Food Insecurity and Its Relationship to Income, Employment, and Poverty

A HISTORICAL RETROSPECTIVE

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This brief describes how income levels, rates of unemployment, poverty, and food insecurity in the United States have historically fluctuated together, especially among the Black and Latinx population. Through demonstrating the interplay among our national economy, the social safety net, and food insecurity and hunger over time, we hope to gain a long-term understanding that can inform and prevent challenges ahead and help ensure economic justice for all. By strengthening national social infrastructures, including the public food assistance system, while striving to implement more permanent structural changes, we provide a pathway to a better future for all people in the US.

THE POST-WWII ECONOMIC BOOM

The decades following World War II were characterized by an extended period of economic expansion, with relatively low unemployment, increasing wages and earnings overall, and generally rising levels of consumption and standard of living for most of the US population. Yet discriminatory policies, such as redlining and racial covenants during the boom period, meant that prosperity was not experienced by Black and other racial and ethnic minorities. In particular, research has demonstrated the G.I. Bill discriminated against Black veterans, resulting in a racial wealth gap between Black and White veterans that has widened over generations. These racial-ethnic economic disparities exacerbated racial injustice created by slavery, Jim Crow laws, and the systemic, structural, and historical environmental factors that encompass racism in the United States. Despite efforts of several waves of Civil Rights movements, systems supporting racism and “white supremacy” are still in place to this day, holding back people of color from economic mobility and wealth accumulation.

MEASURING POVERTY SINCE THE 1960S

Prior to the 1960s* the US had no officially recognized definition or measure of poverty. When a measure was created in 1963, it was based on data from the 1950s indicating that an average family spent about a third of its income on food. This led to a definition of poverty as three times the minimum cost of a nutritious diet (currently exemplified by the USDA Thrifty Food Plan). When applying this measure, high rates of poverty were detected in the population, particularly among Black and Latinx households (Exhibit 1). The poverty measure was a step towards understanding the state of hunger in the US. Subsequently during the 1960s, the policies of President Lyndon B. Johnson’s “War on Poverty” resulted in significant reductions in poverty. While the War on Poverty resulted in instances of meaningful policies to address racial discrimination and to advance equity, such as the Civil Rights and Voting Rights Acts, as poverty declined steadily for the population as a whole, it remained proportionally much higher for Black and Latinx than white people.

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* Though the poverty measures were created in the early 1960s, the Census Bureau applied them to most of the US population retrospectively back to 1959.
MACROECONOMIC FORCES LEAD TO UNSTABLE INCOME, EMPLOYMENT, AND FOOD SECURITY

The 1980s and 1990s were a period of great change in the US and world economies, with many US corporations relocating manufacturing and assembly operations to countries where they could find cheaper labor and fewer environmental and other regulations, leaving many workers without jobs (Exhibit 2). The outcome of US trade policy during the 1990s, NAFTA (North American Free Trade Agreement) in particular, resulted in persistent racial wealth gaps as the median Black family wealth has increased only by $308 from 1995 to 2016 compared to the average white family wealth increase by more than $50,000. Predictably, the decline in jobs, coupled with technological advances and changes in the nature of employment, including volatile work hours, limited or no employer-provided benefits, and the decline of unionized labor, all had profound negative effects on households’ social and economic stability. High rates of poverty, food insecurity, and hunger emerged as a result of these changes in the political economy and have persisted into the present (Exhibits 1, 2 and 3).


EXHIBIT 3  Percent of US Households that were Food Insecure by Race and Latinx Status, 1995-2020

Source: USDA/ERS Food Insecurity in the US Reports.
In parallel, neoliberal narratives\textsuperscript{14,15,16} touting the necessity to balance the federal budget while keeping corporate taxes as low as possible\textsuperscript{17} led to pressure for major cuts in public assistance programs, exacerbating family economic instability. (see “National Efforts to End Food insecurity and Hunger: A historical retrospective of intermittent investments in nutrition programs” for further discussion of this issue). The resulting increases in wage disparities was based heavily on skills and education, the decline in or at least flat labor force participation rates, and the fact that employment alone was less likely to keep families financially afloat and out of poverty.\textsuperscript{18,19,20}

