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Real-World Evidence Showing that Unemployment Insurance Benefits Increase Unemployment

By Daniel J. Mitchell

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I've [written before about the perverse impact](#) of the unemployment insurance program, and [I've even cited how left-wing economists](#) such as Paul Krugman and Larry Summers admit that you get more joblessness when you pay people for not working.

I've even shared a [very good cartoon making the same point](#). And who can forget [Nancy Pelosi's mindless comments](#) about unemployment benefits being a great way to stimulate job creation.

But sometimes it helps to have real-world anecdotes, and [this letter-to-the-editor from a newspaper in Ohio](#) is very educational. Here are key excerpts.

Little did I know that attempting to hire the employees needed, which I had thought to be the easiest part, would turn out to be a nightmare if not impossible. ...Before 2009 if our company advertised for an open position, on average we would get 20 to 30 applications, interview six to eight of the applicants, and hire one or two, based on the quality and potential of the candidates. This process has been deteriorating dramatically since 2009 and now at the end of 2011 it has completely hit bottom. Of all the applications that we have received this year, when asked why they were seeking a job with us, one out of three answered: my unemployment is running out and I have to go back to work. Earlier this year after I hired two new full-time employees, went through our company's orientation process, fitted them with our work clothing and booked them to start within a week, they both quit. One called ahead of the start date to apologize but wanted to inform us he would not be coming in because the government had just extended unemployment benefits again. The second one just did not show on his first day and when I called him he said he couldn't come in now because unemployment had been extended and he was making almost as much as we were planning to start him out with. ...Our government is considering extending unemployment benefits again soon. The final absurdity might be that extending unemployment is the only thing that both the Democratic and Republican majorities both agree on.

By the way, here's a [post with a similar real-world story from Detroit](#).

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