

COVID 19 policies

Write a short analysis of one of the following two Covid policies

The first policy is to pay an extra \$600 per week to people receiving unemployment benefits.
How would this affect the economy?

The second policy is to send \$1200 checks to almost everyone (high income workers excluded).
How does that affect the economy?

These payments rescued the economy from a collapse, boost the economic, consumer spending and “keep poverty from rising” (Business Insider “How \$600 unemployment benefits to jobless people helped rescue the American economy”).

Unemployed Americans get more money, than they would usually receive by the government. The intention paying this money is, that the households are going to pay their bills and consume. The extra \$1,200 for almost every American (high income workers excluded), has the same intention, to spend this amount, or even more, to the economy / businesses. A disadvantage could be, that people receiving unemployment benefits, which are two or three times higher as usual, loose the motivation, searching for a job at this time.

The economy will have a boost, caused of the money added to the circulation in the household section (money, which wouldn't be there under normal circumstances). This money gives the economy and most businesses (excluded are businesses closed or severely limited due to COVID 19 regulations), a boost and also effect the labor market. Businesses will have a higher profit, expand or are able to hire new workers.

Retroactive the advantage of these payments for the government are the following arguments:

A redevelopment of the whole economy would be a disaster and much more expensive. Boosting the economy in this hard time and recession, prevented a big wave of bankruptcies and unemployment and instead added new jobs and kept the circulation alive. So backwards the government maintains the tax payment flow from households to government and from the economy to government, to earn the expenses back.

But all these measures involve the risk of inflation.