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United States Department of Agriculture
Federal Surplus Commodities Corporation

March 13, 1939

PROPOSED PLAN FOR DISTRIBUTING
SURPLUS AGRICULTURAL COMMODITIES TO NEEDY PERSONS
THROUGH NORMAL WHOLESALE AND RETAIL CHANNELS OF TRADE

APR 12 1939

The Federal Surplus Commodities Corporation, under authority granted to the Secretary of Agriculture by Section 32 of Public Law No. 320 of the 74th Congress, as amended, and with funds transferred by him, is now purchasing certain surplus agricultural commodities and donating them to the several States for distribution for relief purposes. Under this authority and in a limited number of cities it is now proposed to try various experimental plans for the distribution of surplus commodities to needy and under-nourished persons through the normal wholesale and retail channels of trade. The aggressive help of business is needed to increase the domestic consumption of surplus agricultural products.

One such plan would involve the issuance of a book of commodity stamps to persons now receiving various forms of public assistance. Part of the stamps in the book would be colored orange and would be good for the purchase of any food being sold at grocery stores. Any person receiving public aid could buy for any one pay-period orange stamps of a total value equal to \$1.00 per week for each member of the family. This formula would be used to determine the minimum amount which the person receiving public aid would be eligible to purchase but would not necessarily represent the maximum. As a practical matter it is probable that few persons in this income status would, or could afford to purchase more. However, since some families do expend a greater proportion of their income on food than others, all families could purchase orange stamps equal in value to \$1.00 for each member of the family for each week or



could purchase approximately half again as many orange stamps if the need actually existed. The remainder of the stamps in the book would be colored blue and would be good only in exchange for domestically produced agricultural commodities declared to be surplus by the Secretary of Agriculture and having definite nutritive and health-protective values. All stamps would have a value of twenty-five cents (25¢). With each purchase of orange stamps the purchaser would receive blue stamps, good only for surplus commodities, in an amount equal to fifty percent of the orange stamps purchased. Thus, a family of four which received \$20 twice a month could purchase a minimum of \$8.00 worth of orange stamps for that period, and in that case would be given an additional \$4.00 worth of blue stamps which would be good for the purchase of surplus agricultural products. A relatively simple plan to enable retailers to receive payment on the stamps is proposed and the nature of the whole plan is such that it would be economical to administer. All grocery stores desiring to do so could participate. This plan would have the advantage, through the use of the two kinds of stamps, of not only maintaining at least approximately the present rate of expenditure for all foods, but of providing an opportunity to purchase and use surplus commodities that will supply valuable additions to the diets of low-income people. Farmers producing commodities which are now surplus would feel the results of such a plan promptly because of the expanded market demand for their products. The health of needy and undernourished families would be considerably improved at the same time.

The following steps and mechanics are proposed for putting the plan into operation:

A. Trade and producer reactions to, and suggestions concerning the plan set forth below will be sought and advice solicited as to the areas in which the plan should be put into effect on an experimental basis. If it is felt that such a program merits a trial, interested governmental agencies outside the Department of Agriculture will be consulted with reference to the mechanics of this proposal as it affects their operations.

B. It is proposed that a limited number of cities be selected as experimental areas, ranging in population upward from 50,000, at least one or two of which should have as one of its primary sources of income agricultural back country, to get the greatest experimental value from the farmers' standpoint. Such elements as the probable degree of cooperation which could be counted upon from wholesale and retail food men, bankers, local civic bodies, and the local and State welfare officials should be given careful consideration.

C. If the support of the trade association and producer groups is assured and if a decision is made to try to put the plan into operation, the experimental cities will be selected and the following steps will be taken in each area.

D. A meeting of representatives of the wholesale and retail food business, Chamber of Commerce officials, local newspaper editors, bankers, a local nutritionist or home economist, a representative of the public health service, and a representative of the Red Cross, will be scheduled, at which time the surplus problem and inadequate diet of low-income

people will be discussed and the following proposal outlined.

1. That local food retailers will handle the distribution of all surplus commodities as distinguished from any plan that would not include them.

2. That no effort at fixing sales prices or margins will be made by the Administration. It would count, however, upon the natural working of economic law to bring about a decrease in margins because of the increased volume of business passing through retail stores. The greatest potential value of the plans will be realized if, because of aggressive merchandising, all consumers are enabled to increase their purchases and consumption of surplus commodities. Under such circumstances a dollar of government money would produce a greater result than that which takes place under the present program.

3. That all food retailers, wholesalers, and local newspapers will be furnished with a bulletin in which commodities designated as surplus by the Secretary of Agriculture will be listed. These lists will be revised from time to time but at no more frequent intervals than necessary. Where such changes are made, reasonable notice will be given so that the trades may govern themselves accordingly.

4. Persons on work or direct relief (either Federal, State, or local); needy persons certified as eligible for work or direct relief but not actually receiving aid; and persons receiving Social Security benefits who are in need of additional aid, will be eligible for the benefits of this proposed plan.

5. Stamps approximately .84 of an inch by 1.44 inches will be printed which will contain the following wording:

"For use in accordance with regulations of the Secretary of Agriculture of the United States."

Two corners of the stamps will be decorated with the letters U. S. and two corners will contain the figure 25¢. An appropriate design will be made up and the words "Food Commodity Stamp" will appear as will the words "United Effort - The Way to Plenty". Regulations in connection with the use of the stamps will be printed on the inside and outside back cover of each book. The stamps which will be good for all commodities will have an orange background and will be printed in black. The stamps which will be good for surplus commodities only will contain the same wording as the orange stamps and will be decorated in the same manner except that there will be a blue background.

6. An appropriate design, showing the figures of a farmer, a consumer and a storckeeper, will be printed on the cover of each stamp book. This will serve to distinguish and identify the books.

