

# The inequality pandemic: How American capitalism puts profits over lives

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The United States is in the midst of a devastating resurgence of the COVID-19 pandemic. On Tuesday, a record 50,701 people tested positive for the coronavirus, the highest daily total ever. There have been seven consecutive days in which the US had more than 40,000 new cases, and daily cases this week are twice as high as they were in the beginning of this month.

The death toll now stands at 130,000. This is approximately equal to the combined total of US combat fatalities in World War I, the Vietnam War and the Korean War. With the disease spreading at its present pace, the United States could well reach 100,000 daily cases by the end of this month. By the end of summer, a quarter million people could well be dead.

In the innumerable hours of television commentary and in the countless newspaper columns that have been devoted to the pandemic, there has been no examination of the economic interests that underlie this disaster.

The truth is that the resurgence of the pandemic is the outcome of a conscious policy, led by the Trump administration but supported by the entire political and media establishment, of subordinating society's needs to the economic interests of the financial oligarchy.

Over the past three months, more than 115,000 Americans have died from COVID-19 and 45.5 million have become unemployed amid an unprecedented medical, social and economic disaster.

But the story has been very different for the stock market and the American financial oligarchy. In the midst of what the Organization for Economic Cooperation and Development calls the worst peacetime economic crisis in a century, the Dow Jones Industrial Average has staged its largest rally in three decades.

The Dow surged 18 percent in the second quarter of this year, its biggest quarterly gain since 1987. The Nasdaq grew even faster, rising 30.6 percent and leaving the index up by 12 percent since the beginning of the year.

The massive growth in stock values has led to an expansion in the wealth of America's financial oligarchy.

Since March 18, the wealth of US billionaires has increased by 20 percent, or \$484 billion, according to the Institute for Policy Studies. Between March 18 and June 17, the total net worth of the 640-plus US billionaires jumped from \$2.948 trillion to \$3.531 trillion.

As a result of the stock market rally, the wealth of the five richest men in America—Jeff Bezos, Bill Gates, Mark Zuckerberg, Warren Buffett and Larry Ellison—grew by a total of \$101.7 billion, or 26 percent.

The personal fortune of Tesla CEO Elon Musk, the world's highest-paid CEO, has doubled over the course of the past year.

This week, Tesla overtook Toyota to become the world's most valuable carmaker by market value. Tesla's shares have increased five-fold over the past 12 months, growing from \$230 to \$1,100 this week.

Commenting on this development, the *Financial Times* wrote:

If the company breaks even in the quarter to June, it will be the first time the business has been in the black for four straight quarters.

While Toyota's shares trade on a multiple that values the business at 16 times its earnings, Tesla's shares trade on a multiple of almost 220 times the company's profits, far above any other auto business and close to double the multiples seen by tech giants such as Amazon.

Such obscene stock valuations are the result of a massive government intervention in financial markets, which have pushed share prices to astronomical heights even as the real economy collapses.

Starting with the first outbreak of COVID-19, every action taken by the US government was aimed at protecting and expanding the wealth of the financial oligarchy. In January and February, as public health experts both inside and

outside the government tried to sound the alarm, the Trump administration downplayed the dangers posed by the pandemic, while the media simply ignored it.

In March, when the inundation of hospitals made it impossible to simply ignore the pandemic, the ruling class responded not with an emergency surge of public health spending, but with a massive bailout of the financial oligarchy.

The Federal Reserve responded to the economic crisis triggered by the pandemic with approximately \$4 trillion in emergency lending to banks and major financial institutions, backed by the near-unanimous action of Congress in passing the so-called CARES Act.

As an article in *Foreign Affairs* noted: “During March and the first half of April, the Fed pumped more than \$2 trillion into the economy, an intervention almost twice as vigorous as it delivered in the six weeks after the fall of Lehman Brothers. Meanwhile, market economists project that the central bank will buy more than \$5 trillion of additional debt by the end of 2021, dwarfing its combined purchases from 2008 to 2015.”

As another article in the same issue noted: “This level of spending has no precedent in history—not even close. Not in war. Not in peacetime. Not ever.”

Once the bailout of Wall Street was secured, the turn of the entire political and media establishment was to the demand for a return to work. The declaration of *New York Times*’ columnist Thomas Friedman—that the “cure” of closing businesses to prevent the spread of COVID-19 was “worse than the disease”—became government policy, spearheaded by Trump and implemented by Democrats and Republicans throughout the country.

All substantive measures to contain the pandemic have been abandoned, with workers in every industry, in every state, compelled to either return to work in workplaces that are hotbeds for the disease or forego unemployment benefits.

During the period of restricted economic activity, nothing was done to build up health care infrastructure. Federal funding for testing and contact tracing, the only measures known to contain the pandemic, stands at less than one percent of total federal spending on the pandemic response. And the results show it. Nationwide, there are just 28,000 contact tracers, less than one-tenth of the number called for by former Centers for Disease Control Director Tom Frieden.

The testing situation is even worse. According to one survey conducted by National Public Radio and Harvard, the country needs to have twice its current testing capacity just to keep the pandemic at bay, and eight times more testing capacity to suppress and eradicate the disease.

Corporations have been allowed to hide COVID-19

outbreaks from workers and federal health officials alike, while the Occupational Safety and Health Administration has issued just a single workplace citation related to COVID-19, despite receiving thousands of complaints.

To make matters worse, in just three weeks, the \$600 weekly federal unemployment supplement passed as part of the CARES Act is set to expire, throwing tens of millions of unemployed workers into poverty overnight.

In recent weeks, the media has been endlessly preoccupied with promoting racial divisions. While the Trump administration, with the support of the Democrats, has focused on blaming China, the Democrats are escalating their militarist rhetoric against Russia.

In the real world, however, social policy is determined by class interests. The failure of the United States to contain COVID-19 is the direct result of the fact that it is ruled by a financial oligarchy to whose interests all policy is subordinated.

While the first six months of the year have been dominated by the policies of the ruling class and the unmitigated spread of the pandemic, there are many signs that the working class is beginning to respond to the crisis with its own demands.

Fiat Chrysler workers in Detroit have carried out work stoppages and formed rank-and-file safety committees to defend their interests, while hundreds of nurses in Riverside, California have gone on strike. They are joined by Amazon workers in Germany demanding safe workplaces, nurses in Zimbabwe demanding a living wage, and workers in Turkey opposing the Erdogan government’s attack on unemployment benefits.

The fight against the pandemic must be waged not only on the medical front, but on the political front as well. The mounting global working class struggles must be unified and armed with the political program of reorganizing society on a socialist basis.



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