



The Honorable Barack Obama
President of the United States
The White House
1600 Pennsylvania Avenue, N.W.
Washington, D.C. 20500

November 29, 2010

The Honorable Nancy Pelosi
Speaker
United States House of Representatives
Washington, D.C. 20515

The Honorable Harry Reid
Majority Leader
United States Senate
Washington, D.C. 20515

The Honorable John Boehner
Minority Leader
United States House of Representatives
Washington, D.C. 20515

The Honorable Mitch McConnell
Minority Leader
United States Senate
Washington, D.C. 20515

Dear Mr. President, Speaker Pelosi, Majority Leader Reid, Congressman Boehner, and Senator McConnell:

Congress must decide whether to continue the Emergency Unemployment Compensation program (EUC), a decision that will directly affect millions of families and the entire economy. Authorization for the additional benefits Congress has been providing since the passage of the American Recovery and Reinvestment Act in February 2009 expires tomorrow, November 30, and millions of unemployed workers will soon be affected. I write you out of concern for the jobless, who through no fault of their own, cannot find work in an economy with only one job vacancy for every five unemployed workers, and who depend on EUC to pay their rent or mortgage, pay for groceries and gas, and pay for their heating bills and other utilities.

But I write also out of concern for the economy. Together with Lawrence Katz of Harvard University, I gathered the signatures of 33 prominent economists on the attached statement, which warns that letting the Emergency Unemployment Compensation program expire will weaken the economy by reducing the spending of the unemployed and overall consumer demand. All of us agree that EUC should be extended for another 12 months and that there is no danger that continuing to provide extended unemployment insurance benefits will materially raise overall unemployment. We also agree that deficit financing for EUC is prudent and will not contribute significantly to long-term deficits.

We hope that you act swiftly to renew these benefits, for the good of the economy and the well-being of millions of deserving Americans who depend on them.

Sincerely,

Lawrence Mishel
President
Economic Policy Institute

PROMINENT ECONOMISTS SAY

Continue the Emergency Unemployment Insurance Program



STATEMENT FROM **LEADING AMERICAN ECONOMISTS**

Continuing the about-to-expire federal emergency unemployment insurance program, which provides extra weeks of benefits to the long-term unemployed, is sensible economic policy that will not only assist the unemployed but help maintain spending, overall demand, and employment at this critical point in the recovery. Given that there remains a historically high number of unemployed workers per job opening, there is no danger that continuing to provide extended unemployment insurance will materially raise overall unemployment. Eliminating these benefits, on the other hand, will cause hardship for the long-term unemployed, scale back spending, and weaken the economy since unemployment benefits are one of the most effective means available to support overall demand. Unemployment has remained above 9.0% for 18 months already and will likely remain high for some time to come, making a strong case for continuing the current program for another 12 months. Moreover, the special provisions for extended unemployment insurance during recessions have traditionally been financed by short-term fiscal deficits and this remains a prudent approach. The program will not contribute significantly to long-term deficits because its costs will diminish automatically as the economy recovers and unemployment returns to more normal levels.

SIGNERS CONTINUE THE EMERGENCY UNEMPLOYMENT INSURANCE PROGRAM

HENRY J. AARON
Brookings Institution

KENNETH ARROW
Nobel Laureate in Economics
Stanford University

DAVID AUTOR
Massachusetts Institute of Technology

MARTIN NEAL BAILY
Chair, Council of Economic Advisers
Brookings Institution

DEAN BAKER
Center for Economic and
Policy Research

ALAN S. BLINDER
Princeton University

GARY BURTLESS
Brookings Institution

RAJ CHETTY
Harvard University

DAVID CUTLER
Harvard University

JANET CURRIE
Columbia University

J. BRADFORD DELONG
University of California - Berkeley

ROBERT H. FRANK
Cornell University

RICHARD FREEMAN
Harvard University

JAMES K. GALBRAITH
University of Texas

CLAUDIA GOLDIN
Harvard University

JONATHAN GRUBER
Massachusetts Institute of Technology

HARRY J. HOLZER
Georgetown University

ROBERT JOHNSON
Roosevelt Institute

LAWRENCE KATZ
Harvard University

FRANK LEVY
Massachusetts Institute of Technology

ERIC S. MASKIN
Nobel Laureate in Economics
Princeton University

DANIEL L. MCFADDEN
Nobel Laureate in Economics
University of California - Berkeley

LAWRENCE MISHEL
Economic Policy Institute

CHRISTINA ROMER
Chair, Council of Economic Advisers
University of California - Berkeley

CHRISTOPHER RUHM
University of North Carolina -
Greensboro

EMMANUEL SAEZ
University of California - Berkeley

CHARLES L. SCHULTZE
Chair, Council of Economic Advisers
Brookings Institution

ROBERT M. SOLOW
Nobel Laureate in Economics
Massachusetts Institute of Technology

TIMOTHY M SMEEDING
University of Wisconsin

JOSEPH E. STIGLITZ
Nobel Laureate in Economics
Chair, Council of Economic Advisers
Columbia University

LAURA D. TYSON
Chair, Council of Economic Advisers
University of California - Berkeley

TILL VON WACHTER
Columbia University

JUSTIN WOLFERS
University of Pennsylvania