7. Both types of stamps will be issued in perforated sheets of eight with a perforated margin on the left side of the sheet which can be

bound with staples to a front and back cover. Between the sheets of stamps, which will contain mucilage, will be transparent glue resisting sheets.

8. Books of stamps containing \$4.00 worth of orange colored stamps and \$2.00 worth of blue stamps (16 and 8 stamps or two sheets and one sheet, respectively) will be made up, as will books of \$6.00 worth of orange stamps and \$3.00 worth of blue (24 and 12 stamps or three sheets and one and one-half sheets, respectively) and books of \$8.00 worth of orange stamps and \$4.00 worth of blue (32 and 16 stamps or four sheets and two sheets, respectively), books of \$10.00 worth of orange stamps and \$5.00 worth of blue (40 and 20 stamps or five sheets and two and one-half sheets, respectively), books of \$12.00 worth of orange stamps and \$6.00 worth of blue (48 and 24 stamps or six sheets and three sheets, respectively), and of \$15.00 worth of orange stamps and \$7.50 worth of blue (60 and 30 stamps or 7-1/2 and 3-3/4 sheets, respectively).

9. Appropriate government accounts will be set up from which redemption payments for used stamps can be made.

10. Since the best available figures indicate that the average family receiving public assistance expends for food approximately \$1.00 per week per person, or less, and since research indicates that an expenditure of approximately \$1.50 is required for each urban person in order to get the minimum diet necessary for adequate health, it is proposed to make available to persons eligible for the benefits of this plan, as a minimum, only those books which contain orange stamps in an amount approximately equal to the total of \$1.00 per week for each

member of the family. As set forth above, with each such purchase of orange stamps there will be included in the book blue stamps totaling 50 percent of the value of the orange stamps. (W. P. A. workers, who are paid twice a month will be eligible on each pay day to buy a supply of orange stamps sufficient for the half-month period. Each such purchase must be at the rate of at least \$1.00 per week for each member of the family.) As an example, a W. P. A. worker whose family is made up of four persons including himself, who makes \$40 a month, will receive \$20 in wages on each pay day. In the past his expenditures for food have probably been at the rate of approximately \$4.00 a week (\$1.00 per week for each member of the family) and he would under this plan be eligible to purchase an \$8.00 book of orange stamps with which there would be given him without charge, in lieu of surplus commodities he is now eligible to receive outside the normal channels of trade, \$4.00 worth of blue stamps. The expenditure of the \$12.00 in stamps for food would result in bringing to \$1.50 a week the expenditure for each member of the family, or the minimum necessary to maintain adequately the health of an urban person.

A simple form for execution by W. P. A. workers will be printed in substantially the following form:

"I hereby certify that I am supporting a family of _____, including myself. I am therefore entitled to buy one book of Commodity Stamps containing:

- () \$ 4.00 worth of orange colored Commodity Stamps
- () \$ 6.00 " " " " " "
- () \$ 8.00 " " " " " "
- () \$10.00 " " " " " "
- () \$12.00 " " " " " "
- () \$15.00 " " " " " "

(Check the value of the book to which you are entitled.)

"Please deduct \$_____ from my wages and use this sum to purchase for me a book of Commodity Stamps good in exchange for food in the amount checked above. It is understood that there will be added to the orange stamps purchased, blue stamps good for surplus commodities donated by the Secretary of Agriculture of the value equal to one-half of the price paid for the orange stamps.

- () I will make signed requests for stamps before each pay day.
- () Please make the same deduction from my pay each pay day and purchase the same amount of Commodity Stamps for me until I notify you otherwise.

(Check 1 or 2)

Name of Worker

Address "

11. Timekeepers or foremen on W.P.A projects will be instructed to advise W.P.A. workers of their opportunity to get such commodity stamps if request is made in writing. They will accept and transmit with time sheets all such written requests which they receive prior to the time the work records are sent to the District office or the Treasury Accounts office for payroll purposes. Notation will be made on the payroll of all

workers who have made the request and the amounts indicated will be deducted from the wages to be paid. In the envelope in which the Treasury check in the reduced amount will be sent to the worker, there will also be included the commodity stamp book.

12. After the plan goes into effect similar deductions can be made each pay day if the worker so elects or a blank printed request form could be sent in his pay envelope with instructions to fill it out and give it to his foreman as soon as possible so that requests could be received in the payroll office and the necessary action taken during all of the interim between pay periods rather than on the last few days.

13. With recipients of State and local direct relief, and beneficiaries of old age, aid to the blind and aid to dependent children programs of the Social Security Board, the mechanics might prove more difficult from a governmental point of view. It is believed, however, that satisfactory fiscal and accounting arrangements can be made between the various agencies involved.

14. The Federal Surplus Commodities Corporation will ask the local welfare agencies to agree not to reduce the amount of assistance being rendered in individual cases unless in a particular individual case circumstances existed which would have warranted reduction of the amount if the Surplus Commodity Stamps were not being given. The agreement would also provide that stamp books will be given only to eligible persons and that the regulations of the Secretary of Agriculture will be observed.

15. On the front cover of the book would appear in heavy lettering the words "Commodity Stamps" and the design described above.

Directly below would appear the following language:

"The orange stamps contained in this book are issued to the person whose name appears on the inside cover for use by him in exchange for food and will be evidence of a claim against the United States in accordance with the warranty set forth on the face thereof when used for that purpose. The blue stamps contained in this book have been issued by the United States of America against funds appropriated under Section 32 of Public Law No. 320 of the 74th Congress, as amended, and as supplemented by Public Law No. 165, 75th Congress, as amended, and as authorized by the Secretary of Agriculture and will also evidence a claim against the United States when used in exchange for food."

