

CAPITALISM FAILS THE COVID-19 CRISIS

We have shut down large parts of our economy and our social lives to cope with the Covid-19 crisis. This experience might teach us a lot about ourselves and about our economic system. Here are some things that seem important to me.

1. *The point of capitalism is to protect capitalists.* We see this fact after every financial crisis. The bailouts go to capitalists and their corporations, and therefore indirectly to the shareholders, who are largely in the top 10% in wealth. That was so after the Great Crash of 2008 when the financial institutions that caused the disaster were bailed out with massive help from Congress and the Fed. Other massive aid went to the automobile industry and airlines. There was next to nothing for any of the millions of us damaged by the cheats and frauds of the financial sector.

This time the money cannon was first aimed at the financial institutions. Fed programs to save the financial system include the following:

- a. Cutting bank capital requirements.
- b. A quantitative easing program, under which the Fed will purchase an unlimited amount of Treasuries and Agency debt, commercial real estate backed by Fannie and Freddie, and pretty much anything else as needed to preserve liquidity and insure orderly markets. Whatever that means.
- c. A program, called a facility, to buy newly-issued long term corporate debt.
- d. A similar facility to buy existing corporate debt.
- e. A facility to buy asset-backed securities, like packages of student loans. and collateralized business loans.
- f. Money Market Mutual Fund Liquidity Facility that we hope will stabilize the money market funds so many people use.
- g. A facility to buy certain tax-free commercial paper, so states and localities can continue to

fund certain public and private projects.

h. The Fed is also considering a plan to lend directly to small businesses.

Congress quickly got in on the act and fired its money cannon at the corporate sector. The bill enabled the Fed to make cheap loans totaling up to \$4.5 trillion, as the lobbyists for the rich patted them on the wallet. Another truck-load of money is going to hospitals, including the hundreds owned by private equity and publicly-held corporations.

Oh, and a few extra dollars for the unemployed for a few weeks eventually unless the repulsive spawn of Antonin Scalia can stop it; and small checks to some families, distributed whenever Treasury Secretary Mnuchin gets around to it.

The details behind this are equally astounding, as you can see from Dave Dayen's newsletter, *Unsanitized*, which you should read every day.

2. *Capitalism doesn't fix problems.* If it wasn't already obvious, this crisis proves that capitalism makes crises like the pandemic worse. Our supply chains broke down. We are unable to produce the needed medical supplies and equipment. We failed to produce tests for this virus.

Our hospital system was driven by the profit motive to minimize surge capacity in beds, supplies and equipment; it was easily overwhelmed. What we actually mean by "flattening the curve" is that we spread out the cases requiring medical intervention so we don't exceed our capacity to provide care. After the Great Crash we called it "foaming the runway".

Flattening the curve should have bought time to restock our medical supplies and equipment, and get a decent testing program up and running. That didn't happen. Trump insisted that markets driven by the profit motive allocate half of the available supplies, and he distributed the rest following what looks like political logic for his own benefit. As Josh Marshall explains, it makes sense to use the existing distribution

chains, but it makes no sense whatsoever to allow the private sector to set up auctions where states and the federal government bid against each other for the necessary equipment. The "market" didn't supply the needed supplies and equipment. There aren't enough test kits, and there is no testing program. Following neoliberal theory, government cannot or will not solve these problems.

Capitalism didn't fix anything. Instead, capitalists demanded government bailouts.

3. *What Rugged Individual?* Our economy runs on the exploitation of millions of people whose work, according to the "market", is worth little more income than necessary to keep them alive. Suddenly even the most aggressive neoliberals are forced to acknowledge that all of us depend on these people, who feed us, provide us with deliveries, pick up our garbage, clean our streets, cook for us, clean our houses, pick our produce, kill animals and cut them up for our dinners, haul the trailers that bring us our food, and tend to our elderly. Not to mention the RNs, the LPNs, the LPAs, the medical technicians who operate ventilators and testing equipment, the phlebotomists, the lab techs, the pharmacy assistants, the all-important janitors and cleaners, the EMTs; and the clerks who manage the insurance businesses that pay the medical people.

Suddenly we hear about these people. Suddenly they are our frontline troops, our new heroes. Suddenly we hear stories about medical workers being applauded on their way to work. We notice the people putting toilet paper on the shelves. We think about the people putting food on our tables, delivery people, Lyft drivers, UPS drivers. It suddenly seems perfectly obvious that we are dependent of these people in a way that we are not dependent on the financial thugs at Goldman Sachs and JPMorgan Chase and Private Equity firms.

And for a light touch, get a load of this short CNBC clip.

I have watched the first 12 seconds of
this at least 100 times, its better than
pornpic.twitter.com/j5SeLyeMyy

– Andrew Lawrence (@andrew_lawrence)
April 9, 2020

The crisis exposes the lie of the American myth of the rugged individual, amplified into the neoliberal foolishness of Homo Economicus. No one stands alone. The Don't Tread On Me crowd insisting on making their semi-annual trip to church for Easter worship whinge on about liberty, ignoring the risk to others. They won't all get Covid-19, but some will, and they contribute to the surge at hospitals, the depletion of medical supplies and equipment, and the exposure to health care workers.

In fact it's the people who keep us going as a nation who follow the real American Dream: they cooperate to solve problems. In this case cooperative problem-solving is undermined by leaders put into office by allegedly Conservative Rugged Individuals; not just the elected officials, but Senators, Representatives, political appointees, and judges. If the sickening SCOTUS Chief Justice catches Covid-19 in Wisconsin, the health care workers there will work together to take care of him even though he made them choose between dangerous exposure at the polls and losing their right to vote.

All of us depend on each other for the things we cannot provide for ourselves. We also depend on each other for creating and enriching our humanity. We lose a critical piece of ourselves when we can't hang out with other humans, chat with the check-out lady at the drug store, get advice on TVs from the guy at Best Buy, argue about the NBA championship series at work, discuss the meaning of the Parable of the Laborers In The Vineyard with our Bible Study groups, share a meal or a laugh or a hug.

I hope we remember this dependence when the

lockdowns end.