



Second Stimulus Check: Economists Divided on Threat of 'Double Dip' Recession Without Relief Package

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The coronavirus pandemic continues to spread across the country, but it has been six months since Congress last passed a relief package to help the economy. Lawmakers are still divided on what to do next, and chances anything will get done before the election in November are only getting slimmer. Economists remain divided on how Washington's stalemate will affect the economy. There could be danger of a "double-dip" recession, but others suggest it is possible to avoid that without more government spending.

If there is no new stimulus package, Congress is "taking a huge risk," Moody's Analytics chief economist Mark Zandi told *USA Today* Sunday. "The odds are better than even the economy backslides." Chris Edwards, an economist with the libertarian Cato Institute, disagreed, suggesting adding to the \$26 trillion national debt will not help in the long run. "Further deficit-financed stimulus comes at the expense of higher debt and thus higher taxes and a lower standard of living down the road," Edwards said.

Congress only has a few weeks left in its scheduled session before the November elections. Plus, the battle over a replacement for the late Supreme Court Justice Ruth Bader Ginsburg in the Senate might take priority there. House Speaker Nancy Pelosi has also continued holding out hope for a larger stimulus package, which Republicans have steadfastly refused to take on. During negotiations in July and August, Democratic leadership agreed to a package just over \$2 trillion, but the White House refused that. The Senate then voted on a "skinny" \$500 billion stimulus package, which failed to get the 60 votes needed.

In March, the economy went into the worst recession since the Great Depression as states ordered nonessential businesses to shut down and consumers stayed home to help slow the spread of the pandemic. As states gradually reopened, the economy recovered. However, states continue to reach new case records and more than 200,000 Americans have died from COVID-19. The U.S. did recover about half the 22 million jobs lost, but many of the temporary layoffs could become permanent.

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Congress responded by passing four packages in March and early April, with the biggest being the \$2 trillion CARES Act signed in March. The act included a one-time stimulus check, which many Americans have long-since used. Although both parties agreed there should be a stimulus check in another package, other issues, such as liability protection, enhanced federal

unemployment benefits, and more aide to state and local governments, divided Republicans and Democrats.

Economists believe Congress will eventually agree to a \$1.5 trillion package. Zandi estimates that the economy could grow 3.5% in the next year and create 2 million jobs, which would push the unemployment rate to 8.2%, he told *USA Today*. Without a package like that, Zandi estimates the economy will grow only 1.1% over the next year and the jobs lost will not be recovered until 2021. Edwards disagreed, pointing out that many businesses are not fully open and he is concerned about adding to the federal deficit. Zandi countered those concerns by suggesting that the U.S. must "get back to full employment" before dealing with the defecit. A better economy could also create more revenue for the federal government, he added.