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US PUBLIC POLICY IN THE ECONOMICAL ARENA DURING COVID-19 (2020-2021)

MASTER THESIS

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US Public Policy in the economical arena during the COVID-19 pandemic (2020-2021)

Keywords: COVID-19, Public Policy, Economical Arena, USA

The object of the thesis is the US Public Policy during COVID-19 pandemic. The purpose of this work is to overview Public Policy in general and also in the USA by focusing on Public Policymaking in the economic sphere. The tasks of the research is to conduct an analysis of thematic scientific and methodological literature and analyze the public policymaking aspects in the American government during COVID-19 pandemic times. The research methodology includes: Comparative Method, which includes the legislative responses from the USA and their efficiency, Secondary data analysis method, which includes a review of conducted research on a given topic, content analysis of official documents, namely CARES act - an official document adopted by the United States to help small and medium businesses during the period of coronavirus infection.

Theoretical and empirical discussions, done in this thesis, open a possibility to talk about public policymaking in the United States of America during COVID-19 pandemic times, as a process and space for action with its own crisis management agenda, presenting new communication and cooperation between political actors.

Вадим Чумаченко

Публичная политика США в экономической сфере в период пандемии COVID-19 (2020-2021 гг.)

Ключевые слова: COVID-19, публичная политика, экономическая сфера, США

Объектом диссертации является публичная политика США в период пандемии COVID-19. Целью данной работы является обзор государственной политики в целом, а также в США, с акцентом на выработку государственной политики в экономической сфере. В задачи исследования входит проведение анализа тематической научно-методической литературы, анализ аспектов формирования государственной политики в правительстве США в период пандемии COVID-19. Методология исследования включает в себя: Сравнительный метод, который включает в себя сравнение законодательных ответов со стороны США и их эффективность, Метод анализа вторичных данных, который включает в себя обзор проведенных исследований по заданной теме, контент-анализ официальных документов, а именно акт CARES – официальный документ, принятый в США для помощи малому и среднему бизнесу в период коронавирусной инфекции.

Теоретические и эмпирические обсуждения, проведенные в этой диссертации, открывают возможность говорить о формировании государственной политики в Соединенных Штатах Америки во время пандемии COVID-19 как о процессе и пространстве для действий со своей собственной программой управления кризисом, представляя новое общение и сотрудничество между политическими акторами.

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INTRODUCTION

The public policymaking and its implementation plays a big role in the life of every citizen. This is an understanding of how the state policy of a state is built and implemented. As part of this thesis, we took the period 2020-2021, since it was during this period that the US authorities used certain political and economic tools addressed the COVID-19 crisis during the global pandemic. Moreover, this paper will analyze the public policymaking of the United States and how the communication and policy response by various political actors within the United States of America was built.

The relevance of this research lies in the period under consideration during the COVID-19 pandemic crisis, which impacted global economics and the USA as an essential player in the global economy. Secondly, today the United States is one of the leading international political actors in the world, which, in turn, can dictate the global agenda.

The analysis of US public policy in the economic sphere during COVID-19 is not only of scientific interest, but also has a practical approach. The United States as a state has a huge political weight in the international arena. The presence of a strong democratic order, a stable economy and recognition on the world stage allows the United States to be called exactly the country capable of influencing the global agenda. The data provided by the World bank database show that the US economy in terms of total GDP is top-1 country in the world in terms of total GDP (23 trillion dollars), it means that the market value of all final goods and services produced in its territory. In comparison, Russia is in 11th place, despite its large size in terms of territory¹. Moreover, the United States is a founding and permanent member of the UN², as well as a co-founder of the NATO Collective Security Alliance³. Since the end of World War II and the beginning of the Cold War, the United States has dominated the formation and struggle among nations for international economic restructuring. However, after the end of the Cold War, the world began to take shape and turn from bipolar to multipolar. Success in dominating the international economic agenda has

¹ The World Bank. *GDP current US\$*. [online]. [cited 01-22-2023 1:05 AM]. Available from the Internet: <https://data.worldbank.org/indicator/NY.GDP.MKTP.CD?end=2021&start=1960&view=chart>

² DAG Hammarskjöld library. *UN Membership*. [cited 01-22-2022 2:45 AM]. Available from the Internet: <https://research.un.org/en/unmembers/founders>

³ HAGLUND D. *North Atlantic Treaty Organization*. [online]. Britannica. [cited 01-22-2023 1:14 AM]. Available from the Internet: <https://www.britannica.com/topic/North-Atlantic-Treaty-Organization>

opened up a wider range of international and domestic economic opportunities for America's supporters⁴.

Indeed, each country deals with the COVID-19 pandemic crisis differently and, depending on the circumstances, applies its own legislative responses and implemented laws to combat and counter COVID-19. In the framework of the research, we decided to stop on the United States as it is one of the global political actors in the international arena, capable of changing the global political agenda and also able to dictate its terms for solving such a global problem as COVID-19 not only on the internal level but also can impact outside the country since it has the necessary resources and intellectuals. However, in this research, we will focus only on the competing COVID-19 pandemic in the framework of the USA country and consideration how the USA has responded to the COVID-19 crisis.

Officially, the first case of coronavirus disease was reported on December in 2019 (COVID-19) in Wuhan town. This is the biggest and important transportation hub in China. So this was the first reason why the spread of the coronavirus infection (COVID-19) was too fast⁵. The second reason was the period of the middle of the Chinese New Year celebration in China when people are travelling across the country to spend the time with family and friends thereby spreading the coronavirus infection.

After the report about the first case of the coronavirus infection (COVID-19) the people all around the world faced some problems: uncontrolled spread of coronavirus, the size of the prevalence, its threat to humanity and the absence of a vaccine caused the COVID-19 pandemic, which became an international problem, hitting the economy and supply chains, as well as bringing government restrictions and labor problems, the shutdowns of many countries and the introduction of quarantine resulting in economic losses for companies, which in turn also adds to the argument about the relevance of this work.

The **object of the research** is the US Public Policy during the COVID-19 pandemic;

⁴ MASTANDUNO M. *System Maker and Privilege Taker. U.S. Power and the International Political Economy*. [online]. [cited 01-31-2022 7:48 PM]. Available from the Internet: https://www.jstor.org/stable/40060223#metadata_info_tab_contents

⁵ QING H., JUNYI L., SIZHU W., JISHUANG Y. *The impact of COVID-19 on stock markets*. [online]. [cited 04-30-2022 8:51 PM]. Available from the Internet. <https://www.tandfonline.com/doi/full/10.1080/20954816.2020.1757570>

The **subject of the research** is the US Public Policy in the economic sphere during COVID-19;

The **purpose** of this thesis is to examine Public Policy in the USA by focusing on the USA's Public Policymaking in the economic arena during the COVID-19 pandemic.

This study seeks to confirm or reject the **hypothesis** that COVID-19 influenced public policymaking in the United States in the economic sphere.

To achieve this purpose, I define the research tasks that need to be done. The first task is to overview thematic scientific and methodological literature on the public policy making in the USA, and the second is to explore the public policymaking aspects in the American government during the COVID-19 pandemic. The last task is analyse the USA policy response to the coronavirus pandemic in economic sphere.

The novelty of the research lies in the triangulation of research methods and data for the deeper analysis of public policymaking in the United States of America during the COVID-19 pandemic times during 2020-2021. Furthermore, the novelty of the research lies in the approaches applied to analyze the public policymaking in the USA and the policy responses to the COVID-19 pandemic.

Methodology: The methodology of the master thesis includes the triangulation of different methods and data sources among those **comparative analysis** because of the need to compare the implemented tools for preventing COVID-19 before and after the COVID-19 pandemic in the area of research. Comparative analysis will help to understand this topic deeper and compare the political tools politicians have used to increase the efficiency against the spread of coronavirus.

Furthermore, **the secondary data analysis** will be applied in the thesis to refer to the works and publications of other authors to analyze COVID-19 prevention in the US and get acquainted with different opinions and how the US officials were fighting the spread of the coronavirus and creating the vaccines for the people. Additionally, we will refer to the different views and authors regarding the theoretical part that will be reviewed in this work. **Content analysis** will be applied in the document review of the CARES Act – The Coronavirus Aid, Relief, and Economic Security Act is a \$2.2 trillion economic stimulus bill passed by the 116th U.S. Congress and signed into law by President Donald Trump on March 27, 2020, in response to the economic fallout of the

COVID-19 disease. The theoretical approaches that are primarily connected with public policy formulation are rational-choice theory, incremental theory, policy output analysis, political system theory, and institutionalism, group theory, and elite theory. In the framework of thesis, **public policy analysis** theoretical framework is applied to examine the political and institutional processes through which the USA public policies during the coronavirus crisis are developed and implemented in conjunction with **Keynesian economics framework** to examine the role of government intervention in the economy, in times of economic distress. We will focus more on **the policy output analysis** and compare the applied political instruments to address the crisis of the COVID-19 pandemic in 2020-2021 in the economic sphere.

Indeed, there are many methods that can be used in the research to achieve the goal during the deeper analysis of the particular topic, however we decided to focus on these, using public policy output analysis together with comparative analysis, secondary data analysis and content analysis. A set of methods allows you to comprehensively and fully study the researched public policy making in the period of COVID-19 in 2020-2021 and corresponds to the objectives of the study to achieve the goal of the dissertation.

As the one of the **main sources** the work of Anderson “Public Policymaking: An Introduction”⁶ which examines the term public policy from a theoretical point of view, which includes the categories of public policy, its approaches, the environment in which public policy is carried out, political problems, etc. Moreover, the author considers specific examples on the basis of the theoretical material presented, which is able to consider the term even from a practical point of view, confirming the theoretical component.

Moreover, within the framework of this work, an equally important source was considered - the work of “Understanding Public Policy: Theories and Issues” by Paul Cairney⁷ where he looks into the theoretical aspects of public policy and the policy making process. In this paper, the author notes that public policy is multifaceted, it involves a huge number of people and political actors who actively influence policy making in general. The author touches upon the topic of the complexity of conducting public policy processes, how public policy is analyzed.

⁶ ANDERSON. J. E. Public Policymaking: An Introduction. Fifth Edition.

⁷ CAIRNEY, P. (2019). Understanding public policy: Theories and issues. Bloomsbury Publishing Plc.

For the research there is taken the statistical data from such data sources as The World Bank and OECD that related to the research topic and required for the deeper analysis of the impact of the COVID-19 on the economy and the public policymaking before and during pandemic times (2020-2021). Moreover, as a main source the main legislature responses were considered from the official website of the Congress – one of the main political actors in the USA.

Indeed, the results of this thesis can be used by the academic community in the future for investigation of the topic and deeper analysis of policymaking in the United States of America during COVID-19 and their legislative responses to the COVID-19 crisis.

I. PUBLIC POLICYMAKING IN THE UNITED STATES OF AMERICA

This section will consider what public policy is in the framework of the United States of America, considering the economic arena of the United States during COVID-19 from 2020 to 2021. Also, we will compare various concepts of public policy, how other authors offer their definition of this term, and we will also consider the term economic arena, the approach of multiple authors to these terms, consider in depth the theoretical component of these terms, and also explain how they correlate in our research work.

1.1. Public Policy and Public Policy Making in the USA.

In general, public policy may be viewed as decision of authorities to take or not any action to respond to the societal issues. In his book “Public policy making” James E. Anderson defines public policy “as a relatively stable, purposive course of action followed by an actor or set of actors in dealing with a problem or matter of concern”⁸.

Public Policy as a term is a set of accepted conditions and necessary actions taken by any officials in relation to the problem that confronts them in order to analyze a particular problem, as well as its complete or partial solution. It all depends on what problem and what political actors should be involved in solving this problem. Problem-solving management depends on the resources that politicians have to solve particular problem.

