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GOVERNING THE PANDEMIC: A COMPREHENSIVE POLICY ANALYSIS OF THE \$4.1T STRATEGY

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*We also see that the most honored capacities – for example, generalship, household management, rhetoric – fall under the **political art**. Because it makes use of the remaining sciences and, further, because it **legislates** what one ought to do and what to abstain from, its end would encompass those of the others, with the result that this would be the human good. For even if this is the same thing for an individual and a city, to secure and preserve the good of the city appears to be something greater and more complete: **the good** of the individual by himself is certainly desirable enough, but that of a **nation and of cities** is nobler and more divine.*

Aristotle, Nicomachean Ethics, 1.1 1094a

ABSTRACT

From January 2020 to March 2021, the U.S. Government implemented **five laws** to marshal the federal response to the December 2019 outbreak of the Coronavirus. For context, past federal emergency policies include the New Deal \$1T, World War II \$4T, Hurricane Katrina \$120B, AIDS \$100B, \$2.4T Iraq War, \$90B Ukraine War, \$44B Climate Change, Covid Vaccines \$30B and, the largest emergency spending allocation in U.S. history, Covid-19 \$4.1T. An evaluation of the government's **strategy** to confront the pandemic is framed into two segments: *legislative* function – how the Congress mobilizes emergency legislation; and, *executive* function – how the administration manages implementation. The methodological approach follows a traditional public policy analysis investigation of policy design, implementation, and evaluation.

Key Words: Public Policy Analysis; Strategy; Corona Virus; Covid-19; Cares Act

1. INTRODUCTION – PUBIC POLICY AS STRATEGY

This paper is a study in **public policy analysis** from policy design (the politics), implementation (the management), to evaluation (the governance) of the American response to the global coronavirus pandemic. Traditional policy analysis is client-based where a decision-maker, such as a legislator, requires advice to solve a public problem. The advice comes in the form of strategic alternatives measured by variables including political feasibility, resource capacity, implementation capabilities, and all variations of benefits and costs. One of the policy alternatives includes the *status quo* meaning that all potential ways to solve the problem might not be as effective as maintaining the current position whereby the problem can't be solved now or ever and that the present situation, even though problematic, remains the best way forward. Woven throughout the paper are policy analysis terms that best define the Covid crisis from the problem-resolution and probability-outcome viewpoint. Key words in the *Covid policy lexicon* include market failure, social economic welfare, externalities (negative and positive), collective action, moral hazard, exogenous and endogenous shocks, rent-seeking, and creative destruction.

At the heart of the American political system is the U.S. Constitution – the framework of the government's accountability and operational structure. No matter the threat to the nation, the Constitution gives Congress the exclusive power to make law, that is, the decisive, non-negotiable adherence to the will of the government to solve problems. Indeed, the executive branch holds emergency powers, but granted by Congress. In other words, the United States governs under the **rule of law**, or more directly, by an *Act of Congress*. **Public policy**, therefore, is the result of problem resolution specific to the public domain where the government is the natural origin, and often the final resort, for solving problems that escalate beyond an effective social and economic system rooted in market-based, competitive, problem-solving responsibilities and mechanisms embodied in **civil society**. A pandemic is prime policy responsibility for national, state and local governance. We examine the government's constitutional mechanisms of accountability and capacity to govern – to solve public problems – particularly in the time of crisis and uncertainty. More directly, the aim here is to explain *what happened* and *what did we do* with **policy framed as strategy** to combat the Covid pandemic whose dates shall be 2020-2023.

Strategy and **Policy** are synonymous each the duty of a decision-maker responsible for leading an organization through uncertainty, rivalry, opportunity, and emergency. In the case of the strategic management of a **business**, for example, the leadership casts a vision, assess the capabilities and vulnerabilities of the team's resources, and surveys the industry's competitive landscape including the political and economic risks upon the firm. Then, management forms decisions to move the company forward with one central aim – **to compete** by adding value for all invested stakeholders from customers, employees, and owners. Simplified, a strategy is the management's decision portfolio on the way forward for both short and long-term priorities to increase the probability of delivering innovation and excellence in the marketplace. In the case of the **government** – whether national, state, or local – elected officials and the professional administration lead by prioritizing and solving problems of public affairs generally beyond the scope of civil society through the rule of law. These laws are largely reactive *policies* to solve problems through the allocation of power – ideally granted by the people – with one central aim – **to govern** by improving the lives and liberties of the citizenry. Simplified, **public policy** is the decisive strategy of the state on resolving both the short and long-term priorities and social economic welfare of the people.

