The Daily Dish

Stimulus, Now Strategy

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Eakinomics: Stimulus, Now Strategy

The Coronavirus Aid, Relief, and Economic Security (CARES) Act is now on track to be the law of the land (or at least appeared to be when this was written!), so the administration now has its stimulus bill. But what policy problem is this multi-trillion dollar everything-and-the-kitchen-sink bill intended to solve? The administration has never been clear as it veered from "no more payroll taxes!" to "send checks, Auntie Em!" to "a loan for every business small and large." It is now time to articulate to the American people exactly what they face and how the CARES Act will address it.

They could say that the business loan provisions are there to keep workers on the payroll and businesses on life support until the liquidity crunch passes. They could add that the enhanced unemployment insurance and paid-leave provisions are a redundant safety net for those workers who are already laid off or directly affected by the virus. These, too, will carry Americans past the worst of the pandemic.

Similarly, aid to the airlines is essential to keep the supply chain functioning until the transition to a more normal economy.

Ok, when will that be? It is time to start setting expectations on how long will be the period of peak economic duress. How long will it be necessary to support payrolls and rely on emergency loans and aid? It is important for there to be an end date, which provides hope and allows businesses to develop plans to ramp up or restart.

As part of this, there has to be an articulation of how the economic imperatives and public health missions are going to co-exist. The current approach of schizophrenic bouncing back and forth between saving lives at whatever the cost and abandoning virus mitigation in the interest of the economy is serving nobody well. This is not a matter of picking between two absolutes – public health and the economy – but rather of articulating the tradeoff between

them and how the nation will face it.

The Fed has put all its weapons in play. Congress has handed the administration its artillery. It’s time to have a strategy for their use.