16. Purchasers of the books will be required to sign their names on a line provided on the inside cover of each book, over which the following statement will appear:

"I hereby certify that I am entitled to this book of stamps; that I will use the orange stamps in this book in exchange for food; that I will not attempt to dispose of them in any other way; that I will use the blue stamps exclusively in exchange for food commodities declared to be surplus by the Secretary of Agriculture; and that I will detach the stamps only at the time the exchange is made and in the presence of the merchant making the exchange. I understand that if these rules are not followed, I shall not be able to receive Commodity Stamps in the future.

_____ "

17. Food merchants will require that stamps be detached in their presence at the time purchases are made and will not honor stamps already detached. Each such food store will be supplied with cards

by the Federal Surplus Commodities Corporation sufficiently large to permit 20 stamps to be pasted thereon. Different cards will be used for blue stamps and orange stamps. Stamps of one type will be pasted on one card in the blocks provided. An attempt will be made to arrange with local banks so that cards, when filled out with stamps can be deposited in the normal business way and the banks in that event could effect collection from the Treasury in much the same manner that checks on out-of-town banks or drafts are now handled. Banks could forward the cards in lots, together with signed vouchers to the Federal Reserve Bank or United States Treasury for the issuance of a check. The whole-hearted cooperation of local banks will be most helpful to merchants in this connection.

18. The cards on which the orange stamps will be affixed would contain a statement substantially as follows at the bottom, which each such food merchant would be required to sign:

"I hereby certify that the stamps affixed to this card were used in exchange for food in the store located at the address shown below; or from the merchant (milkman, baker, etc.) whose principal place of business is at the address shown below; that the stamps were detached at the time the exchange was made; and that said stamps were not used for any other purpose or as a means of effecting any other arrangement. I also understand that any grocery store or business firm which violates these rules will be unable to participate in this plan in the future.

Owner or Representative.

Address of Store

City

State

"

19. The cards on which blue stamps will be affixed will contain a statement substantially as follows at the bottom, which each such food merchant will be required to sign: .

"I hereby certify that the stamps affixed to this card were used in exchange for food in the store located at the address shown below; that the stamps were detached at the time the exchange was made; that these stamps were used exclusively in exchange for food commodities declared to be surplus and purchased by the Secretary of Agriculture; and that said stamps were not used for any other purpose or as a means of effecting any other arrangement. I also understand that any grocery store which violates these rules will be unable to participate in this plan in the future.

Owner or representative

Address of Store

City

State "

20. If a merchant does not have a bank account or has a card containing less than twenty (20) stamps on which he must realize his money, it is hoped that arrangements can be made by which he may redeem that card at the nearest Post Office upon proper identification by executing a prescribed voucher form.

21. "Retail food stores", as used herein, shall mean any store, shop, and so forth, where a food and grocery retailer carries on the business of selling food or grocery products to consumers and not for the purpose of resale in any form. No stamps shall be good for food in restaurants, delicatessens, and so forth, for consumption on the premises.

22. "Food", as used herein, shall mean any commodity sold in

such retail stores for internal human consumption, which is not to be consumed on the premises (such as in restaurants, delicatessens or drugstores) and also shall be construed to mean household necessities usually purchased in grocery stores such as soap, starch, and so forth, but shall not include wines, liquors, beer, or other alcoholic beverages, or tobacco in any form.

23. Since W.P.A. workers are paid twice a month; and since persons on State or local relief receive their payments in some cases at intervals of a week, in some cases twice a month, and in other cases once a month; and since payments to the persons in the different groups vary considerably; it appears to be desirable to issue the books of stamps in the denominations set forth above. Every effort will be made, however, to have persons in the various groups purchase orange stamps on each pay day totaling a minimum of \$1.00 per week for each member of the family. It may be necessary to wait until the operation of the plan gets under way to devise definite means of assuring the purchase of that amount of orange stamps on each successive pay day, in order to be certain that the distribution of the blue stamps is effecting a net increase in consumption and that they are not being used during the subsequent pay period for food purchases which would normally have been paid for out of money subsequently received.

24. No change will be given by merchants in connection with the exchange of food for either orange or blue stamps. In any instance

in which the total exchange of commodities to be made with orange or blue stamps is more than twenty-five cents (25¢) but less than fifty cents (50¢), or more than fifty cents (50¢) but less than seventy-five cents (75¢), and so forth, the amount in excess of a multiple of twenty-five cents will be paid for with money. Exchanges of commodities will not be made for orange or blue stamps when the total is less than twenty-five cents (25¢) unless the merchant is willing to take the stamp and give the purchaser a credit for the balance remaining.

25. Purchasers of commodity stamp books, after the second book or series of books have been purchased, will be required to turn in the covers of the initial book or series of books purchased before additional purchases of a book or books are permitted. Thereafter, before additional purchases of books will be authorized, the purchaser will be required to turn in the covers of all those he has previously received except the ones purchased the time immediately before.

26. During the time the plan is in operation in the experimental areas practical research will be carried on to determine its merits. It is hoped that the trade will lend its full support to this work. The Federal Surplus Commodities Corporation will need to know the economic significance of this approach to guide it in its future policies. Efforts will also be made to have local groups, the Bureau of Home Economics, and the United States and State Public Health Services carry an educational work and disseminate diet lists and recipes that will emphasize nutritive

surplus commodities. The retail and wholesale trades can render an enormous service to farmers by cooperating in this plan and by pushing the sale of surplus agricultural commodities to persons other than those receiving public assistance.

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The following variation to the plan suggested above is proposed for adoption in part of the experimental areas:

1. Instead of requesting deductions from his W. P. A. wages or from his relief payment, the person receiving aid will continue to get his assistance in the form of cash.

2. Arrangements may be made for space in the local welfare office for a federal officer who will be stationed there and will sell Commodity Stamp books to persons certified as eligible for public assistance.