There are different approaches to the term “Public Policy”. For example, David Easton characterized public policy as “a network of decisions and actions that distribute values”⁹ in his work “The political system: An enquiry into the state of political science”. Antonio Lassance is considering the term public policy as “an institutionalized proposal to solve a central problem,

⁸ ANDERSON, J. E. *Public Policymaking: An Introduction*. Fifth Edition.

⁹ EASTON, D. 1953. *The political system: An enquiry into the state of political science*. New York: Alfred A. Knopf. p. 130. [online]. [cited 01-17-2023 2:31 PM]. Available from the Internet: <https://archive.org/details/politicalsystemi0000east/page/n7/mode/1up?view=theater>

guided by a conception¹⁰”. Thomas Dye stated that “public policy is whatever governments choose to do or not to do¹¹” (Dye, 1972: 2).

Moreover, Public Policy may be explained as a set of accepted conditions and necessary actions taken by any officials in relation to the problem that confronts them in order to analyze a particular problem, as well as its complete or partial solution. It all depends on what problem and what political actors should be involved in solving this problem. Problem-solving management depends on the resources that politicians have to solve particular problem. If politicians do not have enough resources to solve a particular problem, then obtaining these or those resources can be costly in terms of time and can lead either to an aggravation of the problem or to an even bigger problem. Public policy is not always decisions. Inaction or lack of one or another solution to a particular problem will also be part of public policy as not every problem needs action by politicians. In this case, a political subject is any public official who has the function of power and is able to influence the solution or the course of solving a particular problem (who can take action in solving the problem). These may include members of Congress, school officials, city council members, county inspectors, etc¹².

Public Policy is in its own way a response to a problem that has arisen, where the main goal is to find a solution or a complete solution to this problem or case, where attention from state actors is required. Typically, decisions are made in the form of an adopted and considered law, regulation, or a collection of regulations and laws, which, in turn, are able to solve an issue or a particular problem¹³. In the democratic states, such as the United States of America, the complex of laws and regulations are coming from the elected politicians which were chosen by the citizens during the election.

¹⁰ LASSANCE A. *What is a policy and what is a government program? A simple question with no clear answer, until now*. [online]. [cited 01-17-2023 3:58 AM]. Available from the Internet:

https://papers.ssrn.com/sol3/papers.cfm?abstract_id=3727996

¹¹ DYE, T.R. (1972). *Understanding Public Policy*. Englewood Cliffs, NJ: Prentice-Hall at 2. [online]. [cited 01-17-2023 4:20 AM]. Available from the Internet. <https://www.cambridge.org/core/journals/canadian-journal-of-political-science-revue-canadienne-de-science-politique/article/abs/thomas-r-dye-understanding-public-policy-englewood-cliffs-nj-prenticehall-1972-pp-xii-305/2629D85A620EA27A038D87841F686FD0>

¹² *What is Public Policy?* [online]. [cited 01-11-2023 9:16 PM]. Available from the Internet:

<https://civiced.org/project-citizen/what-is-public-policy>

¹³ *What is Public Policy?* [online]. [cited 01-11-2023 9:16 PM]. Available from the Internet:

<https://civiced.org/project-citizen/what-is-public-policy>

Public policy is determined by the government of the particular state or this or that region, if we are talking about narrower circles and less large-scale problems that require attention from public servants. Ideas for solving a problem can come both from outside (citizens who are not indifferent to a particular problem can apply to the relevant authorities to report of the particular problem to civil servants), as well as inside when political actors proposed a new decision of their way of the decision. It all depends on the cause of the problem and the depth of the particular problem, what it implies and what political actors should be involved in solving this problem. Public policy, as well as its development, can be considered in the framework of setting the goals and objectives necessary for the theoretical or practical solution of a particular problem within the framework of public policy. for example, in such an area, the development of public policy within the framework of criminal law, which includes considering and trying to solve a problem - reducing crime (theoretical application of public policy) or improving the work of law enforcement (practical application of public policy). Within the framework of this problem, various mechanisms can be applied to achieve the goal, for example, the construction of new police buildings or the modernization of old ones in areas with a high crime rate to increase the protection of dangerous areas and also prevent the percentage of crimes within a particular area or region. Based on this example, the goal could be to reduce crime in dangerous areas of the city by 40%. However, goals are formed based on the problem and the ways of the solution¹⁴.

Public policy and related problems and solutions can be directed to various spheres of human life, whether it is a global problem or a problem of one area of a particular country or region. Public policy can range from issues of global warming, the climate and the pandemic, to smaller issues such as building shops on certain plots of land, capturing rodents, or repairing the roadway. Public policy affects various areas, but the goal remains unchanged - the solution of a particular problem through the adoption of a decision, as well as a decree, a law, or a collection of laws.

¹⁴ CAPANO G., HOWLETT M. A Modern Guide to Public Policy. Page 13.

Furthermore, policymaking development is part of an ongoing process that does not always have a clear start or end, as decisions about who will benefit from the policy and who will bear any burden arising from the policy are constantly re-evaluated, reviewed and re-evaluated¹⁵.

“If you are not interested in politics, it does not mean that politics is not interested in you”¹⁶. This quote belongs to Pericles, but is still relevant today. Indeed, public policy should not be overlooked or dismissed as a topic for thought and conversation. It plays a big role in the life of every citizen of a particular state, regardless of gender, origin, mentality, place, etc.

Public policy plays a crucial role in shaping the guiding principles and principles of society, so they are a necessary part of governance and politics¹⁷. Taking into account that public policy is shaped as a collective effort by governments, institutions, and even ordinary citizens, it is an important and effective way to make your voice heard. As politicians and parties change every few years, so do the positions and views of the majority or those in power. Indeed, politicians can be voted on and removed from power, but the state policy they support is more difficult to remove¹⁸. Indeed, public policy consists of a chain of decisions and factors that determine further actions, which in turn distribute value. They can be directed both at a certain society, and at a certain group of people or an individual. Even if at some certain stage a political actor is ready to make a decision in relation to a particular problem, this does not mean that the job is done. To make a decision is to choose from several options an alternative action that can solve or influence the solution of a particular problem or issue, depending on the situation, context and depth of the problem. Making a decision is a step where the legislature is at the stage of choosing between alternatives, which, in turn, in the opinion of a political actor, can positively influence the solution of the problem. When a decision is being implemented, public policy is at the stage of implementing certain actions taken

¹⁵ *What is Public Policy?* [online]. [cited 01-11-2023 9:16 PM]. Available from the Internet: <https://civiced.org/project-citizen/what-is-public-policy>

¹⁶ WEST A. B., *Pericles' Political Heirs*. [online]. [cited 01-12-2023 9:57 PM]. Available from the Internet: <https://www.jstor.org/stable/pdf/263555.pdf>

¹⁷ *What Is Public Policy And Why Is It Important?* [online]. [cited 01-12-2023 9:57 PM]. Available from the Internet: <https://www.uopeople.edu/blog/what-is-public-policy/>

¹⁸ *What Is Public Policy And Why Is It Important?* [online]. [cited 01-12-2023 9:57 PM]. Available from the Internet: <https://www.uopeople.edu/blog/what-is-public-policy/>

at the stage of developing a decision and establishing consistent actions aimed at solving the problem. Thus, a new policy is being implemented¹⁹.

Indeed, the fact cannot be denied that public policy can outlive governments and politicians long after they are out of power, so it's important to use your voice carefully to support people who want to influence the policy that matters most to the meaning.

In 1956, the political scientist Harold Lasswell raised the issue of public policy and the political cycle in his book *Decision-Making: Seven Categories of Functional Analysis*. According to the author, any problem passes through the prism of the political cycle²⁰. There are seven stages of decision-making that he describes in this book: intelligence, promotion, prescription, invocation, application, termination, and appraisal.

The classic way to study policymaking is to break it down into stages. The first stage of the political cycle is to get ahead of the agenda. The second stage is the definition of a particular problem, its possible consequences, the time frame required to solve it, as well as the depth and essence of the problem. The third stage is the stage of legitimizing the solution of a particular problem, through the issuance of a set of laws or regulations, or one law. Indeed, it all depends on the scale and depth of the problem²¹. The fourth stage of the political cycle is the implementation of certain regulations or laws that can solve this problem. The last stage of the policy cycle is evaluation - a process in which there is an analysis of the work done and effectiveness²². The political cycle consists of a starting point, where certain political actors begin to think about a problem, the implementation of actions (or inactions) to solve a particular problem, and an end point, where political actors analyze and draw conclusions about how their actions or inaction were effective, to what extent this process of solving a problem was successful and only then they make decisions about what to do next and what steps need to be taken in order not to repeat certain mistakes in the process of solving a particular problem.²³. The author rightly observes that public

¹⁹ EASTON, D. 1953. *The political system: An enquiry into the state of political science*. [online]. New York: Alfred A. Knopf. p. 132. [cited 01-17-2023 2:31 PM]. Available from the Internet:

<https://archive.org/details/politicalsystemi0000east/page/n7/mode/1up?view=theater>

²⁰ AUER M.R. *Rescuing the Decision Process*. [online]. [cited 01-13-2023 9:45 PM]. Available from the Internet:

<https://demulofukyby.files.wordpress.com/2018/10/28.pdf>

²¹ AUER M.R. *Rescuing the Decision Process*. [online]. [cited 01-13-2023 9:45 PM]. Available from the Internet:

<https://demulofukyby.files.wordpress.com/2018/10/28.pdf>

²² CAIRNEY, P. (2019). *Understanding public policy: Theories and issues*. Bloomsbury Publishing Plc.

²³ CAIRNEY, P. (2019). *Understanding public policy: Theories and issues*. Bloomsbury Publishing Plc. p. 26.

policy is inseparable from the process of public policymaking, so when examining public policy, the processes of public policymaking are always at the centre of focus.

The public policy of the United States of America is aimed at regulating and implementing new set of laws or amendments aimed at certain areas of human life. These areas are usually economic policy, agriculture, culture, drug policy, education, foreign or defense policy, immigration policy, infrastructure and science. In the framework of this thesis, we will still focus on the legislative responses directed to the economy, how the interaction of state actors in decision-making and implementation of decisions on a particular problem or area takes place within the framework of a given public policymaking.

The development of the public policy is carried out by the legislative process, prescribed and set out in the fundamental law of the country - the US constitution in Article number 1. The main political actors in the US legislative processes are members of the Senate and the House of Representatives, where they vote on certain bills, which in turn capable of influencing or changing the law or set of laws in the United States of America²⁴. The initiative can come both either from legislator or from constituents. The US President first proposes, or may propose, legislative policy objectives through the executive branch, which may then be considered by the members of Congress. Once a bill is submitted for consideration by a member of Congress, it is submitted to one or more congressional committees dealing with that policy area for discussion and any changes. After the committee has amended a particular bill, it schedules a public hearing on the bill, where it shares its thoughts and decides on a positive or negative report and a vote on it in the US Congress. Both houses of Congress must vote for a particular bill, and then pass it on to the US President for signing. The President of the United States has the right to return the bill for consideration and revision to members of Congress, after making certain amendments, two-thirds of the members of Congress must sign it again and submit it to the President of the United States for signing again. If the President agrees with all the amendments, then he signs this or that bill, turning it into a law²⁵.

