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THE NEED FOR ACCOUNTABLE BAILOUTS:

Warren's Bailout
Conditions are Both
Necessary and Popular

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March 2020

Releasing in
partnership
with MoveOn

EXECUTIVE SUMMARY

- ▶ The eight preconditions which Senator Elizabeth Warren released for any government bailout of companies affected by the financial crisis enjoy strong public support.
- ▶ Committing to no layoffs was the most popular of the eight policies, with 74 percent of voters in favor while 11 are opposed.
- ▶ Seven of the eight policies, including adding workers to company boards, a \$15 minimum wage and protections for collective bargaining all enjoy majority support, while the sole policy without majority support, a ban on stock buybacks still sees twenty points of net support.

The American economy is collapsing. Goldman Sachs is projecting negative 24 percent GDP growth in Q2. The Saint Louis Fed Chair says unemployment might hit 30 percent. The time for action is now.

Members of Congress and President Trump are now considering a range of options to meet this challenge. What's become clear is that Republicans have no interest in protecting American workers. Their draft proposal would, for example, turn over \$500 billion dollars for Treasury Secretary Steve Mnuchin to distribute with little oversight.

One person in Washington who has studied the mistakes made during the last financial crisis is Elizabeth Warren, who Harry Reid appointed to chair the Congressional Oversight Panel. Last Monday, Warren proposed eight conditions that companies would have to accept as preconditions

