

growers, is defensible as an emergency measure, but not as a prolonged program which serves to maintain a larger farm population than is likely soon to be demanded.

There would be no need for permanent contraction of wheat acreage in a postwar world organized effectively to promote international goodwill and general prosperity. In such a world, international trade would expand, and for some years,

at least, per capita wheat consumption would probably average higher than it has over the past decade. Ever since the late 'twenties', if not also before, government measures in various countries have restricted wheat consumption, directly or indirectly, intentionally or unintentionally. If the victors of the present war are to win the ensuing peace, they must see to it that the world is so reorganized that such restrictions will be deemed unnecessary.

The Food Stamp Plan in the United States

By HERMAN M. SOUTHWORTH

THE Food Stamp Plan has become one of the chief programs in the United States for moving foods for which farmers are underpaid into the hands of consumers who are underfed. Initiated as an experiment in Rochester, New York, in May, 1939, 2 years later the plan was in operation in 347 areas, and 39 others had been designated for inclusion in it. These areas included over half the population of the country. Operation was statewide in 5 states. During May, 1941, the plan increased the food-purchasing power of some 4 million persons by almost 10 million dollars. The expanding scale of operation of the plan, the widespread interest in it, and its potentialities as a program of social adjustment justify a description of its background and development and an analysis of its method of operation.

FARM SURPLUS DISPOSAL AS AN EMERGENCY PROGRAM

Two related phenomena of depression in many countries were underconsumption of food by families on reduced income and reduction of farmers' incomes because of low prices for foods. This situation was one symptom of the breakdown in the mechanism of income distribution; it pointed obviously to the need to

supplement this distributive process by social action.

An early response to this problem in the United States was the purchase of surplus farm products by the Federal Government for free distribution to needy persons. This program of Direct Purchase and Distribution, administered under the Department of Agriculture, began in 1933. Among its first major projects was the buying of livestock in drought-stricken areas. After the drought emergency, it turned increasingly to the relief of farm marketing crises in other commodities through purchasing supplies in sufficient quantities to bolster farm prices.

Foods thus purchased were shipped to administrators of public assistance in the several States, who distributed them to families on relief and to various institutions serving the needy. Schools serving noonday meals to underprivileged children have been an increasingly important outlet for these surplus commodities. Labor for storing, packaging, and distributing the foods has been provided chiefly through the Work Projects Administration as a part of its program of unemployment relief.

This surplus marketing program, like many other measures undertaken to relieve depression, was viewed originally as a short time, emergency measure. Again like other measures, experience demonstrated the necessity of continuing

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it for a considerable period. This extension of it, and the expanding scale of its operations brought attention to certain ultimate problems of Direct Purchase and Distribution, at the same time that they brought recognition to the basic soundness of this two-fold approach to the problem of maldistribution.

As a farm relief measure, the program faced the difficulty that part of the foods removed from the market through Government purchase tended to replace normal commercial sales, in that recipients of free food were likely to cut down on purchases out of their own pockets. Where distribution was confined to relief families that obtained their food through grocery vouchers this problem did not arise, because local relief agencies were required to maintain the amount of the grocery vouchers as a prerequisite of receiving surplus foods to distribute. But where families on cash relief were included, there was inevitably the likelihood that recipients of free food would divert part of their own food expenditure to meet other needs. To the extent that this occurred, the objectives of the program to strengthen food prices to farmers and to improve the diets of the underfed were defeated.

Another administrative question arose with regard to the system of distributing surplus foods. As an emergency measure and on a small scale, it was convenient and economical to set up a temporary mechanism for handling Government purchases directly as a publicly administered service. But was it desirable to expand this emergency mechanism into a large-scale, semi-permanent public institution? Should an extensive organization for moving foods from producer to consumer be set up and maintained by Government side by side with the existing privately operated organization that already had, at most points, adequate capacity for handling this distribution? Would it not be preferable from the broad social standpoint to rely on regular commercial channels for this distributive service?

