Food stamps: The shaping of a government program.

Virginia Louise Kammer

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FOOD STAMPS: THE SHAPING OF A GOVERNMENT PROGRAM

by

Virginia Louise Kammer

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(date)

Professor in Charge

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ABSTRACT

The concept of the food stamp program as a Federally-sponsored relief measure has changed internally since its inception in 1939. First begun during the New Deal and later revived in 1961, the pilot projects were acclaimed as a successful way to provide food relief. During the 1960's, with an increased public concern over hunger in the United States, the food stamp program became a topic of political debate. Further expanded in the early 1970's, increases in program participation led to administrative problems, soaring costs, and allegations of fraud. In 1977, the Carter administration backed an extensive revision of program operations. This reform was not successful, however, as increased participation, continued fraud, and rising costs attested. In the 1980's the Reagan administration has tried to halt program growth. Yet despite several cuts, the food stamp program remains this nation's largest and most troubled relief program.
"We do not know how many people there may be who are hungry. We also do not know why there is hunger in this country, to whatever extent it exists, at a time when the Federal Government, state and local governments and private organizations are spending more on food assistance than ever before in history."\(^1\) These recent words of Edwin Meese reflect a national concern over the existence of poverty in our own land. The popular discovery of poverty in the United States only occurred in the 1960's, but with that discovery came controversy over whether the Federal Government was doing enough to alleviate it.\(^2\) One way the government has attempted to abate hunger has been through the Federal food stamp program, America's largest initiative for feeding its needy. Rapid growth in expenditures from $15 million to

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$11 billion a year has made it the target for allegations of mismanagement, fraud and spiralling costs. Consequently the food stamp program as a valid relief mechanism has been the focus of sharp political debate. This essay will examine first the program's beginnings to 1964 and then concentrate in the following chapters on the development of the program from 1964 to the present.

The present Federal food stamp program is based on a 1961 pilot program. The provisions of Section 32 of the Agricultural Adjustment Act of 1935 authorized this undertaking. Section 32 stipulated that thirty percent of the receipts from U.S. Customs could be used by the Secretary of Agriculture to "encourage the exportation of agricultural products," to "encourage the domestic consumption of such commodities by diverting them, by payment of benefits or by other means, from the normal channels of trade and commerce," and to "finance adjustments in the quantity planted or produced for market of agricultural commodities."³

Under this authority the Department of Agriculture first conducted a food stamp program from 1939 to 1943. As part of later New Deal relief efforts, this innovative

³Public Law 74-320, Statutes at Large 49, Sec. 32, 744.
program grew out of the mounting dissatisfaction with previous surplus food distribution techniques. Regarded favorably by the press and public, the new program was accepted as a means to aid farmers and businessmen as well as the unemployed. According to an official description of the 1939 food stamp plan:

It broadens the market for food products, thus helping the farmer.

It provides more adequate diets for needy families, thus helping the consumer and building of our national health defenses.

It moves all surplus commodities through the regular channels of trade, thus helping business.

Originating in Rochester, New York in 1939, the program extended to five other experimental areas. Although it never functioned on a national basis, 1,744 counties and 88 cities participated and the total number of people receiving aid reached 4,000,000. The participants, who were certified by various relief agencies, consisted of families receiving some form of public assistance.

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Under the 1939 plan, an eligible family would buy "general" food stamps (orange stamps) in amounts approximately equal to its average grocery expenses. These stamps could then be used for the purchase of any food item. Additionally, each family obtained "specific-purchase" food stamps (blue stamps) equivalent to half the amount of orange stamps. Blue stamps could only be used to purchase foods designated as surplus and published in a monthly list by the Department of Agriculture. About thirty commodities, including pork, fresh vegetables, fresh and dried fruit, dried beans, cereals, potatoes, and butter usually appeared on these lists.6

Due to constant changes in the lists of foods that could be purchased with blue stamps, administrators found this two-stamp system cumbersome. The Government gradually terminated the program during World War II as unemployment declined and global demand for U.S. food increased. The total cost of the 1939-1943 program was approximately $260,000,000.7

The stated basic objectives of this early food stamp plan had been to help the farmer by broadening markets,

to help the needy, and to help business by moving surplus commodities through regular channels of trade. Clearly, however, it was above all a measure intended to help raise farmers' incomes. The increase of food consumption among the nation's needy was a secondary consideration. Yet for farmers the effects of the food stamp program were minimal. American farmers, as well as the needy and businessmen, benefited from the Second World War. By late 1939, even though the United States was not yet involved, the European war created jobs and the worst years of the Depression had passed. What was of potential significance for future food stamp legislation, however, was the New Deal interpretation of Section 32. Section 32 did not purport to be welfare legislation. Rather, the 1939 food stamp program emphasized the needs of the farmer, not those of the needy.

Following the end of the Korean War, the idea of 1939 was revived. At this time there were numerous proposals by Democrats in Congress to reestablish a food stamp plan which would again simultaneously eliminate food surpluses while helping the needy. The Agricultural Act of 1956 (PL 84-540) directed the Secretary of Agriculture to study the feasibility of such an undertaking. In a subsequent report to Congress in January, 1957, the Department of Agriculture recommended
against it. Secretary of Agriculture Ezra Taft Benson estimated that the cost involved in a food stamp plan would be prohibitive. Considering probable substitutions of non-food items by participants, he believed that food stamps would not be effective in disposing of agricultural surpluses. Benson further maintained that a food stamp plan would not reduce price support expenditures for dairy and feed grains nor deal with seasonal or temporary surpluses as would a program of government purchase and direct distribution.\(^8\)

One proponent of food stamp legislation, Representative Leonor Kretzer Sullivan (D. Mo.), responded most bitterly to the twenty-seven page Agriculture Report. She said, "I am so sorry the Department of Agriculture has resisted so strongly, so continuously, so cruelly, the idea of channeling some of the mountain of surplus commodities to these really poor Americans. True, there is in existence a surplus food distribution program but to characterize that program in a word, I would say that it is wretched."\(^9\) In June, 1957, and again in 1958, Sullivan sponsored legislation to


establish a food stamp plan, but failed to win enough support for passage each time.  

Then, in 1959, Congress gave the Secretary of Agriculture an option to operate a two-year food stamp program using $250 million worth of food stamps each year. The bill provided that the distribution of food be carried out "preferably through normal channels of trade" and to include any state that requested it. During the waning months of the Eisenhower administration, however, the Secretary chose not to exercise his authority in this area.

Shortly after his inauguration, President Kennedy sent a message to Congress in which he declared that the Department of Agriculture would set up a food stamp program for needy families in specific economically depressed areas. Kennedy had favored food stamp legislation as a Senator in 1959 and as the newly-elected President he asserted, "It is my hope that this pilot program, while providing additional nutrition to those in need, will pave the way for substantial improvement in


11Ibid.

12Ibid.
our present method of distributing surplus food. Like the 1939-1943 program, the Kennedy initiative received its authorization from Section 32 and its direction from the Department of Agriculture.

On March 7, 1961, the Department of Agriculture revealed that eight areas had been selected for pilot programs: Franklin County, Illinois; Floyd County, Kentucky; Virginia-Hibbing-Nashwauk Complex in Northern Minnesota; the City of Detroit, Michigan; Silver Bow County, Montana; San Miguel County, New Mexico; Fayette County, Pennsylvania; and McDowell County, West Virginia. These communities were chosen because they were places of "chronic and widespread" unemployment. Most were mining areas which were experiencing mine closures and the worst effects of the 1960 recession.

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17 Ibid.
Cooperation between state and local officials in the selected areas was mandated in a Federal-State plan of operation and on May 29, 1961, the pilot program commenced in McDowell County, West Virginia. By mid-July, 1961, the other seven projects were also in effect. 18

Specifically, the pilot food stamp plan functioned in the following manner. Participation by individual families was based solely on financial need. Households entitled to any form of public assistance as well as other low-income families qualified for food stamps and were certified to participate in the program by state welfare agencies. Once certified for participation, families bought food coupons at designated locations. The price of coupons equalled the amount a family normally spent for food out of its available income. With the coupons it could purchase any food for human consumption except alcoholic beverages, tobacco, and specified imported foods in any retail store approved to accept food coupons.

Retailers redeemed the coupons through the commercial banking system, depositing them in the bank just as other cash receipts and commercial paper. The banks then redeemed the coupons through the Federal

Reserve System. To cover the cost of the program, the money collected from the participants' purchase of food coupons and the Department of Agriculture's transfer of sufficient Section 32 funds were maintained in a special account in the U.S. Treasury.\footnote{Ibid., pp. 6-7.}

Mr. and Mrs. Alderson Muncy of Paynesville, West Virginia, became the first to benefit from the pilot food stamp project when they purchased $95.00 worth of food stamps for themselves and their 13 children. The first people to buy food stamps since 1943, the Muncy family bought a can of pork and beans as their first purchase at Henderson's Supermarket in Welch, West Virginia.\footnote{Tom Wicker, "First Food Given in Stamp Project," \textit{The New York Times}, May 30, 1961, p. 1.}

Secretary of Agriculture Orville Freeman was present and told the crowd gathered in Welch that the program was a "pioneering effort" and a result of President Kennedy's "very deep concern that there should be anywhere in this great land of ours less than full use of our abundance."\footnote{Ibid.} From this McDowell County project, he declared, "will come the know-how to reach other people who are in need."\footnote{Ibid.} Freeman concluded that the ultimate
aim was a "full nutritional diet" for everyone in the nation.23

Public response to the program appeared to be one of satisfaction. After the pilot program had been in operation for six months, a New York Times article stated that, "All concerned hope for its adoption on a permanent basis."24 The article quoted one recipient, the mother of five, as she waited to purchase her stamps: "This is like having Christmas once a month. The stamps help us out a lot. We have better and more nourishing food for the kids. If they ever try to take this Santa Claus away there will be a lot of squawking."25 A Pennsylvania banker called the program "a tremendous success. The plan incorporates dignity, respect and humanitarianism. Persons on relief or who have low incomes no longer need be embarrassed by standing in lines to receive surplus food. The inherent dignity of man is sustained, elevating his morale and providing him with new confidence and self-respect."26 An administrator in the Detroit Department of Welfare asserted, "The food stamp plan is

23 Ibid.
25 Ibid.
26 Ibid.
easier by far to administer than the direct distribution of surplus commodities. The people on low incomes are enthusiastic because they are eating better than ever before."  

The Department of Agriculture also conducted a survey to ascertain the reaction of several groups to the pilot food stamp program. Almost everyone interviewed preferred food stamps to the direct distribution program (although favorable and unfavorable opinions were given about both programs) and believed that the food stamp program should be continued.  

A sampling of moderate and higher income families in two of the eight original pilot areas agreed that families without enough food should be helped in the manner allowed by food stamps. Most participating families indicated a preference for the food stamp program over the direct distribution of surplus foods because of the greater variety of foods available through stamps.  

Almost all of the retailers interviewed desired a continuation of the food stamp program.

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29 Ibid.

