

On The Margin

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Fernandez-Villaverde Teaches Course on Markets and Ethics at Penn

Since 2017, Jesus Fernandez-Villaverde, Professor of Economics at the University of Pennsylvania and CREDO member, has taught a very interesting and unique course for a secular university. The course entitled, "Foundations of Market Economies" focuses on the role of markets in modern economies and their historical evolution but also blends in material on markets and theories of justice. The syllabus reads from everything from pro-market economists like Smith, Hayek, and Friedman to other historic thinkers like Keynes and even Marx, to modern philosophers in social ethics like Finnis, Rawles, Sandel, and Sen.

How did he manage to teach such a unique course at a leading economics department and secular university?

Fernandez-Villaverde explains that he introduced the course with about 75 percent of traditional material, while 25 percent of the course was dedicated to theories of justice.

"I could introduce the material without causing initial concerns by administrators and colleagues. 25 percent content is well within the freedom one has in structuring a class within existing course titles."

He says the key to teaching material like this at a secular university is to be fair and hon-



est. He spends the same amount of time on Adam Smith as he does on Karl Marx, for example. He notes that universities currently tend to be so ideologically biased that his students enjoy it immensely when they see that he is being honest and fair.

universities currently tend to be so ideologically biased that his students enjoy it immensely when they see that he is being honest and fair.

He notes that teaching at a secular university, his course is not explicitly Catholic, however. He teaches a more explicitly Catholic course called Markets and Morals over the summer at the Elm Institute.

In addition to his advice to fair and balanced, Fernandez-Villaverde gives several other pieces of advice to anyone who would want to introduce a similar course. First, promise your chair or dean that students will like the course; then make sure you *continued on page 3.*

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Joseph Kaboski
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This will be our only issue of “On the Margin” in 2019, and I am happy to give you an update on the society.

CREDO continues to grow. We have nearly 600 members, and membership has already grown over 18 percent in 2018, and has already grown about 10 percent this year. We will be applying for membership in the ASSAs, so we will hopefully have our first academic sessions in 2021.

We co-sponsored our fourth mini-seminar on Catholic social thought for faculty and graduate students in economics and finance this past June. It was especially exciting as the seminar was in Israel! We had a fantastic group of participants, a combination of devoted faculty and graduate students from top programs. The seminar itself was great, but the highlights were certainly the pilgrimage sites: Mass in the Holy Sepulchre,

visiting the Church of the Nativity in Bethlehem, seeing the ruins of the house of Peter in Caphernaum. Just an extraordinary experience that I would recommend to anyone. Even the economics of Israel is fascinating with the religious/ethnic divisions in the country and the different administrative zones.

CREDO also helped organize a Lumen Christi conference again this past March with a focus on finance and ethics. CREDO board member Maureen O’Hara moderated the public session, which included Cardinal Turkson (head of the Vatican Dicastery for the Promotion of Integral Human Development), Christopher Giancarlo (then Chair of the U.S. Commodity Futures Trading Commission), John Studzinski (billionaire financier and philanthropist), and CREDO advisory panelist Mary Hirschfeld. A follow up conference is being planned with USCCB and Vatican participation in Rome in 2020.

Kelly Davidson and Craig Gunderson again organized a Mass and breakfast at the Agricultural and Applied Economics Association in Atlanta, and they were instrumental in gathering contributors for this newsletter focusing on food supply. (We are grateful for anyone who volunteers to take initiative and organize or contribute to CREDO.)

There has again been a lot of individual accomplishments within CREDO as well. Richard Burkhauser finished up his time on the Council of

Economic Advisors. Martijn Cremers was named dean of the Mendoza School of Business at Notre Dame. Mary Hirschfeld’s book *Aquinas and the Market: Toward a More Humane Economy* has attracted a lot of attention in Catholic social thought circles. I’ve had people from the USCCB and people in Rome both discuss her book with me.

It would be impossible not to mention that it has been a very difficult year for the Church in terms of continuing sex and pedophilia-related scandals. As someone that has some contact with bishops at various levels, I can only say that it has been stunning. Indeed, it is a test of faith. The only thing I can do is keep praying, and be thankful that I only deal with economics.

Pope Francis continues to have a strong interest in economics, however. He has initiated a conference in Assisi called “The Economy of Francesco” which is a call for “young economists, entrepreneurs, and change-makers”. The conference is March 24-25, 2020 with a deadline at the end of September. It appears to be less academic in interest, but CREDO has been invited to contribute to a panel, which will include Michael McMahon of Oxford and me. Details are at <https://francescoeconomy.org>.

