

## Ag. Secretary Says Food Stamp Program Is Stimulus

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Economists who are doubtful of the administration's claim that increased food stamp rates are a stimulus for the economy, warn such a heavy reliance on social programs will bankrupt America as it has done for many European nations.

Agricultural Secretary Tom Vilsack told an MSNBC television host Tuesday the Supplemental Nutrition Assistance Program (SNAP), also known as the food stamp program, is an economic stimulus for companies.

"Every dollar of SNAP stimulus generates \$1.84 in the economy in terms of economic activity," Vilsack asserted. "If people are able to buy a little more in the grocery store, then people have to stock it, shelve it, package it, process it, ship it – all of those are jobs."

J. D. Foster, research fellow for economic freedom and growth in the Heritage Foundation's Center for International Trade and Economics, says the administration considers the SNAP benefits a stimulus because it believes spending, whether by consumers or businesses, is spending.

However, as the program grows to meet the need of the one-in-every-seven Americans now receiving the federal benefit, Foster says the government's increased borrowing creates uncertainty in the financial markets.

"That uncertainty itself is debilitating to the economy," said Foster.

Financial uncertainty over the U.S. government's ability to pay its debts led to a massive dumping of stock earlier this month. The sell-off caused the Dow Jones Industrial Average to fall 512.76 points, and wiped out all of Dow's gains for the current year.

America's AAA credit rating has also suffered amid investors' uncertainty. Standard & Poor's downgraded the U.S. rating to AA+, stating that Congress and the Barack Obama administration had fallen short of stabilizing the national debt.

However, Fitch, another rating agency, continues to uphold America's triple-A+ rating.

Both Democrats and Republicans are now slated to come together in September and discuss spending reductions. Republicans have expressed a desire to make major reforms to entitlements while keeping taxes low. Democrats want the reverse: higher tax revenue while preserving entitlements.

Foster and fellow Heritage foundation economic expert James Roberts both warn that uncontrolled governments and unbridled spending caused financial collapse in many European countries in a report, entitled "Flashing Red: European Debt Crisis signals Collapse of Social Welfare State."

James Dorn, vice president for academic affairs at the Cato Institute, further warns that the United States "is quickly catching up with European Welfare States."

Dorn notes in a Wednesday opinion piece posted on the Cato Institute website that entitlement spending has "skyrocketed." Medicare, Medicaid and Social Security, in particular, accounts for more than 40 percent of all federal spending, he says.

Foster acknowledges SNAP benefits are a useful emergency safety for Americans, especially those who have fallen victim to the 9.1 percent U.S. unemployment rate.

"When they need a little bit of help they go, on the program and then hopefully they go off it again," he described. "As long as it's there as a safety net for people on a temporary basis, you don't risk the problem you have in Europe."

He and Roberts both urge the U.S. government to protect itself from reaching economic collapse by reigning in entitlements.

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Christian Post Reporter

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