Econ Journal Watch

Economist Petitions Text **September 1, 2010**

This document is an appendix to the *Econ Journal Watch* article (Sept 2010) by Hedengren, Klein, and Milton on 35 economist petitions ([link to article]). This document provides the text and metadata for the 35 petitions. Another appendix (in Excel) lists the signatories of each petition ([link]).

The 35 petitions in chronological order:

Support Market Oriented Health Care Reform 1994
3/16/1994
http://www.independent.org/issues/article.asp?id=469
Promulgated by The Independent Institute
Categorization: Liberty augmenting
Number of signatures: 637

Dear Mr. President:

Price controls produce shortages, black markets and reduced quality. This has been the universal experience in the 4,000 years that governments have tried to artificially hold prices down using regulations.

You insist that your health care plan avoids price controls. We respectfully disagree. Your plan sets the fees charged by doctors and hospitals, caps annual spending on health care, limits insurance premiums, and imposes price limitations on new and existing drugs.

In countries that have imposed these types of regulations, patients face delays of months and years for surgery, government bureaucrats decide treatment options instead of doctors or patients, and innovations in medical techniques and pharmaceuticals are dramatically reduced. Here in America, the threat of price controls on medicines has already decreased research and development at drug companies, which will lead to reduced discoveries and the loss of life in the future.

In the 1970s, government tried to regulate the price of a simple homogeneous produce, gasoline. The result was a social and economic disaster. People were forced to waste hours waiting in lines to purchase gasoline. Long waits for surgery and other medical care will have far more serious consequences.

Caps, fee schedules and other government regulations may appear to reduce medical spending, but such gains are illusory. We will instead end up with low equality medical care, reduced medical innovation, and expensive new bureaucracies to monitor compliance. These controls will hurt people, and they will damage the economy. We urge you to remove price controls, in any form, from your health care plan.

Oppose Antitrust Protectionism
6/2/1999
http://www.independent.org/pdf/open_letters/antitrust.pdf
Promulgated by The Independent Institute
Categorization: Liberty Augmenting
Number of signatures: 240

Dear President Clinton:

Antitrust is supposed to be about protecting consumers against higher prices and other consequences of monopoly power. Accordingly, the Justice Department's Antitrust Division, the Federal Trade Commission, and state attorneys general are vested with authority to defend competition and protect the well-being of consumers.

The current spate of heightened antitrust activism seems to suggest that anti-competitive business practices abound. Headline-grabbing cases against Microsoft, Intel, Cisco Systems, Visa and MasterCard, along with a flurry of merger investigations now under way, would appear to demonstrate the need for a vigorously enforced antitrust policy that will create checks and balances to eliminate consumer harm.

However, consumers did not ask for these antitrust actions — rival business firms did. Consumers of high technology have enjoyed falling prices, expanding outputs, and a breathtaking array of new products and innovations. High technology markets are among the most dynamic and competitive in the world, and it is a tribute to open markets and entrepreneurial genius that American firms lead in so many of these industries. But, these same developments place heavy pressures on rival businesses, which must keep pace or lose their competitive races. Rivals can legitimately respond by improving their own products or by lowering prices. Increasingly, however, some firms have sought to handicap their rivals' races by turning to government for protection.

Where antitrust authorities respond to these protectionist demands, the workings of markets are short-circuited. Antitrust protectionism means that market decisions about how to compete for consumers' favor are displaced by bureaucratic and political decisions. More of the energies of firms are directed to politics, less to production and innovation. Successful innovators are penalized, scale economies are lost, and competition is thwarted, not enhanced. Instead of preventing prices from rising, antitrust protectionism keeps prices from falling.

Many of these cases are based on speculation about some vaguely specified consumer harm in some unspecified future, and many of the proposed interventions will weaken successful U.S. firms and impede their competitiveness abroad. The cost-benefit test for antitrust has not been met. We urge anti-trust authorities to abandon antitrust protectionism and refrain from such speculative enterprises when actual consumer harm cannot be shown.

Support Market Oriented Health Care Reform 2000
3/1/2000
http://www.aapsonline.org/testimony/hopen.htm
Promulgated by Independent Institute
Categorization: Liberty Augmenting
Number of signatures: 538

Dear President Clinton and All Members of Congress:

For thousands of years, governments have tried to control prices. The universal experience has been that price controls produce shortages, black markets, reduced quality, and economic hardship.

Now, once again, programs to control health care prices are on the policy agenda. Under the guise of controlling Medicare costs and shielding the elderly from "unfair" prescription-drug prices, current proposals would restrict discounts on drug prices, cap health care spending, and limit insurance premiums. Among those adversely affected would be hospitals, members of managed care organizations, public health clinics, and government programs such as Medicaid and the Veterans Health System, which, because of their mass-buying power, are able to negotiate favorable drug prices for patients.

In countries with price controls, health care services are severely rationed. Patients wait months and sometimes years for surgery, suffering significant harm to health, even death, as a result. Government bureaucrats, rather than doctors or patients, select treatments. Pharmaceutical innovation languishes. In recent decades, American health care firms have created hundreds of new drugs, devices, and other medical products that have saved millions of lives, not only in the United States but around the world. The best way to save millions more is to enhance the incentives to research, develop, and market new health care products. Existing price controls and other trade restrictions affecting health care goods and services should be removed in order to encourage dynamic entrepreneurship in competitive markets. The result will be lower prices, greater innovation and higher quality.

Despite claims to the contrary, price controls do not reduce medical costs. Nor do they call forth improved health care services. Instead, they produce lower-quality medical care, reduced innovation, and costly new bureaucracies to monitor compliance, adding to the burdens of health care providers already entangled in red tape. Price controls harm consumers of medical services, especially those most in need of health care services.

We urge you to oppose all forms of price controls in any health care reform.

Economists for Sweatshops
07/29/00
http://www.fordschool.umich.edu/rsie/acit/Documents/July29SweatshopLetter.pdf
Promulgated by Academic Consortium on International Trade
Categorization: Liberty Augmenting
Number of signatures: 252

Dear Sir/Madam:

We, the undersigned, are concerned about the process by which decisions are being taken by some academic institutions in the ongoing Anti-Sweatshop campaign to establish Codes of Conduct to be applied to American firms manufacturing apparel with university/college logos in poor countries and about the choice among agencies appointed to monitor the activities of these firms.

We believe that the decisions on these matters by universities and colleges should be made only after careful research, discussion, and debate in a manner appropriate to informed decision-making. However, we often encounter news reports of sit-ins by groups of students in the offices of university/college administrators, after which decisions are often made without seeking the views of scholars in the social sciences, law, and humanities who have long discussed and researched the issues involved or of a broader campus constituency of fellow students and the entire community of faculty members. Furthermore, little attention has been given to whether the views of the Anti-Sweatshop campaign are representative of the views of the governments, nongovernment organizations (NGOs), and workers in the poor countries that are directly involved in the manufacture and in the export of apparel and related goods.

We recognize the good intentions of the Worker Rights Consortium (WRC) and the Fair Labor Association (FLA), which are the two main anti-sweatshop groups competing for membership commitments by universities and colleges. Both of these groups, however, seem to ignore the well-established fact that multinational corporations (MNCs) commonly pay their workers more on average in comparison to the prevailing market wage for similar workers employed elsewhere in the economy. In cases where subcontracting is involved, workers are generally paid no less than the prevailing market wage. We are concerned therefore that if MNCs are persuaded to pay even more to their apparel workers in response to what the ongoing studies by the anti-sweatshop organizations may conclude are appropriate wage levels, the net result would be shifts in employment that will worsen the collective welfare of the very workers in poor countries who are supposed to be helped. Further information on this and other issues involved in the anti-sweatshop campaign is posted on the ACIT web site.

We are also concerned that the monitoring mechanisms established by both the Worker Rights Consortium and Fair Labor Association may prove uneven and ineffective. Other certifying and monitoring organizations should also be considered, such as the Council on Economic Priorities Accreditation Agency (CEPAA), an international non-government organization with considerable experience in administering a Social Accountability Standard (SA8000). Under SA8000, member companies are required to comply with national and other applicable laws and to respect the principles of worker rights embodied in the pertinent Conventions of the

International Labor Organization (ILO), the Universal Declaration of Human Rights, and the United Nations Convention on the Rights of the Child.

In view of the complexity of the broad economic and related issues that the subject of "Social Responsibility" raises, we stress the need for universities and colleges to properly research, debate, discuss, and take decisions on this matter in a manner more appropriate to the fact that they, of all institutions in society, must promote informed decision-making.

Oppose Death Tax
05/21/01
http://www.ustreas.gov/offices/economic-policy/round_table_documents/Economists_Letter_Estate_Tax.pdf
Promulgated by National Taxpayers Union
Categorization: Liberty Augmenting
Number of signatures: 279

To whom it may concern:

Spend your money on riotous living — no tax; leave your money to your children — the tax collector gets paid first. That is the message sent by the estate tax. It is a bad message and the estate tax is a bad tax.

The basic argument against the estate tax is moral. It taxes virtue — living frugally and accumulating wealth. It discourages saving and asset accumulation and encourages wasteful spending. It wastes the talent of able people, both those engaged in enforcing the tax and the probably even greater number engaged in devising arrangements to escape the tax.

The income used to accumulate the assets left at death was taxed when it was received; the earnings on the assets were taxed year after year; so, the estate tax is a second or third layer of taxation on the same assets.

The tax raises little direct revenue — partly because the estate planners have been so successful in devising ways to escape the tax. Costs of collection and compliance are high, perhaps of the same order as direct tax receipts. The encouragement of spending reduces national wealth and thereby the flow of aggregate taxable income. These indirect effects mean that eliminating the tax is likely to increase rather than decrease the net revenue yield to the federal government.

The estate tax is justified as a means of reducing the concentration of wealth. However, the truly wealthy and their estate planners avoid the tax. The low yield of the tax is a testament to the ineffectiveness of the tax as a force for reshaping the distribution of wealth.

The primary defense made for the estate tax is that it encourages charity. If so, there are better and less costly ways to encourage charity. Eliminating the estate tax will lead to higher economic growth, which is the most important variable in determining the level of charitable giving.

Death should not be a taxable event. The estate tax should be repealed.

Scholars Against Sweatshop Labor
10/22/2001
http://www.peri.umass.edu/253/
Promulgated by Political Economy Research Institute
Categorization: Liberty Reducing
Number of signatures: 435

A movement by college and university students to oppose sweatshop labor in the production of college logo apparel began in the United States in the mid-1990s. The movement has been highly successful in raising the awareness of students and the broader population about harsh conditions experienced by garment workers throughout the world, including the United States, but most especially less developed countries. The students have read accounts by reputable sources about sweatshops—for example, a 10/2/00 Business Week story titled "A Life of Fines and Beatings," which describes conditions in Chinese factories that make products for Wal-Mart, among other Western companies. The overarching aim of the anti-sweatshop movement is simple: to make a contribution toward eliminating 'lives of fines and beatings' for workers throughout the world, in the same way that previous generations of activists fought to eliminate slave labor, child labor, and the 12-hour workday. The anti-sweatshop movement wants workers worldwide be able to work under decent conditions, exercise basic human rights, and earn at least decent minimum wages.

In response to this student movement, many colleges and universities have adopted "codes of conduct" aimed at improving wages and working conditions for workers producing apparel that carries the logo of their own institutions. We, the undersigned, are broadly supportive of these efforts, even though we acknowledge that we do not have detailed information on the codes established at every institution.

During the past academic year, a group calling itself the "Academic Consortium on International Trade" (ACIT) circulated a letter to Presidents of Colleges and Universities, raising major concerns about these anti-sweatshop activities. As of June 2001, the letter has been signed by 352 economists and other academics, many of them distinguished practitioners in their fields of specialization. This letter is also posted on the ACIT website, http://www.spp.umich.edu/rsie/acit/.

