

I have concerns about the long-term consequences of the expansionary fiscal policies used during the COVID recession. On one hand, I understand why governments wanted to prevent a deep economic contraction - mass unemployment and business failures would have caused immense hardship. The stimulus spending helped shore up incomes and keep more people employed. This likely prevented worse scarring effects that could have hampered growth for many years.

However, the debt accumulated will be a burden for my generation. Servicing and repaying that debt will mean less funding available for other priorities like education, infrastructure, and social services. It may require higher taxes which reduce private savings and investment. High debt levels also leave governments with less room to respond to future crises.

Ideally, governments should have been more frugal during the good economic times preceding COVID. This would have allowed more fiscal space during the recession. For the long-term health of the economy, governments need to balance stimulatory spending during downturns with fiscal restraint during recoveries. Automatic stabilizers like unemployment benefits make sense, but discretionary stimulus should be carefully targeted and cost-effective.

I think some degree of expansionary fiscal policy was warranted during COVID, but it likely went too far. My generation will be left paying the tab, which worries me. A more balanced approach would have softened the recession while exercising greater fiscal discipline. Policy makers need to consider the obligations they are leaving for future taxpayers like me.

References:

McConnell, C. R., Brue, S. L., & Flynn, S. M. (2012). *Macroeconomics* (19th ed.). McGraw-Hill.