



Sale of dairy products to welfare recipients at low prices proposed by Humphrey to alleviate food surpluses

SELLING SURPLUS agricultural commodities to low-income families at low prices has been proposed as a means of eliminating surpluses and reducing dietary deficiencies. Cost of the program would be met by federal and state governments. Because these items are not now being purchased by this category of consumers, proponents of the plan feel that it would not upset existing markets.

This general concept, said Sen. Hubert H. Humphrey (D., Minn.) poses many administrative problems because there are many agricultural commodities involved and because there are many segments of the population that could be included. For these reasons, he believes, a start might be made with one group of commodities—milk and other dairy products—and one group of people—recipients of public assistance.

The plan outlined by Sen. Humphrey was based to a large extent on a study made by Francis Joseph Weiss, scientific consultant on food and nutrition. Sen. Wayne Morse (Ind., Ore.) discussed the proposal on the floor of the Senate in the closing days of the first session of Congress.

The general idea, according to Dr. Weiss, is to establish a parity price for consumers whose need has been recognized by proper authorities. These include persons eligible for public assistance such as needy aged, dependent children, totally and permanently disabled, and blind persons. This group totals about 5 million in the United States. An equally large group is made up of unemployed persons, disabled veterans, and pregnant and nursing women of the low-income group.

People, such as those on relief, would be given food certificates in addition to cash relief payments. The certificate would permit the holder to obtain cer-

tain amounts of specified commodities at a fixed price, well under the current market price. The seller would be reimbursed the difference by payments from relief authorities.

Prices of the commodities would vary according to the season, region, and purchasing power of the recipient.

Items on the list would depend on what items were in surplus supply.

Recipients of the certificates could use them only for specified commodities although there would be no requirement that they use them at all.

How the Plan Would Work

Applying this idea to milk shows how the plan would work. The price of milk to the relief recipient, Dr. Weiss says, would be based on the income of a typical family on relief compared to the median income of the average family. In 1951, for example, the \$3709 median annual income of a family (3.8 persons) was more than twice the \$1745 received by the family on relief (two adults and two children). The price of milk to those on relief would then be somewhat less than half the retail price. The actual figures in 1951 would have been 10 cents for milk retailing at 22 cents. The 12-cent differential would be paid for from public funds.

If the 3,150,000 adults on relief were to use one pint of milk each day and the 2,020,000 children on relief were to use one quart each, the total amount of milk consumed would be about 1310.9 million quarts. At a price differential of 12 cents a quart, the cost to the public would be \$157.3 million.

With respect to butter, Dr. Weiss made the following comments. From Nov. 1, 1952, until July 1, 1953, the Government purchased 263 million pounds of butter at 67 cents a pound.

The per capita consumption of fats and oils is fairly constant each year and ranges between 45 and 50 pounds. This need is met by butter, margarine, shortening, lard, and edible oils. Due largely to price differentials, butter now makes up only about half of the amount it met before World War II, that is, 17.1 pounds down to 9.7 pounds. Margarine use, however, has more than doubled in the same period, going from 2.8 pounds to 6.5 pounds.

The present surplus of butter would meet the fat needs of the 5,165,000 persons on relief for one year.

Calculating as in the case of milk, the relief price for butter would be 37.6 cents compared to the retail price of 80 cents. With a support price of 67 cents, the difference would be 30 cents. The total cost to the government for 263 million pounds of butter at 30 cents would come to \$78.9 million.

A similar study of standard grade cheddar cheese reflects that 216 million pounds are stored away. This cheese was bought at 37 cents a pound. The relief price is calculated as 28.3 cents. If two ounces a day were sold to the 5 million plus relief recipients, the surplus would be used up. The cost to the Government, 9 cents a pound, comes to \$21.2 million for the total 216 million pound surplus.

Dried skim milk is another product stored in government warehouses. At present about 248 million pounds have been purchased. A study of the consumption pattern of this product shows that 40% is used in the baking industry, 23% by ice cream manufacturers, and only 15% in the home.

Dr. Weiss noted that the American people consume 15 billion pounds of bread each year which requires 9 billion pounds of flour. Bread enrichment standards call for 2.75% nonfat milk solid content. If this were raised to 6.25%, the surplus would be used up.

Advantages of Proposal

Because the subject was not under debate, ideas opposed to the proposal were not put forth. The principal advantage of the plan, Sen. Humphrey said, is that it promotes fuller domestic use of agricultural resources and improves health of the people by bringing nutritious foods within reach of low-income families.

The plan also offers one solution to dwindling exports and a falling farm income without the need for a restrictive philosophy of curtailing farmers desires to produce to the best of their ability.

Proposals such as these, Dr. Weiss said, are preferable—economically, nutritionally, and socially—to a system of accumulating unsalable commodities in government storage that involves great costs to the taxpayers, high loss of valuable nutrients, and great uncertainties as to the eventual disposition of surpluses.