Global Capitalism, Global Pandemic, and the Struggle for Socialism

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We are now in the grip of one of the worst economic crises in the history of modern capitalism. As the Coronavirus pandemic forces people to stay home and businesses to remain shuttered, the St. Louis Federal Reserve has projected 30% of the workforce will become unemployed, significantly surpassing the level during the Great Depression. Meanwhile, Goldman Sachs has forecasted a massive 24% drop in GDP — more than twice as large as the previous postwar record.

In seeking to manage this unfolding catastrophe, the American state has once again taken radical steps to save the system. The Federal Reserve has not only pumped liquidity into the financial sector, but has also expanded its purview to buying "unlimited" corporate debt. Thus the $2 trillion "stimulus" bill that passed Congress, the largest in US history, is only one part of the picture. The true center of crisis management lies in agencies that have long been shielded from democratic oversight.

These events have rocked the shaky foundations on which the previous crisis was resolved, and further eroded the legitimacy of neoliberalism. Decades of austerity politics driven by the logic of "There Is No Alternative" have left the state scandalously ill-equipped to address the pandemic. As the death count continues to rise, increasingly drastic measures such as "reopening" the economy are considered — exposing the working class to mortal danger for the benefit of restoring capital accumulation.

Though the bailout of the banks after 2008 stabilized financial markets, it also led to widespread popular anger that drew neoliberal policies into question in a new way. The project of globalization pursued by the state since World War II, from which capital continued to benefit handsomely, was no longer "common sense." The American state had succeeded in temporarily containing the crisis, but at the expense of the legitimacy of neoliberalism — which only further crumbled amidst the austerity that followed.

This also discredited both political parties, which were both complicit in decades of neoliberal restructuring. It created space for Bernie Sanders and Donald Trump to make the case for alternative hegemonic projects, which, at least on the surface, were not at all neoliberal: "America First" nationalism, on the one hand, "democratic socialism," on the other. With the 2016 election of Donald Trump, as well as the growth of the democratic socialist insurgency, the political crisis reverberated from the political parties throughout the state as a whole.

That the current crisis has emerged on Donald Trump's watch opens the possibility that he will use it to further shift politics to the right. The main alternative to this is a beleaguered neoliberal establishment, which has itself supported increasingly authoritarian means to stabilize capitalism. Yet the crisis has also created an opening for the left, as the claim that expansive state policies to support social welfare are unfeasible collapses in the face of the emergency measures enacted in recent weeks. It is up to us to build on this, making the case for a fundamentally different kind of society.

Two Roads Out of the Crisis?

The crisis quite obviously points to the inadequacy of the welfare state in the US, as well as the social inequalities capitalism systematically generates. However, the fears and anxieties produced by this crisis do not automatically lead to socialist political conclusions — in fact, they could further empower the right.

Unlike in the 1930s, the global integration of capitalism today makes it hard to imagine the far right offering a coherent alternative to neoliberalism, even as it rails against "globalism." Indeed, Trump has thus far been unwilling to challenge capital to the extent that would be necessary to truly break with globalization. There is no better proof of this than the so-called "new NAFTA," or the USMCA. Before the ink was even dry on the deal, GM announced plant closures across North America, along with new investments in Mexico.

Similarly, though much rancor has been raised about Trump's tariffs, these have served not as a means for breaking with globalization, but rather *deepening* it by forcing the Chinese state to further liberalize. None of this has brought manufacturing jobs back to the Rust Belt, as was the dominant theme of his campaign.

Yet key centers of power within the American state have already long been insulated from democratic oversight. In this respect, as well, Trump has offered little more than a rebranded neoliberalism. Indeed, his management of the current crisis so far has not substantially differed from the past: empowering the Fed and Treasury to act as global firefighters, largely free from Congressional scrutiny.

As the economy has come to a screeching halt, the Fed has pumped liquidity into the financial system on a scale comparable to what was done after 2008. It also expanded its role to purchasing "unlimited" corporate debt, as well as financing equity purchases by the Treasury Department. These are to be undertaken and administered by BlackRock — a major private equity firm.

All this is par for the course under neoliberalism. The European Central Bank has undertaken similar purchases of corporate bonds since 2016, as part of beefing up its own crisis-fighting capacities. Such measures are intended by state officials to forestall broad economic collapse. The state will in no way seek to exercise control over the management or structure of companies in which it takes an ownership stake. This was made especially clear by Trump's hesitancy even to exercise his powers under the Defense Production Act to compel companies to produce ventilators.

