House passes Senate “rescue” bill

Democrats unite with Trump to enact massive corporate bailout

Barry Grey
28 March 2020

In a celebration of bipartisan unity, the Democratic-controlled House of Representatives on Friday approved by voice vote an unprecedented $2.2 trillion bill to bail out the nation’s corporations and banks, while providing limited and temporary aid to workers hit by the economic impact of the coronavirus pandemic.

The House vote followed Wednesday night's 96-0 approval of the measure by the Republican-controlled Senate. President Trump, who had lobbied furiously for the bill, signed it into law only a few hours after it passed the House just after 1:30 p.m.

The $2.2 trillion estimated cost of the bill, equal to more than half of the entire federal budget and far in excess of the $700 billion bank bailout bill passed in 2008, substantially underestimates the actual scale of the government handout to big business. The biggest single slice of the bill, $454 billion to finance guaranteed loans to big corporations, is designed to be leveraged by the Federal Reserve Board into some $4.5 trillion in loans and subsidies.

This amounts to a virtually unlimited backstop for the country's corporate and financial aristocracy, with no real strings attached. The provisions that provide stop-gap assistance to workers who are being laid off in the millions or being ordered to work without any protection against the deadly virus are designed to head off an eruption of class conflict in the short-term, so that the ruling class can buy time and prepare a counteroffensive to place the full cost of the corporate bailout on the backs of the working class. The bill's passage coincides with Trump's push to “open up” the country and force workers back into the plants and workplaces to resume pumping out profits for big business.

The Senate bill was supported by Vermont Senator Bernie Sanders, one of the two remaining candidates for the Democratic presidential nomination, who shelved his “socialist” pretensions to praise the measure as a boon to working people. There was no effort by the “progressive” allies of Sanders in the House, including Democratic Socialists of America members Alexandria Ocasio-Cortez and Rashida Tlaib, to actually oppose the bill.

Ocasio-Cortez railed against the bill during a four-hour floor debate Friday morning, but she failed to follow through with a threat to stall passage of the measure by demanding a roll-call vote. It was a right-wing Republican, Thomas Massie of Kentucky, a member of the ultra-conservative House Freedom Caucus, who sought to delay passage by opposing a voice vote and formally demanding a recorded vote.

With the House in recess, the White House, House Speaker Nancy Pelosi and House Minority Leader Kevin McCarthy had agreed that they would avoid requiring House members to appear in person to cast votes, under conditions of lockdowns and travel restrictions in large parts of the country and the rapid spread of COVID-19, and seek instead to get the bill approved by unanimous consent. That would have required only a few representatives to be in attendance.

Massie, however, refused to back down, forcing a quorum call to determine whether more than half of the chamber's 435 members were on hand—as they were. He was, however, unable to get a single House member to back his demand for a roll-call vote, allowing the House leadership to push the bill through on a voice vote. There were only a few scattered “nays” amidst the overwhelming chorus of “ayes.”

Following the vote, Pelosi and McCarthy appeared side by side to hail the passage of the bill, cynically casting it as a humanitarian lifeline to ordinary Americans. Pelosi quoted Pope Francis in praising the measure.

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The bill includes two main provisions providing aid to workers. It allocates $300 billion for direct cash payments to more than 150 million households. Those eligible, who do not include undocumented workers, will receive $1,200 per adult or $2,400 per couple, plus an additional $500 for each child. This is a one-time subsidy.

In addition, the bill allocates $250 billion to extend unemployment benefits by 13 weeks and add $600 per week to the benefits provided by the states. This federal supplement is to end in early August for workers filing claims this week. The bill also makes freelance and gig workers eligible for the same unemployment benefits.

Some $500 billion is to be distributed to defray the costs of fighting the coronavirus epidemic and other social needs. That sum includes $207 billion for state, local and tribal governments, school districts and public transit agencies; $130 billion for hospitals and public health facilities and $45 billion for the Disaster Relief Fund of the Federal Emergency Management Agency. Only $16 billion is set aside for hospitals to procure personal protective equipment and ventilators.

The vast bulk of the bill is a massive handout to business, with most of the money by far going to big corporations. In addition to the $454 billion Treasury backstop for Fed loans and grants to corporations, the bill provides $46 billion in targeted loans from the Treasury Department, mainly to the commercial airline industry, with $17 billion carved out for Boeing.

It sets aside $350 billion in loans and aid to small businesses, which are defined as enterprises with up to 500 employees. This could include multi-billion-dollar hedge funds and other financial firms.

There is also $50 billion for an “employee retention tax credit” to companies that keep their employees on the payroll.

There are other windfalls to business buried in the more than 800 pages of the legislation. One that could directly benefit Trump or his associates is the full restoration to the real estate sector of a huge tax break for interest costs and operating losses that was limited by the 2017 tax overhaul.

Restrictions imposed on corporations receiving government aid are largely nullified by caveats. There is a provision barring businesses receiving loans from cutting their employment levels until September 30. However, this is hedged with the phrase “to the extent practicable.”

Corporate recipients are also barred from raising dividends or carrying out stock buybacks to further enrich executives and big investors. This provision, however, can be waived by Treasury Secretary Steven Mnuchin, a multi-millionaire and former CEO of OneWest Bank, where he was sued for illegal home foreclosures.

The bill sets the precedent for the unlimited plundering of social resources to prop up the corporate oligarchy, while providing entirely inadequate assistance to working people devastated by the health and economic impact of a pandemic that could have been either minimized or stopped in its tracks. Multiple advance warnings by health experts were ignored, no preparations for such a crisis were made, and the virus was not taken seriously by the government when it erupted in China.

The bipartisan bill does nothing to mobilize the immense power of technology and industry in a planned and coordinated manner to quickly produce and distribute the ventilators, masks and PPE material needed to save lives, and to construct the ICU units and hospitals and train the staff needed to prevent the health care system from being completely inundated.

It does not provide for the mass testing, contact tracing and extended social distancing needed to contain and defeat the disease. Nor does it order the shutdown of all workplaces and factories not providing essential services, with no loss in income for the workers, and safe conditions under medical supervision for those required to work.

These are demands that workers must raise, along with free and equal care for all those affected by the virus and a moratorium on rent, mortgage payments and personal loan payments for the duration of the crisis.

These critical needs at every point collide with the priorities of the profit system and private ownership of the means of production. The coronavirus pandemic has demonstrated all over the world the life-and-death need for the working class to put an end to capitalism and replace it with socialism.

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