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Covid-19 and economy

# United States of America: Socialism for Big Capital and wild capitalism for the poor

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**While the US has been set ablaze since the end of May 2020 by a multitude of major antiracist demonstrations [1]** and the ordinary working people of the world's top power remain hard hit by the Covid-19 pandemic (as of 9 July 2020, in the United States, according to official figures more than 3.1 million persons have contracted COVID-19 and more than 134,000 deaths are attributed to the virus), a look at various economic data clearly shows how Washington intends to respond to the most serious social and economic crisis since the 1930s. The choices made are consistent with measures implemented since the 2008 crisis and are in no way compensated for by the social improvements necessary for the people's well-being, as had been the case in the context of the New Deal from 1933 onward.

During a radio programme in February 1968, less than two months before he was murdered by a segregationist, Martin Luther King said: "The problem is that we all too often have socialism for the rich and rugged free enterprise capitalism for the poor."

That characterization of the US's policies is a good description of the measures that have been taken since March 2020 by the Trump administration and by the Federal Reserve under the terms of an agreement between the Republican and Democratic parties - the two major parties that take turns in power yet both defend the fundamental interests of Big Capital.

## **Flashback on political choices since 2017-2018**

As soon as Trump became president, he granted enormous tax gifts to the big corporations and to the richest.

But at the end of 2018, at a session shortly before Christmas, stock prices plummeted by over 10% on Wall Street. The Fed responded at once and helped shareholders as it again lowered the cost of refinancing debts for big private corporations.

Wall Street soon recovered, but from [September](#) 2019 a crisis broke out on the repo market because banks no longer trusted each other. Within three months [the Fed injected \\$1,000 bn onto the interbank](#) market and speculation has continued on Wall Street, where prices are going up whereas the US economy has considerably slowed down, and is even in recession in some sectors.

Major banks and big US corporations [pay loads of dividends and buy back their own shares](#), both to keep them artificially bullish and to enrich major shareholders and CEOs when they sell their stock options. [2]

## **Washington's approach to the coronavirus crisis**

### **With respect to the working classes**

From mid-March, when lockdown was gradually imposed in the US, to the end of the first week of June 2020, 44

million residents of the leading global power became unemployed. The official rate of unemployment, which largely underestimates the actual situation, is 13.3% whereas it stood at around 3.5% at the beginning of the year.

The official rate of unemployment reached 13.3 % while it used to be around 3.5% at the beginning of the year

The working classes are severely impacted by this multidimensional crisis: loss of revenue, loss of employment, a high death rate from COVID-19 and difficulty in accessing quality means of protection and treatment, confinement in cramped dwellings, the need to continue working under dangerous conditions to be sure of having an income and keeping their jobs, - including in non-essential areas - and police and racial repression. Working-class women are even more affected than men since they are on the front lines in many essential occupations. In addition they are subject to patriarchal oppression in their own homes and/or are forced to bear the burden of responsibility for the household and the children alone.

In the context of measures implemented by the US Congress with the support of both Republicans and Democrats, a part of the working classes, and in particular the unemployed, have been granted allowances that are presented as generous. This aid is provided in application of the Coronavirus Aid, Relief, and Economic Security Act - also known as the CARES Act -, a law aimed at dealing with the economic consequences of the COVID-19 pandemic in the United States.

The working classes have been deeply affected by this multidimensional crisis

Each taxpayer with an annual income below \$75,000 received a single payment of \$1,200 from the federal government. [3] In addition, unemployment benefits recipients were given a bonus of \$600 per week (called an "unemployment insurance top-off"). This bonus can theoretically be received for a maximum period of four months. Under the CARES Act, this \$600 supplemental unemployment payment will end on 31 July 2020. [4] Indebted persons can also request a postponement of repayment of part of their debts, in particular mortgage debts.