If you have a contribution, please send it to contact@credo-economists.org.

deliver. Second, keep the intellectual standards and rigor at a high level. Third, start slow. Begin with a limited amount of ethics, and then expand either within the existing course or as a new course. Fourth, be flexible. You may find it best

to co-teach with someone else in another department. You may also need to introduce the course on a teaching overload, where you bear the risk. Again, rule one is to make sure the students like the course though.

“For good or for bad, the modern secular university is shamelessly consumer-driven. Deans love happy students. We have something important to tell them and students will be happy to hear it if you do it well.”



[LEFT PHOTOS] *The 2019 Conference on Economics & Catholic Social Thought sponsored by CREDO and the Lumen Christi Institute.* [RIGHT PHOTOS] *The June 2019 Seminar on Economics & Catholic Social Thought held in Israel.*

Catholic Social Teaching and Food Security in Low- and Middle-Income Countries

Chris Barrett

Every year, prior to World Food Day (October 16), the United Nations releases *The State of Food Security and Nutrition In The World*. Among the key messages of **the most recent (2018) issue** are that, for the third year in a row, rising numbers of people in the world (now 821 million) suffer “undernourishment” – a common proxy for ‘hunger’ – and that recent years have seen limited progress in addressing others forms of malnutrition, ranging from child stunting to micronutrient (i.e., mineral and vitamin) deficiencies. Billions of people are at risk of food insecurity by these broader measures, mainly in low- and middle-income countries (LMICs). This recent period reverses the steady progress made for decades, and has sparked concerns high-level discussions among public and private sector leaders worldwide, especially given the Sustainable Development Goal of zero hunger by 2030.

The prevailing definition of “food security”, globally agreed upon at the 1996 World Food Summit, is “a situation that exists when all people, at all times, have physical, social and economic access to sufficient, safe and nutritious food that meets their dietary needs and food preferences for an active and healthy life.” An important implication of this definition is that food security is intrinsically unobservable, a latent variable. Measurement challenges therefore abound (Barrett 2010; Upton et al. 2016). But drawing on this definition, food security is now commonly conceptualized as resting on four

pillars: availability, access, utilization, and stability.

Availability refers to the supply-side condition; without adequate quantity, quality and variety of food available, there will necessarily be food insecurity, no matter the allocation mechanism a society employs. Despite widespread dire predictions in the 1960s and early 1970s of looming mass famine due to population and income growth, the growth of food supplies has far outpaced growth in demand over the past century.

During the most rapid period of food supply growth – the so-called “Green Revolution” period of the mid-1960s through early 1980s – the global per capita availability of calories and protein surpassed the volume needed to satisfy every living person’s daily intake requirements. By the 1980s, the fundamental challenge had therefore shifted from food production to distribution.

Robust supply growth from the end



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of World War II through the end of the century led to sharp declines in real food prices globally and huge improvements in nutritional indicators, especially in LMICs. This induced complacency among public sector leaders, who sharply slowed investment in agricultural research and development from the 1980s – except in Brazil, China and India – which predictably led to (lagged) deceleration of food supply growth.

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FAO Real Food Price Index



Catholic Social Teaching and the Right to Food in the U.S.: The Role of SNAP

Craig Gundersen

A central principle of Catholic Social Teaching (CST) is the right to food for all persons. For example, in *Pacem in Terris* (11) St. John XXIII states that “Every man has the right to life, to bodily integrity, and to the means which are suitable for the proper development of life; these are primarily food, clothing, shelter, rest, medical care, and finally the necessary social services.” Given the right to food, the next step is to establish the paths and policies used by the Church, private organizations, families, communities, and the government to ensure this right. These paths and policies will differ across countries and, within countries, across various demographic and economic categories. In this article, I consider one example of a government’s approach that, over most dimensions, does a successful job at ensuring a right to food consistent with CST in the United States – the Supplemental Nutrition Assistance Program (SNAP –formerly known as the Food Stamp Program). This consideration is structured over five components of a right to food – reaching those in need, creating effective mechanisms, full funding, adequate benefits, and maintaining the dignity of recipients.

Reach Those in Need

CST indicates that recipients of assistance should be those in need and that the rest of society should incur sacrifices to help those in need. This is expressed in *Octogesima Adveniens* (23) where St. Paul VI states: “In

teaching us charity, the Gospel instructs us in the preferential respect due to the poor and the special situation they have in society; the more fortunate should renounce some of their rights so as to place their goods more generously at the service of others.” This should be contrasted with an idea that, say, assistance should be provided to everyone in a society, irrespective of need.

