# Senate votes unanimously to extend CARES Act loan program despite businesses' plans to lay off thousands more

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Despite receiving billions of dollars in low interest loans through the grossly misnamed Paycheck Protection Program (PPP), thousands of US businesses plan on letting go over 700,000 workers across the country once the program runs out of funds.

In the survey conducted by the National Federation of Independent Businesses, roughly 70,000 businesses that received thousands, or in some cases, millions of dollars in low-interest, forgivable loans, plan to lay off at least 10 workers each.

Sold as a lifesaver for small businesses and a “free market solution” to keeping workers employed and paid, the Paycheck Protection Program was never anything more than a handout to business and a new taxpayer-funded revenue stream for Wall Street banks. Under the auspices of former Goldman Sachs executive and current Treasury Secretary Steven Mnuchin, applications for the loans were submitted through the Small Business Administration with no oversight, just as intended.

Published last week, the survey concluded that 14 percent of the 4.6 million companies that have received 1 percent interest loans through the corporate-government slush fund are planning on laying off workers when the money is depleted. Exploding the narrative that the program would “save jobs,” businesses are firing workers and slashing hours even though the program allows a business owner to use up to 60 percent of his or her PPP funds on payroll through December 31.

Reports of PPP funds being abused since the program’s inception haven’t stopped Congress from replenishing the program with haste. Loan applications were extended through May and into June, even as it was reported that thousands of the approved loans were being siphoned off by hotel and restaurant chains, cruise ship lines, medical device companies and well-connected hedge funds.

The PPP was launched in March when the $2.2 trillion CARES Act was passed 96-0 in the Senate and an overwhelming voice vote in the House. It was signed into law by President Trump on March 27. The first round of funding for the program, $349 billion, ran out by April 16, before millions of small businesses could even get the necessary paperwork to apply. Of the “mom and pop” small businesses that were granted funds, many didn’t receive the loans until the end of May.

Even as it was reported that only eight percent of small firms that applied for loans received any money, Congress swiftly moved to enact a second round of funding after the initial $310 billion disappeared in two weeks. In that time, large businesses gobbled up loans worth up to $20 billion while Wall Street banks made over $10 billion in processing fees.

As social anger grew over the blatant corruption baked into the PPP, Mnuchin announced that new “guidelines” would be implemented that would supposedly exclude larger firms. Mnuchin also called for firms and businesses that didn’t need the loans to return them, which, according to Forbes, added an estimated $12 billion to the program at the start of June and has left the program with approximately $130 billion remaining.

The deadline to apply for any new loans was set for June 30, 2020.

However, in a late-night Senate hearing Tuesday, and a textbook example of unanimity within the ruling class, all 100 US senators--Republicans, Democrats and nominal independents such as Bernie Sanders--voted on a five-week extension for the program through August 8. The extension is expected to pass the House and be signed by Trump as early as this week.

Testifying before the House Financial Services Committee, Mnuchin expressed his desire for the five week extension and that the $130 billion left in the fund be made available not to laid off health care workers or cash strapped school districts, but to “businesses that are most hard hit... [including] restaurants and hotels and others, where it is critical to get people back to work.”

In announcing the extension through a joint press release, Democratic Senate Minority Leader Chuck Schumer of New York commended the program as “a lifeline to... small businesses struggling to stay afloat during these turbulent times... Senate Democrats have ensured that small businesses can continue to have the opportunity to apply for these loans that can mean the difference between staying open and closing for good.”

Schumer’s statements attest to the detached reality he and the rest of the political establishment inhabit. A study conducted by researchers at the University of Illinois, Harvard Business School, Harvard University and the University of Chicago in May projected that more than 100,000 small businesses had shut down permanently since the pandemic escalated in March.

The Bureau of Labor Statistics just announced this week that nearly half, 47.2 percent, of working-age Americans did not have work the month of May. In many cities, the line for the food bank stretches as long as the unemployment line. In addition to layoffs, workers will have to contend with militarized police departments preparing to evict hundreds of thousands of workers and families from their homes as the eviction moratorium in the CARES Act is set to expire at the end of July. There has been no signal from either party that the moratorium will be extended.

In addition to continuing layoffs and the threat of eviction, workers are also being squeezed by the continued refusal of the Trump administration to agree to any extension of the federal $600 addition to state unemployment benefits. For those workers who have been able to get through busy phone lines and navigate the labyrinthian unemployment insurance, the $600 weekly benefit has been the only “lifeline.” This lifeline is scheduled to run out on July 25 and the stage is now set for an economic and social catastrophe not seen in the US since the Great Depression of the 1930s.