Now in fact, once again, Big Capital has been favoured by the government (see below). The amounts victims receive in the form of public aid actually help companies' accounts (thanks to the public authorities' taking on the burden of partial unemployment), maintain a level of consumption (thanks to the \$1,200 cheque and the \$600 unemployment-compensation bonus), ensure the survival of poorer citizens (and so the reproduction of the workforce compelled into unemployment), enable them to continue paying their rent or meet mortgage or student-debt payments, and prevent them from rebelling and having no choice but to loot supermarkets. Those allowances granted by the Bi-Party programme are but crumbs from the cake served to the rich. Alexandria Ocasio-Cortez (known as AOC) was not fooled and was the only member of the Democratic Party in Congress to vote against the Coronavirus Aid, Relief, and Economic Security Act (CARES Act). [5] She exposed this programme of "anti-crisis" measures as "one of the 'largest corporate bailouts' in 'American history,' one that only provided 'crumbs for our families.'" [6]

It must be kept in mind that 39 million people in the United States have no health coverage. Further, when people lose their jobs, they often also lose their health insurance. Lastly, there are an estimated 11 to 12 million undocumented immigrants, who needless to say did not receive the \$1,200 cheque since they are not considered taxpayers (despite the fact that they pay all sorts of taxes).

According to Alexandria Ocasio-Cortez, the CARES Act is the largest corporate bailout in American history and only provides "crumbs for our families"

Wall Street promptly reacted: several of its prominent figures have tried to prevent AOC from being re-elected to Congress on a Democratic Party list. [7]

David Solomon, president of Goldman Sachs, and Steve Schwarzman, chair of the Blackstone hedge fund, publicly supported Michelle Caruso-Cabrera, AOC's rival, during the Democratic party primary election in New York (14th District, which covers the Bronx and Queens) on 23 June 2020. Elliot Management, Paul Singer's "vulture" hedge fund, also announced its support for Michelle Caruso-Cabrera to prevent AOC's re-election. The same goes for the Lazard Bank and [John Paulson](#), CEO of the Paulson & Co investment fund that became notorious in 2008 as it largely benefited from the subprime crisis. The list of bankers and business lawyers, among whom certain famous Republicans, who have campaigned against AOC is just as telling about the active part played by Wall Street in the election game. The *Financial Times* published the list of official donors on its paying website. It must be noted that AOC's rival, Caruso-Cabrera, was a member of the Republican party until at least 2015 and in 2010 wrote a book entitled *You Know I'm Right* (which plays on the two meanings of the word "right") in which she states that Ronald Reagan was her favourite president. AOC's spokeswoman Lauren Hitt told the *New York Post*: "It's not surprising that Republicans would finance the campaign of a life-long Republican in a Democratic primary. While we have pushed against corporate power with policies that favour everyday working Americans, those donors prefer to bankroll a candidate who answers to Wall Street over the needs of our constituents." [8] In the event the attempt to prevent her re-election failed. On 23 June 2020 Alexandria Ocasio-Cortez received over 73% of the votes cast in the primary. This was a real slap in the face for Wall Street and the Democratic Party establishment, who would have loved to get rid of her since she is clearly on the left and in favour of the working classes.

Note that Bernie Sanders voted in favour of the CARES Act. While he expressed criticism of the programme, he pointed out its positive aspects (see his speech in the Senate at <https://www.c-span.org/video/?470652-19/senators-sanders-sasse-coronavirus-bill-unemployment>). Democratic senator Elizabeth Warren also voted for the CARES Act.

### **With respect to Big Capital / the 1%**

#### **Agreement in Congress between the Democratic Party and the Republican Party to give more to the very rich.**

Among the measures in favour of Big Capital, more than \$500 bn will be given directly to major private corporations, a move Robert Brenner denounces in an article in the *New Left Review* of May-June 2020 entitled "Plunder and Pandemic" <https://newleftreview.org/>.

