

DATE: December 8, 2011

TO: American Economic Association Executive Committee

FROM: Charles Schultze , Chair
American Economic Association Committee on Government Relations

SUBJECT: Implementation of Contingency Plans

This memo supplements the Annual Report of the Committee on Government Relations (AEACGR) that is in your binder. The purpose of this memo is to review for the AEA Executive Committee the implementation of the contingency plans we presented at last year's Executive Committee meeting for responding to proposals in Congress and in government agencies to make severe cuts in government funding of economic research and economic data. Unfortunately, given the fiscal problems of the US government, we will almost certainly repeatedly encounter challenges in the future similar to what happened this last year. We are looking for guidance from the Executive Committee whether we struck the right balance between supporting the economics profession and not taking a position on any partisan matter.

The Committee has abided by three general guidelines:

- 1 Without specific approval by the Executive Committee, any public position taken by the AEACGR, alone or in conjunction with other groups, will be attributed to itself and not to the AEA.
- 2 We will not take a public position on the budgetary actions by the Congress or an Executive agency except in the case of clearly disproportionate cuts in funds for economic research or the elimination of an important element of the economic data infrastructure.
- 3 We will not take any action that we believe a significant number of AEA members would disapprove.

Committee Actions

I **The AEACGR closely monitored the turbulent budgetary process this last year**, both the negotiations over repeated continuing resolutions for FY2011 budgets and the appropriations for FY2012 budgets. Information about proposed reductions in the budgets for NSF, NIH and the statistical agencies was posted on our website and sent to the AEACGR mailing list in our newsletters because of the implications of the changes in these budgets for economic research and economic data. In dealing with this we worked in close collaboration with other organizations to which the AEA belongs, such as the Consortium of Social Science Associations (COSSA) and the Association of Public Data Users (APDU).

1 **What we did:**

- We prepared and disseminated talking points on the benefits of NSF and NIH research in economics and the value of economic data.

- We recruited economists to meet with congressional staff and federal agency employees on the contributions of academic economic research.
- We organized a successful briefing on the Hill on the benefits of the Economic Census

2 **What we refused to do:**

- Despite repeated requests from other scientific professional associations, we declined to endorse letters supporting specific government agency budget requests.
- We did not ask economists to oppose or support specific budget requests.
- When invited by representatives of scientific associations to join them in meetings with congressional staff in support of NSF, NIH and statistical agency budget requests, we said we could participate only if we made it clear that the AEA did not support or oppose specific budget requests.

II **Several proposals were made that targeted economic research for elimination or severe and disproportionate budget cuts.** For example, in April Senator Tom Coburn released a 78 page Report attacking the NSF for waste of research money together with a long list of “trivial” projects. The report recommended eliminating all funding at NSF for the social and behavioral sciences. Representatives John Boehner and Eric Cantor sent a letter to President Obama proposing to refocus the National Science Foundation on “hard” sciences by cutting the budgets for the “soft” behavioral and social sciences in half. We actively opposed those proposals

1 **What we did:**

- We asked influential economists to contact key members of Congress, alerted business and government stake holders and sent an e-blast to AEA members who had indicated an interest in receiving information about government relations.
- We asked the AEA Executive and it agreed to endorse an Inter-society Letter to the House Leadership opposing targeting specific areas of science for severe budget cuts.

III When the House budget mark was passed, with a relatively large cut for Census, the Bureau claimed that a cut that size would force it to cancel the 2012 Economic Census. **We opposed termination of that Census but tried to do this without taking a position on the overall Census budget.**

1 **What we did:**

- In September the AEACGR organized a briefing on Capitol Hill by Charles Schultze, Brookings; Katharine Abraham, Council of Economic Advisers; J. Steven Landefeld, Bureau of Economic Analysis (BEA); Tim Maney, U.S. Chamber of Commerce; and William Shobe, University of Virginia on the importance of the 2012 Economic Census for business and government decision making.
- We sent letters to professional associations in economics, business and local government that the Economics Census was at risk, contacted journalists and blogs, met repeatedly with Census staff and prepared and disseminated a joint statement with the AEA Committee on Economic Statistics (AEASStat) on the importance of the Economic Census.

- We sent the joint statement and other background material from the briefing to Congressional staff in the House and the Senate.

2 What we would not do:

- We would not endorse letters supporting the Census FY2012 budget request.
- We decided, after some requests, that we would not participate in meetings with Congressional staff organized by other professional associations unless we could state that we did not support or oppose the Census budget request.