

# Coronavirus Capitalism: Entrenching Dispossession and Dependency

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Theme: [Global Economy](#), [Poverty & Social Inequality](#), [Science and Medicine](#)

*There is surprisingly a certain degree of optimism around at the moment, despite virtually entire populations and economies on lockdown. Although things are really bad for millions right now due to the effects of lockdown, economist [Mariana Mazzucato believes that the Covid-19 crisis will shine light on societal and economic systems all across the world, exposing some of the deep-rooted flaws of capitalism.](#)*

After lockdown ends, Mazzucato believes societies can be reshaped to become more inclusive. She says an overly financialised business sector has been [siphoning](#) value out of the economy by rewarding shareholders through stock-buyback schemes, rather than shoring up long-run growth by investing in research and development, wages and worker training. Mazzucato thinks we can use the current state of emergency to start building a fairer and more sustainable economy with the state playing a leading role to serve the public interest over the long term.

Her optimism is also shared by others who think that out the wreckage of the current crisis, the state and citizens can work together to shift towards more stakeholder capitalist or even more socialist oriented societies.

The reality, however, may merely mean the entrenchment of the prevailing system. For example, does anyone really believe that the ruling Conservative administration in the UK genuinely cares about the well-being of ordinary people or has any kind of commitment to publicly funded institutions? The Conservative Party has devastated millions of lives courtesy of an ideologically driven austerity agenda for over a decade. And for over three decades, it has been waging war on workers, unions and the public sector on behalf of global capital.

The situation is not unique to the UK. In India, successive administrations have been facilitating neoliberal policies that have led to a wholly avoidable agrarian crisis, marked by farmer suicides, child malnourishment, growing unemployment, increased informalisation, indebtedness and an overall collapse of agriculture. If anything, the current Modi administration has been keen to further open up the sector to the demands of Western agrocapiatal.

Things in the US hardly merit optimism for radical change either. The Federal Reserve estimates over 47 million will lose their jobs in the US, taking unemployment to almost a third of the labour force. This is more than during the Great Depression of the 1930s. However, in a series of [short explanatory films](#) for the layperson, analyst John Titus shows that US capitalism and the privately owned Fed are not going to change their spots: Wall Street and its top executives will continue to enrich themselves, while the public will suffer

throughout the duration of lockdown, which could persist in various forms for 18 months.

Even if we take a brief, more general look at what is happening, we can see that, for instance, factory farms in the US are expected to receive \$23.5 billion in stimulus money. The Center for Biological Diversity and allies have urged congress to direct these funds to small and mid-size farmers instead of big agri-food concerns. With the threat of environmental regulation rollbacks also on the cards, it is clear the current crisis is being used to consolidate the position of major players in the sector.

Consider too that, according to a recent piece in the New York Times, the \$2 trillion-plus coronavirus relief package making its way through US congress [will give bailouts](#) to a number of key industries and companies that have indulged in the types of shameful activities that Mazzucato outlines. The airline industry is expected to get some \$50 billion in cash and loans and Boeing, which asked for \$60 billion, is widely expected to receive some part of a \$17 billion fund.

During the past decade, most of the companies in line to get taxpayer money did not prepare for a downturn. For example, the airline industry, which is prone to booms and busts, collectively spent more than \$45 billion on stock buybacks over the past eight years. Viewed in context, The New York Times says the relief package still amounts to a bailout of private capital and the endorsement of self-enriching practices.

### **Further Neoliberal reforms**

The current crisis is hitting workers hard across the world, possibly more so in India than elsewhere. Consider that nearly half of India's workforce of 467 million is self-employed, 36 percent are casual wage workers, while only 17 percent are regular wage workers. Two-thirds of them work without contracts and more than 90 percent lack any social security or health benefits in the workplace. The six-week coronavirus lockdown has made [survival extremely difficult](#) for them.