1.1 THE POLICY PROBLEM – CORONAVIRUS: WHAT HAPPENED

The Coronavirus era will be studied for years to come offering insights into the best and worst of humanity from successes and failures in the political, the economic, the social, and the behavioral. The precise questions presented here are – *what happened (the problem)* and *what did we do (the strategy)*? The historical data presented speak directly to these two questions and are purposely distant from the complexity and enormity of the human scale caused by the globalization of the virus. The results will help the policy student and practitioner gain historical perspective and best practices for both preventative and responsive emergency policies to future exogenous shocks.

What Happened – The Humanity: A summary of the Coronavirus from the human lens is instructive – the data are staggering. December 14, 2019, Wuhan, China reports the first Covid case; January 1, 2020, the U.S. reports the first Covid case; January 30, 2020, the World Health Organization declares a public health emergency; February 28, 2020, the U.S. declares its first Covid death in Seattle; March 1, 2020, President Trump declares a national emergency; March 19, California and other states issue the first stay-at-home orders; March 20, National Parks close; and, March 27, President Trump signs and implements the major series of Covid legislation. Further summaries of the outcomes of the virus and its impact include 676,609,955 global cases (1,130,593 U.S.), 6,881,955 global deaths (1,130,593 U.S.), 13,338,883,198 total global vaccines administered (984,444,295 U.S.). These case and death figures are provided by the Center for Science and Engineering at Johns Hopkins University – a primary global source for data during the pandemic. The final data was assessed by the Center on March 10, 2023. (Covid-19 Map).

What Happened – The Economics: A summary of the economic landscape is edifying – all of the events occurred within a two-year period. The world experienced a supply shock forced by global economic production shutdowns followed by a demand shock when economies and markets began reopening. Labor markets, specifically in the U.S., experienced aggressive structural unemployment requiring the urgency of new skills while decades of efficiencies gained through the globalization of markets were forced to recalibrate and build domestic sourcing. Destructive inflation first believed to be transitory then settled as entrenched changed the value of goods and services forever, thereby witnessing the *long-run* economy find its price to value of nearly everything. In the end, a reimagined labor market responding to a rapidly changing industrial value chain becomes known as *the future of work* (Kudyba, 2022).

What Happened – The Politics: A summary of the political perspective is informative – American political institutions were acutely tested. Emergency fiscal policy yielded \$4T while emergency monetary policy yielded \$3T. Emergency R&D with wartime implementation produced and distributed vaccines in record timing. The American public witnessed the politicization of nearly all aspects of life, often pushing the citizenry to violence, yet, political elections continued with peaceful, although often contested, transfers of power from federal, state, and local governments.

2. STRATEGY AS RULE OF LAW – CONSTITUTIONAL AUTHORITY: WHAT DID WE DO

Central to this study is a comprehensive assessment of the Congressional **policy strategy** of the five laws to face the national emergency of the **Coronavirus**. These laws are: Coronavirus Preparedness and Response Supplemental Appropriations Act, March 6, 2020 (\$8.3B); Families First Coronavirus Response Act, March 18, 2020 (\$22B) Coronavirus Aid, Relief, and Economic Security Act (CARES) Act, March 27, 2020 (\$1.7T); Paycheck Protection Program (PPP) and Health Care Enhancement Act, April 24, 2020 (\$484B); and the American Rescue Plan Act, March 21, 2021 (\$1.9T). The results of the government's capabilities for emergency federal response illustrate the following: a nimble and aligned Congress, a swift Executive, and a creative Bureaucracy. For example, although Congressional bipartisanship is rare, political unity is evident in times of national emergencies such as the Post 9/11 Resolutions of 2001, the USA Patriot Act of 2001, and the Joint Resolutions of the Iraq War of 2002, each legislative event earning near unanimous support. Further evidence of united urgency is a resourceful Treasury instrumental in distributing critical Covid relief funds; an aggressive Federal Reserve particularly in its policy of emergency rate cuts and variations of quantitative easing; and, a largely tolerant, cooperative and, importantly, skeptical people under the rule of law.

