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South Africa and Covid-19

This Changes Everything

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For many, the lockdown of 21 days will be a severe test. For some it will in effect be impossible. Imagine being under lock-down for 21 days in a one bedroom shack with six or seven others. Tensions and violence are bound to rise, and it is women who will bear the brunt. Great anger is brewing at the government's stinginess and failure to ensure the livelihoods of the millions who cannot afford to be locked down. But the crises triggered by the global spread of the coronavirus will endure much longer. Its impact will be with us for at least a decade. This is not some passing shock. This is especially true as it is taking place in the context of other crises (the climate, the economy, and a host of social crises) which are bearing down on civilisation. Its reverberations will fundamentally reshape our political, economic, social and ecological lives. Exactly what this will all look like we don't know yet.

Corona pandemic is provoking new systemic crisis

But what we do know is that much of what we are experiencing today, and will experience for the next months and years, did not start with the virus. It follows on from the 2007/8 global crisis, which, because of its global spread and impact, became a systemic crisis. It led to political mobilisations such as the occupy movement, the Arab Spring and our own Marikana moment, which began to challenge neoliberal capitalism.

Similarly, COVID-19 is provoking public health, social and economic crises across the world. So we can expect a new set of political disruptions. They will once again raise a series of questions: is capitalism an appropriate system? Is it sustainable? What are the alternatives?

This does not mean we are looking at the imminent demise of the capitalist system. We have been here before. Just like in 2007/8, neoliberalism is the dominant form of capitalism. And it has already had to be temporarily abandoned as the state has had to come to the rescue of the market. This process raises the possibility and feasibility of an exit from neoliberalism. The normal functioning of neoliberal capitalism is having to be put on hold to deal with the scale of the health crisis and arrest the severe economic shocks the global economy is experiencing. So, the possibilities of an alternative to neoliberalism, even to capitalism, will become more widely discussed.

Triggering another global economic slump

As lockdowns become the main strategy of governments to contain the spread of the virus, the onset of a new global recession will accelerate. When schools, transport networks, and shops are closed, when local and international travel is shut down and the tourism industry is brought to a halt, production, trade and investment ceases. As we write, 2.5 billion people, one third of the world's population, is living under conditions of lockdown. Some analysts are projecting a contraction in the world economy of up to 5 percent.

Now, with the pandemic, economic uncertainty has created investor panic. In just the space of a few weeks global stock markets have lost 30 percent of their value. Massive declines in spending are bringing economies to their knees. The turn by some of the richest countries to huge stimulus packages will plunge the world into greater levels of debt. As the Financial Times recently pointed out: "global financial markets are as contaminated with bad debts today as they were twelve years ago. If the Coronavirus continues to spread, the frailties of the system have the potential to unleash a new debt crisis."

However, the global spread of the coronavirus is not the underlying cause of the economic crisis. It is a trigger, something from outside the economic system, that brings all the underlying weaknesses of the capitalist system to the surface and makes them worse. Some of these weaknesses are:

This Changes Everything

The global economy has become awash with debt (\$253 trillion by 2019; 322% of global GDP).

There has not been enough effective demand for basic consumer goods because livelihoods have been destroyed through decades of neoliberalism.

Capital has disinvested from the productive sectors of the economy in the face of declining profit rates.

There have been shorter boom-bust cycles due to frenzied speculation, especially in new financial instruments, such as derivatives.

There has been more money to be made from buying exotic financial instruments than from investing in production of goods and services. Companies such as car manufacturers make more of their profits through financial speculation than from their productive operations.

These are all weaknesses that made global capitalism particularly vulnerable to the coronavirus. They are the underlying problem.

Rescuing capital by abandoning neoliberalism?

Just as at the time of the 2007/8 financial crisis, governments are having to rescue the markets through massive state intervention. This once again points to how markets are not so omnipotent and infallible.

Take for example the United States. The government of Trump has just adopted a stimulus package of \$2.2 trillion (R38 trillion or six times the value of the entire South African economy) to cushion it from the coming recession. This is a major departure from mainstream austerity views. They have even given an income grant of \$1,200 to people earning less than \$75,000. And Trump himself, in a major inroad to the power of capital and private property, has used the 1950 Defence Production Act to force General Motors to switch production and produce ventilators.

Similarly, European countries are rushing to adopt stimulus packages to mitigate the impact the crisis is having on their economies. Germany alone has adopted a \$810 bn package and the EU is finalising a post covid-19 stimulus programme. And in further evidence of market failure, the Spanish and Irish governments have had to nationalise private hospitals to guarantee health care for the thousands infected with COVID-19.

Even Maggie Thatcher's Britain, now under the leadership of another Tory populist, Boris Johnson, is making inroads into conventional neoliberalism. The government announced that it would pay grants covering up to 80% of the salary of workers if companies kept them on their payroll, rather than lay them off as the economy crashes.

They are all spending money that yesterday they said couldn't be spent. The austerity that was so necessary yesterday has resulted in reduced health services that are in crisis in the face of the virus. Suddenly, now, these neoliberals become briefly Keynesians. They can spend all the money and much more which yesterday they refused to spend. Suddenly Facebook is capable of weeding out fake news, when yesterday it would have been an unwarranted intrusion in the right to free speech. Suddenly the South African government says it can find land for over-crowded people in the townships and shack settlements, when yesterday it was attacking land occupations. Care workers and community health workers, generally marginalised, are now recognised as essential.

It is clear that they recognise the virus as a crisis in a way they never recognised mass poverty and unemployment. They themselves can catch the virus, even die from it, so it must be stopped at all costs. Poverty, homelessness, unemployment, starvation, malnutrition - these are not a crisis. Eliminating them is a long-term (never?) project.

But in South Africa ...

