

Macro Roundup Article

Headline: [Spatial Spillovers and the Effects of Fiscal Stimulus: Evidence from Pandemic-Era Federal Aid for State and Local Governments](#)

Article Link: <https://www.tandfonline.com/eprint/WQ8ARMVYA2ITNMYS96VC/full?target=10.1080/17421772.2023.2264344>

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Tweet: Accounting for spillovers from other states, @stanveuger and @jeffreypclemens find that \$900B federal pandemic aid translated to \$878,000 of spending to create or preserve one state or local job for one year. @AEIecon

Summary: Federal assistance generated fairly small (jobs) multipliers. We found that each \$878,000 in federal assistance created or preserved one state or local job-year. About a third of the effect size is driven by spillovers from other states. More important than the point estimate itself, however, are the values we can rule out on the basis of our estimates' confidence intervals. We can rule out an estimate that federal fiscal assistance saved a state or local government job-year at a cost of less than \$428,000, making fiscal assistance far less effective at supporting employment during the pandemic than during the global financial crisis.

Primary Topic: Government Spending

Topics: Academic paper, Database, Fiscal Policy, Government Spending, Important!

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