



[Stimulus Package Proposed to Confront the Coronavirus' Impact on the Economy](#)

President Trump and Treasury Secretary Steven Mnuchin have announced plans for a \$1 trillion stimulus package to revitalize the economy as the coronavirus continues to spread. Included in the package are plans to allocate \$250 billion for checks to be sent directly to Americans. Steven Mnuchin met with Republican Senators on Monday to provide a timeframe for the plan, and said he was aiming to send the stipend checks by the end of April, and that they would cover two weeks of pay. During the same meeting, Secretary Mnuchin stressed the importance of immediate action, saying the unemployment rate could rise to 20% without significant government intervention. President Trump has also instructed Mnuchin to allow the deferment of income tax payments for 90 days with no penalty to further ease the economic burden on Americans. The spread of the coronavirus has steadily dismantled both the United States and the world economy, as countries are forced to enter lockdown to prevent the spread of the disease.

Since the outbreak began, the Dow Jones Industrial Average is down by 29%, and the FTSE 100 Index has dropped by 33%. The Dow saw its biggest one-day decline since 1987 earlier this month as companies readjusted their growth forecasts in light of major sell offs from Wall Street. To combat this, central banks around the world, including the Federal Reserve, slashed interest rates to encourage borrowing. The Federal Reserve also began using its emergency lending powers to prop up the economy. It said that it would backstop the market for commercial paper, which is a funding source for companies to procure short-term cash for payroll and day-to-day operations. The Federal Reserve hasn't taken this measure since the 2008 financial crisis, which indicates the scale of the current economic downturn.

The stimulus package proposed by President Trump and Secretary Mnuchin is in addition to a payroll tax cut that the president has previously advocated for. The president would like to cut the payroll tax through the end of the year, which would amount to a larger stimulus than what was provided during the 2008 financial crisis. Additionally, a payroll tax cut would add nearly a trillion dollars to the federal deficit. President Trump faces an uphill battle to convince his Republican allies in congress to support this measure, with Senator Chuck Grassley, chairman of the Senate Finance Committee, saying he didn't see an immediate need for a payroll tax cut. The stimulus package proposed in tandem with Secretary Mnuchin provides for more immediate relief for the American economy, and received more initial bipartisan support. Lawmakers in the Senate are working to pass significant legislation to address the current economic situation, and Majority Leader Mitch McConnell said his chamber would not adjourn until such legislation had been sent to the president's desk.