No matter the velocity of the crisis, the Congress is responsible for building the public policy framework from which the executive branch mobilizes emergency resources. In all, four existing laws guided the President in the initial conscription of emergency assets upon the January 31, 2020 declaration of a public health emergency followed by the creation of four new laws in sequence from March 6 to April 24, 2020. The fifth major law was implemented at the start of the Biden Administration in 2021. The legislative and executive response to the pandemic serves as an instructive case study addressing the central aims and methodology of our line of inquiry. First, a historical analysis of the government's emergency declaration apparatus, second, a comprehensive policy analysis of the Covid-19 legislative portfolio, and third, an examination of the policies parallel with Congress aimed at buttressing an economic shutdown particularly the monetary policies of the Federal Reserve.

2.1 THE CONSTITUTIONAL FOUNDATION: GOVERNING A PANDEMIC

Where does governing begin? The U.S. Constitution's history from ratification in 1789 lays out the rules and the powers to govern. Article One (legislative power) Section Eight enumerates the Congress' war declaration power. Article Two (executive power) Section One directs through oath that the president shall preserve, protect, and defend the Constitution – this is a resolute affirmation to save the nation. Section Two yields authority as commander and chief of the military and, Section Three, requires the president to deliver a state of the union to Congress (the People) – an obligation of transparency and communication of both policy vision and progress.

At the very start of the crisis from December 2019 throughout 2022, the President and Congress were conjoined in communicating to the nation the emergency plans to respond to Covid's rapidly evolving reality. **Strategy** is not simply a plan to solve problems, but is a set of decisions based on a theory that explains the rationale of the decisions (the why) and the specificity of the solutions (the what). Strategy and policy come from an **authority**, which, in the case of the Covid emergency began the moment the federal government, by way of the President, made the declaration based the historical precedent of four laws. **The first is the Stafford Act**, (Public Law [PL] 100-707), enacted November 23, 1988 authorizing the president to issue major disaster or emergency declarations to deal with events that could overwhelm federal, state and local governments. On March 13, 2020, the President of the United States enacted the Stafford Act thus initiating the government's acknowledgement and mobilization of Covid-19 (Liu, 2009). **The second is the National Emergencies Act** (PL 94-412), enacted September 14, 1976 activating the procedural formalities for the president to declare a national emergency. On March 14, 2020, the President declared a national emergency under sections 201 and 301 (Goitein, 2020). **The third is the Public Health Service Act** (PL 78-410) enacted July 1, 1944 enabling the government to initiate quarantine power. On March 14, 2020, the President prepared the nation for potential quarantine restrictions. **The fourth is the Defense Production Act of 1950** (PL 81-774) enacted September 8, 1950 granting the President the

power to require businesses to produce materials necessary for national defense. On March 18, 2020, the President signed an executive order for ventilators and protective equipment for production prioritization. Companies like General Motors, for example, began including ventilators into their manufacturing lines. The authority to govern the pandemic begins with these four laws providing the government the emergency authority to enact what follows as the largest portfolio of emergency legislation in the history of the United States.

3. THE LAWS THAT GOVERNED THE PANDEMIC – WHAT DID WE DO

Presented here are the details of the laws that authorized the federal government to mobilize resources and money to help navigate the nation through the Covid crisis. The details provide historical intricacies unique to lawmaking while enshrining them into the wider story of the historical era. Categorized in **five phases**, the analysis includes a summary of the law's dates, votes in Congress, key resources and targets, and cost outlays.

