



WEEKLY REPORT FROM WASHINGTON

March 30, 2020

CALENDAR:

The House and Senate are both in recess for the next several weeks. The House has not set a return date. The Senate has said it will come back on April 20.

LAST WEEK ON THE SENATE FLOOR:

It took longer than Senate Majority Leader Mitch McConnell wanted, and longer than he expected. But eventually, just before midnight Wednesday night, the Senate voted unanimously to pass an 800-odd page bill that will inject more than \$6 trillion into the economy – that’s \$2.2 trillion in direct appropriations on all manner of things, and another \$4 trillion that will be made available through a lending facility at the Federal Reserve Board. No, there is no offset. The bill is designated as “emergency” spending, which means there is no requirement either to cut spending or to raise taxes in other areas by an equal amount. So that \$2 trillion is just added to the annual deficit, and to the national debt.

To put \$6 trillion in context, that’s one and a half times the size of the annual federal budget, in one bill. That’s about one-third of the size of our entire annual economy. And we cannot properly call it a “stimulus” package, because it will not stimulate anything. It is not properly called a “recovery” package, because we are not recovering from some natural disaster. It is appropriate, I think, to call it a “relief” package, because that it is the only thing it can be said to be providing anyone.

Here’s just some of what’s in this behemoth legislation:

- Financial aid to businesses: Almost \$910 billion in direct assistance to businesses, through a combination of loans and grants. That’s \$454 billion in new loan backstopping facilities at the Federal Reserve for states, cities, and large corporations, and we’re going to talk about that separately in a moment; \$377 billion in loans for small businesses, a large part of which will be transformed from loans into grants if the money is used to keep people on payrolls rather than send them to unemployment; \$61 billion in aid to the airlines, with more than half of it as direct cash grants rather than loans; and another \$17 billion in loans to companies considered critical to national security. And yes, some companies will qualify for several different pots o’ money.

- Tax breaks for businesses and households: Individuals with income up to \$75,000/year will receive \$1,200 in direct rebates. Married couple with income up to \$150,000 will receive \$2,400 in direct rebates, with another \$500 for each child. Those direct payments to individuals and families are costed out at \$292 billion. The tax breaks for businesses include a deferral of employer payroll taxes, \$55 billion in tax credits for certain cash-strapped businesses to avoid having to lay off their workforces, and another \$200 billion for business deductions for losses and interest expense.
- The legislation also suspends taxes on passenger tickets, jet fuel and other federal levies collected by the airlines; raises deductions for charitable contributions; allows those with savings to withdraw money early penalty-free from retirement accounts; and allows individuals and families with Health Savings Accounts and Flexible Spending Accounts to use those funds for over-the-counter medical purchases without a prescription.
- For various federal agencies, states, and hospitals, there's a \$480 billion fund to help contain and treat the coronavirus through supplemental appropriations, funding for community health centers, and temporary increases in Medicare and Medicaid payments. Hospitals and other providers would receive \$130 billion, with veterans' health care getting a separate tranche of \$17 billion. Another \$27 billion would be dedicated to stockpiling medical supplies and research and development on vaccines and treatments. States would receive \$150 billion to help them refill their treasuries, which are about to be pounded with a double whammy – decreased revenues as economic activity contracts, even as spending goes through the roof on the health care side. Another pot o' money contains \$31 billion for states and local governments to spend on education, while a different pot o' money contains \$25 billion for public transit systems, and \$10 billion would be set aside for airports.
- For unemployed workers, about \$300 billion will be spent. Most of that will fund a new "unemployment insurance on steroids," as Senate Minority Leader Chuck Schumer put it. That new unemployment insurance benefit would pay an extra \$600 per week on unemployment insurance through July 31, even as it extends regular unemployment insurance for another 13 weeks after state benefits are exhausted. And the package also contains an additional \$40 billion to increase food stamps and school meal programs, child care payments and rental housing assistance.

