

PLANDEMIC

Covid-19 as a Tool to throw the Burden of Economic Crisis on the Backs of Toiling People

The spread of Covid-19 throughout the world, whether deliberate or accidental, has been utilized by the reactionary ruling classes to cover up the already imminent economic crisis and to throw the burden of crisis on the backs of toiling people and poor countries. It is obvious that corona virus has wrought damage to the economies of all the countries. Yet, Covid-19 is not the cause for economic crisis on world scale and at the national level. But, it acted as a catalyst that exacerbated the crisis in the hands of ruling classes.

As Eric Toussaint pointed out in a recent article titled "No, the corona virus is not responsible for the fall of stock prices":

"Over the past two years, there has been a very significant slowdown in productive sectors. In several major economies such as Germany, Japan (last quarter 2019), France (last quarter 2019) and Italy, industrial production has declined or slowed down sharply (China and the United States).

"Some industrial sectors that had recovered after the 2007-09 crisis, such as the automobile industry, entered into a very strong crisis during the years 2018-19 with a very significant drop in sales and production.

"Production in Germany, the world's largest car manufacturer, fell by 14 percent between October 2018 and October 2019. Automobile production in the United States and China also fell in 2019, as it did in India. Automobile production will fall sharply in France in 2020.

"The output of another flagship of the German economy, the machinery and equipment producing sector, fell by 4.4 percent in October 2019 alone. This is also the case for the production of machine tools and other industrial equipment.

"International trade has stagnated. Over a longer period of time, the rate of profit has declined or stagnated in material production, and productivity gains have also declined." (*Monthly Review*, 4 March 2020)

The reason for this economic slowdown is the crisis of overproduction. There is no point in producing goods that cannot be sold, because goods have already been overproduced to such an extent that the markets are glutted.

In the era of imperialism, when the finance capital reign over all other sectors of the economy, the crisis of overproduction expresses itself as a financial crisis, and we have seen over the last two years various imperialist governments desperately trying to control the economic situation by managing interest levels on government debt.

For the working class, this means unemployment and misery.s"Given the large fall in output, unemployment is expected to rise sharply even though many countries have adopted job retention programmes to keep employees attached to their places of work. As a result, incomes per person are expected to fall in nine in 10 of the IMF's 189 member countries. "In the US, unemployment is expected to rise from 3.7 percent in 2019 to 10.4 percent this year and only dip to 9.1 percent in 2021. There is likely to be a smaller rise in the eurozone from 7.6 percent

last year to 10.4 percent this year and 8.9 percent in 2021” (*World economy set for heaviest blow since Great Depression* by Chris Giles, Financial Times, 14 April 2020)

As a result of imposition of the lockdowns, overproduction, which had already gone beyond the bounds of what could be managed through the economic manipulations, has simply grown into a monstrous giant, causing bankruptcy of millions of businesses all over the world and generating millions of unemployed.

In poorer countries, these unemployed people have been left to starve. And the starvation left unattended even in the so-called rich countries like US, Britain and Germany.

Take the case of Britain: “Just three weeks into the lockdown, the Food Foundation said that 1.5 million Britons reported not eating for a whole day because they had no money or access to food. Some 3 million people in total were in households where someone had been forced to skip some meals. More than 1 million people reported losing all their income because of the pandemic”. (*The Guardian*, 11 April 2020).

The situation in poor countries is of course far worse:

“African economies are already facing an impending global economic crisis. Nearly 20 million jobs, both in the formal and informal sectors, are threatened with destruction on the continent if the situation continues. African governments could lose up to 20 to 30 percent of their fiscal revenue, estimated at \$500bn in 2019, the study found.

“Exports and imports are meanwhile projected to drop at least 35 percent from 2019 levels, incurring a loss in the value of trade of around \$270bn. This at a time when the fight against the virus’s spread will lead to an increase in public spending of at least \$130bn. (*France 24*, 5 April 2020)

In Asia, Africa and Latin America, where the poor were suffering food insecurity even before the corona virus lockdowns, the problems of obtaining food when having no wages while prices are rising will clearly intensify, and are bound to cause more deaths than does the virus. The public health systems, which are forced into the clutches of private capital, are crumbling under the pressure of Covid-19. The social and economic burden on the poor countries is enormous.

