



September 22, 2010

## **More than 300 Economists Say to Congress: Support Extension of Lower Tax Rates!**

Dear Member of Congress:

We, the undersigned economists\*, write in support of extending current tax rates on income and investments in order to prevent a devastating blow to America's fragile economic recovery. Robust economic growth is best served by a tax code that levies low and predictable rates. The promise of a tax increase in January 2011 would create significant economic distortions as individuals and businesses conserve capital or stave off hiring.

Failing to extend the reduced tax rates implemented in 2001 and 2003 would constitute a profound and damaging "anti-stimulus" that would harm our prospects for expansion in the near future. The 10 percent bracket would disappear, and the three middle tax brackets would rise by three percentage points, heaping heavier burdens on the working class and wealthy alike. The top marginal income tax rate would rise from 35 percent to 39.6 percent, leading to higher tax bills not just for wealthy individuals but for many small businesses that file their taxes through the individual income tax system. Capital gains and dividend taxes would rise from top rates of 15 percent each to 20 percent and 39.6 percent, respectively, penalizing entrepreneurship and potentially leading to a harmful sell-off of assets in December of this year. Americans would also see the return of the now-defunct estate tax at a top rate of 55 percent, jeopardizing the ability of family businesses to remain intact as they pass to the next generation.

In addition, allowing these tax provisions to expire threatens to increase the already staggering complexity of the code. According to a National Taxpayers Union study, individual taxpayers alone will spend 2.43 billion hours complying with income tax laws this year. This loss of time and associated costs (estimated at more than \$100 billion) would only be made worse if policies such as the estate tax, "Pease limits" on itemized deductions, and the Personal Exemption Phaseout were permitted to return.

Even confining tax hikes to wealthier individuals will have deleterious effects, as households earning more than \$210,000 account for one of every three dollars in consumer outlays. Furthermore, businesses directly impacted by upper-bracket tax increases would slow their activities, thereby diminishing economic opportunities for their subcontractors in lower brackets. Finally, a growing economy and prudent spending restraint – not punitive taxes – comprise the best route to reducing long-term federal budget deficits.

Congress should prevent these new burdens from hitting all American families and businesses, as they threaten to undermine an economy still suffering from 9.6 percent unemployment and anemic growth. If Congress allows heavier taxes on work and investment, we will undoubtedly see less of both at a time when they are needed most.