30 Ibid., p. 812.
program. \textsuperscript{31} Local welfare workers also believed that the food stamp program was a more successful way to raise food consumption among low income families than the direct distribution of commodities. \textsuperscript{32}

The early success of the pilot program led to its growth. In his 1962 budget message, President Kennedy requested funding for more areas. By August 1962 pilot programs existed in twenty-six regions, and after its first full year of operation a further extension of the program occurred. \textsuperscript{33}

By May 15, 1964, pilot food stamp projects operated in 3 cities and forty counties in 22 states with 392,446 participants. Of the $6.5 million worth of food stamps issued during March 1964, $3.9 million represented stamps purchased with participants' own income and the remaining $2.6 million represented the free or "bonus" stamps provided by the Department of Agriculture as the Federal Government's contribution. Of each $100 worth of food stamps distributed, $61 worth or 61 percent was paid by participants in the program and the $39 worth or 39

\begin{itemize}
\item \textsuperscript{31}Ibid. In addition, the program's actual operation caused them few problems.
\item \textsuperscript{32}U.S., Congress, House, \textit{Food Stamp Act of 1977}, 813.
\end{itemize}
percent represented the Federal Government's expense. 34

Program statistics indicated that food stamp participation followed a seasonal pattern. Participation increased in the winter when unemployment increased and decreased in the late spring and summer when unemployment declined. The level of participation was also responsive to internal changes within the 43 pilot areas which affected employment. 35

The major criterion for evaluating the pilot program was its effectiveness in supplementing the diet of the poor. Consequently, the program was measured largely by the extent to which it alleviated hunger. Department of Agriculture studies declared the pilot program successful. Food stamps had both improved nutritional levels and increased food consumption. In addition, the Department concluded that retail food store sales had increased and that very few persons had tried to take advantage of the program. The program was also deemed practical in terms of its administrative and operating aspects. 36

34 "U.S. Food Surpluses & the Nation's Needy," Congressional Digest 43 (June/July 1964): 166.
36 Ibid., pp. 7-10.
It is apparent that the food stamp program which started in 1961 differed dramatically from the one in 1939. Though both were based on the authority of Section 32, the 1961 pilot projects were primarily and ostensibly a welfare measure to help the needy whereas the 1939 program assisted the farmer. The 1939 food stamp plan was a type of price support action emanating from earlier Federal policies designed to improve farmers' real incomes and to stabilize prices. As such it rightfully belonged under the auspices of the Department of Agriculture. Aid to the needy and unemployed in the 1939-43 program was, therefore, a spin-off benefit of the farm legislation.

By the early 1960's, however, the situation had changed a great deal. First of all, the country was not coming out of a severe depression which necessitated extensive government measures. Secondly, overproduction did not pose a serious threat to the farmer because the Government maintained such policies as crop restriction and direct payments. The Federal Government, for example, bought the farmer's surplus commodities which facilitated the direct distribution of surplus commodities to the needy by the Department of Agriculture.

What may be most significant was that the 1961 food stamp program did not contribute to the reduction of
agricultural surpluses. In evaluating the earliest pilot projects the Department of Agriculture reported that the first eight pilot projects were "too limited in scope to have any measurable effect upon farm income," but argued that the farmer had "a definite stake in any program aimed at increasing the market for food." 37

By 1964 the Department of Agriculture conceded that it had not yet determined the relative effects of the food stamp program (versus the direct distribution program) on farmers and on government. Although it claimed that further research was necessary to better evaluate the impact of food stamps, the Department implied that the direct distribution of surpluses by the government was more effective in disposing of certain surpluses such as wheat, but that the food stamp program seemed to be more effective in increasing total food consumption of low-income families. While not regarding them as a substitute for welfare programs, the Department of Agriculture concluded that food stamps should be distributed in a manner that supplemented state and local welfare programs. 38

Obviously, the pilot program as an aid to farmers:


38 Ibid, pp. 813-815.
appeared to be of secondary importance. Most Americans viewed it, and rightly so, as a social rather than as an economic measure. Although people realized that it helped the economy, they nevertheless regarded the food stamp program as a welfare program, viewing food stamps as what they really are: a form of income supplement. The public's widespread support evolved because of the egalitarian method of supplementing the needy's diet and the national spirit of helping less fortunate Americans. The prosperity of the early 1960's aided American tolerance and support of such a food relief plan.

Thus, amid much public approval, President Johnson, in his agriculture message to Congress in early 1964, asked that the food stamp program be established on a permanent legislative basis. As part of his administration's "War on Poverty," he repeated his request in March. 39

On August 31, 1964, Congress converted the 1961 pilot program into a permanent food stamp program financed by the Federal Government, authorizing $375 million in fiscal years 1965-1967 to cover program costs.

As enacted, the permanent food stamp program was intended to help low income families improve their diets. It was designed to eventually replace the existing direct distribution program under which the Federal Government gave surplus foods to the states for distribution to the needy. 40

In supporting the food stamp program, Secretary of Agriculture Freeman referred to "inherent weaknesses" in the direct distribution method. 41 He mentioned the difficulty of furnishing a "varied, well-balanced diet" with only surplus commodities, the formation of a separate distribution in competition with commercial food distribution, and "the problem of preventing violations," a condition necessitating extensive administrative organization to remedy. 42

The bill's original sponsor, Representative Sullivan, echoed Freeman's criticism of the direct distribution program. "We have had this direct distribution program now for a number of years. . . .


42 Ibid.
People have to stand in line to receive this food once a month under all kinds of weather conditions, and so forth, and it has not been a very—maybe 'dignified' is not the word to use, but when you receive charity you still have some dignity.\footnote{Ibid., p. 48.}

Furthermore, involvement with the food stamp program disclosed that retail food store sales in the original eight projects grew eight percent and that the diets of the participating families "substantially improved."\footnote{U.S., Congress, House, Food Stamp Act of 1964, p. 8.} Freeman estimated that most of the increased consumption by participants consisted of livestock products and fruits and vegetables, foods not available under the direct distribution program.\footnote{U.S., Congress, House, Committee on Agriculture, Food Stamp Plan, p. 15; Rathburn, ed., Congressional Quarterly Almanac, 1964, p. 112.}

Under the regulations of the Food Stamp Act of 1964 any community could elect to drop out of the direct distribution program and enter the food stamp program instead. The regulations of the permanent food stamp program were similar to those of the pilot projects. Needy families in participating communities could buy stamps worth a larger amount. A family's cost for stamps
depended on its size and economic status. A low-income family, for example, could purchase $6.00 worth of food stamps each week which when redeemed would purchase $10.00 worth of food.46

In addition to the Johnson Administration, the National Farmers Union, the National Grange, the AFL-CIO and the National Association of Counties supported the food stamp bill. These groups argued that the direct distribution program was ineffective because it was limited to foods which were often not of a good nutritional balance and contended that the method of going to a central depot to get a sack of food was a humiliating dole. A food stamp program, they argued, provided a more varied and nutritional diet by enabling the participant to obtain any domestic food, assisted farmers by disposing of agricultural products, and helped retailers by making participants contribute part of their own income to acquire food stamps.47 A statement by the National Farmers Union summed up well the feelings of these groups: "Farmers have a stake in the rapid expansion of this program because of the strengthening of


markets for a broad range of food items, a number of which are in surplus supply."  

On the other hand, the Sullivan bill was opposed by the Chamber of Commerce of the United States and the American Farm Bureau Federation. The Chamber of Commerce argued that the food stamp legislation was not basically agricultural legislation, but a measure "to promote nutrition, health, and welfare." Besides its belief that the Secretary of Agriculture had too much authority over the operation of the food stamp program, the Chamber of Commerce felt that "the bill would subsidize food consumption beyond relief eligibility." The organization argued that the food stamp plan was based on "the mistaken assumption that it is essentially lack of income that is the basic cause of inadequate nutrition and argued that "the increased consumption of food would be indeed slight and relatively insignificant in terms of total food consumption in the Nation."  

The American Farm Bureau Federation also did not believe that the program would make any significant

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48 U.S., Congress, House, Committee on Agriculture, Food Stamp Plan, p. 98.
49 Ibid, p. 100.
50 Ibid., p. 101.
51 Ibid., pp. 101-102.
contribution to increased food consumption of surplus foods. It argued that the food distribution system was a "much more sound procedure."  

The food stamp bill met little opposition in the Senate, but in the House a number of Southern Democrats and most of the Republicans opposed it. The Republicans claimed the bill was primarily a welfare measure being "charged to the farmer."  

If food stamps were offered to all those who might demand them (possibly over two million people), the program would accrue costs of several billion dollars annually. Furthermore, its effects on agricultural surpluses would be minimal since the program was not confined to surplus commodities. The Republicans maintained, therefore, that it would be preferable to continue the direct distribution program.  

Most Northern Democrats, firm supporters of food stamps, strongly favored the program as a superior method of assisting low-income families over the direct distribution of surplus commodities. The Northern Democrats said that direct distribution offered a diet limited to food in surplus, such as corn, rice, wheat,  

52 Ibid., pp. 104-105. See Chapter I for a further discussion of the Farm Bureau's position.  


54 Ibid.
dried milk, butter and cheese, but omitted fresh fruits, vegetables or milk. Under the food stamp program, these foods could be bought from a local grocer. 55

In the end, House Democratic leaders attained passage of the food stamp legislation as part of a log-rolling deal between Northern and Southern Democrats. In exchange for Southern Democratic support of the food stamp bill, the Northern Democrats agreed to vote for the Southern-backed wheat-cotton bill. 56

Commenting on its passage, the bill's sponsor, Representative Sullivan (D. Mo.), said that "President Johnson put the full weight of his office, and of his tremendous powers of persuasion, behind the legislation, and its final passage in the Congress today is largely a tribute to his powerful leadership." 57 She referred to the opposition by former Secretary of Agriculture Benson to similar legislation and added that current Secretary Freeman "has never wavered in his effective support of his idea." 58

55 Ibid.

56 Ibid.


58 Ibid.
Opposing the food stamp bill, ranking minority
member of its committee, Representative Charles B. Hoeven
(R. Ia.), commented that "this is a new and massive
program which clearly shows the basic differences in
Government philosophy between the Johnson Administration
and the mainstream of Republican thought." He was also
surprised that the Agriculture Secretary would "recommend
a welfare program which is entirely charged to the
Department of Agriculture . . . If we are to have an
expanded food stamp program, why is it not sponsored by
the Department of Health, Education and Welfare?" A
Agriculture Secretary Freeman's response to this
argument was that the Department of Agriculture should
"be in a position to respond to the needs of the American
agricultural programs that are intimately related to the
welfare of American agriculture" and not "turn these
programs over to other agencies who would administer them
without any regard for the welfare of American
agriculture." In response to Hoeven's belief that the
program "would have practically no effect whatsoever on

59 U.S., Congress, House, Representative Hoeven
speaking against food stamps, 88th Cong., 2nd sess.,
Congressional Record 110: 18927.
60 U.S., Congress, House, Committee on Agriculture,
Food Stamp Plan, p. 20.
61 Ibid.
Freeman maintained that food stamps would help consumption of surplus grains because it increased the market for beef, chicken, turkeys and other animals that were fed with them.  

On signing the food stamp bill into law, President Johnson called it "a realistic and responsible step toward the fuller and wiser use of our agricultural abundance" and "one of our most valuable weapons for the war on poverty." He believed that it "was the best of the humanitarian instincts of the American people with the best of the free enterprise system."  

The enactment of the Food Stamp Act of 1964 reflected the political significance of this welfare measure in Congress. It demonstrated the strength of two groups, the farmers and the needy or welfare recipients. Politically, the interest of welfare recipients had not yet become more important than farm legislation as the log-rolling deal between Northern Democrats and Southern Democrats in the House attested. Congressmen who

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62 Ibid., 1 p. 18; Rathburn, ed., Congressional Quarterly Almanac, 1964, p. 112.


64 Ibid.
represented farming interests still had the upper hand over northern and eastern urban congressmen who generally represented welfare interests. Passage of the food stamp program hinged on support from farm state representatives. Nevertheless, despite opposition from two groups as powerful as United States Chamber of Commerce and the American Farm Bureau Federation, the food stamp bill passed because representatives recognized the need to respond to the misfortunes of the poor in America.