²⁴ Constitution Center. *The United States Constitution*. Article I. [online] [cited 01-22-2023 9:36 AM]. Available from the Internet: https://constitutioncenter.org/the-constitution/full-text?gclid=Cj0KCQiAt66eBhCnARIsAKf3ZNHUYnMLM99TKzUvnn7zByHIWKIsPnL_X_h8rTDY9e16yACkb3yIOswaAkJ9EALw_wcB

²⁵ Constitution Center. *The United States Constitution*. Article I. [online]. [cited 01-22-2023 9:36 AM]. Available from the Internet: <https://constitutioncenter.org/the-constitution/full->

Public policy can still be carried out through the introduction of a resolution. Congress acts as a political body that can develop public policy, where the Congress voices and describes its intentions. The main purpose of creating resolutions is to introduce amendments or request for consideration of certain laws that require attention or those that have lost their relevance and require revision and an update. Moreover, Congress exercises public policy through the budgeting process, where the House of Representatives in turn exercises that process and the powers of advice and consent vested in the Senate²⁶.

In turn, the executive branch of the United States is solely responsible for the signed bills, which in turn become law. The head of the executive branch is the President of the United States. He has the final and decisive word in relation to this or that bill, and also has the right of veto, which implies the imposition of a blocking of the adoption of a particular bill. Through the fundamental law of the country of the United States - the Constitution, the President of the United States is vested with powers in relation to foreign policy and military policy, which in turn is supervised by Congress²⁷.

In the following subchapter, we will look at the leading actors playing a vital role in economic policy in the US, the influence of political actors on the economy during and before COVID-19, and how communication between state actors took place.

1.2 Public policymaking of the US in the economical arena before and during the COVID-19 pandemic

In the United States of America the political response to COVID-19 has written a new chapter in public policy. The decisions taken in 2020-2021 by the US government were directed to the political, economic and social spheres to prevent the consequences of the COVID-19 crisis. Within

[text?gclid=Cj0KCQiAt66eBhCnARIsAKf3ZNHUYnMLM99TKzUvnn7zByHIWKIsPnL_X_h8rTDY9e16yACkb3yIOswaAkJ9EALw_wcB](https://constitutioncenter.org/the-constitution/full-text?gclid=Cj0KCQiAt66eBhCnARIsAKf3ZNHUYnMLM99TKzUvnn7zByHIWKIsPnL_X_h8rTDY9e16yACkb3yIOswaAkJ9EALw_wcB)

²⁶ Constitution Center. *The United States Constitution*. Article I. [online]. [cited 01-22-2023 9:36 AM]. Available from the Internet: https://constitutioncenter.org/the-constitution/full-text?gclid=Cj0KCQiAt66eBhCnARIsAKf3ZNHUYnMLM99TKzUvnn7zByHIWKIsPnL_X_h8rTDY9e16yACkb3yIOswaAkJ9EALw_wcB

²⁷ Constitution Center. *The United States Constitution*. Article II. [online]. [cited 01-22-2023 10:00 AM]. Available from the Internet: https://constitutioncenter.org/the-constitution/full-text?gclid=Cj0KCQiAt66eBhCnARIsAKf3ZNHUYnMLM99TKzUvnn7zByHIWKIsPnL_X_h8rTDY9e16yACkb3yIOswaAkJ9EALw_wcB

the framework of this chapter, we are interested in considering the economic sphere, the impact of the decisions made on the main economic indicators - GDP, inflation, interest rates, changes in the indicators of the US stock market index.

The increase in inflation can be explained by two factors: a tightening of the labour market, determined by the ratio of vacancies to unemployment, and a pass-through of past shocks to headline inflation. The shocks themselves are mainly attributable to higher energy prices and supply chain problems, which are manifested in outstanding orders for goods and services as a result of the lockdown decision and restrictions affecting business and the implementation of the sale of goods and services²⁸.

One of the main political actors involved in the formation and implementation of public policy in the economic sphere is the US Federal Reserve Service and the Federal Open Market Committee. The two actors differ in functionality and capabilities. The Federal Reserve monitors financial system risks and engages at home and abroad to help ensure the system supports a healthy economy for the U.S. households, communities, and businesses. It is the most powerful economic institution in the United States. Its core responsibilities include setting interest rates, managing the money supply, and regulating financial markets. During the COVID-19 pandemic, The Federal Reserve stepped in with a broad array of actions to keep credit flowing to limit the economic damage from the pandemic²⁹. These included large purchases of U.S. government and mortgage-backed securities and lending to support households, employers, financial market participants, and state and local governments. However, the FOMC holds eight regularly scheduled meetings per year. At these meetings, the Committee reviews economic and financial conditions, determines the appropriate stance of monetary policy, and assesses the risks to its long-run goals of price stability and sustainable economic growth.

In a way accessible to all - through the main source of the getting the news and information - social media the news was spread about the emergence of a new infection called COVID-19. The first confirmed case in the USA was delivered in Washington D.C. - the capital of the United

²⁸ LAURENCE M. B., LEIGH D., MISHRA P.. *Understanding U.S. Inflation During the COVID Era*. [online]. International Monetary Fund. October 28, 2022. [cited 01-22-2023 11:55 AM]. Available from the Internet: <https://www.imf.org/en/Publications/WP/Issues/2022/10/28/Understanding-U-S-525200>

²⁹ MILSTEIN E., WESSEL D. *What did the Fed do in response to the COVID-19 crisis? December 17, 2021*. [online]. [cited 01-23-2023 12:54 AM]. Available from the Internet: <https://www.brookings.edu/research/fed-response-to-covid19/>

States. The diagnosis of a case in Washington State on January 20, 2020 provided the first evidence of the virus entering the United States. As of March 9, 2020, there are 959 confirmed cases in the country.³⁰ Most of the number of new cases of coronavirus infection was observed in the northeast of the country, the New York metropolitan area. Those states with a high number of new cases have imposed restrictions that have gradually slowed both the spread of the virus and the increase in infections, hospitalizations and deaths and increased pressure on the US economy through restrictions on the sale of goods and the sale of services.³¹

By mid-May, new case registrations began to decline on both the east coast and west coast. To jumpstart the economy, the more affected and less affected states have begun to slowly reopen stores, offices, bars and other places, as have other less affected states. However, the decision to lift restrictions came gradually, in some states they lifted restrictions quickly, in some slowly. After the restrictions were lifted, those states that had the lowest number of infected cases of coronavirus infection began to record new cases of infection sharply, which led to new restrictions imposed by individual states, depending on the situation in the state.³²

In 2021, with the 96 pages of the National COVID-19 Preparedness Plan already implemented during the Biden presidency, the US government decided to focus on vaccinating the population, as the necessary immunity can lift economic restrictions and thereby start the production of goods and services, reopen the tourism industry and international and intercity transportation of the population. The launch of a free vaccination program that involved up to 15,000 federal employees and military personnel to provide about 125,000 vaccinations per day to slow the death rate of the population, as well as develop their own immunity³³. However, this happened after the development of the vaccine and the vaccination process, our work will focus on the beginning of the COVID-19 crisis and the analysis of the legal response within this crisis.

³⁰ Worldometer COVID-19 data. *The United States*. [online]. [cited 12-01-2022 4:45 PM]. Available from the Internet: <https://www.worldometers.info/coronavirus/country/us/>

³¹ LAWRENCE D. B. *Fomenters of Fiasco: Explaining the Failed Policy Response to COVID-19 in the United States*. pp. 216-230. [online]. [cited 01-23-2022 1:00 AM]. Available from the Internet: <https://doi.org/10.4000/irpp.2150>

³² LAWRENCE D. B. *Fomenters of Fiasco: Explaining the Failed Policy Response to COVID-19 in the United States*. pp. 216-230. [online]. [cited 01-23-2022 1:00 AM]. Available from the Internet: <https://doi.org/10.4000/irpp.2150>

³³ White House. *National COVID-19 Preparedness Plan*. [online]. [cited 01-31-2023 11:08 PM]. Available from the Internet: <https://www.whitehouse.gov/covidplan/>

At the height of the pandemic, local authorities were responsible for organizing testing of the population for COVID-19, tracking the transmission of infection from first and second contacts, isolating and treating patients, and purchasing the necessary equipment for doctors working in the red zone. All of these costs impacted the state's revenue figure, which in turn comes from the federal budget, income tax, and sales taxes. Due to restrictions imposed at the federal and state levels, some activities have ceased to generate the desired income. Such industries include tourism, airports that transport citizens within the country, as well as international flights, sporting events. Many income-generating activities such as tourism, international airports, conventions and sporting events are unlikely to return to pre-pandemic levels for many years. As a result of covid-19, state budgets have had to be reviewed and balanced for effective cash management.

One of the main legislative response was the CARES Act is a \$2 trillion-plus stimulus bill passed by the 116th US Congress and signed into law by the 45th President of the United States of America, Donald Trump, on March 27, 2020, in response to the economic situation. consequences of the COVID-19 pandemic in the United States. This amount included several points: lump-sum payments to citizens who are taxpayers and who file an annual tax return. The second payment item was an increase in unemployment benefits. The third item included the provision of cash loans to small and medium-sized businesses to pay employees working in a particular enterprise. Loans to corporations and payroll to state and local governments also included in the CARES act³⁴.

Political communication between political actors during the COVID-19 crisis was very fast as it was not before, because the time spent on bureaucratic processes could cause even more difficulties in solving problems that arose within the economic sphere in the framework of the coronavirus infection (COVID-19). For example, the CARES Act was proposed by Congress on March 25, 2020, and the President signed it on March 27, 2020, two days later, which meant that the bill entered into legal force, which means that political actors had the right to take action both at the federal level and at the state level prescribed under this act³⁵.

³⁴ U.S. DEPARTMENT OF TREASURY. *About the CARES Act and the Consolidated Appropriations Act*. [online]. [cited 12-14-2022 12:43 PM]. Available from the Internet: <https://home.treasury.gov/policy-issues/coronavirus/about-the-cares-act>

³⁵ U.S. DEPARTMENT OF TREASURY. *About the CARES Act and the Consolidated Appropriations Act*. [online]. [cited 12-14-2022 12:43 PM]. Available from the Internet: <https://home.treasury.gov/policy-issues/coronavirus/about-the-cares-act>

The CARES act assumed a slowdown in the decline in the level of the economy, as well as in the main economic indicators - GDP, inflation, falling stock market indexes, as well as a slowdown in the increase in the interest rate, which we will consider in more detail in the next chapter.

Within the framework of this chapter, the theoretical aspects of public policy, the approach of various authors to the term "public policy" were considered, and such a term as a public policy cycle was considered in detail, where a decision goes through a scenario where it begins with discussions of the problem and ends with an assessment after all the actions taken, the purpose of which was to avoid the existent problem or reduce potential consequences of the problem that have been raised during the discussion between political actors. Also, the theoretical aspects of policy making in the USA in general were taken for the consideration, as well as in the COVID-19 pandemic times. The main actors in the framework of public policy and its change were played by such political actors as the Congress, which consists of the House of Representatives and the Senate, the President of the United States. Any communication between these political actors is prescribed within the framework of the US constitution in the first article.

Moreover, we examined the change in policy making as part of the coronavirus crisis in the economic arena in the period 2020-2021. One of the main actors that we paid attention to is the economic actors – Federal Open Market Committee (FOMC) and the Fed, which played a critical role in regulating the crisis and preventing the fall of such key economic indicators as the inflation rate, the fall in GDP, the change in the key rate and the change in stock market indices in the United States. We touched upon the CARES act and National COVID-19 Preparedness plan and examined in detail how quickly communication between Congress and the United States took place, and also considered the amount of money that was allocated to support the US economy and for what needs these funds were sent.

2. INTERNAL POLITICAL SITUATION IN UNITED STATES OF AMERICA DURING COVID-19

This section will examine the internal political situation in the United States during the COVID-19 pandemic, as well as review official statistical data from various database sources showing the impact of COVID-19 on the US economy, compare various economic indicators, and analyze the change in stock quotes on the USA Stock Exchange market.