The letter raises four basic concerns about the direction of the anti-sweatshop campaigns on college and university campuses:

1. Institutions are establishing codes of conduct without adequate consultation of experts knowledgeable in the relevant fields.
2. The two main organizations engaged in monitoring codes of conduct throughout the world—the Workers Rights Consortium (WRC) and the Fair Labor Association (FLA) may prove ineffective. The ACIT letter proposes that other groups also be considered as monitors, such as Social Accounting International (SAI; formerly known as Council on Economic Priorities Accreditation Agency).

3. Inadequate attention has been paid to whether the views of the anti-sweatshop movement are representative of the views of governments, non-governmental organizations (NGOs) and workers in the developing countries that are directly involved in the apparel industry.
4. Anti-sweatshop activists and the main monitoring organizations do not understand how establishing codes of conduct may actually harm the very low-wage workers in developing countries they are trying to help. In particular, the ACIT letter suggests that forcing businesses in less developed countries to pay higher wages and improve working conditions could reduce the overall availability of jobs in these countries.

We believe that these concerns raised by ACIT are legitimate. At the same time, we believe that the anti-sweatshop movement—and the colleges and universities that have embraced this movement through establishing codes of conduct in college logo apparel production—are taking constructive steps toward improving living and working conditions for millions of poor people throughout the world.

We expand on this conclusion below through addressing the main concerns raised in the ACIT letter.

Are colleges and universities making decisions about codes of conduct without adequate consultation?

Colleges and universities that have adopted codes of conduct have generally done so only after careful consultation with appropriate faculty and/or outside experts. We would be surprised if any institution of higher education were to act otherwise. But the ACIT letter also raises a broader issue: do college and university decision-makers have an adequate foundation of research on which to understand all the issues raised by the anti-sweatshop movement? Of course, scholars have been writing for generations about the most effective ways of alleviating poverty and enhancing conditions in workplaces. At the same time, the anti-sweatshop movement has prompted a new body of research and discussion that is deepening our understanding of the specific issues at hand. Universities have commissioned much of this new research. Links to many of these resources can be found at the SASL website. No doubt more such work would be beneficial. For now, the anti-sweatshop movement deserves credit for pushing researchers to focus on these issues. With time, these efforts will produce both greater understanding and increasingly effective codes of conduct.

Worldwide Consultation and Monitoring

Establishing and monitoring acceptable codes of conduct for companies operating plants throughout the world are clearly difficult tasks. Achieving adequate levels of compliance will be a long, slow process requiring experimentation, flexibility and learning. Toward that end, ACIT's concern over the quality of monitoring is constructive. But the ACIT letter does not make clear that the three monitoring agencies that it refers to—the Workers Rights Consortium (WRC), Fair Labor Association (FLA), and Social Accountability International (SAI)—offer perspectives that are distinct and complementary. The WRC governing and advisory boards are comprised of academics, university administrators, labor rights activists and NGOs from developing countries. In other words, the WRC has brought local stakeholders into the center of the monitoring process. This is exactly what the ACIT letter itself recommends. Moreover, the WRC is committed to maintaining transparent procedures for monitoring firms and disclosing the results of their inspections. Unlike the WRC, the Fair Labor Association includes representatives of business prominently on its board, in addition to having NGO and university representatives. The widespread concern voiced by activists over the governance of the FLA is that it gives too much power to businesses to effectively monitor their own behavior. We do not evaluate here the merits of this criticism. But even allowing that there is truth to it, it is still clear that the FLA is on the right track by including business representatives in their formal discussions, since no viable standards will emerge by excluding them. Social Accountability International, as the ACIT letter correctly points out, is more experienced than either the WRC or FLA in implementing monitoring and certification procedures for international businesses. However most of their previous work has been in the area of product quality control rather than social monitoring. In short, the three organizations bring different strengths to the task of establishing and monitoring effective labor standards worldwide. Ongoing cooperation and competition between these groups should also raise the general performance standard for all three.

Wages, Labor Costs, and Employment Opportunities in the Global Garment Industry

The ACIT letter says that multinational corporations "commonly pay their workers more on average in comparison to the prevailing market wage for similar workers employed elsewhere in the economy." While this is true, it does not speak to the situation in which most garments are produced throughout the world—which is by firms subcontracted by multinational corporations, not the MNCs themselves. In implicitly acknowledging this point, ACIT does also state that in the case of subcontracting, workers are "generally paid no less than the prevailing market wage." This is also true, almost by definition. But the prevailing market wage is frequently extremely low for garment workers in less developed countries. In addition, the recent university-sponsored studies as well as an October 2000 report by the International Labor Organization consistently find that serious workplace abuses and violations of workers' rights are occurring in the garment industry throughout the world. Considering simply the "prevailing market wage" in various countries thus tells us little about the working and living conditions of the workers who receive these wages.

The ACIT letter also raises a broader concern about the effort to raise wages and workplace standards for sweatshop workers: that improved labor standards could come at the cost of higher unemployment and a net loss of worker welfare. The aim of the anti-sweatshop movement is obviously not to induce negative unintended consequences such as higher overall unemployment in developing countries, nor to inhibit developing economies from competing successfully in global markets. The anti-sweatshop movement should take particular care that its efforts not produce fewer opportunities for people to get relatively high quality jobs in developing countries such as in some forms of garment production and other manufacturing and organized service sector activities. Even after allowing for the frequent low wages and poor working conditions in these jobs, they are still generally superior to "informal" employment in, for example, much of agriculture or urban street vending.

While caution is clearly needed in setting minimum decent standards for workplace conditions, workers rights, and wage levels, there is still no reason to assume that a country or region that sets reasonable standards must experience job losses. Additional policy measures will also be crucial for enhancing any region's overall employment opportunities and competitiveness. Such initiatives include: measures to expand the overall number of relatively high quality jobs; relief from excessive foreign debt payments; raising worker job satisfaction and productivity and the quality of goods they produce; and improving the capacity to bring final products to retail markets. Moreover, as long as consumers in wealthier countries are willing to pay somewhat higher retail prices to ensure that garments are produced under non-sweatshop conditions—as recent polling data for the U.S. suggests is the case—the higher revenues within the industry could be used to improve workplace conditions and wages for production-level workers, without creating pressures for manufacturers to reduce their number of employees.

Establishing fair and effective labor market and workplace regulations is always a challenging task. But such regulations remain a cornerstone of any decent society. This has been clear from the historical struggles against slave labor onward. The need for such social protections has only increased in our contemporary era of globalization—contrary to the widespread premise that global economic integration should be synonymous with the dismantling of social protections.

The current anti-sweatshop movement on campuses can point to real achievements toward improving social protections worldwide: it has increased awareness about conditions facing sweatshop workers; and it has stimulated research and thinking as to the most effective ways U.S. academic institutions can contribute toward improving working conditions and living standards for these workers. Of course, both educational and monitoring efforts need to be strengthened, and anti-sweatshop activists need to maintain the open-minded approach they have demonstrated thus far in finding the most effective means of achieving the ends they desire. In this spirit, we broadly endorse the efforts of the anti-sweatshop movement. At the same time, we encourage anti-sweatshop activists to continue to deepen both their own understanding and their educational efforts—to examine conditions facing workers generally in developing countries, including those not employed in sweatshops; and to consider the most effective means of improving these general conditions.

Oppose Bush Tax Cuts
2/1/2003
http://www.epi.org/page/-/old/stmt/2003/statement_signed.pdf
Promulgated by Economic Policy Institute
Categorization: Liberty Reducing
Number of signatures: 464

Economic growth, though positive, has not been sufficient to generate jobs and prevent unemployment from rising. In fact, there are now more than two million fewer private sector jobs than at the start of the current recession. Overcapacity, corporate scandals, and uncertainty have and will continue to weigh down the economy.

The tax cut plan proposed by President Bush is not the answer to these problems. Regardless of how one views the specifics of the Bush plan, there is wide agreement that its purpose is a permanent change in the tax structure and not the creation of jobs and growth in the near-term. The permanent dividend tax cut, in particular, is not credible as a short-term stimulus. As tax reform, the dividend tax cut is misdirected in that it targets individuals rather than corporations, is overly complex, and could be, but is not, part of a revenue-neutral tax reform effort.

Passing these tax cuts will worsen the long-term budget outlook, adding to the nation's projected chronic deficits. This fiscal deterioration will reduce the capacity of the government to finance Social Security and Medicare benefits as well as investments in schools, health, infrastructure, and basic research. Moreover, the proposed tax cuts will generate further inequalities in after-tax income.

To be effective, a stimulus plan should rely on immediate but temporary spending and tax measures to expand demand, and it should also rely on immediate but temporary incentives for investment. Such a stimulus plan would spur growth and jobs in the short term without exacerbating the long-term budget outlook.

Oppose Tax Increase
1/14/2004
http://web.archive.org/web/20061214111916/http://www.ntu.org/main/letter_printable.php?LetterID=147&org_name=ntu
Promulgated by National Taxpayers Union
Categorization: Liberty Augmenting
Number of signatures: 116

We, the undersigned economists, urge Congress to avoid enacting tax measures which would endanger the nation's economy as it continues to emerge from the recent slump. Economic recovery is always tricky, but heightened international tensions and the post 9/11 threat of domestic terrorism add to the difficulties. Consequently, Congress needs to be especially careful not to enact tax policy which would harm financial markets, businesses, or consumers.

Specifically we urge Congress to avoid two much-discussed tax proposals: 1) repealing all or part of the tax cuts adopted over the past three years, 2) limiting the amount that firms may deduct as a stock option expense.

First, the tax cuts adopted over the past three years have on the whole been quite beneficial to the economy. The tax cuts have both lowered the aggregate tax burden and also lowered government-imposed barriers -- such as high marginal tax rates -- to economic growth. Quite simply, eliminating some or all of these tax cuts (raising taxes) would hurt the private sector, and consequently generate far less revenue than tax hike proponents claim.

Second, there have been efforts in Congress to limit the amount that firms may deduct as a stock option expense from taxable income to the actual amount they report in financial statements. The effect of this change would be to raise billions in taxes, because private sector accounting rules (GAAP -- Generally Accepted Accounting Principles) would leave companies with little choice but to take a deduction for options based on the lower "fair value" when they are issued, rather than the higher "intrinsic value" when exercised. Companies would be able to deduct far less from taxes than what the options cost them as an expense.

The net result from altering the tax rules on stock option expenses would be disastrous. This change would move billions of dollars from the private sector into government coffers and represent the largest tax increase in a decade. Further, giving stock options to employees represents a real expense for firms and should be fully tax-deductible. Any other tax treatment is unfair. Finally, this change would hit start-up companies the hardest. These are exactly the businesses that need to use stock options the most. Without stock options, these firms would not be able to generate the great amount of innovation and jobs that they have in recent decades.

Many in Congress are rightly concerned about federal budget deficits. But we urge Congress to recognize that the deficits have been caused by the economic slowdown and a run-up in federal spending. The deficits did not come about because individuals or corporations are under-taxed. We believe that Congress should address its spending excesses and also enact policies that further economic growth. But the federal government should not hike taxes by reversing the recent tax cuts or by limiting what firms may deduct as stock option expenses. These actions are wrong and would imperil the economic recovery now underway.

Endorse John Kerry for President
8/25/2004
http://web.archive.org/web/*/http://www.johnkerry.com/pdf/pr_2004_0825.pdf
Promulgated by John Kerry Campaign (Uncertain)
Categorization: Other
Number of signatures: 10

President Bush and his administration have embarked on a reckless and extreme course that endangers the long-term economic health of our nation. John Kerry understands that sound economic policy requires a substantial change in direction, and we support him for President.