MECHANISM OF THE PLAN

The Food Stamp Plan developed out

of consideration of such problems as these, raised by the continuing and expanding operation of the surplus disposal program. Under it, subsidy to consumption replaces direct distribution of foods to needy families. (In areas where the Food Stamp Plan operates, school lunch programs continue to be served through the Direct Purchase and Distribution Program.) Thus Government is relieved of the necessity of expanding its participation in the food handling industry.

At the same time, since recipients of the subsidy are dealt with directly, it becomes possible to require them individually to pledge, as a condition of participation, to continue a minimum expenditure for foods out of their own pockets. It becomes possible also to offer them some inducement to increase their private expenditure for foods above this minimum level.

The mechanism for this involves the use of food stamps of two colors: orange and blue. Participants in the plan buy orange stamps in amounts intended to cover their normal level of expenditure for food. These stamps can be used to buy any kind of food. Having bought their orange stamps, participating families are given, free of charge, blue stamps in amounts proportioned to their purchases of orange stamps. Blue stamps will buy only a restricted number of foods—those on the "surplus list" as announced by the Secretary of Agriculture.

Initially, families were required to buy orange stamps at a flat minimum rate of \$4 per person per month, which was estimated to be approximately the national average expenditure for foods by low-income families. Those wishing to do so were permitted to buy as much as \$6 worth of orange stamps. Participants were then given \$1 in blue stamps for each \$2 worth of orange stamps they purchased.

As the plan has developed, the orange stamp requirement has been made more flexible, to adapt it to the important deviations from average food expenditure

which result from differences in income and in family size and composition. Amounts purchased per person vary somewhat from one area to another; the average in May, 1941, was \$4.66. Issuance of blue stamps in May averaged \$2.50 per person participating.

Both orange and blue stamps can be spent in any retail grocery willing to accept them—and grocers generally have shown themselves glad to get the food-stamp trade. Grocers redeem the stamps through their bankers or wholesalers or directly through the nearest stamp-plan office.

The list of foods that can be purchased with blue stamps changes from time to time, the items included varying as farm marketing problems shift. Butter and

eggs, flour, lard, and pork have been available, however, throughout most of the time since the plan was introduced. The list has usually included also various fruits and vegetables, fresh or dried. The list as of May, 1941, is given in table 1, along with the estimated quantity and value of purchases made with blue stamps.¹

1. These figures give some clue to the effects of the plan on consumption of participants, but they must not be taken as measuring net increases in sales of the separate commodities because they may include normal expenditures on them to some extent. A family formerly buying 2 pounds of butter a week may increase this quantity to 4 pounds under the plan—and buy all 4 pounds with blue stamps. The total amount of blue stamp purchases comes closer to representing the net increase in participants' expenditures for all foods taken together; but even here allowance must be made for the impossibility of adjusting the amount of orange stamps that each family is required to buy to match exactly the family's normal out-of-pocket expenditure for food.

TABLE 1
Estimated Quantity and Value of Each Commodity Purchased With
Blue Stamps, All Regions, May, 1941

Commodity	Unit	Quantity Purchased	Dollar Value of Purchases
		Thousands	Thousands
Pork.....	lb.	11,716	2,447
Pork lard.....	lb.	6,448	712
Vegetable shortening.....	lb.	154	19
Butter.....	lb.	3,660	1,427
Eggs.....	doz.	5,091	1,394
White flour.....	lb.	34,914	1,224
Graham flour.....	lb.	537	25
Corn meal.....	lb.	8,622	243
Hominy grits.....	lb.	1,383	62
Total cereals.....		1,554
Potatoes.....	lb.	32,877	607
Dry beans.....	lb.	5,257	370
Fresh carrots.....	lb.	2,356	114
		1,091
Fresh oranges.....	doz.	2,540	519
Fresh grapefruit.....	unit	5,061	189
Fresh apples.....	lb.	5,989	305
Dry prunes.....	lb.	1,651	140
Raisins.....	lb.	1,237	105
		1,258
Grand total.....		9,902

Data from Economic Analysis Section, Surplus Marketing Administration.

