



The Long-Run Fiscal and Economic Effects of the CARES Act

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<https://budgetmodel.wharton.upenn.edu/estimates/2020/5/5/long-run-economic-effects-of-cares-act>

Summary: PWBM estimates that the CARES Act increases GDP by about 5 percent in 2020 while lowering GDP by 0.2 percent in 2030.

Contents

[Figure 1. GDP Under Simulated Recession Scenarios with and without the CARES Act](#)

[Table 1. Economic Effects of the CARES Act](#)



Figure 1. GDP Under Simulated Recession Scenarios with and without the CARES Act

Percent Deviation from Potential Output

Year	"V Shape" Recession, No CARES Act	"V Shape" Recession, CARES Act	"U Shape" Recession, No CARES Act	"U Shape" Recession, CARES Act
2020	-13.4	-9.0	-14.4	-10.0
2021	-0.5	-0.6	-13.2	-12.8
2022	-0.4	-0.7	-7.3	-7.6
2023	-0.4	-0.7	-1.1	-1.3
2024	-0.4	-0.6	-1.1	-1.3
2025	-0.4	-0.6	-1.0	-1.2
2026	-0.4	-0.6	-1.0	-1.3
2027	-0.4	-0.6	-1.0	-1.2
2028	-0.4	-0.6	-1.0	-1.2
2029	-0.4	-0.6	-0.9	-1.2
2030	-0.4	-0.6	-0.9	-1.1



Table 1. Economic Effects of the CARES Act

Percent Change from Economy without CARES Act

"V Shape" Recession					
Year	GDP	Average Hourly			Debt
		Capital stock	Wage	Hours Worked	
2025	-0.2%	-0.5%	-0.2%	0.0%	7.5%
2030	-0.2%	-0.6%	-0.2%	0.0%	7.5%

"U Shape" Recession					
Year	GDP	Average Hourly			Debt
		Capital stock	Wage	Hours Worked	
2025	-0.2%	-0.5%	-0.2%	0.0%	6.7%
2030	-0.2%	-0.6%	-0.2%	0.0%	6.7%