

EU: COVID-19 and the Western Working Classes

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As of March 2020, the world is back to the future. The global financial crisis of 2007-2008, which escalated into a global financial meltdown in September 2008, was supposed to be the big bang crisis, a once in a lifetime event. And yet, here we are again.

The [Russia/Saudi Arabia-oil dispute](#) of early March 2020, which has led to a freefall of the price of crude oil and was directed at the U.S. fracking industry, as well as the economic shocks resulting from the globalization of the Coronavirus seem to have caused a new global recession. This has been declared by numerous mainstream economists like Harvard economist [Kenneth Rogoff](#) and [Pankaj Mishra who are convinced that the world has already entered a new global economic crisis](#).

Most people's thinking is determined by the development of the COVID-19 crisis, the return of "the hour of executive power" and the fears which it evokes as well as the economic measures which appear to be in response to the health crisis. By disrupting international supply chains and severely harming a highly vulnerable just-in-time production global economy, COVID-19 clearly accelerated the transition into a recession; and yet, this recession was already upon us by the end of last year. GDP growth, capital profitability, capacity utilization, volume of working hours, etc. were already indicating the onset of a recession. In 2019, countries like Germany, for instance, already had the lowest growth rates since 2009, the peak of the global financial crisis. And also, mass layoffs in the global auto industry were no longer mere results of digitalization or the transition to e-mobility but connected to a slump in economic activity. [Eric Toussaint is correct when he notes](#) that "the poor health of the (...) economy dates back well before the first cases of coronavirus in China and its effects on the world economy (...). [T]he Fed and the mainstream press are not telling the truth when they state that [measures taken are] designed to deal with the coronavirus."

Still, the shutdown due to Corona has finally made the general public realize that the world is back to the kind of situation it faced in 2008. In the second week of March, [stock markets plummeted and trading was even temporarily halted](#). From 4 March to 18 March, the Dow Jones Index dropped from 27,091 to 19,899 points; the German DAX dropped from 12,128 to 8,442 points in the same period. Monday, 9 March 2020 was [the worst day at Wall Street since 2008](#) when the Dow Jones dropped by 2,000 points alone. And while pro-labour economists like the German Stephan Kaufmann [demanded a shutdown of stock exchanges in order to halt the volatility and panic-induced downward spiral](#) (similarly to the 1997 Asian crisis or the 9/11 crash of 2001), in the United States Wall Street soon [demanded "shock and awe stimulus" to halt the economic fallout](#).

In a botched attempt to both protect both "investor confidence" and re-electability, the right-wing Trump administration in the U.S. initially tried to downplay the depth of the health crisis. It was soon joined by the conservative government of prime Boris Johnson in the United Kingdom which tried the same. According to Trump, addressing the U.S. public in a live broadcast from the Center for Disease Control in Atlanta, Georgia, the Corona virus was little more than the regular flu, which also caused a limited number of people to die every year with a lethality rate of 0.1 percent. Later,

when it became obvious how serious the health crisis is, Trump resorted to racism and started to [call the virus the “China virus”](#) while [right-wing pundits began blaming Democrats and their attempt at impeachment for having slowed down Trump’s otherwise quick response to](#) the emergency. Racism also played a role in Europe, when [the Skiing industry in Austria ignored the fact that the Skiing resort in Ischgl was the secret origin of the Coronavirus in Europe](#) and kept it open for an extra eight days blaming the virus on “an Italian” even though other countries like Iceland had already quarantined tourists returning from the Austrian Alps. Meanwhile, [Brazil’s far-Right president Jair Bolsonaro, having just met with Donald Trump, had to be tested for coronavirus after he had also called the crisis a “fantasy,”](#) whereas the conservative British prime minister Boris Johnson for a short while even entertained the crazy idea of herd immunity on national television according to which the British population should be exposed and inflicted with the Coronavirus all at once in order to “get it over with.” Given the Corona virus lethality rate, which is estimated between 1 and 5 percent and given that even German Chancellor Angela Merkel [estimates that up to 60 to 70 percent of the population will eventually have been infected](#), Johnson’s suggestion essentially amounted to tolerating, in a Social-Darwinist human experiment later [also suggested by the Dutch government](#), the potential death of hundreds of thousands, maybe even millions of old people and people with pre-existing conditions in the UK, a veritable gerontocide.

The Coronavirus Meets Neoliberal Healthcare Systems

By now, with curves of infections skyrocketing exponentially and impending healthcare crises upon us, voices in the West have gained traction which see a gargantuan policy and planning failure with regards to the Corona virus and when compared to the efforts of China where the virus first occurred on 1 December 2019. [“China Bought the West Time \[and\] The West Squandered It,”](#) opined even the New York Times on 13 March, and concluded: “China’s leaders did fumble at the very start, yet in short order they acted far more decisively than many democratically elected leaders have to date.” In fact, [World Health Organization experts](#) have been praising the swift efforts by the Chinese government, authoritarian as it may be, which has led even the leading German conservative newspaper, the Frankfurter Allgemeine Zeitung (FAZ), [to conclude that “the temptation to half-hearted measures is big, because the necessary restrictions to mobility come at a high economic price.](#) This price will however be topped by the price of insufficient measures. Maybe one has to resort to a dusty old motto: ‘To learn from the big brother means learning how to win.’ With her painfully draconian measures, China has succeeded in stopping the spreading of the virus. It does not take much to predict that the country will soon be more secure than the rest of the world.” And for sure, by 19 March 2020, [China reported not a single new infection domestically](#) at the same time that also the number of casualties in Italy surpassed that of the “Middle Kingdom.”

