FOOD STAMPS: 1932 –1977: From Provisional and Pilot Programs to Permanent Policy

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Surplus Distributions and the First Food Stamp Program

Until 1932, provision of food and monetary assistance in the United States was the responsibility of local communities and charities. The Federal government played no role, nor was it directly involved in assisting the farmers who produced food. Agriculture had enjoyed relative prosperity from 1900 to 1918, but the end of World War I brought slackening demand and renewed competition from other countries. By 1920, the farm sector had slipped into a period of long-term stagnation.

In previous decades, when farmers had experienced economic difficulties, they looked to the Federal government for cheaper credit and relief from railroad and banking monopolies and trusts. In the 1920s, they attempted to enlist the Federal government in a plan, known as the McNary-Haugen Bill, to raise agricultural prices. Presidents Calvin Coolidge and Herbert Hoover strongly opposed any continuous Federal intervention in economic markets and twice vetoed the bill. The 8-year campaign to pass it did, however, help to galvanize farmers, and resulted in the creation of the Farm Board by the Hoover Administration in 1930.

In the 1920s, agricultural prices had declined, but in the early 1930s (during the start of the Great Depression) many agricultural products became virtually unmarketable. The Farm Board's first action was to buy some of the surplus wheat that depressed markets could no longer absorb. Millions of bushels of government-owned wheat began accumulating in warehouses at the same time that reports of widespread hunger and malnutrition were appearing in the newspapers. Some Americans were troubled by this contradiction of suffering amid abundance and wondered if a way could be found to get some of this surplus food to the hungry. The Hoover Administration and Congress opposed any such effort, believing that it would undermine

America's work ethic. According to the Majority Leader of the House, John Q. Tilson, it was an idea of "revolutionary character" that would end the American tradition of self-reliance upon "community spirit and private generosity and establish the dole in the United States." He and other politicians believed that organizations like the Red Cross would be able to care for the needy (Poppendieck, p. 40). They also questioned the extent of hunger in America, thus beginning a continuing debate over the definition and meaning of malnutrition and hunger.

Typically, politicians who favored distribution of government wheat were concerned with its effect on the farm economy. Most felt it had to be justified as good farm economics before it could be sold as public welfare policy. Interestingly, many social workers did not favor the distribution of surplus commodities because they believed it did not promote client "dignity," which had become a major concept in schools of social work during the 1920s. Instead, they favored cash "relief" payments to the needy (Poppendieck, p. 62). In early 1932, Congress approved the release of wheat to feed livestock affected by drought on the Northern Plains. A few months later, Congress authorized the Red Cross to distribute some government wheat to the unemployed.

When President Franklin Roosevelt took office in March of 1933, a top priority of his administration was to rehabilitate the farm economy by paying farmers not to plant crops in the hope that farm prices and incomes would rise. A new agency in the Department of Agriculture, the Agricultural Adjustment Administration (AAA), was charged with carrying out this task. It was controversial not only because it involved government intervention in a major sector of the economy, but also because it would come at the expense of urban dwellers who would pay higher prices for food. Distributing surplus food to the hungry was one way of defusing criticism of the agricultural adjustment program (Poppendieck, p. 89).

In the summer of 1933, the Roosevelt Administration decided to slaughter 70 percent of all U.S. piglets. Storing and withholding grain at a time of food crisis was one thing, but killing and wasting piglets was quite another and the public and editorial outcry was loud and immediate. Ultimately, the administration announced that it would use $75 million to obtain surplus agricultural products for the unemployed and needy over the coming winter (Poppendieck, p. 108).

On October 4, 1933, the Federal Surplus Relief Corporation (FSRC) was established to expand markets for agricultural products, and to purchase, store, and process surplus agricultural products "so as to relieve the hardship and suffering caused by unemployment. . ." (Poppendieck, p. 130). Secretary of Agriculture Henry A. Wallace later said of the creation of the FSRC (transferred to USDA in 1935 and renamed the Federal Surplus Commodities Corporation) that, "Not many people realized how radical it was – this idea of having the Government buy from those who had too much, in order to give to those who had too little. So direct a method of resolving the paradox of want in the midst of plenty could never have got beyond the discussion stage before the crisis years of 1933" (Poppendieck, p. 128).

