OBELA
Observatorio Económico Latinoamericano

Num. 17 Year 2020
June 22th

THE UNITED STATES AND THE FINANCES OF THE PANDEMIC

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In the pandemic, the United States and its institutions have taken measures that have had an impact on providing liquidity to the international system. In Latin America, specifically, these have come through the IMF but also agreements with the US central bank (FED). The distribution of banking profits in the first quarter of 2020 and a boom in the stock market shows the close relationship FED-Financial Industry.

Since the end of January, world stock exchanges presented a generalised fall as an effect of the measures to close production and services in the world (http://www.obela.org/analisis/la-financiarizacion-de-la-crisis-del-covid19). On March 23, the day of world lows in stock markets, the FED announced measures for an economic recovery that changed the trajectory of the stock markets. The intervention was through several channels:

- The Main Street Program, 600 billion dollars, designed to help the flow of credit to small and medium businesses that face cash flow disruptions.
- The purchase of corporate bonds in the primary market, $500 billion, and granting of loans to qualified companies.
- The purchase of corporate bonds in the secondary market, $250 billion, buys bonds individually and exchange-traded funds (ETFs), a stock market instrument that groups assets, and replicates their aggregate behavior.
- The increase in the availability of financing of bills of exchange and short-term promissory notes, 100 bn USD, to companies and others.
- The purchase of collateralized consumer credit assets, $100 billion dollars, for example, automobile loans, student loans, and others.
- The purchase of short-term debt of state and local governments, $ 500 bn USD.

The maximum unemployment rate of 14.7% (22 million unemployed) and 42 million applications for US unemployment assistance in April reduced to 13.3% by June but with 45 million applications. The revolving credit fell 64% in the first quarter, and the company Visa reported in May a fall of 21% in the

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volume of credit card use and an increase of 12% in debit cards. There was an increase in mortgage loan defaults, overdue student loans, credit cards, and the productive corporate sector.

In the US, the distribution of dividends per share doubled versus earnings per share in the banking sector. (more information). It happened in the context of the bankruptcy of companies (J.C. Penney and Neiman Marcus) of retail sales, hotels; (Chuck E. Cheese, Food First) some chains of restaurants, Hertz Rent a Car, (car rental) and the loss of investment grade (Renault, Ford, Delta Airlines, Bombardier, Boeing, American Airlines, to name the most prominent). In these conditions, the stock markets have, on the contrary, shown a strong recovery, and the Nasdaq has reached new highs. The companies Zoom, Amazon, Google, Apple, Microsoft, Tesla, Netflix, and Facebook are among the most prestigious companies that have benefited from the closure.

With the rest of the world, the FED continues its role as the provider of international liquidity, as a global central bank, through swap lines of 60 billion dollars with Australia, Brazil, Korea, Mexico, Singapore and Sweden, and 30 billion dollars with Denmark, Norway and New Zealand. It also launched a repo program, open to central banks with an account with the Fed, to provide short-term dollars without the need to sell US Treasury bond holdings, under the asset repurchase agreement.

The IMF has given quick loans to Haiti (112 million dollars), Saint Lucia (29 million dollars), Dominica (14 million dollars), and Grenada (22 million dollars). In comparison, those favored are Bolivia (327 million dollars), Costa Rica (508 million dollars), Dominican Republic (650 million dollars), Ecuador (643 million dollars), El Salvador (389 million dollars), Panama (515 million dollars) and Paraguay (274 million dollars). Other large countries, such as Mexico, Peru, Chile, and Colombia, have flexible credit lines for 61,000, 11,000, 23,930, and 11,000 million dollars, respectively.

The FED and central banks' intervention speaks of market imperfection, asymmetries, and the lack of free competition. All are contrary to the defenders of the perfect market. The distribution of twice as many dividends as companies earned in the first quarter per share is a contradiction in terms that reflects financialisation, the power of financial capital, and the dollar. The Fed and the central bank's increase in liquidity allowed the stock markets to recover without a recovery in production, and high levels of unemployment, low levels of consumption and destruction of production, in a contradiction that leads to an increase of the existing inequality.