

# Trump Treasury Officials' Op-Ed Defending PPP's Implementation Is Riddled With Misleading Comments And Outright Falsehoods

**Trump Treasury Officials Claimed The PPP Helped Save Over 51 Million Jobs, But An MIT Study Found PPP Saved Only 3.2 Million Jobs And A National Bureau of Economic Research Study Found The Program "Did Not Restore The Vast Majority Of Jobs."**

## **In A Wall Street Journal Op-Ed, Trump Treasury Officials Michael Faulkender And Stephen Miran Claimed The PPP Helped Save Over 51 Million Jobs...**

December 17, 2020: Trump Treasury Department Officials Michael Faulkender And Stephen Miran Penned A *Wall Street Journal* Opinion Piece To Defend The Administration's Handling Of The Paycheck Protection Program (PPP). "At the onset of the pandemic, when many American small businesses faced mandatory closures and a drastic reduction in revenue, the Paycheck Protection Program offered a crucial financial lifeline. In a two-week period in March and April, more than 10 million Americans filed first-time unemployment claims, and widespread, permanent small business closures and job losses seemed inevitable. [...] Mr. Faulkender is assistant Treasury secretary for economic policy. Mr. Miran is Treasury's senior adviser for economic policy." [Michael Faulkender and Stephen Miran, "[Time for a Second Round of PPP](#)," *The Wall Street Journal*, 12/17/20]

**The Trump Treasury Officials Claimed The PPP Helped Save Over 51 Million Jobs.** "PPP coverage was broad, reaching every pocket of the American small-business community. More than 80% of eligible small-business payroll was supported, which amounted to more than 51 million jobs by the time the second tranche of funding closed." [Michael Faulkender and Stephen Miran, "[Time for a Second Round of PPP](#)," *The Wall Street Journal*, 12/17/20]

## **...But As The PPP Was About To Close, An MIT Study Estimated That The PPP Saved Only 3.2 Million Jobs And A National Bureau Of Economic Research Study Said PPP "Did Not Restore The Vast Majority Of Jobs"**

**Shortly Before The PPP Ended, Researchers At The Massachusetts Institute Of Technology (MIT) Estimated The PPP Saved Just 3.2 Million Jobs.** "Hundreds of billions of dollars in government loans to small businesses helped save between 1.4 million and 3.2 million jobs during the coronavirus pandemic, according to a new study by Massachusetts Institute of Technology and Federal Reserve researchers." [Bloomberg, [07/22/20](#)]

- **The PPP Closed On August 8, 2020.** "Current law dictates that the Paycheck Protection Program (PPP) close at the end of August 8, 2020. As such, SBA is no longer accepting PPP applications from participating lenders." [[U.S. Small Business Administration](#), accessed 12/10/20]

**A National Bureau Of Economic Research (NBER) Study Found That The PPP "Had Little Material Impact On Small Businesses" And It "Did Not Restore The Vast Majority Of Jobs" Lost Due To COVID-19.** "The efficacy of the program has faced serious questions, with a June study for the National Bureau of Economic Research concluding that the PPP had "little material impact on employment at small businesses. [...] While not ruling out 'a small positive employment effect (approximately 3–4 percentage points on

employment rates),’ the authors noted that it was ‘clear that the program did not restore the vast majority of jobs that were lost following the COVID shock.’” [Axios, [07/29/20](#)]

**Trump Treasury Officials Claimed The PPP Helped *Prevent* 25% Unemployment Rates—Yet Secretary Mnuchin Himself Admitted The Rate Could Have Been As High As 25% During May 2020 And One Group Founded By A Former Financial Regulator Pegged The True Rate At Nearly 26% As Recently As November 2020.**