The structure of SNAP is consistent with reaching those in need insofar as households are eligible if they satisfy three criteria. First, there is the gross income test whereby household income must be less than 130 per cent of the poverty line (\$25,100 for a family of four in 2018). Some states have set more lenient thresholds of up to 200 per cent of the poverty line. The gross-income test is waived for households with seniors or persons with disabilities but they must meet the other two components of the eligibility criteria. This waiver echoes St. Paul VI’s statement that “The Church directs her attention to....the handicapped... the old...” (*Octogesima Adveniens*, 15). Second, the household’s net income – gross income less allowable deductions including dependent care and medical costs – cannot exceed the poverty line. Third, a household’s total assets cannot exceed \$2,250; \$3,250 for a household with a senior or disabled member. This test is now waived in most states.

The structure of benefit levels further reflects directing of SNAP based



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on need. A household with a net income of zero receives the maximum SNAP benefit. In 2018, this amounted to \$640 per month for a family of four. For each additional dollar in net income, benefits are reduced by 30 cents or, if the income is in the form of earnings, by 24 cents. This distinguishes SNAP from other assistance programs where benefits lump-sum independent of income. Along with making sure benefits are inversely related to need, the structure of benefits avoids having an especially strong “cliff effect” wherein if someone exceeds the eligibility threshold, a substantial amount of benefits are lost. This can create a negative work incentive for those with incomes right below the threshold which implicitly impedes the right of individuals to work (*Pacem in Terris*, 13; *Sollicitudo Rei Socialis*, 30).

Another feature of SNAP consistent with CST is that benefit levels are proportional to family size.

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Catholic Social Teaching and Poverty in Rural America

Bruce Weber

Catholic Social Teaching (CST) is generally considered to have started with the encyclical of Pope Leo XIII *The Condition of Labor (Rerum Novarum)*. This encyclical called out the wretched conditions of industrial workers and articulated the rights and duties of workers and employers, including the rights of workers to organize. On this foundation, the social teaching of the Church has evolved over the past century through a series of papal writings, Vatican II documents, and pastoral letters from bishops' conferences. Some dominant themes in these documents include the inherent dignity of each person, the rights of workers to a job with decent working conditions and a just wage, the social mortgage on private property, the responsibility to work for the common good, and a "preferential option for the poor".

The tradition has also recommended a particular way of applying the principles of Catholic social teaching. In the 1961 encyclical *Christi-*

anity and Social Progress (Mater et Magistra), Pope John XXIII recommended a process being developed with young workers (Jocists) by church leaders in Belgium through which lay people could change unjust social and economic conditions. The process involved three steps: (1) **Observe**: examine the current situation; (2) **Judge**: evaluate the situation in terms of the Gospel and the social teaching of the church; and (3) **Act**: decide how one can change the situation to better conform to CST. This brief article introduces and applies this process: (1) summarizing some facts about rural poverty in the U.S. (Observe), (2) examining how Catholic Social Teaching has evaluated this situation (Judge), and (3) reviewing how CST calls for actions that "change hearts and change structures." (Act)

Rural Poverty in the United States: geographically concentrated, persistent, and segregated and concentrated by race/ethnicity

Poverty in the

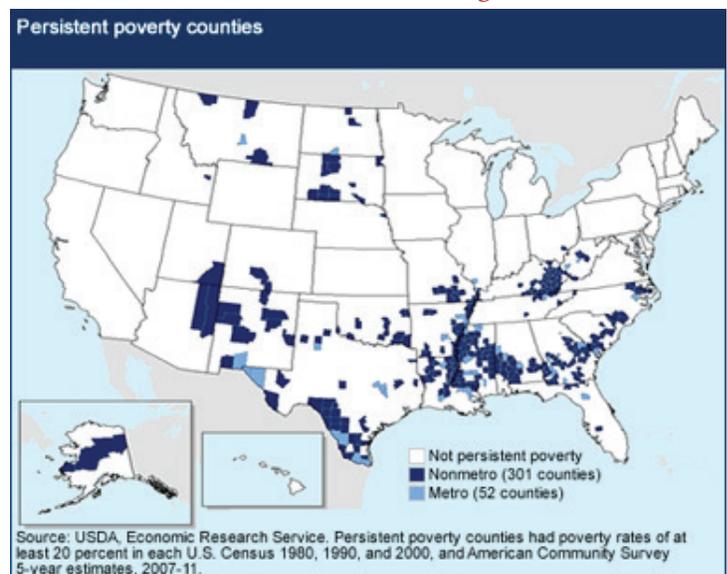
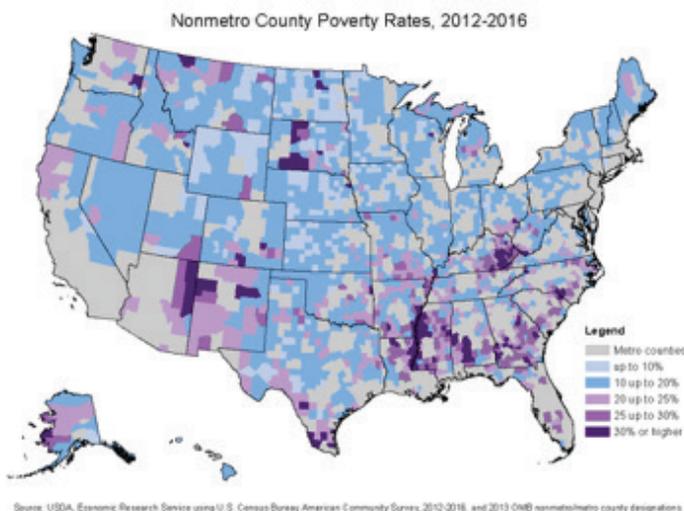