Phase One – The Coronavirus Preparedness and Response Supplemental Appropriations Act (PL 116-123) – a note on legal citation: PL means public law, 116 refers to the 116th Congress and 123 is the 123rd law of the 116th Congress; the 116th Congress covered January 3, 2019 and ended on January 3, 2021 – the final two years of the Trump administration (Lowande & Rogowski, 2021). Recalling selected historical milestones: December 14, 2019, China reports the first Covid case; January 1, 2020, the U.S. reports the first Covid case, February 28, 2020, the U.S. declares its first Covid death; March 1, 2020, President Trump declares a national emergency. Introduced in the House of Representatives on March 4, 2020 as H.R. 6074 by Rep. Nita Lowy (D) with the following House Vote: Yes 415 (D/R) | No 2 (R). Introduced in the Senate on March 5, 2020 with the following vote: Yes 96 (D/R) | No 1 (R). The bill is signed into law on March 5, 2020.

The law's central aims and allocations: First, it provided a comprehensive legislative framework for a coordinated response. Second, it authorized funding to support the beginning of Covid testing, treatment, vaccine development and other public health measures. Third, it ensured efficient allocation of resources and supplies to healthcare providers throughout the states to enhance their response capabilities. Fourth, it allocated funding for research and development efforts to learn and understand the virus and to accelerate vaccine production. Fifth, it aimed to improve the nation's overall preparedness for future public health emergencies. The **\$8 billion** spending allocation was as follows between thirteen agencies including the Department of Health and Human Services, the Department of State, the Small Business Administration, and the U.S. Agency for International Development: Federal program administration and oversight at \$1,184,000,000; global assistance at \$985,000,000; public service at \$3,400,000,000; state, local, and tribe governments at \$2,200,000,000 (H.R. 6074).

Phase Two – Families First Coronavirus Response Act (PL 116-127). Introduced in the House of Representatives on March 14, 2020 as H.R. 6201 by Rep. Nita Lowy (D) with the following House Vote: Yes 363 (D/R) | No 40 (R). Introduced in the Senate on March 18, 2020 with the following vote: 90 (D/R) | No 8 (R). The bill was signed into law on March 18, 2020.

The law's central aims and allocations: First, it aimed to safeguard the health and general welfare of families facing economic hardships due to Covid-19 with direct financial assistance. Second, it enhanced healthcare accessibility including free Covid-19 testing by eliminating the cost barriers and promoting early detection. Third, it established provisions, such as paid sick leave and encouraged the initial stay at home programs. Fourth, it aimed to help mitigate the economic impact on businesses providing tax credits and compliance incentives to employers during business disruptions. The **\$22 billion** spending allocation was as follows between thirteen agencies including the Department of Agriculture, Department of Defense, Department of Health and Human Services, Department of Labor and the Department of Veteran's Affairs: Federal program administration and oversight at \$161,000,000; health care at \$1,000,000,000; individuals at \$19,800,000,000; public service at \$250,000,000; unemployment at \$1,000,000,000; and veterans at \$60,000,000 (H.R. 6201).

Phase Three – Coronavirus Aid, Relief, and Economic Security Act (PL 116-136) – more broadly known as the CARES Act. Introduced in the House of Representatives actually on July 17, 2019 as the Middleclass Health Benefits Tax Repeal Act to repeal Affordable Care Act's 40% *Cadillac* tax provision by 369 cosponsors with the following vote: Yes 419 (D/R) | No 6 (D/R). A note on legislative history – the above Tax Repeal Act had stalled earlier in Congress, but served as a shell to draft the Cares Act. Since both bills shared the same revenue mechanisms, the new legislation was easier to amend without creating an entirely new bill due to the state of emergency and need for rapid policy design. The bill was introduced to the Senate on March 18, 2020 with the following vote: Yes 96 (D/R) | 0 (D/R). The bill was signed into law on March 18, 2020.

