

Coronavirus, Crisis, and Socialist Perspectives

April 26, 2020



Our world is drifting toward barbarism. We are faced with two interacting crises of the capitalist system—the global pandemic and global recession. The combination will have a devastating impact on the lives of workers and oppressed people, especially in the Global South.

At the same time, these crises are radicalizing people’s consciousness, splitting an already polarized society more deeply between an emerging socialist left and populist far right. On our side, essential workers have staged a wave of strikes and walkouts amidst the pandemic, and the desperate conditions we have been thrust into is storing up anger that will explode in even more radical struggles in the coming years.

On the other side, the right has staged a wave of reactionary protests, bankrolled by a small section of capitalists. The combination of these forces could morph into a fascist movement to put down an insurgent working class. Bloomberg News is so afraid of threats from the left and right that they are counseling the ruling classes of the world to grant some limited reforms to fend off both.

Otherwise, they warn, “behind the doors of quarantined households, in the lengthening lines of soup kitchens, in prisons and slums and refugee camps — wherever people were hungry, sick and worried even before the outbreak — tragedy and trauma are building up. One way or another, these pressures will erupt.... In time, these passions could become new populist or radical movements, intent on sweeping aside whatever *ancien regime* they define as the enemy.”

Capitalism has failed humanity. It cannot function today without risking the lives of workers in the short term and, amidst global climate change, threatening the habitability of whole sections of the planet in the long term. Socialist politics and organization are essential now more than ever before. If the socialist left does not build a practical alternative—based on struggle—the far right could be the big beneficiary of the crisis. We are thus in the fight of our lives and for our lives.

Mainstream Misdirection

Many mainstream commentators tell themselves a comforting fable about the crisis. They portray the virus as an “exogenous” cause of tipping an otherwise healthy global economy into recession. They are wrong for two reasons. First, capitalism created the conditions for the pandemic to begin with.

As Rob Wallace argues in *Big Farms Make Big Flu*, capitalist states and corporations internationalized agribusiness, establishing industrial farms in closer and closer proximity to previously isolated ecosystems. These farms enable viruses to jump from wild animals to poultry and pig farming and thereby into human society.

Moreover, as Kim Moody shows, global capitalism has so interconnected the world that it quickly transforms what previously would have been local outbreaks into global pandemics. The viruses travel the circuits of capitalist production, distribution, and consumption into every corner of the world.

Second, the mainstream commentators are wrong to claim that the pandemic caused the recession. In reality, the global economy was headed for a crisis well before the virus struck. The advanced capitalist economies were all slowing or stagnant from China to the US, EU and Japan. All these states had been intervening with increasing intensity to maintain their sputtering growth at the tail end of a long weak recovery from the Great Recession.

In the US, for example, Trump had cut taxes in the hopes of sustaining the expansion, and even that was failing to do the job. So, the Federal Reserve intervened at the end of last year, cutting interest rates three times to fend off fears of a new recession. Outside the developed world, the Global South was already in a crisis. Argentina’s economy, for example, was in free fall.

The giant stock market run of the last decade, which lulled politicians and the media into a false sense of economic security, proved to be a great speculative bubble completely out of all proportion with a stagnant real economy. Many economists even before the pandemic were, therefore, concerned that both US and world economies were at the end of the business cycle and a downturn was coming. The pandemic was thus the trigger, not the cause, of the global recession.

Roots of Global Slump

The roots of this crisis lie in the mechanisms used by the ruling class to get out of the last crisis—the financial crash of 2008 and the Great Recession that followed. These were caused by problems built up during the long neoliberal boom from 1982 to 2007 that had tripled the size of the world economy.

The expansion produced a classic crisis of overproduction—too many factories were producing too many goods that capitalists could not sell at high enough profit rates. In search of more profitable outlets, capitalists turned to increasingly speculative investment, triggering the growth of a sequence of bubbles—most notably the dot com bubble at the end of the 1990s and then the fateful housing bubble in the 2000s.

When that popped in 2007 it triggered the financial crisis and recession. The ruling classes coordinated an international intervention by governments and state banks to stave off economic collapse. They bailed out the banks and corporations and cut interest rates to zero.