### **The Trump Treasury Officials Claimed The PPP Helped Prevent 25% Unemployment Rates...**

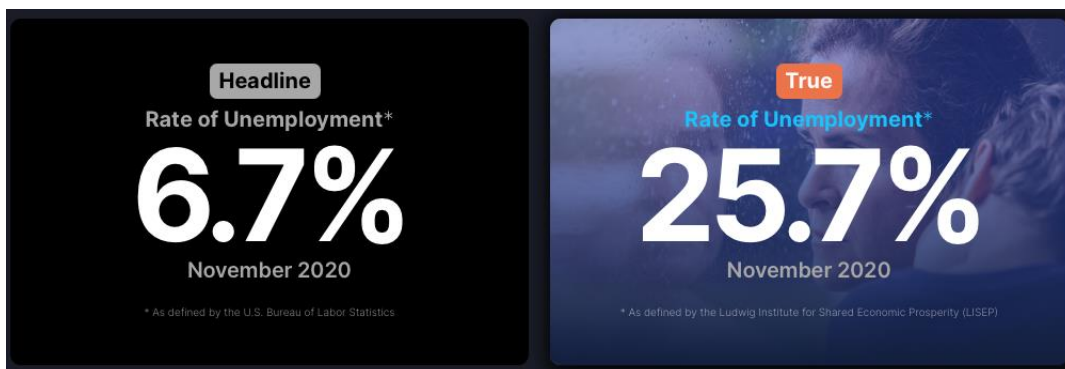
The Trump Treasury Officials Claimed The PPP Helped Prevent “The 25% Unemployment Rates That Many Experts Were Forecasting.” PPP had the further benefit of reducing strain on state-administered unemployment-insurance systems and preventing the 25% unemployment rates that many experts were forecasting. The historic speed and strength of the recovery since May has underlined that in a recession preserving jobs and preventing layoffs is far easier than creating new jobs.” [Michael Faulkender and Stephen Miran, “[Time for a Second Round of PPP](#),” *The Wall Street Journal*, 12/17/20]

### **...But In May 2020, Treasury Secretary Steven Mnuchin Himself Admitted Unemployment Could Have Hit 25%...**

May 2020: Treasury Secretary Steven Mnuchin Admitted The Real Unemployment Rate At The Time Could Be 25%. “The real unemployment rate in the U.S. may be at 25% already, according to Treasury Secretary Steven Mnuchin. This figure exceeds the Bureau of Labor Statistics’ (BLS) 22.8% estimate of the real unemployment rate in April and makes the current economic crisis equal to the Great Depression in terms of joblessness.” [Deborah D’Souza, “[Real Unemployment Could Be at 25%, Says Mnuchin](#),” *Investopedia*, 05/11/20]

### **...And One Group Founded By A Former U.S. Comptroller Of The Currency Has Pegged The True Unemployment Rate At 25.7% In November 2020.**

As Of November 2020, The True Unemployment Rate Was 25.7%, According To A Group Founded By A Former U.S. Comptroller Of The Currency:



[[Ludwig Center For Shared Economic Prosperity](#), accessed 12/18/20]

The Ludwig Institute for Shared Economic Prosperity Was Founded By Former U.S. Comptroller Of The Currency Gene Ludwig. “In January, when the official rate of unemployment was 3.6%, the true rate was seven times greater — 23.4%. That’s according to new calculations from the Ludwig Institute for Shared

Economic Prosperity, founded by Gene Ludwig, a former U.S. Comptroller of the Currency.” [Felix Salmon, [“Exclusive: America's true unemployment rate,”](#) Axios, 10/13/20]

**The Ludwig Institute Calculates The True Unemployment Rate By Tracking How Much Of The U.S. Workforce Does Not Have A Full-Time Job But Wants One Or Does Not Earn A Living Wage Of At Least \$20,000 Per Year.** “Using data compiled by the federal government’s Bureau of Labor Statistics, the True Rate of Unemployment tracks the percentage of the U.S. labor force that does not have a full-time job (35+ hours a week) but wants one, has no job, or does not earn a living wage, conservatively pegged at \$20,000 annually before taxes.” [Felix Salmon, [“Exclusive: America's true unemployment rate,”](#) Axios, 10/13/20]

**Trump Treasury Officials Claimed A “Commensurate” Amount Of PPP Funds Went To Low- And Mid-Income Areas—Yet, A New Study Has Found PPP Money “Didn’t Reach A Greater Share” Of Businesses In Low-Income Areas, Months After The SBA IG Warned There Was “No Evidence” That The Trump Administration Was Telling Lenders To Prioritize Underserved PPP Borrowers.**

**The Trump Treasury Officials Claimed That A “Commensurate” Amount Of PPP Money Went To Low- And Moderate-Income Areas...**

