

Abstract

The social safety nets in Mexico and the United States rely heavily on food assistance programs to ensure food security and access to safe and nutritious foods. To achieve these general goals, both countries' programs are exclusively paid for out of internal funds and both target low-income households and/or individuals. Despite those similarities, economic, cultural, and demographic differences between the countries lead to differences in their abilities to ensure food security and access to safe and nutritious foods. Mexico uses geographic and household targeting to distribute benefits while the United States uses only household targeting. U.S. food assistance programs tend to be countercyclical (as the economy expands, food assistance expenditures decline and vice-versa). Mexican food assistance programs appear to be neither counter- nor procyclical. Food assistance programs have little effect on the extent of poverty in Mexico, while the opposite is true in the United States, primarily because the level of benefits as a percentage of income is much lower in Mexico and a much higher percentage of eligible households receive benefits from food assistance programs in the United States.

Keywords: Food assistance programs, social safety net, targeting methods, macroeconomy, poverty, Progresá, DICONSA, FIDELIST, LICONSA, DIF, Food Stamp Program, WIC, the National School Lunch and Breakfast Programs

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Preface

Under the auspices of the Mexico Emerging Markets Program, the Economic Research Service of the U.S. Department of Agriculture and the Mexican Secretaria de Agricultura, Ganaderia y Desarrollo Rural (SAGAR) established a project to compare food assistance programs in Mexico and the United States. While a great deal of research has been conducted analyzing each nation's food assistance programs, there have been no studies comparing the two countries' food assistance programs. This absence of studies has limited the crucial insights policy-makers and researchers can obtain through such comparisons. This report represents the first published contribution to this ongoing project.

Summary

Food assistance programs are integral components of the social safety net in both Mexico and the United States. 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. To achieve these general goals, both countries' programs are internally funded, and both target benefits to low-income households rather than to the general population. Despite those similarities, economic, cultural, and demographic differences between the countries lead to differences in their abilities to ensure food security and access to safe and nutritious foods. Here, we compare the countries over three dimensions – the methods used to target benefits; the effect of macroeconomic conditions on food assistance expenditures; and the effectiveness of food assistance programs in achieving their goals.

These comparisons are particularly timely for policymakers in both countries because their food assistance programs have undergone transformations in the past few years. In Mexico, general food subsidies have, for the most part, disappeared and been replaced with food assistance programs explicitly designed for low-income households. As part of this change, a new groundbreaking and innovative program, Progresa, has begun. In the United States, the structure of food assistance programs has not changed, but their role in the social safety net has taken on new importance. Previously, cash assistance recipients could receive aid for an indefinite time period, but now time limits are placed on recipients. Food assistance programs, however, do not have such time limits and therefore will play an even larger role as people lose eligibility for cash assistance or decide not to receive cash assistance due to the time limits.

We begin with a 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 are also 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.

In designing these programs, for a given amount of money, a country chooses methods of identifying recipients such that the intended beneficiaries receive aid while, at the same time, unintended beneficiaries do not receive aid. We show, theoretically, how a country can minimize these problems of “undercoverage” and “leakage” and then show how Mexico and the United States actually try to minimize these problems through the structure of benefits, the usage of nonhousehold based information, and the avoidance of negative incentives. The primary difference between the countries is in the use of geographic targeting. In general, Mexico first decides on particular areas to target benefits and then, within those areas, further targets low-income households. The United States, however, targets benefits based only on low-income status and does not use any geographic information.