2.1. Economical arena in the United States of America during COVID-19

The consequences for the United States during the COVID-19 pandemic have been devastating, with high death rates, lockdowns, restrictions on travel and the supply of goods and services, impact on financial markets, and affecting on the economic indicators. The pandemic has had a negative impact on all spheres of life, affected the lives of people and citizens, and also had a significant impact on business. Inasmuch as the widespread public health measures implemented to slow the spread of the virus led to widespread business closures, job losses, and a sharp contraction in economic activity. The US government has responded with several policies designed to help individuals and businesses, including the CARES Act and various loan programs. Coronavirus crisis management included three phases: Phase 1 (March 6, 2020)–Coronavirus Preparedness and Response Supplemental Appropriations Act, HR 6074 where \$8.3 billion in aid was allocated to Initial funding and support for vaccine development. Phase 2 began on March 18, 2020 – where the Families First Coronavirus Response Act, HR 6201 awarded \$105 billion in aid: Paid sick leave, unemployment and food assistance. The last phase is Phase 3 (March 27, 2020)–Coronavirus Aid, Relief, and Economic Security Act, (CARES Act), HR 748 est. for which \$2.3 trillion in aid was allocated for Major individual and business assistance and economic stimulus, the largest package addressing COVID-19 to date.³⁶

Further, the consequences of COVID-19 are associated not only with its wide spread and high levels of mortality and virus intolerance in some groups of people, but also with the restrictions imposed by the state at the federal and state levels. Additionally, the Federal Reserve

³⁶ *United States of America. Government and institution measures in response to COVID-19.* [online]. KPMG. [cited 02-02-2023 3:20 PM]. Available from the Internet: <https://kpmg.com/xx/en/home/insights/2020/04/united-states-of-america-government-and-institution-measures-in-response-to-covid.html>

implemented several monetary policy measures, such as cutting interest rates and implementing large-scale asset purchases, to support the economy and stabilize financial markets. Despite these efforts, the US economy experienced one of the steepest contractions on record, with a sharp increase in unemployment and a decline in GDP³⁷. Moreover, the economic arena in the US during the COVID-19 pandemic also saw significant disparities and inequalities, with communities of color and lower-income individuals being disproportionately affected by the economic fallout from the pandemic.

In sphere of getting healthcare and health outcomes, racial and ethnic differences are not new, but the COVID-19 pandemic has exacerbated them. The factors that influence racial and ethnic health disparities include a variety of economic and social factors and more often affect communities of color people than white. Examples of such factors would be that people of color are more likely to live in densely populated areas with limited access to health food grocery stores. The prevalence of chronic diseases is higher in people of color than in whites, but people of color are less likely to have health insurance and access to quality healthcare. Also, people of color work in essential industries, which makes them more likely to work away from home despite disease outbreaks in their communities³⁸.

Following the spread of the COVID-19 virus across the United States, the country has evenly begun testing kits in 50 states. Since the COVID-19 kits for these tests were produced without taking into account population density, this reduced the ability to stop the spread of the virus in the initial stages. All available data on the number of those tested confirms that the world lacks data on people tested, disaggregated by race. For example, in state 59 and 208, blacks account for nearly a third of COVID-19 deaths. And according to the COVID Racial Data Tracker, in Kansas as of June 27, out of 94,780 tests, only 4,854 were in black Americans and 50,070 were in

³⁷ *United States of America. Government and institution measures in response to COVID-19.* [online]. KPMG. [cited 02-02-2023 3:20 PM]. Available from the Internet: <https://kpmg.com/xx/en/home/insights/2020/04/united-states-of-america-government-and-institution-measures-in-response-to-covid.html>

³⁸ *National Governors Association. Reducing The Disproportionate Impact Of COVID-19 Among Communities Of Color.* [online]. June 25, 2020. [cited 02-04-2022 6:31 PM]. Available from the Internet: <https://www.nga.org/publications/impact-covid-19-communities-of-color/>

whites. Also in Illinois, the total number of covid cases among blacks and whites was almost equal, the test numbers show the opposite: 220,968 whites were tested compared to 78,650 blacks³⁹.

The recovery from the recession started relatively quickly, with the recession only lasting one quarter, according to the NBER⁴⁰. As of 2022, the unemployment rate has reached its pre-pandemic levels — yet, in many key areas and industries, the US economy has not fully recovered from the COVID-19 pandemic.

2.1.1 Inflation and GDP change during COVID-19

As part of considering the change in public policy making in the economic sphere, it is very important to touch upon such an economic indicator as inflation, as it can impact the stability of prices, the conduct of monetary policy, the pace of economic growth, and income and wealth inequality. Inflation - the process of depreciation of funds belonging to one country or one economic zone⁴¹. Inflation is still considered as a process of rising cost of living. Consumers' cost of living depends on the prices of many goods and services and the share of each in the household budget. The process of inflation is directly related to the increase or decrease in the cost of living of the average buyer. Various government institutions are conducting research to determine and calculate the shopping basket of goods - the number and cost of goods that can be bought for a certain amount of money. For example, in 2019, \$100 can buy 100% of the goods in your customer basket, but with an inflation rate of 3% in 2020, \$100 can already buy 97% of the goods in the consumer basket a year ago. This process of loss of the purchasing power of the currency⁴². Due to the implementation of economic and political decisions on various types of restrictions signed at the federal and state levels, the percentage of the inflation rate increased, thereby showing a

³⁹ VASQUEZ REYES M. *The Disproportional Impact of COVID-19 on African Americans*. December 2020. [online]. [cited 02-04-2022 6:22 PM]. Available from the Internet:

<https://www.ncbi.nlm.nih.gov/pmc/articles/PMC7762908/>

⁴⁰ MOORE G.H. *Measuring Recessions*. [online]. pp. 120-161. [cited 01-21-2022 11:43 PM]. Available from the Internet: <https://www.nber.org/system/files/chapters/c0725/c0725.pdf>

⁴¹ ONER C. *Inflation: Prices on the rise*. [online]. International Monetary Fund. [cited 01-21-2022 11:43 PM]. Available from the Internet: <https://www.imf.org/en/Publications/fandd/issues/Series/Back-to-Basics/Inflation#:~:text=Inflation%20is%20the%20rate%20of,of%20living%20in%20a%20country>

⁴² ONER C. *Inflation: Prices on the rise*. [online]. International Monetary Fund. [cited 01-21-2022 11:43 PM]. Available from the Internet: <https://www.imf.org/en/Publications/fandd/issues/Series/Back-to-Basics/Inflation#:~:text=Inflation%20is%20the%20rate%20of,of%20living%20in%20a%20country>

value above the average (follows from World Bank data), and also contributed to influence public policy making as part of supporting the economy USA. Inflation is one of the main indicators of how things are done. If the trend is upward, then certain decisions taken by the bodies responsible for regulating this indicator are ineffective and can affect the economic downturn, as well as affect international markets.

Decisions and laws adopted at the federal level and at the level of individual states have affected such an economic indicator as inflation. Inflation is a phenomenon of loss of purchasing power of monetary units of a single currency⁴³. In our case, our currency is the US dollar. The data provided by the World Bank database show that over the past ten years, the average inflation rate has been at the level of 1.96%. For comparison, in 2019 the inflation rate was at the level of 1.8%, in 2020 1.3%, and in 2021, when there was a lockdown and restrictions on the supply of goods and services, the inflation rate increased to 4.8%⁴⁴.

The GDP is a measure of the value of all goods and services produced within the boarding of one country⁴⁵. The GDP indicator is a measurable value that determines the final cost of all goods and services produced in a certain period, it all depends on the conditions for considering this indicator. As part of the consideration, you can take different time periods, a month, a quarter, or a year. We are interested in the change in this indicator for comparison and analysis of changes in this indicator during the period of coronavirus infection.

This economic indicator plays a role in the consideration of public policy and its consideration in the context of COVID-19, since the restrictions adopted by the US government on restrictions in the areas of trade, business, tourism, stopping the production of goods and the sale of services affected the US economy as well as a decrease in GDP⁴⁶. The GDP indicator in

⁴³ ONER C. *Inflation: Prices on the rise*. [online]. International Monetary Fund. [cited 01-21-2022 11:43 PM]. Available from the Internet: <https://www.imf.org/en/Publications/fandd/issues/Series/Back-to-Basics/Inflation#:~:text=Inflation%20is%20the%20rate%20of,of%20living%20in%20a%20country>

⁴⁴ *Inflation, GDP deflator (annual %) - United States*. The World Bank database. [online]. [cited 01-22-2023 11:49 AM]. Available from the Internet: <https://data.worldbank.org/indicator/NY.GDP.DEFL.KD.ZG?locations=US>

⁴⁵ CALLEN T., *Gross Domestic Product: An Economy's all*. [online]. International Monetary Fund. [cited 02-02-2023 5:37 PM]. Available from the Internet: <https://www.imf.org/en/Publications/fandd/issues/Series/Back-to-Basics/gross-domestic-product-GDP>

⁴⁶ *Inflation, GDP deflator (annual %) - United States*. [online]. The OECD database. [cited 01-22-2023 11:49 AM]. Available from the Internet [https://data.oecd.org/gdp/gross-domestic-product-gdp.htm#:~:text=Gross%20domestic%20product%20\(GDP\)%20is,and%20services%20\(less%20imports](https://data.oecd.org/gdp/gross-domestic-product-gdp.htm#:~:text=Gross%20domestic%20product%20(GDP)%20is,and%20services%20(less%20imports)

this work is critical for consideration, as it allows you to track the exact drop in the GDP and the impact on the US economy in the period 2020-2021.

Real GDP contracted in 2020 by 3.5%, the first contraction since the 2008 Financial Crisis. Millions of workers were dislocated from their jobs, leading to multiple weeks of record shattering numbers of unemployment insurance applications. Consumer and retail activity contracted, with many businesses (especially restaurants) closing. Many businesses and offices transitioned to remote work to avoid the spread of COVID-19 at the office. Congress passed several pieces of legislation, such as the American Rescue Plan Act of 2021 to provide stimulus to mitigate the effect of workplace closures and income losses. The Federal Reserve reduced the federal funds rate target to nearly zero and introduced several liquidity facilities to keep financial markets functioning and to provide stimulus. In late 2021, inflation began to increase to levels not seen since the 1980⁴⁷s.

Summing up the intermediate result, in table 1 we can visually consider the change in GDP and inflation indicators over the past 3 years. As we can see, the inflation rate reached over 4 % in 2021 compared to 2020 at 1.3%. The consequences of inflation are manifested in the long term, which is why during the period of lockdown and restrictions related to the sale of goods and services, we see a decrease in the level of inflation, but this only manifested itself by 2021. With the GDP indicator, we see a different picture, in 2020, due to restrictions on trade in goods and the sale of services, we see a slight decline compared to 2019, however, after the periodic lifting of restrictions, we see how the GDP indicator increased by 2 trillion compared to 2020 year.

Year	2019	2020	2021
GDP	21.38 trillion	21.06 trillion	23.32 trillion
Inflation rate	1.8%	1.3%	4.1%

Table 1. Comparison of the GDP and Inflation indicators by year.

⁴⁷ *GDP (current US\$)- United States*. [online]. The World Bank database. [cited 01-22-2023 11:49 AM]. Available from the Internet: <https://data.worldbank.org/indicator/NY.GDP.MKTP.CD?end=2021&locations=US&start=2019>

2.1.2. Interest Rate in the USA during COVID-19

The interest rates are a critical economic factor as they affect the cost of borrowing, the return on savings and investment, and overall economic growth and stability. It refers to the cost of borrowing money, expressed as a percentage of the loan amount⁴⁸. It represents the price a lender charges a borrower for using the money and is a key factor in determining the cost of a loan and the return on savings. The interest rate is the percentage of the cost of using bank money when the lender lends money and reserves the right to charge the borrower a certain percentage for the borrowed money.

