

The 'Welfare Diet' 20 years later

The growing nutrition crisis for Ontario's poorest people

Bread but no butter

In 1995, the Conservative government under Mike Harris cut welfare rates by 21.6%. David Tsubouchi, then Minister of Community and Social Services, was in charge of implementing the cuts.

As “only one small part of this government’s commitment to helping people,”¹ Tsubouchi’s ministry constructed a sample shopping list for a single person on general welfare, which demonstrated how one could get by on a budget of \$90.21 for food each month.²

There were several problems with the shopping list, which were generally hooted at in the media. For one, the list seemed to assume that recipients were already in possession of many pantry staples. Bread was on the list, but no butter or margarine. Pasta was on the list, but no sauce. No coffee or tea. No salt or spices of any kind. And besides these obvious issues of palatability, journalists who tried the diet pointed out that it made them feel ill and provided only about half of the daily calories recommended by the World Health Organization.³

The so-called welfare diet of 1995 was not a good diet, nor a healthy one. However, it does provide a useful benchmark for comparing the food costs that social assistance recipients have encountered since 1995. Since I came across a copy of Tsubouchi’s shopping list a few years ago, my friends and I have shopped it regularly, at my local supermarket and No Frills store in Scarborough. Seeing as subsequent governments have not offered an amended version, we use the 1995 list as a proxy for the bare minimum a welfare recipient is expected to live on.

We shop the list so that we can compare the changes in the cost of the welfare diet to both the rise in inflation and adjustments to the single social assistance rate over time. Figure 1 shows that the cost of the welfare diet has gone up by more than double the inflation rate and more than three times the Ontario Works (social assistance) rate. More specifically, inflation as measured by the Consumer Price Index (CPI) has risen 45%, while the cost of the welfare diet has increased by 107%.

Meanwhile, had Ontario Works rates (Single: \$663) had not been cut in 1995, the single rate would now be \$962 a month had it been adjusted for inflation. But the \$663 amount was cut by 21.6% to \$520 in October 1995. From that low point, the Ontario Works single rate has gone up by just 31%.

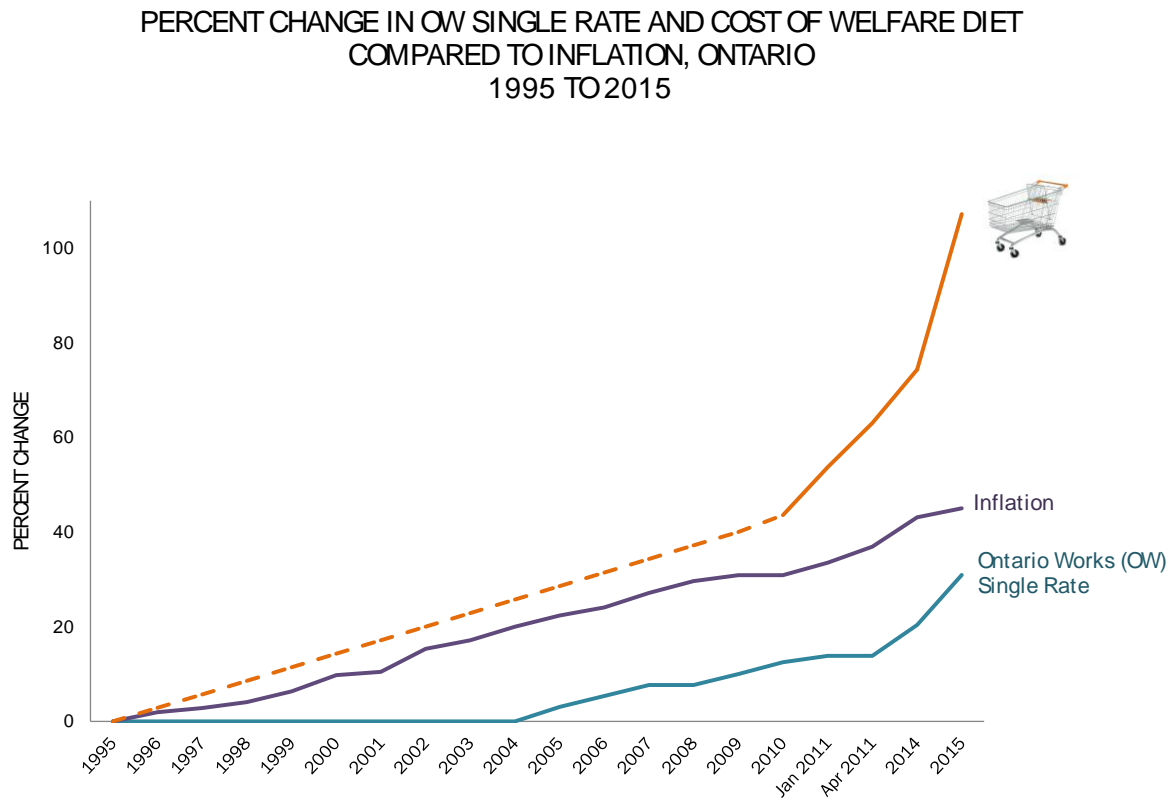
But even if the single welfare rate of \$520 per month at least been adjusted for inflation, it would now stand at \$754 per month. Even after the 3.8% increase expected in November 2015, the rate will be only \$681 per month. Food price inflation is accelerating. For example, the same welfare diet outlined 20 years ago has increased by \$29.64 or 18.8% over the 20 month period from January 2014 to August 2015 even though inflation increased by just 1.6% in the same time period. The celebrated fall in commodity prices across the world is just not translating into lower food costs. More about that later.

