

# **COVID-19 and the Future of Capitalism**

## **Postcapitalist Horizons Beyond Neoliberalism**

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**CRITICAL DEVELOPMENT STUDIES**



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## Critical Development Studies Series

Three decades of uneven capitalist development and neoliberal globalization have devastated the economies, societies, livelihoods and lives of people around the world, especially those in societies of the Global South. Now more than ever, there is a need for a more critical, proactive approach to the study of global and development studies. The challenge of advancing and disseminating such an approach — to provide global and development studies with a critical edge — is on the agenda of scholars and activists from across Canada and the world and those who share the concern and interest in effecting progressive change for a better world.

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EXCERPT

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Excerpt

## Introduction

The coronavirus disease 2019 (COVID-19) pandemic has led to the most significant public health emergency of the twenty-first century, with enormous implications for global capitalism. Some forecasts suggest that the COVID-19 pandemic is likely to plunge the world economy into a deep-seated crisis whose consequences will be even worse than the Great Depression of the 1930s (Caşın 2020). These forecasts were validated by Gita Gopinath (2020), chief economist of the International Monetary Fund (IMF), who described the current situation as “the worst recession since the Great Depression, far worse than the Global Financial Crisis.” The COVID-19 pandemic exposes the contradictions of neoliberal capitalism amidst the failure of global markets to provide adequate solutions to the global health crisis. This pandemic seems to have accelerated commodification and labour precarization with the push of digital and surveillance capitalism. Newly emerging patterns of online consumerism go hand in hand with the reinforcement of labour flexibility under conditions of understaffing as well as remote and diluted working. Adding to the complexity of the situation, the COVID-19 pandemic could not prevent the emergence and proliferation of social protests worldwide, from the Black Lives Matter (BLM) mobilization, the Paris protests against Emmanuel Macron’s new national security bill, and Indian farmers’ protests, to the anti-mask and anti-lockdown demonstrations. However, most of these protests have so far manifested themselves as dispersed “countermovements” in a Polanyian sense rather than as direct confrontations against capitalism (Polanyi 2001).

What is more, Western leaders’ statements may well be interpreted as early signs of rapidly accelerating geopolitical turbulence and a crisis of the capitalist-imperialist system as a whole. German Chancellor Angela Merkel described the COVID-19 pandemic as the greatest threat since World War II. The European Union (EU), already suffering from heavy blows dealt by the 2009 European debt crisis and Brexit (Britain Exit), has been accused by Spanish Prime Minister Pedro Sanchez of abandoning his country. For similar reasons, Italian mayors have ripped down EU flags and politicians have participated in popular protests targeting the EU’s indifferent attitude.

Meanwhile, Italy and Spain welcomed generous medical aid delivered by China and Russia. Italy, one of the top troop contributors to the North Atlantic Treaty Organization (NATO), went so far as to host Russian military personnel operating near a US military base (Braw 2020; Clark 2020; Smith 2020).

The cracks within the Atlantic Alliance seem to be accompanied by a rising Sinophobia. French President Emmanuel Macron openly targeted China with his statement: “There are clearly things that have happened that we don’t know about” (Mallet and Khalaf 2020). During his term, former US President Donald Trump publicly supported claims that the pandemic originated in a lab in Wuhan and proclaimed that he had decided to defund the World Health Organization (WHO) for its “insidious relations with China” (Chomsky 2020). He insisted on branding COVID-19 as the “Chinese disease” (Viala-Gaudefroy and Lindaman 2020). Similarly, US Secretary of State Mike Pompeo directed open threats at China: “There will be a time when the people responsible will be held accountable... There will be a time for assigning blame” (Bild 2020). Pompeo went so far as to name China “as the most dangerous adversary for the United States and for all Western governments.” He added: “We’re going to do the right things by building up our military” (Finnegan and Margolin 2020). British Foreign Secretary Dominic Raab joined the chorus by declaring: “We’ll have to ask the hard questions about how it came about and how it couldn’t have been stopped earlier... We can’t have business as usual after this crisis” (France 24 2020).

The aim of this book is two-fold: First, we offer a careful analysis of how the COVID-19 pandemic reveals and intensifies the contradictions of capitalism around areas that have been taking on greater salience. Second, we contribute to discussions on how to address these contradictions and transcend the limitations of global capitalism in the future. Our analysis relies on a Marxist framework, which is primarily concerned with the critique of capitalism and the study of social classes, with a strong emphasis on “exploitation (i.e., the appropriation of wealth), oppression (ideologically and politically based social exclusions and inequalities), and emancipation (the transcendence and abolition of class exploitation and oppression)” (Gürçan 2018: 3). Throughout the book, we strive to strike a balance between theory and practice by avoiding excessively abstract language while also not compromising analytical depth.

