

After the Corona Lockdown: Neoliberal State Intervention “Won’t Save Us”

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After the coronavirus crisis, the state will likely play a much larger role in the economy. But its interventions will serve the interests of the wealthy - unless the Left gets organised, argues Richard Burgon.

As the coronavirus death toll mounts, the failings of particular states have come into even sharper focus. The UK, Brazil and the USA are three of the worst performing countries in the world. It's no coincidence that all three have neoliberal governments. Our government has overseen the needless deaths of tens of thousands of citizens already - a heartbreaking [40,000 excess deaths could have been avoided](#), according to the former Chief Scientific Adviser. This tragic death toll was not inevitable but the result of woeful public policy responses.

To highlight how different it could have been, we need only compare our death toll with that of South Korea, a nation not that different to ours in population size or GDP. Had we matched its much lower coronavirus death rate, the UK would have suffered fewer than 400 fatalities.

Our government, the institution that is meant to defend its people, has failed us. But why did this happen?

Neoliberal Failure

As demoralising as it is to be led by such a blundering Prime Minister during the most serious crisis in recent history, this is not simply the fault of one incompetent. A decade of austerity and a 40-year period dominated by neoliberalism left us woefully underprepared for this crisis. As [George Monbiot put it](#), “privatisation, commercialisation, outsourcing and offshoring have severely compromised the UK's ability to respond to a crisis”.

The new track and trace system is a case study illustrating everything wrong with the UK's failed neoliberal state. Serco, a company notorious for defrauding the state by charging for tagging people who were either dead, in jail, or had left the country and which had to pay tens of millions in fines, has been awarded the contract.

A sensitive and skilled area of public health intervention is in the hands of a corporate giant that is employing non-experts working from call centres reportedly on [not much more than the minimum wage](#). While other nations got robust tracking and tracing systems up and running in weeks, the UK's system won't be at full speed until the autumn. Scientists are

warning it is doomed to fail. But for Serco, this is a chance to [“cement the position of the private sector in the NHS supply chain”](#).

Such decisions are, of course, driven by profit and the all-too-cosy relationship between politics and big business interests. But they also reflect a political culture warped by decades of ideological adherence to the view that government intervention is inherently bad and things are best left to the market.

Perhaps this instinctive aversion to state intervention also partly explains **Boris Johnson’s** catastrophic delay in bringing in lockdown? *The Sunday Times* estimates the number of coronavirus cases soared from around 14,000 to 1.5 million in a three-week period when the government dithered and delayed before locking down, even though other countries had already done so.

Many have speculated that the Prime Minister’s reluctance for government to put any limits on individuals and markets was one the reason for this delay.

End of Business as Usual

Forty years of neoliberal dogma means there is virtually no area of our society which is not now treated as a marketplace. But faced with the obvious failings of the coronavirus catastrophe and the greatest economic downturn in 300 years, how will neoliberal states respond to the economic crisis set to follow hot on the heels of the public health disaster? ‘Business as usual’ simply won’t do when the Bank of England forecasts the UK economy will plunge by almost 30 percent in the first half of the year. Just as we saw initially with the banking crisis, the scale of the downturn will mean huge state intervention – at least in the short term.

Will that mean that neoliberalism is dead? That there’s now a Keynesian consensus? Will it mean that socialists have won the argument that the government should intervene to protect the economic interests of the majority? It would be a big mistake to think so.

The key question we will have to address in the coming months is not *whether* the state will play a greater role, but *in whose interests* will it act?

State and Market

A greater role for the state in the economy should not be confused with the socialist perspective of an economy that serves the majority. In our capitalist society, a key function of the state has always been to intervene to boost corporate incomes – through direct handouts, awarding contracts, privatisations or securing the market conditions that maximise profits. While advocating the retreat of the state from areas which are necessary to protect the interests of the majority, neoliberalism has always simultaneously used the state as a weapon to advance and protect the interests of the privileged minority it exists to serve. In fact, from the inception of neoliberalism, in the testing grounds of Pinochet’s Chilean dictatorship, a strong state was used to deliver market conditions that enriched the elites.

Likewise, the tens of billions handed to British banks after the 2008 crash and the huge amounts spent on [militarising the US police force](#) (at the expense of funding other essential public services) underlines how much increased state spending can be used *against* the interest of the working class.