3. The books will include both orange and blue stamps in the ratio of 2 orange stamps for 1 blue stamp and will be made up in books containing \$4.00 in orange stamps and \$2.00 in blue, \$6.00 in orange stamps and \$3.00 in blue, \$8.00 in orange stamps and \$4.00 in blue, \$10.00 in orange stamps and \$5.00 in blue, \$12.00 in orange and \$6.00 in Blue, and \$15.00 in orange stamps and \$7.50 in blue.

4. Each person receiving public assistance will be required to get from the agency which certified him as eligible for aid a card listing the name of the eligible person, his address, the type of aid he is receiving, and the number of persons in his family or dependent

upon him for support. The person will be required to sign the card and on the reverse side space will be provided for entries to show the date and amount of purchase. The card would be of standard size -- approximately 2-1/4 inches wide and 3-3/4 inches long. This would permit six columns across the back of the card which would be divided into 13 squares in each column of approximately 1/4 inch square. In the first column would be printed the date of purchase by weeks such as "Week of 4/16", etc. In the second column the federal disbursing officer would insert in ink the value of the orange stamps purchased and in the third column he would insert his initials. The last three columns would be a repetition of the first three.

5. The federal disbursing officer would be supplied a list of persons certified as eligible by the certifying agency. The list would be on a form which would show the names and addresses of the persons on the left side and the number of persons in the family. The remainder of the form would be divided into blocks opposite each name, into which the amount of each purchase would be inserted. Each column would represent a week and would be headed with the date.

6. The card and list form would eliminate almost completely the possibility of exchange of credentials or overpurchases for resale purposes and the plan should work expeditiously to get the books of stamps into the hands of persons who need them.

7. Any person receiving public aid who produced his card and whose name was on the federal disbursing officer's list could purchase a book of orange stamps equal in value to at least \$1.00 for each

member of his family for each of the weeks between the time of the purchase date and the date of the next pay period or relief payment. This formula would be used to determine the minimum amount which the person receiving public aid would be permitted to purchase but would not necessarily represent the maximum. As a practical matter it is probable that few persons in that status would, or could afford to purchase more. However, since some families do expend a greater proportion of their income on food than others, all families would be eligible to purchase orange stamps equal in value to \$1.00 for each member of the family for each week or could purchase up to approximately 50 percent more if the need actually existed and would receive blue surplus commodity stamps equal in value to 50 percent of the amount of orange stamps purchased.

8. The cards could be used for a period of 26 weeks or a half year, at the end of which time new cards would have to be secured. Any person whose status changes during the half-year period and who is to be dropped from the relief rolls as a result thereof would also have his name dropped from the list which the disbursing officer would have and would not therefore be able to purchase books of commodity stamps from that time on unless again certified as eligible. It might be good public policy in some cases, however, to permit W. P. A. workers to continue to receive stamps for a period after termination by W. P. A. This would apply in those cases in which W. P. A. workers were cut off from federal employment and were not able at once to get private jobs.

9. The same entry would be made by the disbursing office on both the card and the eligible list form and the card if altered could

be taken up for investigation.

10. Purchasers of commodity stamp books, after the second book or series of books have been purchased, will be required to turn in the covers of the initial book or series of books purchased before additional purchases of a book or books are permitted. Thereafter, before additional purchases of books will be authorized, the purchaser will be required to turn in the covers of all those he has previously received except the ones purchased the time immediately before.

The following variation to the plan first suggested is proposed for adoption in part of the experimental areas:

1. Persons on W. P. A. or persons receiving relief payments will continue to get their assistance in the form of cash.

2. Books containing only blue commodity stamps and no orange stamps will be printed. They will be made up in lots of \$2.00 or 8 stamps, \$3.00 or 12 stamps, \$4.00 or 16 stamps, \$5.00 or 20 stamps, and \$6.00 or 24 stamps and will be good only to exchange for surplus commodities.

3. As in the variation of the plan immediately preceding this, each person receiving public assistance will be required to get a card of the type described there showing his name, address, and the number of persons in his family.

4. An official will be stationed in the local relief office and when a person receiving aid presents his card and has his name

checked on a list of the kind described in the variation of the plan immediately preceding this, he will be given a book of blue commodity stamps good for the exchange of commodities declared to be surplus by the Secretary of Agriculture. The blue stamps in the book given each such person will be in an amount equal to fifty cents (50¢) (or two stamps) for each member of the family for each week between the date the book is given and the date of the next pay period or relief payment. Thus, a family of two would receive a book with \$2.00 worth of blue stamps for a two weeks' period; a family of three would receive a \$3.00 book for that period, and so forth.

5. Recipients of blue commodity stamp books, after the second book or series of books have been received, will be required to turn in the covers of the initial book or series of books received before an additional book or series of books may be issued to him. Thereafter, before additional distribution of books will be authorized, the person receiving such books will be required to turn in the covers of all those he has previously received except the ones issued to him the time immediately before.

This plan is the simplest of all from administrative and accounting points of view. An experimental period is undoubtedly necessary to determine the effectiveness of this approach as a means of bringing about a more adequate diet on the part of the families involved. Wherever it is tried, a careful check will be made during its operation to determine the net increase in the local consumption of surplus foods.

This will be compared with the amount of blue stamps issued to determine the extent to which this approach results in a greater movement of surplus agricultural products.