The law's central aims and allocation: First, it aimed to provide immediate financial assistance to individuals, families, and businesses adversely affected by the mandatory lockdowns and the economic downturn (Michel, et al, 2020). Second, it expanded unemployment benefits, including extending coverage of self-employed workers. Third, it established the Paycheck Protection Program (PPP) to offer forgivable loans to small businesses to retain employees and cover essential costs. Fourth, it allocated funding to support healthcare providers, bolster testing efforts and expedite vaccine development and distribution. Fifth, the allocation included direct cash payments to eligible individuals and households to minimize financial hardships. The **1.7 trillion** spending allocation was as follows between 266 agencies including the Department of Agriculture as the major implementer of resources: Broadband and technology at \$2,332,350,000; education at \$31,007,000,000; farming industry at \$9,500,000,000; federal program administration and oversight at \$69,169,921,000; financial institutions and the Federal Reserve at \$21,203,743,186; global assistance at \$608,000,000; health care at \$101,021,977,744; individuals at \$317,434,000,000; PPP at \$219,500,000,000; public service at \$45,886,788,494; small businesses at \$10,000,000,000; state, local and tribal governments at \$212,198,200,000; transportation at \$68,075,000,000; unemployment at \$634,650,813,287; and veterans at \$17,388,000,000 (CARES ACT PL 116-36).

Phase Four – Paycheck Protection Program and Health Care Enhancement Act (PL 116-139). Introduced in the House of Representatives on January 8, 2019 as HR 266 by Betty McCollum (D), this legislation was originally an environmental appropriations bill. Like the Cares Act having a past bill with the correct shell, the Paycheck Act was quickly able to form into a bill for review entering the House on April 23, 2020 for a vote as follows: Yes 388 (D/R) | No 5 (D/R). The bill was introduced earlier in the Senate for a voice vote on April 21, 2020 – a voice vote is a live vote taken where the outcome is determined by the sound of more Yes votes than No votes or vice versa. In the case of this vote, the Yes votes prevailed. The bill was signed into law on April 24, 2020.

The law's central aims and allocations: First, to further financial relief to small businesses and their employees. Second, to strengthen healthcare infrastructure, improve testing capabilities, and further support vaccine development. Third, additional funding for hospitals and healthcare providers to build their resources and capacity to serve growing Covid-related illnesses. Fourth and most directly, increase the funding to the existing and growing Paycheck Protection Plan. The **\$484 billion** spending allocation was as follows between nineteen agencies including the two central recipients, the Small Business Administration and the Department of Health and Human Services: Federal program administration and oversight at \$4,943,000,000; financial institutions and the Federal Reserve at \$60,000,000,000; health care at \$87,825,000,000; PPP at \$261,335,000,000; public services at \$9,341,000,000; and small businesses at \$60,000,000,000 (Paycheck PL 116-139).

Phase Five – The American Rescue Plan Act of 2021 (PL 117-2). This is the second bill of the 117th Congress with not only the turnover of the new Congress, but also the new Biden Administration. Introduced in the House of Representatives on February 24, 2021 as HR 1319 by Rep. John Yarmuth (D) with the following House vote: Yes 219 (D) | No 212 (R) on February 27, 2021. The bill was introduced to the Senate on March 6, 2021 with the following vote: Yes 50 – No 49 (R). The bill returned to the House on March 10, 2021 for a new vote: Yes 220 (D) | No 211 (R). President Biden signed the bill into law on March 11, 2021. A note of analysis – the previous four laws were all virtually bipartisan and unanimous. The Rescue Plan demonstrates the intense polarization and partisanship of the 2020 election outcome and a unanimous support by the Democrats and unanimous opposition by the Republicans.

The law's central aims and allocations: First, the law continues to fund the Paycheck Protection Program as well as the Economic Injury Disaster Loan Advance Program. Second, extensive funding directed to supporting community vaccination sites, further scaling the testing and tracing programs, and addressing the supply shortage problems affecting the broad supply chain. Third, extensions on tax credits for employers paying workers with extended sick and family leaves. The **\$1.9 trillion** spending allocation was as follows among 151 agencies including the Federal Communication Commission, the Department of Homeland Security, the Executive Office of the President, the Department of Health and Human Services, the Department of Education, the Department of Labor, the Department of Treasury, the Department of Agriculture and the Department of Labor: Broadband and technology at \$9,836,000,000; education at \$170,582,870,000; farming industry at \$10,740,000,000; federal program administration and oversight at \$12,386,205,000; global assistance at \$10,546,000,000; health care at \$100,173,000,000; individuals at \$569,912,949,000; PPP at \$7,250,000,000; private sector pensions at \$86,000,000,000; public services at \$29,650,400,000; small businesses at \$78,990,000,000; state, local and tribal governments at \$436,855,100,000; tax credits at \$161,650,000,000; transportation at \$58,151,355,534; unemployment at \$202,167,000,000; and veterans at \$16,990,000,000 (American Rescue Plan PL 117-2).

