

# AUTOMATIC STABILIZERS PROTECT PEOPLE AND THE ECONOMY

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The pandemic and related economic crisis are a vivid illustration of the critical role programs like unemployment insurance (UI), rental assistance, and direct cash payments play in keeping workers and families afloat. They are also the most recent examples of why [automatic stabilizers](#) — policies that would automatically increase spending on social programs during an economic downturn and pull back on that support when conditions improve — are necessary to protect people and the economy in the face of recessions.

Automatic stabilizers are key to addressing the needs of Black and brown people, who have often been the most impacted by crises yet are often the last to receive assistance. Tying stabilizers to indicators like the Black unemployment rate would create more inclusive and effective policies that meet the needs of all individuals.

[Some](#) policymakers have made the case for cutting off the economic benefits introduced during the pandemic. **Any reduction of benefits, however, must be based on economic indicators that demonstrate how people are actually faring, not arbitrary political deadlines. Because when workers and families haven't recovered from a recession, neither has the economy.**

**Automatic stabilizers can ensure those who are most impacted by economic crises will not be further hurt by a premature reduction in benefits.**

- Policy decisions are often made based on overall economic trends. For example, some political leaders have recently argued for pulling back the pandemic-related economic benefits in light of improving aggregate unemployment rates. However, those aggregate rates [mask the continued economic challenges](#) facing brown and Black workers. Cutting benefits prematurely only further hurts those who experience the heaviest burden of economic downturns.
- Anchoring automatic stabilizers to indicators such as the [Black unemployment rate](#) would ensure the scale and duration of benefits are responsive to the circumstances of those who have historically been the worst impacted in times of crisis. This could be achieved by first tying automatic stabilizers [to a number of different measures of economic crisis at state and national levels](#) and then weighting Black workers' experiences more heavily across those triggers.

**Automatic stabilizers secure timely aid in the face of crisis.**

- It takes time for policymakers to determine a [recession](#) is underway. It takes even more time for them to determine the best policy response to economic indicators that lag behind the reality people face in the wake of a crisis. When stabilizers are tied to indicators that center the most historically marginalized, the policy is responsive to those in the most precarious labor market positions.
- Black and brown workers have a higher likelihood of prolonged unemployment and limited savings to weather periods of lost income. Having stabilizers in place in advance of a crisis – and tying stabilizers to the correct indicators – will help Congress move away from just legislating short-term fixes and give individuals and families across the country the promise of crucial support in times of crisis.

**Automatic stabilizers are incredibly popular because they get support to people directly and pave the way to a faster, more inclusive, and more stable recovery.**

- Policies that center Black and brown workers and communities are a boon for our entire economy. Enhanced [unemployment insurance](#) has injected nearly \$10 billion per week into local economies across the country by one estimate. A permanently expanded [child tax credit](#) could increase its beneficiaries' future earnings by more than \$80 billion per year.
- [Direct cash payments](#) to individuals boost consumer spending and have strong stimulus benefits for the economy. When those payments are tied to automatic stabilizers, they [soften](#) the economic shocks people experience in times of crisis and ensure those supports will last as long as needed, ultimately accelerating the return to a healthy economy.
- Research [shows](#) that voters support Congress implementing policies to automatically increase social spending when there is an increase in unemployment by a two-to-one margin.

**Automatic stabilizers will ensure those who continue to struggle through the pandemic get the help they need and will strengthen the economy in the face of future crises.** We can't say the economy is working when people can't make ends meet. Enacting automatic stabilizers is an essential step toward building an economy that is resilient, equitable, and enables all of us to prosper.