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United States is not evenly distributed across the landscape. Official poverty rates are higher in nonmetropolitan counties than in metropolitan counties and rural poverty is spatially concentrated in certain regions.

High poverty is very often persistent in rural counties with high concentrations of Black, Hispanic and Native American populations. Many of these persistent poverty counties appear to be poverty traps, in which escape from poverty is uncommon.

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How to Maximize your Charitable Giving Tax Benefits using “Charity Bunching”

Valerie Ramey

The tax reform adopted in the U.S. in December 2017 has significant implications for charitable deductions. Households that do not pay mortgage interest and do not have major medical expenses are likely to find that giving to charity no longer brings tax benefits. The purpose of this article is to explain how “charity bunching” may help you regain some tax advantages of charitable giving.

Charity bunching is the practice of giving several years’ worth of charity in one year, while giving little in other years. To illustrate, I will use the example of Joe and Mary, a married couple that files jointly. Note that married couples filing jointly who have at least \$14,000 in mortgage deductions per year probably would not benefit much from charity bunching.

Joe and Mary earn \$200,000, pay \$14,000 in state and local taxes (SALT), and give \$12,000 per year to charity. They do not have other deductions. Under the old tax code, their itemized deductions were greater than the standard deduction, so they enjoyed tax benefits from charitable giving.

The tax reform of 2017 limits the deduction of SALT to \$10,000 for married filing jointly, and increases the standard deduction to \$24,000. This means that Joe and Mary’s eligible itemized deductions (\$22,000) are less than the standard deduction. Thus, they do not receive any tax benefit from charitable giving.

How does charity bunching help? Suppose that Joe and Mary give three years’ worth of charitable donations in Year 1 and nothing in Year 2 or Year 3. Their itemized deductions in Year 1 are \$36,000 for charitable donations plus \$10,000 for SALT, for a total of \$46,000. Their taxable income is \$200,000 - \$46,000 = \$154,000, resulting in taxes due of \$25,759 (based on the 2018 tax tables). In each of Years 2 and 3, they take the standard deduction of \$24,000, resulting in a taxable income of \$176,000 and taxes due of \$30,819. The cumulative (undiscounted) three-year tax bill is \$87,397.

Let’s compare their charity bunching three-year tax bill to the one based on giving \$12,000 charity each year. Joe and Mary would be forced to take the standard deduction each of the three years, resulting in a three-year tax bill of \$92,457. Thus, if they do not charity bunch, they pay \$5,060 more in taxes over those three years.

This example illustrates how charity bunching can restore many of the tax benefits of charitable donations. The tax benefits rise as one bunches more years of charity into one year, but there are the obvious costs in terms of reduced liquidity. I am not a tax expert and my calculations are for illustration, so you should talk to your tax adviser before deciding whether it makes sense for you to charity bunch.

Charities are not fond of bunching,



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however, because it makes it difficult for them to plan. One of the more popular vehicles for charity bunching that enables smoothed giving to the charities is a Donor Advised Fund (DAF). Joe and Mary could donate the three years’ worth of charity to a DAF in Year 1 (and take their tax deduction) and then “advise” the DAF to give grants to their favorite charities in a smooth manner during the next three years. There are many such funds available, such as the ones managed by Vanguard, Fidelity, and many Catholic organizations.

