How Stimulus Checks were Beneficial to the Economy During the COVID-19 Pandemic

In early 2020, the COVID-19 pandemic took the world by storm. However, this pandemic didn't only affect those diagnosed with Coronavirus, but every non-essential business owner and employee, as well. As a response to this, President Donald Trump signed the Coronavirus Aid, Relief, and Economic Security Act (the CARES Act) which put into effect a $2 trillion stimulus package. The $1,200 stimulus checks administered during the COVID-19 pandemic were heavily mulled over and benefited both the American people and the economy to its fullest. Not only this, but the economic potential for another round of stimulus checks under a redesigned method of distribution is even greater than that of before. However, in recent months, there has been much controversy surrounding whether or not these stimulus checks were beneficial to the economy and the people receiving them. To many people, these checks weren't effective; they thought that $1,200 wasn't nearly enough to help those who were furloughed. This is simply false: stimulus checks benefit those of the lower class who aren't able to stand on their own two feet without a job in this pandemic. While those of the upper class can tolerate and even enjoy the period of quarantine, those without a steady income had to incessantly worry about how they would maintain themselves. The stimulus checks distributed by the government amidst the COVID-19 Pandemic were beneficial to the economy and are effective in the long run.

Many Americans are burdened with economic hardships, and 78% of the population is living paycheck to paycheck (Career Builder). In fact, 40% of Americans cannot cover an economic crisis in an emergency (Federal Reserve). During the COVID-19 pandemic, most employees were temporarily unemployed due to government mandates which only permitted essential businesses to remain open. The $1,200-$2,400 stimulus checks, however, helped keep lower-class families afloat by giving them the ability to buy groceries, pay rent, etc. (Gormon). When the families in the lower class are given money, the money distributed is recycled back into the economy, allowing for rapid economic growth and replenishing the money invested in these stimulus checks sooner rather than later. Stimulus checks benefited those of the lower class who aren't able to stand on their own two feet without a job in this pandemic. While those of the upper class can tolerate and even enjoy the period of quarantine, those without a steady income had to incessantly worry about how they would maintain themselves. These checks acted as an aid to them. Even those who didn't immediately use the money saved it, approximately 30% of those who earned the check (Olya). The high rates of unemployment among the people didn't have the worst effect on those who had a job, and it also helped the government. It positively affected the economy as the spending of money earned from the stimulus checks not only helps those who are spending it, but those receiving the money as well. When there is more money, there is more to be received in taxes.

A second distribution of stimulus checks can be gone about through a redesigned process. First, the maximum threshold for receiving these checks should be lowered from $75,000 to $35,000. Of all household incomes reported in 2019, 28.2% of individuals made between $35,000 and $75,000 (Statistica). This approximates to about $52 billion spent on stimulus checks for this range. If this money was redirected to those making $35,000 and less, more money would be put back into the economy, allowing for more rapid economic growth. They require the money more than those in the middle class, and single parents who make $35,000 or less are receiving less money from the stimulus checks than married couples with no children who make $150,000 or less. In addition to this, it’s essential to prevent private banks from seizing these checks (in other words, expanding the CARES Act). Because the CARES act only prevents the seizing of stimulus checks to pay national and state debt, this doesn’t defend citizens from private banks. If there are any unpaid loans or delinquent fees, banks would be the first to seize these (Dayen). This means money lost for the working class who need these checks and the government who needs the money to be recycled back into the economy. According to a Treasury Department Official, Ronda Kent, “there's nothing in the law that precludes that action.” She then adds on, saying it’s up to those who are victims of private banks seizing their checks to bring their case to a lawyer and have them help out (Pietsch). However, that is not within the capabilities of the majority of the lower class, as lawyers are very expensive and they need to delegate their means towards more important priorities.

After the shutdown of many businesses throughout America, many Americans were left without a source of income for many months, and the government resolved this problem with stimulus checks. The stimulus checks distributed throughout the country were beneficial to the economy and effective in both the short and long term run due to its influx of money back into the economy and ease of access to those in the lower and middle class. Because the first round of distribution of checks fell short in some ways, a second round can be improved by protecting the checks from being seized by private banks to pay off debts and distributing more money among those in a lower income bracket. Following this protocol will allow the economy to prosper in a time where many people do not have careers and aren’t able to flow money back into the economy.

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