The interest rate is a key factor in determining the cost of credit and the return on savings. The economic measure of the US interest rate is important for several reasons. The first reason is monetary policy, when the Federal Reserve uses various tools to change the interest rate in order to influence the economy in a negative or positive way for investment and consumer spending. The result of the Fed's actions can usually be tracked in the stock market, where, in the event of a positive or negative decision by the Fed, investors begin to invest in certain companies or by selling shares, influencing the change in quotes. indices and stocks of companies⁴⁹. The second reason for paying attention to the interest rate indicator is the fact that the interest rate plays a decisive role in determining the cost of credit for individuals and legal entities. A high interest rate means that the cost of borrowing a loan will be higher, and if the interest rate is low, then the cost of borrowing will be correspondingly low. The third reason concerns savings and investments since interest rates are directly related to people's behavior. At a high interest rate, people prefer saving, and at a low interest rate, people try to invest and make a profit from their investments, which thereby affects the change in quotes in the stock market⁵⁰. The fourth and final reason for the importance of the interest rate indicator lies in its direct impact on the rate of inflation. A higher interest rate can lead to more spending and investment, thus allowing the Fed to control and influence inflation, while a lower interest rate can stimulate spending, thereby increasing the rate of inflation⁵¹.

Based on an official press release from the Federal Reserve Board, the outbreak of an unknown coronavirus infection has caused irreparable damage to people and businesses, as well

⁴⁸ MOLES P., TERRY N. *The Handbook of International Financial Terms*. Oxford University Press, 1997.

⁴⁹ MOLES P., TERRY N. *The Handbook of International Financial Terms*. Oxford University Press, 1997.

⁵⁰ MOLES P., TERRY N. *The Handbook of International Financial Terms*. Oxford University Press, 1997.

⁵¹ MOLES P., TERRY N. *The Handbook of International Financial Terms*. Oxford University Press, 1997.

as disrupted economic activity around the world, affecting trade relations and interpersonal relationships between people⁵². The United States of America was also affected by this damage and the US economy had a solid foundation before the impending crisis, but let's not forget that the press release was published on March 14, at the very beginning of the coronavirus pandemic, where there was no vaccine yet and this virus was not fully understood. The global financial environment for trade and international relations has also been affected hardly. Despite all this, not all countries were ready to immediately introduce any restrictions to prevent the spread of COVID-19.

Information from the meeting of the Federal Open Market Committee in January indicates that the labor market remained strong throughout February, and economic activity grew at a moderate pace. The unemployment rate remained low during the period under review, and household spending grew at a moderate pace. Enterprises' investment in fixed assets and exports remained weak, as the mood of investors could be predicted, as investors understood that a crisis was coming, where they could lose money. Moreover, there were no prerequisites for investment. As for the US economic sector, it is in a state of stress. On a 12-month basis, headline inflation and inflation for goods other than food and energy is less than 2%. Market-based measures to compensate for inflation have declined; Poll-based measures of long-term inflation expectations have changed little⁵³.

It also follows from this press release that the committee is negative about COVID-19 and its impact on the economic sphere in the United States both in the short term and in the future. One of the committee's actions was to lower the price range for the federal funds rate to 0-1/4%⁵⁴. The Committee believes that this action can help maintain working conditions and the economic environment, as well as maintain economic stability during a difficult period for economic

⁵² Board of Governors of the Federal Reserve system. Press Release. Federal Reserve issues FOMC statement. [online]. March 15, 2020. [cited 01-22-2023 11:57 PM]. Available from the Internet: <https://www.federalreserve.gov/newsevents/pressreleases/monetary20200315a.htm>

⁵³ Board of Governors of the Federal Reserve system. Press Release. Federal Reserve issues FOMC statement. [online]. March 15, 2020. [cited 01-22-2023 11:57 PM]. Available from the Internet: <https://www.federalreserve.gov/newsevents/pressreleases/monetary20200315a.htm>

⁵⁴ Board of Governors of the Federal Reserve system. Press Release. Federal Reserve issues FOMC statement. [online]. March 15, 2020. [cited 01-22-2023 11:57 PM]. Available from the Internet: <https://www.federalreserve.gov/newsevents/pressreleases/monetary20200315a.htm>

development. The committee's plans were to return inflation to 2% so it is a target to keep the inflation on this level.

The committee, in turn, promised to monitor the impact of coronavirus infection on economic indicators and economic activity in general. Under consideration by the committee is the healthcare sector, reducing inflationary pressure on the economy, as well as on the US financial markets, and promises to use political and economic instruments of influence to address and weaken the impact of COVID-19 on the economic component. Moreover, a monetary policy adjustment is expected, which will assess the expected economic impact at a 2% inflation rate. According to the press release, the committee planned to evaluate a wide range of information and economic indicators that could in turn affect the state of real estate markets, financial markets and food prices⁵⁵.

The Federal Reserve was ready to use the full range of its tools to keep credit flowing to households and businesses and thus achieve its goals of maximum employment and price stability. To support the smooth functioning of the markets for Treasury securities and mortgage-backed agency securities, which are central to the flow of credit to households and businesses, the Committee will increase its holdings of Treasury securities by at least \$500 billion in the coming months, and its holdings of agency mortgage-backed securities worth at least \$200 billion⁵⁶. The Committee will also reinvest all principal payments from the Federal Reserve's holdings in agency debt and agency mortgage-backed securities into agency mortgage-backed securities. In addition, Open Market Desk has recently expanded its overnight and futures buyback operations. The Committee will continue to closely monitor market conditions and is prepared to adjust its plans as necessary⁵⁷.

In a related set of actions to support the credit needs of households and businesses, the Federal Reserve announced measures related to the discount window, intraday credit, bank capital

⁵⁵ Board of Governors of the Federal Reserve system. Press Release. Federal Reserve issues FOMC statement. [online]. March 15, 2020. [cited 01-22-2023 11:57 PM]. Available from the Internet: <https://www.federalreserve.gov/newsevents/pressreleases/monetary20200315a.htm>

⁵⁶ MILSTEIN E., WESSEL D. What did the Fed do in response to the COVID-19 crisis? [online]. December 17, 2021. [cited 01-23-2023 12:54 AM]. Available from the Internet: <https://www.brookings.edu/research/fed-response-to-covid19/>

⁵⁷ Board of Governors of the Federal Reserve system. Press Release. Federal Reserve issues FOMC statement. [online]. March 15, 2020. [cited 01-22-2023 11:57 PM]. Available from the Internet: <https://www.federalreserve.gov/newsevents/pressreleases/monetary20200315a.htm>

and liquidity buffers, reserve requirements, and—in coordination with other central banks—the United States dollar liquidity swap line arrangements⁵⁸.

2.1.3. US Stock Exchange Market during COVID-19

The stock market has two functions: the first is to provide the company with space to manage its capital, earn cash by providing a percentage of the company's value and, in some cases, share a percentage of profits with investors (dividends) depending on the amount invested in a particular company. For example, a company goes public and issues 100,000 shares to the public at an initial cost of \$1 per share. This means that the company has 100 thousand dollars of capital that it can use for its business. If the value per unit of a share rises or falls, then, depending on the movement of the share price, capital can either decrease or increase. It all depends on the supply and demand of a particular stock of the company. If the company has good key indicators in the financial report for a certain period and a potential investor sees the prospects for the development of a particular company, then demand increases, forcing the price to rise. If the key indicators in the financial report are negative or do not meet the expectations of investors, demand decreases for this share, forcing it to move down, which affects the change in the stock price of a particular company. Public companies that are on the stock market offer a part of the company instead of borrowing capital, thus avoiding possible financial difficulties with the emergence of debts to creditors and the payment of interest and penalties on potentially incurred debt.

The second purpose of the financial market is to provide space for potential investors to make a profit by buying one or another share of the company. There are a huge number of investment strategies, but profit usually occurs according to two principles: buying a unit of a share at a lower price and over time selling the same unit of a share at a higher cost of the initial price, as well as receiving regular payments from companies - dividends.. The stock exchange market can be a barometer of the health of the economy, as the performance of the market is closely tied to the performance of the companies listed on the exchanges and the overall state of the economy. The stock exchange market is also used as a source of funding for companies, as they can raise

⁵⁸ Board of Governors of the Federal Reserve system. Press Release. Federal Reserve issues FOMC statement. [online]. March 15, 2020. [cited 01-22-2023 11:57 PM]. Available from the Internet: <https://www.federalreserve.gov/newsevents/pressreleases/monetary20200315a.htm>

capital by issuing stocks and selling them to investors. This capital can be used for a variety of purposes, such as financing growth and expansion, research and development, or paying dividends to shareholders.

The US stock exchange market was greatly impacted by the COVID-19 pandemic in 2020 and early 2021. This had a significant impact on the stock exchange market, as the performance of companies and the market is closely tied to the health of the economy⁵⁹. During the COVID-19 investors withdrew their funds trying to fix profits or minimize losses associated with investments in a particular company in the US and around the world. Indeed, decisions and actions by the federal government to restrict movement, close stores and restrict trade and disrupt the supply chains of goods and restrict the provision of services have caused huge damage to stock prices of companies, since the presence of any restrictions in supply or sales had a huge impact on the financial reports of companies provided for potential investors, where, in turn, potential owners of a share of a company decide for themselves whether to invest or not. Thus, the supply restrictions and lockdown caused by COVID-19 played an important role in the negative change in stock prices in the US financial market, and also provoked the withdrawal of funds from stocks into cash, thereby provoking a decrease in demand, which in turn affected supply, that is, a change in stock prices⁶⁰.

Usually, investors are considering the situation on the market for changes in indexes on financial markets, where quotes usually include the average value of the value of certain shares included in the index of a particular quote. Thus, if there is an increase, for example, in S&P 500 quotes, where the quote includes the value of the top 500 companies by capitalization in the United States, then investors can observe the mood in the market, thereby creating demand for a particular

⁵⁹BAKER S., BLOOM N., DAVIS S., etc. *The unprecedented stock market impact of COVID-19*. [online]. NBER website. [cited 02-02-2023 8:05 PM]. Available from the Internet: https://www.nber.org/system/files/working_papers/w26945/w26945.pdf

⁶⁰ *United States of America. Government and institution measures in response to COVID-19*. [online]. KPMG. [cited 02-02-2023 3:20 PM]. Available from the Internet: <https://kpmg.com/xx/en/home/insights/2020/04/united-states-of-america-government-and-institution-measures-in-response-to-covid.html>

share of the company, which in turn time is the engine of supply. S&P 500 index has been published since March 4, 1957⁶¹.

The ensuing financial crisis is detectable in the behaviors of different stock market indices. In the United States (US), for example, the S&P 500, DJI Average, and Nasdaq index fell dramatically until the government secured the Coronavirus Aid, Relief, and Economic Security (CARES) Act. According to MarketWatch website at which point the three indices rose by 7.3%, for S&P 500, 7.73% for Dow & Jones Industrial Average Index and 7.33% for NASDAQ Index. Moreover, the 10-year US Treasury Bond Yields have dropped to 0.67% the Yahoo finance statistical data shows us⁶².