for accepting federal bailout money and an op-ed in *USA Today* where she made the case for her proposal.

“The Trump administration’s current proposals”, Warren argues, “ — and the one released by Senate Republicans this week — are sorely inadequate because they contain none of these protections for workers and taxpayers”. As a precondition to any bailout, “Congress must create a strong oversight body to monitor how companies are using taxpayer dollars and investigate violations.” The eight conditions Warren outlined are as followed:

1. Companies must maintain payrolls and use federal funds to keep people working.
2. Businesses must provide \$15 an hour minimum wage quickly but no later than a year from the end
3. CEOs must certify their companies are complying with the rules and face criminal penalties for violating them.
4. Collective bargaining agreements must remain in place.
5. Companies would be permanently banned from engaging in stock buybacks.
6. Companies would be barred from paying out dividends or executive bonuses while they receive federal funds and the ban would be in place for three years.
7. Businesses would have to provide at least one seat to workers on their board of directors, but potentially two or more, as the amount of relief increases.
8. Corporate boards must get shareholder approval for all political spending.

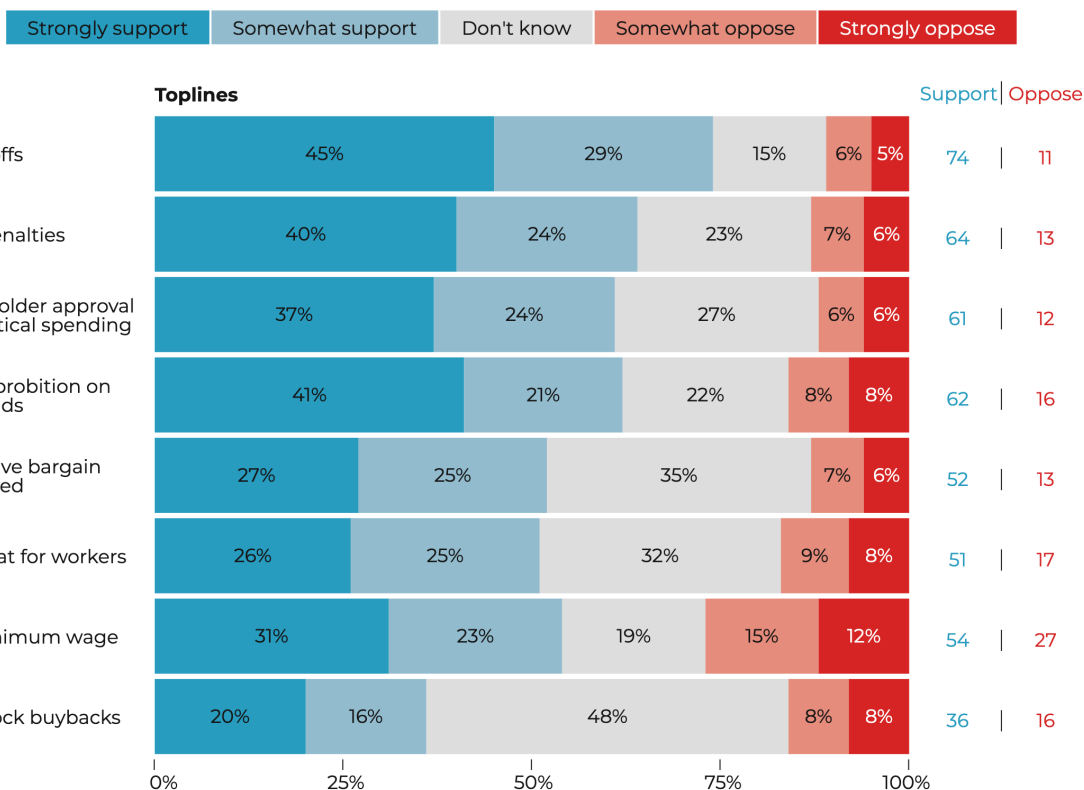
Data for Progress polled all of these conditions and found net positive support for all of these policies. Topline results for each item are as followed:

- 9. Bailed out firms must maintain payrolls: +63
- 10. Criminal penalties for CEO in cases of corporate non-compliance: +51
- 11. Shareholder approval for all political expenditures: +49

- 12. A three-year ban on paying out dividends and executive bonuses: +46
- 13. Preserve existing collective bargaining agreements: +39
- 14. Provide at least one seat for workers on corporate boards: +34
- 15. Bailed out firms adopt \$15 minimum wage within one year: +27
- 16. Ban on stock buybacks: +20

Voters Support Warren's Conditions For A Government Bailout

Some members of Congress have proposed placing the following conditions on any company receiving federal bailout money to ensure that taxpayer money benefits workers, not CEOs. Other members of Congress say that these restrictions are undue government influence on the free market and will destroy jobs. For each condition say whether you support or oppose it.



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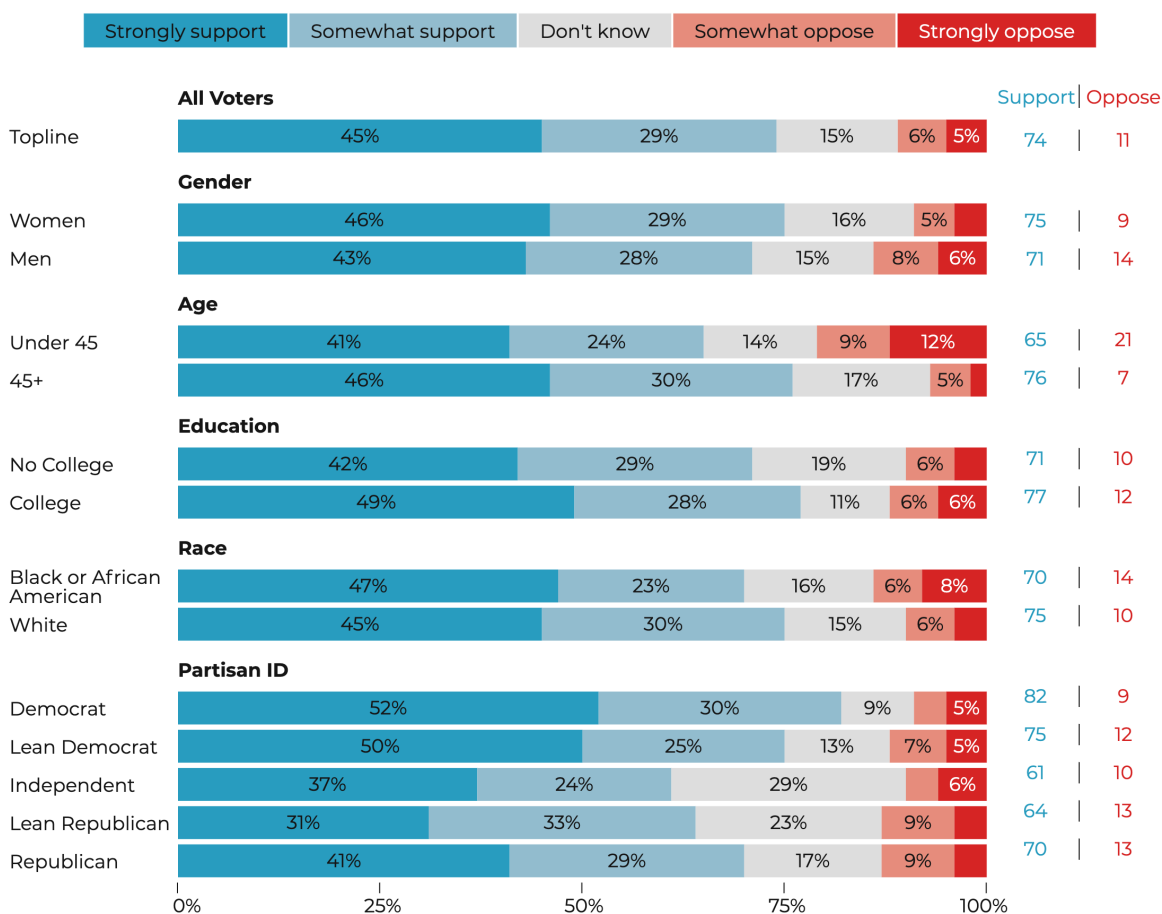
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Specifically, voters are worried about companies using the funds from the bailout to reward those at the top, while still going through with layoffs. By a 63 point margin, voters support requiring companies to maintain payroll and keep people working as a condition of accepting bailout funds (74 percent support, 11 percent oppose). This requirement has broad support among different groups, with 70 percent of self-identified Republicans supporting this requirement.