1. David Tsubouchi, in a letter to Opposition Leader Bob Rae, October 20, 1995

2. A copy of Tsubouchi’s shopping list is attached as Appendix A.

3. http://archives.cbc.ca/politics/provincial_territorial_politics/clips/12459/

Figure 1: The story at a glance: Welfare, inflation and the cost of the welfare diet



Note: I began shopping the 'welfare diet' only as recently as 2010, as reflected by the solid portion of the orange line .

When I first made this data available to the *Toronto Star* in March, 2011,⁴ it raised a fair amount of commentary. Readers noted that the welfare diet could be shopped more inexpensively. The original diet has specified brand names, such as “Primo pasta” and “Quaker Oats”. That alone would be one way to knock about a dollar off the monthly bill.

You could also shop the same articles in bulk for the month, buying them all in one place at one time. However, the weight of the welfare diet is somewhere between 80 and 100 pounds of food. Just think of the weight of 16 litres of milk, 12 cans of beans and ten pounds of potatoes alone. I have watched lone parents with children pulling their buggies just up from my local Superstore - - across a bridge over the 401 with the wind howling and the snow blowing straight sideways.

In an attempt to address these criticisms, I took up the challenge--bee-lining for the bargains and loss leaders at my local No Frills, choosing the lowest cost items in all instances, buying in bulk. But No Frills interestingly, cost more than the same diet shopped at the Superstore. Bread, meat, and poultry all cost more on August 7, 2015. Go figure.

4. Liberals urged to 'put food in budget': Activists push province for \$100 supplement to welfare cheques hit hard by inflation. *Toronto Star*. Author: Laurie Monsebraaten. Date: Mar 10, 2011. Page: A.8

The debate: Why don't the very poor eat a healthier diet?

It is sometimes said that the poor eat calories, the middle class eats nutrition and the rich eat presentation. There is general concern about the less nutritious, overly calorie-rich diet consumed by the very poor and the diseases this contributes to in disproportionate numbers – obesity and related problems, such as diabetes, heart disease, and respiratory problems.