They poured trillions of dollars into the economy in the process. While they saved the system, their actions stored up new problems. They breathed life into unprofitable so-called “zombie corporations,” which are so in debt that they can only service their loans without any hope of ever paying them off. These comprise a whopping 13 percent of all companies.

And healthy companies did not use the loans to invest in new plant and machinery, which was not profitable. Instead they bought back their own stocks to drive up their share prices, passing the rewards on to the wealthy. Airlines, for example, spent \$45 billion on buybacks—almost the same amount as the \$50 billion offered to them in the new bailout from the Trump administration.

As a result, the real economy has been sluggish, trapped in what David McNally calls a long-term global slump, even as the stock markets soared to stratospheric heights. Even more worrisome, all of this was premised on massive state and corporate debt. Globally it exploded by \$72 trillion over the last decade to an almost unbelievable \$244 trillion, over three times the size of global GDP, and that was “achieved” before the pandemic, recession, and massive bailout packages.

Throughout the long weak recovery, the ruling classes imposed deep austerity measures on the working classes, leading in the US to a lost decade for workers of stagnant wages, credit card debt, and student debt. Predictably, the ruling classes and their states turned at the very same time to intense attacks on oppressed groups, from Muslims to women and especially migrants, to keep workers divided each from the other.

The Contradiction Between Capitalism and Life

The global economy was thus poised for crisis, but the pandemic has made it an even deeper one. Capitalist states have been forced to shut down their economies to stop the spread of the virus out of fear of sickening their own workforce and overwhelming their dilapidated healthcare systems.

Capitalism has proved itself incompatible with life. Nowhere is this clearer than in Haiti, a country impoverished by imperialism and where multinational capital exploits desperately poor people in sweatshops. The Haitian state and local bosses initially closed these after the pandemic struck, but under pressure from their global bosses, they have begun to reopen them.

Why? Because the bosses want their products and also workers are desperate for money to feed themselves, even if that means risking contracting the virus, sickening and dying. As one local boss put it, “the question was whether to die of hunger or coronavirus.”

Elsewhere capitalists and their states have been more cautious. They know that if they reopen their economies, they risk killing their own workers. But, if they keep them closed for too long, they risk the collapse of the economy. Their solution to this profound contradiction has been to keep only essential production and services open—some industrial production, agribusiness, logistics, grocery stores, and some private and government services.

But even this partial closure has devastated global production and consumption. It has also triggered financial crises and stock market crashes throughout the world. Their hope is to return to production carefully and with widespread testing.

States to the Rescue

In the meantime, capitalist states have been forced into immediate and dramatic action to confront these two intersecting crises. Most, including China, bungled their initial response to the virus, leading to mass unnecessary deaths throughout the world. The exceptions were a handful of states like South Korea and, of course, Cuba, which has again deployed its doctors and nurses throughout the world to respond to the catastrophe.

Trump catastrophically mishandled it in the US. Only Jair Bolsonaro in Brazil and Boris Johnson in Britain come even close to his callousness and incompetence. Trump and the CDC are responsible for the wave of infections, hospitalizations, and deaths throughout the country. Trump not only

refused to listen to repeated warnings about the likelihood of a pandemic, but he also cut the program to prepare for one.

When faced with the coronavirus, he initially dismissed it as fake news. The CDC then botched the test which if rushed out properly could have enabled the government to contain its spread as in South Korea. And once the virus started ripping through the country, Trump proved completely incapable of organizing the government to respond coherently, balking at using the Defense Production Act, preferring to rely on corporations themselves to handle it, and when they didn't, scapegoating everyone from the CDC to governors and the WHO instead of taking responsibility for the disaster and changing course.

As Trump staged reelection events masquerading as press briefings while over 40,000 bodies piled up in morgues, the Federal Reserve Bank swung into decisive action. They poured trillions of dollars into financial markets to prevent the collapse of the banking system and buoy the stock market. As the scale of the economic collapse and its skyrocketing unemployment became clear, Trump and Congress united behind a \$2.2 trillion bailout of corporations with more packages to come.

