

# A Comparison of Food Assistance Programs in Mexico and the United States

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## Introduction

Food assistance programs in Mexico and the United States are integral components of these nations' social safety nets. About one in five Mexicans and one in six Americans receive benefits from at least one federally funded food assistance program. This assistance helps ensure that people, especially children, are food secure and have access to a safe and nutritious diet. These programs have been reorganized in recent years to reflect the countries' changing economies and policy goals.

Until recently, Mexico had universal subsidies for major food products such as corn tortillas. Tortillas are a staple of the Mexican diet, and government policy once ensured that everyone had access to this basic food. Similar policies subsidize the price of dahl in India and baguettes in France. In Mexico, these subsidies for the most part have disappeared and been replaced with food assistance programs explicitly designed for low-income households. Of particular interest is a new food assistance program, *Progresa*, which incorporates numerous insights from the development economics literature. As *Progresa* expands, it will replace the other food assistance programs.

Unlike Mexico, the U.S. food assistance programs have not undergone major changes in recent years, but their relative importance in the social safety net has changed. The Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (PRWORA) transformed Federal welfare policy. The act replaced the Aid to Families with Dependent Children (AFDC) program with the Temporary Assistance for Needy Families (TANF) program. While AFDC was an entitlement program and matched State dollars with Federal dollars, TANF imposes time limits and work requirements on recipients and uses Federal block grants (based on previous AFDC spending levels) rather than matching funds. While PRWORA made large cuts in

the Food Stamp Program (the largest U.S. food assistance program), its status as an entitlement program was maintained for almost all Americans, thus preserving the nutritional safety net for almost the entire population. This nutritional safety net (combined with the other food assistance programs such as the School Lunch Program and the Special Supplemental Feeding Program for Women, Infants, and Children (WIC)) will become especially important during the next recession and as time limits for TANF recipients are realized.

In this report, we begin with a brief review of the five largest food assistance programs in Mexico: *Progresa* (Programa de Educación, Salud y Alimentación), *DICONSA* (Distribuidora Compañía Nacional De Subsistencias Populares (CONASUPO)), *FIDELIST* (Fideicomiso para la Liquidación al Subsidio de la Tortilla), *LICONSA* (Leche Industrializada CONASUPO), and *DIF* (Sistema Nacional para el Desarrollo Integral de la Familia). Five U.S. programs, chosen because of their size and/or parallels with Mexican programs, are then reviewed: the Food Stamp Program, the Special Supplemental Nutrition Program for Women, Infants and Children (WIC), the National School Lunch and Breakfast Programs, the Emergency Food Assistance Program (TEFAP), and the Food Distribution Program on Indian Reservations.

Demographic, economic, and cultural differences between Mexico and the United States lead to different constructions of these food assistance programs. We analyze the differences and the similarities between the programs over three dimensions. First, we examine how beneficiaries are identified. After describing the targeting methods used in each country, we consider how the countries construct their programs in terms of the level of benefits, the uses of non-household-based information, and the avoidance of negative incentives. Second, we analyze the response of the programs to changing economic conditions. We show that while U.S. food assistance programs tend to be countercyclical (that is, as the economy expands, food assistance expenditures decline and vice-versa), Mexican food assistance programs appear to be neither counter- nor procyclical. Third, we examine the effect of the programs on individuals' well-being. We review the literatures in terms of the effects of food assistance programs on food insecurity, nutrition, food consumption, and poverty.

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