

Published on *National Catholic Reporter* (<https://www.ncronline.org>)

May 31, 2013 at 8:54am

Nobel-winning economist Krugman on the value of food stamps

by Tom Gallagher

NCR Today

For the past few years, New York *Times* op-ed writer and Nobel Prize-winning economist Paul Krugman has been repeatedly explaining how Catholic Rep. Paul Ryan's budget proposal -- the official budget of the Republican Party -- doesn't make sense mathematically, is harmful to the economy and is mean-spirited towards the poor. Krugman has been perhaps the most clear-headed voice on the topic.

Today, Krugman takes on food stamps -- formally known as Supplemental Nutrition Assistance Program -- and why the cuts to this program are hurting real children and families and literally taking food from the mouths of children.

Here's a bit of Krugman's essay in today's *Times*:

The food stamp program -- which these days actually uses debit cards, and is officially known as the Supplemental Nutrition Assistance Program -- tries to provide modest but crucial aid to families in need. And the evidence is crystal clear both that the overwhelming majority of food stamp recipients really need the help, and that the program is highly successful at reducing "food insecurity," in which families go hungry at least some of the time.

Food stamps have played an especially useful -- indeed, almost heroic -- role in recent years. In fact, they have done triple duty.

First, as millions of workers lost their jobs through no fault of their own, many families turned to food stamps to help them get by -- and while food aid is no substitute for a good job, it did significantly mitigate their misery. Food stamps were especially helpful to children who would

otherwise be living in extreme poverty, defined as an income less than half the official poverty line.

But there's more. Why is our economy depressed? Because many players in the economy slashed spending at the same time, while relatively few players were willing to spend more. And because the economy is not like an individual household -- your spending is my income, my spending is your income -- the result was a general fall in incomes and plunge in employment. We desperately needed (and still need) public policies to promote higher spending on a temporary basis -- and the expansion of food stamps, which helps families living on the edge and let them spend more on other necessities, is just such a policy.

Indeed, estimates from the consulting firm Moody's Analytics suggest that each dollar spent on food stamps in a depressed economy raises G.D.P. by about \$1.70 -- which means, by the way, that much of the money laid out to help families in need actually comes right back to the government in the form of higher revenue.

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