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Powell Questions Treasury Actions: Discussion of Stimulus Resurfaces

Following Treasury's announcement of the closure of several emergency lending facilities at year's end including the Municipal Liquidity Facility (MLF), Fed Chairman Jay Powell has continued to publically rebuke the action.

Yesterday, testifying alongside Treasury Secretary Mnuchin during a Senate Banking Committee hearing, Powell stated:

"The risk of overdoing it is less than the risk of underdoing it," he said. "People are always worried about doing too much, and you look back in hindsight and say, 'Well, we didn't do too much. We might've done a little more and a little sooner.'"

While Mnuchin defended his action stating that he was following the CARES Act guidelines, the two agreed that the economy needed further Congressional action to stave off another downturn, including Powell urging additional funding for state and local governments.

Congressional Leaders Discuss Stimulus

Following news of a bipartisan stimulus package emerging from a group of lawmakers over the Thanksgiving holiday, both House Speaker Nancy Pelosi and Senate Majority Leader Mitch McConnell expressed their desire to pass additional funding prior to year's end.

However, both parties are still miles away from an agreement and McConnell immediately shot down the prospects of passing the \$900 billion compromise package.

The Senate remains focused on a narrowly tailored package, while the House is adamant that the package needs to be larger and include some funding for state and local governments.

It appears that Majority Leader McConnell plans to attach the narrow stimulus measures to the must-pass government funding measure in the coming days in an effort to force Speaker Pelosi to accept the package or accept blame for a government shutdown.

The BDA will continue to provide updates as they become available.

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