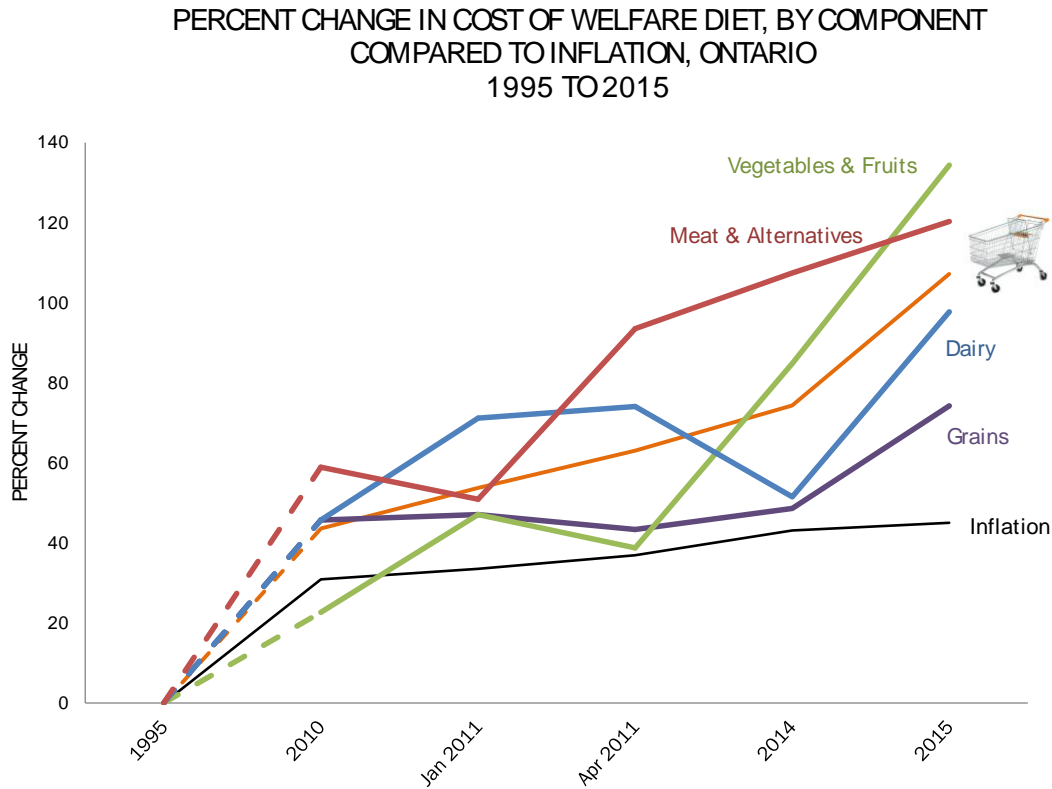
There are many theories about why the poor fail to achieve better dietary habits. Likely, there is some truth in all of them, but none provides a single defining answer. Let's examine some of these theories. I'd also like to add one of my own.

Theory 1: They can't afford to.

Having already discussed my 2015 update on the welfare diet, we may take it as a given that the very poor have difficulty paying for food of any kind – never mind nutritious food.

That said, based on our investigation, the cost of fresh fruit and produce appears to be going up in price more quickly than food with higher caloric content. This is illustrated in Figure 2. In addition, those on very low fixed income can only afford fresh food in the week following the issuance of the income security payments. This means that the food consumed in last three weeks of every month is the food that is provided by food programs of various sorts.

Figure 2. Inflation of food costs, by food groups, compared to the Consumer Price Index



Note: I began shopping the 'welfare diet' only as recently as 2010, as reflected by the solid portion of the orange line .

Theory 2: They don't have cars

Some attribute poor diet to the unavailability of good food in local convenience stores. Fresh produce, fruit and meats are only available at larger grocery stores that often more accessible by car.

Power shoppers like me routinely drive our cars and vans to different stores to pick up bargains. We often forget that the cost of gas and maintenance may offset the savings on our hard-won bargains. Bargains cost money to access through transportation that the poor, especially those receiving social assistance, either do not have or cannot afford.

Bargains also often mean buying in bulk, and large purchases are difficult for people who do not have access to credit. Buying in bulk is also not an option for the many poor people who live alone and cannot benefit from economies of scale.

Many claim that food deserts -- areas where supermarkets are more than 1.25 km distant from where people reside -- make it difficult to eat higher quality foods.⁵

5. <http://martinprosperity.org/insights/insight/food-deserts-and-priority-neighbourhoods-in-toronto>

But the food desert argument is controversial.⁶ Some claim distance from shopping is not a factor in consuming good food. There is also little evidence to prove that food deserts, to the extent they exist, have any effect on what foods poor people consume.

Theory 3: They do not cook from scratch.

The theory is that the poor are less able to ‘cook from scratch’ (as our mothers called it) because convenience stores often do not sell basic ingredients. Insofar as cooking from scratch is usually cheaper and better than throwing prepared and processed foods in a microwave, the poor are destined to buy more expensive food that is less nutritious and contains more unhealthy preservatives like sodium and nitrates.

In addition to the availability of food basics, cooking from scratch also requires more time than consuming prepared food items. For many, finding such time and energy may be challenging, particularly for those who suffer from illnesses.

Theory 4: They lack access to the ‘big four’.

There is one thing that we can all probably conclude without debate. The poor consume fewer of the foods that are hard to preserve and store, and fewer foods that require some measure of preparation using adequate cooking facilities.

The cost of foods like milk, bread, and meat has been outstripping the rate of inflation for some time (Figure 2). However, bread, milk, and meat (especially packaged, pre-cooked meats) are easier for the poor to buy in the neighbourhood and easier to store. They can be consumed without preparation or processed in ways that allow for easier, refrigeration-free storage (milk and cheese powders, for example). Going stale is certainly different than going bad. One you can eat -- the other you can't.

