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## Barron's Article: My Reflections on Coronavirus Relief By Howard Newman

Over the past month, Washington has passed many coronavirus aid packages which, while well-intentioned, have not been effective.

These aid packages were large—greater, in fact, than the decline in GDP to date—but they have not staunched the decline in the economy. This is because the aid packages did not address the key issue of re-establishing the circular flow of income-consumption-income which is the basis of a modern economy. Given that this is the first downturn where the interruption of circular flow was a key factor, this is a disappointing but not surprising result. There is, after all, no section in the economics textbook on “Voluntarily Shutting Down an Economy”. And the tools that worked in prior recessions should not have been expected to work well this time as well.

In addition, the aid relied almost exclusively on the banking system to reach consumers and small businesses even though the underbanked portions of both constituencies are large and served by other institutions. Again, this reflects the comfort which Washington has with these traditional institutions rather than the realities of the marketplace. Asking institutions to serve as a conduit to millions of new customers was bound to have glitches, many of which could have been avoided by embodying a broader set of actors as part of the solution.

Barron's is now carrying a piece which outlines some of my thinking on a better way to provide aid to those impacted by the coronavirus shutdown.

Read it [here](#).