

Do No Harm Economic Triage Package

COVID crisis requires urgent economic triage for those most affected, not a free lunch for those at the VIP banquet

March 20, 2020

This once-in-a-century health and economic security crisis is not a time for half-measures and incremental, outdated tweaks to an economic system already broken, fragile and rigged in favor of the powerful. Instead, we need decisive, audacious actions now to prevent long-lasting and grave economic consequences for us all, but especially for those pushed out of progress for decades.

Polling already **shows** that there is widespread bipartisan support for aggressive measures to protect families and those on the front lines of the public health and economic crisis. Congress has public backing to enact much more significant measures than it has so far passed.

This coronavirus itself does not discriminate. But if left to the market, COVID's impacts will cascade through our economy, further deepening poverty, gender, racial and wealth disparities. Millions of lower-income and marginalized households are being asked to stay home, sacrificing their jobs – and future livelihoods – for the public good. For those who have benefitted most over the past decade, meanwhile, it is high time that they turn their obsession away from enriching wealthy shareholders and executives, and finally start to bear more responsibility for the nation's future.

To avoid catastrophe for millions of families across the country, our response must address – simultaneously - a virus that afflicts all and an economy that serves only a few.

Lower-income and marginalized workers need an economic lifeline, and now. That's why an immediate economic triage rescue plan is imperative – one that assigns urgency and priority to make whole those people most on the razor's edge, especially those who've lost their livelihoods.

At the same time, we must make sure we do no harm to our potential to recover after the crisis abates – by preventing those who seek to manipulate the crisis to erode the fiscal foundations of our government, precisely at the time we will need more public money to rebuild.



OXFAM

US HEADQUARTERS
226 CAUSEWAY STREET, 5TH FLOOR
BOSTON, MA 02114-2206
(800) 77-OXFAM

www.oxfamamerica.org

US POLICY & CAMPAIGNS OFFICE
1101 17TH STREET, NW, SUITE 1300
WASHINGTON, DC 20036
(202) 496-1180

As Congress feverishly negotiates its 3rd economic rescue plan, here are some elements of what a 'do no harm' economic triage plan might look like.

PROTECT WORKING PEOPLE, PARTICULARLY WOMEN, WHO ARE BEING HIT THE HARDEST

Payroll tax cuts, or simply suspending people's tax payments are ineffective for those who really need relief, regressive and potentially bankrupting Social Security and other programs in the near future. Instead, meeting this moment urgently demands:

- Cash payments to all individuals in the US, no matter their immigration status. There must be quick, sizeable and frequent enough to allow people to weather this storm over the coming months.
- Recurring boosts to proven anti-poverty programs which support those who most need it, especially Medicaid, Social Security, SSI, WIC and SNAP.
- Paid sick and family leave fully guaranteed to all.
- Unemployment insurance benefits increased to be closer to a full paycheck, and expanded to the self-employed.
- Fiscal relief to states, counties and cities which are bearing the brunt of this crisis.

Women are on the frontline of this crisis. The economic rescue package should set them forward, not back.

- Direct cash payments are much more effective and equalizing if sent to individuals, not households. Cash transfers to households often go to the highest earner--usually men. International experience tells us that this can exacerbate intra-household gender inequalities, including a rise in domestic gender-based and intimate partner violence. Instead, we should focus on building women's economic security and autonomy, especially now.
- In times of crisis, domestic violence spikes; the social isolation and stress in this crisis heighten dangers to women and children. We must invest right now in emergency shelters.

NO BLANK CHECKS TO BIG BUSINESS, BUT A LIFELINE SUPPORT TO SMALLER COMPANIES AND WORKERS OF ALL KINDS

Some businesses require immediate support to stay afloat—to everyone's benefits over the longer-term. An economic triage rescue plan would prioritize support to small

businesses on the edge, not the country's most powerful multinational companies that have been flush with cash for over a decade (even buying back their own stock).

Big business idolizes the free market: so it's time they rely on it to borrow what they need at rock-bottom rates, rather than ask for hand-outs from the rest of us.

- This is *not* a time for bailouts, or corporate tax cuts, for big business.
- This is certainly not a time to re-write tax policy to the benefit of the wealthy and endanger crucial resources we will need in the long term. In particular, we oppose slippery-slope **proposals** to 'suspend' important international provisions in the Tax Cuts and Jobs Act which aim to ensure global companies pay their fair share.

If it proves necessary for the public good to offer government assistance to certain sectors, there must be clear protections for the public and for workers (as we learned from the recovery efforts to the 2008 economic crisis). Blank checks defy logic and erode public trust in a time we need it most.

To protect workers, we **agree** that assistance to corporations should be conditioned on absolutely forbidding recipients from:

- reducing payrolls
- violating existing collective bargaining agreements
- demanding wage or benefit concessions from their workers
- outsourcing additional work
- increasing workloads during the term of any financial aid, and
- companies must agree to a \$15 minimum wage for all employees once the crisis has passed.

These conditions should be honored - whether or not the firm files for bankruptcy.

To protect the public and the broader economy, any sectoral assistance should be explicitly time-limited and subject to certain conditions, including especially:

- prohibiting open-market share buybacks
- freezing executive bonuses
- placing at least one truly-representative worker on the Board
- requiring Board approval for all sizeable political lobbying expenditures
- government receives equity stakes so that taxpayers, not just wealthy investors, benefit from the upside during recovery
- country-by-country tax reporting.

None of these steps pose immediate costs to companies and are a prerequisite to guarantee that public money is channeled toward public good during this recuse and recovery.

NO FREE LUNCH TO BIG OIL AND BIG PHARMA

Any assistance to corporations should not exacerbate existing inequalities, worsen public health outcomes, but instead contribute to the necessary global transition to a zero-carbon economy.

Sector-specific benefits for **oil and gas producers**, in particular, should not be considered at this time. This industry's operations have long been subsidized, and the sector received significant additionally through **tax breaks under the 2017 Tax Cuts and Jobs Act**. Oil and gas production contributes heavily to the carbon emissions fueling climate change; bailouts now are unconscionable and would only benefit company executives, not workers.

Affordable testing, treatment and vaccination will be essential for economic recovery in the US and around the world. Unfortunately, many in the **pharmaceutical sector** see this as an opportunity for windfall profits, and to double-down on the **historic tax breaks the companies received** from the 2017 Tax Cuts and Jobs Act. Any assistance or incentives for the pharmaceutical sector, therefore, must ensure that breakthroughs in treatment and vaccines for COVID-19 become a global public good: **accessible** and affordable to everyone.

FROM RESCUE TO RECOVERY

The 2008/9 financial rescue plan led directly into a Lost Decade of austerity in many US states, and many countries around the world. We simply cannot let that happen again.

With interest rates so low, this is not the time to erode our tax and public finance system. Borrowing is very cheap for the government, so it is very affordable to borrow for massive investments in this rescue package, while protecting fiscal space to invest in the needed just transition to a zero-carbon, care economy so necessary for a true recovery for all.

This COVID crisis shows us now more than ever how connected we all are in a fragile web of mutual support. Our individual physical and economic health is inter-twined and dependent on the collective.

As such, these exceptional public health measures must be complemented by correspondingly exceptional economic measures for the public good: prioritizing those suffering the most.

Let us meet this moment – together.