In the last 40 years, US costs of living skyrocketed while wages stagnated

<table>
<thead>
<tr>
<th>1970 - 2018</th>
<th>WAGES</th>
<th>only 28%</th>
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<tbody>
<tr>
<td>Transportation costs</td>
<td>↑186%</td>
<td>for 9 out of 10 US workers</td>
</tr>
<tr>
<td>Food costs</td>
<td>↑198%</td>
<td></td>
</tr>
<tr>
<td>Housing costs</td>
<td>↑209%</td>
<td></td>
</tr>
<tr>
<td>Energy costs</td>
<td>↑235%</td>
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<tr>
<td>Medical care costs</td>
<td>↑281%</td>
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STAGNANT WAGES AND INCREASED COSTS OF LIVING ARE MITIGATED BY PUBLIC ASSISTANCE PROGRAMS

Though inflation-adjusted median family incomes have increased modestly over the past four decades, those increases have not been sufficient to enable all families to keep up with inflation in the prices of basic necessities. Nationally between 1970 - 2018, prior to the COVID-19 pandemic, the price of food increased by 198%, the price of housing by 209%, the price of household energy by 235%, the price of transportation by 186%, and the price of medical care by 281%,\textsuperscript{21} while the cumulative change in wages for the bottom 90 percent of the population grew only 28% from 1979 to 2020 (Exhibit 4). Over the past 40 years, wage growth among Black and Latinx workers was 18.9% and 16.7%, respectively, compared to White workers (30.1%).\textsuperscript{22} If the federal minimum wage had risen along with productivity growth, it would have been over $22/ Hour in
In the midst of the COVID-19 pandemic, the cost of living has continued to rise and wages stagnated, further exacerbating families’ struggles to “make ends meet”.24

In addition, people working minimum-wage or low-paid jobs have increasingly experienced unstable, unpredictable work schedules due to many employers implementing “just-in-time scheduling”, resulting in income volatility and challenges paying for basic expenses like food, rent and utilities.25 When wages are insufficient to provide for people’s basic needs, government assistance programs become vitally important.26 Decades of stagnant wages and increasing costs of living are reflected in higher public assistance program participation by eligible households. For example, in 2018, participation in the Supplemental Nutrition Assistance Program (SNAP), formerly known as Food Stamps, was 74% among households in which at least one household member earns income from a job.27

EXHIBIT 4  Cumulative Percent Change in Real Annual Wages, by wage group, 1979-2020

Source: EPI analysis of Kopczuk, Saez, and Song (2007, Table A3) and Social Security Administration
The Transformation of Work, Income, and Poverty in the Past 50 Years

**THE GI BILL**

The “GI Bill of Rights” signed into law by President Franklin Roosevelt in 1944, was the main policy tool for enabling WWII veterans to attain education, including college and university education, gain access to well-paying jobs, and obtain mortgages to purchase homes for themselves and their families. However, both overt and covert racial discrimination in administration of the GI Bill and in access to the education, job opportunities, and home mortgage benefits it guaranteed for veterans, prevented most Black veterans from accessing and benefitting from those programs. Consequently, the pathways to higher incomes, wealth accumulation, and assured food security afforded most White veterans were not available to most Black veterans in the post-WWII economy.28, 29, 30

**PRESIDENT JOHNSON’S GREAT SOCIETY AND WAR ON POVERTY**

The 1960s brought President Lyndon Johnson’s “War on Poverty”, which was part of his “Great Society” vision in which he intended to expand the federal government’s role in poverty-reduction strategies.31 Among the entities created by the Economic Opportunity Act (EOA), the legislation which gave birth to the War on Poverty programs, was the Department of Housing and Urban Development. Among the most successful initiatives under the EOA was Johnson’s successful increase in minimum Social Security benefits, which lifted millions of senior citizens out of poverty.32

**THE US ECONOMY EMBRACES GLOBALIZATION**

Heading into the 1970s wages, employer-provided benefits, and gains made by union bargaining, enabled many workers (including those without a college degree) to experience a decent standard of living. Yet the post-war expansionary period came to an end in the US in the early 1970s, with the recession of 1973-1975.33 During this period, there was also an explosion of corporate expenditures on government lobbyists and campaign contributions, movement of corporate offices to the nation’s capital, increasing corporate influence on university business schools, and growing corporatization of commercial media.34, 35, 36, 37 These developments mainly aimed to reduce government regulation and restrictions limiting the power, prerogatives, and profits of businesses and corporations as they embraced “globalization”.38, 39