For the moment, the South African government is sticking doggedly to neoliberal dogma, especially when it comes to limiting state spending. It could recognise the coming economic and social depression and give its middle finger to the credit rating agencies. Instead, it reprioritises existing expenditure rather than making new money available. The impact of the coronavirus on the most unequal country in the world will be huge, especially when we take into account the current economic collapse playing itself out.

This Changes Everything

Image by Kyle Zeeman from Dispatch Live (30 March 2020).

Already 55% of the population are suffering extreme levels of impoverishment and 40% are unemployed. Just 10% of the population owns 90 percent of the country's wealth. This is provoking deep levels of alienation and polarisation. The media and the government tell us to be grateful for the R1 billion each from Rupert and Oppenheimer. R1 billion out of the R100 billion each of them own. R100 billion apartheid wealth - we know how that wealth was generated. We might all feel more satisfied if they gave back R99 billion, instead of just R1 billion. Then we might even allow them to keep the last R1 billion.

And now the Motsepes' are matching the Rupert and Oppenheimer donations. And we will see many of the rich who have plundered the wealth of the country following suit. They place themselves "before the world as mighty benefactors of humanity" and give back a hundredth part of what belongs to those they have robbed!

Anger is rising

The anger building in the depths of our society is ready to explode. This lockdown will make existing poverty worse. It will fail to guarantee the lost income of already badly paid workers. It is failing to provide even basic social services, like water, sanitation and electricity. In these circumstances, the lockdown could end very badly. This is no normal society where the army is deployed to ensure the routine observation of lockdown regulations. Already clashes have broken out between township residents and the police and army. All the conditions are being created for a generalised Marikana-like explosion.

The state has militarised its programme to deal with the pandemic. This is feeding into the government's authoritarian orientation for dealing with social problems. This has consequences for democracy and respect for human rights. Already, several people have been killed by the security forces in "enforcing the lockdown."

Millions of workers, many of whom are precarious, are going to be trapped at home alongside their unemployed brothers and sisters. They are already seething and alienated at state ineptitude and disinterest. They will now be brought face-to-face with the reality that when they become sick, they will have no hope of decent healthcare in the crumbling public health facilities. Their living conditions prevent them from self-quarantining. They have no means to practice the necessary safe hygiene and sanitation. It is horrible to think what might happen.

Building an alternative power

The lockdown may be necessary to slow the spread of the virus. But it is not tenable without substantially dealing with the squalor that neoliberal policies have imposed on the poor. At the very least, government must:

Guarantee the payment of the wages of all workers.

Provide a basic income grant, free electricity and water, and food parcels for the needy, especially children.

Impose a moratorium on evictions and retrenchments.

In the medium term, roll out a state-driven housing and transport programme.

A wide range of civil society organisations have come together to detail these and other strategic interventions needed during this crisis. Amandla endorses these proposals.

They constitute a platform that can unite a wide range of forces, crucial to respond to the current crisis. They can be the basis for building a movement that can act as a counter-power to the neoliberal state and the ruling and self-serving elites. The battle must be joined now over how the world emerges from this crisis. Right now, everything is up in the air. Without such a counter-power fighting for an alternative to predatory capitalism, we know what we are in for - another 10 years or more of austerity to pay the debts incurred during this crisis.

This Changes Everything: Capitalism vs the Climate is the title of a book by the same author as Disaster Capitalism,

Naomi Klein. The COVID-19 pandemic changes many things. It turns much of what we consider normal upside down. This will open up opportunities to question the neoliberalism which delivered us into this crisis unprepared. Unprepared because we have an underfunded and inadequately equipped public health service side by side with an over-resourced and unsustainable private health service. Unprepared because large numbers of people still live in shacks without proper sanitation. Unprepared because we have a government that is planning to cut expenditure on the public sector, including on health, rather than increase it, which is what is required.

At another level, it opens up the possibility of getting a substantial audience for challenging capitalism as a system. This is the system that gave us the 2008 crisis. Now it has delivered us ill equipped into an entirely predictable health crisis. Its record is none too good.

So the challenge for the left and progressive forces is to shape the lessons that are learned from this crisis. We must concentrate our energies not just on challenging the system but on developing the visions and strategies with which we can contest for influence and, ultimately, power.

The Virus

This special issue of Amandla with its feature on the COVID-19 pandemic, has been put together at very short notice. The Amandla editorial Collective believes the impact of the pandemic will be profound and, in the words of the editorial, "its impact will be with us for at least a decade."

The feature is a combination of original articles and material published elsewhere. Together they provide a compelling insight and perspective on several critical dimensions of the new situation we are facing. However, the situation is developing and changing at a great pace, and several issues will require a new take in just a short time. We are committed to circulating fresh material to our subscribers on a regular basis. Please also logon to the Amandla website special Coronavirus page for new material from SA and internationally.

We acknowledge several weaknesses in the material we have put together and these relate to the time pressure under which we have put this issue together. Our coverage lacks a strong feminist dimension. Women are bearing the brunt of this crisis as they face multiple and intersecting discrimination, exclusion and violence. There is no support for poor and working people to deal with the consequences of the pandemic lockdown strategies. In this context, the burden women bear as primary caregivers is intensified. Movement is restricted, schools are closed and there is inadequate support for care services. In this situation, we are seeing how, at home, patriarchal, gendered norms of unpaid care work are being reinforced, as well as rapid surges in domestic violence across the world and in SA.

The loss of jobs and livelihoods will affect women workers particularly, as a large number of them are outsourced, informalised and casualised. Future articles and issues of Amandla will provide greater insight into these dimensions of the impact of the pandemic. Equally, a stronger regional and continental focus on how the pandemic will unfold will be necessary

31 March 2020

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