Getting America Back to Work

As layoffs mount, the time has come for bold action by the federal government to halt the damage to American workers and position the American economy for comeback once the nation has defeated COVID19. This effort should include a major initiative to rehire workers now—and to keep them on payroll for the duration of this crisis. And it should include new measures to bring critical supply chains back to this country from China and elsewhere and to encourage domestic production.

The rationale is simple. Workers should not be forced into unemployment because of the government's health measures prompted by this crisis. Workers should be able to keep their jobs, and be ready to get back to work as soon as practicable.

Continuous employment gives workers economic security that allows them to carry on with their lives and provide for their families even amid this crisis. That means less need for precautionary savings, positioning working families to contribute to the recovery. Continuous employment also provides businesses with continuity and facilitates the economic rebound once the worst of the public health crisis is over: since workers remain on payroll, they don't have to be rehired, and businesses can get back on their feet quicker.

This pandemic also exposed a Grand Canyon size fault in our supply chain. We don't make critical products in America anymore. It's a threat to our health, our national security and our economy. Americans have long known about this problem. Washington is just waking up to it, and Wall Street was hoping it wouldn't get caught. It's time to fix it. We need to invest in America again and protect our people. The goal is simple – If we need it, we should make it.

If we pursue policies for continuous employment combined with bringing our supply chains back, it will super charge a recovery. Policymakers must act now to ensure that the present crisis is the gateway to a stronger American economy. It's time to get America ready for a comeback.

Rehire America

Rehiring and Job Protection. It is critical that the jobs shed at the outset of this crisis be restored as swiftly as possible. To that end, the United States should provide a refundable payroll tax rebate covering eighty percent of employer payroll costs for firms of all sizes affected by this crisis, applicable up to median wages. This relief should be administered directly by the federal government and last for the duration of the health emergency, until

businesses are able to reopen. This new credit should apply fully to workers laid off in March who are rehired in April or May by their former employers. To incentivize rehiring, firms that do so should receive bonus credit amounts per rehired employee to assist them with cash flow.

Advanceable Relief Delivered Immediately

To address employer concerns about cash flow related to administration of the Families First paid leave benefit, Treasury has created a system to advance employers the full value of the benefit, even in excess of tax liability and past contributions. This system should be expanded beyond the leave benefit and used to deliver funds to finance the new wage protection program in real time. Treasury should be fully empowered to work with payroll companies to deliver these funds directly into workers' paychecks, if such arrangements can expedite delivery.

Back to Work Business Reinvestment Credit

Wage support won't do much good for firms whose other mounting costs incline owners toward liquidation. Business owners need to see a light at the end of this tunnel that will leave their firms stronger than they were at the outset of this crisis. To that end, firms that retain payroll should receive a substantial investment tax credit, available immediately upon re-opening of the economy, applicable to any investments necessary to get firms off the ground.

Coming Back Stronger

These payroll protections should be coupled with additional measures to bring critical supply chains back from China and overseas, to promote domestic production of all types by American workers, and to prevent Wall Street profiteering during this emergency.

Securing Medical Supply Chains

Never again should the American people find themselves vulnerable to the Chinese Communist Party for critical medical supplies and industrial components in a moment of crisis. Congress must immediately enact new local content requirement rules, requiring that manufacturers of finished products procure higher percentages of their inputs over time from domestic suppliers, for all industries essential to crisis response, chief among them medicine and medical equipment. Such requirements should be coupled with crisis export controls that prevent American firms from sending equipment like ventilators overseas just as they are most needed here at home, as well as generous investment subsidies to assist firms struggling to source domestically from third parties but willing to build out input production themselves.

Congress should also pass emergency liability protections for all firms enlisted by the federal government into the production of such equipment, creating an effective end-run around red tape to ensure the economy will not be hampered this fall by lack of access to equipment needed to respond to new regional coronavirus outbreaks.

Promoting Domestic Production

Firms across a wide range of industries have learned from the recent global supply chain disruptions that their operations are hostage to events far beyond their control so long as they rely on foreign countries for the production of critical inputs. As capital floods to the United States, federal policy should direct that investment toward rewarding firms that take this moment as an opportunity to invest in capital expenditure for new domestic production facilities with federally-backed, low-interest capex financing.

Preventing Crisis Profiteering by Wall Street

America's coronavirus recovery must not become a feeding frenzy by Wall Street. To assist firms in fending off hostile takeover bids from activist investors aiming to force unwanted consolidation and liquidation, Congress should reform securities law to require immediate disclosure of the accumulation of large stakes of public companies by such funds.

Antitrust enforcers must redouble their efforts in this crisis to scrutinize mergers prompted by this crisis and brought to light through such disclosures.

Finally, Congress must address the structural problems exposed by last month's liquidity crunch. Companies making record profits should be obliged, not discouraged, by investors and the government to hold onto a financial cushion during growth years to prepare for moments of crisis. The imposition of safety-valve savings requirements on large publicly traded companies will help ensure that the monumental federal rescue efforts currently underway create a more stable foundation for sustainable growth rather than another round of debt-financed shareholder distributions paid for by American taxpayers that may yield future panics and crises.

Conclusion

The moment for action is now. It's time to end the partisan bickering over special interest giveaways and ideological wish lists. There can be only one priority now: facilitating the American comeback.