The differences between President Bush and John Kerry with respect to leadership on the economy are wider than in any other Presidential election in our experience. President Bush believes that tax cuts benefiting the most-wealthy Americans are the answer to almost every economic problem. The Bush Administration's tax cuts were poorly designed and therefore have given insufficient stimulus to job creation. The principal effect of the Bush Administration's fiscal policies has been to turn budget surpluses into enormous budget deficits. President Bush's fiscal irresponsibility threatens the long-term economic security and prosperity of our nation. At a time when our nation should be saving for the future, to pay the Medicare and Social Security benefits for the baby boomers, our national debt is swelling; the social contract that binds one generation to another is being threatened with unraveling. Increased borrowing from abroad–now almost five percent of our GDP–leaves our country, our economy and global stability increasingly vulnerable to changes in sentiments of foreign, or even domestic, investors. At the same time, his policies have exacerbated income inequality, failed to address the real wage declines and rising health care costs beleaguering American families, and ignored the need for critical investments to spur long-term growth.

John Kerry will chart a different course. We believe that he will restore fiscal responsibility. He is committed to making key investments in human capital, such as helping families meet the cost of higher education. He has a proposal that will address the problem of rising health care costs. We believe that he has both the ability and the commitment to work with our allies and trading partners to promote global growth that lifts up workers around the world.

John Kerry is our choice for America's next President. We hope that you will join us.

Oppose John Kerry for President
10/13/2004
http://old.nationalreview.com/nrof_comment/release_bc04_economists.html
Promulgated by George W. Bush Campaign (Uncertain)
Categorization: Other
Number of signatures: 367

We, the undersigned, strongly oppose key aspects of the economic agenda that John Kerry has offered in his bid for the U.S. presidency.

John Kerry says he "is committed to balancing the budget," but he has proposed additional spending that some analysts have estimated could cost as much as $226.1 billion annually ($2.261 trillion over ten years). He promises to "end corporate welfare as we know it" by implementing the "McCain-Kerry commission on corporate welfare," but he also proposes to provide additional "tax credits and subsidies to manufacturers" that meet his criteria.

Entitlement reform is the most important fiscal challenge facing the country, yet Kerry's approach has been to deny that any fix is needed. Indeed, Kerry criticized the recent Medicare expansion for not being large enough.

John Kerry has proposed tax increases that threaten to sap the economy's vitality and reduce long-term growth. Specifically, Kerry proposes to "restore the top two [income] tax rates to their levels under President Clinton." He would also, among other things, "restore the capital gains and dividend rates for families making over $200,000 on income earned above $200,000 to their levels under President Clinton." Kerry's stated desire to balance the budget and to boost federal spending substantially would almost certainly require far higher and broader tax increases than he has proposed.

John Kerry boasts that his economic policies will lead to the creation of 10 million jobs in his first term as president. As Martin Sullivan wrote last April in the strictly non-partisan Tax Notes, no one "has presented any analysis to relate the Kerry plan to the creation of 1 million jobs, much less 10 million jobs." In fact, we believe Kerry's proposals would, over time, inhibit capital formation, depress productivity growth, and make the United States less competitive internationally. The end result would be lower U.S. employment and real wage growth.

John Kerry has expressed a general reluctance to reduce trade barriers. He has promised, if elected, to "review existing trade agreements." He vows not to "sign any new trade agreements until the review is complete and its recommendations [are] put in place." That's a prescription for political gridlock. Given the widespread benefits of unfettered trade, Kerry's trade policies would harm U.S. producers and consumers alike.

All in all, John Kerry favors economic policies that, if implemented, would lead to bigger and more intrusive government and a lower standard of living for the American people.

Warning Future of Social Security
5/11/2005
http://www.cato.org/pressroom/ssad.pdf
Promulgated by Cato Institute
Categorization: Liberty Augmenting
Number of signatures: 454

Social Security is facing a financial crisis. Social Security's problems flow from its flawed pay-as-you-go structure. Social Security taxes paid by today's workers are not saved or invested; they are used to pay benefits for today's retirees and to fund other government programs. When today's workers retire, they must count on another generation of workers to pay taxes to support their benefits. Demographics have made this system unsustainable. In 1950 there were 16 workers paying taxes to support every person collecting benefits. Today there are only 3.3; by 2040 there will be just two.

Further, as economists we understand the crucial role private ownership plays in allocating resources and creating a rational framework for decision-making. Unfortunately, under the current system, as clarified by the 1960 Supreme Court ruling in Flemming v. Nestor, there are no ownership rights in Social Security. The Supreme Court made clear that Social Security is not a contractual arrangement and that participants have no property rights to the money they pay into the system. Social Security is, the Court said, a social program of Congress and what participants get back at retirement (indeed, when participants are eligible for benefits) is entirely up to the 535 members of Congress. Personal accounts change all that. Individuals will own real assets -- stock, bond or money market mutual funds -- that Congress may not touch. If history is any guide, these assets will grow over time, providing higher benefits than can the current system. Those assets not utilized in retirement may then be inherited by participants' heirs, something the current Social Security system does not allow.

Therefore, we support giving workers the option of shifting all or part of their Social Security taxes into individually owned, privately invested accounts, similar to individual retirement accounts or 401(k) plans. We believe that only a system based on savings and investment can provide a safe and secure retirement without burying future generations under a mountain of new taxes.

Increase Immigration
6/19/2006
http://www.independent.org/newsroom/article.asp?id=1727
Promulgated by TheIndependent Institute
Categorization: Liberty Augmenting
Number of signatures: 523

Dear President George W. Bush and All Members of Congress:

People from around the world are drawn to America for its promise of freedom and opportunity. That promise has been fulfilled for the tens of millions of immigrants who came here in the twentieth century.

Throughout our history as an immigrant nation, those who were already here have worried about the impact of newcomers. Yet, over time, immigrants have become part of a richer America, richer both economically and culturally. The current debate over immigration is a healthy part of a democratic society, but as economists and other social scientists we are concerned that some of the fundamental economics of immigration are too often obscured by misguided commentary.

Overall, immigration has been a net gain for American citizens, though a modest one in proportion to the size of our 13 trillion-dollar economy.

Immigrants do not take American jobs. The American economy can create as many jobs as there are workers willing to work so long as labor markets remain free, flexible and open to all workers on an equal basis.

In recent decades, immigration of low-skilled workers may have lowered the wages of domestic low-skilled workers, but the effect is likely to have been small, with estimates of wage reductions for high-school dropouts ranging from eight percent to as little as zero percent.

While a small percentage of native-born Americans may be harmed by immigration, vastly more Americans benefit from the contributions that immigrants make to our economy, including lower consumer prices. As with trade in goods and services, the gains from immigration outweigh the losses. The effect of all immigration on low-skilled workers is very likely positive as many immigrants bring skills, capital and entrepreneurship to the American economy.

Legitimate concerns about the impact of immigration on the poorest Americans should not be addressed by penalizing even poorer immigrants. Instead, we should promote policies, such as improving our education system, that enable Americans to be more productive with high-wage skills.

We must not forget that the gains to immigrants coming to the United States are immense. Immigration is the greatest anti-poverty program ever devised. The American dream is a reality for many immigrants who not only increase their own living standards but who also send billions of dollars of their money back to their families in their home countries—a form of truly effective foreign aid.

America is a generous and open country and these qualities make America a beacon to the world. We should not let exaggerated fears dim that beacon.

Support Raising the Minimum Wage
9/27/2006
http://epi.3cdn.net/88c6aac4ee16915866_ldm6iie1l.pdf
Promulgated by Economic Policy Institute
Categorization: Liberty Reducing
Number of signatures: 659

The minimum wage has been an important part of our nation's economy for 68 years. It is based on the principle of valuing work by establishing an hourly wage floor beneath which employers cannot pay their workers. In so doing, the minimum wage helps to equalize the imbalance in bargaining power that low-wage workers face in the labor market. The minimum wage is also an important tool in fighting poverty.

The value of the 1997 increase in the federal minimum wage has been fully eroded. The real value of today's federal minimum wage is less than it has been since 1951. Moreover, the ratio of the minimum wage to the average hourly wage of non-supervisory workers is 31%, its lowest level since World War II. This decline
is causing hardship for low-wage workers and their families.

We believe that a modest increase in the minimum wage would improve the well-being of low-wage workers and would not have the adverse effects that critics have claimed. In particular, we share the view the Council of Economic Advisors expressed in the 1999 Economic Report of the President that "the weight of the evidence suggests that modest increases in the minimum wage have had very little or no effect on employment." While controversy about the precise employment effects of the minimum wage continues, research has shown that most of the beneficiaries are adults, most are female, and the vast majority are members of low-income working families.

As economists who are concerned about the problems facing low-wage workers, we believe the Fair Minimum Wage Act of 2005's proposed phased-in increase in the federal minimum wage to $7.25 falls well within the range of options where the benefits to the labor market, workers, and the overall economy would be positive.

Twenty-two states and the District of Columbia have set their minimum wages above the federal level. Arizona, Colorado, Missouri, Montana, Nevada and Ohio, are considering similar measures. As with a federal increase, modest increases in state minimum wages in the range of $1.00 to $2.50 and indexing to protect against inflation can significantly improve the lives of low-income workers and their families, without the adverse effects that critics have claimed.

Oppose Marijuana Prohibition
11/30/2006
http://www.prohibitioncosts.org/endorsers.html
Promulgated by Marijuana Policy Project
Categorization: Liberty Augmenting
Number of signatures: 554

We, the undersigned, call your attention to the attached report by Professor Jeffrey A. Miron, *The Budgetary Implications of Marijuana Prohibition*. The report shows that marijuana legalization -- replacing prohibition with a system of taxation and regulation -- would save $7.7 billion per year in state and federal expenditures on prohibition enforcement and produce tax revenues of at least $2.4 billion annually if marijuana were taxed like most consumer goods. If, however, marijuana were taxed similarly to alcohol or tobacco, it might generate as much as $6.2 billion annually.

The fact that marijuana prohibition has these budgetary impacts does not by itself mean prohibition is bad policy. Existing evidence, however, suggests prohibition has minimal benefits and may itself cause substantial harm.

We therefore urge the country to commence an open and honest debate about marijuana prohibition. We believe such a debate will favor a regime in which marijuana is legal but taxed and regulated like other goods. At a minimum, this debate will force advocates of current policy to show that prohibition has benefits sufficient to justify the cost to taxpayers, foregone tax revenues, and numerous ancillary consequences that result from marijuana prohibition.

Oppose Government Regulation of Internet ("Network Neutrality")
3/28/2007
http://papers.ssrn.com/sol3/papers.cfm?abstract_id=976889
Promulgated by AEI-Brookings Joint Center
Categorization: Liberty Augmenting
Number of signatures: 17

Abstract

Network neutrality is a policy proposal that would regulate how network providers manage and price the use of their networks. Congress has introduced several bills on network neutrality. Proposed legislation generally would mandate that Internet service providers exercise no control over the content that flows over their lines and would bar providers from charging more for preferentially faster access to the Internet. These proposals must be considered carefully in light of the underlying economics. Our basic concern is that most proposals aimed at implementing net neutrality are likely to do more harm than good.

Economists' Statement on Network Neutrality Policy
AEI-Brookings Joint Center

Introduction

Network neutrality is a policy proposal that would, among other things, regulate how network providers manage and price the use of their networks.

Net neutrality proponents sometimes assert that if Internet service providers are allowed to charge content providers, they will block web sites for their own private gain—thus crippling the Internet. They also have raised concerns about whether an Internet service provider might charge different prices to different content providers for the same service. Those opposing net neutrality mandates sometimes suggest the opposite—that allowing experimentation with new business models is the key to Internet innovation and the deployment of expanded networks needed to handle rapidly growing Internet traffic.

Congress has introduced several bills on network neutrality. Proposed legislation generally would mandate that Internet service providers exercise no control over the content that flows over their lines and would bar providers from charging particular services more than others for preferentially faster access to the Internet.

These proposals must be considered carefully in light of the underlying economics. Our basic concern is that most proposals aimed at implementing net neutrality are likely to do more harm than good.