3.1 FISCAL AND MONETARY STRATEGY – A SURVEY OF POLICY TYPES

The government typically has two economic policy instruments – **fiscal and monetary**. The portfolio of laws illustrated above are **fiscal policies** aimed at using the taxing and spending power of the federal government where the aim, in the case of the Covid crisis, is for the government to act as the economic buttress to a national emergency by allocating urgent resources – particularly money – to targeted markets. The **type** of fiscal policies that best define the Covid laws are regulatory (rules from the government), distributive (government disbursements), and collective (goods/services given to all [or most]). The broader portrait of the government's comprehensive emergency Covid strategy is best defined as an *economic relief program* – some critical of these *types* of policies might frame them as *government bailouts*.

A historical note on American governance points to the type of economic policy that has remained steadfast for more than one hundred years characterizing the government as a major component for the broader balance or equilibrium of the economy – that type is **distributive**. The Constitution is very clear in the enumerated powers where the first legislative authorities aim at *regulating* the economic/financial landscape including *borrowing, commerce, bankruptcies, currency, and securities*. From the beginning in 1789, through the early twentieth century, Congress *regulated* the economy providing the rules to industry and to markets. Since the banking crises of the 1920s and 1930s coupled with the globalization of war, finance and trade, while the regulatory function remains standard, the *taxing and spending* function has become paramount to the political and economic stability of the nation (Selgin, 2021). This phenomenon is not unique to the U.S. and for decades, American politicians present an *economic plan or economic policy* as part of the **political strategy** to govern the country. In other words, governance, for better and for worse, includes permanent *distributive programs* aimed at improving the economic welfare of specific groups, whether in steady times or, in the recent era of Covid, in times of national crisis. The consequences of a lasting *economic policy state* have yielded deeper political polarization and growing fiscal deficits. Balanced budgets, although mandatory at the state and local levels, are not required at the federal level precisely to enable flexibility in borrowing power to sustain or stabilize economic growth. **Fiscal policy as strategy** remains the broad toolkit for confronting the economic *uncertainties* than remain *certain*.

Concerning the *other type* of economic policy tool, the last hundred years has seen the evolution of how the government manages the nation's money supply through the banking system by way of the **Federal Reserve Bank** (The Fed). The Fed represents the **monetary policy** function of managing the economy and has grown into its full force of economic authority since its creation by the Federal Reserve Act of 1913. A historical milestone that best defines the Fed's evolution is **The Treasury-Fed Accord** in 1951 whereby the Fed gains autonomy from fiscal and political pressure turning its central aim to controlling *money creation* by way of focusing on commercial bank reserve requirements (Romero). Additionally, The Accord enables a more nimble Federal Open Market Committee aimed at maintaining *economic growth, full employment, and price stability* – thus cementing the three measures of the economy still used today. The other defining milestone is the implementation of the **Taylor Rule** named after Stanford economist, John B. Taylor (1993). This *rule* becomes a defining tool for the Fed's monetary policy when dealing particularly

with inflation, but also economic growth or stagnation. Using the **federal funds rate** as the principal policy mechanism, when inflation begins to grow, for example, the federal funds rate is increased thus creating a chain reaction. Bank-to-bank lending to maintain required reserve ratios increases, triggering banks to raise general lending rates, particularly mortgage rates, thereby signaling to the wider economy that higher borrowing costs means slowing access to capital by contracting the money supply, ultimately putting pressures on higher market prices and, with time and luck, returning to *price stability*. The Federal Reserve's **monetary policy** becomes front and center during the early emergency months of Covid and the high inflation and post-Covid months during the re-opening of the economy (Lacalle, 2021).