What may be more significant, however, was the fact that food stamps had been accorded enough interest in the early 1960's to allow both the Democratic administration and the Congress to endorse this form of food relief. Under two successive Republican administrations in the 1950's a food stamp program generated little interest in Congress. It was flatly opposed by Secretary of Agriculture Benson under the Eisenhower administration.

Clearly, the passage of the permanent food stamp program pointed out the basic differences in philosophy between the Democratic and Republican parties. Consistent with Administration views, the Democratic party as a whole usually showed a greater enthusiasm for the food stamp program than the Republicans, who often demonstrated apprehension, total disagreement, or limited
support of the food stamp program. Liberal support of the program was certainly not restricted to Democrats. 65

65 See Chapter I for a further discussion of the political popularity of the food stamp program.
CHAPTER I

The ideological and political conflict revealed in the debate over the passage of the Food Stamp Act of 1964 continued as Congress renewed and amended the program in the next two decades. The discovery of poverty intensified the debate and increased the concern that food programs did not successfully reach the truly needy. Hunger in America became a national issue and attracted increasing coverage in the public media.

In April, 1967, the Senate Subcommittee on Employment, Manpower, and Poverty held hearings on food stamp program operations. Committee members, including Robert F. Kennedy (D. N.Y.) and Joseph Clark (D. Pa.), traveled to Mississippi to probe accounts of problems in the change from the direct distribution program to the use of food stamps. The Senators toured homes in the small town of Cleveland, Mississippi and discovered families who suffered severe and debilitating hunger. The bleak existence of these families shocked them. After its return to Washington, the committee urged President Johnson to increase food stamp program participation.
where acute hunger existed and recommended reduced purchase requirements and free stamps for people with no incomes. After several delays, in late 1967, the Department of Agriculture finally lowered stamp prices in Mississippi and negotiated with state officials to guarantee Federal funding of households that could not even afford the lowered purchase prices.  

The private sector also revealed its concern with hunger in 1967. Formed in 1965, the Citizens' Crusade Against Poverty supported poverty legislation. Backed by the United Auto Workers, the National Council of Churches, the United Presbyterian Church, and the Ford Foundation, the Citizens' Crusade aided black, Mexican-American, and white poverty groups to develop their own leadership. Richard W. Boone acted as executive director of the Citizens' Crusade. In the summer of 1967, Boone formed a special antihunger lobby, the 25-member Citizens' Board of Inquiry into Hunger and Malnutrition in the United States, to examine Federal

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More significantly, the Senate Subcommittee hearings demonstrated increasing Congressional concern to provide adequate Federal food assistance to the needy. Previously, agriculture committees in both the House and Senate, dominated by southern and midwestern conservatives, protected commercial agriculture and opposed social welfare programs. Although these committees represented a minority in Congress, they nevertheless controlled farm policy. Therefore, liberal members of Congress in 1964 pushed through the permanent food stamp program by threatening not to vote for farm legislation that these conservatives supported. For the next three years, expansions of the program depended on political trades to legislation which supported southern cotton, peanuts, sugar cane or tobacco. The agriculture committees shaped the final bills; liberal supporters of food stamps "seldom read the small print." Rather, they bargained with Representative Sullivan (D. Mo.) who ignored the administrative drawbacks of the program and

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5 Kotz, Promises, p. 48.
arranged the voting trades. 6

By 1967, however, many Congressmen joined in the "War on Poverty" and, though politically motivated, genuinely believed a system of food stamps could improve the lot of poor families. Moving to the left of the Johnson administration, many of these Congressmen became identified with "the forgotten American." 7 Termed "food aid reformers," these public figures used food stamps in their battle against the barriers that impeded reform in Federal food assistance. 8

Amidst the debate on hunger, Congress renewed the food stamp program. On September 27, 1967, Congress passed legislation which continued the program for two years and appropriated $200 million for fiscal 1968 and $225 million for fiscal 1969. A hotly debated issue concerned the length of the new authorization. The House desired a one-year while the Senate favored a three-year extension. In the end, Congress compromised with a two-year extension.

6 Ibid.
7 Ibid., pp. 64 and 17.
8 Ibid., pp. 18 and ff. Among others, these "food and reformers" included Senators Clark and Kennedy as well as the other members of the Sub-committee on Employment, Manpower and Poverty and other interested members of Congress.
year continuation.\textsuperscript{9}

A second controversy ensued over a proposal to exact a larger share of the program's costs from the states. The House rejected an Agriculture Committee amendment to require states to contribute 20 percent of the costs; existing law did not require states to make any contribution except for administrative expenses. Representative Sullivan contended that this amendment would compel many poor states to give up the program entirely. She maintained the committee included the amendment in a desire to eliminate, rather than improve the program.\textsuperscript{10} Responding to Sullivan's views, House Agriculture Committee Chairman W.R. Poage (D. Texas) asserted, "There is not a state in this Union that is so poor that it cannot pay 1 dollar out of 5 to feed these poor people."\textsuperscript{11}

Page Belcher (R. Okla.), a ranking minority member of the House Agriculture Committee, opposed continuing


the food stamp program. Belcher, along with eight other Committee Republicans and one Democrat feared the program's shift into a nationwide welfare activity. These men believed the program destroyed state and local initiative, failed to help agriculture, and did little to help the truly destitute.\(^\text{12}\)

On the other side, liberal critics argued that the food stamp program did not provide adequate food assistance to needy Americans and questioned whether all those truly entitled received aid through food stamps. They also questioned whether the Government worked hard enough to increase the participation of the poor. In addition, one of the most criticized aspects of the food stamp program pertained to the purchase requirement. This required needy families to pay "an amount equivalent to their normal expenditure for food" if they wished to obtain food stamps.\(^\text{13}\) Critics argued that the very poor have no "normal income much less a "normal" expenditure for groceries. Thus, a low-income family with irregular income often found it difficult to save for the monthly,


\(^{13}\) Kotz, *Promises*, pp. 54-55.
Thus, by 1967, participation averaged only 16 percent of poor persons in areas where the program operated. This low figure probably reflected a lack of information about food stamps, the inaccessibility of food stamp centers, racial discrimination, and the limited benefits of the program itself. The stigma of poverty associated with the program also undoubtedly contributed to its low participation rate.¹⁴

Debate over Federal food assistance intensified in 1968. The Citizens' Board of Inquiry into Hunger and Malnutrition in the United States in their April 22, 1968, report, Hunger U.S.A., based on nine months of study, strongly criticized all Government food programs. The ninety-six page report said that over 300 of the poorest counties in the United States offered no assistance of any kind and that between 10 and 14.5 million Americans appeared seriously underfed.¹⁵

Specifically, the Board argued that the Government

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¹⁵Kotz, Promises, p. 55.

set food stamp prices at prohibitively high levels while food stamp bonuses remained too low to provide an adequate diet. The government treated families with no income as nonexistent and built discrepancies into both the schedule of prices for stamps and the sizes of bonuses. According to the report, lump-sum payments, continued review of eligibility, and gaps between the termination of the direct distribution program and the start of the food stamp program caused "substantial individual suffering."\textsuperscript{17}

The Board urged that free food stamps be provided to families with no income or available cash. Payment, when required, should be low enough to "promote rather than discourage participation."\textsuperscript{18} Prices should be adjusted for seasonal fluctuations in income. The Board also felt that eligibility procedures should be streamlined.\textsuperscript{19}

As a rebuttal to the Board's report, the House Agriculture Committee, chaired by W.R. Poage (D. Texas), issued a "Hunger Study." It contained statements by county officials which the committee said, "led to the unmistakable conclusion that there is very little actual

\textsuperscript{17} Ibid., p. 66.
\textsuperscript{18} Ibid., pp. 66-67.
\textsuperscript{19} Ibid.
hunger in the United States, but widespread malnutrition caused largely by ignorance as to what constitutes a balanced diet." Poage concluded that "the (Board's) report was quite inaccurate and misleading to put it mildly. There seems to be little or no evidence that any substantial hunger exists as the result of refusal of assistance agencies, public and private, to give needed aid to those who are unable to work."  

An intelligence unit of the Department of Defense, the Institute for Defense Analysis, attacked the credibility of the Board's report in "Note N506, Hunger U.S.A.—A Critical Review." It accused the writers of Hunger U.S.A. of ignorance of nutrition and maintained that Federal food assistance remained beneficial. The Institute implied that ignorance caused hunger and malnutrition in the United States.

However, on the contrary, in a May 21, 1968, CBS TV documentary, "Hunger in America," the degree of hunger and suffering appeared even more severe than that


21 Ibid. Poage's words most likely reflected his own feelings about the poor—Although he supported liberal benefits for farmers, Poage was considered a conservative in social welfare legislation.

22 Kotz, Promises, pp. 112-114.
The hour-long program asserted that 10 million Americans suffered severe hunger. It chronicled residents in four areas of the United States: Mexican-Americans in San Antonio, Texas; Navajo Indians in Arizona; blacks in Hale County, Alabama; and white tenant farmers in Loundon County, Virginia. The documentary juxtaposed poor children's unhealthy pallor with the plush wealth that surrounded these unfortunate pockets of poverty. The graphic revelation of the physical and mental effects of malnutrition on children and the premature aging of impoverished adults presented to viewers a vivid and powerful denunciation of public policy.24

It, too, criticized Federal attempts to provide food relief to the poor. Charging the Department of Agriculture with reluctant use of emergency powers, the show suggested that the Department of Health, Education, and Welfare might handle food relief more adequately. Specifically, the documentary criticized the operation of the food stamp program. It claimed that the lump-sum

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payment needed to acquire stamps deterred participation. For many of the poor the accumulation of any sum of money proved difficult; what little money one obtained went immediately to pay a bill or to feed an urgently hungry child. In many cases family income simply stood far too low to afford stamps.  

In response to the ensuing clamor, the House Committee on Education and Labor asked the Secretary of Agriculture for a report. In a May 27, 1968 letter to Chairman Carl Perkins (D. Ky.) Secretary Freeman responded. He called "Hunger in America" "a biased, one-sided, dishonest presentation of a serious national problem." He referred to its "gross errors of facts" and maintained that other facts "were completely ignored." Freeman said, "Individual cases were presented in such a manner as to convince an average viewer that they represented the norm for food aid recipients throughout the United States, which they did not." He called a "lie" the producers' charge that the

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25 Ibid.
26 U.S., Congress, House, Sec. of AgricultureFreeman discussing hunger in the U.S. in reference to the CBS documentary "Hunger in America" in a letter to Chairman Perkins, 90th Cong., 2nd sess., 3 June 1968, Congressional Record 114: 15819.
27 Ibid.
28 Ibid.
Department of Agriculture "protects farmers, not consumers, and especially not destitute consumers." 29

According to Freeman, in the past seven and a half years, the Department of Agriculture distributed 7.9 billion pounds of food at a cost of $1,320,560,000 and $279.7 million worth of bonus food stamps to needy families. 30

On May 27, 1968, Secretary Freeman formally requested equal time on the CBS network to refute the presentation of hunger provided by the May 21 documentary. 31 The network did not grant his request. CBS president, Dr. Frank Stanton, defended the broadcast as "a hard-hitting job of investigatory reporting" about "a critical and shameful problem." 32 He added that the "issue of hunger transcends the superficial issue of assessing blame for its continued existence." 33 "The purpose of the broadcast," Stanton concluded, "was to report to the people the fact that hunger is a problem in

29 Ibid.
30 Ibid.
33 Ibid.
America, not that most Americans are well fed."  

Representative William Bray (R. Ind.) believed both Hunger U.S.A. and "Hunger in America" presented misleading depictions:

Both reports seem to have been made with more of an eye for sensationalism than for presenting the truth of the matter; both left the clear implication that no one took notice of hunger and malnutrition and nothing was being done.

