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A Special Report

ECONOMIC ANALYSIS
OF THE FOOD STAMP PLAN

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Foreword

The impact of war on our agricultural economy has intensified some of the problems of basic readjustment that have been the main objective of our work during the last 7 years. In seeking wider foreign markets, agriculture has been faced with increased tariff barriers, national subsidies to encourage domestic self-sufficiency in importing countries, and subsidy programs by competing exporting nations, who, like us, are concerned with maintaining as large a share of the world market as possible. The further loss of foreign markets and the restriction of foreign purchasing power for food imports as a result of war have greatly heightened the intensity of some of the longer time trends.

The net result is that this country, failing the development of greatly expanded domestic markets, is faced with the possibility of a surplus situation much more serious than any we have previously contemplated. Agriculture's capacity has not been fully utilized for more than a decade. In terms of food, the Nation finds itself more than adequately prepared for the defense emergency. Our inability to make substantial headway in breaking down the barriers to wider international trade on a basis that is sound for farmers and the Nation as a whole means that our only alternative to drastic readjustments in acreage is an attempt to find wider internal markets.

In recognition of this problem, the efforts of the Department of Agriculture toward expanding domestic consumption have been greatly increased. Nearly 3 million needy school children are securing free school lunches through the locally sponsored free-lunch programs. This work will be increased to serve 6 million children during the coming school year. Families not yet covered by the Food Stamp Plan receive commodities donated by the Federal Government to State welfare agencies for distribution to needy families. Low-cost-milk consumption is being developed in connection with Federal marketing programs. The development of new uses for surplus commodities is being sponsored. The Food Stamp Plan is the latest and most promising mechanism by which we hope to be able to meet some of the challenges that the new conditions have created.

This report is concerned with economic and other aspects of the Food Stamp Plan. It was written initially for guidance in the administration of the program. Because of the wide general interest, it is now made available to the public.

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