For 2 years, the money to purchase the commodities came from the Agricultural Processing tax. This angered many farmers, who believed that tax process should only be used for agricultural purposes. However, in 1935, Section 32 of the Agricultural Adjustment Act provided that funds for purchasing surplus commodities would come from tariff collections, which pleased farmers who had long thought that industrial tariffs were to their disadvantage. Section 32 funds thus became a "highly unusual permanent appropriation, the first in American history" (Poppendieck, p. 193) Section 32, which allocated 30 percent of customs receipts to USDA, also stipulated that all commodity distribution would have to be justified by its contribution to the farm economy (Maney, p. 12). This linkage would remain in effect until the passage of the Food Stamp Act of 1964.

Determining what products were “in surplus” was not always straightforward. The decision was often left to AAA and FSRC lawyers. In one case, beans were purchased because if farmers had sold them immediately they would not have received enough to repay their loans. The surplus designation did not guarantee that FSRC would purchase a product. The needs and preferences of relief recipients were also considered. Generally, lower priced products were purchased, but occasionally such “luxury” items as butter and fresh fruits made their way to the needy, resulting in public complaints about “the coddling of relief recipients” (Poppendieck, p. 139).

The overall contribution of FSRC to meeting the food needs of the unemployed during the Depression was modest, but in many individual cases it was very important. In 1935, the Administration reported that FSRC provided recipients with about $7.80 per person per year, compared with about $100 per person per year actually spent by wage workers and $60 spent or received in groceries by relief recipients. Surplus commodities provided by FSRC were given to recipients “over and above” what they might get from other forms of relief so as to “upgrade” rather than “undermine” their relief standards. The Federal Emergency Relief Administration (FERA) determined the criteria for people in need and local relief agencies distributed the products. This distribution effort employed three methods, depending on local conditions – commissaries, home deliveries, or distribution arrangements with local grocery stores. FSRC favored the last method, which would garner support from commercial food distributors. Many social workers, on the other hand, preferred home delivery because it was more conducive to preserving client dignity. Commissaries were used fairly widely. FSRC also came to prefer home delivery when carried out in conjunction with work projects. However, the final decision was left to the States.

In May 1939, USDA initiated an experimental Food Stamp Program that lasted until 1943. Food retailers favored the program because of the extra business they hoped it would create. Recipients and relief advocate the program believed the program would help provide the poor with a steadier flow of food and a more varied and nutritious diet. Before the program, commodity distributions were usually made once a month, which made it difficult for a poor family to plan ahead. The Food Stamp Program provided recipients with two kinds of stamps. They could purchase orange stamps at face value and receive half that amount in blue stamps for free. The blue stamps could only be used to buy food declared “surplus” each month by the Secretary of Agriculture. The orange stamps, however, could be used to buy any food item. They were issued in an amount supposedly equal to the recipients’ normal food expenditures, the idea being that “income normally spent on food would not be diverted to nonfood items owing to the subsidy embodied in the free blue stamps” (MacDonald, p. 2). Contemporaneous studies indicated that the program did allow more kinds of food to be purchased and restricted the recipients’ ability to substitute nonfood items for food, but it did not seem to have had a greater impact on the farm economy than commodity distribution. There were also some reports of illicit trafficking in stamps.

Soon after the United States’ entry into World War II, the FSRC was abolished and its programs moved to commodity marketing agencies within the Department. Shortly thereafter, the Food Stamp Program was discontinued because of the return of war-generated prosperity (Poppendieck, p. 150).

Based on her research of FSRC records, historian Janet Poppendieck concluded that, "Given the complexity of the corporation's activities and the number and variety of the interest groups affected by its work, it did a remarkable job. The tone, as well as the content of its surviving correspondence, suggests that the interests of all the major groups affected were regarded as legitimate and that great care was taken to balance and protect them" (Poppendieck, p. 152). She also concluded that the transfer of FSRC to USDA took some of the relief and welfare aspects out of the program, subordinating them to the Department's principal function, which, at the time, was working on behalf of farmers. As the farm economy improved in the 1940s and 50s and support payments became more generous, farmers lost interest in domestic food relief programs and, in some cases, resented the diversion of Section 32 funds. Commodity distribution continued throughout this period, but its effectiveness was hampered by a lack of variety in food, which continued to depend on the vagaries of surplus designation, and because there was no good definition of what constituted a nutritious diet. In addition, distribution was not truly national since it was left up to the States and localities to decide whether they wanted to participate and in what manner.

