

1 Stimulus Experiments

- What is the research question?
- Stimulus checks. Is there a delay - much less so this time around.
- Payroll tax cut
 - Is this passed through to workers? Obama stimulus was 2% ONLY on the employee side
 - Not applicable to the unemployed.
 - Not applicable to retirees (we don't have lifecycle at the moment).
 - Not applicable to incomes over \$130,000 or there about
 - Is the motivation for a payroll tax cut really consumption stimulus, or is it to encourage more employment (both from worker and employer)
- Unemployment benefit extension
 - 26 weeks is standard, Obama increased by 20 weeks
- Automatic stabilizer
 - Something like the Sahm rule with stimulus checks going out automatically if "the three-month moving average of the national unemployment rate (U3) rises by 0.50 percentage points or more relative to its low during the previous 12 months."

General comments

- Current focus is on duration of stimulus, rather than targeting specific household characteristics. Is that what we want? There is a argument that stimulus should be "large and fast" to get out of a recession, which could come out of a NK type framework. Do we want to make this a focus?
- Is a NK framework the correct one here? New Fed consensus statement focuses on employment shortfall, suggesting more of a one-sided model framework.
- How do we judge the appropriateness of a policy? Are we going to do welfare analysis?
- How do we handle general equilibrium, particularly at the effective lower bound?

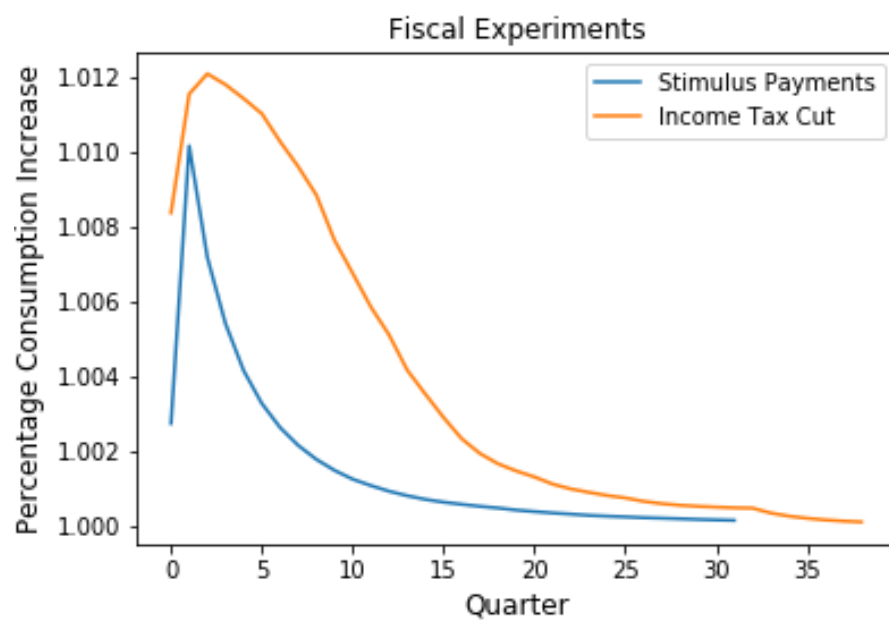


Figure 1: Fiscal Stimulus Experiments