For every business and household, cash flow remains the vital fuel for financial stability both in the short and long terms. Consequently, the Fed's **monetary policy** response to the Covid emergency aligns with the timing of the **fiscal policy** implementation noted earlier. In January 2020, the federal funds rate was 1.55, a low target indicating low inflation and a moderately restrained money supply. By March 2020, the federal funds rate dropped to 0.65 followed by the April 2020 move to 0.10 – essentially zero. What were the results? Estimates of \$2.6 trillion in mortgage refinancing occurred in 2020, double the amount from 2019 (Ihrig, et al, 2020). Naturally, households exploited the opportunity to either access home equity values, reduce their mortgage rates, or both, thereby infusing the broader economy with access to capital to ensure household financial liquidity (Freddie Mac).

4. CONCLUSION – THE THEORY OF THE ERA AND WHAT DID WE LEARN

4.1. The Numbers and Perspectives – A recurring theme that might best define the Covid era is *shock and recovery*. Clearly nations were not prepared, how could they? The numbers are extreme at all levels of analysis from the Covid case and death counts noted earlier to the innumerable economic measures that abound with highs, lows and norms, from growth, unemployment and inflation rates to the sheer scale of supply and demand shocks, to the limitless industrial innovation seen throughout the nation. For example, the U.S. economic output averages are 2.29 in 2019, -2.77 in 2020, 4.73 in 2021, 1.78 in 2022, and 2.95 in 2023 (Bureau of Economic Analysis). The U.S. unemployment averages are 3.6 in 2019, 6.7 in 2020, the Covid shutdown variance of 14.7 in April 2020, 3.9 in 2021, 3.5 in 2022, 3.7 in 2023 (Bureau of Labor Statistics). The U.S. inflation averages are 1.8 in 2019, 1.2 in 2020, 4.7 in 2021, 8.0 in 2022 with the high of 9.1 in June 2023, and 3.1 in 2023. (Bureau of Labor Statistics).

Numbers provide context and perspective and with the most fundamental measures noted above, benchmarked by media, governments, corporations and households, the U.S. experienced the exogenous shock of a viral pandemic in early 2020. The next phase was the wrenching policies of the economic shutdowns, coupled with the sweeping infusion of federal implementation of rules and resources, paralleled with growing mortality rates from the virus. Recovery began to weave through the economy from the complex rules to open up, the pervasive government relief and support programs, including fast-tracking vaccine R&D production rallying to the largest mass distribution of vaccinations in history (Hetrick, 2023). Eventually, a *new* normalization of economic and social life evolved and, according to the Center for Disease Control, the official end of the Coronavirus pandemic was **May 11, 2023**.

4.2 The Theory of the Era - More Shock and Recovery

Are we ready for a Theory of Covid yet? A good theory helps explain a line of inquiry of specific phenomena. In the case of Covid, our questions *what happened* and *what did we do* are aimed at providing the student and practitioner of policy analysis a view into the American government's response to manage the globalization of the Covid pandemic of 2020-2023. Here is a summary of the policy portfolio and related terms noted earlier as the *Covid policy lexicon*:

- **What Happened – The Problem**

- An exogenous shock in the form of a foreign virus with no notice and no immediate readiness to respond. However, evidence of eventual, swift federal mobilization unleashed unprecedented, distributive economic relief paralleled with stringent controls throughout the nation.

- **What Did We Do – The Strategy**
 - The policy portfolio seemed much like a war strategy with an overwhelming force of *fiscal policy* resources aimed at relieving the broad *social economic welfare* of businesses and households, including emergency R&D, and *monetary policy* to infuse broad financial liquidity.