Ignored was the fact that close to 36 million Americans, at an annual cost of over $900 million, take part in the entire Federal food program. 12.5 million children get free lunches at school; 6.5 million children get free milk during the school day; 6 million people get surplus food or participate in the food stamp plan; 1.3 million people receive food donated to charitable institutions; 160,000 children in low-income areas get free meals in a new breakfast program.

More than anything else, CBS's documentary on hunger intensified the issue of hungry Americans and equitable food assistance. The concern over food relief, however, underscored the general problems of welfare recipients. Middle-Class Americans often overlook the culture of poverty. The poor commonly feel powerless, incompetent, and dependent on others. "A welfare system in which the

34 Ibid.

dole is grudgingly given and regimentally supervised," intensifies these feelings." Even the use of food stamps can be humiliating. When the participant purchases food at the grocery store, for example, Federal law mandates that he give his food stamp booklet to the cashier, who then pulls out the necessary number of stamps. Critics contend that the poor suffer yet another indignity by not being trusted to remove their own stamps.37

In response to the increasing concern over Federal food assistance programs, the Senate adopted a resolution on July 30, 1968, to establish a thirteen-member Select Committee on Nutrition and Human Needs. The Senate created this committee, composed of members of the Committees on Labor and Public Welfare and on Agriculture and Forestry, to examine the extent of hunger in the United States. In preparation for adopting the resolution, the Senate Subcommittee on Employment, Manpower, and Poverty held hearings in May, 1968. The Reverend Ralph Abernathy, president of the Southern Christian Leadership Conference and head of the Poor People’s Campaign, testified May 29. He said the poor

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36 Kotz, Promises, p. 242.
37 Ibid.
traveled to Washington "to say that hunger in America must be abolished and we cannot compromise on that fact." Abernathy's demands, among others, included free food stamps to families with no income or insufficient cash to buy stamps. Abernathy preferred the food stamp program to the direct distribution program because the latter's "emphasis on starch increases the incidence of so much malnutrition, illness, infant mortality and so forth, among the poor." 

The creation of the Senate Select Committee on Nutrition and Human Needs formally recognized that the food stamp program existed first as a welfare measure and secondly as Agriculture legislation. As its name implied, the Select Committee concerned itself with the social needs of America, not its economic needs. Thus, the formation of this committee supported the claims of early opponents of the food stamp program, like Republican Representative Hoeven, who called the initiative a welfare program under Agriculture control. Because food stamps function as an income supplement, the program increased the total resources available to a needy

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family, regardless of its effects on agriculture.\textsuperscript{40}

Opponents of food stamps therefore argued that benefits accrued to the agriculture industry would be minimal, not only because foods purchased with food stamps often did not reduce agriculture's efforts focused on the food stamp program. Administration of the program prevented the Department from upgrading farm policy: funding for the latter came from the same budget as funding for food stamps.

Politically, the creation of the Senate Select Committee on Nutrition and Human needs indicated that social measures gleaned more popularity and influence than farm legislation. Welfare measures increasingly replaced economic supports to the farmers as the idealism of new, liberal Congressmen challenged the conservatism of older, farm-state Congressional leaders. The early efforts of Senators Kennedy, Clark, Mondale, McGovern, and Javits and Congressmen Foley, Goodell, and Quie eventually included most liberal-to-moderate members of both political parties. These men tried to counter the resistance of Congressional conservatives, like Poage and Whitten, to the food stamp program.\textsuperscript{41}

\textsuperscript{40}MacDonald, p. 89.

\textsuperscript{41}Kotz, \textit{Promises}, p. 191.
In sum, by 1968, hunger was clearly a public issue. The findings of groups like the Citizens' Crusade Against Poverty and the Field Foundation\(^{42}\) pointed out to Americans that hunger and starvation existed in this country, not only in distant, faraway lands. Most important, the all powerful medium of television brought the image of hungry Americans into millions of middle-class living rooms. Critical of all Federal food programs, CBS's "Hunger in America" elicited much reaction from both the public and private sectors in the United States. Regardless of its accuracy, it succeeded in creating an awareness that problems existed in the food stamp program.

In late September, 1968, Congress extended the Food Stamp Act of 1964 through December 31, 1970, and authorized appropriations from $225 to $315 million and appropriated $340 million for fiscal 1970 and $170 million for the first half of fiscal 1971. It also directed the Secretary of Agriculture to submit an annual report on the program's operation.\(^{43}\) Although this

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\(^{42}\) In May, 1967, a group of doctors sponsored by the Field foundation went to the Mississippi Delta to examine the condition of the children there. They took their findings to Senators Kennedy and Clark in mid-June 1967.

legislation occurred too soon after the establishment of the Senate Select Committee on Nutrition and Human Needs to reflect any of their findings on hunger and professed no major changes in the operation of the program, it reinforced a consensus in Congress that the food stamp program remained a viable method of food assistance. Administration backing of the program, however, became uncertain.

In the later years of his administration, President Johnson failed to lend much support to Federal food assistance, including food stamps. In 1968, Johnson faced fiscal difficulties because of the Vietnam War. He wanted Congress to increase taxes to raise funds for the war and needed the support of conservatives. He did not want to endanger his tax bill by supporting more food assistance. A major Congressional overhaul of the food stamp program appeared doubtful without full Presidential support. 44

In May, 1969, however, newly-elected President Nixon requested funds to reform the food stamp program. Publicly acknowledging that millions of poor Americans endured hunger and malnutrition, Nixon called for a plan to provide the poor with enough food stamps for a decent

diet and to bring the cost of stamps to an affordable level.45

Throughout 1969, the Senate Select Committee on Nutrition and Human Needs hearings focused on the difficulties that the poor faced when they applied for and received food under Federal programs. Witnesses complained of administrative red tape when they applied for stamps and objected that they had to travel miles to pick them up. Chairman George S. McGovern (D. S.D.) led the reform of the food stamp program in the Senate which earned him national reputation.46

Additionally, in the summer and fall of 1969, House Agriculture Committee hearings revealed that the existing system of food stamps proved insufficient to reach enough poor Americans. Testimony from representatives from local and national farm organizations, welfare interest groups,


food stamp bills. New options for farm policies also transpired in these hearings. 47

Clearly, by 1969 hunger emerged a stronger political issue than ever before. A change in administrations played an important role. A Republican presided in the White House, but the Democrats still maintained a majority in Congress. Since 1961, under two successive Democratic administrations, Democrats in Congress explored the ramifications of new, liberal Government programs such as food stamps. Although Democrats Kennedy, Clark, and McGovern, for example, did not closely associate with president Johnson, they often avoided criticizing a Democratic President. Under Nixon, partisan politics heightened as Democrats attacked Republican attempts at food stamp reform. 48

President Nixon's backing of improved Federal food assistance surprised many Democrats and liberal supporters of the food stamp program. Since Nixon referred only once in his campaign to the possibility

47 See U.S., Congress, House, Committee on Agriculture, General Farm Program and Food Stamp Program, Hearings before the Committee on Agriculture Part 1, 1969; and U.S., Congress, House, Committee on Agriculture, General Farm Program and Food Stamp Program, Hearings before the Committee on Agriculture Part 2, 1969.

48 Kotz, Promises, p. 191.
that many Americans might be hungry, the "food aid reformers" incorrectly predicted that as President, Nixon would not support increased Government food relief. Nixon recognized early in his administration, however, that hunger endured as a popular, albeit volatile, issue and thus tried to use it to all possible advantage. Unencumbered by years of old commitments to southern Democrats who dominated agriculture, the President and his cabinet could take a fresh look at food relief programs. Inevitably, the Democrats criticized the President's efforts at food stamp reform. 49

Indeed, the food stamp program acted as a powerful political weapon. In one attempt to deliver relief to several counties in South Carolina which faced acute hunger, the administration developed an emergency food stamp plan. Senator McGovern quickly denounced the plan as unsatisfactory because it did not reach enough hungry families. At the same time, others believed Secretary of Agriculture Clifford Hardin would be ruined politically if he did not effect acceptable improvements in the food stamp program. The agribusiness establishment urged him to enlarge food assistance programs and to resist efforts to take the food stamp program away from the Agriculture

49 Ibid., pp. 194-195.
Department jurisdiction. Most farm groups recognized that Congressional backing for farm policy was weak as urban Congressmen disapproved of large subsidy payments to wealthy farmers from the same budgets as food assistance.\textsuperscript{50} Farm lobbyists and farm-state representatives agreed to approve food assistance expansion to prevent the loss of their political control; if the food stamp program moved to the Department of health, Education, and Welfare their bargaining power would disappear. Rather, they desired that food assistance programs remain under the auspices of the Department of Agriculture in order to barter in Congress for continued farm price supports.\textsuperscript{51} W.R. Poage (D. Texas), House Agriculture Committee Chairman, told the liberals in Congress that "more food to the poor"

\textsuperscript{50}Ibid., p. 206.

\textsuperscript{51}Ibid., p. 207; U.S., Congress, House, Committee on Agriculture, General Farm program and Food Stamp Program, hearings before the Committee on Agriculture, Part 1, pp. 205 and ff. Only the American Farm Bureau, the exception in the farm bloc, wished to eliminate the farm price support program. Because the Farm Bureau realized farm policies gained votes by trading with liberals for food stamp expansion, it desired that food stamps be transferred to the Department of Health, Education, and Welfare where agriculture committees would not control the voting. Indeed, in the House Agriculture Committee hearings in August, 1969, Farm Bureau President Charles B. Shuman, after recommending several proposals to aid commercial agriculture, noted that urban America was at odds with existing farm programs.
Admittedly, Congress tied food assistance reform and farm policy together to pass food stamp legislation in 1964 as well as in 1967 and 1968. While the liberals had threatened not to vote for the farm legislation if the food stamp legislation failed to pass, the farm lobbyists and their Congressional supporters now retained their subsidies by threatening food stamp legislation.\footnote{Ibid.}

Pressure for changes in the food stamp program during 1969 came also from the National Council on Hunger and Malnutrition. Led by nutritionist Jean Mayer, this organization lobbied in Congress, developed local support in communities across the nation, and filed suits in behalf of the poor. Acting with the Columbia Center on Social Welfare, the National Council "attempted court action" to compel the Department of Agriculture to allocate more funds to food assistance.\footnote{Ibid., pp. 216-217.} In late October, 1969, John R. Kramer, executive director of the National Council, charged that Congress used the food stamp hearings to "vent . . . disrespect for the poor."\footnote{U.S., Congress, House, Committee on Agriculture, General Farm Program and Food Stamp Program, Hearings before the Committee on Agriculture, Part 2, p. 735.}

\footnote{Kotz, Promises, p. 207.}
He accused Representative Poage of being "willing to sweeten a program of guaranteed annual income for well-to-do farmers with a dollop of food stamps for the poor to make sure the House is willing to swallow the entire portion."\textsuperscript{56}

Although no major changes occurred in the program's operation in 1969, Congress finally cleared a bill on November 6, that increased appropriations for fiscal 1970 from $340 to $610 million as President Nixon requested in May.\textsuperscript{57} In 1970, however, Congress enlarged the food stamp program and extended it for three years. This amendment to the Food Stamp Act of 1964 imposed important administrative changes and increased benefits.

Up until this time, the states determined their own eligibility standards. The major provision of the bill formulated in 1970 established uniform, national participation standards with household income and other financial resources the basic criterion of eligibility. The bill also provided free stamps for families with monthly income under $30 and contained a work requirement under which adults would become ineligible for food stamps and lose benefits for their entire family if they

\textsuperscript{56} Ibid., p. 736.