The Modern Food Stamp Program

The Eisenhower Administration continued commodity food assistance on a modest level during the 1950s, but did not support any new congressional initiatives. In the Senate, George Aiken (R-VT) favored renewal of the Food Stamp Program, but its principal champion was Lenore Sullivan, a democratic congresswoman from St. Louis, Missouri. Following her election in 1954, she attempted to introduce a food stamp bill, but was hampered by the fact that she was not on the Agriculture Committee. In 1959 she was able to attach a food stamp amendment to USDA's popular PL 480 program that allowed "developing" countries, such as India, to buy U.S. surplus food with their own currencies. The amendment allowed (but did not require) USDA to begin a pilot food stamp program (Maney, p. 22). However, USDA did not choose to exercise this option during the remainder of the Eisenhower Administration.

Senator John F. Kennedy (D-MA) also became interested in food aid in 1958, although neither his food assistance bills nor those of Senator Aiken made much progress. Kennedy's commitment was strengthened when he campaigned for the presidency in West Virginia and encountered poverty firsthand. His first official act as President was to sign an executive order enlarging USDA's surplus commodity distribution program.

Meanwhile, USDA economists, such as Frederick Waugh, began to study the feasibility of a food stamp program and concluded that from both economic and nutritional perspectives it would be superior to commodity distribution. They presented a detailed proposal, which was supported by Secretary of Agriculture Orville Freeman and the White House. It was not, in fact, authorized directly by the PL 480 program (including Sullivan's amendment) which was nearing expiration. Instead, President Kennedy issued an executive order permitting the use of Section 32 funds in a pilot program. According to historian Ardith Maney, "Until 1968, when food program critics had mastered its intricacies, USDA economists were almost the only ones to fully understand its economic and philosophical underpinnings" (Maney, p. 31).

The program began with 8 projects and eventually expanded to 43. The New Deal program involving two kinds of stamps was replaced by a one-stamp arrangement in which recipients were to pay an amount equal to their usual food expenditures or in return for stamps of greater value. At the time, many in Congress preferred that supplemental stamps be used to purchase only surplus commodities, but the Kennedy Administration “wished to include subsidies for perishable goods that could not be stored, and it also expected a positive antirecession effect from increased demand across the entire farm economy” (King, p. 47).

In 1963, the administration began to consider a food stamp bill because operating the program under Section 32 guidelines hampered further development. However, members of the Agriculture Committees, especially in the House, were bothered by the idea of linking food aid and welfare because they feared this would interfere with the Department of Agriculture’s primary mission of assisting farmers. The bill stalled until nutrition and food assistance advocates delayed a tobacco bill in the Rules Committee. Then, they and “Farm-bloc” representatives traded votes over wheat and cotton price supports to guarantee passage in the House and protect it in conference with the Senate. Vote trading continued to characterize food stamp politics throughout the early years of the 1964 Food Stamp Act.

The Act had a dual justification to provide for “a fuller and more effective” use of food abundance and to “raise the levels of nutrition among low-income households.” It permitted but did not require that programs be initiated in all localities (King, p. 49). Spending was only authorized for 3 years, beginning with $75 million in 1965 and increasing to $200 million in 1967. This fell short of what advocates had wished, but an amendment that would have shifted much of the program costs to the States was defeated.

Secretary of Agriculture Freeman made it clear that the program would grow along with appropriations, but because the program came up for funding every year, it was subject to cuts by the Agriculture Committee. Many more counties wanted to join the program than could be accommodated, while at the same time studies were showing that participation in food assistance programs dropped when counties switched from surplus commodity distribution to food stamps.

Some suspected that minimum purchase requirements for stamps were too high and discouraged potential enrollees. This impasse remained in place until late 1967 and early 1968 when hunger and civil rights activists “discovered” the Food Stamp Program (King, p. 50).

Change began when a subcommittee of the Senate Labor and Public Welfare Committee, led by Robert Kennedy (D-NY) and Joseph Clark (D-PA), went to rural Mississippi and reported that the food assistance programs were having little effect there. Doctors sent to the area by the Field Foundation found evidence of widespread hunger and malnutrition. Following these investigations, a “Citizens Board of Inquiry” issued a report characterizing the Federal government’s efforts as “inadequate.” Keeping up the pressure was the CBS News documentary *Hunger in America*, hosted by Charles Kuralt, and journalist Nick Kotz, who won a Pulitzer Prize for articles that were critical of Congressional leaders and USDA’s supposed reluctance to confront them or to liberalize its procedures and minimum purchase requirements. As a result of this coverage, much of the American public was surprised to learn that conditions similar to those in so-called Third-World countries still existed in parts of the United States. All of this activity was later capped by a “Poor Peoples’ March” to Washington, DC. Marchers pitched tents on the National Mall across from Department of Agriculture and called, among other things, for increased food assistance to the poor (King, p. 51).

