

USA: They Got Bailed Out ? Again!

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So much of capitalism in crisis is like the movie Groundhog Day. The bankruptcy of ideas of the system in its senility leads to ever increasing ?solutions? that wind up repurposing the same tired strategies with a few added bells and whistles. Or as the capitalists might say, the strategies are ?rebranded? and ?repackaged? for a new day and a new crisis.

The response in the US to the Coronavirus and its concurrent medical and economic crises amounts to more of the same rebranding of the solutions we saw during the bailouts in the aftermath of the banking crisis in 2008. As the popular slogan from the Occupy movement went back then, ?They got bailed out and we got sold out.?

And did we ever. Just to recap, \$800 billion dollars was allotted by the political class to ?save? a financial system on the brink of collapse with the Obama administration?s American Recovery and Reinvestment Act passed in 2009. It worked in that the Stock Market began recovering almost immediately. GM was ?saved? and, indeed, the system itself recovered viability and lived to inflate new bubbles with stock buybacks and CEO compensation paid for by extremely cheap loans from the Federal Reserve, loans that only needed the interest paid on them, seemingly in perpetuity. Meanwhile for the rest of us, wages stagnated, inflation, although not a huge problem, still ?inflated,? eating away at our buying power, and anything that benefited the rest of us was in constant danger of being cut in order to ?balance? the budget and cut a Federal deficit that had ballooned with the 2009 bailout.

And then there were tax breaks for businesses and the wealthy that were supposed to reignite a stagnating US economy. There have been at least three major tax cuts this century, under George W. Bush, Obama in the aforementioned American Recovery and Reinvestment Act, and under Trump in 2017. These tax breaks hollowed out the few social democratic types of programs, like Social Security and Medicare that remained while doing nothing to erase the stagnation in capitalist investment. They massively benefited the wealthy and businesses to the detriment of programs like SNAP (food stamps), housing assistance, and Medicaid for the poor, both the indigent and the working poor. These programs that actually helped people and not corporations were cut in austerity measures to pay for those massive bailouts and tax cuts. And even the bell-weather programs, like the aforementioned Social Security and Medicare, were under constant attack by Democrats and Republicans alike. Obama?s ?Catfood Commission? comes to mind, an attempt by a Democratic Party president to ?reach across the aisle? and try to cut this popular and much needed program that keeps at least some of the elderly out of the worst depths of poverty.

And the recent Coronavirus Aid, Relief, and Economic Security (CARES) Act continues to show where the priorities of the capitalist class and their toadies in government lie. And it?s not with the rest of us.

Medical, Societal and Economic Effects of the Crisis in Brief

The caronavirus ? and the sometimes lethal respiratory illness that follows its infection called Covid 19 ?

smacked a US economy that was already showing signs of distress right in the face in a short period of time. Within a couple of months the virus went from a potential minor blip that Trump, in January, underestimated, denigrated and claimed would ?? go away?? to a full-on panic in March. As this is written, estimates are that there are over a million persons infected worldwide and the worst case potential for deaths in the US could reach a quarter of a million people. And that's if proper ?social distancing,? isolation, and ?stay in place? measures are taken. Hospitals in New York City are overwhelmed with cases. There are severe shortages in Personal Protective Equipment (PPEs) like masks and clothing for healthcare workers, and in respirators, ventilators, and medicines to treat the sick. And the PPEs, medical equipment and drugs that are available are subject to occasional price gouging by individual capitalists who see the shortages and the crisis as a way to increase their bottom line. Even without price gouging, hospitals, the states and the Federal government are all bidding against each other and the rest of the world for what is available under the chaos of the ?market.?

The harm to the economy is equally dire. The US is now undoubtedly in a recession brought on by the measures to limit the spread of the virus. Although the ?official? call on a recession usually comes a few months after the downturn begins, the facts support a recession now and probably one more severe than even the Great Recession of 2008.

Examples abound of the economic problems occurring in real time. Leisure industries, entertainment, restaurants and bars, vacation and business travel, recreational and other ?non-essential? business sectors were immediately shut down once the scope of the problem of infection was acknowledged by local city and state governments. The Stock Market lost 30% of its value from a high mark in February 2020. And it's still falling. Claims for unemployment compensation have broken records with a rise in claims of as much as 3000% in most states. And that doesn't count newer claims from people that can't even get through to register for this help since telephones at the unemployment offices are continuously busy and their websites are crashing from all the extra traffic.

And since the layoffs and business closures are now beginning to affect companies that were previously staying open, it's no wonder that Congress and the Trump administration passed a bailout measure at warp speed. This crisis of capitalism shows strong signs of dwarfing anything that the USA has ever seen, including the Great Recession and the Great Depression. Sober capitalist economists that were never known for hyperbole are predicting unemployment numbers of up to 30% or more, at least in the short term.