The *Financial Times* [devoted an entire feature article to the provisions of the CARES Act](#) which shows that the very rich will benefit much more from the legislation than the working classes, either in the form of direct aid (without any conditions on how the aid is to be used) or colossal tax gifts. [9] The article sets the amount that will go to major corporations, their major shareholders and the very rich at \$600 bn, to which must be added health-related aid, which will go largely to the shareholders of private hospitals and insurance companies. The title of the *FT*'s article says it all: "Why the US Pandemic Response Risks Widening the Economic Divide." It points out that the CARES Act changes the tax code in favour of the very rich to give them even more than what Trump and his predecessors had lavished on them. 82% of the beneficiaries of the tax breaks have yearly incomes of over a million dollars, and only 5% earn less than \$200,000 (which includes taxpayers with high incomes). The rich will be able to radically reduce their taxes, including retroactively, qualifying for tax refunds for back losses even though they pay little or no taxes for several years. Speculators who go into debt to acquire companies and strip them of value to repay their creditors will also benefit from the tax cuts enabled by the CARES Act. The loss of tax revenue for the public treasury will be monumental; the tax breaks for big capital amount to more than \$175 bn (according to official estimates, but the loss will surely be much higher). The public deficit and public debt will skyrocket. In the same *Financial Times* feature we

learn that the two biggest US airlines, American Airlines and Delta, will be given, respectively, \$5.8 bn and \$5.4 bn in aid even though both are cutting thousands of jobs. [\[10\]](#)

## **Why the CARES Act makes social inequalities worse**

When looked at closely the CARES Act is the trickle-down theory in reverse. It is claimed (by North American Neoliberals and the French president Emmanuel Macron) that giving to the rich is help to the poor who in the long run will receive the benefits of the wealth that trickles down to them. What we see with the CARES Act is a temporary distribution of aid to the popular classes so that they may continue to reimburse their debts, continue to go to work and consume as before and even more to the advantage of the big consumer market-based corporations. In the end, these exceptional cash distributions return to the rich through the companies they possess.

To take this reasoning further, it is clear that the massive and urgent spending of public funds in favour of the rich is going to increase public debts, which are eventually paid by the working classes. The working classes spend a greater part of their incomes in taxes than do the rich, who will see a net reduction of their taxes thanks to measures taken in the context of the CARES Act. Consequently, a large part of public debt may be considered to be illegitimate because it has been contracted in order to favour the interests of a privileged minority.

What's more, the CARES Act claims to help small business, but what we notice is that the vast majority of small businesses do not have access to this help that has been largely grabbed by the big corporations, who go through their small branches to claim the assistance. So far they have got their claws into more than half of the \$350 bn before the real small and medium-size businesses can claim their share before the application deadline. As the aid goes through the banks their presence is further reinforced.

## **The Fed's intervention in favour of big business**

While the Federal Government is spending \$2 trillion [\[11\]](#) on the CARES Act programme, the Fed could well spend much more. Wall Street dived 20% between 17 February and 17 March (before lockdowns started in the US), at the same time the US corporate bond market was imploding. Between the end of March to early June the Fed shelled out \$3 trillion to keep US Big Capital afloat through a monumental financial crisis.

From 17 February 2020, the stock market bubble that had been growing over the last few years deflated at an impressive rate. The collapse began when big shareholders, fearing the looming epidemic might cause a sudden fall, decided to get a head start in selling stocks. Once Wall Street was hit the rest of the markets on the planet followed, losing between 20 to 40% between 17 February and 17 March 2020.

During this time the big banks, being the main dealers, made big money on stock transaction commissions. Their income from this activity increased by 30% in February and March 2020.

Major shareholders also actively intervene in the stock markets by selling at the beginning of a trading session at a relatively high price and later buying back at a lower price when prices start to recuperate. In fact, the price may rise precisely because they start buying back what they sold that morning or the day before.

