Twitter Thread by Paul Krugman

Paul Krugman
@paulkrugman

The proposal for $2000 stimulus checks is divisive, and not along simple left-right lines. Lots of disagreement among progressives, with people like Bernie Sanders very pro but many others not on board. Both sides have a point 1/

My take: the economics aren't very good, but the political economy may make such checks necessary 2/ https://t.co/XY7d9E8SDY

> So if there's a limit on the amount of aid that can be given, it's more important to help the unemployed — and, in particular, to sustain that help well beyond the 10 weeks reportedly in the current deal — than to send checks to those who have been able to keep working. The best argument I can see for broader payments is political — people who haven't lost their jobs to the pandemic may be more willing to support economic relief for those who have if they also get something from the deal.

The key economic argument, which @crampell picks up on, is that given a slump that has affected people very unevenly, aid should concentrate on those actually suffering 3/ https://t.co/9PVyK4euDd

So if you have a fixed amount to spend, unemployment benefits and maybe small-business aid should be priorities, not checks that will in many cases go to people who are doing OK 4/

But is there a fixed amount to spend? No binding budget constraint for the feds, so this is all about politics. And my sense is that broad issuance of checks is actually kind of a loss leader, helping to sell a package that includes UI 5/

In a way, the very obtuseness of some politicians makes the case here. I keep seeing assertions from progressives that the US Covid response was stingy — completely overlooking the fact that the unemployed got $2400 a month in supplemental aid 6/

On one side, what?? On the other, this shows that UI tends to be invisible in the political sphere, while the $1200 checks, while far less important in human terms, got all the attention. It's frustrating, but also an indication of how the politics works 7/

So while analysts should try to get politicians to understand the economic realities, I don't think we should campaign against checks for (almost) everyone. They're not great policy, but they may be a necessary part of selling the deal 8/

Yglesias on UI 9/ https://t.co/yLXPahyg2T

> Bonus UI was a progressive success story! But progressives are bad at telling success stories. https://t.co/pExWbvXRbv
>
> — Matthew Yglesias \U0001f366 (@mattyglesias) December 29, 2020