Borrowing and printing money are the only ‘solutions’ available to an imperialist economy in a situation of crisis – as we have seen in connection with both world wars as well as during the economic crises of the 1930s and of 2008.

The present crisis presents no exception:

The loans being contracted by capitalist governments to help them ride the tide of this crisis are breathtaking:

“In its first attempt to quantify the scale of the damage caused to public finances by corona virus, the IMF provisionally forecast that global public deficits will climb by 6.2 percentage points this year to reach 9.9 percent of national income, topping levels seen in 2008-9 ...

“In low-income developing countries, the average interest bill on government debt stood at 20 percent of tax revenues in 2019. The IMF expects this to rise to more than 30 percent of revenues

this year, highlighting the financial squeeze many governments are facing.” (*Financial Times*, 15 April 2020)

However, if the rise in debt represents a bleak future for the working class of imperialist countries, it will be harsher for oppressed countries and its toiling people. It is hard for them to find lenders willing to risk lending to entities that show no prospect of being ever able to repay the debt. Largely because a huge proportion of their income is already earmarked to cover the servicing of existing debts:

“Several middle-income countries currently spend 20 percent or more of their revenues on debt service, which crowds out much-needed health, education, and infrastructure expenditures,” pointed out the Brookings Institute. (*Africa needs debt relief to fight Covid-19* by Ngozi Okonjo-Iweala et al, 9 April 2020)

At a time when in the US and Europe banks were paying little or nothing on deposits, Nigeria and other oppressed countries were required to pay 10 percent interest on their debts, representing a massive flow of wealth from these countries to the centres of imperialism, leaving them unable to provide, among other things, anything like adequate medical services even before the pandemic struck.

It follows that these countries are going to be far less able to contain the spread of the virus since their existing facilities are abysmal and they will be unable to borrow in the way the governments of imperialist countries doing. So what is needed at this point of time is:

Cancellation of all external debt payments due to be made in 2020.

Provision of emergency additional finance which does not create debt.

All principal, interest and charges on sovereign external debt due in 2020 should be cancelled permanently, they should not accrue into the future. Cancelling debt payments is the fastest way to keep money in countries and free up resources to tackle the urgent health, social and economic crises resulting from the Covid-19 global pandemic.

We demand that the governments let people get on with their lives—to work, earn money, and feed their families. Let shop keepers open and sell their wares and provide services. Let construction workers return to building sites. Allow farmers to harvest their crops and to transport them to be sold on the open market. Allow health workers to do their daily work as before, with sensible precautions such as use of gloves and masks to minimise the risk of exposure to the virus. And allow the average citizen to travel freely with restrictions only applied to clusters where lockdowns are necessary. Livelihoods are an imperative for saving lives.

Finally, the corona virus is not a ‘natural disaster’ as often claimed. It is the outcome of human actions which have created a system of agriculture which subordinates animal and human welfare to profit. The Covid-19 pandemic reminds us that our current food system is unsafe as well as unjust and unsustainable. It is unsafe because it involves massive ecosystem disruption which causes pandemics and new pathogens. It is unjust because it produces food sufficient to all humans living on the planet, but half of them go hungry. It is unsustainable because profit-only-matters system is draining the fertile lands of all their resources. It follows that we must insist on the protection and rejuvenation of environment, sustainable means of cultivation and equitable distribution of food, the main impediment for this is undoubtedly the capitalist system.

In the circumstances, we must insist, in the interests of humanity, on debt relief for households, for productive businesses and for oppressed countries.

There is already far too much starvation and misery in a world capable of producing enough to meet everybody's needs. The basic reason for this scourge is that humanity has not moved on to the next stage of its development – the socialist stage, when class divisions cease to exist, where exploitation of one person by another and one country by another is no longer exists, and humanity everywhere is able at all times to cooperate for mutual benefit.

An important outcome from this crisis, however, is that the masses everywhere would realise they have no choice but to revolt against the capitalist system and build socialism.

In the words of Stalin, the world economic crisis “means, lastly, that the proletariat, in fighting capitalist exploitation and the war danger, will seek a way out through revolution”.