Analysis

Regulation of prices and services has often resulted in costs that exceed benefits, especially in competitive markets. Highly dynamic markets, such as those for high-speed Internet services, pose particular problems because they change so quickly. In such dynamic markets, it is difficult for regulators to determine appropriate prices because technology and consumer demands are so difficult to forecast; and introducing price regulation risks discouraging the healthy process of risk-taking innovation—which is especially important in telecommunications.

The market for high-speed Internet services, or broadband, is the key concern. While not all geographic markets are served yet by multiple broadband providers, the data suggest that broadband markets are, in general, dynamic and competitive. By December 2005, according to the FCC's latest statistics, 93 percent of all zip codes in the U.S. had two or more broadband providers, and 82 percent had three or more. Just because a zip code has multiple providers does not mean that those providers compete directly, so whether "enough" firms compete yet is debatable; the trend, however, is positive. Furthermore, consumers are making greater use of new technologies. Mobile wireless use went from fewer than half a million subscribers in 2005 to more than 10 million subscribers in 2006. In short, more people are getting served by more providers and more platforms.

Consumers are benefiting from this competition. For example, between 2001 and 2005, the average price of a digital subscriber line dropped by about one-third. In the case of cable, the quality-adjusted price declined significantly, as cable connection speeds increased significantly while prices held steady.

In most, but not all, cases, we believe these markets are workably competitive. Moreover, even if some service providers could exercise some market power, the multi-sided nature of the market means that they still have powerful incentives not to block content. In particular, providers need content in order to attract subscribers. If a provider restricted access, its product would be less valuable and attract fewer subscribers. The point is that even firms with market power in one part of the market will not necessarily be able to control content.

Recommendations

We offer three recommendations related to preventing abuses in the broadband market, pricing flexibility, and facilitating more competition.

Recommendation 1: The antitrust enforcement agencies should be directed to investigate and, if the evidence warrants, file actions to prevent abuses by Internet service providers with market power that distort competition on the Internet.

Where competition remains insufficient to discipline providers, the government's existing authority can police an Internet service provider's behavior. If, for example, a service provider with monopoly power offered high quality service to an online gaming provider but refused to sell the same level of service to an unaffiliated voice over Internet protocol provider in order to protect its own subsidiary in the voice phone business, the antitrust laws should open the service provider to a suit.

Recommendation 2: Firms should be allowed to experiment with different pricing schemes for providing Internet access.

One advantage of giving Internet service providers pricing flexibility is that it will give them incentives to make new investments in next-generation Internet services. Without such incentives, investment may be discouraged, and the Internet may develop more slowly than would be optimal.

Another advantage of pricing freedom is that it can lead to a more economically efficient allocation of the existing Internet resource base. For example, some people may be willing to pay for high-speed access only when they need it, say, for streaming a movie. Other consumers may want the ability to use large amounts of bandwidth on an ongoing basis. Firms should be allowed to price these services as they wish and consumers should be allowed to purchase plans that best meet their needs.

There is not one right way to charge different customers in these high-speed markets. That is precisely why broadband providers should be allowed to charge market prices, unless there is a clear showing of threatened impairment of competition and consequent injury to consumers.

Recommendation 3: Congress and federal regulators should promote policies that increase the opportunities for competition and foster Internet innovation. One such policy would be spectrum liberalization.

High-speed Internet connections may be provided using wireless networks. Much of the potentially most valuable spectrum, however, is not available for its most productive uses. The Federal Communications Commission should make additional licensed spectrum available for flexible use as soon as possible and allow it to be traded so that spectrum can be allocated to its highest-valued uses (see www.aei-brookings.org/publications/abstract.php?pid=1044).

Conclusion

We believe the issues raised in the net neutrality debate can be effectively addressed by using antitrust authority where appropriate, allowing Internet pricing flexibility, and fostering more efficient use of spectrum to facilitate entry into the broadband market.

Our basic message is that government should allow firms to experiment with different business models for Internet services. Allowing such market flexibility is likely to be the best way to insure efficient innovation on the information superhighway.

Statement on Prediction Markets
5/1/2007
http://papers.ssrn.com/sol3/papers.cfm?abstract_id=984584
Promulgated by AEI-Brookings Joint Center
Categorization: Liberty Augmenting
Number of signatures: 25

Abstract:
Prediction markets are markets for contracts that yield payments based on the outcome of an uncertain future event, such as a presidential election. Using these markets as forecasting tools could substantially improve decision making in the private and public sectors.

We argue that U.S. regulators should lower barriers to the creation and design of prediction markets by creating a safe harbor for certain types of small stakes markets. We believe our proposed change has the potential to stimulate innovation in the design and use of prediction markets throughout the economy, and in the process to provide information that will benefit the private sector and government alike.

Introduction

Prediction markets are markets for contracts that yield payments based on the outcome of an uncertain future event, such as a presidential election, the release date for new software, or the action taken by the Federal Reserve on short-term interest rates. A key benefit is that the market price of these contracts can potentially provide more accurate forecasts of future events than other methods. Using these markets as forecasting tools could substantially improve decision making in the private and public sectors. They also can help manage risk more efficiently. It is precisely because prediction markets have great potential that we think the government should facilitate rather than hinder the introduction of these markets.

There are significant regulatory barriers to establishing prediction markets in the United States, in part because they are potentially subject to gambling laws. We argue that U.S. regulators should lower barriers to the creation and design of prediction markets by creating a safe harbor for certain types of small stakes markets. We believe our proposed change has the potential to stimulate innovation in the design and use of prediction markets throughout the economy, and in the process to provide information that will benefit the private sector and government alike.

A Brief Introduction to Prediction Markets

Prediction markets go by a number of different names, including information markets and event markets. An example will help clarify what we mean by a prediction market. Suppose a contract pays $ 1 only if candidate "X" wins the presidential election in 2008, and the market price of an X contract is currently 53 cents. That means the market "believes" X has a 53% chance of winning the election. This is a simple example of a binary outcome prediction market that was pioneered by professors at the University of Iowa in the late 1980s.

Prediction markets have already been used in a variety of contexts with remarkable success. For example, prices of economic derivatives predict economic variables better than professional economists; prices in Iowa political markets are typically more accurate than the polls in forecasting elections; and prediction markets at Hewlett-Packard Labs beat official forecasts of printer sales most of the time.

Prediction markets reflect an old thought that underlies the price system: Information is widely dispersed in society, and it is highly desirable to find a mechanism to collect and aggregate that information. These markets work for several reasons: First, almost anyone can participate. Second, people think hard when they have to back up their predictions with money; buy the right presidential contract and you win, buy the wrong one and you lose. Third, the profit motive encourages people to look for better information.

Legal and Regulatory Issues

Current laws and regulations affecting the use of prediction markets in the United States are likely to stymie innovation, and thus reduce economic welfare. At the same time, these restrictions deprive the private and public sectors of valuable information.

It is now very difficult to set up a real-money prediction market for U.S. participants. A firm has a number of options for limiting its regulatory and legal risk. These include: obtaining a special "no action" letter from the staff of the Commodity Futures Trading Commission (CFTC); giving traders money to trade on a particular event, so none of their own money is at risk; listing the prediction market on a traditional futures exchange; or developing a market that is excluded or exempt from CFTC regulation because it involves large, sophisticated investors. A firm can also open up a prediction market outside the United States and allow U.S. participants to trade its contracts, but this approach could introduce additional legal risks.

At the federal level, the CFTC regulates a number of prediction markets. Only one academic group in the U.S., the Iowa Electronic Markets, is operating a real-money prediction market. That is, in part, because its researchers were able to obtain a letter from the CFTC that permitted them to do so under certain limited conditions.

Both the states and the federal government have laws pertaining to Internet gambling that may affect prediction markets. Currently eight states have bans on Internet gambling, and the president recently signed the Unlawful Internet Gambling Enforcement Act of 2006, designed to crack down on such gambling.

Increasingly, researchers and firms have come to understand that prediction markets can yield better forecasts, which could improve decision making in the government and private sector. At the same time, many researchers and firms wishing to start a prediction market do not want to be subject to a variety of different state laws and regulations that are often ambiguous and may be quite costly. Thus, we think that it is worth exploring alternatives to the existing regulatory approach that could increase the social benefits of prediction markets while still meeting the legitimate concerns of regulators.

A Possible Solution

The strategy we suggest below would involve creating a safe harbor for selected small stakes prediction markets.

Recommendation 1: The CFTC should introduce a safe harbor for selected small stakes markets in the not-for-profit sector, the private sector and the government.

One kind of safe harbor is a no-action letter from the CFTC. This letter basically says that the CFTC's enforcement division will not take action against the party granted the letter if it conducts business in the manner stated in a written request that the division has approved. The only prediction market to receive such a letter was the Iowa Electronic Markets in 1992. One effect of the letter may be to lower the risk of prosecution under other laws, such as state and federal gambling laws. While we would like to see this risk *eliminated for the markets specified here, the CFTC may lack the authority to insulate prediction markets from state officials or from other federal regulators.*

We suggest that three types of entities be eligible for a no-action letter. The first would be research institutions that are not-for-profit. These institutions would include universities, colleges and think tanks. If one of these institutions received a no-action letter, it would be allowed to operate an exchange that would be similar in nature to the Iowa Electronic Markets, although focused on an array of interesting public policy and research issues. The second group of entities that could apply for a no-action letter is government entities in the United States. These entities would be allowed to implement markets similar to research institutions. The third group of entities that would qualify is private firms and other not-for-profit firms. Initially, these entities should only be allowed to use internal markets that included their employees.

In all cases, markets would involve "small stakes." While the definition of small stakes is somewhat arbitrary, we use the term to mean an exchange in which the total amount of capital deposited by any one participant may not exceed some specified amount, such as $ 2,000.

Exchanges would be not-for-profit. Although many exchanges may choose to subsidize trading activity for research or information generation purposes, they would be allowed to charge modest account and transaction fees if needed to recoup administrative and regulatory costs. There would be no brokers or paid advisors, reducing the risks that particular contracts would be sold to inappropriate customers and that customers would be charged excessive commissions. The exchange would be self-regulated, so it would be the responsibility of the exchange to make reasonable efforts to ensure that its markets were free from fraud and manipulation.

The safe harbor provided by the CFTC should apply to a broad range of contracts where there could, in principle, be opportunities for price discovery about economically meaningful variables. The CFTC should allow contracts that price an economically meaningful risk or uncertainty. We expect that this definition could allow for contracts on political events or economic indicators, such as those used by the Iowa Electronic Markets. We think that this definition would eliminate sports markets.

The contracts qualifying under this safe harbor would also create opportunities for more efficient risk allocation through hedging. While the small stakes nature of these markets will necessarily limit their utility for hedging, they can serve as proofs of concept for larger-scale markets that may eventually be developed under alternative regulatory arrangements.

We understand that issuing a no-action letter is only one of many ways that the CFTC could provide a safe harbor. We would urge that the CFTC consider exploring other possibilities that might ensure a more secure safe harbor. Examples include commission guidance or a rule that would be approved by the commission.

Recommendation 2: The CFTC should allow researchers to use experiments to learn more about the properties of prediction markets so they can improve their design.

A key reason for introducing more small stakes prediction markets is to allow researchers to learn more about how they work and when they work, so they can improve their design and provide benefits to both the private and the public sectors. We think that researchers should be allowed to conduct experiments that shed light on the possible role of fee structure, liquidity, manipulation, and other factors that affect market performance. Such research could shed light on the efficiency of particular markets, which could be helpful in designing markets that are more liquid and less susceptible to manipulation. All participants in markets in *which experiments are conducted would need to be informed so that they are aware of the risks and benefits of participating in that market.*

Recommendation 3: Congress should support the CFTC in its efforts to promote innovation in prediction markets.

To the extent that the CFTC incurs greater costs in helping to promote prediction market innovation, Congress should provide extra funds to the commission to cover these costs.

In addition, Congress should explore alternatives for providing a more extensive safe harbor if the CFTC is unable to provide a reasonably safe harbor under current law. In particular, it should enact legislation specifying that a no-action letter, or other suitable regulatory mechanism, will serve to preempt other state and federal anti-gambling laws, so that a qualified party would not be at risk of liability under these laws.