Barrett Continued

growth due to the combination of population and income growth plus urbanization began outpacing supply expansion around the turn of the millennium. The all-time low in the Food and Agriculture Organization of the United Nations' (FAO) real food price index was in December 1999. Today, real food prices are 58% higher than they were 20 years ago, albeit down 23% from the modern high point in December 2010 (see accompanying figure).

The price consequences of changing agricultural productivity growth directly leads to the second food security pillar, access, which reflects demand side considerations. Access relates to individual consumers' budget sets as defined primarily by income – earned or unearned (e.g., through government or informal transfer programs) – and prices. Do individuals' and households' budget constraints allow them to reliably access a healthy and safe diet, given other necessary expenditures (e.g., on housing, health care)? If not, they lack adequate access to food. The access pillar reflects the powerful insight of the opening sentences of Nobel Laureate Amartya Sen's seminal volume, *Poverty and Famines*: "starvation is the characteristic of some people not having enough food to eat. It is not the characteristic of there being not enough food to eat. While the latter can be a cause of the former, it is but one of many possible causes" (Sen 1981:1, emphasis in original).

The third pillar, utilization, refers to how the food to which one has access combines with other inputs to the health production function – e.g., (clean?) water, parental caregiving,

hygiene, storage and food preparation practices, current health status – to determine an individual's nutrient and toxin intake, and thus the health and well-being impacts of food consumption. Considerable recent work in development economics, nutritional sciences, and public health has focused on these issues.

The fourth and final pillar, stability, introduces stochastic dynamic considerations. In the face of stochastic incomes, prices, do consumers face excessive exposure to risk of inadequate diets? Does that uninsured risk exposure, or perhaps the psychological burden of coping with such

All CST flows from celebration of the inherent dignity of every individual. The prevailing definition of food security similarly rests on a foundational respect for human dignity.

consequences, distort the behaviors of the food insecure, perhaps trapping them in long-term poverty (Barrett et al. 2019)?

The links between food security and Catholic Social Teaching (CST) are thus self-evident. CST emphasizes humankind's intrinsically social and sacred nature. We are one body with our brothers and sisters, all created in the image of God, and obliged to acknowledge and serve the Christ in one another. An offense to any one of God's children is an offense to God (Matthew 25). All CST flows from celebration of the inherent dignity of every individual. The prevailing defi-

inition of food security similarly rests on a foundational respect for human dignity.

The Church, expressly directed by Christ to 'feed my sheep' (John 21:17), has long advocated for a fundamental human right to food. In the modern era, this dates at least to Pope Leo XIII: "It is a most sacred law of nature that a father should provide food and all necessities for those whom he has begotten" (*Rerum Novarum*, no. 13). Article 25 of the 1948 Universal Declaration of Human Rights later enshrined the right to food, putting legal weight behind CST, although many governments have been slow to fully respect that right through food assistance programs (FAPs).

The bedrock CST principle of solidarity – and the related preferential option for the poor – compels FAPs, and motivates economists to consider the most efficient and cost-effective means of honoring the sacred right to food. A great deal of careful economics research has gone into the design of effective FAPs worldwide, which now serve more than 1.5 billion people directly (Alderman et al. 2018). But even the largest FAPs are dwarfed by the commercial food distribution system that serves the communities in which beneficiaries live. So it matters enormously whether FAPs reinforce or undercut commercial food value chains in providing healthy, affordable food.

This leads directly to the CST principle of subsidiarity, the idea that issues should be addressed at the lowest level possible, honoring individual human dignity and free will, while still internalizing all

important externalities. As Saint (then-Pope) John Paul II emphasized in the encyclical *Centesimus Annus*, CST is wholly consistent with the dramatic market-oriented reforms of the 1970s-90s that dramatically transformed the agri-food sector in much of Africa, Asia, Latin America, Central and Eastern Europe, and the former Soviet Union. Farmers' rights over their land, water, seed, and product, consumers' right of dietary choice, all favor decentralized market mechanisms for the production and distribution of food, framed within regulatory structures that efficiently safeguard food safety, reduce asymmetric information through grades and standards. But John Paul II also emphasized the need to underpin markets with solidarity manifest in FAPS and other social safety net measures to ensure food (and other forms of) assistance to those who otherwise lack access to an adequate diet.

Pope Francis' encyclical *Laudato Si'* emphasizes the inextricability of care for the natural environment – 'our common home' – from solidarity

with with poor, that environmental issues are social justice issues. The inextricable links between care for the natural environment and for the poor perhaps finds their most natural expression in agriculture, the sector of the economy that employs a majority of the world's poor and consumes more than 70% of the globe's fresh-water and soil resources. Because food availability, utilization, and stability depend so fundamentally on the state of the natural environment – e.g., of crops, pathogens, soils, water – care for creation is essential if we are to care for the poor.