- **Results – The Outcomes of Emergency Public Policy**
 - The Results – The outcome is a resilient economy supported by the numbers reinforced by an all-government response to the crisis while also championed by a highly skilled and acutely entrepreneurial and productive labor force.
 - The Impact – The costs are high and yield deep risk to the long-term economic health of the nation. The country also experienced *endogenous shocks* from the cash hoarding from short-lived high savings rates, the terrible inflation straining consumption, and the high interest rates slowing overall growth.
 - Evidence of *moral hazard* abounds from fraudulent claims in the many relief and lending programs, to *rent seeking* by property owners gaining special privileges for political alignment in various housing programs.
 - A single and striking term that helps frame the era is the *collective action problem* characterized when people ought to work together or cooperate knowing their actions are for the greater good, but fail to do so because of a lack of incentives – the entire vaccine program can be seen as a collective action problem (and opportunity).
 - In the public policy domain, *market failure* often prevails as one of the centerpieces for the rationale for policy response. Assuming the competitive marketplace as the mobilization of innovation and wealth creation, when markets are crippled by shocks, they can fail in producing and consuming efficiently – hence, the failure. The Covid era is complete with extensive, often aggressive federal, state and local decisions interrupting the natural flow of market activity producing widespread negative externalities (forced unemployment) with the aim of creating a national positive externality (forced vaccinations). In the end, market failure and government failure are defining explanations of **what happened**.

4.3 What Did We Learn – The Strategy for Tomorrow

A closing summary of the outcomes is central to understanding the Covid Era in America. On the **political** front, democracy – the people’s access to political institutions – remains steadfast, although this is a topic for contentious debate from an expanding polarized electorate. On the **economic** front, beyond the relatively positive recovery numbers, close attention on deficits and the national debt will become more pronounced. For example, to see the U.S. economy through the lens of the U.S. Treasury’s balance sheet indicates assets of \$5 trillion, liabilities at \$34 trillion with regular encroachments on the debt ceiling. The \$4.1 trillion cost of Covid simply adds to the growing debt whereas of 2023, the federal debt to GDP ratio is over 120%.

The Covid Era is a masterclass in policy analysis – design, implementation, and evaluation. The **design** aspect is broad and examines the government’s readiness for solving serious problems. The **implementation** viewpoint sees the mobilization of resources to support the solutions as they enter the public domain to confront problems. The **evaluation** is the process by which the policy’s efficacy is measured against standards of expectations – did the policy work and solve the problem. As much as federal, state and local governments allocate resources and training to prepare for disasters from earthquakes, floods, and power outages (the FEMA National Response Framework is an effective model), it is evident that a playbook for a global pandemic like Covid was not in the policy library. From media accounts, no country was prepared and no government had a winning strategy – rather, coping strategies were the norm. However, public policy analysis is *reactive* – there is limited capacity for proactive planning for things we do not know. We did not know that a virus could take over the world. The good news is that we now have a framework for handling future health emergencies with the potential to disrupt a national economy.

The numbers presented in this paper affirm that the monetary and fiscal policy war chest, for example, are indeed capable of massive deployment – with a heavy dose of benefits and associated costs. We also know that institutions important to economic and political functionality are capable of absorbing shocks. Federalism, although sometimes reticent, did exemplify the delegation and sharing of power and resources during the Covid crisis from the federal, state and local governments. We also must remember that these crucial organizations whether corporate or public are managed by **people**. From analyzing this era – one that has touched every human being on earth in one way or another – the people remained resilient,

entrepreneurial, and stubborn to resign to a pandemic. The majority of the nation worked through the pandemic and pushed the nation forward. Another perspective is that although the civil society was at times strained, the people prevailed – the nation found equilibrium. **Strategy** is not a comprehensive, complex manual full of analytics and plans, yet the formulation process of studying the multiple variables of complexity is essential to effective strategy design. In fact, **policy as strategy** is quite simple, though not easy. First, strategy is a **leadership** responsibility. Second, the leader must articulate what problem resolution attainment **is** – are we curing Covid, are we saving the economy, perhaps both. Third, the leader rallies the nation around the vital, core objectives and implements with overwhelming and unwavering **intent**. In conclusion, the leaders of tomorrow's pandemic are equipped with the tested precedent of five learning outcomes from the American strategy confronting Covid-19.

- One, governance must be framed under the rule of law
- Two, alignment between the legislative and executive functions must be resolute
- Three, economic policy must be creative and assertive
- Four, the national industrial capacity is requisite for emergency innovation
- Five, the people are a force for **good**.

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