**REDEFINING THE MEANING OF WORK**

The rise of globalization and corporate power led to major reductions in labor unions and union membership, and in turn, a general suppression of workers’ power to bargain for living wages and benefits.40 In the 1980’s, the emergence of “right to work” laws prohibiting union organizing in several states led to further reductions in workers’ ability to bargain for safe working conditions, equitable and fair compensation, stable work schedules, and worker benefits, such as health insurance, retirement pensions, paid family or other leave, and job stability.41
THE NEW ECONOMIC REALITIES OF
FOOD INSECURITY AND HUNGER

The official poverty measure used today is based on the antiquated 1960s assumption that households still spend about a third of their income on food. This measure is used to assess the prevalence of poverty and to calculate poverty guidelines to determine eligibility for all means-tested federal assistance programs, including the federal nutrition programs. The average percentage of families’ expenditures dedicated to food declined rapidly from 1950 to 1980, and has continued to decline since (Exhibit 5), given the increase in prices of competing basic needs like rent, health care, prescription medication, child care and transportation, combined with the use of cheap staples in industrialized foods. In 2020, the average household spent only 12.5% of its total expenditures on food, though it was as high as 16% among lower-income households (Exhibit 4). The official poverty measure thus overestimates what people have available to spend on food and underestimates all the other critically important expenses they have, setting the income threshold at a level that is artificially low. In turn, this vastly underestimates the number of people experiencing true poverty in the US.*

* For more information on how the US measures poverty, including the Supplemental Poverty Measure, visit: https://www.census.gov/library/visualizations/2017/demo/poverty_measure-how.html.
Empirical estimates of the prevalence of food insecurity or hunger were not available prior to the 1990s. The earliest household-level survey of hunger in the US was the Community Childhood Hunger Identification Project survey.\textsuperscript{42} In the 1990s, the US Household Food Security Survey Module (HFSSM) became the gold standard measure of food insecurity. The HFSSM is part of the Census Bureau’s Current Population Survey and has provided annual data on food insecurity prevalence in the population by household characteristics since 1995.\textsuperscript{43} With variations following the business cycle, the prevalence of household-level food insecurity changed little over the period 1995-2020 in the population as a whole (Exhibit 3). Among Black and Latinx households, food insecurity prevalence increased dramatically during the Great Recession of 2007-2009, only returning to pre-recession levels among most demographic subgroups in 2018 (Exhibit 3). Following the onset of the COVID-19 pandemic, food insecurity prevalence again increased across the board, but more dramatically among Black and Latinx households, demonstrating long-lasting systemic inequities.\textsuperscript{44}

LEARNING FROM HISTORY TO SOLVE FOOD INSECURITY FOR A BETTER FUTURE

The interrelated work, income, poverty, and food insecurity challenges facing people continue to threaten the health, well-being, and financial stability of families and the nation. The devastating impact of the COVID-19 pandemic, and resulting economic uncertainties, have laid bare the disparities and injustices that disproportionately affect historically marginalized groups, and the inadequacies of our public institutions and social infrastructures.\textsuperscript{45} To meet the food insecurity challenges ahead, it is imperative that we enact policies that advance economic justice and strengthen the social safety net, including the public food assistance system. Antipoverty policies and income supports such as the Earned Income Tax Credit, Child Tax Credit, and guaranteed income are essential to address economic hardship at its root. Additionally, the collective federal nutrition programs and privately-funded charitable food network must be robust enough to ensure households only need to access these programs in emergencies. Understanding our history will ultimately allow us to craft the better, equitable future that all people deserve.
About This Series

Project Bread is one of the Commonwealth’s oldest and most successful anti-hunger advocacy and food assistance service providers. To mark its 50th year of service, Children’s HealthWatch, in partnership with Project Bread, developed a set of two briefs that examine the history of food insecurity and hunger since the 1960’s. This first brief describes how unemployment rates and income instability and resulting rates of poverty and food insecurity in the US have evolved over time. The second brief describes how shifts in federal investments from the public food assistance system to the private food assistance system were used to justify cuts to Federal Nutrition Programs that adversely impacted rates of food insecurity. Both briefs provide information to re-ignite and energize conversations toward identifying solutions to address food insecurity so that all children and adults in the Commonwealth have enough food to thrive.

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