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Capitalism and Covid-19

“The Coronavirus pandemic is part of a multidimensional crisis of capitalism”

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Eric Toussaint was interviewed by the newspaper [l'Anticapitaliste](#) (France).

You wrote in a recent article: "The coronavirus was the spark or trigger of the stockmarket crisis, not its cause." Can you be more specific?

While governments and mainstream media keep claiming that the stockmarket crisis is a consequence of the coronavirus pandemic, I pointed out that all the ingredients for another financial crisis had been present for several years and that the coronavirus was merely the spark or trigger of the stockmarket crisis, not its cause. [1] The amount of volatile stuff in the financial sphere had long reached saturation point and we knew that a spark could lead to a huge blow-up. We did not know when or how it would happen, but we knew it could happen.

The first major stockmarket shock occurred in December 2018 on Wall Street. Under pressure from a handful of large private banks and the Donald Trump Administration, the U.S. Federal Reserve (the Fed) resumed its rate cuts. A new frenzy of rising share prices flared up and big corporations went on buying back their own shares so as to amplify the process. [2] Large private companies raised their debt levels and major investment funds contracted loans to buy companies of all kinds, including in the manufacturing industry.

Next, again on Wall Street, from September to December 2019, there was a major crisis due to a shortage of liquidities. The Fed made a massive intervention, injecting hundreds of billions dollars to prevent markets from collapsing. [3] The European Central Bank (ECB) and other major central banks (UK, Japan, China, etc.) implemented more or less the same kind of policy and they now bear a huge responsibility for the accumulation of volatile elements in the financial sphere.

Of course the scale of the decline in production in the months following March 2020 will be unprecedented compared to the crises of the last 70 years. It will be crushing. But the production crisis had already started on a large scale in 2019, notably in the car industry with a massive fall of sales in China, India, Germany, the UK and other countries. Overproduction also affected the equipment and machine tool manufacturing sector in Germany, one of the world's leading producers in the field. Chinese industrial growth experienced a serious slow-down, which had serious consequences for countries that exported to China, whether equipment, cars or raw materials. During the second semester of 2019, a recession started in the manufacturing industry in Germany, Italy, Japan, South Africa, Argentina, and in several industries in the USA.

The coronavirus pandemic was the trigger. Any other serious occurrence might have led to the same effect, such as an open 'hot' war between the USA and Iran or a US military intervention in Venezuela. The stockmarket crisis would then have been presented as a consequence of the war. There too, I would have claimed that the war, though obviously with horrific consequences, would have been the spark not the underlying cause. So even though there is an undeniable link between the stockmarket crisis and the coronavirus pandemic, it does not mean that we should not call the lie of simplistic and manipulative explanations that blame the coronavirus.

What does the Coronavirus crisis tell us about the European Union, the way it functions and the relations among member-states?

The European Union and its institutions are not prepared to face the coronavirus pandemic: the president of the European Council does not even have a team of ten physicians to send to Italy or Spain. On the other hand, the EU

spends Euros420 million on Frontex, its over-equipped border police. The EU does not have field hospitals or spare ventilators or face masks to help out a member state. On the other hand it can rely on European drones to spy on people desperately seeking asylum. And those people die by their thousands in the Mediterranean every year. Fortunately Cuba sent 50 internationalist physicians to help the people of Italy. We have to revive internationalism among peoples.

You are particularly concerned about the situation in the "Third World". Which areas are going to be the most badly hit? The oil-producing countries? The highly indebted countries?

All people in the "Global South" are victims of the multidimensional crisis of the global capitalist system. The coronavirus pandemic is an extremely serious public health issue and the human suffering caused by the spread of the virus is huge. It has started to hit massively the countries of the Global South where the public health systems have been undermined by forty years of neoliberal policies, resulting in a predictably heavy death toll. Using the pretext of fiscal austerity to repay their public debt, governments and major multilateral institutions such as the World Bank (WB) and the International Monetary Fund (IMF) imposed policies that resulted in deteriorated public health systems everywhere.

Countries of the Global South are facing a new debt crisis, their export revenues are falling because the prices of raw materials are plummeting while the amount of debt to be paid back is enormous. If they want to deal with the Covid19 pandemic, they must suspend payments of their public debt and use the money for their public health services.

What should we do?

We must fight to implement a wide anticapitalist program that includes a series of basic measures such as suspending public debt repayments followed by the cancellation of illegitimate debt, whether public or private; expropriating the major shareholders of banks without compensation so as to create a genuine public service for savings, credit and insurance under citizen monitoring; closing the stockmarkets; setting up a genuine free national health service; expropriating without compensation big pharmaceutical companies and private research laboratories and turning them into public services under citizen monitoring; expropriating without compensation companies in the energy sector (to enable the planification of efforts to counter the environmental crisis) and several other radical measures including emergency measures to immediately improve the living standards of the majority of the people. We must abrogate free trade agreements and re-localize production as much as possible, prioritizing short circuit production.

The necessary response to the coronavirus pandemic must be an opportunity to reach out towards a genuine revolution to radically change society - its way of life, mode of ownership and mode of production. This revolution will only occur if the victims of the system start self-organizing to eject the 1% and their lackeys from the various centres of power to create real democratic power. A self-managing, feminist, ecological-socialist revolution is required.

1 April 2020

Translated by Vicki Briault and Christine Pagnouille for [CADTM](#). Republished with permission.

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[1] See Eric Toussaint "[Coronavirus is not responsible for the fall of stock prices](#)".

[2] See Eric Toussaint, CADTM "[To confront capitalism's multifaceted crisis the bankers must be expropriated and the banks socialised](#)".

[3] See Eric Toussaint, CADTM "[The Credit Crunch is Back and the Federal Reserve Panics on an Ocean of Debt](#)".