\textsuperscript{57} U.S., President, Public Papers of the Presidents of the United States, Richard M. Nixon, p. 352.
refused employment on jobs that paid at least the minimum wage. It also established the value of the food stamp allotment to reflect increases in the cost of living.\(^{58}\) In addition, the bill permitted public assistance recipients to certify for the food stamp program by means of an affidavit and allowed participants sixty years or older to use stamps to purchase meals delivered to them by a nonprofit organization or local government.\(^{59}\) The bill, signed into law January 11, 1971, also authorized appropriations: $1,750,000,000 for fiscal 1971 and open-ended authorizations for 1972 and 1973.\(^{60}\)

After greatly reducing food stamp prices and increasing stamp allotments in early 1971, Congress further expanded the food stamp program in 1973 and 1974. In 1973, Congress extended the program to all counties in the United States and directed the states to complete the transfer from food distribution to food stamps. Legislation in 1974 increased Federal subsidies for costs incurred by the states in the administration of the program. Up until this time, the Federal Government

\(^{58}\) Public Law 91-671, Statutes at Large 84, Sec. 3, 2049.

\(^{59}\) This would include programs such as "Meals on Wheels."

\(^{60}\) Public Law 91-671, Statutes at Large 84, Sec. 7, 2052.
reimbursed the states for 62.5 percent of costs for certification of non-public assistance households, fair hearings, and outreach activities. Under the 1974 legislation states received 50 percent of all costs incurred in administering food stamps.\textsuperscript{61}

The 1971, 1973, and 1974 amendments demonstrated the strong support given to the food stamp program. These three amendments in particular, however, produced significant increases in the program in both household and area participation as well as in program costs. In addition, because of increased unemployment and inflated food prices during the 1974-1975 recession, participation grew dramatically. The increased enrollments subjected program operations to public scrutiny. What that scrutiny revealed alarmed many taxpayers and their representatives. As the size of the program increased so did complaints about abuse and mismanagement. Congress listened to countless tales of food stamp thefts, fraud by case workers, counterfeiting of stamps, and lying by participants about income and household size. Accounts of participants driving up to pick up their stamps in expensive cars or middle-class college students getting food stamps particularly infuriated many taxpayers and

\textsuperscript{61}Clarkson, pp. 16-19; MacDonald, pp. 10-17.
members of Congress. 62

In spite of mounting criticisms, solutions to the problems that plagued food stamps were not immediate nor easy. The initial high regard for the food stamp program caused one of the biggest barriers to reform. Food stamps had been accorded political popularity. It proved difficult to reconcile the fact that a program once regarded as practical to administer and operate now served as a source of contention.

More important, partisan politics continued to plague the food stamp program. Though the Congress still held a Democratic majority as it did when it expanded the program under the Nixon administration, many Senators and Congressmen blamed the economic policies of two successive Republican administrations for the increased use and subsequent abuse of the program. Republican economic policies, they contended, could not help but cause families to turn to food stamps for mere economic sustenance. Clearly, the basic differences in liberal and Republican thought characterized the food stamp program.

62 "Food Stamp Furor," Newsweek, October 20, 1975, pp. 35-36.
CHAPTER II

In late 1974, in an effort to cut fiscal 1975 spending, President Ford proposed that low-income families pay more towards the cost of food stamps. His proposal, estimated to save the Federal Government $215 million in fiscal 1975 and nearly $650 million each year after that, required 95 percent of participants to pay 30 percent of their monthly income on food stamps. Under the existing system, the amount paid by recipients, based on family size and income, varied on a sliding scale; the average family paid 23 percent of its monthly income on stamps. Under Ford's proposal, even though the cost of food stamps would have increased, the monthly dollar value of stamps would have remained the same.  

Congressmen understandably denounced the administration's proposal. The Washington-based Consumers Union, and the Food Research and Action Center of New York.

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1 See Appendix, Table 1.

York brought court action against the increase. The Department of Agriculture received 1,000 critical letters and delayed a final decision to initiate the proposal. Nevertheless, on January 17, 1975, the Department announced final approval of the price increase.

Critics of the new regulations believed that increased costs to the poor appeared unjust. On the other hand, the administration called the proposal fair and maintained the Government could not afford the soaring cost of the program ($4 billion in fiscal 1975) amid huge budget deficits. Clearly, the proposal reflected Ford's conservative philosophy.

Legislation to check the price increase gained widespread support from both Republicans and Democrats and quickly passed through Congress. The legislation, which passed February 5, imposed no changes in the program except to freeze the cost of food stamps at January 1, 1975 levels and to prevent the new Agriculture


4 "U.S. Agency Cuts Food Stamp Aid," The New York Times, Jan. 18, 1975, p. 15. Since the proposal was to be put into effect through changes in departmental regulations it did not require Congressional approval.

Department regulations from taking effect. Because the bill (HR 1589) passed by overwhelming margins in both the House and Senate, the President's veto would have been ineffective.

This nearly unanimous agreement in Congress, however, proved deceptive; opponents of food stamps still criticized the program's administration as well as the loopholes which allowed the non-needy to participate. The promises of changes by the 1975 session of Congress permitted many of these critics to vote for HR 1589 as an emergency measure. Although they still remained unhappy with the operation of the program, many in Congress believed forthcoming legislation by the House and Senate agriculture committees would rectify some of the problems of food stamps.

In early 1975, also, the recession affected enrollment in the food stamp program. Participation rose to a high of 19.6 million people in April, 1975 amid rumors that middle-class Americans bought food stamps and

6 The vote was 378 to 38 in the house and 76 to 8 in the Senate. At the same time, the Senate passed a separate resolution instructing the Secretary of Agriculture to study the food stamp program and to submit legislative recommendations.

that the Department of Agriculture made large overpayments. As a result, several bills emerged in Congress to tighten food stamp eligibility requirements, though none passed.  

Political debate over the food stamp program intensified in August, 1975. One dispute dealt with the July, 1975 Department of Agriculture Food Stamp Report. A second incident related to a speech that Secretary of the Treasury William E. Simon gave at a Junior Achievement meeting. 

On August 6, 1975, Senator George S. McGovern (D. S.D.), Chairman of the Senate Select Committee on Nutrition and Human Needs, released sections of the USDA Food Stamp Report which had been suppressed by the Office of Management and Budget. McGovern charged that these sections refuted contentions that the food stamp program seemed unmanageable. He charged that the Ford


administration did "not want the truth to be told about food stamps" and that it had "recycled discredited Nixon tactics." McGovern asserted that, contrary to administration claims, the Agriculture Department report indicated the probable decline of both the cost of the program and the number of participants by 1980. He said those who knew the contents of the suppressed section continued to "mislead and deceive." 

McGovern's remarks elicited much response. The Atlanta Constitution reported that Assistant Secretary of Agriculture Richard L. Feltner, whose staff drew up the report, said that "nothing was deliberately suppressed" from the public version of the study released in July. The newspaper also reported that a spokesman for the USDA disclosed that no information existed in the published report which predicted the number of people eligible for food stamps in the year ahead. This disclosure refuted McGovern's assertion about participation. The New York

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11 Ibid.


13 Ibid.
Times reported that administrators in the Department of Agriculture did not return telephone calls to respond to questions that the released material raised. The paper reported that Whitney Shoemaker, a spokesman for The Budget Office, verified that the agency had authorized the Department of Agriculture to emend the report before it reached Congress. He said that the budget agency "had challenged some material in the Agriculture draft report, suggesting they were made on questionable economic assumptions and some other parts were not germane."  

While addressing the 32nd annual conference of Junior Achievers in Bloomington, Indiana, on August 12, 1975, Secretary of the Treasury William E. Simon spoke of the explosion of government spending. He asserted that the Federal Government has taken responsibility for problems that people should solve themselves. He referred to the "best of intentions" that "wind up with social problems that are spinning out of control." He considered the food stamp program:

The food stamp program began as a small, $14 million experiment in 1962. By 1976, it will cost over $6.6 billion a year—

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14 Nancy Hicks, "Food Stamps Data Held Suppressed," The New York Times, August 7, 1975, p. 34.

47,000 percent increase—and it is a well-known haven for the chiseler and rip-off artists. Only a few weeks ago, a national magazine advertised a booklet that told people how to obtain food stamps even if they earned as much as $16,000 a year. So much for the spirit of self-reliance.  

Simon’s remarks reflected the administration’s position and became the target for angry response from food stamp supporters.

Harriet Van Horne, in an article in *The New York Post*, August 13, 1975, criticized Simon and strongly supported the food stamp program as a viable means of feeding the needy. She charged that every time Simon made a speech he offended several million Americans and that his "contempt for non-productive Americans goes deep."  

She asserted that by Simon’s "credo, the needy can be forgotten" and that in his "tirade against food stamps—which are now keeping 17 million Americans from serious malnutrition—Simon did not explore the reasons so many people have joined the program."  

She asserted that "the simple truth—'More and more people are hungry because the economy is getting sicker and sicker'—cannot

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16 Ibid. The magazine was *Parade*.


18 Ibid.
be spoken by a Republican Secretary of the Treasury.  Van Horne claimed that Simon "dwelt righteously" on the "alleged cheating" by food stamp recipients. She admitted that "no doubt there are some ripoffs" because of imperfect human nature, but asserted that doctors and businessmen in the private sector also act dishonestly. Rather, Van Horne concluded, the "worst thieves" consist of grocers who raise the price of basic foods purchased with food stamps.

Senator McGovern, chairman of the Senate Select Committee on Nutrition and Human Needs, which was engaged in a thorough review of the program at the time of Simon's speech, challenged Simon's remarks. In a highly charged letter to Simon, McGovern requested "factual and data base" of the statements and expected a "retraction or some factual substantiation of your Bloomington attack on the Food Stamp Program." In an August 31, 1975, article in the Los Angeles

19 Ibid.
20 Ibid.
21 Ibid.
22 Ibid.
Times, Senator McGovern asserted that "the Ford Administration has made food stamps part of internal Republican politics. Unable or unwilling to yield to rightwing pressures against detente and Vice President Rockefeller, the White House apparently has decided that sacrificing food stamps may dampen the incipient revolt from the right."  

McGovern rejected the idea that taxpayers were "footing the bill" for food stamps for high-income families and quoted statistics to justify his claim: "The truth, however, is that 77% of food stamp recipients have incomes after taxes below $5,000 a year; 92% are below $7,000; virtually all earn less than $10,000." He claimed that the food stamp program continued to be what it was supposed to be: "a low-income program to feed those who otherwise cannot afford to feed themselves and their families." He stated that the program had been stable with 15 million participants, but that the rise in unemployment between August 1974 and June 1975 increased the demand for benefits by 30 percent. According to McGovern, millions of Americans "suddenly found

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25 Ibid.

26 Ibid.
themselves with no or low income. They applied for stamps—which they had paid taxes to provide for others in previous years. Today the program sustains their families through the worst recession since World War II."^27

In direct reference to Simon's remarks, McGovern claimed that the program grew, "not because the program is spiralling out of control, not because 'wild-eyed liberals' have created another massive giveaway, not because of 'chiselers and rip-off artists,' but because 9 million Americans are out of work."^28 McGovern asserted that administration officials provoked apprehension over the cost of the food stamp program as a "strategy . . . to suppress the facts."^29

McGovern stated that it had never been his intention to provide "government subsidies for those who can provide for themselves" and admitted that reforms were essential to prevent such individuals from participating in the program. ^30 McGovern suggested the solution to the rising costs of the program was the "restoration" of the

^27 Ibid.
^28 Ibid.
^29 Ibid.
^30 Ibid.
national economy because "the food stamp budget will continue to rise unless the economy offers sufficient jobs for all who can work." He strongly criticized the Ford administration:

Yet the Administration which created unprecedented unemployment now complains because the unemployed need food stamps to feed their families. Secretary Simon's irresponsible and inflammatory remarks about "food stamp chislers and rip-off artists" are simply untrue, and he did not offer a single statistic to support his statements. He cannot defend his statements because they are false.