Sincerely,

The Undersigned\*

Manuel A. Abdala  
LECG, LLC

Michael D. Bordo  
Rutgers University

Burton A. Abrams  
University of Delaware

Samuel Bostaph  
University of Dallas

Douglas K. Adie  
Ohio University

Scott Bradford  
Brigham Young University

William P. Albrecht  
University of Iowa

Charles H. Breeden  
Marquette University

Donald L. Alexander  
Western Michigan University

Ivan Brick  
Rutgers University

Ryan C. Amacher  
University of Texas at Arlington

Phillip J. Bryson  
Brigham Young University

Wayne Angell  
Angell Economics

Richard V. Burkhauser  
Cornell University

George R. Averitt  
Purdue University North Central

Robert Burrus  
University of North Carolina Wilmington

Charles W. Baird  
California State University, East Bay

Edwin T. Burton  
University of Virginia

William Barnett, II  
Loyola University New Orleans

James L. Butkiewicz  
University of Delaware

Tim Bastian  
Creighton University

William N. Butos  
Trinity College

Chip Baumgardner  
Pennsylvania College of Technology

Joseph Calhoun  
Florida State University

Pedro Belli  
Independent Consultant, Virginia

Charles Calomiris  
Columbia University

Bruce Bender  
University of Wisconsin - Milwaukee

Victor A. Canto  
La Jolla Economics

James T. Bennett  
George Mason University

Don M. Chance  
Louisiana State University

M. Douglas Berg  
Sam Houston State University

Gregory Chow  
Princeton University

Elizabeth C. Bogan  
Princeton University

Lawrence R. Cima  
John Carroll University

Donald R. Booth  
Chapman University

Douglas Coate  
Rutgers University

G. Geoffrey Booth  
Michigan State University

Warren Coats  
Retired, International Monetary Fund

John P. Cochran  
Metropolitan State College of Denver

Lloyd Cohen  
George Mason University

Michael Connolly  
University of Miami

Michelle Connolly  
Duke University

Lee A. Coppock  
University of Virginia

Mike Cosgrove  
Econoclast

Jim F. Couch  
University of North Alabama

Eleanor D. Craig  
University of Delaware

Nicole Crain  
Lafayette College

Mario J. Crucini  
Vanderbilt University

Kirby R. Cundiff  
Northeastern State University

Robert M. Dammon  
Carnegie Mellon University

Coldwell Daniel, III  
University of Memphis

Antony Davies  
Duquesne University

A. Edward Day  
Retired, University of Central Florida

Greg Delemeester  
Marietta College

Stephen J. Dempsey  
University of Vermont

Joseph S. DeSalvo  
University of South Florida - Tampa

William G. Dewald  
Ohio State University

Isaac DiIanni  
Northeastern State University

Jeffrey H. Dorfman  
University of Georgia

Floyd H. Duncan  
Virginia Military Institute

James R. Edwards  
Montana State University - Northern

John B. Egger  
Towson University

J. Elterich  
University of Delaware

Bert Ely  
Ely & Company, Inc.

