

US could take equity shares in coronavirus-hit airlines: officials

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US Treasury Secretary Steven Mnuchin

The US government could take equity shares in airlines and other troubled but vital American corporations as it moves to stabilize an economy amid the new coronavirus pandemic, top US officials said

Sunday.

White House economics adviser Larry Kudlow said the [government](#) should get a stake in companies that receive direct cash grants from the federal government.

"I think in return for direct cash grants, which is what the airlines have asked for, I see no reason why the American taxpayer shouldn't get a piece," he said on "Fox News Sunday."

Treasury Secretary Steven Mnuchin, speaking on CBS's "Face the Nation" talk show, also said the government could take equity positions in return for infusions of taxpayer money.

"As the president said, we'll look at each one of these situations," he said.

"Some of them are very good companies that just need liquidity and will get loans. Some of these companies may need more significant help and we may be taking warrants or equity as well as that.

"The president wants to make sure the American taxpayers are compensated. This is not a bailout."

Mnuchin said any such transactions would take the form of warrants, a type of security that gives its holder the right to buy or sell an asset at a certain price up to a certain date determined when it is emitted. Warrants can thus be converted into shares.

The massive financial rescue plan passed by the US Congress designates \$50 billion for the [airline industry](#).

Half that sum would take the form of loan guarantees, and the rest direct

cash payments.

Invoking their importance to the economy and the social risks if they fail, Boeing and the US airlines have demanded an unprecedented government bailout.

Air transportation has been one of the hardest hit sectors by the COVID-19 epidemic. Most transatlantic flights by US airlines have been suspended, as have 40 to 70 percent of domestic flights.

Bailouts using taxpayer money in the form of direct financial infusions or loans guaranteed by the [federal government](#) would follow a decade of growth in which the airlines made billions of dollars.

A number of voices have been raised, particularly among Democrats, insisting that certain conditions be met in extending [public support](#) to corporations, including [equity](#) participation in those companies.

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