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The Wall Street Journal (WSJ) and Larry Summers are having a heated [exchange](#) over the impacts of unemployment insurance on jobs, and they are both being stupid.

The WSJ claims that extending unemployment insurance is causing unemployment, and that their opinion is consistent with Summers' past statements. Unemployment insurance can exacerbate unemployment in times of full employment, but these are not times of full employment. We know that employers have cut millions of jobs. That is why we see unemployment. It is not even disingenuous to argue that the insurance is causing our current unemployment. It is just dumb.

Summers' response starts out reasonably enough. He gives the argument I gave in the previous paragraph. Then, though, Summers starts claiming that unemployment is stimulus. That's pretty silly too.

Unemployment insurance has a minor counter-cyclical impact, but that is not why we have it. We have unemployment insurance because we're compassionate. We want to help people in tough times, and if that creates a little inefficiency, who cares?

Extended unemployment, such as we are seeing now, is catastrophic for families. Unemployment insurance helps a little. We should extend unemployment insurance, but Summers diminishes himself by pushing the party line and claiming it is stimulus.