While Bernie Sanders and other Democrats did slip in some important concessions for workers, such as emergency checks and increased unemployment, the vast bulk of the bailout was still slated for corporations. Yet again, the banks and corporations got bailed out, while we got sold out.

Record Debt and Deficit Guarantee Unprecedented Austerity

Trump, corporate executives, and some mainstream economists are hoping for a sharp recovery once the pandemic is over. There are two problems with their prediction. First, it is not at all clear when the pandemic will end and the states can open up their economies.

Until scientists come up with a vaccine, restarting business will risk a new round of outbreaks and shutdowns. We are likely therefore to have stops and starts of some distorted kind of "business as usual."

Second, they wrongly assume that they had a healthy economy to restart, and they underestimate the damage the recession and shutdown has already done. Remember, the economy was on the precipice of a recession already because of its underlying problems.

The recession will only compound these problems in several ways. A wave of bankruptcies will wipe out many of the zombie corporations as well as many small businesses, especially restaurants, which survive on the slimmest of margins. Many are likely to go bankrupt and never reopen. Many colleges and universities are likely to shut down less lucrative parts of their operations, or go belly up.

But, because the advanced capitalist states intervened so decisively to save various big monopolies, they will prevent capitalist crisis from clearing out the over-accumulated means of production and unprofitable surplus production. So even when a recovery comes, which at some point it will, it is unlikely to bounce back sharply to even the weak growth before the crisis.

As a result, Michael Roberts argues, we are certainly not going to experience a "V" shaped recovery—a sharp drop followed by a quick restoration of growth. Rather, we are likely to see an "L" shaped one, with the economy managing only an extended period of growth even weaker than seen in the last decade.

And even then, it will be saddled with problems of sovereign and corporate debt. In the US, for example, the federal government will have record debts and deficits, and so will most states and cities, as a result of bailout and decreased tax revenue. That will compel them to ram through

vicious austerity measures, guaranteeing high rates of unemployment, lower wages, and therefore weak consumer demand.

As a result, Edward Luce, argues in *The Financial Times*, “the US economy is already in depression. Nothing on this scale — and at this speed — has been seen since the Great Depression in the early 1930s. It took the second world war to dig the US out of that. It will take a vaccine, or a miracle prophylactic, to stop America’s first depression in almost a century.”

All the main centers of capital accumulation will suffer similar problems, including China. Its central government, provinces, banks and corporations were already shackled with debt before the economic crisis. As a result, Beijing will be reluctant to engage in massive deficit spending to invest internally as it did after the Great Recession, and its exports will be hammered by the drop of demand for products from the rest of the world.

We’re *NOT* in This Together

Not everyone will equally suffer the consequences of this global crisis. Contrary to the endless claims recycled by corporations and their media, we are *NOT* in this together. The ruling class in the US has insulated itself from the impact of the epidemic, fleeing to their second or third homes in the Hamptons, while the rest of us either are forced to continue working and dying, or huddle in overcrowded homes and apartments.

And within the working class, Black, Latinx, undocumented workers, and women suffer in disproportionate numbers. The disparities are shocking. For example, in Chicago, where African Americans comprise 30 percent of the population, they comprise 70 percent of the deaths from COVID-19.

The bosses are squeezing essential workers to work longer and harder, and in most cases for no more money and in life risking conditions. They often lack Personal Protective Equipment and do not receive paid overtime or hazard pay, while many lack health insurance.

The rest of the working class has been furloughed, forced to work from home, or laid off. The numbers are staggering: at latest count over 26 million have applied for unemployment, and some estimate that unemployment stands at 20 percent and could rise to 30 percent this summer.

Those that have lost their jobs have also lost their health insurance, if they ever had it. And they face bills they can’t afford, from rent to mortgages, homes student loans, and food. In a symbol of the catastrophe in working class life over 10,000 cars recently lined up in San Antonio to pick up groceries from a food bank.