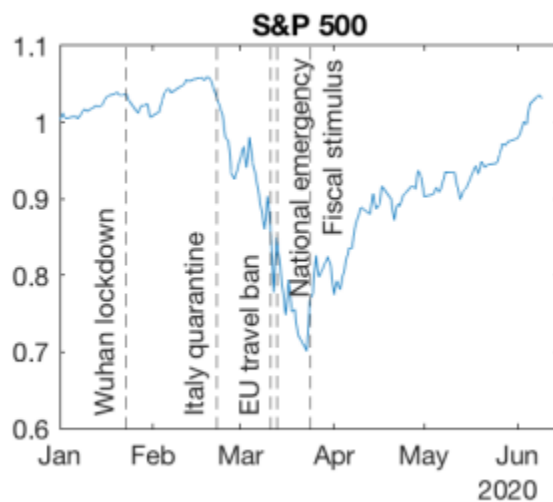


Figure 1. The response of the US stock market following five restrictions⁶³

⁶¹ VALETKEVITCH C. *Key dates and milestones in the S&P 500's history*. [online]. Reuters. [cited 02-02-2023 8:14 PM]. Available from the Internet: <https://www.reuters.com/article/us-usa-stocks-sp-timeline-idUSBRE9450WL20130506>

⁶² YOUSFIA M., ZAIEDB Y., CHEIKHC N., BEN B., BOUZGARROUE L. *Effects of the COVID-19 pandemic on the US stock market and uncertainty: A comparative assessment between the first and second waves*. [online]. [cited 01-22-2023 11:55 AM]. Available from the Internet: <https://www.sciencedirect.com/science/article/pii/S0040162521001426>

⁶³ GORMSEN N.J., RALPH S. J. KOIJEN. *CORONAVIRUS: IMPACT ON STOCK PRICES AND GROWTH EXPECTATIONS. NATIONAL BUREAU OF ECONOMIC RESEARCH*. [online]. [cited 02-02-2023 11:20 PM]. Available from the Internet: https://www.nber.org/system/files/working_papers/w27387/w27387.pdf

To represent the stock index and analyze the change in quotations, let's take the S&P 500 index. Figure 1 shows a graph of the change in the S&P 500 index quotation following 5 events that occurred not only in the framework of public policy in the United States, but also in other countries. On January 23, the city of Wuhan, the city that officially registered the first case of coronavirus infection (COVID-19), went into lockdown. On March 11, a state of emergency was declared in the United States. Further, on March 12, as part of the preventive fight against the spread of coronavirus, the US government introduced a decision to limit the scope of tourism and travel in the European Union, with the exception of the UK. For the March 18 period, the S&P 500 Index fell 30% from January 23. On March 24, the S&P 500 rose almost 10% after news of fiscal stimulus to support the US economy. On March 27, 2020, the CARES act was signed, which meant stimulating the economy by more than \$ 2 billion⁶⁴.

To sum up, US Stock Exchange reacted negatively to the news related to COVID-19, stock prices began to fall, however, thanks to the effective actions of the US government in the field of stock market regulation and stimulating the US economy, investor sentiment has changed, stock prices have begun to return to the moment declines and even managed to rise higher, which guaranteed public companies to use capital in such a difficult time, and investors to benefit in the form of profits due to the growth of stock prices and market stock in general.

⁶⁴ GORMSEN N.J., RALPH S. J. KOIJEN. *CORONAVIRUS: IMPACT ON STOCK PRICES AND GROWTH EXPECTATIONS*. NATIONAL BUREAU OF ECONOMIC RESEARCH. [online]. [cited 02-02-2023 11:20 PM]. Available from the Internet: https://www.nber.org/system/files/working_papers/w27387/w27387.pdf

3. USA POLICY RESPONSE TO COVID-19 IN THE ECONOMICAL SPHERE

In the third chapter, we will consider the methodology that was used in this work, as well as conduct a document review of the CARES act, consider the main points of this act, and also consider what needs such funds were sent to. As part of the first phase of supporting the economy, a national COVID-19 preparedness plan was developed, we will conduct a content analysis of this plan, its main points, as well as how much money was allocated and for what needs. In the last subchapter, we will compare the decisions applied in the framework of public policy and the actions of the US government, as well as analyze their effectiveness and which tools were still more effective in supporting the economy of the decision during the COVID-19 crisis.

3.1. Methodology

Kilonzo and Ojebode contend that since public policy research deals with important social issues, mixed methods research is often preferred as a way of making observations and conclusions concrete and reliable enough to form a basis for policy⁶⁵. Therefore, triangulation of different methods was use for this research to increase the validity and reliability of the findings. Thus, according to Patton - **triangulation** is a way of using qualitative and quantitative multiple methods or data sources in to develop a comprehensive understanding of phenomena⁶⁶. This approach is commonly used in qualitative research where multiple sources of data are collected and analyzed. Furthermore, triangulation helps to provide a more comprehensive and nuanced understanding of the research problem. We are interested in conducting a qualitative analysis of public policy as part of our work, so the use of various methods will allow us to dive deeper into this topic and also allow us to analyze public policy making in the context of the covid crisis in 2020-2021 and compare the effectiveness of the methods used, as well as highlight key aspects and key players. Moreover, the analysis of statistical data and various studies will allow us to add qualitative analysis to our work and draw our own conclusions on this topic. Comparative method, secondary data analysis and content analysis will be applied in the framework of triangulation to achieve

⁶⁵ KILONZO, S.M., OJEBODE, A. (2023). *Research Methods for Public Policy*. [online]. [cited 02-07-2023 5:45 PM]. Available from the Internet: https://doi.org/10.1007/978-3-030-99724-3_4

⁶⁶PATTON, M.Q. *Enhancing the quality and credibility of qualitative analysis*. 1999. Health Sciences Research, 34, pp. 1189–1208.

qualitative results during our research and find out the best approach that have been used by the government of the United States of America to prevent the consequences of the COVID-19.

Public policy output analysis is a method of evaluating the results or outcomes of a public policy, program, or intervention. More emphasis is placed on assessing the extent to which the policy has achieved its intended goals and objectives, as well as the extent to which it has achieved the desired results and outputs. Analysis usually includes the collection and study of quantitative and qualitative data, the use of surveys, experiments and case studies. To gain a comprehensive understanding of the impact of a policy, it is important to analyze the outcomes of program delivery factors, the target population and contextual conditions in addition to the policy itself. Ultimately, the results of the analysis can help inform policy development, implementation and inform future policy decisions⁶⁷.

Keynesian economics is a macroeconomic approach that was developed by British economist John Maynard Keynes in 1961. This system draws attention to government intervention in the management of the economy during periods of economic recession and high unemployment. According to this economy, government spending can stimulate aggregate demand and lead to economic growth. It is argued that during an economic downturn, the government should increase spending and cut taxes to compensate for the deficit, as the private sector may not be able to spend enough to maintain full employment. The Keynesian concept also suggests that the government can control the money supply or set interest rates to influence economic activity⁶⁸.

Public policy analysis is the systematic examination of government policies to determine their effectiveness, efficiency, and impact. It is an interdisciplinary field based on the concepts and methods of political science, economics, sociology, and other social sciences. The purpose of this analysis is to provide objective information to support informed decision making by policy makers. Analysis is the collection and examination of data and information related to a policy problem, the identification of policy alternatives, and the evaluation of possible consequences. Also, public

⁶⁷ WATERMAN R.W., WOOD B.D. *Policy Monitoring and Policy Analysis*. [online]. Journal of Policy Analysis and Management. Vol. 12, No. 4 (Autumn, 1993), pp. 685-699. [cited 02-05-2023 12:07 AM]. Available from the Internet: <https://www.jstor.org/stable/3325346>

⁶⁸ JAHAN S., MAHMUD A.S., PAPAGEORGIOU C. *What Is Keynesian Economics?* [online]. September 2014, Vol. 51, No. 3. International Monetary Fund. [cited 02-05-2023 12:07 AM]. Available from the Internet: <https://www.imf.org/external/pubs/ft/fandd/2014/09/basics.htm>

policy analysis may include evaluating existing policies and programs, finding gaps, and providing recommendations for improving the policy agenda⁶⁹.

Comparative research method is a research method that involves the comparison of two or more things for in-depth study of one or more things within the framework of one research⁷⁰. Within the framework of this research, we selected a comparative analysis in thesis because in the field of the research, the comparison the implemented tools regarding prevention of COVID-19. A comparative analysis will help to deeper understand this topic and compare the political tools.

Secondary data analysis method is a method of researching ready-made data, studies, dissertations, publications that have been carried out by other authors to conduct their own analysis within a specific topic within the framework of any research⁷¹. In this study, we refer to the works and publications of other authors in order to analyze the prevention of the COVID-19 consequences in the US and get acquainted with other opinions to provide a qualitative analysis of the topic.

Content analysis is the systematic and methodical examination of textual or visual documents. In content analysis, the researcher tries to minimize possible cognitive and cultural biases while ensuring the objectivity of his research⁷². In the case of our research we will focus on the content analysis of three main Acts that was signed-off by the President of the US to prevent the spread of the coronavirus infection (COVID-19) and stimulate the economical arena. The review of CARES Act – The Coronavirus Aid, Relief, and Economic Security Act, Coronavirus Preparedness and Response Supplemental Appropriations Act and Families First Coronavirus Response Act. All three of these acts were directed to prevent COVID-19 spread and boost economical arena during 2020-2021.

⁶⁹WATERMAN R.W., WOOD B.D. *Policy Monitoring and Policy Analysis*. [online]. Journal of Policy Analysis and Management. Vol. 12, No. 4 (Autumn, 1993), pp. 685-699. [cited 02-05-2023 12:07 AM]. Available from the Internet: <https://www.jstor.org/stable/3325346>

⁷⁰FINIFTER A.W. *Political Science: The state of the Discipline II*. Washington D.C.: American Political Science Association. The comparative method. [online]. 1993. [cited 04-26-2021 1:47 AM]. Available from Internet: <https://polisci.berkeley.edu/sites/default/files/people/u3827/APSA-TheComparativeMethod.pdf>

⁷¹JOHNSON M.. *Secondary Data Analysis: A Method of which the Time Has Come*. [online]. [cited 05-08-2021]. Available from Internet: http://qqml.net/papers/September_2014_Issue/336QQML_Journal_2014_Johnston_Sept_619-626.pdf

⁷²JACOBS T., GHEYLE N. *Content Analysis: a short overview*. [online]. [cited 12-21-2022 6:44 PM]. Available from the Internet: https://www.researchgate.net/publication/321977528_Content_Analysis_a_short_overview

3.2 Coronavirus Preparedness and Response Supplemental Appropriations Act as a legislative response to the COVID-19 pandemic

As part of the first phase of the fight against coronavirus infection (COVID-19) and preventing its spread, the Coronavirus Preparedness and Response Supplemental Appropriations Act passed the House of Representatives legislation on March 4 and the Senate legislation on March 5, 2020. On March 6, 2020 it was signed by US President Donald Trump. It should be underlined that communication between political actors was without any hesitation, the political actors were working together as a big mechanism and due to well-coordinated cooperation the act was passed quickly and bureaucratic processes took a small amount of time, in just three days this act was signed by the House of Representatives, the Senate and then the President. It is also worth noting the fact that in the House of Representatives there was a vote where 415 votes were “in favor” and only 2 “against”⁷³. Also in the Senate, the decision was supported by 96 people comparing with 1 voted against⁷⁴.

In late February, the administration of those period of the President of the United States (POTUS) Donald Trump prepared a formal request to Congress for emergency funding to fight the pandemic. Approximately \$2.5 billion had been requested at that time, but Congress considered this amount too small to begin addressing the coronavirus crisis, and more than \$8.5 billion was eventually allocated⁷⁵. The largest percentage of the money under the signing of this act is directed to the Emergency Fund for Public Health and Human Services. Cash payments will amount to about 3 billion. \$2 billion will be allocated to replenish the budgets of states fighting the coronavirus. \$1.5 billion for the Centers for Disease Control and Prevention. Moreover, more than one billion dollars has been allocated for the development and testing of a vaccine at the National Institutes of Health, as well as \$1 billion in support from the US Agency for International

⁷³FINAL VOTE RESULTS FOR ROLL CALL. H R. *On Motion to Suspend the Rules and Pass. Coronavirus Preparedness and Response Supplemental Appropriations Act, 2020*. [online]. [cited 02-05-2023 5:02 AM]. Available from the Internet: <https://clerk.house.gov/evs/2020/roll086.xml>

⁷⁴ SHABAD R. *Senate passes \$8.3 billion emergency bill to combat coronavirus*. [online]. NBC News. [cited 02-05-2023 5:09 AM]. Available from the Internet: <https://www.nbcnews.com/politics/congress/senate-passes-8-3-billion-emergency-bill-combat-coronavirus-n1150521>

⁷⁵ CARNEY J. *Schumer requesting \$8.3 billion in emergency funding on coronavirus*. [online]. The Hill. [cited 02-05-2023 5:09 AM]. Available from the Internet: <https://thehill.com/homenews/senate/484679-schumer-requesting-85-billion-in-emergency-funding-on-coronavirus/>

Development. The funds supposed to be distributed over a number of years, according to the measure, though the time frames differ by agency and account.