Finally, it is worth noting that food insecurity is increasingly concentrated in areas of extreme poverty exposed to violence, underscoring one further principle of CST: peace. According to UN data, over past two decades, conflict-affected countries' share of stunted children grew from 46% to 79%, and the world now struggles to care for a record 69 million forcibly displaced people, with hunger and conflict the primary drivers of forced migration.

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Gundersen Continued

Thus, bringing new life into the world is recognized as a positive outcome by SNAP.

Create Effective Mechanisms

For an assistance program to be successful, individuals need the freedom to use the benefits. In the U.S., well-stocked retail food outlets are located virtually everywhere (albeit, in some areas more than others) and, consequently, if one has the resources, one can purchase suffi-

cient quantities of food. SNAP uses this well-developed retail structure as a way of getting food to recipients. Namely, SNAP recipients receive an electronic benefit transfer (EBT) card which can be used at all large-scale grocery stores in the country and many smaller-scale stores selling food.

This method of distributing benefits affirms the dignity of recipients insofar as they are able to purchase food alongside their neighbors. This is in contrast to a program where, say, in-

dividuals have to redeem benefits by going to a designated place exclusive for beneficiaries. This helps to fulfill the aspiration to participate noted in *Octogesima Adveniens* (22) and *Pacem in Terris* (20).

Fully Fund

Food security requires having enough food at all times throughout the year and during both good and bad economic times. An assistance program should therefore provide benefits that are available for the full

year and in every year, irrespective of the health of the economy. One way to ensure this is to have a program be an entitlement program, i.e., a program which expands or contracts automatically and not at the discretion of the government or another entity running a program.

SNAP is an entitlement program. What this implies is seen in Figure 1 which displays the number of people enrolled and total expenditures on SNAP from 1980 to 2017. From 2000 to 2013, there were annual increases in both of these measures and this was achieved without any need for the government to authorize these expenditures. Conversely, since 2013 there has been a decline annually, primarily reflecting improvements in economic conditions.

Provide Enough to Those in Need

Research has demonstrated that SNAP participants are between 5 and 20 percent less likely to be food insecure than eligible non-participants after controlling for adverse

selection into the program. Nevertheless, over 50% of SNAP participants are still food insecure. Thus, an argument can be made that an increase in SNAP benefits is needed to more effectively meet the demands for a right to food.

In addition to inadequate benefit levels, one may also question whether the current threshold of 130% of the poverty line is sufficiently lenient. This questioning arises because over 20% of households with incomes between 130% and 185% of the poverty line are food insecure. Thus, to meet the demands of CST to reach those who are most vulnerable, a higher gross income threshold may be required.

Increasing benefit levels and expanding eligibility would necessarily increase the burdens on taxpayers as does, as noted previously, SNAP's

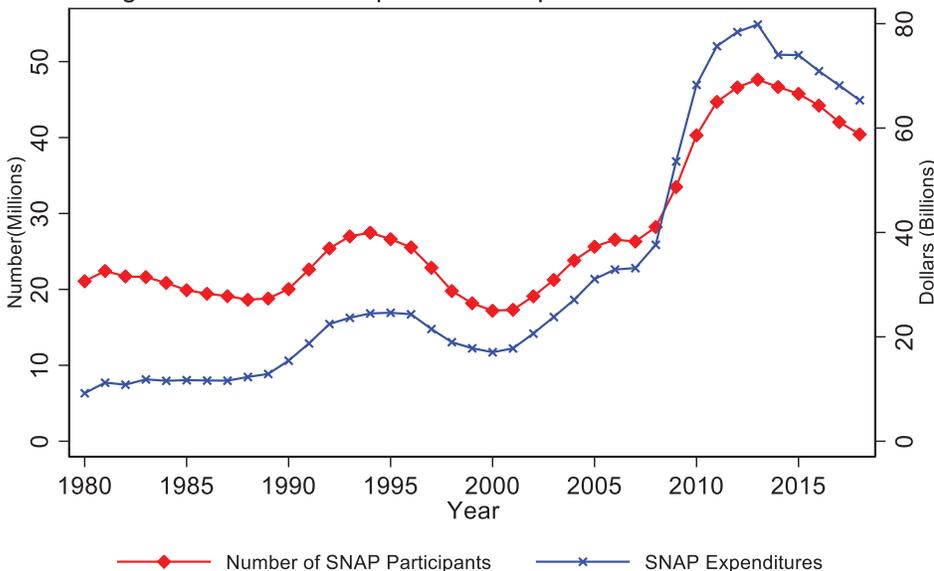
an argument can perhaps be made that this burden on taxpayers is appropriate in the absence of proven other methods to provide food to vulnerable persons

