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DISCUSSION: Food Programs for Low Income Families -
Welfare or Market Building?

Edmund F. Jansen, Jr.

Professor Breimyer's informative and interesting talk has touched upon and clarified several economic, social, and political issues involved in food programs for low-income consumers. The lack of a backlog of economic research studies concerning the food programs made it difficult for Professor Breimyer to give us specific findings regarding many economic effects of food assistance for low income families. Being in general agreement with most of Professor Breimyer's remarks, I will use my time as discussant mainly to give some additional opinions and remarks.

Professor Breimyer begins by expressing concern over the neglect of the food programs by the agricultural economists. I wish to comment on three possible reasons for this neglect: namely, 1) producer orientation of research studies, 2) source of financial support for agricultural economics research, and 3) problems involved in multi-disciplinary research efforts.

1. After reviewing the list of 121 titles of dissertations for which the Ph.D. degree in agricultural economics was awarded during 1968, not only is it apparent that food programs received no attention, but furthermore, the major emphasis was placed on producer oriented topics. The crucial social welfare problems racking our country today received little apparent attention. We are all familiar with consumer orientated topics covered in the mass media concerning poverty, the deterioration of the "quality of environment" and the decline in "quality of life." While our production orientated economy is producing more than ever before, dissatisfaction in the United States seems to grow.

Topics selected for research are influenced by our orientation. As Professor Breimyer pointed out, we economists teach that production and consumption functions are only the two sides of a single equation. After this assertion, we get on with study of production issues and often fail to give sufficient consideration to questions of income distribution and related consumer welfare issues. One may argue that benefits derived from increasing efficiency in agricultural production have mainly passed to the consumer in the United States, but unfortunately the benefits have not been distributed equitably among all consumers. Hence, the need has arisen to consider food programs for people whose participation in our exchange economy as producers and consumers is limited. If we were more consumer orientated, perhaps there would be some backlog of research findings on the economic aspects of food programs. We need studies to predict the incidence of benefits and costs associated with alternative approaches to solving the nutritional problem of low-income consumers.

2. Funds ear-marked to support agricultural economics research have influenced the development of the production orientation among many members of our profession. It still remains much easier for agricultural economists to get funds to study market building than to study the welfare needs of low-income urban food consumers. Hopefully, this problem will be reduced as we turn towards new sources of research funding such as H.E.W. This implies some change in our clientel orientation.

3. The complex multi-disciplinary issues involved in the food programs have been elucidated by Professor Breimyer. If we expect our research results to provide guidelines for solving welfare problems, we must learn to treat these issues. Perhaps we will see much more emphasis on a team and systems approach to solving broad social problems. Systems Analysts who have solved the problem of putting men on the moon are beginning to look at our social problems as the next area where they can apply their techniques. Already, however, they are learning that social welfare problems can be more difficult to solve than the problems encountered in placing a man on the moon.

Least we appear too critical of the agricultural economist, it should be recognized that the food programs have motivated research by economists in the U.S.D.A. and some Land Grant Universities. Research was designed to analyze the food programs but mainly in terms of their ability to increase food consumption and farm income. Results of these studies support Breimyer's proposition that the Food Stamp Plan will only generate a modest increase in farm level demand. In the 1930's, advocates thought that the two-price scheme embodied in the Stamp Plan might reduce agricultural surplus and increase farm income by (1) the expanding food purchases of low-income consumers and (2) increasing the food expenditures of high-income consumers with a relatively inelastic demand for food whenever competition from the subsidized low-income consumers for a given supply caused food prices to rise.^{1/} Empirical studies by Wetmore and others have indicated that low-income consumers will substitute animal products, fruits and vegetables for other foods as their food expenditures increase.^{2/} Thus, expanding food expenditures of low-income consumers provides little direct relief for surplus commodities such as wheat.

It is important to note that although the food programs have both welfare and marketing aspects, welfare aspects received relatively low priority until recently. The major supporters of the 1939-42 Food Stamp Plan considered its consumer welfare objective secondary to increasing producer's incomes. In fact, without the agricultural surplus

1/ Gold, Hoffmand and Waugh. Economic Analysis of the Food Stamp Plan. Bureau of Agricultural Economics and The Surplus Marketing Administration, U. S. Dept. of Agriculture. U.S. Government Printing Office, 1940.

2/ Wetmore, Abel, Learn and Cochrane. Policies for Expanding the Demand for Farm Food Products in the United States. Technical Bulletin 231, Exp. Sta., University of Minn., 1959.

problem, Congress would have given little support to the Food Stamp Plan. The welfare objective of the Stamp Plan served as a useful justification for efforts to improve farm incomes. The low-income consumer welfare aspects of the Food Stamp Plan per se began to receive high priority only in recent years after the composition and orientation of Congress had changed.

A most relevant question on the welfare aspects taken separately, seems to be: Do food programs represent an effective and feasible approach for handling the low-income welfare problem? They seem to rate higher on political feasibility than on efficiency. Economists interested in maximizing consumer welfare of low-income consumers may have higher preferences for direct dollar assistance than for food donation (income-in-kind), and lowest preference for the supplemental food stamp approach. The supplementary food provision in the Food Stamp Plan may encourage nutritional improvement, but at the expense of more important needs of some families such as medicine and clothing. The Stamp Plan can also be criticized as being representative of a piece-meal approach to a complex welfare problem.

Professor Breimyer has cautioned us that food programs can serve a useful purpose if not too much is expected of them. At best, they offer only a partial solution for the welfare problems of low-income consumers. The penetrating appraisal of food programs requested by Professor Breimyer should be designed to analyze food programs in terms of the objectives specified for the welfare system. Besides providing an efficient way to satisfy the welfare needs of low-income people, both tax payers and most welfare recipients want welfare programs designed to reduce long-run dependency on welfare. Neither food donation nor the Food Stamp Plan necessarily lead to less dependency upon welfare assistance over time. The dependency reduction objective implies that some type of education activity and work incentive for employable persons must be built into the welfare system. Food donation and Food Stamps will continue to be important forms of welfare assistance in the immediate future, but I question their long-run use.

The school lunch program, however, deserves long-run justification on the basis of its educational attributes. Meals provided by the School Lunch Program not only increase a hungry child's ability to concentrate and comprehend, but they influence food tastes and diet habits that may be carried over into adult life. A poor child will learn and retain much more about nutrition by eating a balanced meal than from listening to a lecture.

Breimyer points out that direct dollar aid receives little political support. Ear-marked funds are politically feasible, but they may lead to a series of relatively uncoordinated and expensive attacks on a broad problem by competing bureaucratic agencies. Food donation is unacceptable in many low-income counties because local governments

must pay the administrative costs of local distribution. On the other hand, the Food Stamp Plan is more attractive to local politicians because its administrative costs are paid by the state and federal governments.

Many low-income consumers have lost faith in the ability of the U.S.D.A. to administer food programs impartially. The U.S.D.A. administrators have done a good job of implementing and expanding food programs, but Schmitter admitted that it failed to make the public fully aware of its efforts in behalf of low-income consumers. It is difficult to convince many people that the U.S.D.A. can serve both the interests of farmers and poor people who need food assistance.