Conclusion

We believe prediction markets can significantly improve decision making in both the private and public sectors. One of the clear benefits of allowing small stakes, non-profit markets to operate would be the greater use of prediction markets to inform both public and private decision making. A second benefit would be that access to better information could promote greater transparency and accountability in decision making. A third benefit might be that other countries and regions would promote prediction markets with more sensible regulation. Finally, we think there would be benefits from the development of new knowledge on how to design prediction markets.

We are aware that Congress did not intend the CFTC to regulate gambling and we believe that it is important to design this safe harbor in such a fashion that socially valuable prediction markets can get in, but gambling markets cannot.

Prediction markets have great potential for improving economic welfare and the decisions of private and public institutions alike. To help achieve that potential, the regulatory impediments to the use of prediction markets in the U.S. should be lowered. Here, we have suggested one approach for reducing those regulatory barriers.

Economists Against Protectionism
8/1/2007
http://www.clubforgrowth.org/assets/files/CfG_Hoover_Final_WSJ.pdf
Promulgated by Club for Growth
Categorization: Liberty Augmenting
Number of signatures: 1028

We, the undersigned, have serious concerns about the recent protectionist sentiments coming from Congress, especially with regards to China.

By the end of this year, China will most likely be the United States' second largest trading partner. Over the past six years, total trade between the two countries has soared, growing from $116 billion in 2000 to almost $343 billion in 2006. That's an average growth rate of almost 20% a year.

This marvelous growth has led to more affordable goods, higher productivity, strong job growth, and a higher standard of living for both countries. These economic benefits were made possible in large part because both China and the United States embraced freer trade.

As economists, we understand the vital and beneficial role that free trade plays in the world economy. Conversely, we believe that barriers to free trade destroy wealth and benefit no one in the long run. Because of these fundamental economic principles, we sign this letter to advise Congress against imposing retaliatory trade measures against China.

There is no foundation in economics that supports punitive tariffs. China currently supplies American consumers with inexpensive goods and low-interest rate loans. Retaliatory tariffs on China are tantamount to taxing ourselves as a punishment. Worse, such a move will likely encourage China to impose its own tariffs, increasing the possibility of a futile and harmful trade war. American consumers and businesses would pay the price for this senseless war through higher prices, worse jobs, and reduced economic growth.

We urge Congress to discard any plans for increased protectionism, and instead urge lawmakers to work towards fostering stronger global economic ties through free trade.

Oppose "Windfall Taxes"
10/17/2007
http://www.nonewenergytaxes.com/currentrecent/congress/Open%20letter%20form%20Economists%20on%20Energy%20Tax%20Hikes%2010-17-07.pdf
Promulgated by National Taxpayers Union
Categorization: Liberty Augmenting
Number of signatures: 234

Dear Member of Congress:
We, the undersigned economists,* write to strongly advise against the inclusion of damaging anti-market provisions in the energy legislation now moving through Congress.

History has shown that attempts by the federal government to tax, regulate, and subsidize our way to more plentiful and secure energy have failed miserably. This Congress ought not to repeat those expensive mistakes when considering energy policy.

If Congress seeks a reduction in America's dependence on foreign oil, the tax increases found in the House's energy bill won't achieve the goal. Vengeful tax hikes on so-called "Big Oil" serve no economic purpose. In 1980, Congress instituted a windfall profits tax to punish the industry. The result, according to a Congressional Research Service study, was a drop in domestic oil production of 3 to 6 percent and an increase in oil imports of 8 to 16 percent.

But instead of simplifying and equalizing tax treatment across all industries, current proposals attempt to bestow favors upon certain sectors at the expense of others. The energy bills propose dozens of new tax credits for so-called "alternative energy" programs, many of which are expensive and not commercially viable.

The House and Senate bills also propose harmful mandates on fuel usage and energy production. Forced consumption of 36 billion gallons of heavily-subsidized ethanol by the year 2022 will significantly raise fuel prices, taxes, and food costs for millions of consumers. Furthermore, requiring that electricity producers derive 15 percent of their power from alternative sources will artificially increase utility bills for American families.

Finally, the legislation purports to let government lead the way to energy independence by creating a slush fund from which alternative energy programs will be funded. Unfortunately, Congress cannot consistently identify and nurture emerging technologies because it distributes funding based on political concerns rather than sound science or economics. Just one example is the $2 billion Carter-era, feel-good boondoggle called the "Synfuels" program, which sought (and utterly failed) to produce alternatives to petroleum. The lesson from this and other experiences is that political forces cannot replicate the results of market forces.

If Congress wants to pursue a sound energy policy, it ought to reduce government interference in the markets that are capable of delivering innovative energy solutions to consumers. By easing regulatory burdens, ending distortions that divert productive capacity, and allowing the price mechanism to do its job, Americans will have far more energy security at a lower cost than any package of taxes, regulations, and subsidies could ever hope to create.

Support John McCain Economic Plan
5/11/2008
http://thepage.time.com/mccain-release-on-economists-backing-his-proposals/
Promulgated by John McCain Campaign (Uncertain)
Categorization: Other
Number of signatures: 326

We enthusiastically support John McCain's economic plan. It is a comprehensive, pro-growth, reform agenda.

The reform focuses on the real economic problems Americans face today and will face in the future. And it builds on the core economic principles that have made America great.

His plan would control government spending by vetoing every bill with earmarks, implementing a constitutionally valid line-item veto, pausing non-military discretionary government spending programs for one year to stop their explosive growth and place accountability on federal government agencies.

His plan would keep taxes from rising, because higher tax rates are exactly the wrong policy to restore economic growth, especially at this time.

His plan would reduce tax rates by cutting the tax that corporations pay to 25 percent in line with other countries, by completely phasing out the alternative minimum tax, by increasing the exemption for dependents, by permitting the first-year expensing of new equipment and technology, and by making permanent a reformed tax credit for R&D.

His plan would also create a new and much simpler tax system and give Americans a free choice of whether to pay taxes under that simple system or the current complex and burdensome income tax.

His plan would open new markets for American goods and services and thereby create additional jobs for Americans by supporting good free trade agreements, such as the one with Colombia, and working with leaders around the world to avoid isolationism and protectionism. His plan would also reform education, retraining, and other assistance programs so they better help those displaced by trade and other changes in the economy. His plan addresses problems in the financial markets and housing markets by calling for increased transparency and accountability, by targeted assistance to deserving homeowners to refinance their mortgages, and by opposing so-called reform plans which would raise the costs of home-ownership in the future.

The above actions, as well as plans to address entitlement programs -- especially Social Security, Medicare and other government health care programs -- and his regulatory reforms -- especially in the area of health care -- constitute a broad and powerful economic agenda. Because of John McCain's experience working with the
American people in all walks of life, with members of Congress on both sides of the isle, and with leaders around the world, we are optimistic that these plans will become a reality and will create jobs and restore confidence and strong economic growth.

Raising Some Concerns about Government Bail Out for Mortgages
9/24/2008
http://faculty.chicagobooth.edu/john.cochrane/research/Papers/mortgage_protest.htm
Promulgated by John Cochrane
Categorization: Other
Number of signatures: 230

To the Speaker of the House of Representatives and the President pro tempore of the Senate:

As economists, we want to express to Congress our great concern for the plan proposed by Treasury Secretary Paulson to deal with the financial crisis. We are well aware of the difficulty of the current financial situation and we agree with the need for bold action to ensure that the financial system continues to function. We see three fatal pitfalls in the currently proposed plan:

1) Its fairness. The plan is a subsidy to investors at taxpayers' expense. Investors who took risks to earn profits must also bear the losses. Not every business failure carries systemic risk. The government can ensure a well-functioning financial industry, able to make new loans to creditworthy borrowers, without bailing out particular investors and institutions whose choices proved unwise.

2) Its ambiguity. Neither the mission of the new agency nor its oversight are clear. If taxpayers are to buy illiquid and opaque assets from troubled sellers, the terms, occasions, and methods of such purchases must be crystal clear ahead of time and carefully monitored afterwards.

3) Its long-term effects. If the plan is enacted, its effects will be with us for a generation. For all their recent troubles, America's dynamic and innovative private capital markets have brought the nation unparalleled prosperity. Fundamentally weakening those markets in order to calm short-run disruptions is desperately short-sighted.

For these reasons we ask Congress not to rush, to hold appropriate hearings, and to carefully consider the right course of action, and to wisely determine the future of the financial industry and the U.S. economy for years to come.

Support Government Bail Out for Mortgages
10/1/2008
http://economix.blogs.nytimes.com/2008/10/01/a-counter-petition/
Promulgated by Unknown
Categorization: Liberty Reducing
Number of signatures: 76

To the Speaker of the House of Representatives and the President pro tempore of the Senate:

As economists, we write to support the plan before Congress dealing with the financial crisis. We are well aware that the proposed intervention entails very large sums and considerable risk for American taxpayers, albeit upside as well as downside risk.

Ours is a mixed, private-public economic system. Even in normal times, our government is heavily involved in the economy and holds a considerable claim on the private sector via the tax system. That said, none of us would counsel government arrangements of the proposed type in normal times. Today's situation is far from normal. Nor, unfortunately, is it unprecedented.

Our country has weathered significant financial crises over the years. It will weather this one as well. The main lesson learned from prior crises is that timely and aggressive government intervention can restore confidence and galvanize the private sector to take mutually reinforcing and economically beneficial actions. This ability of the government to set the economy on a healthy path makes the proposed intervention much less risky than would otherwise seem to be the case.

We call upon all members of Congress to support this important legislation knowing full well that doing so is neither easy nor guaranteed of success

Concerned about Climate Change
10/7/2008
http://www.econ-environment.ca/open-letter.html
Promulgated by Nancy Olewiler
Categorization: Liberty Reducing
Number of signatures: 254

One of the few issues on which most economists agree is the need for public policy to protect the environment. Why so much agreement? Because in the absence of policy, individuals generally don't take the environmental consequences of their actions into account, and the result is "market failure" and excessive levels of pollution. Environmental degradation diminishes the quality of life for all of us. And without a healthy environment, we can't sustain a healthy economy. We, the undersigned, have therefore joined together to express our shared views on effective policies to address climate change.

We are non-partisan and will undoubtedly be supporting different parties in this election. Our goal is not to criticize or praise one party or another, but rather to offer our collective views, as economists, to help inform public debate on these matters at a critical time – during a federal election campaign.

What Needs to be Done
While Canada clearly cannot solve the climate change problem on its own, we need to do our part, and this requires immediate and substantive action by our federal government. We make this statement fully acknowledging the importance of other issues to Canadian voters, such as the turmoil in financial markets and our military involvement in Afghanistan. But climate scientists state that we bear the costs of our lack of action on carbon reduction on a daily basis, and within a few decades the impacts of climate change could be truly catastrophic—unless we take action now. Even those who are not quite convinced by today's scientific evidence need to consider the costs of not acting now. If they turn out to be wrong, and we wait for complete certainty, it will be too late.

All the major political parties have stated that they understand the need to act on carbon emissions. The question then becomes what action to take. Any action (including inaction) will have substantial economic consequences and , thus, economics lies at the heart of the debate on climate change.

With this letter, we hope to help put the debate on a more solid economic foundation by offering the following set of principles upon which we believe climate change policy should be founded.

1. **Canada needs to act on climate change now.**
2. **Any substantive action will involve economic costs.** Any effective carbon-reduction policy will necessarily entail changing the way we live and do business. All forms of regulation, taxes, or markets for the exchange of emission permits that have a significant impact on greenhouse gas emissions will affect the prices of carbon-intensive goods.