These are the facts: 19 million people are free from hunger because of food stamps. These people are unemployed or poor. They are on food stamps not because they want to be, but because they have to be. Their numbers are likely to decline, not increase--unless the Administration blunders from recession into a second Great Depression.

McGovern concluded his article on an optimistic note, yet one which contradicted his earlier remarks:

Hunger is not a Republican or Democratic issue; it need not be an issue between the Administration and the Congress. Instead of making it a political issue, we should make food stamps as effective and efficient as possible on the basis of facts.

31 Ibid.
32 Ibid.
33 Ibid.
Despite McGovern's concluding remarks, dealing with hunger obviously is a partisan issue and an issue between the administration and Congress. Clearly, Van Horne's and McGovern's remarks of August, 1975 demonstrated the political problems involved in a reform of the food stamp program. Many of McGovern's references considered the condition of the economy under the Republican administration and provided an outlet for the antagonism that many Democrats in Congress felt for the Ford administration.

Involvement with the food stamp program helped McGovern politically; since 1968 he had increased his popularity as chairman of the Senate Select Committee on Nutrition and Human Needs. McGovern's nomination in the 1972 Presidential election reflected his strong position in Congress as well as in the Democratic party. As an influential leader in the Democratic party, he now emphasized the reasons more Americans turned to the food stamp program. He pointed out the underlying cause of the increased use of food stamps—a poor economy which the Republicans had helped to create. Republican economic practices had increased unemployment and inflation. McGovern's comments reflected the attitudes of Americans who were dissatisfied with the Ford Administration. McGovern employed the issue of food stamps as one way to
restore public confidence in government and to help gain victory for the Democrats in the 1976 election.

Senator Robert J. Dole (R. Kans.), in an article also in the Los Angeles Times on August 31, 1975, summed up the feelings of Americans toward the food stamp program. Dole referred to the ignorance about the program: "The program is only one part of the irrational web of federal social welfare programs which few, if any, members of Congress understand, which fewer of the needy can comprehend, and a decreasing number of taxpayers can defend." 34 He called for a "fundamental reexamination of the $135 billion array of social welfare programs with an eye toward elimination of many, basic restructuring of others, and overall improvement among all programs." 35 Such words console, yet frustrate since change is difficult to achieve in a program such as food stamps whose rapid growth has left it open to abuse.

Dole noted the disproportionate time spent debating the food stamp program which he argued was "not surprising in light of the fact that it has grown so rapidly during the current recession from 14 million participants last summer to 19 million today. Expenditures for the program


35 Ibid.
are now running at an annual rate of around $6 billion, amounting to well over half of the total budget of the Department of Agriculture." He remarked that food stamps ranked behind Social Security as the Federal Government's most expensive social welfare program.

Dole indicated that criticisms of the program were "widespread and wideranging" and that the perception that the program was steeped "with fraud and abuse has proved the most universal irritant." Dole also referred to a recent nutritional study that showed a decline in nutritional foods purchased with food stamps and a rise in foods with low nutritional value. He recognized the drawbacks of the program's operations:

The surface simplicity of the program conceals the bureaucratic and administrative morass which has led to calls for a fundamental restructuring of the food stamp law by conservatives and liberals alike. Complex application forms and lax eligibility guidelines have permitted many non-needy persons to obtain food stamps while many truly needy families have been forced to wait up to two months to obtain assistance to which they are entitled.

Long lines which often form before dawn at some urban food stamp application centers

36 Ibid.
37 Ibid.
38 This study, conducted by Kenneth Clarkson, will be discussed later in this chapter.
have angered supporters of the program. Members of Congress are bombarded by letters from understandably irate constituents who stand in supermarket checkout lines and watch their middle-class neighbors pay for their food with food stamp "currency."  

Dole believed that "top priority" should be given to eliminating the system of itemized deductions used to ascertain a family's eligibility for participation in the food stamp program. The original purpose of these deductions was to overlook part of an applicant's income to determine his food purchasing power, but in practice they have allowed households which would not be considered poor to become eligible for stamps.

In addition to letting the non-needy participate, itemized deduction formulas required an application form more complex than the "1040" income tax return. In New York City, for example, the food stamp application, which was six pages long, contained many questions and calculations for the applicant to complete. Such a lengthy form undoubtedly led to inaccurate payment of benefits.

In conclusion, Dole noted that President Ford had

39 Dole, "Whole Program Needs An Overhaul."
40 Ibid.
41 Ibid.
requested a review of all Federal social welfare programs in an effort to effect consolidation. He asserted that taxpayers deserved efficient use of their tax dollars, but moreover that "comprehensive reform" would restore the public's faith in government assistance to the poor. 42

Dole's article indicates his political motivation. In his middle-of-the-road attitude, Dole tried to appeal to both Democrats and Republicans. To satisfy liberals, he endorsed the elimination of the system of itemized deductions and agreed with many Democrats that the blame for the rise in program participation rested with the economy. To appeal to conservatives, he recognized that the truly poor were not the only recipients of food stamps and advocated reform in the food stamp program as well as in all welfare programs to maintain more equitable eligibility. By admitting change was necessary, but not impossible in food stamps, Dole tried to enhance his political popularity as well as that of Republicans and the Ford administration.

On a September 7, 1975, broadcast of NBC's "Meet the Press," Secretary of the Treasury Simon reiterated his views of the food stamp program. He claimed that "food

42 Ibid.
stamp eligibility rules are so loose and so lax that virtually anyone can get food stamps."

In October, 1975, the Ford administration proposed a bill which limited eligibility to persons whose income stood below the Government's official poverty level. It would also have required recipients to pay 30 percent of their net income for stamps, the same proposal that Congress defeated in February. This new proposal also eliminated the automatic food stamp eligibility of welfare recipients. Other bills introduced in Congress embraced stricter or looser eligibility requirements than the administration bill, but they all attempted to tighten up the program.

Participation levels dropped to 18.7 million by the end of 1975. At the same time, the Agriculture Department revealed reports of food stamp vendors who withheld Government funds. Despite these revelations, action on a major reform of the food stamp program failed to materialize in Congress.

By 1975, the growth in the program was astounding. The food stamp program grew from the smallest to the largest of the Federal food programs. It increased over

tenfold from fiscal year 1969 to 1974.\textsuperscript{44} From fiscal year 1965 to 1974, the number of participants swelled from 424,000 to 13,536,000, a 3,090 percent increase.\textsuperscript{45} Federal and state attempts to extend participation contributed to the rise. Many interest groups, civic organizations and individuals had argued that food stamps did not reach enough people. Therefore, primarily through the 1971, 1973, and 1974 legislation, Congress expanded the program into a nationwide initiative.\textsuperscript{46}

In addition, increased benefits for participants raised the cost of the program. Lowered purchase requirements raised the average bonus from 61 percent in fiscal 1965 to 137 percent in fiscal 1974.\textsuperscript{47} This and other Federal and state action resulted in an eighty-three fold increase in the food stamp bonus from fiscal 1965 to fiscal 1974. In the same period, the program extended from 100 to 2,818 communities. From fiscal 1969 to 1974 the cost of food stamps rose from

\begin{itemize}
  \item \textsuperscript{44} Clarkson, p. 19. See Appendix, Table 2.
  \item \textsuperscript{45} Clarkson, p. 19.
  \item \textsuperscript{46} See Chapter I.
  \item \textsuperscript{47} The bonus portion of food stamps was the difference between the face value of the stamps (their purchasing power) and the cost of the stamps to the participant. For example, a family of four with a monthly net income of $140 paid $41 for $154 worth of food stamps. This bonus was $113 or 73 percent. See Appendix, Table 1.
\end{itemize}
$251 million to 3 billion. \(^{48}\)

To determine the nutritional benefits of the program to participants, the Department of Agriculture conducted three studies. The first study, conducted from 1969 to 1971 in rural Pennsylvania, examined whether the diets of low-income families improved when they participated in one of the Department's food aid plans. The study concluded that families who participated in the food stamp program gained nutritional benefits when at least two weeks had passed since a family obtained its monthly income. Iron and thiamine intakes improved most significantly. \(^{49}\)

In 1973, a second study analyzed the characteristics of low-income families who participated in the Department's Expanded Food and Nutrition Education program in comparison to families who did or did not also participate in the USDA's food assistance programs. The study also assessed food consumption practices and dietary adequacy of participants. Results showed that families who received food stamps had better diets than families

\(^{48}\) Clarkson, pp. 19-20.

\(^{49}\) J.P. Madden and M.D. Yoder, Program Evaluation: Food Stamps and Commodity Distribution in Rural Areas of Central Pennsylvania. Final Report from the Pennsylvania State University, Department of Agricultural Economics and rural Sociology, 1971 in 10 September 1977, Congressional Record 121: 28415. Protein, phosphorous, riboflavin, and niacin levels also improved.
in the direct distribution program and persons eligible for, but not participating in a food assistance program. Because of similar per person expenditures of participants and nonparticipants, the study concluded that the better diets reflected benefits from the food stamp program.\textsuperscript{50}

A 1974 study by Sylvia Lane of the University of California at Davis contrasted food consumption and nutritional adequacy of participants of food assistance programs with those of nonparticipants. Results indicated that participants in the food stamp program appeared to be nutritionally superior to diets of comparable nonparticipating, low-income families.\textsuperscript{51}

The three preceding studies, conducted under the auspices of the Agriculture Department disclosed beneficial nutritional effects associated with participation in the food stamp program. In addition, they coincided with Department projections of improved


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nutritional levels and increased consumption made when the pilot project began in 1961.

Contrastingly, in a 1975 nutrition study conducted by Kenneth Clarkson for the American Enterprise Institute of Public Policy Research, a right-wing think tank, other conclusions emerged. Clarkson, an economist from the University of Virginia, found no evidence that food stamps improve the nutrition of participating households. He reported that program beneficiaries increased their purchases of soft drinks and other foods of low nutritional value. He revealed that in Fayette County, Pennsylvania, the nutritional levels of food stamp users actually declined because families bought fewer milk products, eggs, and grains and more sweets and fatty foods.  

Several Congressional attempts to establish more stringent controls on what types of foods participants can purchase with food stamps have failed. Legislation on junk food has usually been defeated on the basis of one's personal liberty to choose one's own purchases. Representative Ronald Dellums (D. Calif.) argued against the prohibition of the purchase of certain foods on the grounds of "freedom of choice" within "the framework of

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Clarkson, pp. 49-50. Fayette County, Pa. had been one of the original pilot projects in 1961.

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the democratic process. He asserted that no one tells a Congressmen not to buy Twinkies and soda pop even though Federal funds provide his salary.

By the end of 1975, Americans viewed the food stamp program with disfavor as participation and costs increased. Plagued with administrative and bureaucratic problems, enthusiasm for this public program dwindled. What had gone wrong in the permanent food stamp program, one which had destroyed a genuine enthusiasm for the pilot program? The Clarkson study concluded that basically the food stamp problems occurred because the permanent program did not repeat the conditions of the pilot projects. In the pilot projects a greater educational effort helped participants provide a well-balanced diet. Better enforcement of regulations, the study noted, prevented violations of program operations. The smaller bonus portion of stamps in the pilot projects eliminated the not-so-needy. Moreover, the pilot program's small scope limited the chance of fraud.