In April 2020 billionaire Bill Ackman boasted that he had made \$2.6 bn on a falling stock market

Speculators also make profits on falling prices. The billionaire Bill Ackman, boss of the Pershing Square hedge fund, could boast in April 2020 to have made \$2.6 bn [12] from cashing in \$27 million in insurance policies against stock market drops. It is possible for a speculator to take out insurance against loss of value of shares without actually having to buy them. Just as in the 2008 crisis: it's as if you take out fire insurance on your neighbour's house, set it alight and cash in the indemnity. Ackman did this by crying out in alarm over the coming fall in market values knowing that the greater the fall the greater his profits would be. Thanks to this speculative operation he raked in 100 times his original ante.

From 23 March 2020, the Fed weighed in heavily to stop Wall Street falling (which in itself society would not find horrendous) by purchasing, from banks, over three months, \$3 trillion in debt bonds, thus pushing up share indexes. Between 17 March and 5 June Wall Street regained its 17 February position. What happens is that the Fed, who mainly purchases treasury bonds in much greater quantity than corporate bonds, buys a large stock of treasury bonds from banks. The banks may use that money any way they wish: purchasing corporate bonds or lending directly to corporations are among their activities. So, buying bonds from banks, who it is hoped direct the fresh liquidities towards business, was the main way the Fed injected money into the financial markets that favour the banks, investment funds and big business in all sectors. Over recent months the Fed has also started buying private financial instruments: corporate bonds or structured instruments such as CDO, CLO, MBS, CMBS, etc. The Fed chairman clearly stated that it was necessary to prevent the collapse of the corporate bond market: so far so good, wait and see. [13]

Let us keep in mind that a bond is an I.O.U. to the bearer, issued by a corporation that pays annual interest. When it matures in anything up to thirty years, sometimes more, the issuer then reimburses the face value. The bond, in its lifetime may have changed owners ten, hundreds or thousands of times on the corporate bond market.

Thanks to the glut of dollars big corporations, though in a difficult predicament, were still able to issue bonds and find buyers for them. This applies to major banks such as Citigroup (3rd biggest US bank), Wells Fargo (4th biggest), Morgan Stanley (6th biggest). Citigroup and Wells Fargo issued bonds that come to maturity in 2051. [Northrop Grumman](#), one of the world's biggest arms manufacturers, issued 2050 bonds. [Intel](#), the biggest US semi-conductor company, issued 30-year bonds. Fox, Walt Disney, Coca-Cola and UPS also issued long-term bonds.

These bonds sell well because they offer returns that are high above those of government bonds with interest rates close to 0%. When the big investment funds were finally reassured on the Fed's intentions to do what's necessary to save the corporate bond market they agreed to purchase the recently issued bonds on the second market at prices that were higher than the issue prices.

For instance, bonds sold by Morgan Stanley on 19 March (while the stock market was collapsing) for a total amount of \$2 bn were bought at 50% more on 12 June 2020. To put it simply, a \$100 Morgan Stanley bond issued on 19 March at \$100 was selling on the second market on 12 June for \$148. On the 24th March 2051, when the final bearer presents the bond for reimbursement he can rightfully expect to receive \$100. In the meantime the price of the bond on the market will have varied depending on circumstances. At this moment it is greatly over-valued because of the current bond buying frenzy that has been provoked and encouraged by the Fed.

Know that a speculator (often a big private financial institution, a bank, an investment fund or a hedge fund) who buys a bond valued at 100 for 150, when it entitles the bearer to an annual interest rate of 6%, if he holds on to it until the coupon is repaid will earn 6% on 100. That is a yield of 4% on 150, [14] much better than the 0 to 1% currently earned on government bonds. If the price of the bond drops to 60 then the buyer who still gets 6% per annum on 100 will be getting the same sum which, when bought at 60, is equivalent to 10% yield. What's more, the speculator can make a profit or a loss at the moment the bond matures. If he purchases at issue at 100, then sells at 150 in a boom period, like now, he makes a profit of 50. If the buyer at 150 is surprised by a fall in prices and wants to sell he will



"suffer" a loss. If because he is cash strapped he decides to sell at 120 he will have lost 30.