The Johnson Administration was concerned with the cost of the Vietnam War and did not propose to spend more on food stamps. In early 1968, the Senate established the Select Committee on Nutrition and Human Needs, chaired by Senator George McGovern (D-SD) which raised the profile of nutrition issues. Within months, USDA agreed to drop the minimum purchase price for a monthly allotment of stamps to 50 cents per person for families earning below $30 a month. Congresswoman Sullivan helped secure a $315 million authorization for

1969, which allowed USDA to liberalize its overall price schedules. Accordingly "through a combination of modest increases in the allotments and modest decreases in the amount of the purchase price, food stamps were made a little bit of a better bargain" (Berry, p. 54).

Although the minimum purchase price had been lowered to 50 cents, there was as yet no strong impetus for free food stamps, even though there was evidence that this apparently modest fee discouraged many poor people from participating. Since the days of the first food stamp program, USDA policy reflected the belief that handouts would make for poor public relations and would harm the "dignity" of the poor. USDA, of course, was not the Department of Health, Education, and Welfare (now Health and Human Services), and its administrators were not comfortable with the welfare aspects of free stamps. Neither, for that matter, was Congresswoman Sullivan. Free surplus food was politically acceptable, perhaps because it was considered perishable, but food stamps were too much like real money. A psychological threshold would have to be crossed before they could be given away for free.

The so-called "Hunger Lobby," composed of various public interest groups, had formed and grown in strength during this period. Many members of the Hunger Lobby didn't expect support from the new Nixon Administration when it took office in 1969. But, during his first visit to USDA, President Nixon spoke to 400 USDA officials about food policy rather than farm policy, as had been expected. He mentioned CBS's *Hunger in America* documentary and pledged to do something about the problem. Meanwhile, USDA, under the leadership of Richard Lyng (who was later to become Secretary of Agriculture under Ronald Reagan), established a committee to examine the food stamp program. Its recommendations included increasing the food stamp budget by $1.7 billion, raising allotments for all recipients to conform to the cheapest nutritious diet plan (then $100 per month for a family of four), fixing the maximum purchase requirement at 30 percent of a family's income, giving free stamps to those with an income of less than $30 per month, and setting national eligibility standards (Berry, p. 59). When Agriculture Secretary Clifford Hardin presented the plan to President Nixon in a meeting, he said, There is great urgency about this. This is the hottest item on the domestic front, and we must take the leadership ourselves (Berry, p. 61).

Action was delayed by opposition from Nixon domestic affairs advisor Arthur Burns and debate over the welfare reform/guaranteed annual income bill know as the Family Assistance Plan (FAP) sponsored by Senator Daniel Patrick Moynihan (D-NY). However, the administration had organized a national White House Conference on Food, Nutrition, and Health for December 1969 and wanted to make changes ahead of the conference. On the day before President Nixon was to address the conference, Secretary Hardin announced that USDA would implement major and minor reforms through administrative action alone. Henceforth, all families and individuals, regardless of income, would get an allotment of coupons sufficient for an "economy diet plan." The cost also would decline for most participants, who would pay no more than 25 percent of their income for stamps. Previously, a family of four earning $50 per month was paying $20 for $64 worth of stamps. Under the new rules, it would pay $10 in return for $106 in stamps. According to political scientist Jeffrey Berry this was the most significant change in the history of the program (Berry, p. 63).

Secretary Hardin used a simple authorization containing no program changes and a subsequent appropriation for fiscal year 1970. Hardin claimed only a general authority and did not state that the funds were to be used for the specific purposes for which they were obviously intended. The leaders of the Agriculture Committee called it "legislation on an appropriation," but, having grown tired of controversy over the issue, they decided not to oppose it. One upshot of these changes in the food stamp program was the demise of the FAP because it proved too difficult politically and economically to coordinate both programs. Instead, food stamps themselves became a partial guaranteed annual income, assuring most low-income Americans that they would receive a minimum but decent diet. According to Berry:

"For many, the fight over FAP had obscured food stamp reform. In fact, food stamps had come to resemble a guaranteed annual income. The December 1969 administrative reforms had made benefits equal throughout the country. Eligibility was based solely on income and assets. Both the non-working and the working poor could qualify, and a liberal benefit reduction rate of 30 percent preserved the incentive to work. The costs of the benefits provided to recipients were borne totally by the Federal government. Food stamps had turned into what Richard Nathan (Assistant Director of the Bureau of the Budget) later called a 'mini-negative income tax.' FAP had been killed, but not welfare reform.