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April 5, 1939

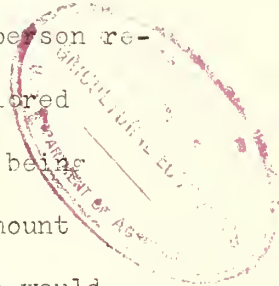
United States Department of Agriculture
Federal Surplus Commodities Corporation

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One such plan would involve the issuance of a book of food order stamps to persons now receiving various forms of public assistance. Part of the stamps in the book would be colored orange and could be used for any food product being sold at grocery stores. Any person receiving public aid could buy for any one pay-period orange colored stamps of a total value approximately equal to the amount now being expended for food by the family for that period. A minimum amount would be fixed which persons receiving public aid in each area would be eligible to purchase. As a practical matter it is probable that few persons receiving public aid would, or could afford to purchase much more than the minimum amount. However, since some families do



expend a greater proportion of their income on food than others, all families would be eligible to purchase orange stamps in the minimum amount or could purchase approximately half again as many orange colored stamps if the need actually existed. As an illustration, if the average expenditure for food among persons receiving public aid in a particular area is about \$1.00 a week for each member of the family, any person receiving aid would be eligible to buy for any one pay period as a minimum orange colored food order stamps of a total value equal to \$1.00 a week for each member of the family. If the need existed, however, and if the person receiving public aid desired to do so he could purchase approximately half again as many orange colored stamps. The remainder of the stamps in the book would be colored blue and would be good only in exchange for domestically produced agricultural commodities declared to be surplus by the Secretary of Agriculture and having definite nutritive and health-protective values. All stamps would have a value of twenty-five cents (25¢). With each purchase of orange colored food order stamps the purchaser would receive blue stamps, good only for surplus commodities, in an amount equal to fifty percent of the orange stamps purchased. Thus, to use the illustration cited above, a family of four which received \$20 twice a month could purchase a minimum of \$8.00 worth of orange stamps for that period, and in that case would be given an additional \$4.00 worth of blue stamps which would be good for the purchase of surplus agricultural products. A relatively simple plan to enable retailers to receive payment on the stamps is proposed and the nature of the whole plan is such that it would be

economical to administer. All grocery stores desiring to do so could participate. This plan would have the advantage, through the use of the two kinds of stamps, of not only maintaining at least approximately the present rate of expenditure for all foods, but of providing an opportunity to purchase and use surplus commodities that will supply valuable additions to the diets of low-income people. Farmers producing commodities which are now surplus would feel the results of such a plan promptly because of the expanded market demand for their products. The health of needy and undernourished families would be considerably improved at the same time.

The following steps and mechanics are proposed for putting the plan into operation:

A. Local reactions to, and suggestions concerning the plan set forth below will be sought and advice solicited as to the areas in which the plan should be put into effect on an experimental basis. If it is felt that such a program merits a trial, interested governmental agencies outside the Department of Agriculture will be consulted with reference to the mechanics of this proposal as it affects their operations.

B. It is proposed that a limited number of cities be selected as experimental areas, ranging in population upward from 50,000, at least one or two of which should have as one of its primary sources of income agricultural back country, to get the greatest experimental value from the farmers' standpoint. Such elements as the probable degree of cooperation which could be counted upon from wholesale and

retail food men, bankers, local civic bodies, and the local and State welfare officials should be given careful consideration.

C. If the support of the trade association and producer groups is assured and if a decision is made to try to put the plan into operation, the experimental cities will be selected and the following steps will be taken in each area.

D. A meeting of representatives of the wholesale and retail food business, Chamber of Commerce officials, local newspaper editors, bankers, a local nutritionist or home economist, a representative of the public health service, and a representative of the Red Cross, will be scheduled, at which time the surplus problem and inadequate diet of low-income people will be discussed and the following proposal outlined.

1. That local food retailers will handle the distribution of all surplus commodities as distinguished from any plan that would not include them.

2. That no effort at fixing sales prices or margins will be made by the Administration. It would count, however, upon the natural working of economic law to bring about a decrease in margins because of the increased volume of business passing through retail stores. The greatest potential value of the plans will be realized if, because of aggressive merchandising, all consumers are enabled to increase their purchases and consumption of surplus commodities. Under such circumstances a dollar of government money would produce a greater result than that which takes place under the present program.

3. That all food retailers, wholesalers, and local newspapers

will be furnished with a bulletin in which commodities designated as surplus by the Secretary of Agriculture will be listed. These lists will be revised from time to time but at no more frequent intervals than necessary. Where such changes are made, reasonable notice will be given so that the trades may govern themselves accordingly.

4. Persons on work or direct relief (either Federal, State, or local); needy persons certified as eligible for work or direct relief but not actually receiving aid; and persons receiving Social Security benefits who are in need of additional aid, will be eligible for the benefits of this proposed plan.

5. Stamps approximately .84 of an inch by 1.44 inches will be printed which will contain the following wording:

"Subject to conditions prescribed by the Secretary of Agriculture" and, in the case of the orange colored stamp, "Twenty-five cent non-transferable food order."

Two corners of the stamps will be decorated with the letters F.S.C.C. and two corners will contain the figure 25¢ and an appropriate design will appear on the left side. Regulations in connection with the use of the stamps will be printed on the inside and outside back cover of each book. The stamps which may be used for all food commodities will have a white background and will be printed in orange. The stamps which may be used for surplus commodities only will contain the same wording as the orange stamps and will be decorated in the same manner except that they will be blue and white and that the word "Surplus" will be added just before the words "Food Order".

6. An appropriate design, showing the figures of a farmer,

a consumer and a storekeeper, will be printed on the cover of each stamp book and the words "United Effort" and "The Way to Plenty" will appear above and below.

7. Both types of stamps will be issued in perforated sheets of four with a perforated margin on the left side of the sheet which can be bound with staples to a front and back cover. Between the sheets of stamps, which will contain mucilage, will be transparent glue resisting sheets.