3. **These economic impacts cannot be an excuse for inaction.** Climate scientists are clear on the costs of inaction, and that these costs will accumulate well beyond the current business cycle, possibly at an accelerating rate. Active and effective climate change policy should be seen as an investment that will yield pay-offs for ourselves, our children and our grandchildren. Given the need to act, the question then becomes which policies would obtain the carbon reduction goals we establish with the lowest cost and greatest level of fairness.
4. **Pricing carbon is the best approach from an economic perspective.** Approaches to reaching any particular climate change goal that involve pricing carbon, such as carbon taxes and cap and trade systems, involve less economic damage to businesses and families than the alternatives. Carbon pricing is good for several reasons:
    1. **Pricing allows each business and family to choose the response that is best and most efficient for them.** Firms and families will differ greatly in the options they have for reducing their use of carbon, as well as in the value they place on carbon-generating activities. Price mechanisms give everyone the incentive to reduce their carbon use, but to do so to the degree and in the way that is best for them. This is the main reason that pricing policies are the lowest-cost way to meet our climate change goals.
    2. **Pricing induces innovation.** As the price of carbon increases, users of carbon intensive goods will demand alternatives. This will induce innovations in the goods and services that are produced, how those goods and services are produced, and the way people live. By moving relatively early in terms of climate policy, Canada has an opportunity to innovate and sell new technologies to the rest of the world.
    3. **Carbon is almost certainly under-priced right now.** In a fully efficient price system, the price we pay for a product would reflect the full costs of producing and using it, including the costs to the environment. Prices do not currently reflect those environmental costs. When carbon is under-priced, consumers and businesses tend to use too much of it. Policies that increase the price of carbon provide the proper incentives for consumers and businesses when they are making their investment and consumption decisions.
5. **Regulation tends to be the most expensive way to meet a given climate change goal.** Under regulation, businesses and consumers are mandated to take particular actions related to carbon use (e.g., use a particular technology or stay under mandated levels with no option to trade carbon emission rights). As a result, they are not given the choice of adjusting in the way that is best for them. Regulation therefore increases the costs of achieving carbon reduction compared to when pricing mechanisms such as a carbon tax or a cap and trade system are used. Furthermore, while regulations imposed on firms may appear to be so far removed from the typical consumer that they might think they will not bear these costs, this is not true. Those increased costs will be passed on to consumers due to normal market forces. There may be circumstances when regulation is the appropriate policy tool, but in most cases it is the most economically damaging.
6. **A carbon tax has the advantage of providing certainty in the price of carbon.** Under a carbon tax, a charge is added to the sale of all fuels according to the carbon emitted when they are used. With a well-designed carbon tax strategy, the tax will be introduced gradually and increased in pre-announced increments until the environmental target is

reached . This provides investors with a degree of certainty that is good for business, and allows consumers to make adjustments knowing what is coming. The exact impact of the price increase on the quantity of carbon emitted can be predicted, although with some margin of error. A carbon tax thus involves choosing price certainty but accepting some uncertainty in total carbon emissions.

7. **A cap and trade system provides certainty on the quantity of carbon emitted, but not on the price of carbon and can be a highly complex policy to implement.** In a cap and trade system, an upper limit (cap) is set on carbon emissions, usually for a particular industry. The government must then make a decision about whether to auction the permits (known as allowances), requiring each firm to buy enough allowances to cover its total emissions. Normal market forces then determine the price of these allowances such that supply equals demand. A cap and trade system with auctioned allowances then acts much like a carbon tax. The price cannot, however, be predicted in advance. Alternatively, the government can issue allowances to firms without charge, then open up the market for trading. In this situation, there is both the uncertainty about the price and potential for significant problems to emerge in the market based on how the allowances are initially allocated. The Emission Trading System in the European Union began by distributing too many allowances and as a result the price fell to close to zero, rendering the policy ineffective. Thus, while a cap and trade system can in principle be equivalent to a carbon tax in terms of its ultimate impacts on the price and quantity of carbon, and will generally give more certainty in meeting environmental targets if the allowances are properly chosen, the price uncertainty in the cap and trade system generally implies a worse environment for long-range decision-making on the part of businesses and consumers.
8. **Policies that impose costs on producers (big or small) affect consumers.** Some voters seem to think that policies like cap and trade, which apply directly to producers, have less impact on the prices they face than carbon taxes, where the impact can be seen immediately. In fact, voters would do better to assume that all such policies would, ultimately, affect the prices they pay. Indeed, since the goal of these policies is to change what we buy, policies applied to producers must affect the prices faced by consumers if they are to meet environmental goals. The argument that a policy capable of reducing carbon emissions will only affect producers is without economic merit.
9. **Price mechanisms can be regressive and our policy should address this.** Like most taxes on goods and services that are widely consumed, carbon pricing will have a larger negative effect on lower income Canadian families than others. As we have stated, the same is true of regulation since regulation also raises costs of production and those increased costs will ultimately show up in higher prices. Thus, whatever policy is used, a complete policy should include some element of redistribution to address the impacts it will have on the least well off in our society. Not only will the costs to consumers ultimately be lower under a carbon tax or auctioned emission permits, these latter policies also have the potential to bring revenue into the government that can be used to help offset any inordinate hardship experienced among the least well-off. This is not true of regulatory approaches, or of a cap and trade system in which the allowances are allocated without charge to emitters.
10. **A pricing mechanism can allow other taxes to be reduced and provide an opportunity to improve the tax system.** With the revenue brought in from a carbon tax

or from auctioning the allowances in a cap and trade system, governments can provide general cuts in income and/or corporate taxes. Such systems can be "tax neutral", meaning the increased burden of the carbon taxes is exactly offset by tax reductions elsewhere, but this result will depend on the details of the particular policy adopted. Under such a plan, lighter carbon users will tend to pay lower taxes overall, while heavier polluters will pay more, corresponding to their greater negative effects on the environment. At the same time, all individuals will continue to have an incentive to reduce their carbon emissions when prices include the cost of their carbon usage. If the tax redesign is done thoughtfully, Canada could move toward an overall tax system, which imposes fewer burdens on the economy and, as a result, leads to a more productive economy for all Canadians.

In closing, we ask you, the leaders of Canada's major political parties, to immediately begin a substantive public debate, grounded in the generally accepted economic principles outlined above, on the best ways to address climate change. Our collective future is truly in your hands.

Support Federal Recovery Act
11/19/2008
http://www.cepr.net/documents/publications/Economists_letter_2008_11_19.pdf
Promulgated by Center for Economic and Policy Research
Categorization: Liberty Reducing
Number of signatures: 387

Dear Sen. Reid, Sen. McConnell, Speaker Pelosi, and Rep. Boehner:

We, the undersigned economists, urge Congress to pass a new stimulus package as quickly as possible. The need to deal with financial turmoil has directed attention away from the "real" economy. But the latest data clearly show that the economy is entering a serious recession, initiated by the collapse of homebuilding and intensified by the paralysis of credit markets. Without a fast an effective response by government, the economy could continue to spiral downward, leading to a large increase in unemployment and a sharp decline in GDP.

The potential severity of the downturn suggests that a boost to demand on the order of 2.0-3.0 percent of GDP ($300-$400 billion) would be appropriate, with the goal being to get this money spent quickly. The list of targets includes:
a) aid to state and local governments that are being forced to make emergency cutbacks as revenues fall;
b) extending unemployment insurance and increasing other benefits targeted toward low and moderate income households who are likely to spend quickly;
c) moving forward infrastructure projects that have already been planned and scheduled; and
d) providing tax credits and other support for "green" projects that can be done quickly, such as retrofitting homes and businesses for increased energy efficiency.

The sharp falloff in demand resulting from the collapse of the housing bubble and the destruction of financial wealth means that there is little reason to fear that enlarged deficits will raise interest rates and deter private investment. It is far more likely that an effective stimulus package will promote investment by improving prospects for higher sales and profits.

With little downside risk and much potential gain, it is important that Congress move quickly and decisively. Delay can only deepen and prolong the recession.

Oppose Federal Recovery Act
1/27/2009
http://cafehayek.com/files/no-economists-oppose-the-stimulus-plan.pdf
Promulgated by Cato Institute
Categorization: Liberty Augmenting
Number of signatures: 203

Notwithstanding reports that all economists are now Keynesians and that we all support a big increase in the burden of government, we the undersigned do not believe that more government spending is a way to improve economic performance.

More government spending by Hoover and Roosevelt did not pull the United States economy out of the Great Depression in the 1930s. More government spending did not solve Japan's "lost decade" in the 1990s. As such, it is a triumph of hope over experience to believe that more government spending will help the U.S. today. To improve the economy, policymakers should focus on reforms that remove impediments to work, saving, investment and production. Lower tax rates and a reduction in the burden of government are the best ways of using fiscal policy to boost growth.

Oppose Budget Reduction in Washington State
2/19/2009
http://media.thenewstribune.com/images/blogmedia/blogs/politics/econletter021909.pdf
Promulgated by Washington State Budget & Policy Center
Categorization: Liberty Reducing
Number of signatures: 22

Dear Governor Gregoire, Speaker Chopp, and Senate Majority Leader Brown,

Washington State faces unprecedented challenges in balancing the current and upcoming state budgets. We commend your leadership in making difficult decisions and urge you to consider the full range of options, including revenue increases, when deciding how to close the state budget gap.

Drawing upon economic theory, we believe reducing government spending will have a more deleterious effect on Washington State's economy than would increasing revenue. Although both cuts in government spending and tax increases have the potential to slow economic growth, cutting government spending would likely have the most immediate impact by directly reducing consumption. Tax increases are less problematic because individual consumers, especially those with higher-incomes, are unlikely to reduce consumption by the full amount of the tax increase.

Implementing deep cuts in government spending and declining to raise revenue through tax increases is not an effective strategy to guide Washington State out of this recession. The best strategy is to continue our long-term investments in education, health care, community vitality, and economic security.

Support Employee Free Choice Act
2/24/2009
http://www.epi.org/publications/entry/prominent_economists_call_for_passage_of_the_employee_free_choice_act/
Promulgated by Economic Policy Institute
Categorization: Liberty Reducing
Number of signatures: 40

Although its collapse has dominated recent media coverage, the financial sector is not the only segment of the U.S. economy running into serious trouble. The institutions that govern the labor market have also failed, producing the unusual and unhealthy situation in which hourly compensation for American workers has stagnated even as their productivity soared.

Indeed, from 2000 to 2007, the income of the median working-age household fell by $2,000- an unprecedented decline. In that time, virtually all of the nation's economic growth went to a small number of wealthy Americans. An important reason for the shift from broadly-shared prosperity to growing inequality is the erosion of workers' ability to form unions and bargain collectively.

A natural response of workers unable to improve their economic situation is to form unions to negotiate a fair share of the economy, and that desire is borne out by recent surveys. Millions of American workers – more than half of non-managers – have said they want a union at their work place. Yet only 7.5% of private sector workers are now represented by a union. And in all of 2007, fewer than 60,000 workers won union status through government-sanctioned elections. What explains this disconnect?

The problem is that the election process overseen by the National Labor Relations Board has become drawn out and acrimonious, with management campaigning fiercely to deter unionization, sometimes to the extent of violating labor laws. Union sympathizers are routinely threatened or even fired, and they have little effective recourse under the law. Even when workers overcome this pressure and vote for a union, they are unable to obtain contracts one-third of the time due to management resistance.

To remedy this situation, the Congress is considering the Employee Free Choice Act. This act would accomplish three things: It would give workers the choice of using majority sign-up—a simple, established procedure in which workers sign cards to indicate their support for a union – or staging an NLRB election; it triples damages for employers who fire union supporters or break other labor laws; and it creates a process to ensure that newly unionized employees have a fair shot at obtaining a first contract by calling for arbitration after 120 days of unsuccessful bargaining.

The Employee Free Choice Act will better reflect worker desires than the current "war over representation." The Act will also lower the level of acrimony and distrust that often accompanies union elections in our current system.

A rising tide lifts all boats only when labor and management bargain on relatively equal terms. In recent decades, most bargaining power has resided with management. The current recession will further weaken the ability of workers to bargain individually. More than ever, workers will need to act together.