Nor is contracting BlackRock to manage financial commodities and transactions much different from insisting that manufacturing companies produce needed medical supplies. In both cases, the state is relying on firms with the capacities and expertise to accomplish its objectives. It was for this reason, as well, that the Fed collaborated closely with J.P. Morgan in resolving the 2008 crisis. And moreover, government bonds are already sold by private dealers, who receive a healthy commission for their trouble.

Although more likely to respect the rule of law, it is unclear how Joe Biden's strategy for managing the crisis could differ substantially from Trump's, down to a state-led recovery through an infrastructure initiative. He may also seek to secure some additional benefits for workers, albeit made with the same calculation of "reopening America for business" by compelling them to return to their jobs sooner rather than later.

No matter which party is in power, the main task the state faces in restarting accumulation is getting people back to work. In addition to the inability to open businesses due to the need for self-quarantine is the collapse in demand as unemployment reaches record levels. This raises the specter of a deflationary spiral, such as that which characterized the Great Depression: falling demand leading to cuts to prices and employment, in turn resulting in further reduction of demand and further layoffs. Deflation would also increase the real value of debts — further compressing working class purchasing power.

A further danger, therefore, is that even once people are able to return to work, the economy would reach "equilibrium" despite massive unemployment. Avoiding this will require a massive state-led project, such as an infrastructure initiative or a Green New Deal. There is today plenty of space for such a program. Yet the massive deficits that will result from declining growth and stimulus spending, on top of the Trump tax cuts, will surely generate pressure for harsh austerity policies — which would only make things worse.

Nevertheless, if enacted, any state-led recovery would likely provide ample opportunities for investment, offering public-private partnerships and privatized infrastructure. Particularly in turbulent times, infrastructure is a highly desirable asset class — guaranteeing a stable and crisis-proof revenue stream. The risk is that, with Trump in office, this could create a broader base for his far-right politics — bringing together parts of manufacturing, the extractive sector, finance, and the building trades.

What this illustrates above all is the extent to which it was the bankruptcy of neoliberalism — and its crisis of legitimacy — that has created the conditions for Trumpism. Its inability to offer anything other than the same precarity that has resulted from four decades of these policies makes it unlikely to reestablish broad popular support. From this void, far-right nationalism and xenophobia offer an alternative source of legitimacy, thriving on the very resentment created by neoliberalism in order to perpetuate it in other key respects.

For a Left Break with Neoliberalism

Even if neoliberalism is preferable to its reactionary cousin, addressing this crisis will require policymakers to reach beyond the traditional neoliberal toolkit. Given the scale of the restructuring that is likely to occur, it is plausible that what emerges from the crisis might no longer be what we have known as neoliberal capitalism. But addressing the social and political malaise, which the pandemic has exposed and intensified, demands that we envision a third, more radical possibility: a democratic socialist road out of the crisis.

We are in an unprecedented situation. The ways the left has historically won concessions from the capitalist state — mass mobilizations and social movements — have been drastically limited by the lockdown of public space and practices of social distancing. A situation where mass gatherings are prevented tilts the balance of power even more toward the elite networks concentrated in the exclusive corridors of the state. The $2 trillion "stimulus" bill, bailing out large corporations while providing little public relief, is evidence of that.

Nevertheless, just weeks into the crisis, we have already seen encouraging working-class

mobilization—as for instance, the strikes at Whole Foods, General Electric, Instacart, and Amazon. Beyond the doctors, nurses, and healthcare professionals on the front lines, the pandemic has exposed how the same workers that are now suddenly recognized as "essential" to the system — sanitation, mass transit, agricultural, food service, and energy sector workers, among others — are treated as expendable in "normal" times.

We have also seen expressions of solidarity in the form of mutual aid organizing. However, while necessary, mutual aid, strikes, and protests are not enough. Similarly, the pandemic has only made more urgent the mounting calls for Medicare for All, as well as for expanding other desperately needed services. But we must go further. We need a broader strategy for transforming the bases of political and economic power. Rather than merely saving capitalism, we must wage a struggle to democratize both the state and the economy.

Sustaining even moderate social democratic reforms amidst the pressures of a global capitalism, and inevitable counterattacks both from corporations and within the state itself, requires a radical confrontation with the capitalist class. This must include placing limits on the ability for corporations to move investment around the world through capital controls. And we should demand not merely that this capital stay "at home," but that it be put to meaningful social use — such as financing a Green New Deal.

In turn, an ambitious program like the Green New Deal would have little chance of succeeding without mobilizing workers. Plant closures, as capital moves investment to low-wage zones, provides an opportunity to organize workers and communities to take control of our productive capacities. At the same time, converting plants to produce socially necessary goods — such as medical supplies or technologies to address the climate crisis — also requires state investment and support. To address these urgent social needs, we must connect the democratization of production to the struggle to transform the state.