Voters are also clearly worried about the possibility of CEOs of firms receiving bailouts, and strongly support requiring CEOs to certify their company is compliant with the conditions of receiving federal bailout money and to face criminal penalties if the company violates the certifications. By a 64-13 margin, voters support requiring compliance of bailout conditions through the usage of possible criminal penalties. Notably, this policy has support of over 60 percent

Voters Want Companies Bailed Out By The Government To Maintain Their Payroll

Some members of Congress have proposed placing the following conditions on any company receiving federal bailout money to ensure that taxpayer money benefits workers, not CEOs. Other members of Congress say that these restrictions are undue government influence on the free market and will destroy jobs. For each condition say whether you support or oppose it. -- Companies must maintain their payrolls and use funds to keep people working or on payroll.

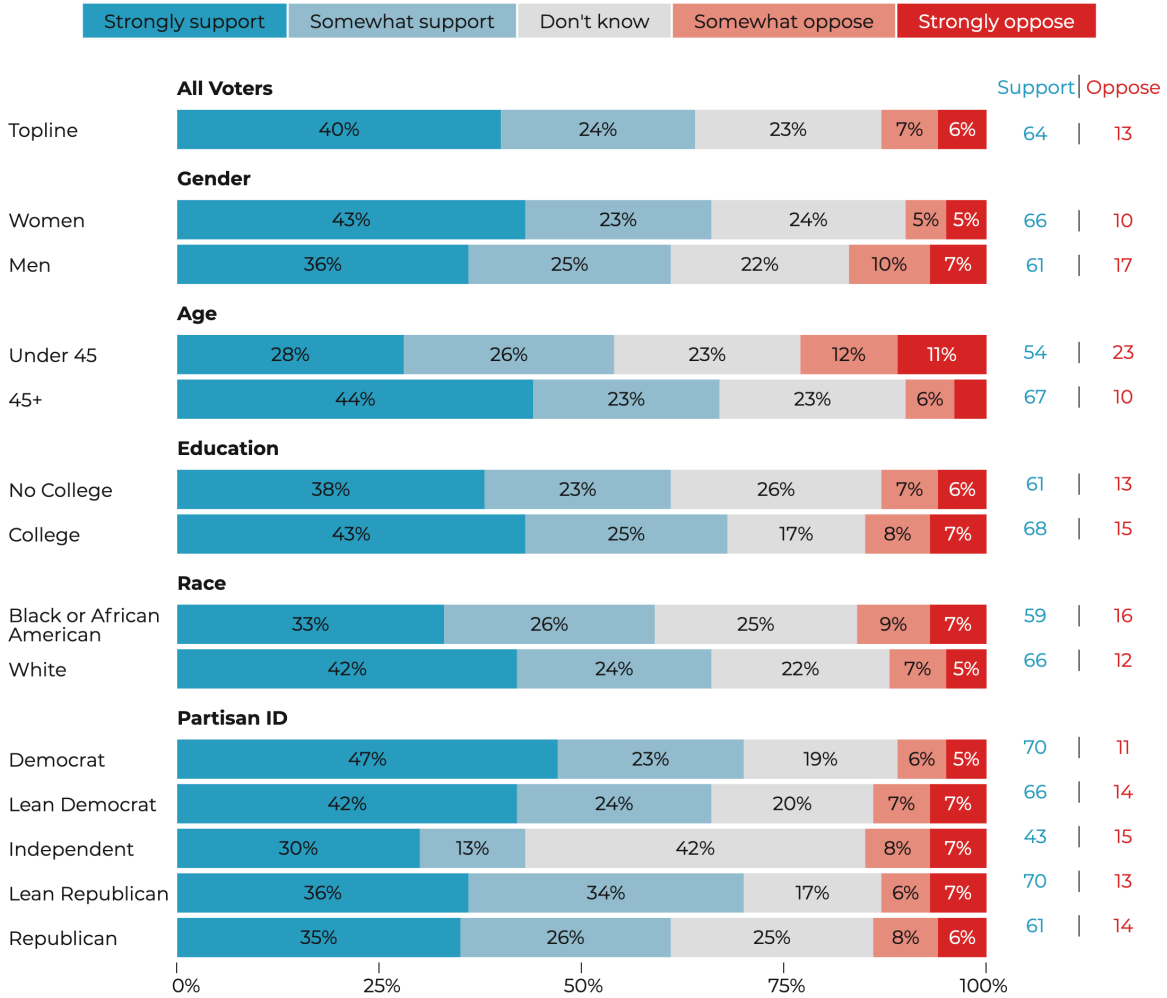


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Voters Support Criminal Penalties For CEO's Who Fail To Comply

Some members of Congress have proposed placing the following conditions on any company receiving federal bailout money to ensure that taxpayer money benefits workers, not CEOs. Other members of Congress say that these restrictions are undue government influence on the free market and will destroy jobs. For each condition say whether you support or oppose it. -- CEOs must be required to personally certify a company is compliant and face criminal penalties for violating these certifications.



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of both self-identified Democrats and Republicans, suggesting that voters of both parties are worried about corporate malfeasance in the wake of a government bailout.

In a similar vein, voters are also worried about companies using bailout funds to make a profit and strongly support banning paying out

