



## Warren, AOC propose ban on mergers and acquisitions during the pandemic

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Progressive heavyweights Sen. Elizabeth Warren, D-Mass., and Rep. Alexandria Ocasio-Cortez, D-N.Y., are coming together to propose a bill halting big mergers as the country fights the coronavirus pandemic.

The Pandemic Anti-Monopoly Act would freeze mergers and acquisitions made by companies with more than \$100 million in revenue amid fears that large businesses could take advantage of smaller firms struggling for cash during the COVID-19 outbreak.

The bill would also halt mergers that involve hedge funds or private equity firms or those that hold "an exclusive patent that impacts the crisis, like personal protective equipment."

"As we fight to save livelihoods and lives during the coronavirus pandemic, giant corporations and private equity vultures are just waiting for a chance to gobble up struggling small businesses and increase their power through predatory mergers," Warren said in a statement Tuesday.

The bill would freeze mergers and acquisitions until the Federal Trade Commission unanimously decides that small businesses and workers are no longer under "financial distress."

FILE PHOTO: Sen. Elizabeth Warren speaks, in Monterey Park, Calif. March 2, 2020. Kyle Grillot/Reuters, File

"Private equity and other big businesses are actively looking to scoop up smaller businesses and consolidate industry for their gains. These companies should be using their cash reserves to help their employees not to acquire more power," Ocasio-Cortez said in the same statement.

"If we don't stop predatory M&As now, the actions of big corporations will have decades-long economic consequences -- for all of us. With less competition, the whole country will see job loss and higher costs for consumers," the New York representative added.

The proposal follows a similar call for greater regulation on mergers from Rep. David Cicilline, D-R.I., who leads the House Judiciary Committee's antitrust panel.

The Rhode Island Democrat told Politico last week that he is pushing for the next federal coronavirus package to ban acquisitions not directly related to firms about to fail.

Several big businesses have come under scrutiny from Democrats, who have accused large firms from profiting off the federal government's Paycheck Protection Program (PPP), which was intended to provide relief to a wide swath of businesses with 500 or fewer employees.

In this image from video, Rep. Alexandria Ocasio-Cortez, D-N.Y., speaks on the floor of the House of Representatives at the U.S. Capitol, April 23, 2020. House Television via AP

Despite the Pandemic Anti-Monopoly Act's prominent progressive backers, some critics have attacked the proposal for potentially hurting the economy further.

"A bill like this would harm the economy in general. It would in particular threaten workers, consumers, investors and those affected by the coronavirus," Walter Olson, a senior fellow at the Cato Institute, told ABC News.

"In crisis conditions especially, mergers are a way for companies with a relevant strength, such as a strong balance sheet or superior distribution channels, to combine with others that may be

weaker yet have vital assets such as promising research, a loyal consumer base, or a superior product line. If mergers are blocked, some weaker, yet valuable companies, will flounder, discontinue research, furlough workers or even enter bankruptcy," he added.

Despite its prominent sponsors, the proposal is unlikely to pass a Republican-controlled Senate and White House. Olson said that the possibility the bill becomes law is unlikely.

"This bill is an exercise in political symbolism, not the way an advanced democratic country should approach antitrust policy. It's the equivalent of a Trump tweet -- it lets off steam, everyone can take sides, and it allows momentary domination of a not especially meaningful conversation until everyone moves on to the next," Olson said.

While Warren plans to propose the bill when the Senate returns on May 4, Ocasio-Cortez will have to wait longer. Although the Senate plans to return to work next week, the House Democratic leadership announced Tuesday that its members would not come back as expected amid coronavirus concerns.