In today's Ontario, the four big prerequisites for healthy eating are safe, secure, and energy-efficient facilities for:

- Storage
- Cooking
- Refrigeration
- Freezing.

The very poor seldom have access to all of these things. Without refrigeration, fresh produce spoils. Without secure housing, there is nowhere to store food safely and protect it from theft. In public housing, appliances break down regularly and take a long time to get fixed. Hydro costs are very high, and are often exacerbated by monthly interest on unpaid bills.

6. See, for example, Christopher Cook, “Covering food deserts: Tips for bringing context to a complex story”. <http://www.reportingonhealth.org/resources/lessons/covering-food-deserts>

Without access to the big four, it is difficult for the poor to consume a healthy diet. The poor often buy more expensive, 'easy to store' foods.⁷ In so doing, they are hit by a double whammy, in that the hardest-to-store foods tend to come from the cheapest food groups.

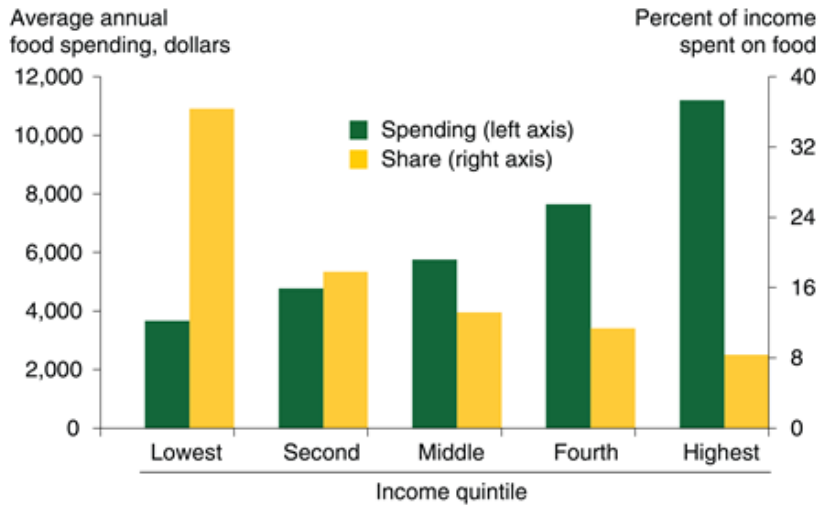
How the Consumer Price Index masks the true cost of inflation for the poor

Across North America, the very poor spend a far greater share of their incomes on necessities such as food and energy than others do. Figures 3 and 4 shows that people in the U.S. who are in the lowest income quintile spend over 60% of their incomes on food and energy.

7. See Exhibit 8, p. 12: http://www.competeprosper.ca/images/uploads/ICAP_The_poor_still_pay_more.pdf

Figure 3. Percentage of after-tax income spent on food, by income level

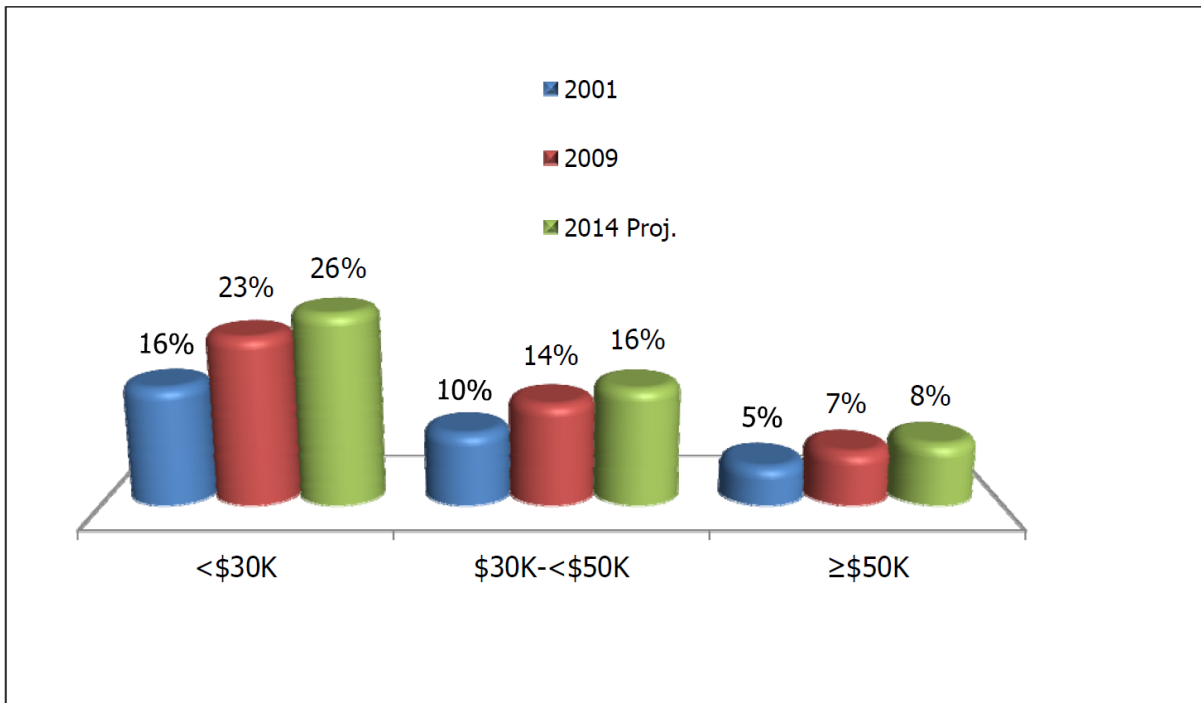
Food spending and share of income spent on food across U.S. households, 2013