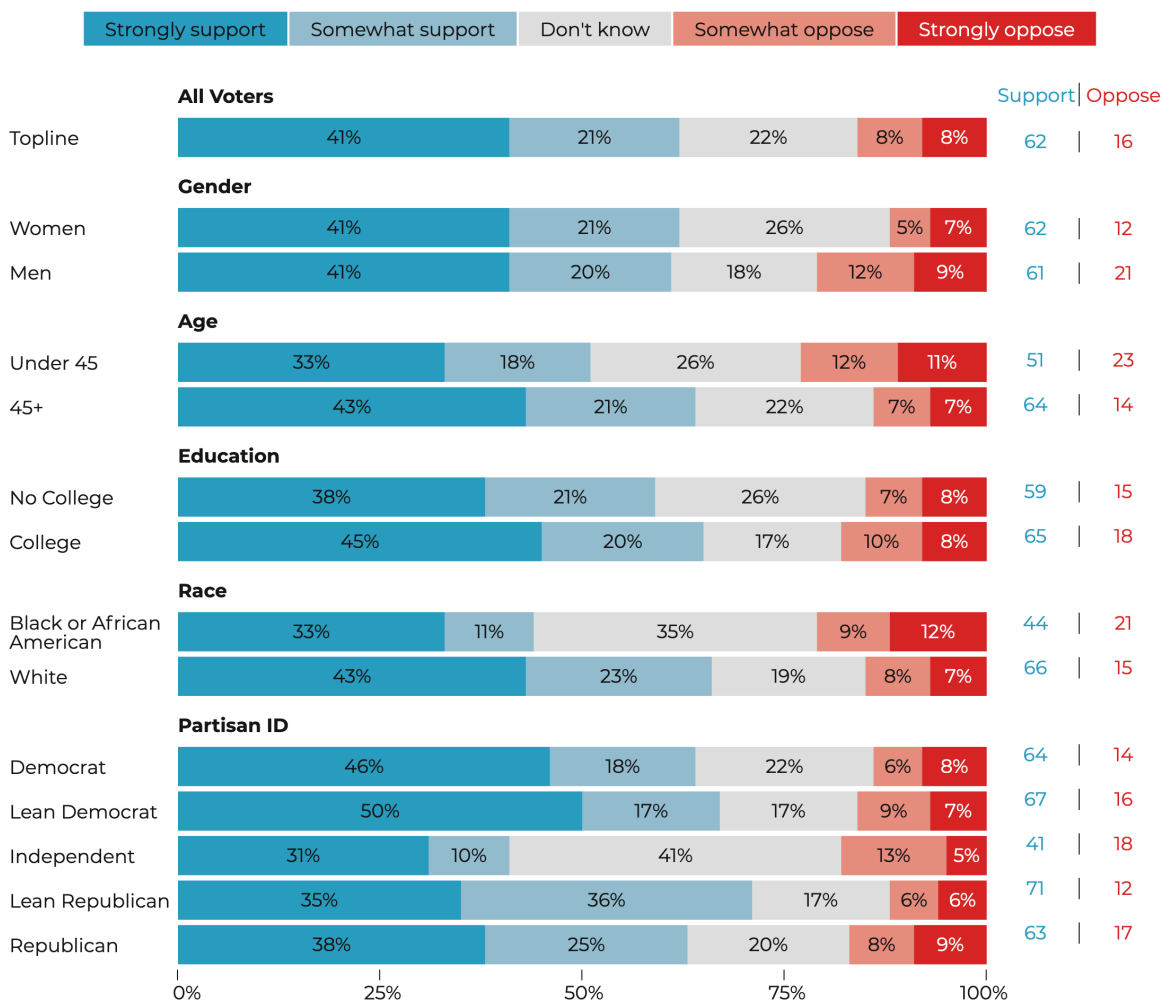
dividends and executive bonuses for any company taking federal bailout money. 62 percent of voters support this, with support for this policy cutting across cleavages in age (majority support of both those under 45 and those over 45) and education (majority support of both those with college degrees and those without).

Voters also support putting workers directly onto corporate boards. Under Warren's conditions, one seat would be immediately made available for workers with the door left open for increased worker representation depending on how much financial assistance the federal government continues to provide. On the whole, voters support this limited form of worker codetermination by a 34 point margin (51 percent support, 17

percent oppose). This policy enjoys wide levels of support across all demographic breakouts and also enjoys bipartisan support as well. Self-identifying Democrats back it by a 53 point margin (64 percent support, 11 percent oppose) and self-identifying Republicans back it by a still comfortable 21 point margin (42 percent support, 21 percent oppose).

Voters Want To Ban Dividends And Executive Bonuses For Bailed Out Firms

Some members of Congress have proposed placing the following conditions on any company receiving federal bailout money to ensure that taxpayer money benefits workers, not CEOs. Other members of Congress say that these restrictions are undue government influence on the free market and will destroy jobs. For each condition say whether you support or oppose it. -- Companies are prohibited from paying out dividends or executive bonuses while they are receiving any relief and for three years thereafter.