The Employee Free Choice Act is not a panacea, but it would restore some balance to our labor markets. As economists, we believe this is a critically important step in rebuilding our economy and strengthening our democracy by enhancing the voice of working people in the workplace.

Support Cap and Trade
3/4/2009
http://www.cleanenergy.org/images/position_statements/SACE_EconStatement_FullList.pdf
Promulgated by Southern Alliance for Clean Energy
Categorization: Liberty Reducing
Number of signatures: 601

As Congress addresses the challenges of global warming, the undersigned economists support market-based solutions for reducing carbon and other greenhouse gas emissions.

If Congress pursues a carbon cap-and-trade program, we believe 100 percent of the credits should be sold at auction to help ensure the most efficient and equitable outcome.

Conversely, the free allocation of carbon credits to emitting industries under a cap-and-trade program would undermine the program's long-term success:

Free allocations will do little or nothing to protect families and businesses from higher energy costs.

Free allocations will represent a significant and undeserved windfall to utilities and other greenhouse gas producers.

Free allocations will deny the government the necessary resources to reduce the economic cost of combating climate change, and will thus generate needlessly high costs of achieving any reduction target.

For these reasons, we oppose the free allocation of credits to emitting industries under a carbon cap and trade program and support auctioning 100 percent of the credits immediately.

Replace Federal Income Tax with FairTax
3/29/2009
http://www.fairtax.org/site/News2?page=NewsArticle&id=8351
Promulgated by FairTax.org
Categorization: Other
Number of signatures: 80

Dear Mr. President, Members of Congress, and Fellow Americans,

We, the undersigned business and university economists, welcome and applaud the ongoing initiative to reform the federal tax code. We urge the President and the Congress to work together in good faith to pass and sign into federal law H.R. 25 and S. 296, which together call for:

- Eliminating all federal income taxes for individuals and corporations,
- Eliminating all federal payroll withholding taxes,
- Abolishing estate and capital gains taxes, and
- Repealing the 16th Amendment

We are not calling for elimination of federal taxation, which would be irresponsible and undesirable. Nor does our endorsement call for reduced federal spending. The tax reform plan we endorse is revenue neutral, collecting as much federal tax revenue as the current income tax code, including payroll withholding taxes.

We are calling for elimination of federal income taxes and federal payroll withholding taxes. We endorse replacing these costly, oppressively complex, and economically inefficient taxes with a progressive national retail sales tax, such as the tax plan offered by H.R. 25 and S. 296 which is also known as the FairTax Plan. The FairTax Plan has been introduced in the 110th Congress and had 61 co-sponsors in the 109th Congress.

If passed and signed into law, the FairTax Plan would:

- Enable workers and retirees to receive 100% of their paychecks and pension benefits,
- Replace all federal income and payroll taxes with a simple, progressive, visible, efficiently collected national retail sales tax, which would be levied on the final sale of newly produced goods and services,
- Rebate to all households each month the federal sales tax they pay on basic necessities, up to an independently determined level of spending (a.k.a., the poverty level, as determined by the Department of Health and Human Services), which removes the burden of federal taxation on the poor and makes the FairTax Plan as progressive as the current tax code,
- Collect the national sales tax at the retail cash register, just as 45 states already do,
- Set a federal sales tax rate that is revenue neutral, thereby raising the same amount of tax revenue as now raised by federal income taxes plus payroll withholding taxes,
- Continue Social Security and Medicare benefits as provided by law; only the means of tax collection changes,

- Eliminate all filing of individual federal tax returns,
- Eliminate the IRS and all audits of individual taxpayers; only audits of retailers would be needed, greatly reducing the cost of enforcing the federal tax code,
- Allow states the option of collecting the national retail sales tax, in return for a fee, along with their state and local sales taxes,
- Collect federal sales tax from every retail consumer in the country, whether citizen or undocumented alien, which will enlarge the federal tax base,
- Collect federal sales tax on all consumption spending on new final goods and services, whether the dollars used to finance the spending are generated legally, illegally, or in the huge "underground economy,"
- Dramatically reduce federal tax compliance costs paid by businesses, which are now embedded and hidden in retail prices, placing U.S. businesses at a disadvantage in world markets,
- Bring greater accountability and visibility to federal tax collection,
- Attract foreign equity investment to the United States, as well as encourage U.S. firms to locate new capital projects in the United States that might otherwise go abroad, and
- Not tax spending for education, since H.R. 25 and S. 296 define expenditure on education to be investment, not consumption, which will make education about half as expensive for American families as it is now.

The current U.S. income tax code is widely regarded by just about everyone as unfair, complex, wasteful, confusing, and costly. Businesses and other organizations spend more than six billion hours each year complying with the federal tax code. Estimated compliance costs conservatively top $225 billion annually costs that are ultimately embedded in retail prices paid by consumers.

The Internal Revenue Code cannot simply be "fixed," which is amply demonstrated by more than 35 years of attempted tax code reform, each round resulting in yet more complexity and unrelenting, page-after-page, mind-numbing verbiage (now exceeding 54,000 pages containing more than 2.8 million words).

Our nation's current income tax alters business decisions in ways that limit growth in productivity. The federal income tax also alters saving and investment decisions of households, which dramatically reduces the economy's potential for growth and job creation.

Payroll withholding taxes are regressive, hitting hardest those least able to pay. Simply stated, the complexity and frequently changing rules of the federal income tax code make our country less competitive in the global economy and rob the nation of its full potential for growth and job creation.

In summary, the economic benefits of the FairTax Plan are compelling. The FairTax Plan eliminates the tax bias against work, saving, and investment, which would lead to higher rates of economic growth, faster growth in productivity, more jobs, lower interest rates, and a higher standard of living for the American people.

The America proposed by the FairTax Plan would feature:

- no federal income taxes,
- no payroll taxes,
- no self-employment taxes,
- no capital gains taxes,
- no gift or estate taxes,
- no alternative minimum taxes,
- no corporate taxes,
- no payroll withholding,
- no taxes on Social Security benefits or pension benefits,
- no personal tax forms,
- no personal or business income tax record keeping, and
- no personal income tax filing whatsoever.

No Internal Revenue Service; no April 15th; all gone, forever.

We believe that many Americans will favor the FairTax Plan proposed by H.R. 25 and S. 296, although some may say, “it simply can’t be done.” Many said the same thing to the grassroots progressives who won women the right to vote, to those who made collective bargaining a reality for union members, and to the Freedom Riders who made civil rights a reality in America.

We urge Congress not to abandon the FairTax Plan simply because it will be difficult to face the objections of entrenched special interest groups who now benefit from the complexity and tax preferences of the status quo. The comparative advantage and benefits offered by the FairTax Plan to the vast majority of Americans is simply too high a cost to pay.

Therefore, we the undersigned professional and university economists, endorse a progressive national retail sales tax plan, as provided by the FairTax Plan. We urge Congress to make H.R. 25 and S. 296 federal law, and then to work swiftly to repeal the 16th Amendment.

Support Using Procurement Auctions Over Grant Submissions
4/13/2009
http://papers.ssrn.com/sol3/papers.cfm?abstract_id=1377523
Promulgated by Paul Milgrom
Categorization: Other
Number of signatures: 64

The signatories to this document are economists who have studied telecommunications, auctions, and competition policy. While we may disagree about the stimulus package, we believe that it is important to implement mechanisms that make stimulus spending as efficient as possible. To that end, we have come together to encourage the National Telecommunications Information Agency (NTIA) and Rural Utilities Service (RUS) to adopt auction mechanisms to allocate broadband stimulus grants.

The broadband stimulus NOI asks which mechanisms NTIA and RUS should use to distribute grants and how those mechanisms address shortcomings in traditional grant and loan programs. In this note we explain why procurement auctions are more efficient and more consistent with the stimulus goals of allocating funds quickly than a traditional grant review process. We recommend that NTIA/RUS use procurement auctions to distribute at least part of the stimulus funds.

The American Recovery and Reinvestment Act (ARRA) requires NTIA/RUS to distribute $7.2 billion in broadband subsidies. The broadband component of the Act has dual, and not entirely consistent, objectives of providing immediate economic stimulus and improving broadband service. NTIA/RUS faces a formidable challenge in determining how to spend the money quickly and efficiently in ways that meet these goals. The traditional grant application process is long, complicated, and involves subjective and arbitrary decisions regarding which projects to fund. In other words, requesting and reviewing grant applications is not an effective way to implement the plan.

Procurement auctions, in contrast, provide a mechanism that can allocate grant money quickly, efficiently, and according to well-defined rules. As a result, procurement auctions offer NTIA/RUS the most promising method of maximizing broadband improvement while also creating some level of "temporary, timely, and targeted" stimulus. We therefore strongly recommend that NTIA/RUS adopt procurement auctions as its preferred method of distributing grants.

This memo has three parts. First, it explains why the traditional grant application process is unsuitable for this task and why procurement auctions are better suited. Second, it sketches out a procurement auction plan. This plan is intended to be a starting point from which auction design experts would proceed to build and implement a fully functional auction. Finally, we explain that even if policymakers are skeptical of procurement auctions, one could be implemented quickly as part of an initial tranche of stimulus funding in order to test its efficacy relative to traditional approaches. This approach would allow NTIA/RUS to quickly expand upon or modify the procurement auction program in subsequent funding rounds.

Support Government Intervention to Promote Biofuels
4/21/2009
http://www.ucsusa.org/assets/documents/clean_vehicles/call_to_action_biofuels_and_land_use_change.pdf
Promulgated by Union of Concerned Scientists
Categorization: Liberty Reducing
Number of signatures: 16

Dear Chairman Nichols,
As scientists and economists with relevant expertise, we are writing to recommend that you include indirect land use change in the lifecycle analyses of heat-trapping emissions from biofuels and other transportation fuels. This policy will encourage development of sustainable, low-carbon fuels that
avoid conflict with food and minimize harmful environmental impacts.

Our comments are relevant to the development of California's Low Carbon Fuel Standard (LCFS), which the Air Resources Board (ARB) will consider for adoption in its April hearing, as well as other policies that evaluate lifecycle heat-trapping emissions from biofuels. For policies like the LCFS to successfully reduce GHG emissions, it is critical to include all major sources of emissions, including indirect land use emissions from biofuels.

We encourage you to investigate and include significant direct and indirect emissions from all fuels, including conventional petroleum, heavy oils, natural gas for transportation, oil sand-based fuels, and the range of fuels used to power electrified transportation, consistent with the best available science. However, you should not delay inclusion of known sources of emissions, including indirect emissions from biofuels, pending discovery of potential effects from other fuels.

Recent peer-reviewed research indicates that conventional biofuels can directly or indirectly result in substantial heat-trapping emissions through the conversion of forests and grasslands to croplands to accommodate biofuel production. Increased demand for crops to make fuel results in higher global commodity prices that can induce farmers in other countries to plow up sensitive, high-carbon ecosystems—including rain forests in South America and Southeast Asia. Previous lifecycle analyses did not adequately account for these emissions, giving biofuels credit for greater carbon savings than actually achieved.

There are uncertainties inherent in estimating the magnitude of indirect land use emissions from biofuels, but assigning a value of zero is clearly not supported by the science. The data on land use change indicate that the emissions related to biofuels are significant and can be quite large.

Grappling with the technical uncertainty and developing a regulation based on the best available science is preferable to ignoring a major source of emissions. Over time, greater accuracy and detail in a more refined analysis can be reflected in future LCFS rulemakings.

The need to address uncertainties applies to other areas the analysis as well, and we urge you to evaluate the increasing use of nitrogen fertilizers and herbicides associated with greater biofuel production. In particular, nitrogen fertilizers enhance the emission of nitrous oxide—a powerful greenhouse gas in Earth's atmosphere.