8. Books of stamps containing \$2.00 worth of orange colored stamps and \$1.00 worth of blue stamps (8 and 4 stamps or two sheets and one sheet respectively) and \$4.00 worth of orange colored stamps and \$2.00 worth of blue stamps (16 and 8 stamps or four sheets and two sheets, respectively) will be made up, as will books of \$6.00 worth of orange stamps and \$3.00 worth of blue (24 and 12 stamps or six sheets and three sheets, respectively) and books of \$8.00 worth of orange stamps and \$4.00 worth of blue (32 and 16 stamps or eight sheets and four sheets, respectively), books of \$10.00 worth of orange stamps and \$5.00 worth of blue (40 and 20 stamps or ten sheets and five sheets, respectively),

9. Appropriate government accounts will be set up from which redemption payments for used stamps can be made.

10. The best available figures indicate that the average family receiving public assistance expends for food approximately \$1.00 per week per person, or less, and research indicates that an expenditure of approximately \$1.50 is required for each person in an average city in order to get the minimum diet necessary for adequate health. It is

proposed, therefore, in those experimental areas in which these averages prevail to make available to persons eligible for the benefits of this plan, as a minimum, only those books which contain orange stamps in an amount approximately equal to the total of \$1.00 per week for each member of the family. As set forth above, with each such purchase of orange stamps there will be included in the book blue stamps totaling 50 percent of the value of the orange stamps. In such areas W. P. A. workers, who are paid twice a month and recipients of public aid who receive payments at the same intervals will be eligible on each pay day to buy a supply of orange stamps sufficient for the half-month period. Each such purchase must be at the rate of at least \$1.00 per week for each member of the family. As an example, a W. P. A. worker whose family is made up of four persons including himself, who makes \$40 a month, will receive \$20 in wages on each pay day. If records in that area indicate that in the past his expenditures for food have been at the rate of approximately \$4.00 a week (\$1.00 per week for each member of the family) he would under this plan be eligible to purchase an \$8.00 book of orange stamps with which there would be given him without charge, in lieu of surplus commodities he is now eligible to receive outside the normal channels of trade, \$4.00 worth of blue stamps. The expenditure of the \$12.00 in stamps for food would result in bringing to \$1.50 a week the expenditure for each member of the family, or the minimum necessary to maintain adequately the health of a person in the average city.

A simple form for execution by W. P. A. workers in such an

area will be printed in substantially the following form

"I hereby certify that I am supporting a family of _____, including myself. I am therefore entitled to buy one book of Food Order Stamps containing:

- () \$ 2.00 worth of orange colored Food Order Stamps
- () \$ 4.00 " " " " " " "
- () \$ 6.00 " " " " " " "
- () \$ 8.00 " " " " " " "
- () \$10.00 " " " " " " "

(Check the value of the book to which you are entitled.)

"Please deduct \$ _____ from my wages and use this sum to purchase for me a book of Food Order Stamps good in exchange for food in the amount checked above. It is understood that there will be added to the orange colored stamps purchased, blue stamps good for surplus commodities donated by the Secretary of Agriculture of the value equal to one-half of the price paid for the orange stamps.

- () I will make signed requests for stamps before each pay day.
- () Please make the same deduction from my pay each pay day and purchase the same amount of Food Order Stamps for me until I notify you otherwise.
(Check 1 or 2)

Name of Worker

Address

11. In those areas in which the averages referred to above do not prevail, persons receiving public aid will be eligible to purchase as a minimum orange colored stamps in approximately the amount they are now expending for food. As an illustration, persons receiving higher W. P. A. wages and relief payments in industrial cities frequently expend \$1.50 a week for food for each member of the family

but due to higher prevailing living costs have a diet as inadequate as those in other areas who expend only \$1.00 a week. In such areas a formula for the minimum and the maximum amounts of orange stamps which such persons will be eligible to purchase will be worked out which will bear a direct relationship to the amount each such family is now expending. In these areas, as in the others referred to above, blue surplus food order stamps will be added to the orange stamps purchased in the ratio of one blue stamp for each two orange stamps.

12. Timekeepers or foremen on W. P. A. projects will be instructed to advise W. P. A. workers of their opportunity to get such Food Order stamps if request is made in writing. They will accept and transmit with time sheets all such written requests which they receive prior to the time the work records are sent to the District office or the Treasury Accounts office for payroll purposes. Notation will be made on the payroll of all workers who have made the request and the amounts indicated will be deducted from the wages to be paid. In the envelope in which the Treasury check in the reduced amount will be sent to the worker, there will also be included the Food Order stamp book.

13. After the plan goes into effect similar deductions can be made each pay day if the worker so elects or a blank printed request form could be sent in his pay envelope with instructions to fill it out and give it to his foreman as soon as possible so that requests could be received in the payroll office and the necessary action taken during all of the interim between pay periods rather than on the last few days.

14. With recipients of State and local direct relief, and beneficiaries of old age, aid to the blind and aid to dependent children programs of the Social Security Board, the mechanics might prove more difficult from a governmental point of view. It is believed, however, that satisfactory fiscal and accounting arrangements can be made between the various agencies involved.

15. The Federal Surplus Commodities Corporation will ask the local welfare agencies to agree not to reduce the amount of assistance being rendered in individual cases unless in a particular individual case circumstances existed which would have warranted reduction of the amount if the Surplus Commodity Stamps were not being given. The agreement would also provide that stamp books will be given only to eligible persons and that the regulations of the Secretary of Agriculture will be observed.

16. On a fly leaf in the front of the book would appear the following:

"TO THE OWNER OF ANY RETAIL FOOD STORE (as defined in the regulations and conditions in the back portion of this book) OR HIS AGENT:

"Please deliver to the person whose name appears on the front cover of this book or his representative:

- "a. For each orange colored food order stamp, 'food', as defined on the back cover of this book, of a value of 25¢.
- "b. For each blue food order stamp, 'food' found by the Secretary of Agriculture to be surplus and currently listed in the Federal Surplus Commodities Corporation bulletin as food for which blue surplus food order stamps may be used, of a value of 25¢.

"For each such delivery made in accordance with regulations and conditions of the Secretary of Agriculture, the Federal Surplus Commodities Corporation will pay 25¢ provided the food order stamps received as evidence of the delivery are presented to the Federal Surplus Commodities Corporation in the manner prescribed."