54 Ibid.
55 Clarkson, pp. 11-12.
Others, however, noted in 1975 that Secretary of Agriculture Earl Butz' resistance to food stamps contributed to the program's problems. Again, party politics played a role. Butz' critics felt "deliberate maladministration" kept participation too low by making program rules ambiguous and by slighting "outreach" programs.\(^{56}\) Although some blamed administration philosophy and Department of Agriculture action, Congressional directives also contributed to the program's troubles. Critics argued that program legislation remained vague and lacked detail. For example, the Department of Agriculture could set the participant's cost of food stamps at a rate deemed a "reasonable investment on the part of the household"; the Department extended the program "to those households whose income and resources are determined to be substantially limiting factors in permitting them to purchase a nutritionally adequate diet."\(^{57}\) This wording, supporters of the food stamp program maintained, allowed an administration unfavorable to food stamps to exclude many in want of the program's benefits.

Clearly, the food stamp program reached a crescendo


\(^{57}\) Ibid., p.26.
by 1975. Although most government officials recognized a need for change in the program, the extremes in reform were vast. While the Ford administration felt the program's operations should be trimmed, liberal supporters of food stamps believed the program itself should be modified and interpreted so that it might be a more equitable system of welfare relief, extending aid to all those who might need it.
CHAPTER III

As noted previously, the rise in program participation in the mid-1970's coincided with reports of cheating, bootlegging of stamps, increasing numbers of ineligible participants and overpayments to eligible participants. Though conscious of its cost, supporters of the program defended food stamps against accusations of fraud. While recognizing that fraud did exist, some supporters considered it quite rare.¹

Specifically, food stamp program abuse lies in three areas: unintentional and deliberate misrepresentation by households at time of application, errors by agencies administering the program and issuing stamps, and infractions in the circulation of the stamps themselves. Although the Department of Agriculture has a system of quality control, detection of food stamp fraud is difficult and likelihood of prosecution remains small. Based on quality control tests, problems in

administration and management appear the most wasteful. Of a sample of food stamp applications reviewed by quality control from July to December 1974, 28.5 percent issued an incorrect amount of stamps, with household eligibility and stamp overissuing cited as the primary offenses.²

In addition to obstacles in its operation, the nature of the food stamp program contributes to its troubles. Because with food stamps participants receive more goods than they would with cash, "trafficking" in food stamps is more liable to occur.³ Trafficking, the direct selling of stamps for cash or the trading of stamps for nonfood items, has been hard to control. The U.S. attorney's office revealed that food stamps have been used to obtain such things as minibikes, automobiles, and car repairs.⁴

The Office of the Inspector General of the Department of Agriculture has also delineated sixty other problems in the operation of the food stamp program. Food stores' activities accounted for over half of the

²MacDonald, pp. 39-44.

³Clarkson, pp. 31-32. Under a system of cash grants, participants do not receive the specific purchasing power of food stamps.

violations in program operations, including sales of prohibited items, purchases of food stamps for cash, and the return of improper cash change. The remainder involved problems of certification, ineligible participants, and misrepresented data; irregularities in operating procedures and inventory; and the losses, thefts, counterfeiting, and inadequate security of the stamps themselves.\(^5\)

The fraudulent obtainment of food stamps by recipients, involving the deliberate misrepresentation of facts at the time of application, included 73,238 households with a cost of $16,327,303 from fiscal 1972 to fiscal 1975. The cost of noncompliance with issuance rules or "gross negligence" from May 1970 to April 1975 in nine localities totalled $1,492,554. During fiscal years 1974 and 1975, 53 detected cases of fraud by issuance personnel cost $550,000.\(^6\)

Most fraud (unlike waste) occurs in the circulation

\(^5\)U.S., Congress, Senate, Committee on Agriculture-Environmental and Consumer Protection, Hearings on Appropriations for Fiscal Year 1974, Part 3, pp. 637-643 Cited in Clarkson, p. 32; See also U.S., Congress, Senate, Committee on Agriculture and Forestry, Food Stamp Vendor Fraud (1976).

of stamps. Although a computer system and field representatives police food stamp operations, grocery stores and stamp vendors' illegal gain from the program often goes undetected. As of July 1975, 249,000 food stores were authorized to accept stamps. During fiscal 1975, 747 firms were disqualified for various periods of time for infractions of program regulations. 7 A Department of Agriculture audit in 1976 reported that food stamp vendors misused more than $34 million of the money that had been collected from food stamps by making late deposits, no deposits or using funds for private investments. 8

By 1976, many in Congress felt that changes should be made in the food stamp program. Business groups, such as the National Association of Manufacturers, called for tighter restrictions. At the same time, welfare groups and labor unions continued to defend food stamps as a viable way to feed the needy. AFI-CIO President George Meany felt a deliberate attack was being waged using "half-truths and outright lies to picture the food stamps

7 MacDonald, pp. 47-48.

as a runaway program replete with abuses and cheating."9

The real culprit, Meany said was "the Nixon-Ford economic
policies which have caused massive unemployment and
skyrocketing food prices."10

Despite more than 200 reform bills introduced in the
94th Congress and despite months of legislative work,
Congress did not drastically alter the program in 1976.
The only legislation Congress passed imposed stricter
controls on vendors and provided jail sentences of up to
ten years for vendors found to be using food stamp funds
for their own purposes. Efforts to pass a broader food
stamp bill in 1976 failed. Authorization for the food
stamp program, to expire September 30, 1977, left it to
the 95th Congress to reform the program.11

Figures released July 15, 1977, by the Agriculture
Department and the General Accounting Office (GAO)
revealed that participation in the food stamp program was
at its lowest point in two and a half years; during May
1977, 16.7 million people received food stamps.
Participation had been 16.1 million people in November,

9 Mathiasen, ed., Congressional Quarterly Almanac,
1976, p. 607.
10 Ibid.
11 Ibid. Public Law 94-339, Statutes at Large 90,
Sec. 6, 546.
1974, had risen to 17.1 million in December, 1974, and then had peaked at 19.6 million in April, 1975. Supporters of food stamps, tired of criticism during the peak participation periods that the program was unmanageable, indicated that these new figures reflected improved economic conditions under the Carter administration. ¹²

Nevertheless, the GAO reported that the Government lost $590 million each year in food stamp overpayments. These overpayments resulted from administrative errors, misunderstandings by applicants regarding the information they were required to provide, or fraud. In five of eight projects surveyed, 55 percent of overpayments resulted from fraud. Agriculture Department officials, however, insisted that the figure did not represent the entire program because the GAO collected most of its information at offices in high crime areas such as Detroit, Cleveland, Philadelphia, and Oakland. ¹³

On September 16, 1977, Congress finally passed legislation that significantly revised the operation of

¹² Mathiasen, ed., Congressional Quarterly Almanac, 1977, p. 468. Total costs, however, continued to climb due to rising food prices and increased administrative costs of the program.

the food stamp program. This major reform effort occurred because the political friction of the preceding two years had lessened considerably. With the defeat of Ford in the 1976 presidential election and the entrance of a Democratic president, partisan politics decreased. The Democratically-controlled Congress also had the support of the Carter administration for reform. This backing included Robert Greenstein, a former official of the Community Nutrition Institute, a food stamp advisory group, who acted as a special assistant to Agriculture Secretary Bob Bergland.

Also, by 1977, the decrease in participation in the food stamp program promoted a more rational environment for reform. Studies by the House Agriculture Committee and the Congressional Budget Office (CBO) indicated that most recipients were indeed poor. The CBO reported that in September, 1975, 86 percent of all benefits went to families below the poverty level and 95 percent went to families below 125 percent of the poverty level.\(^{14}\)

Thus, it became clear to many Congressmen at this time that it would not be possible to drastically cut funding to the program without hurting the truly needy. A consensus arose in Congress, however, that to reform its

\(^{14}\text{Ibid.}\)
fraud, abuse and administrative snags, a reform of the food stamp program seemed essential. Thus, the goal of the 1977 revision was to increase the program's efficiency while eliminating ineligible participants. Carol Tucker Foreman, Assistant Agriculture Secretary for Food and Consumer Goods, summed up the goals of the 1977 revisions: "We believe the new food stamp legislation will substantially improve administration of the program. It will make food stamps available to those most in need and will eliminate those least in need."\textsuperscript{15}

The significant change that Congress made was the elimination of the requirement that participants buy their food stamps. Anti-hunger groups, welfare administrators, and some Congressmen had advocated free stamps for several years, but such a proposal did not have the support of the President until 1977. Supporters of free stamps had argued that the purchase requirement barred the truly needy from participation because they were not able to save the money needed to obtain stamps. Because of this requirement, advocates of free stamps contended, only 50 percent of those eligible for stamps actually participated.

While eliminating the purchase requirement, the 1977

\textsuperscript{15}Ibid., p. 457.
bill provided that the value of a household's food stamp allotment would be equal to the cost of the "Thrifty Food Plan" reduced by an amount equal to 30 percent of the household's net income. Congress set the minimum benefit for single persons and two person households at $10 monthly and required that the Secretary of Agriculture to report to Congress (six months after the law went into effect) on the results of the elimination of the purchase requirement and to report annually thereafter.

The elimination of the purchase requirement took out of circulation $3 billion in stamps sold by 15,000 vendors consisting of banks, post offices, fire stations, churches, and corner stores. The change also eliminated $3 billion in cash transactions, reducing the chances for fraud and theft. Administrative costs were expected to be trimmed by $25 million to $50 million.

As the most significant change in the food stamp reform bill, the elimination of the purchase requirement

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16 The "Thrifty Food Plan" was a Government publication that gave nutritional advice and suggestions for food to be purchased with food stamps.

17 Food and Agriculture Act of 1977, Statutes at Large 91, Sec. 8, 968.

was the topic of much debate in both the House and Senate. The Senate Agriculture, Nutrition, and Forestry Committee, despite the opposition of Chairman Herman E. Talmadge (D. Ga.), voted 11-6 in favor of eliminating the purchase requirement. The committee argued in favor of the elimination of the purchase requirement in order to make the program available to many low income families "who have never been able to put together the cash required to buy into the program" as well as to produce fewer accounting problems while reducing the number of food stamps that had to be printed, shipped, stored, issued and redeemed.  

Much discussion on the Senate floor surrounded the elimination of the purchase requirement. Carl T. Curtis (R. Neb.) argued in favor of restoring the purchase requirement. Curtis believed that elimination of the purchase requirement would cost more than estimated. He also asserted that it would permit errant parents to spend a greater portion of their income "on liquor, on dope, what not," rather than on nutritious meals for

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their children. He commented on the extensive lobbying by nutrition, welfare, and church groups in support of doing away with the purchase price:

It would have been worthwhile if the entire Senate could have been in the Agriculture Committee Room when this subject was considered. The place was so full of lobbyists that one could not get to his chair—the hungry marchers, lobbyists from all types of groups. They wore badges; "EPR," Eliminate the Purchase Requirements. Arguments? No. Supporting facts? No. Pressures. Emotions . . . These pressure groups who invaded that room wearing their badges . . . would have us believe that poor people of no income could not get food stamps. But this is not true at all. Senator Talmadge agreed that eliminating the purchase requirement would make the food stamp program "vastly more expensive." He remarked that "there is absolutely no justification for continuing a welfare program under

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20 U.S., Congress, Senate, Senator Curtis speaking in favor of the restoration of the purchase requirement, 95th Cong., 1st sess., 24 May 1977, Congressional Record 123: 16303. Because participants no longer contributed part of their disposable incomes to acquire food stamps, it was feared that the additional household income would be ill-spent, thereby negating the social benefits of the program while increasing government costs.


the guise of a nutrition program, with stamps."  