Oppose Green Protectionism
5/8/2009
http://freedomtotrade.org/petition
Promulgated by Atlas Global Initiative for Free Trade Peace and Prosperity
Categorization: Liberty Augmenting
Number of signatures: 1215

The specter of protectionism is rising. It is always a dangerous and foolish policy, but it is especially dangerous at a time of economic crisis, when it threatens to damage the world economy. Protectionism's peculiar premise is that national prosperity is increased when government grants monopoly power to domestic producers. As centuries of economic reasoning, historical experience, and empirical studies have repeatedly shown, that premise is dead wrong. Protectionism creates poverty, not prosperity. Protectionism doesn't even "protect" domestic jobs or industries; it destroys them, by harming export industries and industries that rely on imports to make their goods. Raising the local prices of steel by "protecting" local steel companies just raises the cost of producing cars and the many other goods made with steel. Protectionism is a fool's game.

But the fact that protectionism destroys wealth is not its worst consequence. Protectionism destroys peace. That is justification enough for all people of good will, all friends of civilization, to speak out loudly and forcefully against economic nationalism, an ideology of conflict, based on ignorance and carried into practice by protectionism.

Two hundred and fifty years ago, Montesquieu observed that "Peace is the natural effect of trade. Two nations who differ with each other become reciprocally dependent; for if one has an interest in buying, the other has an interest in selling; and thus their union is founded on their mutual necessities."

Trade's most valuable product is peace. Trade promotes peace, in part, by uniting different peoples in a common culture of commerce – a daily process of learning others' languages, social norms, laws, expectations, wants, and talents.

Trade promotes peace by encouraging people to build bonds of mutually beneficial cooperation. Just as trade unites the economic interests of Paris and Lyon, of Boston and Seattle, of Calcutta and Mumbai, trade also unites the economic interests of Paris and Portland, of Boston and Berlin, of Calcutta and Copenhagen – of the peoples of all nations who trade with each other.

A great deal of rigorous empirical research supports the proposition that trade promotes peace.

Perhaps the most tragic example of what happens when that insight is ignored is World War II.

International trade collapsed by 70 percent between 1929 and 1932, in no small part because of America's 1930 Smoot-Hawley tariff and the retaliatory tariffs of other nations. Economist Martin Wolf notes that "this collapse in trade was a huge spur to the search for autarky and Lebensraum, most of all for Germany and Japan."

The most ghastly and deadly wars in human history soon followed.

By reducing war, trade saves lives.

Trade saves lives also by increasing prosperity and extending it to more and more people. The evidence that freer trade promotes prosperity is simply overwhelming. Prosperity enables ordinary men and women to lead longer and healthier lives.

And with longer, healthier lives lived more peacefully, people integrated into the global economy have more time to enjoy the vast array of cultural experiences brought to them by free trade. Culture is enriched by contributions from around the world, made possible by free trade in goods and in ideas.

Without a doubt, free trade increases material prosperity. But its greatest gift is not easily measured with money. That greatest gift is lives that are freer, fuller, and far less likely to be scalded or destroyed by the atrocities of war.

Accordingly, we the undersigned join together in a plea to the governments of all nations to resist the calls of the short-sighted and the greedy to raise higher the barriers to trade. In addition, we call on them to tear down current protectionist barriers to free trade. To each government, we say: let your citizens enjoy not only the fruits of your own fields, factories, and genius, but also those of the entire globe. The rewards will be greater prosperity, richer lives, and enjoyment of the blessings of peace.

Fed Independence Petition
7/15/2009
http://blogs.wsj.com/economics/2009/07/15/petition-for-fed-independence/
Promulgated by WSJ
Categorization: Other
Number of signatures: 183

Amidst the debate over systemic regulation, the independence of U.S. monetary policy is at risk. We urge Congress and the Executive Branch to reaffirm their support for and defend the independence of the Federal Reserve System as a foundation of U.S. economic stability. There are three specific risks that must be contained.

First, central bank independence has been shown to be essential for controlling inflation. Sooner or later, the Fed will have to scale back its current unprecedented monetary accommodation. When the Federal Reserve judges it time to begin tightening monetary conditions, it must be allowed to do so without interference. Second, lender of last resort decisions should not be politicized.

Finally, calls to alter the structure or personnel selection of the Federal Reserve System easily could backfire by raising inflation expectations and borrowing costs and dimming prospects for recovery. The democratic legitimacy of the Federal Reserve System is well established by its legal mandate and by the existing appointments process. Frequent communication with the public and testimony before Congress ensure Fed accountability.

If the Federal Reserve is given new responsibilities every effort must be made to avoid compromising its ability to manage monetary policy as it sees fit.

Support Tax Increase on Corporations and High Income Persons
10/7/2009
http://www.ocpp.org/2009/20091007LetterFromEconomistsFnl.pdf
Promulgated by Oregon Center for Public Policy
Categorization: Liberty Reducing
Number of signatures: 36

Dear Oregonians:

The 2009 legislature raised taxes on corporations and high-income Oregonians to help address Oregon's revenue shortfall due to the recession. These targeted revenue measures were part of a fiscal plan that also included cutting public services and maximizing the receipt of federal recovery funds to meet Oregon's $4 billion revenue shortfall.

We are a group of Oregon economists who have considered what the legislature did and have concluded that there is a valid economic case for the actions the legislature took.
Unlike the federal government, our state government must maintain a balanced budget. Because Oregon cannot engage in deficit spending, in a fiscal crisis the state must balance its budget by cutting services, raising taxes or both.

There are, as a result, no easy options for states in this kind of recession. That said, the worst thing the state can do during a recession is further reduce aggregate demand — the total spending by households, businesses and government. Without the revenue measures enacted by the legislature, aggregate demand in Oregon will further fall and the economy will further contract.

The bulk of the money that the state spends on public services — more than 90 percent of which goes to education, health and human services and public safety — is spent right here in Oregon.

Cutting state spending reduces in-state aggregate demand, virtually dollar-for-dollar. Some forms of state spending, particularly in the area of health care, bring matching federal dollars into the state's economy. So cuts to certain public services result in even bigger reductions in aggregate demand because they prevent federal dollars from coming into Oregon's economy.

Tax increases targeted at high-income households and corporations also reduce demand, but not as much as cutting state services. High-income people typically don't spend all their money, and some of the money that they do spend is likely to be spent outside Oregon. In addition, the deductibility of state income taxes from federal taxable income means that a fraction of state tax liabilities are, in effect, shifted to the federal government. Therefore, a tax increase on high-income Oregonians does not reduce aggregate demand in Oregon dollar for dollar. And since a significant fraction of Oregon's corporate taxes are paid by out-of-state, multi-state corporations, the corporate tax measure also does not reduce demand dollar for dollar in Oregon.

Eminent economists, such as President Barack Obama's budget director Peter Orszag, and Nobel Prize winner Joseph Stiglitz, agree that in a recession, it is preferable for states to enact targeted tax increases than to cut services.

In sum, our economic analysis leads to the conclusion that the Oregon legislature's decision to balance budget cuts with tax increases targeted on corporations and high-income Oregonians while maximizing receipt of federal dollars to fill a $4 billion shortfall was, from an economic perspective, a prudent course of action.

Government Oriented Health Care Reform 2009
11/17/2009
http://economix.blogs.nytimes.com/2009/11/17/economists-letter-to-obama-on-health-care-reform/
Promulgated by Unknown
Categorization: Liberty Reducing
Number of signatures: 23

Dear Mr. President,

As the full Senate prepares to debate comprehensive health reform legislation, we write as economists to stress the potential benefits of health reform for our nation's fiscal health, and the importance of those features of the bill that can help keep health care costs under control. Four elements of the legislation are critical: (1) deficit neutrality, (2) an excise tax on high-cost insurance plans, (3) an independent Medicare commission, and (4) delivery system reforms.

Including these four elements in the reform legislation – as the Senate Finance Committee bill does and as we hope the bill brought to the Senate floor will do – will reduce long-term deficits, improve the quality of care, and put the nation on a firm fiscal footing. It will help transform the health care system from delivering too much care, to a system that consistently delivers higher-quality, high-value care. The projected increases in federal budget deficits, along with concerns about the value of the health care that Americans receive, make it particularly important to enact fiscally responsible and quality improving health reform now.

In developing our analysis and recommendation, we received input and suggestions from Administration officials, including the Office of Management and Budget and others, as well as from economists who disagree with the Administration's views.

The four key measures are:

- **Deficit neutrality**. Fiscally responsible health reform requires budget neutrality or deficit reduction over the coming years. The Congressional Budget Office (CBO) must project that the bill be at least deficit neutral over the 10-year budget window, and deficit reducing thereafter. Covering tens of millions of currently uninsured people will increase spending, but the draft health reform legislation contains offsetting savings sufficient to cover those costs and the seeds of further reforms that will lower the growth of spending. Deficit neutrality over the first decade means that, even during the start-up period, the legislation will not add to our deficits. After the first decade, the legislation should reduce deficits.
- **Excise tax on high-cost insurance plans**. The Senate Finance Committee's bill includes an excise tax on high-cost health insurance plans. Like any tax, the excise tax will raise federal revenues, but it has additional advantages for the health care system that are essential. The excise tax will help curtail the growth of private health insurance premiums

by creating incentives to limit the costs of plans to a tax-free amount. In addition, as employers and health plans redesign their benefits to reduce health care premiums, cash wages will increase. Analysis of the Senate Finance Committee's proposal suggests that the excise tax on high-cost insurance plans would increase workers' take-home pay by more than $300 billion over the next decade. This provision offers the most promising approach to reducing private-sector health care costs while also giving a much needed raise to the tens of millions of Americans who receive insurance through their employers.

- **Medicare Commission.** Rising Medicare expenditures pose one of the most difficult fiscal challenges facing the federal government. Medicare is technically complex and the benefits it underwrites are of critical importance to tens of millions of seniors and Americans with disabilities. We believe that a commission of medical experts should be empowered to suggest changes in Medicare to improve the quality and value of services. In particular, such a commission should be charged with developing and suggesting to Congress plans to extend the solvency of the Medicare program and improve the quality of care delivered to Medicare beneficiaries. Creating such a commission will make sure that reforming the health care system does not end with this legislation, but continues in future decades, with new efforts to improve quality and contain costs.
- **Delivery system reforms.** Successful reform should improve the care that individual patients receive by rewarding health care professionals for providing better care, not just more care. Studies have shown that hundreds of billions of dollars are spent on care that does nothing to improve health outcomes. This is largely a consequence of the distorted incentives associated with paying for volume rather than quality. Health care reform must take steps to change the way providers care for patients, to reward care that is better coordinated and meets the needs of each patient. In particular, the legislation should include additional funding for research into what tests and treatments work and which ones do not. It must also provide incentives for physicians and hospitals to focus on quality, such as bundled payments and accountable care organizations, as well as penalties for unnecessary re-admissions and health-facility acquired infections. Aggressive pilot projects should be rapidly introduced and evaluated, with the best strategies adopted quickly throughout the health care system.

As economists, we believe that it is important to enact health reform, and it is essential that health reform include these four features that will lower health care costs and help reduce deficits over the long term. Reform legislation that embodies these four elements can go a long way toward delivering better health care, and better value, to Americans.

Support for a Financial Transactions Tax
12/3/2009
http://www.cepr.net/documents/publications/economists-letter-ftt-2009-12.pdf
Promulgated by Center for Economic and Policy Research
Categorization: Liberty Reducing
Number of signatures: 204

To Whom It May Concern:

A modest set of financial transaction taxes could raise a substantial amount of needed revenue while having little impact on trades that have a positive economic impact.

The cost of trading financial assets has plummeted over the last three decades as a result of computerization. This has led to an enormous explosion in trading volume, with most trades having little economic or social value and redistributing disproportionate resources to the financial sector. A set of modest financial transactions taxes, which would just raise trading costs back to the level of two or three decades ago, would have very limited impact on trades that have real economic value.

Such taxes could both reduce the volume of speculation in financial markets and provide substantial revenue for either important public purposes and/or deficit reduction. Financial transactions taxes could be an important part of a reform package that seeks to remake the financial sector so that it better serves the larger economy.