



Press Release

ICYMI: The Power of Targeting Relief

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Amid reports that House Democrats may vote next week on increasing to \$2,000 checks for individuals, AAF President Douglas Holtz-Eakin explains why this would be both wasteful and ineffective as “stimulus.” Holtz-Eakin calculates the cost of these checks and considers a better way to target the money.

An excerpt:

If, instead (of stimulus, the \$2,000 checks) are meant as relief for those financially burdened by the pandemic, they should be targeted on those who face such difficulties. The current checks go to individuals even if they did not miss a day of work or a single paycheck. A simple way to better target the money would be to ask state unemployment offices to report the names of those individuals who were unemployed for, say, 4 months or longer in 2020. (Notice by focusing on the past, there will be no poor incentives for labor market participation in 2021.) Checks could be targeted on this population.

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