He proposed welfare reform at the earliest opportunity, and the payment of a cash supplement instead of stamps.  

On the other side of the issue, however, Robert Dole (R. Kans.), a proponent eliminating the purchase requirement, referred to a CBO estimate that put the cost of free stamps at $540 million in fiscal 1978, instead of the $2 billion predicted by Curtis and Talmadge.  

Like the Senate, the House Agriculture Committee's biggest change in the food stamp program was elimination of the purchase requirement. The committee asserted, "The major value of EPR (eliminating the purchase requirement) is that it will improve program access for the needy. EPR in combination with the other parts of the bill results in a major shifting of benefits from those above the poverty line to those whose incomes are below the poverty line and who have been previously eligible but have not

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participated." Eight Republican committee members argued against free stamps, asserting that eliminating the purchase requirement would decrease the amount of money a family would spend on food and thus lessen its chances of having a nutritionally adequate diet as well as cut farm product consumption. Referring to a CBO study, they said that if stamps were free, food purchases would decline by $1 billion and nonfood consumption would increase by $1.5 billion. 27

Committee member Steven D. Symms (R. Ida.), whose amendment to restore the purchase price was defeated, argued on the House floor that free stamps "would all but eliminate the nutritional focus of the food stamp program, substantially transforming it into an all-purpose supplement." 28 He also entitled the measure a


27 Ibid., pp. 841-453. The eight Republican committee members who argued against free stamps included: Wampler, Seblius, Symms, Kelly, Grassley, Hagedorn, Coleman, and Marlenee.

"budget buster." In addition, Symms believed that administrative savings cited by proponents appeared over-estimated, asserted that free stamps would increase the welfare stigma of the program, and called free stamps "a back door approach" to doing away with stamps entirely in favor of an annual income supplement. 30

In response to such minority views, the House Agriculture Committee cited an HEW survey which showed that 63 percent of recipients who bought their full allotment of stamps spent additional money on food. The committee defended its position:

While food expenditures might, therefore, decline for as many as 3 to 4 million people currently in the program, they would increase for the additional 2 to 3 million people who will enter the program. On balance, therefore, the impact on food expenditures is likely to be relatively insignificant and the impact on farm income even less significant. 31

Chairman of the House Agriculture Subcommittee that drafted the food stamp revisions, Frederick Richmond (D. N.Y.) said that the elimination of the purchase

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30 Ibid.

requirement would increase accessibility, eliminate vendor fraud, streamline administration, decrease the cost of administration and reduce black-marketing of stamps.\textsuperscript{32} He concluded, "Let us think of the bottom line. By eliminating the purchase requirement, we allow very poor people in the United States to fully participate in the food stamp program."\textsuperscript{33}

Besides elimination of the purchase requirement, the 1977 law revised, amended, and added regulations and procedures in the operation of the food stamp program. The law extended authorization, set spending limits, and specified certification periods for participating households. It set eligibility standards according to income and simplified the deduction system in an effort to curb error. It also tightened eligibility requirements for students and aliens.

To minimize abuse in the food stamp program, the bill also provided for measures to simplify administration of the program. It specified penalties and outlined procedures to increase the likelihood of prosecution of fraud. This 1977 revision also authorized


\textsuperscript{33}Ibid.
research for improvement of the program in both its effectiveness of administration and its success in delivering nutritional benefits to participants.\textsuperscript{34}

Despite the massive reform of the food stamp program in 1977, the operation and administration of the program has continued to the present to be plagued with the same problems that existed before the overhaul. In spite of efforts to curb fraud, food stamps continue to the present to be the means through which stores, individuals, and participants defraud the Federal Government. At the same time the Congressional "Abscam" scandal occurred, Agriculture Department officials disguised as stealers of stolen food stamps participated in their own "sting" operation which uncovered a network of grocery stores that converted large amounts of food stamps into cash.\textsuperscript{35} In September, 1981, an ABC TV news magazine, "20/20," chronicled the illegal food stamp activities of grocery stores. It implied that the stealing and blackmarketing of authorization cards was so extensive that Federal authorities could not keep up with

\textsuperscript{34} Food and Agricultural Act of 1977, Statutes at Large 91, Secs. 3-18, pp. 958-979.

\textsuperscript{35} "Food Stamp Sting," Congressional Quarterly Weekly Report 38 (February 9, 1980): 348.
Since 1977 the costs of the food stamp program have greatly increased due to the elimination of the purchase requirement. Although the Government had estimated that tightened eligibility standards would decrease the number of unneedy participants and thus decrease costs, in reality this has not happened. There has been a tremendous increase of new participants. A 1979 Agriculture Department survey revealed figures which showed the elderly and rural residents constitute the bulk of the new participants. The figures were larger than anticipated; new participants greatly outnumbered those persons eliminated by the "tightened" eligibility of the 1977 reform. The program has, therefore, become more costly than before the reform law. Since 1978 costs have risen an average of $1.5 billion a year. With expenditures averaging ten billion in 1981, costs will have increased 82 percent in three years. In 1979 and


1980 with the program on the verge of running out of funds, emergency efforts by Congress kept the program from decreasing benefits to its participants.\(^{39}\)

The food stamp program, then, emerged in the 1980's still beset with bureaucratic problems. There does appear, however, to be some hope to bring the program under control. In July, 1981, Congress approved cuts in the program that exceeded those proposed by President Reagan as part of his general budget cutting effort. Such measures seem natural in light of the fact that millions of dollars of Federal funds never reach those honestly in need of assistance. Reagan's proposal, incorporated in his 1982 State of the Union message, to have the states take over food stamps, might be the most equitable solution. Perhaps the states have become unconsciously careless in their administration and enforcement of the food stamp program because this huge and costly program does not involve state funds. Rather, the food stamp initiative is only one of many Federally-funded welfare program that states administer. With decentralization it

seems more likely that the states would enforce stricter eligibility standards and participants would be persons who are truly in need of an improved diet. In any case, only time will tell the direction of the food stamp program in the decades ahead.
CONCLUSION

From 1939 to the early 1980's the food stamp program changed measurably. The primary benefits of food stamps shifted from farmers to needy Americans. The goals and responsibilities of the program have therefore been altered. Essentially, as America recognizes its economic and social problems, its representatives in Government respond. Leaders have employed policies that have reflected society's changing attitudes toward the poor.

The New Deal of the 1930's, with its liberal approach to the problems of the nation, gave way to a post-war and 1950's conservatism under the Eisenhower administrations. Under President Kennedy a new breed of liberals emerged who dominated Congress in the 1960's and early 1970's. In the 1980's a new conservative spirit appears to be resurging. With these political shifts the idea of a food stamp program has been modified.

Politically, the differences in Republican and Democratic philosophy during the past forty years have guided the direction of the food stamp program. The liberal New Deal legislation of a Democratic
administration brought the food stamp concept into practice. In the 1950's, however, with America's renewed ultraconservatism under two successive Republican administrations, Congressional support of a food stamp program remained minimal. Even though some legislators proposed the necessary bills, Congress did not pass legislation authorizing a food stamp plan. Under the leadership of John F. Kennedy, in the early 1960's liberal Democrats in Congress found a political ally. Thus, beginning with Kennedy's executive order, the food stamp program found a solid base of Democratic support not only in the administration, but also in Congress.

This liberal support of the food stamp program continued into the 1970's. Partisan politics under the Republican administrations of both Nixon and Ford colored the food stamp legislation, however, despite Nixon's endorsement of an expanded food stamp program. Politically, Nixon realized that liberals in Congress (both Democrats and Republicans) and many Americans believed the benefits of food stamps should reach more of the needy. Thus, involvement with the program proved to be a means of achieving political recognition. When public approval of the program was high, politicians embraced it. When its popularity plummeted, politicians attacked it, often placing blame for its troubles on
rival party philosophy and advocating reform of the program to enhance their own position.

The Food Stamp Act of 1977 symbolized both the liberal desire for a food stamp program by the Democratic Congress and administration as well as recognition by both liberals and conservatives in Congress that reform was necessary in the program. A growing conservative mood appeared to take root in the 1980's as a Republican majority in the Senate, increased Republican seats in the House, and a Republican president emerged in the 1980 elections. In this light, many questioned the burgeoning of all Federal programs, including food stamps. The cuts in the food stamp program operations in 1981 and 1982 reflected the philosophy of the Reagan administration and its support in Congress.

The popularity of the food stamp program also reflected public attitudes as well as the economy. Government aid to ease the severe hardships of the 1930's was well regarded by Americans. They welcomed Federal economic policies as just and right intervention in the marketplace. As part of the New Deal efforts to help Americans, the food stamp program in 1939 was one way to improve the condition of the American farmer. The post-war years and the 1950's, however, were prosperous for most Americans. Under such affluence people frowned
Upon too much Government intervention in the economy; they believed interference was unnecessary and possibly harmful to business. The food stamp program legislation in 1939 had primarily been a means to help the farmer economically. By the 1950's it was no longer needed. Furthermore with increased technology the middle-class American farmer enjoyed a high standard of life and a decent income.

In the 1960's, while the farmers remained basically contented, groups in support of subsidizing the needy and helping the poor increased dramatically. These welfare interest groups created an awareness of the problems of the needy and hungry in the United States: Americans were discovering poverty. Extensive lobbying by and media coverage of these groups exposed to the American public a need for efficient Federal food assistance programs. Obviously, poverty legislation could more readily gain support if the economy appeared in good shape. Because the 1960's and early 1970's witnessed favorable economies (despite Vietnam-induced inflation) the public reacted positively to the food stamp program. By the late 1960's with their increased strength, these welfare interest groups gained a political base of support which overlapped that of the farmer. Hence, political power moved from the midwestern and southern rural Congressmen.
who represented farming interests in the northern and urban Congressmen who represented welfare interests.

The unsettled economy of the United States from the mid-1970's to the present has caused many Americans, who once favored the food stamp program, to reassess its contribution to society. When the public became aware of the exorbitant costs of the program, enthusiasm dwindled quickly. By the late 1970's, in addition, it was obvious that the bureaucratic nature of the program contributed to its problems. At closer look the food stamp program has paralleled the changes in the bureaucratic structure in all of American society. In the early 1940's the food stamp program was not steeped in a morass of bureaucracy. Inevitably, as the bureaucratic structure of the nation has grown since the 1960's in particular, so too has the food stamp program troubles. With a new conservatism surfacing in the 1980's, directives seem to be aimed at cutting the cost of social welfare programs and trimming the bureaucratic structure in which fraud and inefficiency can thrive. Although it clearly remains a welfare program, Reagan's proposals concerning the operation of the food stamp program have affected the program, even if only the rate of its growth is involved.

In summary, the alterations in the food stamp program, including its emphases and operation, have
reflected changing bases of political support, philosophies of the political parties, and the condition of the economy as well as public awareness. The food stamp program's shift from a price support action for farmers to a welfare program for the needy over the last forty years has mirrored these elements in American society. Although the food stamp program appears entrenched as a failing public program, the Reagan administration might still effect more adequate reforms of the program. The future remains to be seen.
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APPENDIX

TABLE 1

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<thead>
<tr>
<th>Number of Persons in Household</th>
<th>Monthly Food Stamp Allotment</th>
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</thead>
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Amount Paid For Stamps

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TABLE 2

Food Stamp Program Costs

Billions of Dollars

SOURCE: Congressional Budget Office
VITA

Virginia Louise Kammer was born in Baltimore, Maryland in 1961. She graduated from Washington College, Chestertown, Maryland, in May 1982 with a B.A. in history.