

## Economists Support Economic Recovery Plan

With every passing day, it becomes more evident that the Bush financial crisis is having a very real impact on average Americans, homeowners, consumers and businesses. Experts from around the country support government intervention and have been discussing how to best address the crisis on Wall Street to avoid increasing pressure on Main Street. The consequences of not acting, they note, will have a devastating impact on all Americans.

### **Please find below some quotes from experts supporting Economic Recovery legislation:**

“And what they're talking about is leveraging up to the tune of 700 billion, to in effect, offset the deleveraging that's going on through all the financial institutions. And I might add, if they do it right, and I think they will do it reasonably right, they won't do it perfectly right, I think they'll make a lot of money.” [Warren Buffet, [CNBC, 9/24/08](#)]

“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...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.” [Letter to lawmakers signed by 75 economists, [Wall Street Journal, 10/1/08](#)]

“Harvard economist Ken Rogoff says government action is better than the alternative. ‘We are worried about something that wipes out a big chunk of our financial intermediation that gives us, you know, credit cards, mortgages, auto loans, you name it. It's something that hurts us for many years.’” [[CNN, 10/2/08](#)]

“‘[Doing nothing is] not an option,’ says economist Robert Brusca of Fact And Opinion Economics. ‘Once the Treasury Secretary and Fed Chairman say ‘we need a blank check, and don't ask, just do it,’ they've told us there's big trouble out there.’” [[CNBC, 10/1/08](#)]

“‘Given the intensity of the crisis, I'm willing to write my part of the check,’ [Robert] Shiller said [Yale University economist and bubble predictor].” [[Seattle Times, 9/26/08](#)]

“University of Kentucky banking professor Don Mullineaux, a former Federal Reserve economist, predicted the bailout ultimately will pass, because of the potential ‘for a fairly large number of bank failures,’ more steep declines in the stock market and possibly a serious recession if the federal government does nothing. ‘If we don't do it, things look a lot worse than if we do,’ he said. ‘I just wish it hadn't been labeled a ‘bailout’ bill. The moment that word got used, certain people were automatically against it,’” Mullineaux said. [[Lexington Herald Leader \(KY\), 10/1/08](#)]

“‘If the choices between this bill and economic Armageddon, this is a good bill,’ says Former U.S. Secretary of Labor Robert Reich, a U.C. Berkeley economist. Reich by no means, loves this plan, but in the end he supports it.” [[KGO-TV San Francisco, 10/1/08](#)]

“A crisis of liquidity can very easily turn into a crisis of solvency.” [Greg Ip, U.S. economics editor for the Economist, [Santa Rosa Press Democrat \(CA\), 10/1/08](#)]

“‘This [economic recovery package] could go a long way toward solving these problems,’ said Mark Zandi, chief economist at Moody's Economy.com, who has written a book on the mortgage meltdown...’ Obviously there is a big upfront cost to taxpayers,’ Zandi said, ‘but the ultimate cost may be measurably lower.’” [[MSNBC, 9/21/08](#)]