Intel issued bonds in March 2020 at a price of \$98, which are now selling for \$144 and come to maturity on 25 March 2060. Even more significant are the trash bonds issued by Avis Budget Car Rentals. Though the company is on the verge of bankruptcy, this new issue was bought 15% over its face value one month after its release in May, [15] and nobody knows if the company will exist in five years' time when the bond comes to maturity.

The bonds issued by Ford Motor Company in April 2020, although considered to be junk bonds, were quoted at 19% above their original price in June. Not to mention the Viking cruise line, also on the verge of bankruptcy, which recorded a 15% increase.

This is clear evidence of large-scale pursuit of speculation on the bond market with impressively over-valued security prices

This is clear evidence of large-scale pursuit of speculation on the bond market with impressively over-valued security prices. Markets are expected to be able to assess the solvency ratio of companies making bond issues. However, in fact, the main buyers on the financial markets feel very little concern for the solidity of the companies that are calling for funds, their main concern being for rapid profits, believing they will always be able to resell potentially bad bonds in time before suffering a loss.

While some use the expression "helicopter money for the people" to designate the way the Trump administration and the Fed face the current economic crisis, the "helicopter money for Wall Street" must be denounced because of the impressive and generous amounts of money made available to American Big Capital.

If the Federal Reserve had not waded in to save Wall Street, big players would have had big losses - hardly a tragedy.

## Why talk about "venture capital" if there is no real venture for capitalists?

Why should we talk about "venture capital" when a protective state assures there is no risk by always mopping up losses and passing the cost on to the people? Big Capital can thank the Fed and the leaders of the two main parties not only for relieving their suffering but increasing their share of the cake. Inequality is getting worse and the richest 1% see their privileges, profits and wealth increase.

As the 6% fall on the 11th June shows, a financial accident can again shake Wall Street, which is sitting [on a mountain of private debt](#).

This accident could have been caused by big speculators and/or hedge funds taking their profits from the difference between the price they paid for shares when they were going down or started to go up and the prices they achieved when the indexes were at their highest on Monday 8th June. Those who sold big blocks of shares on the morning of Tuesday 9th June made big profits that they eventually used on the Friday to buy back the same shares which gave them a profit.

Anyway they can count on the good will of the Fed and of the Republicans-Democrats duo that will do what is needed to ensure that Big Capital can carry on carrying on.

## **And the big banks?**

From the middle of the first quarter of 2020, when share prices were taking a dive and smelled of rats, the banks quickly took to distributing dividends. Where they had declared \$18.5 bn in profits (70% less than the first quarter 2019) shareholders received sums that represented \$32.7 bn, almost double. They also greatly increased provisions for losses; climbing from \$13.9 bn in the first quarter of 2019 to \$52.7 bn for the first quarter of 2020, almost four times as much. Simply, they distributed as much dosh as possible to their shareholders, by substantially increasing provisions for losses the profits were slashed and so taxes were slashed by the same swipe. The Federal Deposit Insurance Corporation (FDIC), asked some questions. [\[16\]](#) We are permitted to doubt that there will be any reprisals.

## **The working classes are victims of the debt system**

In proportion to their shrinking revenues, the burden of debt weighs much more heavily on working-class households. During the previous crisis that began in 2006-2007, mortgages were their principal problem. Twelve million families were evicted from their homes because they were unable to pay unsustainable premiums.

In the following period it was student debt that increased the most, doubling in ten years to more than \$1,650 bn. It is frequent to see debtors crushed by debts taken on in order to face tuition fees of over \$50,000. The CARES Act contains no relief from student debt; at best a temporary suspension of payments may be granted if asked for nicely.