This act was intended to deal with some problems and the funds were directed to the development, production and purchase of vaccines and other medical equipment. The main directions that the funds were used to is provide grants to state, local, and tribal agencies and health organizations, provide cash loans and benefits for small and middle-sized businesses that were affected by the limitations and coronavirus infection (COVID-19). Some funds were directed to the preparedness events for U.S Embassy that are located outside the United States of America⁷⁶.

This act marked the beginning of the US government's fight against the spread of COVID-19 and support for the US economy. As part of this act, funds were allocated for the development of a vaccine, the development of tests for COVID-19, and the replenishment of the state budget. For example, comparing this act and CARES, within the framework of stimulating the housekeeper, the funds were directed to different needs. So, for example, about 20 million were allocated to Small Business Administration (SBA) within the first phase, and about 38 billion were allocated already within the third phase (CARES act). However, this act had a great impact on the fight against coronavirus and set the right pace, and also helped to build the necessary, useful and correct communication between political actors, which in turn made it possible to make quick and effective decisions, which in turn influenced human lives, economic indicators and the US economy as a whole.

This act as first aid was perceived rather positively than negatively. This act was supported by a huge number of political actors, including actors in the health sector: the American Medical Association, the American Hospital Association, the American Nurses Association. Among the main political and economic actors, the US Chamber of Commerce supported the bill as a whole, implying in this bill the provision of a low-interest loan for small businesses and enterprises in case of economic damage as part of support from the economic consequences of the coronavirus crisis.

⁷⁶ H.R.6074 - *Coronavirus Preparedness and Response Supplemental Appropriations Act, 2020*. [online]. 116th Congress (2019-2020). [cited 12-27-2022 3:46 PM]. Available from the Internet: <https://www.congress.gov/bill/116th-congress/house-bill/6074>

However, in terms of financial stimulus, compared to the other two phases of preventing the spread of COVID-19 and stimulating the US economy, it cannot be said that the contribution was significant, but it can be said with certainty that it was necessary to set the pace for crisis management and prevent the large consequences of the coronavirus crisis.

3.3 Families First Coronavirus Response Act as a legislative response to the COVID-19 pandemic

As part of the second phase of combating the spread of coronavirus infection and supporting the US economy. It passed the United States House of Representatives legislation on March 14, 2020, and on 18 March, 2020 the Senate. Then it was signed-off by the POTUS Donald Trump on 19 March, 2020, however the act was effective only from 2 April, 2020. The Families First Coronavirus Response Act (FFCRA) was proposed to provide a small economic stimulus compared to CARES and the amount of the act was more than \$105 billion which were directed to free COVID-19 testing for US citizens and taxpayers, as well as the opportunity go to a paid 14-day quarantine with the possibility of maintaining wages, support unemployment benefits for affected tax-payers and citizens of the United States of America, provide a food assistance (SNAP program) for vulnerable families with low income, provide a high-quality equipment who health workers who is dealing with first contact COVID-19 affected people and provide additional funding to states for the ongoing economic consequences of the pandemic, among other provisions⁷⁷. \$1 billion of these funds were directed to emergency funding for unemployment trust funds. Funding came through the US Department of Labor. The purpose of the stimulus was to provide extensive access to unemployment benefits for those directly affected by the coronavirus infection and at the same time reduce the bureaucratic processes for applying for unemployment benefits, thereby allowing citizens to access benefits faster than usual⁷⁸.

As part of the FCCR Act there was adopted one more program - the SNAP – national anti-hunger program for low-income people based in all states in the United States of America. In 2021

⁷⁷H.R.6201 - *Families First Coronavirus Response Act*. [online]. 116th Congress (2019-2020). [cited 12-27-2022 6:03 AM]. Available from the Internet: <https://www.congress.gov/bill/116th-congress/house-bill/6201/text>

⁷⁸KRUPIN J.P., PARENTE M., ETC. *President Trump Signs the Families First Coronavirus Response Act into Law*. [online]. March 19, 2020. [cited 02-05-2022 6:45 AM]. Available from the Internet: <https://www.bakerlaw.com/alerts/president-trump-signs-the-families-first-coronavirus-response-act-into-law>

more than 41 million people with low-paid jobs, low-income older adults, people with disabilities, etc. got a help from SNAP via affording a nutritionally adequate diet each month. The cost of SNAP benefits were fully covered by the federal government in 2021, who also shares the program's administrative expenses with the states that implemented it. These three territories get capped block grants for nutrition assistance rather than receiving SNAP benefits despite having higher rates of poverty than the rest of the United States. In order to access the SNAP program, each state had its own rules for applying for this benefit, almost every state had the opportunity to apply online, participants only needed to provide their personal data about their income, as well as confirm their identity and if a person passed according to the criteria, then a SNAP benefit was applied to it⁷⁹.

Companies that employed less than 500 people could take advantage of the benefits of this act, since it was the employees of such companies that could use take Emergency Paid Sick Leave to sit in quarantine for 14 days, have paid sick leave from the company, thereby preventing the spread of COVID-19 infection among people, thus influencing the percentage of infected and the number of deaths from coronavirus, because any potential contact can be the starting point for any person⁸⁰. The employer paid directly to the employees who took the paid sick leave, and the employer has already received a tax credit to be able to pay this sick period.

Summing up, within the framework of the second phase, the FFCR act played an important role in solving the problem in the context of public policy. Of course, in financial terms, it was not as big and grandiose as CARES, but it made a huge contribution as part of the social support of the US population. Thanks to this act, US citizens have become more protected in terms of health care, and legal entities have become able to cover the costs associated with providing sick leave for their employees related to COVID-19.

⁷⁹ POLICY BASICS: THE SUPPLEMENTAL NUTRITION ASSISTANCE PROGRAM (SNAP). [online]. [cited 02-06-2023 8:39 AM]. Available from the Internet: <https://www.cbpp.org/research/food-assistance/the-supplemental-nutrition-assistance-program-snap>

⁸⁰ GIGER S.L., RICHARD I. etc. *The New Employer Obligations under the Slightly Revised Families First Coronavirus Act (H.R. 6201)*. [online]. March 18, 2020. [cited 12-27-2022 6:03 AM]. Available from the Internet: <https://www.jacksonlewis.com/publication/new-employer-obligations-under-slightly-revised-families-first-coronavirus-act-hr-6201>

3.4. CARES Act as a legislative response to the COVID-19 pandemic

The Coronavirus Aid, Relief, and Economic Security Act or CARES Act is a more than \$2 trillion stimulus bill passed by the 116th US Congress and signed into law by the 45th President of the United States of America, Donald Trump, on March 27, 2020, in response to the economic situation and prevention of the consequences of the COVID-19 pandemic in the United States during this crisis. The stimulus have passed in the third phase of the public policy making decision⁸¹. It was the biggest economical stimulus in the United States of America history. This amount included several points: lump-sum payments to citizens who are taxpayers and who file an annual tax return. The second payment item was an increase in unemployment benefits. The third item included the provision of cash loans to small and medium-sized businesses to pay employees working in a particular enterprise. Loans to corporations and payroll to state and local governments also included in the CARES act⁸². The main reason of the signing of the CARES act is to provide emergency assistance and health care response for individuals, families, and businesses affected by the 2020 coronavirus pandemic. This document contains 247 pages, which describes in detail what needs the funds should be directed to, as well as their directions by industry, conditions of getting the help to whom who needs it, the terms that were used within the framework of this document stimulating the economy, and legal obligations on the part of the state. This act includes the direction of assistance to both individuals and companies affected by the 2020-2021 coronavirus (COVID-19) crisis.

The CARES act includes 7 different areas that government money has been allocated to support the economy: personal benefits, unemployment assistance, small business assistance, assistance to large and medium-sized businesses, tax credits and loans, hospital and healthcare assistance, and state and local authorities⁸³. According to the CARES act, the biggest single expenditure was 300 billion US dollars directed to the Individuals - to American taxpayers and 350 billion US dollars was paid out in forgivable loans to small businesses to subsidize their

⁸¹ *United States of America. Government and institution measures in response to COVID-19*. [online]. KPMG. [cited 02-02-2023 3:20 PM]. Available from the Internet: <https://kpmg.com/xx/en/home/insights/2020/04/united-states-of-america-government-and-institution-measures-in-response-to-covid.html>

⁸² S.3548 - CARES Act. 116th Congress (2019-2020). [online]. [cited 12-27-2022 3:46 PM]. Available from the Internet: <https://www.congress.gov/bill/116th-congress/senate-bill/3548/text>

⁸³ S.3548 - CARES Act. 116th Congress (2019-2020). [online]. [cited 12-27-2022 3:46 PM]. Available from the Internet: <https://www.congress.gov/bill/116th-congress/senate-bill/3548/text>

payrolls during the disruption of the pandemic. Comparing with the total amount of the CARES act – 2.2 trillion - over 1/4 or 25% of the overall economic stimulus bill. 153.5 billions were directed to public health, 500 billions to big companies, 377 billion US dollars to small businesses, 339 billion to State and Local governments and over 69 billion to Education and Safety net⁸⁴.

In the framework of the analysis of the public policy making and the policy output it is very crucial to have a deep dive analysis and consideration of the CARES act - the largest economic stimulus in United States history and having the estimation of its effectiveness and impact on the economy, whether it was the right decision from the US government or not, and assess whether this act has achieved their goals that have been set or not. It is a big mistake to expect durable economic recovery without consumers feeling safe.

The impact of the economic stimulus package is significant. However, like any decision, there are both positive and negative aspects. For example, economic stimulus was also aimed at taxpayers with all types of income, but taxpayers with low income received more, at one time American taxpayers with an average income level in the country did not gain so much, and even more so in the future they faced a higher tax burden, thereby making the economic impact on individuals uneven. The fall in net wages at the bottom of the income distribution was at least 10% deeper than for workers at the top of the income distribution. Ironically, while the labor income of poor households fell more than that of the rich and remained stubbornly low, the consumption spending of the poor initially fell the most, but then recovered faster than that of the rich. Many households at the bottom of the income distribution with liquidity constraints actually experienced a significant increase in their total income. For many in the bottom distribution, unemployment benefits exceeded their incomes (with replacement rates over 100%), and starving stimulus recipients spent their benefits in the first weeks after receiving them. As a result, households with lower incomes, higher income declines, and lower levels of liquidity showed stronger spending responsiveness. A consequence of the CARES Act is a significant increase in public debt. The

⁸⁴ MATSUO A.S. *CARES Act: Financial services impacts. Regulatory impacts of the CARES Act to the financial services indust.* [online]. KPMG. [cited 12-27-2022 3:46 PM]. Available from the Internet: <https://advisory.kpmg.us/articles/2020/cares-act.html>

debt-to-GDP ratio is up about 12% from pre-pandemic levels, compared to a 3% increase without the stimulus package⁸⁵.