We already seen this so-called “socialism for the rich” during the current crisis with, for example, Trump delivering the largest corporate bailout in history while providing barely a few crumbs for the working class.

And in the UK, while a number of welcome temporary measures such as the furlough scheme have aided both companies and workers, the government has refused to implement simple measures which would have benefitted the working class, including proper sick pay, rent cancellations or even [securing minimum wage payments](#) for furloughed workers.

Intensified Class Struggle

With the scale of the economic collapse to come, huge economic and social questions will be posed. We should not for a moment believe that this crisis will in and of itself create a new left-wing consensus around the state and the economy. Such a shift in direction will only ever be the result of the Left waging a political struggle. But a new settlement will emerge from this crisis. It’s our job to determine what that new settlement is and whose interests it serves. Anyone familiar with Naomi Klein’s book *The Shock Doctrine* will know that free-market ideologues will be intending to reshape society out of this crisis in the interests of the 1 percent. Of course that may be – as some Tories are pushing for – in the form of austerity, perhaps cutting back key social services at the same time as other parts of the state are expanded in the interest of capital.

But it could take other forms of boosting the interests of the capitalist class such as corporate giveaways, tax cuts or using the threat of mass unemployment as an opportunity for further anti-worker employment deregulation. British Airways’ scandalous plans to sack tens of thousands of employees only to re-employ many on worse terms and conditions cannot be allowed to become a blueprint for the wider economy.

Just as the elites will be planning how to reshape the economy post-coronavirus, we need to define our agenda. Had we won the election, we would now have a socialist-led government not simply seeking to manage the state but to fundamentally reform it by redistributing wealth, power and control. This, of course, explains the ferocity of the onslaught to prevent a Corbyn government coming to pass.

But even if there is no likelihood of any such shift without a huge socialist electoral advance, we can still win important concessions over the next period. The instincts, culture and ideology of the state will be to shore up corporate interests but we can still push for a better path, as the US protests to move resources from [militarising the police](#) and into essential public services have shown.

That means intensifying the struggle both inside and outside parliament. With a Conservative majority of 80 seats in parliament, focusing solely on parliamentary procedures would doom ourselves to defeat after defeat in the crucial battles for the future of our society that are coming our way. We need to renew the links between the parliamentary socialist Left, socialist activists, the trade union movement and wider grassroots movements.

A State that Serves People and Planet

On the Left, we need to take advantage of any shift in the narrative around a greater role for the state to fight for this to serve the 99% and not the 1%. That means we need to be calling for state interventions that transition the economy into the industries we need for the

future, not providing more life-support for a broken economy that for decades has failed people and planet.

Most obviously that means demanding a [Green New Deal](#), building on the work that Labour undertook ahead of the last general election to focus on radical carbon reduction alongside local economic regeneration.

[GR Editor's Note: **The Green New Deal** is controlled by the financial establishment. It is not a solution]

It also means huge investment in public works to kick-start the economy, to prepare us for the next crisis - whether it be social, health or environmental - and to rebuild our public services, housing and social care, the weaknesses of which have been badly exposed by the shock of coronavirus. Given the failings in the state's response to Coronavirus, we can win widespread public backing for such change.

Likewise, we need to demand that the state invests to address the huge structural inequalities in healthcare, housing, education and employment which especially affect black communities so that the words of support from politicians for Black Lives Matter are translated into real longstanding change.

Where corporations do receive bailouts, these need to be conditional on wider social, environmental and labour demands such as workers' representation on boards and workers' stake in the companies, restrictions on dividend payments, better pay for workers and action to close pay differentials.

And we need to be demanding part state ownership of any bailed-out companies so that these can form part of an active government economic plan that serves the public interest into the future.

As economist Mariana Mazzucato has explained, governments have the [upper hand in negotiating with the private sector](#). We must ensure it uses it.

The unprecedented public health crisis has now created an unprecedented economic crisis. The neoliberal model has no solutions to any of this. Socialists have a duty to ensure that its days are numbered and that it is replaced by policies that can deal with the mounting crises our communities face.

That means making the case for an interventionist state, but one whose role is to radically reform society for the benefit of the vast majority. Not one that rescues powerful profiteers and an economic model designed to serve the interests of the privileged few.

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