

GET MONEY OUT

Maryland



April 12, 2020

This is the first issue of a bi-weekly series where we will expose corruption in the corporate bailout response to the COVID-19 pandemic.

Background: Get Money Out stands for political equality. We believe that pay-to-play politics disadvantages more than 99% of us and favors the corporate elite. They have amassed great wealth and used it to buy political favors in a vicious cycle. Instead of investing in U.S. jobs, billionaires and CEOs enrich themselves using stock buybacks and tax havens. The bottom 50% of U.S. households have less than zero net wealth - they are \$100 billion in debt. Meanwhile, the top 1% of households holds \$30 trillion in net assets!

Severe Economic Jeopardy: Now Congress and the Federal Reserve Bank (The Fed) are acting in concert, ostensibly to provide relief to the economy. One part of the \$2.2 trillion CARES Act passed on March 26, allows U.S. Treasury Secretary Steven Mnuchin to control a \$4 trillion loan program for big business created by The Fed - equivalent to \$12,000 for every man, woman, and child living in our nation.

Mnuchin has \$454 billion to use to guarantee the Fed's loans. Corruption in this program could dramatically worsen income and wealth gaps and contribute to social and political unrest. Mnuchin is a vulture capitalist who during the 2008 real estate crisis bought a distressed financial firm, then mercilessly foreclosed on 36,000 families



Treasury Secretary Steven Mnuchin and his wife, Louise Linton, hold up a sheet of new \$1 bills, the first currency notes bearing his and U.S. Treasurer Jovita Carranza's signatures on Nov. 15 [2017]. | Jacquelyn Martin/AP Photo

What Could Go Wrong?

- **Sec. Mnuchin has the authority to waive protections in the CARES Act like limits on corporate executives' pay and stock buybacks.**
- **The Fed will use private financial firms to operate the \$4 trillion fund, and *they can deal in their own investment vehicles with federal loans backed up by the U.S. Treasury.***
- **The New York Federal Reserve Bank, *which is owned by and which, in turn, regulates Citibank, JP Morgan Chase, and other giants,* will have a special role in operating this program.**
- **Corporations will unload all kinds of shaky investments for public cash.**

All these and other problems in the design of this bailout create a huge risk of consolidation and monopoly power that could haunt our economy for decades to come.

Oversight: While there are oversight mechanisms written into the CARES Act, seasoned observers feel they are inadequate. Worse, President Trump announced that he will defy the law requiring release of program information and has already fired the man who was elected by his peers to be the Special Inspector General.



Relief is barely trickling out to workers and small businesses as banks and unemployment insurance bureaucracies buckle under the weight of millions of applications. Meanwhile, The Fed will be using a fire hose to spray money on the richest corporations. We must be vigilant and active in demanding that Congress rebalance its programs to protect workers, children, and seniors and ensure adequate oversight of the bailout.

Information Resources:

[CARES Act](#)

Summary of corporate bailout section of CARES Act

How much corruption cost us *before* the pandemic crisis

Sign up to volunteer for Get Money Out

Get Money Out - Maryland, Inc. is a group of volunteers who are trying to get Big Money out of our elections and overturn Citizens United.

We work with federal and state legislators to pass laws and a Constitutional Amendment that would make our elections fairer and our democracy stronger.

In the wake of the economic crisis caused by the pandemic, we are focusing on exposing corruption that is a result of our pay-to-play campaign finance system.