Source: USDA, Economic Research Service using data from U.S. Bureau of Labor Statistics, Consumer Expenditure Survey, 2013

Figure 4: ⁸

Energy costs as percentage of nominal after-tax household income, 2001, 2009, and projected 2014



We have already discussed a number of the reasons why the very poor pay comparatively more for food, other than the fact that social assistance rates have not kept pace with inflation or food prices:

- They cannot afford transportation and cannot access credit in order to buy food in bulk.
- They lack the facilities to safely store lower-cost, unprocessed foods.
- They lack the facilities, and in some cases the knowledge, to prepare unprocessed food.

But none of these reasons adequately explains the devastating impact of the rising cost of commodities such as food and energy on the poor.

Each month, Statistics Canada sends out a release with the figures for the Consumer Price Index. In the top right hand corner of the release, there is a disclaimer that reads as follows:

The Bank of Canada's core index excludes eight of the Consumer Price Index's most volatile components (fruit, fruit preparations and nuts; vegetables and vegetable preparations; mortgage interest cost; natural gas; heating oil and other fuels;

⁸ http://americaspower.org/sites/default/files/Trisko_2014_1.pdf -p.5

gasoline; inter-city transportation; and tobacco products and smokers' supplies) as well as the effects of changes in indirect taxes on the remaining components.⁹

The problem is that commodities, especially over the last three years have been going down while food prices continue to go up at rates that are higher than core inflation. This in part is explained by the 30% devaluation of the Canadian dollar in comparison to its US counterpart since 2013. Food commodity prices are going down in US terms but are largely staying the same in Canadian terms.

⁹ <http://www.statcan.gc.ca/subjects-sujets/cpi-ipc/cpi-ipc-eng.pdf>

Figure 5. Commodity Research Board Index Monthly Price Chart¹⁰



In fact, commodity price inflation moves like a roller coaster with little recognition of this fact in the Bank of Canada's core CPI. We are continually told that inflation is not a problem because the core measure is low.

For the poor, the inflation they experience is much higher than core for three reasons. First, they spend much more of their non-shelter incomes on the items not measured by core inflation (including food and energy).

Second, they spend a lot on local transportation, which is one of the higher elements contained in the definition of core inflation.

Third, each and every food group is experiencing inflation at a higher rate than core inflation in the first instance.

Commodity prices are the flip side of dollar devaluation. After the market crash of 2008, the US Federal Reserve system began the practice of 'quantitative easing' -- essentially reducing the value of their currency, to avoid another Great Depression. Commodity prices started their almost uninterrupted journey higher until 2011 and then began to fall. But as we can see,

¹⁰ <http://futures.tradingcharts.com/printchart/RC/M>

disinflation in commodity prices in US terms may lead to lower gas prices but rarely translate to lower prices at the cash registers in Canadian grocery stores.

Commodity-rich countries like Canada recovered faster and sooner after the crash of 2008 but with commodity prices going down from 2011 to 2015, we have come once again to the brink of recession. But our poorest residents face the brunt of commodity price inflation when they are going up and get little or no relief when prices go down. As we have seen, the income of the poor has in no way kept pace with inflation.

All this helps us to understand why, 20 years after the publication of the laughable Welfare Diet, Ontario's poor are dealing with a crisis in nutrition that is no laughing matter whatsoever. It is a disaster-in-waiting, in terms of health and human costs.