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## **Political Battle Looms Over Fed's Emergency Loan Programs.**

**Treasury Department faces pressure to allow lending backstops to expire, but some Fed officials fear the move could be premature**

The success of the Federal Reserve's emergency lending programs in stabilizing financial markets is fueling a political battle over whether the programs should be extended.

Divisions over their future are being amplified by partisan gridlock in Congress over whether to provide more economic stimulus. Democrats, looking ahead to President-elect Joe Biden's inauguration in January, see the programs as a potential tool to deliver more aid if Congress doesn't act, while some Republicans are worried about relying on central bank lending powers as a substitute for congressional spending decisions.

The tussle could open a divide between the Fed and the Treasury Department, which have mostly collaborated smoothly this year over providing emergency support after the coronavirus pandemic convulsed Wall Street. The Treasury launched the programs with the central bank in March and April after that turmoil threatened to freeze the flow of credit to small businesses, large companies, cities and states.

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By Nick Timiraos

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