

US billionaires increase wealth by \$280 billion since March, as millions are unable to get unemployment benefits

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“Never allow a crisis to go to waste,” said Rahm Emanuel, former investment banker, Chicago mayor and White House chief of staff to President Barack Obama, in response to the 2008 financial crisis. Emanuel and Obama led the reorganization of class relations in the United States, cutting social services, education, health and pensions, and accelerating a shift to temporary and low-paid work. As a result they created the largest stock market boom in history.

Today, this catchphrase is once again on the lips of the ruling class. The largest financial and corporate powerholders are seeking to use the global health emergency to expand their wealth and increase the exploitation of the working class.

The billionaires in the United States have increased their wealth by \$282 billion since the mid-March stock decline, according to a new report by the Institute for Policy Studies. While more than one fifth of the American population is now unemployed, and millions are deprived of basic needs and confront an uncertain future, the fortunes of the ultra-rich have not only recovered, they are improving substantially.

Jeff Bezos’s fortune increased by \$25 billion between January 1 and April 15. Never in history has any individual made so much wealth so quickly. As the report noted, “this is larger than the Gross Domestic Product of Honduras, which was \$23.9 billion in 2018.”

Eight billionaires, so-called “pandemic profiteers,” have increased their wealth, each, by over \$1 billion during this time: Jeff Bezos (Amazon), MacKenzie Bezos (Amazon), Eric Yuan (Zoom), Steve Ballmer (Microsoft), John Albert Sobrato (Silicon Valley real estate), Elon Musk, Joshua Harris (Apollo, financial

asset management) and Rocco Comisso (Mediacom, cable and internet).

Why, when 200,000 have died around the world and millions more lives are in jeopardy, are the ultra-rich profiting so fabulously?

First, the bailout package crafted and voted on unanimously by Republicans and Democrats has funneled wealth to the richest banks and corporations, while leaving peanuts for the working population.

The \$2.2 trillion CARES Act gives only \$550 billion to direct payments and extended unemployment, which most people have yet to receive. Of the remaining more than \$1.7 trillion, \$500 billion goes directly to bailing out major corporations. While \$377 billion ostensibly goes to small businesses, most have not seen a penny, as the banks pocketed \$10 billion in fees and larger companies largely consumed the available funds.

The CARES Act also contains within it an additional \$173 billion in tax breaks to super-wealthy individuals and companies. For example, it allows households earning at least \$500,000 a year to reduce their taxes by substantially increasing deductions from business losses and applying them to taxable money earned on the stock market.

All of this is on top of trillions being funneled into the financial markets and corporate coffers by the Federal Reserve.

Meanwhile, a study from the Pew Research Center finds that while over 10 million people applied for unemployment in March, only 29 percent of jobless Americans received any benefits that month. The report says that unemployed workers “face a hodgepodge of different state rules governing how they can qualify for benefits, how much they’ll get and how long they can

collect them.”

Real unemployment has grown past 20 percent of the population. Over 26.5 million jobs have been lost, adding to the 7.1 million people who were already unemployed prior to the crisis.

Even when workers receive these benefits, they come, ultimately, at the expense of state and federal debt. Like in 2008, when state after state and city after city faced a budget crisis, so too, with COVID-19, will fiscal problems emerge. Who will pay when budgets are exceeded? As in Detroit, Michigan and Stockton, California in the aftermath of the 2008 financial crisis, the ruling class will once again say, “There is no money” for basic social services such as education and clean water. Meanwhile, trillions are funneled to the ultra-wealthy.

A second reason the pandemic has been a bonanza for the ultra-rich is that it has intensified corporate consolidation, part-time and temporary work, and digital and physical automation.

Bloomberg writes: “Big Business Has All the Advantages in the Pandemic.” While most small businesses are on the rocks--deprived by larger firms of the small funding that was theoretically given to them in the CARES Act--many large corporations, such as Amazon, are carrying out a massive hiring spree. Walmart plans to hire 150,000 people by May; Amazon, 100,000; and Dollar Store, 25,000.

Because larger firms are more likely to have the capital not only to weather the crisis, but to dominate internet-based commerce, they will come out of the crisis with even greater domination of their market. In particularly hard-hit industries, such as the oil and gas sector, the giant companies like Chevron and ExxonMobil see the crisis as an opportunity to purchase their smaller competitors.

The *Financial Times* likewise writes that “Covid-19 will only increase automation anxiety” as companies “pandemic-proof their operations.” Capitalism has a natural tendency toward automation, which in the long term breeds economic crises and joblessness. Mark Muro, a senior fellow at the Brookings Institution, says COVID-19 will spur a “surge of labour-replacing technology,” as automated cashiers, cars, logistic robots and automated assembly lines replace workers. Again, the largest companies will emerge on top because they are the ones that can afford this automated

overhaul.

Capitalism’s fundamental trajectory—toward increasing automation, temporary and part-time work, corporate consolidation, ever increasing inequality and financial bubbles—will intensify. The result, in turn, will be an ever more staggering concentration of wealth in the hands of the few.

The socialist response to the COVID-19 crisis demands that this mass of wealth be confiscated. The major companies which dominate our lives cannot be run for the private profit of a handful of billionaires who seek to squeeze the working class, literally, to death. They must be placed under the social and democratic control of the working class.



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