So, let's go back and talk about this loan backstopping facility at the Federal Reserve System. Here's a good explanation, from The New York Times:

Treasury Secretary Steven Mnuchin has a favorite talking point: With the Federal Reserve's help, the government will turn a \$500 billion spending package working its way through Congress into a \$4 trillion booster shot for the United States economy.

How, you might ask, does that figure?

The answer lies in the central bank's emergency lending authorities, given to it by the Federal Reserve Act. When the Fed declares that circumstances are unusual and exigent, and Treasury signs off, it can set up special programs that essentially buy debt from – or extend loans to – businesses large and small.

The Fed could simply print the money to back that lending, but it avoids taking on credit risk, so it asks for Treasury funding to insure against losses. But those taxpayer dollars can be leveraged: Because the Fed expects most borrowers to pay back, it does not need one-for-one support. As a result, a mere \$10 billion from Treasury can prop up \$100 billion in Fed lending. And voilà – the \$454 billion Congress dedicated to Fed programs in the aid bill can be multiplied many times.

So the \$454 billion appropriated in the legislation can be leveraged at 10-to-1, and turn into \$4.5 trillion in lending activity to ensure the continued flow of capital through the system.

THIS WEEK ON THE SENATE FLOOR:

The Senate is in recess this week.

LAST WEEK ON THE HOUSE FLOOR:

The House was in recess for most of last week, but came back into session on Friday morning to pass the third coronavirus response bill by voice vote. The party leadership of both parties in the House wanted to push the vote through by unanimous consent, but there was no way in the world either party was going to be able to snuff out ALL opposition and jam a \$2 trillion spending package through without ANY peep of opposition. So passing it by voice vote was the next best thing – it didn't require every Member to be in attendance, and it offered those few who wanted to and were willing to make the trip back to DC the opportunity to speak out on the House floor and make their views known.

After three hours of debate, the House moved to pass the bill by voice vote. Judging by what I heard when the vote was called, those in support of the bill outnumbered those opposed to the bill. So the bill carried by voice vote. Republican Thomas Massie of Kentucky firmly believes that no Congress should ever pass such a large spending bill without there being a recorded vote, so he requested a recorded vote. Following the procedures laid out in the House Rules, the Speaker Pro Tempore then asked everyone who wanted a recorded vote to stand. In order to receive a recorded vote, at least one-fifth of the members in the chamber must say they want a recorded vote. The Speaker Pro Tempore determined there were not enough members in attendance who wanted a recorded vote, and denied one. Massie then suggested the absence of a quorum – that is, he said he did not believe at least half the members of the House were in attendance. This is important, because if there is not a quorum present, and one member objects, he has the ability to bring everything to a screeching halt. So the Speaker Pro Tempore took a moment and counted heads, and then announced that a quorum was, indeed, present, and so the voice vote would stand.

And then they were done.

Not surprisingly, Congressman Massie spent the rest of Friday taking flak from all sides. President Trump whacked him on Twitter: “Looks like a third rate Grandstander named @RepThomasMassie, a Congressman from, unfortunately, a truly GREAT State, Kentucky, wants to vote against the new Save Our Workers Bill in Congress.” Other colleagues insulted him, and even former Massachusetts Senator and losing presidential candidate John Kerry got in on the act. For our part, we praised Congressman Massie for standing up for the principle that no bill that large should ever be fast-tracked for passage without debate and a recorded vote, so constituents can hold their representatives accountable.

THIS WEEK ON THE HOUSE FLOOR:

The House is in recess this week.

MISCELLANEOUS:

Early Saturday morning, after a years-long battle with prostate cancer, former Oklahoma Republican U.S. Senator Thomas Allen Coburn passed away. Coburn was what the Founding Fathers had in mind when they spoke of a citizen legislator – he came to Washington in the 1994 wave, and returned to Oklahoma after serving just three terms in the House. Why? Because he thought it wrong for legislators to serve more than three terms in the House. He returned to Washington in 2005, having won election to the U.S. Senate, and served until he resigned his seat in early 2015.