**The Trump Treasury Officials Claimed That A “Commensurate” Number Of PPP Funds Went To Low- And Moderate-Income Areas.** “By matching PPP loans to census tracts, we found that 27% of PPP funds went to low- and moderate-income areas, commensurate with the 28% of the American people who live in these areas.” [Michael Faulkender and Stephen Miran, [“Time for a Second Round of PPP,”](#) *The Wall Street Journal*, 12/17/20]

**...Yet, One Study Found PPP Money “Didn’t Reach A Greater Share” Of Businesses In Low-Income Areas, Months After The SBA Inspector General Warned “It Could Find No Evidence” That The Trump Administration Was Telling Lenders To Prioritize Underserved Borrowers.**

**A Center For Public Integrity Study Found That PPP Loans “Didn’t Reach A Greater Share of Businesses In The Lowest-Income Communities,” With Median Household Incomes Of \$40,000 Or Less.** “The result: Most PPP loans went to businesses in communities that already had more access to resources, according to a Center for Public Integrity analysis of recently released SBA data. Loans didn’t reach a greater share of businesses in the lowest-income communities, where median household income is about \$40,000 or less and recessions hit the hardest.” [Jamie Smith Hopkins et al., [“PPP loans were supposed to prioritize low-income areas during the pandemic. They didn’t,”](#) The Center for Public Integrity, 12/11/20]

**As Early As May 2020, The U.S. Small Business Administration’s Inspector General Warned “It Could Find No Evidence” That The Trump SBA Told Lenders To Prioritize “Underserved” Markets, Including Low-Income Areas, Rural Areas, And Businesses Owned By Minorities, Women, And Veterans.** “Congress wanted the U.S. Small Business Administration to ensure that PPP loans prioritized small businesses in ‘underserved’ markets, a term that includes low-income communities, rural areas and businesses owned by people of color, women and veterans. But the SBA’s inspector general warned in early May that it could find no evidence the SBA told lenders to do that.” [Jamie Smith Hopkins et al., [“PPP loans were supposed to prioritize low-income areas during the pandemic. They didn’t,”](#) The Center for Public Integrity, 12/11/20]

**Trump Treasury Officials Claimed They Sought To “Maximize The Chances Of A V-Shaped Recovery” Through PPP And Other Policies—Yet The Trump Administration Has Presided Over A K-Shaped Recovery, With The Wealthy Doing Well Amid A Booming Stock Market While Millions Of Americans Endure Severe Economic Insecurity.**

**The Trump Treasury Officials Claimed Their Administration Sought To “Maximize The Chances Of A V-Shaped Recovery” Through PPP And Other Policies...**

**The Trump Treasury Officials Claimed The Administration Sought To “Maximize The Chances Of A V-Shaped Recovery.”** “The retention of pre-existing employment relationships was necessary to maximize the chances of a V-shaped recovery once the economy was allowed to reopen.” [Michael Faulkender and Stephen Miran, “[Time for a Second Round of PPP](#),” *The Wall Street Journal*, 12/17/20]

**...Yet The Trump Administration’s Pandemic Response Has Resulted In A K-Shaped Recovery, With The Wealthy Doing Well Amid A Booming Stock Market As Millions Of Americans Endure Severe Economic Insecurity.**

**The Economic Recovery Has Been K-Shaped, “With Half Of The Country Doing Well And The Other Half Falling,” As The Stock Market Hits “Record Highs” While Millions Of Americans Endure Severe Unemployment, Rent Stress, Food Insecurity, And Lack Of Health Insurance.** “The recovery isn’t V-shaped, or L-shaped, but K-shaped, with half of the country doing well and the other half falling. The stock market has hit record highs while millions of people are unemployed with few prospects. Home sales are soaring while millions cannot pay their rent, or afford food. Millions have lost their health insurance amid a great public health crisis.” [Rex Nutting, “[Opinion: The K-shaped economic recovery: For half of America, the economy is still terrible](#),” *MarketWatch*, 10/03/20]

**Blame For The K-Shaped Recovery Has Been Placed on The Trump Administration As “Trump Denied The Most Serious Threat To Public Health In Decades.”** “And then misfortune struck—the COVID-19 pandemic. Trump was faced with the first real test of his leadership and he failed. The U.S. response to the coronavirus has been among the worst in the world. Tens of thousands have died because Trump denied the most serious threat to public health in decades.” [Rex Nutting, “[Opinion: The K-shaped economic recovery: For half of America, the economy is still terrible](#),” *MarketWatch*, 10/03/20]