Chapter 1 examines the accelerated digitalization of global capitalism, which has been even further brought to the fore during the COVID-19 crisis. If the goal is really to understand the current transformations and future orientation of capitalism, then perhaps the best place to begin is with how

capitalism renews itself and creates novel contradictions that leave their mark on social development. These developments are most apparent in the commodification of data, cyber-physical systems, and digital platforms, which are often glorified as the historic achievements of the Fourth Industrial Revolution (4IR) from a pro-capitalist and techno-optimistic standpoint. Grounded on a combined reading of “digital and surveillance capitalism,” we assert that digitalization constitutes a crucial dynamic that drives both the crisis and renewal of global capitalism in the COVID-19 conjuncture as a defining moment of the capitalist system. While promising greater efficiency and flexibility for profit maximization, digitalization serves to intensify socioeconomic inequalities, consolidate the monopoly power of corporations, and impose new forms of surveillance and social control.

In Chapter 2, we extend our analysis to how the renewal of global capitalism to transcend its crisis tendencies finds its justification in the COVID-19 pandemic, which inaugurates a new phase of “disaster capitalism” through organized fear. This suggests that the pandemic serves as a medium for rejuvenating global capitalism by deploying a culture of fear that feeds its growth from catastrophic outcomes. We base our analysis on a historical framework of neoliberalism, whose development is owed to a political-economic and cultural context constructed around disasters. Our case studies address emblematic examples taken from the Pinochet coup in Chile, Argentina’s military dictatorship era, “shock therapy” economics in Russia, and the US war on terror following 9/11. This historical framework helps us to conduct an anticipatory analysis of the post-COVID system of global capitalism shaped by a fear-driven rhetoric of disaster. Fear elements arisen from the COVID-19 conjuncture include not only health concerns but also far-right populisms and Sinophobia. Finally, our analysis revisits the theme of surveillance capitalism to emphasize how the COVID-19 disaster ends up fueling the monopoly power of Big Tech.

Following the Marxist framework depicted above, Chapter 3 brings a labour perspective into our critical discussion of capitalism in the COVID-19 era. In this chapter, we provide a more-focused perspective on the implications of digital, surveillance and disaster capitalism for the working class. We proceed from the centrality of labour in the original formulations of capitalism in classical Marxism to argue that the current transformations of global capitalism give way to a new phase of “neoliberal labour regime” facilitated by the COVID-19 disaster. We underline that our production systems and industrial relations are not the sole objects of these transformations. The restructuring of the neoliberal labour regime, driven by digital (and surveillance) capitalism and accelerated by disaster capitalism, also

shapes our private ways of life and social institutions. As such, increasing levels of labour flexibility and precarization are accompanied by increased surveillance and mass impoverishment in relative, if not absolute, terms. What is fundamentally in question here is that digital capitalism provides an enabling environment for record levels of surplus value extraction at the expense of material and psychological pauperization. Ultimately, we identify a minimum of seven mechanisms of labour-related insecurity accelerating pauperization and exploitation in the COVID-19 era: labour market insecurity, income insecurity, employment insecurity, job insecurity, skill reproduction insecurity, work insecurity, and representation insecurity.

Any ambitious attempt at a fuller understanding of global capitalism must accord due consideration to imperialism as a defining feature of the contemporary world system. The same goes for the task of unveiling the implications of the COVID-19 disaster for global capitalism. We thus maintain that any foundational attempt at understanding the COVID-19 era from a Marxist perspective necessitates an analysis of imperialism as much as that of labour relations. Against this backdrop, Chapter 4 turns the spotlight on to the rising relevance of imperialism in the COVID-19 era, particularly when it comes to the digital, ecological, medical, and geopolitical dimensions of the imperialist system. Our analysis explores the growing influence of Big Tech on US imperialism and hegemonic governance institutions at the expense of intensifying a “digital cold war.” This adds to how the COVID-19 conjuncture serves to produce a “socioecological” and “technological” fix to the ongoing crisis of global capitalism with the pretext of environmental sustainability. As such, Western imperialism may be able to rejuvenate its global hegemony while using sustainability as a pretext to cut labour costs, worsen working conditions, and launch a new wave of “green” and “blue” grabbing. In the context of the pandemic, we also point to the increasing relevance of Big Pharma backed by imperialist states and “philanthropic” organizations from the Global North. An important consequence of this situation is the consolidation of the imperialist intellectual property rights and the intensification of international rivalry in health. Finally, and relatedly, the pandemic environment is conducive to global conflicts against the background of the intensification of geopolitical rivalries and increased multipolarity.

