

# The COVID pandemic and the supply chain crisis

Nick Beams  
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One of the characteristics of a ruling class that has completely exhausted any progressive, historical role it might once have had, is its inability to deal with major problems in society, because of its insistence that nothing can be done that would impinge on its wealth.

This phenomenon, clearly visible on the eve of the French revolution of 1789 and the Russian revolution of 1917, is again on display, with even greater force, in the COVID-19 pandemic.

The eruption of this deadly virus almost two years ago required a globally coordinated response, mobilising the resources of society to eradicate it. It has been estimated by epidemiologists that had such measures been adopted, COVID-19 could have been eliminated within a matter of weeks.

However, the focus of governments was not on science and the measures it called for. It was directed to the stock market—the money-making machine that has lifted the wealth of the financial and corporate elites to stratospheric heights at the expense of the needs of society, ranging from the provision of social services, such as health care and education, to basic infrastructure such as roads, ports and a transportation system capable of sustaining and developing a globally integrated economy.

From March 2020, the policy of the ruling classes has been guided by the dictum, “The cure cannot be worse than the disease.” That is, nothing can be done that will in any way impinge on the rise of the markets. Trillions of dollars were supplied by the US Fed and other central banks to ensure this.

But there was an inherent contradiction in this policy. The more the demand for opening the economy was pursued, the more the virus was able to spread and develop even more infectious variants, such as Delta, which would never have emerged had a policy of

eradication been undertaken at the outset.

The Fed was able to print money to boost the stock market and increase the mountain of fictitious capital, but none of that cash went towards developing the underlying real economy, nor could it.

Now that contradiction has led to the eruption of a crisis, in the form of a protracted and worsening disruption of global supply chains, the vast and complex system of production and transport that is at the base of the global economy.

It began with the supply of computer chips, necessary for auto production and other industries, but has now extended across the board. This crisis is most apparent in the US economy—the world’s largest—particularly in the port of Los Angeles, but is manifest around the world.

As an article published over the weekend in the *Washington Post* put it: “The commercial pipeline that each year brings \$1 trillion worth of toys, clothing, electronics and furniture from Asia to the United States is clogged and no one knows how to unclog it.”

Severe weaknesses in the transport system have been revealed, including shortfalls in investment at key ports, cuts in the rail system and the chronic failure of key participants in the system to collaborate. The *Post* cites one person who has advised government agencies as saying: “It’s like an orchestra with lots of first violins and no conductor... No one’s really in charge.”

The myopia of the ruling classes was highlighted by a recent article in the *Guardian* on the supply chain crisis.

“It was all going so well,” the article began. “Successful vaccinations were driving the post-pandemic recovery of the global economy, stock markets were back at record highs, and prices were rising just enough to make deflation fears a thing of the

past.”

Now the supply chain crunch, which started with computer chips, is “morphing into a full-blown crisis featuring a shortage of energy, labour and transport, from Liverpool to Los Angeles, and from Qingdao to Queensland.”

Los Angeles, the entry point for more than a third of all imports to the US, is at the centre of the crisis. At the beginning of September, according to the *Post*, there were 40 container ships waiting for a berth. Less than three weeks later the number had risen to 73.

But as with the situation in hospitals around the world, impacted by decades of cuts, the crisis was foretold. In 2015, regulators warned: “Congestion at ports and other points in the nation’s intermodal system have become a serious risk factor to the relatively robust growth of the American economy, and to its competitive position.”

The problems are not confined to the ports, but extend to the rail system. The workforce at Union Pacific, now at 31,000, is one-third smaller than it was in 2015, representative of cuts that have taken place across the US rail system. And the problems in rail impact on truck transportation, with drivers having to wait for hours in their rigs to pick up containers to which they have been assigned.

Costs are rising rapidly. As the *Post* article reported, the median cost of shipping a container from China to the US West Coast hit \$20,586 last month, almost double the level in July, which, in turn, was twice the cost in January.

But wherever there is a problem, there is a profit to be made. The seven largest ocean carriers have reported \$23 billion in profits for the first half of this year, compared with \$1 billion for the same period last year.

The eruption of a supply chain crisis, however, is not going to bring about a course correction to deal with its underlying cause—the COVID-19 pandemic—through a program of global eradication.

Rather, the blame is being placed on the limited, but totally ineffective, measures that have to date been carried out. Worldwide, the demands are growing from corporate and financial circles that even limited mitigation measures be scrapped.

This global push was highlighted at the end of last month, when the International Chamber of Shipping joined with other transport employer groups, and the

International Transport Workers Federation, an association of trade unions headed by the national secretary of the Maritime Union of Australia, Paddy Crumlin, to issue an open letter calling for an end to all COVID-imposed transport restrictions.

The open letter called on governments and UN agencies to ensure the free movement of transport workers, and “end travel bans and restrictions that have had an enormously detrimental impact on their wellbeing and safety.”

The letter cited the “crumbling global supply chain” and called for “meaningful and swift action to resolve this crisis now.” But the health with which this unholy alliance is concerned is not that of the workers, but of the corporations. The policy on the pandemic is to let it rip.

As is always the case with half-baked, would-be reformist measures, the inevitable failure of the so-called mitigation policy has opened the way for the right-wing agenda.

The collaboration of the trade unions, in this employer and corporate offensive, underscores the significance of the campaign by the International Workers Alliance of Rank-and-File Committees, organised through the *World Socialist Web Site*, for a movement by the working class from below, fighting for the complete eradication of the virus, through the use of vaccines and stringent public health measures, with financial compensation for those workers affected.

The entire experience of the pandemic and the resulting supply chain crisis has demonstrated the organic incapacity of the ruling classes, completely beholden to the demands of profit accumulation, to undertake rational and scientific solutions to the crises besetting society, and the necessity for the working class to take matters into its own hands, through the fight to take political power and implement a socialist program.



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