The Trump checks and the increase in unemployment insurance may soften these blows at least temporarily. But not for undocumented workers, who have been excluded from all these benefits because they are only granted to citizens and documented migrants. That exclusion was upheld by both parties, including the ridiculously overpraised governor of New York, Andrew Cuomo.

Such conditions will likely persist if not worsen after the pandemic recedes and the states and corporations impose their austerity measures, shuttering some of their operations, cutting their workforces, ripping up union contracts, and forcing those who have jobs to work longer and harder for less money. We are thus faced with conditions not seen since the 1930s.

Catastrophe in the Global South

And that is the richest country in human history. In the Global South, workers and peasants face far

more dire prospects. The US, other imperialist powers, and their international financial institutions have created socio-economic conditions that will make the impact of the pandemic and recession apocalyptic.

Over the last few decades, they imposed structural adjustment programs on underdeveloped states that pried them open to global capitalism while increasing their reliance on extractive and export industries as well as tourism, privatized national industries, flooded their markets with multinational agribusiness produce that undermined peasant farming, cut workers' wages and benefits, and wrecked their welfare states, especially healthcare systems. All of this made untold numbers of workers and peasants "surplus" to capitalism, forcing them to live in the shantytowns so vividly described by Mike Davis in *Planet of Slums*.

The pandemic will devastate these societies. People in slums have no recourse to social distancing, lack basic healthcare, and don't even have access to clean water to wash their hands. For example, Haiti, which has suffered a whole sequence of US-backed coups, occupations, and structural adjustment programs, has only 64 ventilators for a population of 11 million.

The recession will do great damage to the lives of those who survive the pandemic. The Global South faces what *The Financial Times* calls an impending economic calamity. Its export markets for products like textiles and raw materials have already dried up, tourism has ground to an abrupt halt, and international investors have fled in droves for the "safety" of the US markets, bonds, and the dollar.

Sharpening Conflict and Rivalries in the State System

As the twin crises wreak havoc within states around the world, it has also stoked up conflict between states, signaling a profound reshaping of the world order. Since the end of the Cold War the US has superintended the state system as an unrivaled power, using its unparalleled economic, military, and geopolitical power to enforce free trade globalization.

Even before the pandemic and recession hit, that neoliberal order was in jeopardy. The US had suffered relative decline, China had risen as a rival, and globalization had stalled. Now that order seems to have hit a terminal crisis. Unlike after the last Great Recession, faced with a new and even more profound crisis, the US is not compelling other states to implement a unified strategy.

Instead, we are witnessing spiraling conflicts between states, and corporations considering restructuring their supply chains in accordance with their home state's alliance structures. Conflicts between imperialist powers, between imperialist powers and regional ones, and between imperialist powers and oppressed nations are multiplying.

Trump has doubled down on his new Cold War with China, trying to deflect blame for his complete mishandling of the crisis, whipping up anti-Asian racism and encouraging further decoupling of US multinationals from China. His secretary of state Mike Pompeo has dabbled in bizarre conspiracy theories alleging that a Chinese lab created the virus, leading some of Trump's proto-fascist supporters to accuse China of unleashing the virus to weaken the US.

For its part, China also bungled its initial response to the virus. It at first suppressed information about the outbreak, but then used authoritarian means to effectively suppress the virus. After that success, it has tried to flip the script about its failure by deploying its massive economic capacity to send tests, masks, and ventilators to countries in need.

It aims to bolster its soft power in the world, presenting itself as an alternative to the US. All of this has intensified the rivalry between the US and China. In an ominous sign of possible conflicts ahead,

Trump just ratcheted up the US naval presence in the South China Sea.

As The New York Times reports, “The America, an amphibious assault ship, and the Bunker Hill, a guided missile cruiser, entered contested waters off Malaysia. At the same time, a Chinese government ship in the area has for days been tailing a Malaysian state oil company ship carrying out exploratory drilling. Chinese and Australian warships have also powered into nearby waters, according to the defense experts.”

The economic crisis has similarly sharpened conflicts between other states, each angling to protect their slice of the world system. For example, the US, Saudi Arabia and Russia have been locked in a battle for dominance in the oil and natural gas industry.