Building on the imperialism debate, Chapter 5 carries our discussion about the hegemonic renewal of global capitalism even further. We explore the two most popular proposals of capitalist reform that stand out in the COVID-19 era: the Great Reset and the Green New Deal. Both proposals express a desire to re-establish the credibility of global capitalism through

socially and environmentally responsible reforms centred on the conception of “dollar-green capitalism.” Key to this conception is accelerating the digitalization of capitalism and technological innovations by taking advantage of the COVID-19 conjuncture. The Great Reset proposal is put forth by the World Economic Forum (WEF), which is known as one of the most outspoken advocates of global capitalism. As for the Green New Deal, this proposal is represented by environmental Keynesianism, even though it appeals to a wide audience, including former war advocates from the Second Gulf War era, establishment liberals, and democratic socialists. The big government rhetoric of these proposals is essentially aimed at protecting capitalist interests through the method of “greenwashing” and does not involve a firm rejection of imperialism. Our analysis points to the need for an eco-socialist framework that puts forth democratic ecological planning alongside a well-planned nationalization and socialization agenda away from the profit motive.

In Chapter 6, we further develop our proposals based on a critical discussion of postcapitalist alternatives to green capitalism in the context of the COVID-19 pandemic. Our discussion identifies six major strategies that emanate from the postcapitalism debate: smashing capitalism, dismantling capitalism, taming capitalism, resisting capitalism, escaping capitalism, and, finally, eroding capitalism. We categorize the first three of these strategies under the non-revolutionist camp, which does not substantially differ from the reformism of green capitalism. Our critique proposes to go beyond reformism and considers that the deepening crisis of capitalism in the COVID-19 conjuncture may be read as an early warning sign of revolutionary situations to come. After discussing the non-revolutionist alternatives, we shift our attention to the strategies of resisting and escaping capitalism, whose prefigurative character impedes the implementation of meaningfully radical alternatives to revolutionize society. Despite the limits of such strategies, we observe how the pandemic period testifies to the revival of the solidarity economy and widescale social protests, such as the Black Lives Matter movement. In concluding our analysis, we suggest placing greater emphasis on the strategy of eroding capitalism, which is to be supplemented by a stronger tone of anti-imperialism and the struggle against monopoly capitalism. We maintain that this strategy promises long-term and far-reaching changes by combining revolutionary and state-led strategies with a social-economy approach.

Global capitalism has been undergoing a profound transformation over the last few decades, with digitalization and new surveillance mechanisms taking the lead in this process. On the one hand, the rise of digital and

surveillance capitalism paves the way for unprecedented capabilities to maximize corporate profits through greater efficiency and flexibility by commodifying and instrumentalizing digital technologies. On the other, this development creates sharpening contractions that manifest themselves in the widening of socioeconomic inequalities and the rise of digital monopolies, which have gained the ability to colonize our lives by commodifying every form of data.

This being said, the digitalization of capitalism has acquired new momentum with the onset of the COVID-19 pandemic. With this pandemic, global capitalism has been provided with a historic opportunity to renew itself away from the current structural crisis by accelerating digitalization and the rise of new surveillance mechanisms. Put differently, the pandemic is instrumentalized by global capitalism to take advantage of the fear environment created by the catastrophic consequences of the pandemic for a new period of capitalist expansion. In a way to invalidate techno-optimistic accounts about the miracles of digital capitalism, however, this expansion takes place at the expense of the working class, which testifies to the restructuring of the neoliberal labour regime in a direction to intensify labour flexibility and precarization at unprecedented levels.

Another important consequence of the current transformations of capitalism is the rise in relevance of imperialism in a new context. The growing influence of Big Tech creates an enabling environment for an all-out “capital, trade and technology war,” with serious implications for labour and the environment. In the meantime, the backing of imperialist states and Western philanthropic institutions serves to advance the interests of Big Pharma to launch a new wave of privatization in global health. This imperialist vision is expected to draw its hegemonic legitimacy from global reforms, which are referred to with several names, including the Great Reset and the Green New Deal, as an expression of some form of green capitalism disguising the corporate intent behind an environmentally responsible “big government” rhetoric. Instead, we propose a “transitional program” to build socialism, which starts with a minimum program of achievable demands towards universal emancipation, i.e., a postcapitalist strategy of eroding capitalism. Any meaningful and long-term change away from capitalism requires the combination of revolutionary and state-led strategies with a social-economy approach, without losing sight of the anti-imperialist agenda.

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