Monday is Acting White House Chief of Staff Mick Mulvaney’s last day on the job. His replacement, North Carolina Republican Congressman Mark Meadows, is expected to resign from Congress on Monday, and formally take on his duties as White House Chief of Staff on Tuesday.

SUGGESTED READING

JENNY BETH MARTIN/TEA PARTY PATRIOTS:

[USA Today: Jenny Beth Martin and Shonda Werry: During the Coronavirus Crisis, Americans Need Baseball](#)

[Breitbart: Jenny Beth Martin: Act Quickly, But Let Congress Have a Serious Debate](#)

[ET: Jenny Beth Martin: Trump Has Been Right on China All Along](#)

[Conservative HQ: Conservative Leaders: Public Health Measures Must Still Protect Constitutional Rights Of Americans](#)

CORONAVIRUS:

[Politico: Inside The Ten Days To Rescue The Economy](#)

[WSJ: The Coronavirus May Make Trump Stronger](#)

[Hill: Cuomo: 'Numbers Don't Work In 'Terrible' Senate Stimulus Package](#)

[Politico: Pelosi Eyes Next Relief Package as Republicans Downplay Need](#)

[WaPo: Governors And Mayors In Growing Uproar Over Trump's Lagging Response To Coronavirus](#)

[Hill: White House, Senate Reach Deal On \\$2 Trillion Stimulus Package](#)

[Politico: Negotiators Strike Deal On Massive Coronavirus Rescue Package](#)

[Hill: GOP Senators Strike Deal To Allow Stimulus To Pass Wednesday Night](#)

[WaPo: Senate To Vote Wednesday On \\$2 Trillion Coronavirus Spending Bill](#)

[WT: Nancy Pelosi Coronavirus Stimulus Package 'Socialist Wish List' Detailed By GOP](#)

[Fox News: Coronavirus Stimulus Bill Teeters Again, As Graham Lights Into Dems' 'Nickel-And-Diming While People Are Dying'](#)

[Politico: Mnuchin, Schumer Say Coronavirus Rescue Package Very Close](#)

[Hill: House Democrats Propose Cash Payments Of \\$1,500 Per Person](#)

[Hill: Pelosi Previews House Coronavirus Stimulus As Senate Hits Roadblocks](#)

[RC: Senate Squabbles Over Coronavirus Stimulus Reach Fever Pitch](#)

[Hill: Senate Fails To Advance Coronavirus Stimulus Bill For Second Time In Two Days](#)

[Hill: Pelosi Previews House Coronavirus Stimulus To Come Later Monday](#)

[Hill: 11 Things To Know About Coronavirus](#)

[WaPo: Democrats Block Key Vote On \\$2 Trillion Coronavirus Bill As Senate Floor Erupts With Partisan Anger](#)

[Politico: Senate Fails To Advance Coronavirus Stimulus Package](#)

[Politico: Dems Seize On 'Slush Fund' To Oppose Republican Rescue Package](#)

[Hill: Senate Rejects GOP Attempt To Change Unemployment Benefits In Coronavirus Stimulus Bill](#)

[Hill: GOP Senators Strike Deal To Allow Stimulus To Pass Wednesday Night](#)

[Fox News: GOP Senators Warn They Will Oppose Coronavirus Bill Unless Massive 'Drafting Error' Is Fixed](#)

[WaPo: Senate Passes \\$2 Trillion Bill To Blunt Coronavirus Pandemic's Economic Impact](#)

[Axios: Coronavirus: Senate Passes \\$2 Trillion Stimulus Bill](#)

[Hill: Senate Unanimously Passes \\$2T Coronavirus Stimulus Package](#)

[ET: Massive CCP Virus Relief Measure Includes \\$400 Million Bonanza for Left's](#)

[Hill: Hoyer Says House Expects To Pass Coronavirus Bill On Friday](#)

