

Governments skimp on funds to fight the coronavirus, open cash spigots for the banks

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The 72 hours between the close of stock markets Friday and the end of the day Monday saw a disastrous expansion of the deadly coronavirus throughout the world. The number of cases rose in several European countries, while those in the United States grew nearly five-fold.

Over that period, six people died from the virus in the United States after experts confirmed “community transmission” in three separate locations. A genetic study found that the coronavirus had been propagating through the population in Washington state for as much as six weeks, meaning that between 150 and over a thousand people had likely been sickened without being detected.

But despite this disastrous news, on Monday the Dow Jones Industrial Average closed up by 1,294 points—its biggest one-day point gain ever.

Nor was the market rebound based on any improvement in economic conditions. The Organization for Economic Cooperation and Development warned Monday of a global economic contraction in the first quarter of this year, while cutting its projection for economic growth for the entire year to the lowest level since 2009.

Rather, the markets were responding to something else: mounting pledges by central banks that they would cut interest rates and carry out asset purchases, placing an unlimited supply of cash at the disposal of the financial markets.

On Monday, before the US markets opened, Bank of Japan Governor Haruhiko Kuroda pledged to “offer sufficient liquidity via market operations and asset purchases.” The Japanese central bank moved immediately to pump nearly \$5 billion into the financial markets.

Kuroda was joined by French Finance Minister Bruno

Le Maire, who announced that the G7 economies would take “concerted action” in response to the epidemic, raising the prospect of a coordinated cut in interest rates by major central banks. The European Central Bank said later that it could cut interest rates to below zero and initiate a new round of asset purchases.

These announcements followed the statement Friday afternoon by Federal Reserve Chairman Jerome Powell, who pledged to “use our tools and act as appropriate to support the economy.” This was clear signal to the markets that the Federal Reserve is likely to cut interest rates even before its scheduled meeting on March 17–18, and do so in tandem with other central banks.

Only a pittance is being provided to slow the spread of the coronavirus pandemic, which threatens to kill millions of people, but unlimited funds are being made available to bail out the financial elite. While the Fed stands ready to pump trillions of dollars into Wall Street, the Trump administration has requested just \$2.5 billion to fight the coronavirus outbreak, half of which will be transferred from other programs.

Governments are responding to the coronavirus pandemic the same way they dealt with the 2008 financial crisis—by giving trillions of dollars to the financial oligarchy while doing nothing for the great majority of the population.

The most striking characteristic of the response to the outbreak of disease in the US is the stunning lack of preparedness. Despite having had weeks of advanced warning, the Centers for Disease Control was totally unprepared to carry out large-scale testing for the virus, allowing it to spread more widely and potentially costing untold numbers of lives.

The disastrous response to the crisis has been conditioned by the systematic defunding of public health care infrastructure in the United States, part of

the dismantling of social infrastructure that has accompanied the relentless, decades-long upward redistribution of wealth.

Just like the 2008 financial crisis, the ruling class is responding to the global coronavirus crisis by defending and expanding its own interests. A decade ago, tens of millions of families lost their homes, while the rich and super-rich were bailed out and made even richer.

The Federal Reserve and the US Treasury loaned nearly \$7 trillion to the financial system, which was used to prop up over \$30 trillion in financial assets. That set into motion the biggest financial bubble in human history, with stock market values quadrupling since 2009.

Once again, the ruling classes are responding to a new crisis—the most dangerous outbreak of infectious disease in a century—entirely on a class basis.

The central banks and governments know that it will be the working class and poor who will bear the overwhelming brunt of the disease. While the wealthy have the luxury of telecommuting or not working at all, workers will be forced—either by the threat of being laid off or the devastating impact of lost wages—to keep working in factories, warehouses, medical offices and retail facilities, exposing themselves to infection.

The ruling elite will ensure that it has access to the best medical care, while workers will languish in cramped and ill-supplied hospitals. Those who are among the 87 million Americans who are uninsured or underinsured will face the agonizing choice of foregoing care or facing financial ruin.

Workers must respond to the crisis, with no less determination than the ruling class, on the basis of their own class interests. As the International Committee of the Fourth International's February 28 statement made clear:

The working class must demand that governments make available the resources required to contain the spread of the disease, treat and care for those who are infected, and secure the livelihoods of the hundreds of millions of people who will be affected by the economic fallout.

The statement continued:

In demanding that capitalist governments implement these emergency measures, the international working class does not abandon its fundamental aim: the ending of the capitalist system. Rather, the fight for emergency action will raise the consciousness of the working class, develop its understanding of the need for international class solidarity, and increase its political self-confidence.

The days since the publication of this statement have only underscored the dangers posed by the disease and the lengths to which the ruling elites will go to defend their wealth and privilege at the expense of society.



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