Welfare reform had been achieved through administrative changes in the food stamp program . . ." (Berry, p. 71).

At the end of 1970, Congress passed a food stamp bill (P.L. 91-671), "which basically ratified what the Department had done." The bill followed Hardin's plan for an outreach program, but went beyond it by specifically permitting free stamps for families earning less than $30 per month. Despite the previous concern over this issue, there was already a high participation rate among very low-income earners.

In 1971, USDA issued regulations based on the Food Stamp Act of 1970 and for the next 3 years things were relatively quiet. There were no longer major disputes over outreach, eligibility standards, or the amount of benefits. Also in 1971, two public interest lobby organizations were founded—the Community Nutrition Institute (CNI) and the Food Research and Action Center (FRAC). They were the first such groups devoted exclusively to food and nutrition. Their primary goal was to protect the gains already achieved and to litigate when they thought USDA implementing regulations were inadequate. In this favorable environment, the program expanded so that by 1975 it covered all U.S. counties. The number of food stamp workers in the Food and Nutrition Service, which was created in 1971 from various food divisions of the Consumer and Marketing Service, rose from 1,100 to 1,500. The Food Stamp Program seemed to have attained a secure and relatively uncontested position within the Federal budget.

In late 1973, the United States entered into one of the deepest recessions of the post-World War II era. By 1975, nearly 9 percent of the population was unemployed. As a consequence, food stamp use and the amount budgeted for it increased dramatically. Between 1970 and 1971, when the Hardin reforms were implemented, recipient numbers went from 4.3 million to 9.4 million. By May of 1975, there were more than 19.4 recipients. Many Americans became personally aware of the program as they watched recipients cash in their stamps at grocery stores. Congressional representatives started getting protest letters from constituents who wondered why people with food stamps were sometimes buying better food than they. Newspapers printed articles about fraud and abuse and overly generous eligibility standards. Senator Jesse Helms (R-NC), chairman of the Senate Agriculture Committee, was critical of the program, often citing an "advertisement" that had appeared in *Parade Magazine* that invited people to apply for food stamps because it was so easy. The ad's headline stated 'Taxpayers Making up to $16,000 – Now Eligible' but its claims were inaccurate. The Ford Administration began to try to cut the food stamp budget.

In late 1974, some members of Congress attempted to have food stamp payment tables revised. When it was discovered that these revisions would fall especially heavily on single and two-person households (that is, mostly the elderly), the Hunger Lobby and its allies in Congress were mobilized and the bill was defeated. A few months later, an attempt was made to administratively change the food calculation tables, but FRAC successfully filed suit against it. Thus, despite the uproar that had engulfed the program for 2 years, the program had not changed as Carter Administration took office in 1977 (Berry, p. 93).

Congressman Bob Bergland (D-MN), a supporter of food stamps on the Agriculture Committee and an advocate of free stamps for all recipients, became the new Secretary of Agriculture. He appointed several other supporters of food stamps to positions as personal advisors and to positions at Food and Nutrition Service.

In 1977, Congress took up a food stamp bill because an omnibus farm bill was needed within the year. This was a distinct advantage for food stamp supporters because, unlike the situation in 1975-76, they could trade votes with farm state representatives. Thomas Foley (D-WA), chairman of the House Agriculture Committee, favored free food stamps, but Herman Talmadge (D-GA), his counterpart in the Senate, did not, asserting that "free food stamps is not reform of the program, it is the destruction of the program." According to Berry, this was the last dying gasp of the original 'help the poor help themselves' concept behind the program (Berry, p. 94). The bill passed in September of 1977 and it eliminated payments for stamps, allowing recipients to simply reserve the amount of coupons that corresponded to the difference between the standard allotment and the old purchase price. It also included a reduction in the eligibility line, a change in the method of calculating deductions, and the mandating of 'work-fare' pilot projects (Berry, p. 95). The most important accomplishment of this period was the elimination of purchase price as a barrier to participation. Welfare in the form of food was now free.

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