To sum up, all the economic stimulus have the significant impact, however the CARES act has played a decisive role in resolving the COVID-19 and post-COVID-19 crisis. This act was the largest financially in the history of the existence of the United States as a state. CARES has affected economic performance not only for individuals, but also for legal entities, providing loans, as well as tax incentives. Stock Market also responded positively to the CARES act, not only returning the indices to the level of decline, but also managed to increase the level of stock quotes. The financial boost had a positive impact not only on the economic component of the country, but also on the political and social spheres of life.

3.5. The assessment of the implemented tools in the US Public Policy and their efficiency

During 2020 in three months from March to June, Trump and Congress were able to work well-coordinated to increase the efficiency of the public policy making in the economical arena and decided together to stimulate the federal budget by \$2.7 trillion dollars. The President of the United States of America signed-off three significant Acts that were affected on the US healthcare system, US economy and social sphere⁸⁶.

The 2020 Coronavirus Preparedness and Response Supplemental Appropriation Act allowed the Secretary of HHS to change and adjust some specific rules in the healthcare system to allow more decision-making freedom, allowing beneficiaries to be allowed telehealth services at home (to receive benefits online through Internet) and increasing the number of services that can be

⁸⁵ KAPLAN G., MOLL B., VIOLANTE G. L. *The Impact of the CARES Act on Economic Welfare*. [online]. September 2020. Becker Friedman Institute. [cited 02/05/2023 2:30 PM]. Available from the Internet: <https://bfi.uchicago.edu/insight/finding/cares-impact-on-welfare/#:~:text=The%20CARES%20Act%20mitigated%20economic,little%20from%20the%20stimulus%20package>

⁸⁶ MOFFIT R., BADGER D. *Forging a Post-Pandemic Policy Agenda: A Road Map for COVID-19 Congressional Oversight*. [online]. January, 2023. [cited 02-07-2023 12:57 PM]. Available from the Internet: <https://www.heritage.org/health-care-reform/report/forging-post-pandemic-policy-agenda-road-map-covid-19-congressional>

provided through telemedicine to avoid direct contact between people and prevent the spread of coronavirus (COVID-19) infection⁸⁷.

The Families First Coronavirus Response Act expanded access to telehealth services for Medicare recipients while removing cost-sharing for recipients of both regular Medicare plans and Medicare Advantage plans for COVID-19 diagnostic tests. This allowed the employer to feel more secure both financially and socially. Employees, in turn, received an additional number of rights and freedoms, allowing them to go to the skill level and at the same time not lose income or impose a financial burden on one or another employee who fell ill with COVID-19 or went on sick leave for the same reason⁸⁸.

The largest economic stimulus and health support package in all of U.S. history was the Coronavirus Aid, Relief, and Economic Security Act, or CARES Act. Among other important provisions, Congress extended the deadline for hospitals and other healthcare providers to pay funds to the government and expanded the Fast-Track and Advance Payment Program to reimburse Medicare hospitals during a health emergency. The law increased Medicare hospital payments for COVID-19 patients by 20% and further expanded telehealth and practice scope for non-physicians, including nurse practitioners, paramedics, and clinical nurses. Programs that have been implemented under the CARES Act have mitigated the loss of economic welfare by an average of about 20%, while the cumulative death rate has remained virtually unchanged. However, the National COVID-19 Preparedness Plan, the main reason for which the development of a vaccine and the fight against new cases of coronavirus infection, influenced the death rate and the level of its decline. Comparing these acts, we can say that in terms of funding activities and areas for which funds were allocated, CARES turned out to be more effective in this regard. Moreover, the law affected the economic indicators of the US economy, such as the unemployment rate, GDP, recession, inflation and others, the change in stock prices on the stock market had a positive impact on the US economy as a whole. Because of CARES Act implementation, economic indicators were

⁸⁷ MOFFIT R., BADGER D. *Forging a Post-Pandemic Policy Agenda: A Road Map for COVID-19 Congressional Oversight*. [online]. January, 2023. [cited 02-07-2023 12:57 PM]. Available from the Internet: <https://www.heritage.org/health-care-reform/report/forging-post-pandemic-policy-agenda-road-map-covid-19-congressional>

⁸⁸ MOFFIT R., BADGER D. *Forging a Post-Pandemic Policy Agenda: A Road Map for COVID-19 Congressional Oversight*. [online]. January, 2023. [cited 02-07-2023 12:57 PM]. Available from the Internet: <https://www.heritage.org/health-care-reform/report/forging-post-pandemic-policy-agenda-road-map-covid-19-congressional>

able to quickly recover, reduce inflation and affect GDP in a positive way. However, comparing with the Coronavirus Preparedness and Response Supplemental Appropriations Act, we can say that this particular act showed how important cohesion and collective decision-making are for the effective interaction of the government apparatus to implement effective political and economic actions to prevent the consequences of coronavirus infection (COVID-19) and also to prevent the impact of the crisis on the US economy⁸⁹. In turn, the Families First Coronavirus Response Act brought individuals and legal entities more rights and freedoms in the social sphere of life, providing space for maintaining the healthcare sector and stability in the labor market, thereby positively influencing the unemployment rate and thereby preventing large consequences. within the coronavirus crisis.

Experts generally agree that the Coronavirus Preparedness and Response Supplemental Appropriations (CPRSA) Act was a necessary step in the U.S. response to the COVID-19 pandemic. However, there were also concerns raised by some experts about the speed and efficiency of the distribution of funds, particularly to areas that were hardest hit by the pandemic. Others criticized the lack of coordination and communication between federal, state, and local governments, which they argued limited the effectiveness of the response efforts⁹⁰.

Furthermore, experts argue that The Families First Coronavirus Response Act was one of the big steps in protection the employees and employers to provide economic stimulus and let people keep their wages instead of being on a sick leave without being paid. This act served as a good foundation for the decision and implementation of the CARES Act⁹¹.

Many experts praised the act for providing much-needed support to individuals and businesses, and helping to prevent a larger economic collapse. Also, they admit that CARES Act was a necessary and unprecedented response to the economic fallout from the COVID-19 pandemic.

⁸⁹ MOFFIT R., BADGER D. *Forging a Post-Pandemic Policy Agenda: A Road Map for COVID-19 Congressional Oversight*. [online]. January, 2023. [cited 02-07-2023 12:57 PM]. Available from the Internet: <https://www.heritage.org/health-care-reform/report/forging-post-pandemic-policy-agenda-road-map-covid-19-congressional>

⁹⁰ WALLACH P.A., MYERS J. *The federal government's coronavirus response—Public health timeline*. [online]. March 31, 2020. [cited 02-06-2023 8:41 PM]. Available from the Internet: <https://www.brookings.edu/research/the-federal-governments-coronavirus-actions-and-failures-timeline-and-themes/>

⁹¹ GIGER S.L., RICHARD I. etc. *The New Employer Obligations under the Slightly Revised Families First Coronavirus Act (H.R. 6201)*. [online]. March 18, 2020. [cited 12-27-2022 6:03 AM]. Available from the Internet: <https://www.jacksonlewis.com/publication/new-employer-obligations-under-slightly-revised-families-first-coronavirus-act-hr-6201>

Some experts also noted that the act's provisions for small businesses, such as the Paycheck Protection Program (PPP), helped to keep many businesses afloat during the early stages of the pandemics. However, there were also concerns raised by some experts about the distribution of funds, with some arguing that the benefits were not reaching the people and businesses that needed them the most. Others criticized the act for not doing enough to address systemic inequalities in the economy, and for not providing enough support for workers in low-wage and essential industries⁹². Mainly the US government has been criticized for being late to take measures to combat coronavirus infection (COVID-19), with the first reported case in 2019 in the city of Wuhan, but the US began discussing solutions in January 2020 and take action in February-March, thereby allowing COVID-19 to spread to the United States. Criticism also came in the direction of the slow work of the bureaucratic mechanism – public policy decision-making.

In conclusion, each of the proposed acts served as a legal response to the emerging global covid-19 pandemic. The US government was not prepared for these challenges, but managed to adapt and make really important decisions to reduce the death rate and the spread of COVID-19, increase vaccination rates and stimulate the US economy in the field of social security and health care, and to maintain the flow of the US market and economy generally.

⁹² CASPI C., SELIGMAN H., ETC. *COVID-19 Pandemic-Era Nutrition Assistance: Impact And Sustainability*. [online]. [cited 02-06-2023 7:04 PM]. Available from the Internet: <https://www.healthaffairs.org/doi/10.1377/hpb20220330.534478/>

CONCLUSION

Summing up the work, we want to underline the results and conclusions we came to in the framework of this research work. The hypothesis that we considered during the thesis was confirmed as we provided a deep analysis of the impact of COVID-19 on policymaking in the economic arena of the United States of America during 2020-2021. Moreover, the proposed methods chosen in the framework of this research helped confirm our hypothesis.

The data analyzed within this study revealed that, indeed, COVID-19 influenced the formation of public policy in the United States, especially in the economic sphere in 2020-2021 and changed the way it works and what needs to be improved to prevent or minimize errors in during the adoption of a particular law or a collection of laws aimed at combating a specific problem. Public policy was aimed at preventing and minimizing the economic consequences faced by the government of the United States of America. However, not all measures have been effective in combating the spread of COVID-19 and vaccinating the population.

In in first phase of the decision-making, the Coronavirus Preparedness and Response Supplemental Appropriations (CPRSA) Act was implemented. It was a necessary first step in response to the COVID-19 pandemic in the U.S. as it showed the way of communication between the actors in the economic, social and political arenas, how they should coordinate with each other and what aspects should be covered in this act to protect the people, the U.S. economy and prevent the COVID-19 spread.

The second phase during the coronavirus crisis was implementing the Families First Coronavirus Response Act, which focused on food assistance, unemployment and paid sick leaves. It added new employer obligations and protection to not only the employees or employers but also families with low-wage income, people with disabilities and the older-adults community.

In the framework of the third phase - The CARES act was implemented - the largest economic stimulus in US history, had a huge impact not only on supporting the entire economy, but was also extended to individuals and legal entities, thereby helping to cope with the economic consequences and the market was able to quickly adapt to new realities thanks to the decisions introduced by states. Like any other decision, each of them has both negative and positive sides,

however, based on statistical data and the rapid recovery of economic indicators, it can be concluded that the CARES act had more positive sides that affected the US economy.

The legislature and public policymaking were both criticized for slow decision-making and extended response to a global problem, and supported because of the effectiveness of the methods used, the suitable investments, and good communication between political actors to prevent the spread of covid-19 and cause even more damage to the US economy. Indeed, economic indicators reacted negatively to the emergence of a coronavirus infection and its entry into the United States. Despite this, the restrictions and financial incentives imposed by the US government to support the US economy have paid off, and economic indicators have responded positively to effective actions by the US government, affecting not only the US economy but also the social and health sectors.

However, it is well-known fact that behind any government decision there is always both criticism and support. Someone considers this or that decision from the positive side, someone from the negative side. Objectively, relying on the actions taken by the United States, summing up the facts of a rapid economic recovery, comparing the impact that served as an incentive to facilitate any bureaucratic processes, established and well-coordinated communication between political actors, combating the spread of coronavirus infection (COVID-19) and preventing potential consequences not only for the US economy but also for the state as a whole, public policy making in the framework of the coronavirus crisis can be assessed positively.

If the CARES act had been singled out first, then everything could have been different, and the situation would have been better than it is now. You can either agree with this statement, or you can reject it. But we cannot deny the evidence of the effective use of economic and political tools to support the US economy and the consequent impact on the social and health sectors. Moreover, it is impossible to deny that for more than a century, humanity has not dealt with a global pandemic, and the coronavirus infection has shown the entire political apparatus what to expect and be ready to solve problems. In any case, this is a good experience in the context of crisis management, showing how important it is to properly build communication between political actors for practical cooperation, positively impacting the solution of a particular problem.

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