The democratic socialist project bears no resemblance to Trump's efforts to manage the crisis. This is true despite the fact that he has increased government involvement in the "private sector," and has even suggested taking up ownership stakes in some large firms. Similarly, Trump and the GOP have supported increasing some social protections for workers. But crucially, these are not isolated measures. Rather, they are part of the broader project of building far-right hegemony as the legitimacy of neoliberalism evaporates.

Democratic socialists should not seek merely to acquire ownership of capitalist assets so as to restore capital accumulation and support class power through a crisis. On the contrary, the goal is to establish and deepen democratic control over both the state and the economy. Rather than bailing out the banks or large corporations, these should be nationalized and converted to produce the goods that are necessary for addressing the public health crisis — to say nothing of the ecological emergency.

Nationalizing firms without democratizing the state is simply to place them under the control of a capitalist state, which reproduces the structural power of capital — especially as it was remade during the neoliberal decades to protect markets from democratic control. This same insulation of the state from popular pressures, aided by new linkages with the financial system and corporations, is what now creates a window of opportunity for Trump. Nor would this change the undemocratic nature of capitalist corporations.

Instead of only enlarging the "public sector" administered by the capitalist state, we should fight to fundamentally transform it. Above all, this is what sharply differentiates democratic socialism from traditional social democracy. Social democrats have pursued a politics of class compromise that aims

to expand social programs for workers — without democratizing state administration, or challenging capitalist social relations.

Far from expanding the public sector being sufficient, we need to mobilize state workers *against* capitalist state administrators — much as teachers have begun to do in recent years. These struggles should aim to create a different and more meaningful relationship between these workers and their "public sector" jobs, as well as a more organic connection with the communities they serve. Such a rebellion against the "public sector" as it is currently constituted, supported by extra-parliamentary movements and forces, is central to the transformation of the state.

Class, Party, and State Transformation

Despite the scale of the crisis, it is unrealistic to expect a spontaneous uprising to overthrow capitalism. Indeed, as the argument here suggests, there is nothing automatic about coming to socialist conclusions about the systemic failure of capitalism — particularly in a climate of fear and insecurity, and in which the far-right is in power. Nor is capitalism going to simply collapse on its own. Even as the choice between socialism and barbarism seems starker than ever, there is no shortcut to doing the hard work of organizing a socialist party.

A socialist party remains the essential link between working class formation and the transformation of the state. Encouragingly, a new generation of activists in the Democratic Socialists of America has undertaken in earnest the search for the kind of organization that could give political expression to the contemporary working class. However, the US electoral system makes the emergence of a viable third party incredibly difficult. For this reason, in the context of the delegitimation of both major parties, the new "democratic socialist" movement has emerged from *within* the Democratic Party while seeking to break with it over the longer-term.

The achievements of the Bernie Sanders campaign, which has been a major driving force of this movement, have been remarkable. Though he likely will not win the Democratic nomination, Sanders has mobilized people across the country in support of an ambitious "political revolution," revealing widespread public support for universal healthcare, green infrastructure, and free college education. Yet one of the clearest lessons of the campaign is that the base for left politics is still far from what is necessary to actually enact a radical break with neoliberalism — let alone a socialist transition.

Though it makes sense to continue using the Democratic Party ballot line to build the electoral left, simply winning elections should by no means be our primary focus. Rather, we should see running for elections and building a base for socialist politics as mutually reinforcing. Electoral campaigns should be pursued to the extent that they help build links between political officeholders, trade unions, social movements, and working-class communities. Similarly, democratic socialists in office should draw strength from, and empower, social movements, rank and file struggles, and community organizations.

Pursuing these in tandem is the core of a strategy to lay the groundwork for a future socialist party. Yet such a "dirty break" from the Democratic Party depends upon our ability to develop independent working-class political capacities. Rather than aiming to "transform" the Democratic Party by simply becoming a more important part of its coalition, we must consciously lay the foundations for an alternative. Though this goal is still years away, it is imperative that we take steps toward realizing it in the here and now, rather than postponing it into the indefinite future.

Just as the current crisis has brought opportunities, so too has it intensified the dangers we face. With the legitimacy of neoliberalism in tatters and unable to resolve these mounting crises, the far-right threatens to consolidate its influence through a cross-class alliance. Yet this has also created

an opening for a renewed democratic socialist left to craft its own hegemonic and cross-class project. Only by envisioning a society beyond capitalism, and connecting much needed short-term victories to an ambitious project of social transformation, can we turn this crisis from a catastrophe into an opportunity.