Kenneth G. Elzinga  
University of Virginia

Stephen J. Entin  
Institute for Research on the Economics of  
Taxation

Richard E. Ericson  
East Carolina University

Dorla A. Evans  
University of Alabama in Huntsville

Paul Evans  
Ohio State University

Frank Falero  
California State University, Bakersfield

Eugene F. Fama  
University of Chicago

Allen M. Featherstone  
Kansas State University

Susan Feigenbaum  
University of Missouri - St. Louis

John A. Flanders  
Central Methodist University

Arthur A. Fleisher, III  
Metropolitan State College of Denver

Harold Flint  
Montclair State University

Fred Foldvary  
Santa Clara University

Richard H. Fosberg  
William Paterson University

Michelle Michot Foss  
University of Texas at Austin

Micah Frankel  
California State University, East Bay

Michele Fratianni  
Indiana University

D.C. Frechtling  
George Washington University

B. Delworth Gardner  
Brigham Young University

Gabriel Gasave  
The Independent Institute

James F. Gatti  
University of Vermont

David E.R. Gay  
University of Arkansas

Charles Geiss  
University of Missouri - Columbia

Robert Genetski  
ClassicalPrinciples.com

Joseph A. Giacalone  
St. John's University

Michael Gibbs  
University of Chicago

Adam Gifford  
California State University, Northridge

Micha Gisser  
University of New Mexico

Stephan F. Gohmann  
University of Louisville

Rodolfo A. Gonzalez  
San Jose State University

Richard L. Gordon  
Pennsylvania State University

Ernie Goss  
Creighton University

Wendy L. Gramm  
Former Chairman, U.S. Commodity Futures  
Trading Commission

Richard J. Grant  
Lipscomb University

Kenneth V. Greene  
Binghamton University

John G. Greenhut  
Texas A&M University - Commerce

Paul Gregory  
University of Houston

John D. Grether  
Northwood University

Earl L. Grinols  
Baylor University

Daniel M. Gropper  
Auburn University

Darrin V. Gulla  
University of Kentucky

Gerald Gunderson  
Trinity College

James Gwartney  
Florida State University

Colleen E. Haight  
San Jose State University

Dennis Halcoussis  
California State University, Northridge

David Hammes  
University of Hawaii at Hilo

Gary D. Hansen  
University of California, Los Angeles

Stephen Happel  
Arizona State University

Rich Hart  
Miami University

James E. Hartley  
Mount Holyoke College

Thomas Hazlett  
George Mason University

Frank Hefner  
College of Charleston

Robert H. Heidt  
Indiana University

Scott E. Hein  
Texas Tech University

Ronald A. Heiner  
George Mason University

Robert B. Helms  
American Enterprise Institute

David R. Henderson  
Stanford University

Bradley K. Hobbs  
Florida Gulf Coast University

Charles L. Hooper  
Hoover Institution

C. Thomas Howard  
University of Denver

Ronald A. Howard  
Stanford University

Andrei Illarionov  
Cato Institute

Christopher R. Inama  
Golden Gate University

Thomas R. Ireland  
University of Missouri - St. Louis

F. Owen Irvine  
Michigan State University

Alexei Izyumov  
University of Louisville

Brian Jacobsen  
Wisconsin Lutheran College

Austin J. Jaffe  
Pennsylvania State University

Clark Johnson  
U.S. Department of Defense

James L. Johnston  
Heartland Institute

Jason Scott Johnston  
University of Virginia

Clifton T. Jones  
Stephen F. Austin State University

Richard E. Just  
University of Maryland

Adrienne Kearney  
University of Maine

Barry Keating  
University of Notre Dame

Raymond J. Keating  
Small Business & Entrepreneurship Council

Carrie B. Kerekes  
Florida Gulf Coast University

Peter M. Kerr  
Southeast Missouri State University

E. Han Kim  
University of Michigan

Chris Kirby  
Clemson University

Paul R. Koch  
Olivet Nazarene University

Robert Krol  
California State University, Northridge

Cory Krupp  
Duke University

Kishore G. Kulkarni  
Metropolitan State College of Denver

Michael M. Kurth  
McNeese State University

Richard E. La Near  
Missouri Southern State University

David N. Laband  
Auburn University

William W. Laird  
Florida State University

Daniel Landau  
University of Connecticut

Richard N. Langlois  
University of Connecticut

John S. Lapp  
North Carolina State University

Nicholas A. Lash  
Loyola University Chicago

Don R. Leet  
California State University, Fresno

Tom Lehman  
Indiana Wesleyan University

Haizheng Li  
Georgia Institute of Technology

Tony Lima  
California State University, East Bay

Jody Lipford  
Presbyterian College

Hong Liu  
Washington University in St. Louis

Edward J. Lopez  
San Jose State University

James R. Lothian  
Fordham University

Lawrence W. Lovik  
Alabama Policy Institute

Robert E. Lucas  
University of Chicago

Donald L. Luskin  
Trend Macrolitics, LLC

R. Ashley Lyman  
University of Idaho

Glenn MacDonald  
Washington University in St. Louis

Lynn MacDonald  
St. Cloud State University

Keith D. Malone  
University of North Alabama

Yuri N. Maltsev  
Carthage College

Henry G. Manne  
George Mason University

Richard D. Marcus  
University of Wisconsin - Milwaukee

Michael L. Marlow  
California Polytechnic State University

Deryl W. Martin  
Tennessee Technological University

Timothy Mathews  
Kennesaw State University

John Matsusaka  
University of Southern California

Thomas H. Mayor  
Retired, University of Houston

John McArthur  
Wofford College

W. Douglas McMillin  
Louisiana State University

Lawrence J. McQuillan  
Pacific Research Institute

Tom Means  
San Jose State University

Roger Meiners  
University of Texas at Arlington

Allan Meltzer  
Carnegie Mellon University

Stephen T. Mennemeyer  
University of Alabama at Birmingham

John Merrifield  
University of Texas at San Antonio

Paul G. Merski  
Independent Community Bankers of America

Dan Messerschmidt  
Lynchburg College

James C. Miller, III  
Budget Director, President Ronald Reagan,  
1985-1988

Roy Miller  
Advocates for Liberty

Tracy Miller  
Grove City College

Mario J. Miranda  
Ohio State University

Jeffrey Miron  
Harvard University

David M. Mitchell  
Missouri State University

Thomas Moeller  
Texas Christian University

James Moncur  
University of Hawaii at Manoa

Carlisle E. Moody  
College of William & Mary

Adrian Moore  
Reason Foundation

Robert L. Moore  
Occidental College

John C. Moorhouse  
Wake Forest University

Barry Morris  
University of North Alabama

Michael A. Morrissey  
University of Alabama at Birmingham

Frank W. Musgrave  
Ithaca College

Richard F. Muth  
Emory University

Steven C. Myers  
University of Akron

Ronald M. Nate  
Brigham Young University - Idaho

Anthony Negbenebor  
Gardner-Webb University

James F. Nieberding  
Cleveland State University, and LECG, LLC

Michael P. Niemira  
International Council of Shopping Centers, Inc.

Lee Ohanian  
University of California, Los Angeles

Lydia Ortega  
San Jose State University

Randall Parker  
East Carolina University

E.C. Pasour, Jr.  
North Carolina State University

Judd W. Patton  
Bellevue University

William Peirce  
Case Western Reserve University

Penn R. Pfiffner  
Independence Institute

Christopher C. Pflaum  
Spectrum Economics, Inc.

