



The Daily Dish

Financial Support for Business in the Pandemic

DOUGLAS HOLTZ-EAKIN | SEPTEMBER 29, 2020

Eakinomics: Financial Support for Business in the Pandemic

One of the most successful aspects of the COVID-19 policy response has been the Paycheck Protection Program (PPP), which quickly provided over \$500 billion in support to the business community, allowing them to retain employee-employer relationships and supporting the infrastructure for private sector payroll growth. At that point, however, policymakers seem to have stopped focusing on the business sector. Today AAF will host its inaugural [virtual forum](#): “Assessing Financial Support for Businesses During the Pandemic – The State of Play.” There are a variety of pressing financial issues; AAF’s Thomas Wade provides a nice overview and [summary](#). To begin, it is six months after the declaration of a national health emergency and still the Treasury and Federal Reserve have done essentially nothing to offer relief using its emergency lending programs. The Main Street Lending Program, in particular, has provided only \$2 billion of the \$600 billion in funding it is capable of backing.

In other areas, businesses face continued threats to their cash flow. For example, most business interruption insurance policies explicitly exclude viral events (a legacy of the SARS pandemic). There has been [concern](#) that the courts would override these exclusions and impose a crippling liability on the insurance industry. Even if that does not transpire, there is a good question as to what is the best way to handle this issue in the future. Similarly, the business community has expressed [concern](#) over the large potential for lawsuits regarding COVID-19 infections generating a large financial liability.

In each case, the ultimate policy remains unsettled. [Please join AAF](#) in hearing the likely outlook from a distinguished panel of experts: Joel Griffith, Research Fellow, Financial Regulations, Institute for Economic Freedom, The Heritage Foundation; Sean Kevelighan, President and Chief Executive Officer, Insurance Information Institute; and Hal Scott, Emeritus Professor, Harvard Law School and President, Committee on Capital Markets Regulation.