

Open letter from economists on automatic triggers for cash stimulus payments

We urge policymakers to use all the tools at their disposal to avoid further preventable harm to people and the economy, including recurring direct stimulus payments, lasting until the economy recovers. The widespread uncertainty created by the COVID-19 pandemic and recession calls for a multifaceted response that includes automatic, ongoing programs and policies including more direct cash payments to families; extended and enhanced unemployment benefits; substantial aid to state and local governments; stronger SNAP benefits; robust child care funding and more. These programs and policies will hasten the economic recovery far more effectively if they stay in place until economic conditions warrant their phaseout. **Direct cash payments are an essential tool that will boost economic security, drive consumer spending, hasten the recovery, and promote certainty at all levels of government and the economy – for as long as necessary.**

The economic pain is widespread and the need for immediate, bold action is clear. The pain from this crisis is undeniable. The unemployment rate is already [dwarfing](#) peak levels from the Great Recession, with [higher levels](#) of unemployment for Black and Latinx workers; GDP is expected to shrink by [11 percent](#) during the second quarter of this year; and [27 million](#) Americans have likely lost their health insurance along with their jobs. Much is still unknown, but it is clear at this point this recession will require significant and sustained stimulus policies that are responsive to the health of the economy. We agree with economists from [across](#) the [political spectrum](#) that concerns about debt and deficit [should not get in the way](#) of taking appropriately strong measures to stem the downturn now.

Regular, lasting direct stimulus payments will boost consumer spending, driving the economic recovery and shortening the recession. Right now, most Americans are just trying to keep their heads above water. The first round of economic impact payments were a lifeline that helped some get by for a few weeks – [early research](#) shows that people are spending the stimulus checks quickly and on essentials – but the worst is not over. Consumer spending accounts for about [two-thirds of GDP](#), so reviving the economy will require sustained efforts to strengthen it. Even after businesses start to re-open and jobs begin to come back, there will be [significant economic fallout](#), and demand will continue to lag if people don't have money to spend. Regular direct stimulus payments tied to economic indicators will help families stay afloat and drive economic activity.

Automatic stabilizers ensure relief for as long as it is needed, promoting a strong recovery and efficient government. Many economists believe our response to the Great Recession was [too small](#) and [too brief](#), slowing the recovery and causing preventable harm particularly to low-income people. Cash assistance is an important element of economic aid, injecting resources through direct stimulus payments and [refundable tax credits](#) into low- and middle-income households that need help and are [likely](#) to spend it. That will start a chain reaction to boost local businesses and increase economic activity. Continuing recurring payments until there is reliable evidence of an economic recovery – such as low and declining unemployment – will promote certainty for all sectors of the economy and for state and local governments and federal agencies.

With many unknowns, it is critical to enact policies that will help promote a robust, sustained, racially equitable recovery and will stay in place until Americans are back on their feet.

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