

## **Reflection on CARES Act Money**

**Kris Freeberg, Economist**

**April 25, 2020**

\$2T CARES Act . . . really has me thinking . . . .

The Japanese found that inventory hides problems. That's how they devised Just-In-Time inventory management methods that revolutionized manufacturing around the world, for the better. JIT results in low tolerance for mistakes because you can't afford them. Stockpiled inventory hides and enables mistakes. Is this part defective? That's OK, discard it. We have plenty more.

Same with money. If you have a lot of government money sloshing around in your company's checking account, it can hide a lot of problems, make you feel flush when you're not. It can divert attention from running the business well to all the nuances and implications of having that money.

But eventually the money will run out, and what will be left? A healthy functional sustainable business, or a sick dysfunctional doomed one?

That's the question businesses all across the country are facing right now. I really feel that we all need to keep our eyes on the ball of having healthy functional sustainable businesses, and don't be distracted by this temporary Government Funny Money that could easily, if we let it, obscure, enable, perpetuate, and exacerbate dysfunction that preceded the crisis.

It isn't free. We'll all have to pay it back in higher taxes like my kin in Scandinavia are.

Not that that's a bad thing. Scandinavians are happy people and they have some awesome businesses like Volvo, Saab, Ikea, and Lego. But those taxes have to come from somewhere; and where they come from are healthy, functional, sustainable, highly profitable businesses.

Let's all focus on being that.