status as an entitlement program. Of course, an expansion of government is not always productive and, in many instances, does grave harm to the most vulnerable in our society. But, when a program is successful at ensuring the right to food, an argument can perhaps be made that this burden on taxpayers is appropriate in the absence of proven other methods to provide food to vulnerable persons. Again in the words of St. Paul VI, "In teaching us charity, the Gospel instructs us in the preferential respect due to the poor and the special situation they have in society; the more fortunate should renounce some of their rights so as to place their goods more generously at the service of others." (*Octogesima Adveniens*, 23)

Ensure Dignity of Recipients

A right is given to someone without the imposition of arduous conditions. Consider the process of voting in the U.S. After registration and going to a polling booth (or voting via absentee ballot), there are not further requirements imposed. For example, one does not have to demonstrate specific knowledge about candidates, justify why a vote was made, pass some form of IQ test, etc. The right to food as manifested in SNAP is constructed in a similar manner insofar as, after meeting the eligibility requirements and recertifying as needed, individuals do not have to meet further requirements.

Figure 1: SNAP Participants and Expenditures: 1980-2018



Source: Author's calculations based on information from <https://fns-prod.azureedge.net/sites/default/files/resource-files/SNAPsummary-4.pdf>.

Some have called for more restrictions on SNAP recipients and, in particular, restrictions on what they can purchase with benefits. Put differently, SNAP recipients would be told what foods to purchase or not purchase in ways that non-recipients would not be told including non-recipients who benefit from other government benefits (e.g., Social Security recipients, government workers). This is contrary to CST insofar as it positions SNAP recipients as the “other” rather than as part of the broader community. This importance of solidarity with the vulnerable and what it demands of us is described by St. John Paul

II : “Solidarity helps us to see the ‘other’ – whether a person, people, or nation – not just as some kind of instrument, with a work capacity and physical strength to be exploited at low cost and then discarded when no longer useful, but as our neighbor, a helper (cf Gn 2:18-20), to be a sharer, on a par with ourselves, in the banquet of life to which all are equally invited by God.” *Sollicitudo Rei Socialis* (39).

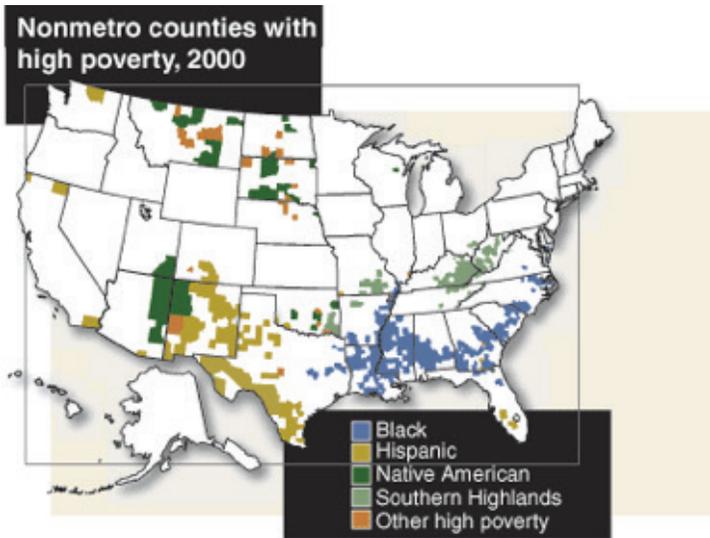
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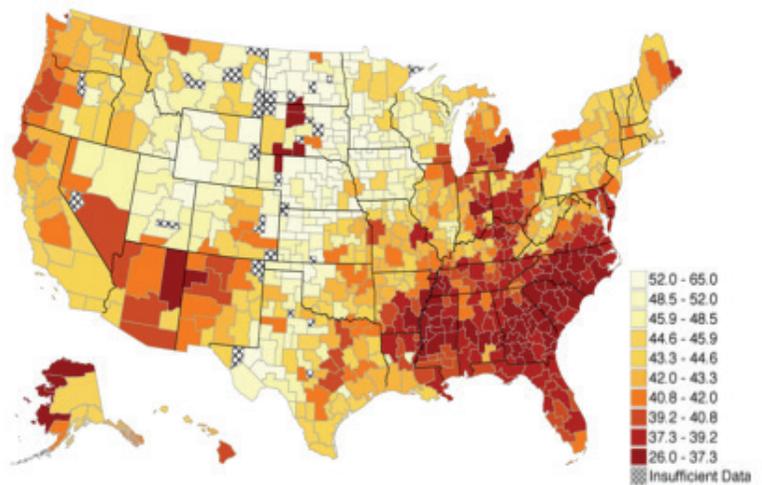
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Source: U.S. Census Bureau, 2000. High poverty is defined as a poverty rate of 20 percent or more. Map prepared by the Economic Research Service.