But is there hope on the horizon? [World Bank Group President David Malpass](#) recently stated that poorer countries will be 'helped' to get back on their feet after the various lockdowns that have been implemented in response to the Covid-19 crisis. However, before getting anyone's hopes up too much, this 'help' will be on condition that neoliberal reforms and the undermining of public services are implemented and become further embedded.

Malpass says:

"Countries will need to implement structural reforms to help shorten the time to recovery and create confidence that the recovery can be strong. For those countries that have excessive regulations, subsidies, licensing regimes, trade protection or litigiousness as obstacles, we will work with them to foster markets, choice and faster growth prospects during the recovery."

[Ranil Salgado](#), mission chief for India at the IMF, echoes the views of Malpass by saying that when the economic shock passes, it's important that India returns to its path of undertaking long-term reforms.

In the face of economic crisis and stagnation at home, this would seem like an ideal

opportunity for Western capital to further open up and loot economies abroad. On 20 April, the Wall Street Journal ran the headline '[IMF, World Bank Face Deluge of Aid Requests From Developing World](#)'. Scores of countries are asking for bailouts and loans from financial institutions with \$1.2 trillion to lend. An ideal recipe for fuelling dependency.

Global conglomerates will be able to hollow out the remnants of nation state sovereignty, while ordinary people's rights and ability to organise and challenge the corporate hijack of economies and livelihoods will be undermined by the intensified, globalised system of surveillance that beckons.

This is a sentiment shared by economics professor [Michel Chossudovsky](#), who implies Covid-19 provides ideal cover for rebooting the global economy via a global debt crisis and the subsequent privatization of national states. The current crisis will certainly have the effect of impoverishing hundreds of millions of workers and increasing the national debt of nations. It could prove so devastating to economies that bailout packages from global financial institutions might saddle nation states with debts that prove almost impossible to pay back.

Dollar denominated loans will help secure the global hegemony of the dollar, which has been looking increasingly fragile in recent years.

At the same time, with mass unemployment and workers' pay decimated, ordinary people in both rich and poor countries will have finally reached the finishing line in the race towards the bottom. Workers' rights and well-paid jobs will be at a premium, with a global reserve army of labour waiting in the wings to snap up any work that is available.

In India, neoliberal reforms have already devastated many livelihoods and the US - via the WTO and World Bank - has since the 1990s been pushing India to further open up to Western goods and corporations. Pressure has been applied to further reduce subsidies to the farm sector and to dismantle mechanisms which have ensured some degree of food security for the hundreds of millions who rely on state support.

As the lockdown plays out in India, we see stories of fractured supply chains and of farmers who cannot sell their produce. In rural areas, millions of migrant workers have returned to the countryside. Rural affairs commentator [P Sainath paints](#) a dreary picture of the impacts of India's lockdown. He discusses the desperate plight of migrant workers, a shortage of cash to buy food and a potential shortage of food as farmers are unable to complete their harvests.

He notes that Dr. Sundararaman, a former executive director of the National Health Systems Resources Centre, asserts that there is a desperate need to "identify and act on the reverse migrations problem and the loss of livelihoods. Failing that, deaths from diseases that have long tormented mostly poor Indians could outstrip those brought about by the corona virus."

But no doubt cash-rich Western capital which will gain from the trillions being pumped into the system will see many strategic opportunities to benefit. It has been pushing via the World Bank to bring Indian agriculture under corporate control for a long time. This would involve forcing GMO food crops into the country, the displacement of peasant farmers, corporate consolidation and commercialisation based on industrial-scale monocrop farms incorporated into global supply chains dominated by transnational agribusiness and retail giants.

This would amount to the wholesale restructuring of Indian society. What we could see is the acceleration of existing processes which have already led to what Sainath describes as a crisis of civilisation proportions.

Across the world, people need to question the narrative, the data and the data collection methods surrounding Covid-19 and assess whether lockdowns and their devastating effects are in line with the risks involved. Because, five years from now, given what is at stake and the massive hardships being endured, it will then be too late to look back and say it was all based on flawed data and wrongheaded responses and was driven by vested interests who were set to benefit financially.

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