



The legislation provides for a USD 300 per week federal unemployment supplement till mid-March. (ddp)

US Politics and Policies

Stimulus bill signed, shutdown avoided. Now eyes on Georgia.

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President Donald Trump signed a USD 908bn stimulus bill on December 27, allowing the next round of relief checks to be disbursed.

President Trump signed the relief package into law several days after he suggested he would block the bill if stimulus checks proposed in the measure weren't raised to USD 2,000, from USD 600. However, the relief amount ultimately remained at USD 600 in the final, signed bill. The measure extends the expanded jobless benefits to March, but millions are expected to lose a week of benefits due to the delay in signing the bill. The government would have shut down on 29 December if the president had not approved the legislation.

"The combined bill signed by President Trump will avert a government shutdown and provide resources to many Americans in need due to COVID," says John Savercool, Head of the UBS US Office of Public Policy.

The bill

The legislation provides for a USD 300 per week federal unemployment supplement till mid-March. It temporarily expands programs that made freelance and gig workers eligible for jobless benefits and added to the number of weeks jobless Americans can receive aid. The bill sends USD 600 direct payments to qualifying individuals, and adds USD 600 for every child qualifying for the child tax credit. The bill includes another round of small business assistance in the form of Paycheck Protection Program loans. The legislation sets aside USD 30bn to provide Americans with free COVID-19 vaccines. In addition to extending an eviction moratorium, the bill earmarks USD 25bn in rental assistance.

Avoiding a shutdown

Avoiding a government shutdown means it is unlikely the matter will come up again until summer, says Savercool. "At that point, Congress will begin debating the federal government's budget for the next fiscal year. This means we won't hear of the predictable threats of a government shutdown or depleted federal budgets for most of next year. The last government shutdown was just two years ago and extended for 35 days, which made it the longest government shutdown in US

history. Removing a potential government shutdown during the next nine months from the list of issues that financial markets worry about is a positive development.”

Looking ahead

“The Congress and the president have now collaborated on five COVID relief bills that have spent about USD 4tr in new spending to help those in need this year. Going forward, the big policy question that will dominate the first quarter of next year is whether additional assistance will be forthcoming and how it might be paid for. Deficit fatigue is starting to set in among many lawmakers,” says Savercool.

Democrats have said they will quickly push for another relief bill after President-elect Joe Biden’s inauguration on 20 January. Their ability to pass a bill will depend in part on two runoff elections in Georgia, on 5 January, that will determine if Republicans will keep the Senate.

Read more about the Georgia runoffs in the [Special Washington update: 5 January, Georgia on my mind](#), published 18 December.

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