

Top Points: Fiscal Policy: Go Big and Fast

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The chaos in the financial markets is being exacerbated by the lack of leadership around the globe, especially in the Trump White House. While monetary policy is playing a vital role, with the infusion of \$1.5 trillion into the money markets Thursday, fiscal policy needs to play an even more prominent role to bolster confidence and provide funds to those in need. Of course, funding efforts to stem the spreading virus should take top priority.

Limiting the economic snowstorm by going big and fast: After an \$8B bill was signed last week, mainly designed to beef up front-line medical/health efforts, Congressional efforts for economic stimulus/disaster relief will come in two stages: an important but limited bill this week and a bigger one after Spring recess. Democratic Congressional leadership in conjunction with the Treasury Department in pulling together this first bill for a vote Friday. It should include:

- free virus testing
- paid emergency leaves for workers
- grants for states to pay for added Medicaid costs
- expanded UI program

A total cost estimate is not yet available, awaiting scoring by CBO.

This will pass the House, the question is what will happen in the Senate, who may not be able to vote on this this weekend. Much of the GOP Senate leadership is on record opposing the bill. ***Failure to pass something will have terrible optics and surely be another market depressant on equity prices Friday and into Monday.***

Upon Congressional return on March 23, the bipartisan battle over a big \$250B to \$750B package will begin in earnest. Republicans seem more interested in specific help to industries (loan guarantees?) and yet another big (payroll) cut. Democrats lean more to shoring up the safety net and providing funds to individuals through highly visible rebates such as was done in 2001 and 2008. Economic disaster loans from SBA or FEMA seem like a good idea. Sadly, there seems to be no bipartisan committee to save the world in 2020 like 2007-09.

In any event, they need to go BIG AND FAST.

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