The CARES Act ? For Individuals

Unlike the 2009 bailouts, this latest version of ?saving? capitalism at least gave some direct benefits to the rest of us. Oh sure, we're still being ?sold out,? but this time there's a price that the ruling class recognizes that they have to pay before they can ramp up the Treasury's printing presses in service to the capitalist class. Out of the approximately \$2 trillion price tag, an estimated \$560 billion will go to individuals directly, with another \$26 billion to shore up safety net programs. Individuals will get a one-time direct payment of \$1200 each. For families with children under 17 there is another \$500 per child. All of these figures come with income restrictions in place amounting to a cutoff at \$75,000 income per individual, per year for full benefits. To do the addition, a family of four with two adults and two children under 17 who makes less than \$150,000 per year would receive \$3400. For individual incomes above \$75k, these payments will be gradually decreased up to \$99,000 annual income as a hard cutoff. In addition to this one time payment, the Federal government will add \$600 for four months to any state unemployment benefits that a worker is eligible for. And an extra 13 weeks of unemployment benefits will be added on to state eligibility. It also broadens the category of workers who are eligible to receive unemployment compensation to include self-employed people, free lance workers, and contractors through the end of the year if they

lose their income as a direct result of the pandemic and the restrictions used to fight the spread of the disease.

A few more minor benefits are also included for workers. If you have an employer generous enough, or if you're valued enough by your employer, for them to pay your student loans, they can do so for up to \$5,250 without the recipient having to count it as taxable income. Also any federal owned student loans can be deferred until September 30th without penalty. And the law requires all private insurance plans to cover Covid-19 treatments and vaccines and makes all coronavirus testing free. You can also get some mortgage loan and rent relief if the house you're living in has been bought with a federally backed loan from FHA, VA, or another federal mortgage program. It should also be noted though that the rules on the repayment of these deferments are currently at the discretion of the loan companies that service the loans and, as such, are without any consistency.

As generous and as welcome as these benefits might seem to the average American citizen, there are some troubling signs for the future that are included in the deadlines attached. These deadlines presuppose that this crisis will be over with by the end of summer for most of us and by the end of the year for the rest and that is an artificial deadline that is not guaranteed. In fact, the very idea behind fighting Covid-19 by "flattening the curve" to avoid overwhelming hospitals trying to treat the symptoms of the disease, make this a strategy with a longer term effect rather than a quick end. It's likely that there will be another wave of infections and deaths if an end of summer deadline for "restarting" the economy by easing the current restrictions is carried out. It seems more than likely that the effects of the Coronavirus will come at us all in waves and will be with us all until a vaccine is put into general use. And that deadline is more along the lines of two years rather than a few months.

So what happens when the benefits for workers run out and people still need to be distanced and isolated to prevent deaths? What happens when the benefits run out and the economy cannot be restarted so quickly and millions are still out of work because their jobs are no longer there? Yes you can get tested and treated for free if you contract the virus and get sick with the disease, but if the ambulance has a wreck on the way to the hospital, your injuries wouldn't be covered under the "for-profit" US healthcare system.

The weak and stagnating recovery from the Great Recession provides, at least for the rest of us, a grim reminder that a "recovery" doesn't always mean the same thing to us as it does to the ruling elite.

The CARES Act ? For the Capitalist Class

For the capitalist class the benefits of the CARES Act are clearly much more present than are there for workers. They, as always, are the principle beneficiaries of the largesse of the government that is there to support them and not us.

These direct benefits include \$377 billion for small businesses that employ under 500 people. And keep in mind that at least some of these "small businesses" are in the financial sector and gross millions and even billions in annual income. Most of this amount will be distributed as "loans," but will be considered "grants" if they can afford to keep their employees on payroll for a few months. And there are also actual emergency grants that will be made available that you don't even have to pretend to pay back. And finally if you have an existing Small Business Administration (SBA) loan, you can have six months that you don't have to pay for it.

There is also \$340 billion in the law to support state and local governments that have historically supported the system itself and have been in a symbiotic relationship with the wealthy and powerful since their inceptions. Look to any rapidly gentrifying city and see who gets most of the tax breaks to get an idea of

who holds the power locally. So although this amount won't go directly to businesses, it will go to those who facilitate businesses on a local and statewide basis.

There is also \$153 billion in the law that goes under the category of "public health." Two thirds of this amount (\$100 billion) goes to hospitals that respond to the coronavirus crisis. And since so much of the US healthcare system is run on a "for profit" basis, it's assured that at least some of this money for "public" health will wind up in "private" hands. As a contrast a paltry \$1.3 billion is earmarked for community health centers that provide health care services for around 28 million people, many who are poor, uninsured, and under-insured. And the rest is spread among various federal agencies dealing with medicine, drugs, and medical equipment, including the Veteran's Administration (VA), Centers for Disease Control (CDC) and the Strategic National Stockpile to increase the availability of needed equipment like ventilators and PPEs.