Absolute Upward Mobility: Mean Child Percentile Rank for Parents at 25th Percentile (Y25)



Source: Chetty, Hendren, Kline and Saez, 2014

Weber Continued

The dark red areas on the absolute upward mobility map are those where the upward economic mobility of children from low-income households is very low.

Over the past half century, the U.S. poverty rate has been reduced, in part because the U.S. has created a social safety net that reduces income poverty. Because safety net is more effective in reducing poverty in rural

areas, poverty has declined more in rural areas than in urban areas. But the structures that produce low wages and inequality have not changed. Wages in the U.S. have stagnated for both urban and rural workers without college degrees. and income inequality has increased dramatically since the early 1980s. The nation has not succeeded in developing policies that substantially change the structure of economic opportunity,

reduce income/wealth inequality, increase upward mobility out of poverty, or make wage-enhancing investments in people and places.

Catholic Social Teaching on Poverty: A preferential option for the poor

Jesus was raised in a religious tradition in which prophets condemned oppression and economic injustice, and psalmists reminded the Jewish

community that “God hears the cries of the poor.” It is clear from Jesus’ life and teachings that he identified with the poor and that he expected his followers to care for the poor. Indeed, he preached that one’s salvation depended on caring for the “least of these.” (see Matthew, Chapter 25)

Catholic Social Teaching is the evolving authoritative reflection of the church on how Christians ought to respond in our own times to the Gospel message. Of the several major CST themes mentioned in the introduction, the most directly relevant to rural poverty is the “preferential option for the poor,” articulated by Latin American theologians and bishops in the latter third of the twentieth century and confirmed as a central tenet of CST in writings of both Pope John Paul II and Pope Francis.¹

The concept of the preferential option for the poor plays a prominent role in the U.S. Catholic Bishops’ pastoral letter *Economic Justice for All: Catholic Social Teaching and the U.S. Economy* (1986), in which the church is called to “see things from the side of the poor.” In a special section devoted to poverty in the U.S., the bishops decry the increasing numbers of women, children and minorities who lack “sufficient material resources required for a decent life.” They judge that alleviation of poverty will require “fundamental changes in social and economic structures”, “programs that enable the poor to help themselves”,

and elimination of stereotypes that stigmatize the poor. And they go on to suggest a number of elements of a national strategy to reduce poverty, including structural changes that

alleviation of poverty will require “fundamental changes in social and economic structures”, “programs that enable the poor to help themselves”, and elimination of stereotypes that stigmatize the poor.

would be needed to “build and sustain a healthy economy that provides employment opportunities at just wages for all adults who are able to work.”

A Call to Conversion and Action: Changing hearts and changing structures

CST challenges us to act. In his apostolic letter *A Call to Action* (1971), Pope Paul VI reaffirmed the need for lay Christians to reflect on the condition of the world and apply Gospel principles to the situation they observe. Lay people, he asserted, “should take up as their own proper task the renewal of the temporal order.”

Ten years later, a world Synod of Bishops strongly affirmed in *Justice in the World* that “action for justice and participation in the transforma-

tion of the world fully appear to us as a constitutive dimension of the preaching of the Gospel.”

One of the clearest statements of the challenge to each of us in CST is “A Call to Conversion and Action” in *Economic Justice for All*:

“The challenge of this pastoral letter is not merely to think differently, but also to act differently. A renewal of economic life depends on the conscious choices and commitments of individual believers who practice their faith in the world.... We cannot separate what we believe from how we act in the marketplace and the broader community, for this is where we make our primary contribution to the pursuit of economic justice.” (25)

“The transformation of social structures begins with and is always accompanied by a conversion of the heart... But personal conversion is not gained once and for all. It is a process that goes on through our entire life. Conversion, moreover, takes place in the context of a larger faith community: through baptism into the Church, through common prayer, and through our activity with others on behalf of justice.” (325)

Footnotes

1. Pope John Paul II’s encyclicals *Sollicitudo Rei Socialis* (1988) and *Centesimus Annus* (1991) and Pope Francis’ apostolic exhortation *Evangelii Gaudium* (2013).

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