Consumer debt has also increased, an indication that poorer households have lost purchasing power. Car loans have also increased.

It is remarkable to note that working-class households rarely use the possibility of delaying payments. They prefer to continue paying using a part of their single payment of \$1,200, to which some may add the \$600 unemployment top-off. The banks are happy, the landlords are happy too. The "poor" are good payers.

## **Lack of consideration of social rights in the response to the health crisis**

It is clear these policies have no relation to Franklin Roosevelt's 1933 New Deal, [\[17\]](#) nor to the Keynesian policies of the 1970s. This time round: no progress in social rights; no strict control of banking practices; no effort demanded of the rich, to mention just these few points.

Keynesian policies and US New Deal measures were extended to Western Europe after WW2 under the pressure of a broad social movement. Social rights were very much improved, social safety nets were created. The activities of deposit banks and commercial banks were separated; highest-bracket income tax was up to 80% in the US. Inequalities in incomes and wealth were reduced, whole swathes of the economies were nationalized, public health systems such as the National Health Service in the UK were created and it didn't stop there.

At that time Big Capital was forced to make concessions to the other sectors of the populations who were claiming their rights. The Roosevelt government, which was reforming capitalism in order to save and strengthen it, met with resistance from the US Supreme Court, which tried to abrogate several of its decisions. Roosevelt, under pressure from a radically more left-wing working class, managed to push back and impose some strong measures including allowing unions to develop in the factories and workers to strike in order to gain concessions from employers. It was also under the pressure of unions and strike action that French workers gained paid holidays in 1936 during the Popular Front government. So it was that in France, Italy and Belgium after WW2 the governments made social concessions to the workers to maintain a social truce, develop the economies and avoid the risk of revolutions by populations who now possessed arms and had learned how to use them in the recent war.

No such socially favourable measures appear in the government's or big employers' programmes. On the contrary, for them this crisis is an opportunity to push ahead faster with their agendas: more precarious employment contracts; decreasing the cost of work by decreasing wages and employers' social contributions; making massive lay-offs and at the same time receiving equally massive State subventions. Both US and European corporations have announced massive restructuring plans involving massive job losses.

## Conclusion

Governments and Big Capital will not be deterred from their offensive against the populations unless a vast and determined movement forces them to make concessions.

Among the new attacks that must be resisted are: the acceleration of the automation/robotization of work; the generalization of teleworking where employees are isolated in their homes, have even less control of their time and must themselves assume many more of the costs related to their work tools than if they worked physically in the company; new attacks against public education and a development of distance learning that deepens cultural and social inequalities; the reinforcement of control over private life and over private data; the reinforcement of repression, etc.

The question of public debt remains a central element of social and political struggles. Public debt continues to explode in volume because governments are borrowing massively in order to avoid taxing the rich to pay for the measures taken to resist the COVID-19 epidemic and it will not be a long wait until they continue their austerity offensive. The private illegitimate debt of working people will become an ever greater daily burden. Consequently, the struggle for the abolition of illegitimate debt must gain a renewed vigour.

The struggles that have arisen on several continents during June 2020, notably massive anti-racist struggles around the Black Lives Matter movement, show that youth and the working classes do not accept a status quo.

We must contribute as much as possible to the rise of a new and powerful social and political movement capable of mustering the social struggles and elaborating a programme that breaks away from capitalism and promotes anti-capitalist, anti-racist, ecological, feminist and socialist visions.

It is fundamental to work towards a [socialization of banks with expropriation of major shareholders](#); a [moratorium of public debt repayment while an audit with citizens' participation is carried out to repudiate its illegitimate part](#); the imposition of a high rate of taxation on the highest assets and incomes; the cancellation of unjust personal debts (student debt, abusive mortgage loans); the closure of stock markets, which are places of speculation; a radical reduction of working hours (without loss of pay) in order to create a large number of socially useful jobs; a radical increase in public expenditure; particularly in health care and education; the socialization of pharmaceutical

companies and of the energy sector; the re-localization of as much manufacturing as possible and the development of short supply chains, as well as many other essential demands.