Saudi Arabia took advantage of the crisis to try and bury their American and Russian competition by ramping up production and further driving down already low prices. While the states recently cut a deal, it was too little too late. They had overproduced oil that now amidst the pandemic and recession has no buyers and consumers, leading prices for oil futures in the US to drop below zero for the first time ever.

Finally, the US as well as other imperialist powers have intensified pressure against regional rivals and doubled down on attacks on oppressed nations and peoples. For instance, Trump has maintained lethal sanctions against Iran, denying the country medical supplies as deaths from COVID-19 spiraled out of control, and maintained similar sanctions against Venezuela. And the US and Israel continue to strangle occupied Palestine even amidst the pandemic.

Resistance Amidst the Pandemic

While our rulers scramble to save their system at our expense—including our very lives—workers and oppressed people have started to resist. These new shoots of struggle are developing after a year of mass strikes throughout the world system. People have risen up from the Middle East to Latin America and Hong Kong. Feminist strikes and climate strikes have shaken societies throughout the world.

In general, these mass actions may retreat during the pandemic, but they will likely surge again when its safe for people to return to protests, and they will grow more intense with any economic recovery. The international pattern will likely be the case in the US.

At the same time, though, the pandemic has actually triggered an unprecedented wave of workplace actions and strikes among essential workers, whether they are unionized or not. They have been forced to fight to protect their own health and that of their co-workers and families.

Teachers threatened a sick out in New York City to force Mayor Bill de Blasio to close the schools. Nurses have staged actions throughout the country demanding Personal Protective Equipment (PPE). Workers at grocery stores, Amazon, and meat packing plants have also taken direct action demanding everything from PPE to paid overtime, hazard pay, and temporary closure of their facilities for cleaning.

Those furloughed or laid off have been stirred to form organizations to threaten rent strikes, demand suspension of their debts, and organize mutual aid to help their fellow workers survive. Already, some are talking about forming unemployed councils similar to those pioneered by the Communist Party in 1930s.

Oppressed people have also agitated for their rights against the discrimination intensified by the pandemic and recession. Women, who are disproportionately categorized as essential workers, have

been at the forefront of on the job actions and have fought to protect their abortion rights threatened with suspension as non-essential healthcare amidst the crisis.

Undocumented workers have staged protests across for their rights and wages on the job as essential workers, while those who have lost their jobs have challenged their exclusion due to immigration status from unemployment and emergency checks granted other workers. And Black activists have called attention to the vicious racist disparities in contraction of COVID-19.

Evils at the Ballot Box and Polarization in Society

Tragically, in the presidential election we will have no one to vote for who represents these struggles and demands. The Democrats blocked the only candidate that would have trumpeted them—Bernie Sanders. The party's capitalist donors, party establishment, and bourgeois media won the argument that his program was "unrealistic" and that he was "unelectable," enabling Joe Biden—perhaps the weakest candidate in living memory—to easily defeat him.

As a result, we now face the classic dilemma of an election between lesser and greater evils—the capitalist establishment's candidate, Biden, and bigot in chief Trump. Those of us in DSA have to uphold the "Bernie or Bust" resolution passed at the Convention, and, regardless of what anyone does in the ballot box, we should spend no time, money, or energy on campaigning for Biden.

We are going to have to fight whichever one of them wins the election. Both will be forced to impose austerity measures on workers and will deflect attention for that by scapegoating oppressed peoples. And both will be forced into sharper confrontations with other states in the world system.

Each evil presents different dangers. If Trump wins, he will double down on his white supremacist nationalist program with even more vicious attacks on workers and the oppressed, and if he enacts any reforms, such as an infrastructure jobs program, they will exclude undocumented workers.

If Biden wins, the danger is that the left, workers, and oppressed groups, relieved that Trump is gone and mistakenly believing that we have a friend we can rely on in the White House, will grant him a honeymoon. In that case, Biden and the Democrats will adapt to the Republican right, as Obama and Clinton did during their terms in office.

