

US Congress moves toward massive bailout of big business

By Patrick Martin
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Senate Majority Leader Mitch McConnell closed out the Senate session Monday night without bringing his proposed \$2 trillion bonanza for corporate America to a vote. There is, however, little doubt that the legislation will be passed by the Republican-controlled Senate and the Democratic-controlled House of Representatives within a day or two.

The highly publicized wrangling between Democrats and Republicans over the exact terms of the absurdly named CARES Act (Coronavirus Aid, Relief, and Economic Security Act) is only political theater, engaged in by both parties in order to disguise the highway robbery being carried out by corporate America, using the coronavirus crisis as a pretext.

This massive boondoggle has nothing to do with helping people endangered either medically or financially by the epidemic and the economic dislocation it has caused. The financial aristocracy has seized on the public health crisis as an opportunity to raid the federal treasury, plundering the American people and grabbing whatever it can.

Following the motto of Democrat Rahm Emanuel—“Never let a good crisis go to waste”—both parties are using the COVID-19 epidemic as a chance to obtain favors for their corporate masters beyond their wildest dreams and far beyond anything they carried out in the 2008-2009 bailout of Wall Street and the auto industry.

As it stands now, the bill drafted by the Republican leadership and endorsed by Trump—he urged Monday that it be passed exactly as presented by McConnell—would provide more than \$1.8 trillion in financial aid and other appropriations, the bulk of it directed to the big corporations and the wealthy.

The provisions include:

* \$500 billion for large corporations

* \$350 billion for “small business”

* \$300 billion in direct payments to households

* \$250 billion for state unemployment benefit funds

* \$136 billion in additional funds for federal agencies, including the military and the Department of Homeland Security

* \$106 billion in payments to hospitals, the Veterans Administration and other public health agencies.

The biggest single slice, \$500 billion in loans and loan guarantees for big corporations, has been widely termed a “slush fund” under the control of Treasury Secretary Steven Mnuchin. While the money is earmarked to some extent—\$50 billion to passenger airlines, \$8 billion to cargo airlines, and \$17 billion to firms supplying the Pentagon or intelligence agencies with critical equipment and capabilities—the bulk of it is to be distributed by the Treasury as Mnuchin decides.

Companies receiving aid are required to maintain the same employment levels as prevailed on March 13, 2020, but only “to the extent practicable,” a loophole that renders the requirement completely meaningless.

Other rules prohibit companies that receive federal bailouts from engaging in stock buybacks, bonuses and other measures to enrich their executives, but Mnuchin has the authority to waive all such requirements at his discretion. In addition, the identity of the companies receiving the cash is to be concealed, so that there will be no oversight except by the Trump administration.

There is no restriction, even of a formal character, on the gargantuan salaries of the CEOs and other top executives of major companies like Boeing. The former and current top officials of Boeing should be criminally prosecuted for such crimes as manufacturing what they knew to be the defective 737 Max jet, two of which crashed on takeoff, killing a total of 356 people. Instead, they are being rewarded by having their

eight-figure incomes underwritten by the taxpayers.

When the Obama administration bailed out the auto industry in 2009, by contrast, the Democrats and Republicans demanded steep cuts in the wages and benefits of autoworkers, including a 50 percent cut in the starting pay for new hires. No such demands were made then of the auto executives, and there will be no cuts for the corporate CEOs this time around either.

As for the \$350 billion for “small businesses,” the description of what constitutes such an entity—effectively any company with fewer than 500 employees—is so elastic that most hedge funds will be queuing up to shove their snouts in that particular trough. The Trump Organization, the president’s personal holding company, has about 500 direct employees, as do several of its subsidiaries. Asked whether his own company would benefit from the massive bailout bill, Trump would reply only, “We’ll have to see.”

There is no question that the lion’s share of the “small business” funding will be gobbled up by those able to hire the necessary lobbyists and lawyers, not by family-owned restaurants, dry cleaners or gas stations. These funds are particularly enticing because even the loan portion of the program can be “forgiven” at the discretion of the Treasury.

The main issues in dispute between the Democrats and Republicans are how much of the bill should be devoted to window dressing as opposed to the central purpose of the bill, aiding the corporations and the wealthy, which both parties enthusiastically support.

The Democrats advocate a bit more camouflage, in the form of funds for state and local governments and hospitals and direct payments to workers. The wrangling in the Senate has allowed even hardened right-wingers like Joe Manchin of West Virginia to posture as advocates of working people.

Among the provisions in the Senate bill that have drawn little attention is the exclusion from the \$1,200 per adult cash payment of anyone who did not file an income tax return for 2018 or 2019. This includes millions of Americans, most of them poor, who relied entirely on nontaxable Social Security or retirement income, or who had no taxable income at all and were dependent on various forms of federal and state aid.

Another provision would bar any funds going to “nonprofits receiving Medicaid expenditures,”

language that would exclude Planned Parenthood, a frequent target of attack by anti-abortion zealots among the Christian fundamentalists who exercise vast influence in the Republican Party. It could also exclude payments to agencies providing disability assistance, nursing home care and other social services.

In the maneuvers around the passage of the corporate bailout, Majority Leader McConnell telegraphed the real purpose of the bill by attempting to schedule a vote for 9:45 a.m. on Monday morning. He calculated that this would create the maximum pressure for passage, since the New York Stock Exchange opens trading at 9:30 a.m. and an immediate plunge would trigger a 15-minute “circuit breaker” halting trading.

This maneuver failed only because Democratic Minority Leader Charles Schumer delayed the vote until noon, but the message was clear: Wall Street wants this bill, and its ultimate passage is accordingly assured. (Schumer has received more campaign cash from New York financial interests than any other senator).

The backroom negotiations between McConnell, Schumer, Mnuchin, House Speaker Nancy Pelosi and House Minority Leader Kevin McCarthy continue under conditions of an all-out mobilization of corporate lobbyists across Washington, whose dimensions were summed up by the *New York Times* in the headline, “Coronavirus Stimulus Package Spurs a Lobbying Gold Rush.”

“The prospect of a bailout of a scale without precedent has set off a rush to the fiscal trough, with businesses enduring undeniable dislocation jostling with more opportunistic interests to ensure they get a share,” the *Times* wrote. Among the many claimants were the sportswear company Adidas, “seeking support for a long-sought provision allowing people to use pretax money to pay for gym memberships and fitness equipment,” and drone manufacturers, claiming that they can “deliver medical supplies or food without risking human contact that could spread the virus.”

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