EFFECTS OF THE PLAN

Simple in broad outline, the Food Stamp Plan is not simple in the details of its economic operation. Its effects on food distribution ramify throughout the marketing system. In estimating its consequences either for consumption or for farm income, account must be taken of these effects. They are analyzed in some detail in a recent report prepared jointly by the Bureau of Agricultural Economics and the Surplus Marketing Administration of the Department of Agriculture.² Here a brief outline must suffice.

The Government subsidy to food consumption through the Food Stamp Plan obviously acts to strengthen the market for various foods. This may enable farmers to sell more of these foods, or it may raise the prices they receive, or these two effects may be combined.

To the extent that farmers' sales increase, the effect of the plan is quite simple. It enables low-income consumers to buy foods which farmers would not otherwise sell. Incidental benefits accrue to food processors and handlers because of the increase in their volume of business.

To the extent that food prices increase, more complicated effects come into play. Supposing no increase in the quantity of food sold by farmers, the consequences of the plan to consumption would be to enable families given blue stamps to buy foods which would otherwise have been bought by persons not participating in the plan. In other words, the available food supply would be redistributed between the various consuming groups. Nonparticipants might actually spend more money for food than previously; but because of higher prices this money would buy a smaller quantity.

As is pointed out in the report previously mentioned, the consequences to farmers in this second case would be an increase in income that might actually exceed the amount of the Government subsidy, the difference coming from the higher

prices paid by the nonparticipating consumers. No great benefits would accrue to processors and distributors in this case since they would handle no larger quantity of food, although their dollar volume would increase in proportion to the rise in prices.

Actual consequences of the plan would be expected to combine the two effects just discussed. Farmers both sell more food and enjoy higher prices. Participating consumers eat more, partly as a result of increase in the quantities of food available and partly because some of the supply is redistributed in their favor.

Which of these effects predominates in the actual operation of the plan can be determined only by statistical investigation. But measurement is difficult because, even with the present scale of operation, the effects of the Food Stamp Plan on prices and quantities sold are masked by other factors influencing market phenomena. Lacking adequate statistical measures, discussion must be limited to a few general considerations.

Within a single crop year, the predominant effect in the case of most commodities is probably to raise the prices farmers receive. Particularly with fruit and vegetable crops and those which cannot be carried over from year to year, once plantings are in, farmers have little opportunity to increase production. Extremely low prices may sometimes discourage harvesting and marketing of part of a crop. But for the most part, one would expect changes in supply to be less marked than changes in price.

Which effect will predominate over a period of years, however, depends upon other factors. If no collective control is exerted over production and sales, one would expect increases in production to be considerably more important than in the short run. But where production and marketing controls are undertaken, the effect will depend on how these policies are adjusted to the operation of the plan. Through proper coordination of policies it is clearly possible to bring about some increase in prices to farmers

2. Gold, N. L.; Hoffman, A. C.; and Waugh, F. V. *Economic Analysis of the Food Stamp Plan*. U. S. Department of Agriculture Special Report. October 1940.

combined with greater production of desired food products.

Here there must be taken into account the freedom of choice permitted participants in the Food Stamp Plan. No single item is forced upon them, as is the case where foods are distributed directly. Thus there is little likelihood that the plan will encourage production of chronic surpluses of foods which are not wanted

SUCCESS OF THE PLAN

The Food Stamp Plan has enjoyed wide popularity from the start. It appears to have captured public imagination as a novel and interesting approach to the problem of "starvation in the midst of plenty." More specifically, it has, of course, basic support from farmers as a measure to improve the market for their products. It is also favored by the food distribution industry and by people receiving public assistance, and has the approval of most persons concerned with relief administration.

Food handlers prefer it to direct distribution because it increases their volume of business. Relief recipients prefer it because it is more convenient to obtain food as needed from a neighborhood grocer than to go at stated intervals to a central commodity depot for it. The use of stamps gives them greater choice regarding the foods they receive than they enjoy under direct distribution, where they are simply handed a package of each of the foods currently being distributed. The Food Stamp Plan also reaches a wider group of needy families than direct distribution since the orange stamp feature justifies extension of it to W.P.A. workers, who are not served under the older plan.