Gordon M. Phillips  
University of Maryland

G. Michael Phillips  
California State University, Northridge

Youyu Phillips  
Keystone College

Charles R. Plott  
California Institute of Technology

Alex J. Pollock  
American Enterprise Institute

Joseph Pomykala  
Towson University

Jeffrey Pontiff  
Boston College

Barry W. Poulson  
University of Colorado

Ronald L. Promboin  
University of Maryland University College

Richard W. Rahn  
Institute for Global Economic Growth

Reza Ramazani  
Saint Michael's College

Taghi Ramin  
William Paterson University

James B. Ramsey  
New York University

R. David Ranson  
H.C. Wainwright & Co. Economics, Inc.

Ralph R. Reiland  
Robert Morris University

Robert Reinke  
University of South Dakota

Christine P. Ries  
Georgia Institute of Technology

Mario J. Rizzo  
New York University

Nancy H. Roberts  
Arizona State University

Richard Roll  
University of California, Los Angeles

Tim Roth  
University of Texas at El Paso

Charles K. Rowley  
George Mason University

Paul H. Rubin  
Emory University

Juan Rubio-Ramirez  
Duke University

John Ruggiero  
University of Dayton

Mark Rush  
University of Florida

John Rutledge  
Claremont Graduate University

Atulya Sarin  
Santa Clara University

Raymond Sauer  
Clemson University

Thomas R. Saving  
Texas A&M University - College Station

David Schmitz  
University of Arizona

Loren C. Scott  
Louisiana State University

Robert Haney Scott  
California State University, Chico

John Seater  
North Carolina State University

Roger A. Sedjo

Richard T. Selden  
Retired, University of Virginia

Barry J. Seldon  
University of Texas at Dallas

John Semmens  
Laissez Faire Institute

Alan C. Shapiro  
University of Southern California

Stephen Shmanske  
California State University, East Bay

Mark Showalter  
Brigham Young University

William Shughart, II  
University of Mississippi

Vlad Signorelli  
Bretton Woods Research, LLC

Chuck Skipton  
University of Tampa

James F. Smith  
Econforecaster, LLC



Vernon L. Smith  
Chapman University

Russell Sobel  
West Virginia University

Lawrence Southwick  
University at Buffalo

Dean Stansel  
Florida Gulf Coast University

Craig Stephenson  
Babson College

Frank Stephenson  
Berry College

Derek Stimel  
Menlo College

Houston H. Stokes  
University of Illinois at Chicago

Courtenay C. Stone  
Ball State University

Brian Strow  
Western Kentucky University

Avanidhar Subrahmanyam  
University of California, Los Angeles

Scott Sumner  
Bentley College

Daniel A. Talley  
Dakota State University

Robert Tamura  
Clemson University

Cliff Tan  
Societe Generale

John A. Tatom  
Indiana State University

Jason E. Taylor  
Central Michigan University

Larry Taylor  
Lehigh University

Rebecca A. Thacker  
Ohio University

Teresa Tharp  
Valencia Community College

David J. Theroux  
The Independent Institute

Wade L. Thomas  
State University of New York at Oneonta

Alex Tokarev  
King's College

Aaron Tornell  
University of California, Los Angeles

George H. Troughton  
Private Investor

William N. Trumbull  
West Virginia University

David G. Tuerck  
Suffolk University

Kamal P. Upadhyaya  
University of New Haven

T. Norman Van Cott  
Ball State University

Richard Vedder  
Ohio University

George J. Viksnins  
Georgetown University

Doug Walker  
College of Charleston

William Walstad  
University of Nebraska - Lincoln

Alan Rufus Waters  
California State University, Fresno

Bruce Webb  
Gordon College

John Wicks  
University of Montana, Missoula

Michael E. Williams  
University of Denver

Douglas Wills  
University of Washington Tacoma

Michael Wohlgenant  
North Carolina State University

Gary Wolfram  
Hillsdale College

Jack Worrall  
Rutgers University

Tom Wyrick  
Missouri State University

Bruce Yandle  
Clemson University

Bill Yang  
Georgia Southern University

DeVon L. Yoho  
Ball State University

John Zdanowicz  
Florida International University

Richard Zecher  
P/E Investments, and Investor Analytics

Jerold L. Zimmerman  
University of Rochester

Joseph Zoric  
Franciscan University of Steubenville

Benjamin Zycher  
Pacific Research Institute

\* Affiliations listed for identification purposes  
only.