

How American capitalism profits on death

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On Monday, as the United States recorded one million COVID-19 cases, three times higher than the peak of previous waves, the Dow Jones Industrial Average closed up by 400 points, setting a new all-time record.

The rally continued Tuesday, as the US crossed another grim milestone: 100,000 hospitalizations from the pandemic, eclipsing the level of the surge over the summer. Child hospitalizations have also reached an all-time high.

Throughout 2021, as 478,000 Americans died, the Dow logged 70 closing records in its third straight year of annual double-digit increases. “If you looked at new all-time highs last year,” one trader told *Yahoo! Finance*, “there were actually more new all-time highs than in the entire '70s and 2000s combined, those two decades.”

And just as deaths were higher in 2021 than in 2020, so were returns on the stock market. The Dow rose 18 percent in 2021, compared to 7 percent in 2020.

Two years into the COVID-19 pandemic, the correspondence between mass infection and stock prices is well established. The markets fall when they suspect measures will be taken to stop the spread of COVID-19, and they rise when the disease is allowed to spread unchecked.

Last month was the most concrete example. In early December, fears that the new, more contagious Omicron variant would lead to emergency school and business closures led to a sustained fall on Wall Street.

That fall ended on December 21, when US President Biden, speaking before the end of the trading day, went on national television to declare that his administration is “making sure that COVID-19 no longer closes businesses or schools.”

Since then, the Dow has surged more than 2,000 points, hitting record after record, even as cases, hospitalizations and deaths have soared.

The subordination of public health to the demands of Wall Street has been the single constant element of US government policy since the very beginning of the pandemic.

During the initial weeks of the spread of COVID-19, Donald Trump sought to “play it down,” as he later told journalist Bob Woodward. “I still like playing it down,

because I don’t want to create a panic,” he added. The “panic” Trump was concerned about was a panic on Wall Street. Jared Kushner, who organized the White House’s pandemic response, had, according to the *Financial Times*, argued that “testing too many people, or ordering too many ventilators, would spook the markets and so we just shouldn’t do it.”

But as Trump was “playing down” the pandemic, members of Congress adjusted their own stock portfolios to minimize the impact on their own wealth when the truth inevitably became impossible to conceal. By that time, a massive bailout, in the form of the CARES Act of March 2020, had already been prepared.

More than \$1.4 trillion of the \$2.3 trillion CARES Act consisted of bailouts to business, with the overwhelming majority going to large and well-connected enterprises. The CARES Act also facilitated a massive monetary intervention by the Federal Reserve that totaled over \$4 trillion. As a result, the Fed balance sheet rose from \$4.1 trillion in February 2020 to more than \$8.7 trillion today, \$1.4 trillion of which has been handed out since the inauguration of Biden.

Once the bailout was secured, the demand was raised for the end of the limited measures put in place in the initial wave of the pandemic. All the measures necessary to fight COVID-19—and, in particular, the shutdown of non-essential businesses and the closure of schools to in-person learning—cut across the interests of the market. An entirely false narrative was created, with the assistance of the media, that somehow these measures were not necessary and, particularly under Biden, that vaccines by themselves could stop the pandemic.

The results were predictable: Mass death on the one hand, and massive enrichment of the oligarchy on the other. Hundreds of thousands of people are dead, and billionaires in the US are now \$2.1 trillion wealthier than they were before the pandemic began.

The pandemic response of both Trump and Biden was built upon the reaction of the Obama and Bush administrations to the 2008 financial crisis, when a similar bailout of Wall Street—though on a somewhat smaller

scale—was organized. While more than 10 million households lost their homes, America’s billionaires emerged from the crisis wealthier than ever before.

As the economists Raphaële Chappe and Mark Blyth wrote in *Foreign Affairs* late last year, the US has severed “any remaining ties between financial markets and the real economy.” The US has created “a monetary policy regime that has untethered the fate of economic elites, who derive most of their income from state-protected financial assets, from that of ordinary people, who rely on low and precarious wages. Such a regime offers permanent protections to those with high incomes from financial assets.” (“Hocus Pocus?: Debating the Age of Magic Money”).

America’s ruling elite knows that, whatever happens, the government and Federal Reserve will ensure that there is no reduction in share values. But there is another factor at work. It is a dirty secret of American politics that the rise in life expectancy has been identified over the past two decades as a major problem.

In 2020, a year in which 373,000 Americans died from COVID-19, US life expectancy at birth fell by 1.8 years, from 78.8 years to 77.0, according to federal mortality data released last month. In 2020 alone, the COVID-19 pandemic eliminated the entire increase in US life expectancy since 2002, that is, all the progress made over the course of a fifth of a century.

The reduction of life expectancy is producing substantial demographic shifts, with the share of the working-age population rising in relationship to the elderly. Seventy-five percent of those who have died have been those above the retirement age of 65, and 93 percent have been over the age of 50.

From the standpoint of sections of the ruling class, there is a “silver lining” to this massive death toll. Economic, military and political strategists have worried for decades that as the “baby boomers” began to retire, the balance between the working-age population, which generates surplus value, and the retired, who do not, would shift, cutting into profits. This prompted demands for slashing “costly” medical procedures and the curtailment of Medicare and Medicaid.

A 2013 paper by Anthony Cordesman of the Washington think tank Center for Strategic and International Studies (CSIS) presented the increasing longevity of ordinary Americans as a major strategic problem for US capitalism.

“The US does not face any foreign threat as serious as its failure to come to grips with... the rise in the cost of federal entitlement spending,” Cordesman wrote, saying the debt crisis was driven “almost exclusively by the rise in federal spending on major health care programs, Social Security, and the cost of net interest on the debt.”

Affairs pointed out the immense role that demographics play in US imperialist strategy. “Russia and China will soon face severe choices between buying guns for their militaries and buying canes for their ballooning elderly populations,” he wrote, “and history suggests they will prioritize the latter to prevent domestic unrest.”

The implication of this argument is that the United States can secure its place in the global order by prioritizing “buying guns” over “buying canes.” Beckley implies that concerns over “domestic unrest” will not have a similar impact on the efforts of the American ruling class to reduce health care spending.

The effort to popularize the reduction of life expectancy was exemplified by Dr. Ezekiel Emanuel’s 2014 essay in *The Atlantic*, entitled “Why I Hope to Die at 75,” arguing that “society... will be better off if nature takes its course swiftly and promptly.” Emanuel was a leading architect of the Obama administration’s Affordable Care Act.

These two elements have dictated the “herd immunity” response to the pandemic. On the one hand, the massively over-leveraged capitalist order will not accept any reduction to the flow of surplus value extracted from the working class. On the other, the reduction in life expectancy will mean a further expansion of the share of social resources directed to profit.

For these reasons, Wall Street sees the benefit of COVID-19 becoming endemic, perpetually circulating within the population, culling the elderly and lowering the total costs of providing medical care to the elderly as well as the chronically ill of all ages.

A basic response to pestilence and disease is to identify and clear out the source of the infection. In the case of the pandemic, the proximate cause is the COVID-19 virus. But the deeper social cause is the capitalist social and economic order, which has proven to be the greatest threat to the safety and well-being of the public. Its abolition, and the shutdown of Wall Street, are vital questions of public health.



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