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FOR IMMEDIATE RELEASE
Tuesday, May 31, 2011

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Prominent economists call on Congress to raise debt limit

Washington, DC--Today 235 world-renowned economists—including six Nobel Laureates in economics—called on federal policymakers to immediately raise the federal debt ceiling without making drastic cuts to federal spending. The economists are signatories to an open letter to Congress organized by the Economic Policy Institute and the Center for American Progress.

"We, the undersigned economists, urge Congress to raise the federal debt limit immediately and without attaching drastic and potentially dangerous reductions in federal spending," the letter states. "Not doing so promptly could have a substantial negative impact on economic growth at a time when the economy looks a bit shaky. In a worst case, it could push the United States back into recession."

The signatories of the letter include six Nobel Laureates: George Akerlof, Kenneth Arrow, Robert Engle
Eric Maskin, William Sharpe and Robert Solow. Alan Blinder, former Vice Chair of the Federal Reserve System's Board of Governors and former member of the Council of Economic Advisors; John Bates Clark Medal recipient and MacArthur Fellow Emmanuel Saez; and Laura Tyson, former Chair of the Council of Economic Advisors and former Director of the National Economic Council, also signed the letter, which includes distinguished experts from across the country.

Additionally, four John Bates Clark winners and five former American Economic Association chairs joined this list of influential economists in recommending swift, decisive action on the debt limit without extraneous and potentially harmful policy riders.

The full text of the letter is below:

Dear Members of Congress:

We, the undersigned economists, urge Congress to raise the federal debt limit immediately and without attaching drastic and potentially dangerous reductions in federal spending. Not doing so promptly could have a substantial negative impact on economic growth at a time when the economy looks a bit shaky. In a worst case, it could push the United States back into recession.

The U.S. economy looks fragile at present. Economic growth has been too weak to generate sufficient new job creation. Reaching the limit on total outstanding debt could force a dramatic and sudden cut in federal spending that would destroy jobs and threaten the recovery. To remove spending from the economy at such a pivotal moment would be irresponsible.

Failure to increase the debt limit sufficiently to accommodate existing U.S. laws and obligations also could undermine trust in the full faith and credit of the United States government, with potentially grave long-term consequences. This loss of trust could translate into higher interest *rates not only for the federal government, but also for U.S. businesses and consumers, causing all to pay higher prices for credit. Economic growth and jobs would suffer as a result.*

To view the full list of signatories to the letter, click here.

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