And if either does propose reforms that address the real problems workers and oppressed people face, instead of just supporting them uncritically, socialists should agitate for funding the expansion by taxing the rich and cutting military budgets. For example, any infrastructure jobs programs should be unionized, should include undocumented workers, and should be in accordance with the stipulations of the Green New Deal and not deepen the hold of fossil capitalism.

One thing is for certain, regardless of the outcome of the election: the far right will grow. With Trump in office they will get the green light for their bigoted program and organizing. Just as frightening, if Biden wins and the left hesitates to fight him, the right will seize the opening as the only critics of the Democrats in office, just as they did under Obama through the Tea Party mobilizations.

Amidst this new crisis, the far right could easily morph into a fascist movement in the US and internationally. The petty bourgeoisie of small business owners and middle management, which are the social base of fascism, will be driven into a frenzy by fears of bankruptcy and job losses.

So, while the initial demonstrations by these forces to open up the economy have been absurd in slogans (e.g. "Don't Cancel My Golf Season" and "Give Me Liberty or Give Me COVID-19") and small in size, no one on the left should underestimate their potential to grow, tap into unemployed

workers' fears, and redirect them into racism and xenophobia. The left will have to prepare to engage in more anti-fascist struggles in the coming period, directly confronting them in the streets and providing an alternative program to win people to progressive solutions.

Reorienting on Struggle and Independent Politics

Faced with pandemic and global recession, socialists must make a sharp reorientation toward building class and social struggle. As Andy Sernatinger has argued, DSA and indeed most socialists have subordinated such organizing to electoral campaigns especially Sanders' run for the Democratic Party nomination.

Already socialists have begun this reorientation by organizing struggle amidst the pandemic and recession. The entire left—regardless of their positions on the Sanders campaign—should unite in these efforts as our top priority. These struggles are the necessary precondition for winning immediate defensive fights against life threatening conditions in workplaces, and corporate and government austerity measures.

They alone can provide the social and class power to force governments and corporations, which are shackled with debt and clamoring for austerity, to meet our demands. Without that power, elected officials will have little or no space to enact reforms.

Socialists should use elections, including down ballot ones, as a compliment to, not substitute for, organizing class and social struggle. When socialists do run for office, they should do so on our own ballot lines with the aim of challenging both parties of capitalist austerity.

Thus, we have to rebalance our priorities away from an overweening focus on elections toward building class and social struggles. Through this organizing we can expand the infrastructure of resistance—networks of socialist militants embedded in workplaces, unions, and social movement organizations—for the much larger struggles to come.

We have been thrown into 1930s style conditions, and we must adopt mass struggle strategies and tactics that our forebears used during the Great Depression. Socialists should build fights for immediate defensive demands like for personal protective equipment for essential workers, connect those to systemic reforms like Medicare for All and The Green New Deal, and build the base within the struggles for much more radical socialist demands.

It is time to think big about how we want the economy reopened. We cannot return to the neoliberal status quo; it was already broken. The auto industry must be repurposed to produce Green New Deal infrastructure like high speed rail. We should propose classic socialist reforms, like nationalizing Amazon as a public utility to serve our needs rather than make profits for the parasite Jeff Bezos.

Throughout, we need to avoid the trap of “national solipsism” that Mike Davis has called attention to, and instead raise a host of internationalist demands. We should call for not only the inclusion of undocumented workers in the benefits package but their immediate and unconditional legalization.

We must push for an immediate end to US sanctions on Iran and Venezuela as well as the complete cancellation of third world debt. To pay for this, we should agitate for taxes on the rich, deep cuts in military spending, and abolition of boondoggle weapons of mass destruction like the F-35.

Through this leadership in struggle, we have to build socialist organization and we initiate discussions on the left about building a new socialist party to challenge the Democrats and Republicans and the capitalist class they represent. In the immediate struggles of the moment we have to keep our eyes on the prize—the goal of political and social revolution.

Capitalism is a failed system that offers more pandemics, more economic crisis, more climate disaster, more oppression, and more war. Our choice, as it was at the dawn of the 20th century, is between such capitalist barbarism and socialism. This is the fight of our lives and for our planet's future.