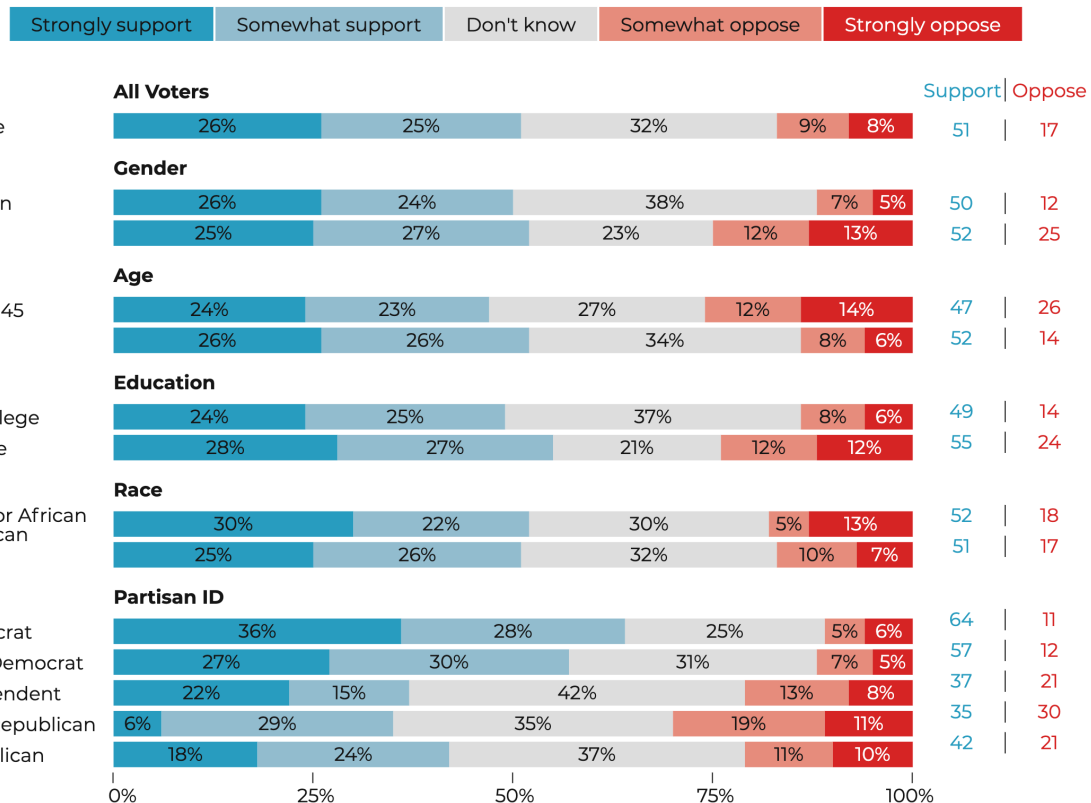


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Voters Support Putting Workers On Corporate Boards Of Bailed Out Firms

Some members of Congress have proposed placing the following conditions on any company receiving federal bailout money to ensure that taxpayer money benefits workers, not CEOs. Other members of Congress say that these restrictions are undue government influence on the free market and will destroy jobs. For each condition say whether you support or oppose it. -- Companies must set aside at least one seat -- but potentially two or more, as the amount of relief increases -- on the board of directors for representatives elected by workers.



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CONCLUSION

Warren has dropped a bold legislative package, one that would both bail out troubled firms while also protecting workers. If implemented, it will help repattern America's economy along more egalitarian lines, giving many workers a much-needed raise and providing them a say in how their workplaces are run. Warren's proposal enjoys comfortable margins of support among voters with many of the items we surveyed netting considerable levels of support even among

Republicans. Democrats should follow the clear will of the American people and enact these sensible, popular conditions to any corporate bailout.

METHODOLOGY

From March 18 through March 19, 2020, Data for Progress conducted a survey of 2,328 likely voters nationally, using web-panel respondents. The sample was weighted to be representative of likely voters by age, gender, education, race, and voting history. The survey was conducted in English. The margin of error is ± 2 percent