17. Purchasers of the books will be required to sign their names on a line provided on the inside cover of each book, over which the following statement will appear:

"I hereby certify that I am entitled to this book of food order stamps; that I will use the stamps in this book to obtain food; that I will not attempt to dispose of them in any other way; that I will use the blue surplus food order stamps exclusively to obtain food commodities found to be surplus by the Secretary of Agriculture; and that these food order stamps will be detached only at the time the delivery of the food is made and in the presence of the merchant making delivery. I understand that if the conditions made by the Secretary of Agriculture are violated, I will be denied food order stamps in the future. I also certify that any food order stamps previously issued to me were used in accordance with the conditions printed in the back portion of the book.

"

18. Food merchants will require that stamps be detached in their presence at the time purchases are made and will not honor stamps previously detached. Each such food store will be supplied with cards by the Federal Surplus Commodities Corporation sufficiently large to permit 20 stamps to be pasted thereon. Different cards will be used for blue stamps and orange stamps. Stamps of one type will be pasted on one card in the blocks provided. An attempt will be made to arrange with local banks so that cards, when filled out with stamps can be deposited in the normal business way and the banks in that event

could effect collection from the Federal Surplus Commodities Corporation in much the same manner that checks on out-of-town banks or drafts are now handled. Banks could forward the cards in lots, together with signed vouchers to the Federal Surplus Commodities Corporation representative who would in turn forward them to the nearest U. S. Treasury Disbursing Officer for the issuance of a check. The whole-hearted cooperation of local banks will be most helpful to merchants in this connection.

19. The cards on which the orange stamps will be affixed would contain a statement substantially as follows at the bottom, which each such food merchant would be required to sign:

"I certify that for all the orange-colored food order stamps affixed to this form, representing \$ _____, I have delivered 'food', as defined in the regulations and conditions on the reverse side of this form, to the value stated on each of such food order stamps, and that the food order stamps were not removed from the booklet prior to presentation at the place of business indicated below. Payment for the 'food' so delivered is hereby requested. I further certify that the conditions printed on the reverse side hereof have been complied with and I understand that any retailer violating such conditions will be denied further participation in the food distribution plan and will be subject to all the fines and penalties imposed by law.

(Payee - name under which retail business is conducted)

(Business Address)

(Date) _____
(Signature of Person Authorized to Certify)"

20. The cards on which blue stamps will be affixed will contain a statement substantially as follows at the bottom, which each such food merchant will be required to sign:

"I certify that for all the blue food order stamps affixed to this form, representing \$ _____, I have delivered surplus food, as defined in the regulations and conditions appearing on the reverse side of this form, listed in the Surplus Commodities Bulletin, issued for this purpose, effective at the time of delivery of such food, to the value stated on each of such food order stamps, and that the food order stamps were not removed from the booklet prior to presentation at the place of business indicated below. Payment for the surplus food so delivered is hereby requested. I further certify that the conditions printed on the reverse side hereof have been complied with and I understand that any retailer violating such conditions will be denied further participation in the food distribution plan and will be subject to all the fines and penalties imposed by law.

(Payee - Name under which retail business is conducted)

(Business Address)

(Date) _____
(Signature of Person Authorized to Certify)"

21. If a merchant does not have a bank account or has a card containing less than twenty (20) stamps on which he must realize his money, it is hoped that arrangements can be made by which he may redeem that card at the nearest Post Office upon proper identification.

22. "Retail food stores", as used herein, shall mean any store, shop, and so forth, where a food and grocery retailer carries on the business of selling food or grocery products to consumers and not for the purpose of resale in any form. No stamps shall be good for food

in restaurants, delicatessens, and so forth, for consumption on the premises.

23. "Food", as used herein, shall mean any commodity sold in such retail stores for internal human consumption, which is not to be consumed on the premises (such as in restaurants, delicatessens or drugstores) and also shall be construed to mean household necessities usually purchased in grocery stores such as soap, starch, and so forth, but shall not include wines, liquors, beer, or other alcoholic beverages, or tobacco in any form.

24. Since W. P. A. workers are paid twice a month; and since persons on State or local relief receive their payments in some cases at intervals of a week, in some cases twice a month, and in other cases once a month; and since payments to the persons in the different groups vary considerably; it appears to be desirable to issue the books of stamps in the denominations set forth above. Every effort will be made, however, to have persons in the various groups purchase orange colored stamps on each pay day totaling approximately the same amount which is now being expended for food. It may be necessary to wait until the operation of the plan gets under way to devise definite means of assuring the purchase of that amount of orange colored stamps on each successive pay day, in order to be certain that the distribution of the blue stamps is effecting a net increase in consumption and that they are not being used during the subsequent pay period for food purchases which would normally have been paid for out of money subsequently received.

25. No change will be given by merchants in connection with the delivery of food for either orange or blue stamps. In any instance in which the value of the commodities to be delivered for orange or blue stamps is more than twenty-five cents (25¢) but less than fifty cents (50¢), or more than fifty cents (50¢) but less than seventy-five cents (75¢), and so forth, the amount in excess of a multiple of twenty-five cents will be paid for with money. Exchanges of commodities will not be made for orange or blue stamps when the total is less than twenty-cent^s five/(25¢) unless the merchant is willing to take the stamp and give the purchaser a credit for the balance remaining.

26. Purchasers of Food Order stamp books, after the second book or series of books have been purchased, will be required to turn in the covers of the initial book or series of books purchased before additional purchases of a book or books are permitted. Thereafter, before additional purchases of books will be authorized, the purchaser will be required to turn in the covers of all those he has previously received except the ones purchased the time immediately before.

