions of this Act shall, notwithstanding the provisions of any other law, continue to remain available until expended. Such portion of any such appropriation as may be required to pay for the value of the coupon allotments issued to eligible households which is in excess of the charges paid by such households for such allotments shall be transferred to and made a part of the separate account created under section 7(d) of this Act. This Act shall be carried out only with funds appropriated from the general fund of the Treasury for that specific purpose and in no event shall it be carried out with funds derived from permanent appropriations. On or before January 20 of each year, the Secretary shall submit to Congress a report setting forth operations under this Act during the preceding calendar year and projecting needs for the ensuing calendar year. 26/

<sup>25</sup> Section 15(b) was amended by Pub. L. 91-671, 84 Stat. 2052, approved January 11, 1971.

<sup>26</sup> Section 16(a) amended by P.L. 91-91, 81 Stat. 228, approved September 27, 1967. It was amended further by P.L. 91-552, 82 Stat. 958, approved October 8, 1968; P.L. 91-116, 83 Stat. 191, approved November 13, 1969; P.L. 91-671, 84 Stat. 2052, approved January 11, 1971, and P.L. 93-86, 87 Stat. 221, approved August 10, 1973.

(b) In any fiscal year, the Secretary shall limit the value of those coupons issued which is in excess of the value of coupons for which households are charged, to an amount which is not in excess of the portion of the appropriation for such fiscal year which is transferred to the separate account under the provisions of subsection (a) of this section. If in any fiscal year the Secretary finds that the requirements of participating States will exceed the limitation set forth herein, the Secretary shall direct State agencies to reduce the amount of such coupons to be issued to participating households to the extent necessary to comply with the provisions of this subsection.

(c) If the Secretary determines that any of the funds in the separate account created under section 7(d) of this Act are no longer required to carry out the provisions of this Act, such portion of such funds shall be paid into the miscellaneous receipts of the Treasury.

(d) Amounts expended under the authority of this Act shall not be considered amounts expended for the purpose of carrying out the agricultural price-support program and appropriations for the purposes of this Act shall be considered, for the purpose of budget presentations, to relate to the functions of the Government concerned with welfare. (7 U.S.C. 2025)

#### HUNTING AND FISHING EQUIPMENT

Sec. 17. Notwithstanding any other provision of this Act, members of eligible households living in the State of Alaska shall be permitted, in accordance with such rules and regulations as the Secretary may prescribe, to purchase hunting and fishing equipment for the purpose of procuring food for the household except firearms, ammunition, and other explosives, with coupons issued under this Act if the Secretary determines that (1) such households are located in an area of the State which makes it extremely difficult for members of such households to reach retail food stores, and (2) such households depend to a substantial extent on hunting and fishing for subsistence purposes. 27/

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<sup>27</sup> Section 17 was added by Pub. L. 93-87 Stat. 221, approved August 10, 1973.

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THE FEDERAL FOOD STAMP AND RELATED IN-KIND COMMODITY  
DISTRIBUTIONS: ECONOMIC HISTORY AND EVALUATION  
IN A PUBLIC CHOICE PERSPECTIVE

by

Nolan Hardison Barker, Jr.

(ABSTRACT)

The food stamp and commodity distribution programs both attempt to provide nutritional aid to the domestic poor. This makes them welfare programs. But they also represent efforts to make use of excess farm production. This means they are agricultural surplus-disposal programs. Although both programs claim an ability to provide both services, commodity distribution is thought to be the better surplus removal method, while food stamps are preferred as a welfare program.

The history of these two programs illustrates the conflict between a preference for welfare and a preference for surplus disposal, and the compromises which were made between them. It is the story of a political power struggle which began during the Great Depression. In the three decades which followed, agriculture's power waned and welfare power increased.

The purpose of this dissertation is to examine the functioning of the various government institutions as illustrated by their handling

of these two programs. Naturally, some of the observations pertain specifically to these two programs, to agriculture and to welfare. Others, such as voting behavior, logrolling, and political rhetoric are more representative of government in general.

Evidence concerning political deals proved to be quite interesting. This vote-trading, or logrolling, is an accepted part of the legislative process, but it does not enjoy what could be described as a "good reputation," even among the traders.

Various studies have made use of simple or complex analyses of recorded voting behavior. But these cannot tell the whole story. Committee hearings and floor debates provide a different insight into the motives behind legislators' actions. The final vote on a bill may not be as revealing as the efforts to pass amendments. In other words, the type of amendment can show motivations which voting behavior does not.

If a legislator finds he must vote for a program which he really does not support, as part of a deal for example, he may try to weaken the bill. While a food stamp bill finally passed in 1959, it only gave permission for the Secretary of Agriculture to act. It was no secret that he had no intention of using food stamps.

In addition to the analysis of the historical events, there is a chapter highlighting some of the program's operating regulations and one which examines some of the program's effects on various sectors of the economy. An amended version of the Food Stamp Act is found in the Appendix.