The success of the Food Stamp Plan has led to initiation of a Cotton Stamp Program along similar lines. In May, 1941, this program was in operation in 24 areas, and 4 others had been designated for inclusion. Almost 136,000 persons received an average of \$2 each in free brown stamps good for the purchase of a wide variety of cotton goods—a total of nearly \$272,000 added to purchasing

power for cotton products during the month.

POTENTIALITIES AS A METHOD OF SOCIAL ADJUSTMENT

Under the Food Stamp Plan the relief of specific farm marketing difficulties has always been the chief basis for selecting the foods which might be purchased with blue stamps. But the plan could be used, obviously, not just to cushion current maladjustments of supply, but also to promote desired long-run shifts in agricultural production. It seems likely for example, that farmers in the United States will need in the future to grow less cotton, wheat, and other items formerly exported in large quantities. Subsidies to consumption could be used to encourage them to produce instead greater quantities of products needed to raise the domestic scale of living.

Emphasis on health and nutrition as a phase of national defense in the United States has intensified interest in the Food Stamp Plan as a method of improving the diets of low-income groups. Foods to be included in the blue-stamp list have always had to have approval by nutritionists as items that would make a desirable addition to the diets of needy families. But nutritional desirability could be made a positive basis of selection. The plan would then become an important means of promoting greater production and consumption of foods needed in larger quantities to assure a strong and healthy population.

The plan has other obvious possibilities. Some thought has been given to international application of it in the attempt to stimulate hemisphere trade. Stamps could conceivably be used to subsidize consumption of products that might be exchanged between the American nations. And the stamp-plan method could well be used to increase consumption of clothing and the many other necessities besides food that underprivileged groups are unable to buy in sufficient quantities. The possibilities in these directions cannot but stimulate the imaginations of persons concerned

with the broad problem of poverty and maldistribution.

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The Food Stamp Plan began as an experimental approach to the relief of agricultural maladjustment during depression. It has demonstrated its usefulness

as a method of attacking the joint problem of underconsumption and inadequate returns to producers in the food field. Its success here suggests that it is a potential means of promoting desirable adjustments in a wide variety of social and economic problem areas.

Changing Relationships of State and Municipal Government in New England

By THORSTEN V. KALIJARVI

THE world is aware that the United States has changed its national governmental philosophy and has evolved different institutions under the title of the "New Deal." Few people, however, are conscious of less spectacular, but equally important changes which are being contemplated or which are taking place in the relationships between the states and municipalities.

Of recent years a number of municipal leagues and associations have appeared. Their purpose is to improve local and state governments. The National Municipal League and the National Municipal Association are examples. Several of these organizations have headquarters in Chicago at 1313 East 60th Street. Research organizations, of which the Brookings Institute is one, are agencies for conducting investigations of governments and for recommending improvements wherever necessary. Private consultants and firms of "experts" such as the Griffenhagen Associates have created a profession of investigations, reporting, and recommending changes. At the same time local municipal associations, taxpayers' associations, the Council of State Governments, the Civil Service Reform League, and bureaus of government research are also flourishing. This host of experts, investigators and reporters mean only one thing, namely, that the

old relationships have been found inadequate and new ones are being worked out in state and local governments.

It is well to bear in mind that under the American system of state and local government, the state is paramount and assigns or grants to the local governments all functions, powers, and rights which they possess. In New England the original municipal units were the towns. Sometimes these began as villages; sometimes outlying parts were divided into villages; but whatever the organization may have been, the town meeting and the town officers were the government. As communities grew cities appeared, and for the most part took over the functions which the towns performed. In addition to this municipal organization the New England states were divided into counties which cared for larger less sparsely populated areas in welfare, criminal, and judicial matters. This is still the pattern of New England government to-day, and considerable difference of opinion exists over the need for its change.

The most consistent and repeated attacks are directed at county governments. The trend towards centralization in the prosecution of criminals has resulted in increased supervision by the state attorneys-general over the county solicitors. The new state police forces have made inroads upon the duties of the sheriffs who are daily becoming more fully officers of the court and less cus-

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