Another initial observation is that the amount for treating this disease amounts to slightly under 17.5% of the funds directly earmarked for business relief. For every dollar that goes for treatment, over five dollars goes directly to business.

The CARES Act ? The Slush Fund

There is one more group of capitalists that gain from the CARES Act that deserves its own special section in this analysis. And that is what's being widely termed the "Slush Fund." The law sets aside \$500 billion in loans and other money for big corporations. There is \$58 billion earmarked for the airline industry to help them stay open. \$32 billion is to help cover employee wages, salaries, and benefits for passenger air carriers, cargo carriers, and for airline contractors. The other \$26 billion? At their discretion.

And speaking of discretion, the other \$442 billion will be doled out at the discretion of Donald Trump and his administration. Considering Trump's history of shady dealings in real estate, rumors of money laundering for Russian oligarchs, his bankruptcies, and the fact that his reputation for business acumen is a result of self-promotion more than actual ability, making him responsible for disbursing these funds seems quite irresponsible. And that's not even factoring in that over half of the country doesn't trust him. Nothing has been disbursed yet, but it seems quite likely that these funds actually will wind up being a "slush fund" in the more traditional sense, as in rewarding his big business cronies and getting kickbacks in the form of campaign contributions and other "laundered" returns.

And yes Congress attempted to put restrictions on the disbursement of these funds, banning Trump properties and members of his administration, family, Congress and their families from receiving funds from this bailout, but does anyone really think that the creative accounting that permeates Trump's business dealings and really the entirety of corporate America, can't find a way around any restrictions? When a corporation can use tax breaks and accounting measures to pay no taxes on billions of dollars in profit, it's quite likely they will be able to find a legal way around any restrictions written into this law.

Even at this early stage, the protections against fraud that the CARES Act set up, including an Inspector General and a special committee to oversee all loans and other uses of taxpayer money, are being undermined. Trump said in a signing statement that he would ignore the oversight provisions and he has already "reassigned" the first IG named. Signing statements are executive decisions about which parts of any new law signed will be enforced and which won't and they've been used by Presidents of both parties for decades for their own political benefit. It seems now that Trump has taken the signing statement doctrine to a new low and is attempting to bypass and ignore any oversight of this money altogether. Trump has a recent history of "firing" or "reassigning" any overseers if it suits his agenda, so it's safe to say that any restrictions and oversight aren't worth the paper they're printed on.

It seems quite likely, given the history of capitalism and these bailouts, that this slush fund for large corporations will result in businesses that are willing to benefit Trump in some way getting preferential treatment. It's also quite likely that many of the multi-national corporations that have paid little or no taxes while earning billions in profits during the recent business boom times will be among those benefiting from this half a trillion dollar bailout for corporations. Corporations that have grown fat on government welfare in the recent past and given the people nothing in return. Nothing that is, but the 'opportunity' to be exploited for profit.

Conclusion

It's easy to see that the coronavirus pandemic and this bailout is a failure of the system of capitalism in a multitude of ways. In this specific crisis, it started with ignoring the calls for years to prepare for this very type of infectious disease pandemic. It then proceeded to the just in time business model involving PPEs and acute care equipment, the layoffs of direct care and support personnel - in short the austerity - that left medical facilities unprepared for a pandemic. This unpreparedness was solely triggered by concerns over 'patient census' or empty beds and their lack of profitability that didn't allow for the flooding of hospitals with patients needing acute care during a pandemic. And end result was the callous disregard for the mortality that would result from continuing, literally, 'business as usual' while the virus embedded itself in the general public. Capitalism, as a system, failed society at large. Again. Indeed, the lack of planning and the reliance on the 'market' to solve massive societal problems like a global pandemic guaranteed failure and, more importantly, guaranteed that more people would die.

Now, in panic mode, the political class is called on by the wealthy owners in society to save them once again. And since the capitalist class is who the political class actually works for, of course that is just what they did. This bailout shows the priorities of capitalism well. At a minimum, for every dollar spent to support the people in the coming economic crisis, \$2 was spent on business support. When talking about public health, as we stated above, the numbers are even more stark. For every dollar spent on public health, over five dollars were spent on businesses. And that's not counting the number of private healthcare businesses and facilities that will receive money from the public health allotment in this bailout.

And this is just the beginning of the bailout train. There is already another in the works to 'restart' the economic engine of capitalism in the USA once the threat of the virus has calmed. Since it is a restart it's likely that it will be tilted even more heavily towards the business sectors of society. And eventually, if it follows the patterns of the past and the economy recovers somewhat from the economic and health crisis of coronavirus, we in the working class will be asked to pay for these bailouts with lowered wages and less benefits, restrictions on our rights as workers, and the slashing of the few remaining social programs for the least among us. Therefore we in the working class have to stand up to the ruling class and take matters into our own hands.

But for now, we can safely say that, once again, they got bailed out and we got sold out.

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