27. During the time the plan is in operation in the experimental areas practical research will be carried on to determine its merits. It is hoped that the trade will lend its full support to this work. The Federal Surplus Commodities Corporation will need to know the economic significance of this approach to guide it in its future policies. Efforts will also be made to have local groups, the Bureau of Home Economics, and the United States and State Public Health Services carry on educational work and disseminate diet lists and recipes

that will emphasize nutritive surplus commodities. The retail and wholesale trades can render an enormous service to farmers by co-operating in this plan and by pushing the sale of surplus agricultural commodities to persons other than those receiving public assistance.

The following variation to the plan suggested above is proposed for adoption in part of the experimental areas:

1. Instead of requesting deductions from his W. P. A. wages or from his relief payment, the person receiving aid will continue to get his assistance in the form of cash.

2. Arrangements may be made for space in the local welfare office for a federal officer who will be stationed there and will sell Food Order Stamp books to persons certified as eligible for public assistance.

3. The books will include both orange colored and blue stamps in the ratio of 2 orange stamps for 1 blue stamp and will be made up in books containing \$2.00 in orange colored stamps and \$1.00 in blue, \$4.00 in orange stamps and \$2.00 in blue, \$6.00 in orange stamps and \$3.00 in blue, \$8.00 in orange stamps and \$4.00 in blue, and \$10.00 in orange stamps and \$5.00 in blue.

4. Each person receiving public assistance will be required to get from the agency which certified him as eligible for aid a card listing the name of the eligible person, his address, the type of aid he is receiving, and the number of persons in his family or dependent

upon him for support. The person will be required to sign the card and on the reverse side space will be provided for entries to show the date and amount of purchase. The card would be of standard size--- approximately 2-1/4 inches wide and 3-3/4 inches long. This would permit six columns across the back of the card which would be divided into 13 squares in each column of approximately 1/4 inch square. In the first column would be printed the date of purchase by weeks such as "Week of 4/16", etc. In the second column the federal disbursing officer would insert in ink the value of the orange stamps purchased and in the third column he would insert his initials. The last three columns would be a repetition of the first three.

5. The federal disbursing officer would be supplied a list of persons certified as eligible by the certifying agency. The list would be on a form which would show the names and addresses of the persons on the left side and the number of persons in the family. The remainder of the form would be divided into blocks opposite each name, into which the amount of each purchase would be inserted. Each column would represent a week and would be headed with the date.

6. The card and list form would eliminate almost completely the possibility of exchange of credentials or overpurchases for resale purposes and the plan should work expeditiously to get the books of stamps into the hands of persons who need them.

7. Any person receiving public aid who produced his card and whose name was on the federal disbursing officer's list could purchase a book of orange stamps equal in value to the approximate amount he

is now expending for each of the weeks between the time of the purchase date and the date of the next pay period or relief payment. A formula would be used to determine the minimum and maximum amounts of orange stamps each person receiving public aid would be permitted to purchase and he would receive blue surplus commodity stamps equal in value to 50 percent of the amount of orange stamps purchased.

8. The cards could be used for a period of 26 weeks or a half year, at the end of which time new cards would have to be secured. Any person whose status changes during the half-year period and who is to be dropped from the relief rolls as a result thereof would also have his name dropped from the list which the disbursing officer would have and would not, therefore, be able to purchase books of Food Order stamps from that time on unless again certified as eligible. It might be good public policy in some cases, however, to permit W. P. A. workers to continue to receive stamps for a period after termination by W. P. A. This would apply in those cases in which W. P. A. workers were cut off from federal employment and were not able at once to get private jobs.

9. The same entry would be made by the disbursing office on both the card and the eligible list form and the card if altered could be taken up for investigation.

10. Purchasers of Food Order stamp books, after the second book or series of books have been purchased, will be required to turn in the covers of the initial book or series of books purchased before additional purchases of a book or books are permitted. Thereafter, before additional purchases of books will be authorized, the purchaser will be

required to turn in the covers of all those he has previously received except the ones purchased the time immediately before.

The following variation to the plan first suggested is proposed for adoption in part of the experimental areas:

1. Persons on W. P. A. or persons receiving relief payments will continue to get their assistance in the form of cash.

2. Books containing only blue Food Order stamps and no orange stamps will be printed. They will be made up in lots of \$2.00 or 8 stamps, \$3.00 or 12 stamps, \$4.00 or 16 stamps, \$5.00 or 20 stamps, and \$6.00 or 24 stamps and will be good only to exchange for surplus commodities.

3. As in the variation of the plan immediately preceding this, each person receiving public assistance will be required to get a card of the type described there showing his name, address, and the number of persons in his family.

4. An official will be stationed in the local relief office and when a person receiving aid presents his card and has his name checked on a list of the kind described in the variation of the plan immediately preceding this, he will be given a book of blue Food Order stamps good for commodities declared to be surplus by the Secretary of Agriculture. The blue stamps in the book given each such person will be in an amount equal to fifty cents (50¢) (or two stamps) for each member of the family for each week between the date the book is given

and the date of the next pay period or relief payment. Thus, a family of two would receive a book with \$2.00 worth of blue stamps for a two weeks' period; a family of three would receive a \$3.00 book for that period, and so forth.

5. Recipients of blue Food Order stamp books, after the second book or series of books have been received, will be required to turn in the covers of the initial book or series of books received before an additional book or series of books may be issued to him. Thereafter, before additional distribution of books will be authorized, the person receiving such books will be required to turn in the covers of all those he has previously received except the ones issued to him the time immediately before.

This plan is the simplest of all from administrative and accounting points of view. An experimental period is undoubtedly necessary to determine the effectiveness of this approach as a means of bringing about a more adequate diet on the part of the families involved. Wherever it is tried, a careful check will be made during its operation to determine the net increase in the local consumption of surplus foods. This will be compared with the amount of blue stamps issued to determine the extent to which this approach results in a greater movement of surplus agricultural products.

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