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*Translated by Snake Arbusto, Mike Krolikowski and Christine Pagnouille*

Source [CADTM](#).

Part 1 "[The Capitalist Pandemic, Coronavirus and the Economic Crisis](#)"

Part 2 "[The Coronavirus pandemic is part of a multidimensional crisis of capitalism](#)" "

Part 2 "[Covid-19: Likely financial conflagrations to come](#)"

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[1] Some activists on the Left in the United States don't hesitate to use the term "revolt" given the size of the movement (every state is involved, including in small cities with no Black population, etc.) and its scope (the challenge to white supremacy is strong enough so that a part of the dominant class are prepared to accept compromises such as attempts to limit future change to removing statues and making superficial reforms of police - such as forbidding a particular method of strangulation, reducing police budgets and partially demilitarising police forces. But the movement's most radical, and yet audible, demands are to completely de-fund police and replace them with community mediation services, or in the case of attitudes toward history, to call into question not only the history of slavery, but the entire racist and imperialist history of the US.

[2] Stock options are a form of additional variable income granted by shareholders to executive officers: they are call options on shares at a given date and price, which is generally lower than market price and thus insures profit when sold.

[3] Approximately 80 million taxpayers were entitled to the single \$1,200 cheque. Note that the federal administration erroneously sent the cheque to over a million deceased taxpayers, at a total cost of \$1.4 bn.

[4] CNBC, "Millions of Americans will fall off an 'income cliff' when extra \$600 in unemployment benefits ends next month," published 23 June 2020, <https://www.cnbc.com/2020/06/23/millions-face-income-cliff-next-month-when-extra-600-dollars-in-ui-ends.html> consulted 9 July 2020

[5] <https://www.congress.gov/116/bills/s3548/BILLS-116s3548is.pdf>

[6] <https://theintercept.com/2020/04/09/coronavirus-stimulus-package-congress-vote/>

[7] See *Financial Times* "Wall Street wallets open to Ocasio-Cortez's rival" 19 June 2020 and *New York Post*, "AOC rival Michelle Caruso-Cabrera gets massive donation from Wall Street giants," 18 June 2020 <https://nypost.com/2020/06/18/michelle-caruso-cabrera-getting-major-funding-from-wall-street-giants/>

[8] See link in Note 7.

[9] *Financial Times*, "Why the US Pandemic Response Risks Widening the Economic Divide," published 18 June 2020,

<https://www.ft.com/content/d211f044-ecf9-4531-91aa-b6f7815a98e3> (free-access text consulted 9 July 2020).

[10] European airlines such as Air France-KLM and Lufthansa have also received aid.

[11] At time of writing Federal spending related to the CARES Act could well go over \$3 trillion.

[12] *Financial Times*, "Inside Bill Ackman's \$2.6 bn big short," 10 April 2020 <https://www.ft.com/content/70a5566c-5c02-4dcd-9360-c2b0001f2f29>

[13] Robert Brenner expresses the same view in the above quoted article.

[14] In this theoretical case, the bond holder will receive \$6 or 6% of \$100- the bond's face value - while he bought it for 150. Now 6 divided by 150 multiplied by 100 = 4%, so a 4% yield. This yield is different from the annual interest rate on the bond's face value, regardless of the price at which it was bought. If the holder of a bond with a face value of \$100 bought it for \$60, he will receive 6% of \$100, i.e. \$6, which is a 10% yield.

[15] *Financial Times*, "Investors enjoy equity-like gains from rocketing bonds," 13-14 June 2020.

[16] *Financial Times*, "US banks paid nearly twice as much in dividends as they earned," 16 June 2020.

[17] See Howard Zinn (1967), *New Deal Thought*, Indianapolis, Bobbs-Merrill Company, re-printed 1988