[WSJ: House Leaders Rush To Get Quorum for Vote on \\$2 Trillion Rescue Package](#)

[Politico:irate House Lawmakers Scramble Back to DC Amid Fears of Coronavirus Vote Delay](#)

[RC: Massive Coronavirus Aid Package Clears House, Awaits Trump Signature](#)

[WaPo: Trump Signs \\$2 Trillion Coronavirus Bill into Law as Companies and Households Brace for More Economic Pain](#)

[Hill: Trump Signs \\$2T Coronavirus Relief Package](#)

[Politico: Both Parties Pile on Messie After Effort To Force Recorded Vote Flops](#)

CORONAVIRUS SECOND THOUGHTS:

[WE: Imperial College Scientist Who Predicted 500K Coronavirus Deaths In UK Revises To 20K Or Fewer](#)

[DW: Epidemiologist Behind Highly-Cited Coronavirus Model Drastically Downgrades Projection](#)

[Powerline Blog: Kevin Roche: My Struggle With The Star Tribune](#)

[USAT: Coronavirus: Louisiana Pastor Has Services Of 1,000, Defies State Order](#)

[Politico: 'I'd Love To Have It Open By Easter': Trump Says He Wants To Restart Economy By Mid-April](#)

[Politico: Trump Works To Rewrite Narrative On Coronavirus Response](#)

[NRO: Coronavirus Response: Shutdowns Are Not Sustainable](#)

[Politico: Fears Mount Of Coronavirus-Induced Depression](#)

[Hoover: Richard Epstein: Coronavirus Overreaction](#)

[Federalist: Inaccurate Virus Models Are Panicking Officials Into Ill-Advised Lockdowns](#)

[WSJ: Should We Wait Until Easter?](#)

[Politico: 'Our Country Wasn't Built To Be Shut Down' Trump Pushes Back Against Health Experts](#)

[NRO: Coronavirus Response: First A Pause, Then A Return](#)

[Hill: Trump Team Fiercely Debates How Long Coronavirus Restrictions Should Stay In Place](#)

[Hill: Trump Signals Openings: US Not 'Built To Be Shut Down'](#)

[WaPo: Trump Pushes To Open Parts of Country as Governors in Hard-Hit States Warn More Needs To Be Done To Combat Pandemic](#)

[FOX: Cuomo: Not Sure if Closing All Businesses, Keeping Everyone Home Was 'The Best Public Health Strategy'](#)

[NYP: Cuomo Wonders if Coronavirus Quarantine May Have Backfired in Some Cases](#)

[WSJ: Florida's Governor Dissents on Lockdowns](#)

[ZH: 12 Experts Question the COVID-19 Panic](#)

[Reason: Gillespie: We Will Regret Not Taking the Economic Effects of Mass Quarantine More Seriously](#)

[NEJM: COVID-19 -- Navigating the Uncharted](#)

[Politico: 'I'd Love To Have It Open by Easter': Trump Says He Wants To Restart Economy by Mid-April](#)

[Politico: Trump To Announce Next Step in Coronavirus Battle by Tuesday](#)

[NYT: How Will the Spending Be Spun?](#)

[AEI: National Coronavirus Response: A Road Map To Reopening](#)

EMERGENCY POWERS:

[Axios: DOJ Emergency Powers Report Raises Ire Among Conservatives and Liberals](#)

[Politico: DOJ Seeks New Emergency Powers Amid Coronavirus Pandemic](#)

[RS: DOJ Wants To Suspend Certain Constitutional Rights During Coronavirus Emergency](#)

MISCELLANEOUS:

[BI: Spain, Europe's Worst-Hit Country After Italy, Says Coronavirus Tests It Bought from China Are Failing to Detect Positive Cases](#)

[Hill: Senate Leaving DC Until April 20 After Coronavirus Stimulus Vote](#)

[WSJ: Thomas Allen Coburn](#)