It is however not just a question of half-hearted measures whether or not the West will be able to weather the storm of COVID-19. The virus hits Western capitalist countries under terrible conditions. This can be seen already in Italy and Spain, which in mid-March were said to be a couple of days to two weeks ahead of the rest of the West. In Italy and Spain, COVID-19 wreaked havoc because, during the “Eurozone crisis” 2010ff, the EU’s “Fiscal Compact” forced these peripheral EU countries into adopting severe austerity measures and massive budget cuts in healthcare. For instance, according to the newest available and official Eurostat data, the various Memorandums of Understanding which the Troika (European Commission, European Central Bank, and IMF) forced Greece to sign entailed not only drastic cuts in pensions and minimum wages levels but also caused that healthcare expenditures dropped by 22.4 percent between 2011 and 2016. In Italy, [also according to Eurostat](#), healthcare expenditures relative to GDP dropped from 9.0 to 8.8 percent despite a [growth in population from 59.2 million to 60.7 million people over the same period](#). These short-term budget cuts due to austerity measures were reinforced by the long-term restructuring of health care provisioning under neoliberalism, which [transformed a system oriented towards public](#)

[goods provisioning into a cost-cutting operation trimming public health systems into underfunded competitive quasi market institutions.](#) In total, [around 37 billion euros were taken away from Italy's public health system, the number of hospitals was cut by 15 percent,](#) the numbers of staff – doctors, nurses and social workers – was heavily reduced and a total number of 70,000 hospital beds were cut, i.e. 17 percent of the total number of hospital beds. Elio Rosa writes: [“This situation has meant that, compared to the European Union average of five beds per thousand inhabitants, Italy now has just over three.”](#) And the reduction of hospital beds also included intensive-care beds. [In a country of more than 60 million inhabitants and a generally aging population, their number was reduced to 5,200. And even prior to Corona these beds were largely occupied..](#)

Similar things could be said about a Eurozone core country like Germany, where – despite generally higher per capita spending on healthcare – [hundreds of public hospitals have been privatized and public hospitals were closed](#) and where, in 2019, the influential [Bertelsmann Stiftung suggested the closing of 50 percent of German hospitals,](#) or about the United States [where budget cuts led to the closing of 20,000 hospital beds in the city of New York alone,](#) or about Great Britain where doctors have been warning about severe consequences of National Health System funding cuts facing the UK during the Coronavirus crisis. As a [doctor from the NHS warned in an article published in the New York Times:](#) “Britain has fewer intensive-care beds than most other European countries. Occupancy rates are high, and there's a daily struggle to discharge enough people to make space for new patients. Even when a bed is available, we do not have the nurses to staff it. A decade of cuts and underfunding has left us dangerously exposed.”

[As Sam Gindin has pointed out,](#) “The pressures that come with globalization have made a virtue out of *restraining*, if not reducing, health budgets (...). At the same time, the profitability advantages of economies of scale and specialization (...) have led to extended value chains – production structures, including that of medicine, that involve multiple inputs from multiple plants in multiple countries. Add the near-universal business identification of any excess capacity with unnecessary waste (‘lean production’) thereby underplaying the significance of a degree of flexibility, and you have local medical systems left vulnerable to even minor interruptions and lacking the capacity to confront unexpected emergencies. To globalization as an economic curse is added the medical curse of undermining the domestic ability to prepare for, and respond to, potential pandemics.”

Furthermore, the private and for-profit organization of healthcare ensured that COVID-19 could emerge as it did in the first place. [As David Harvey correctly observed,](#) “Corporatist Big Pharma has little or no interest in non-remunerative research on infectious diseases (such as the whole class of corona viruses that have been well-known since the 1960s). Big Pharma rarely invests in prevention. It has little interest in investing in preparedness for a public health crisis. It loves to design cures. The sicker we are the more they earn. Prevention does not contribute to share-holder value. The business model applied to public health provision eliminated the surplus coping capacities that would be required in an emergency. Prevention was not even an enticing enough field of work to warrant public private partnerships (...).”

Today, we are harvesting the seeds of these economic structures. In Italy, where the Corona outbreak started earlier than elsewhere in Europe, doctors have described the Corona virus as a [“war” and “a Tsunami which has overwhelmed us.”](#) The Italian healthcare system was simply not prepared for the Coronavirus crisis. As a result, doctors soon found themselves in a situation where they had to select those who must die – the very old and those with several pre-existing conditions – and those who shall receive care like respirators and shall therefore have a chance to live. The other patients are directly referred to the station for palliative medicine, i.e. to where patients are sent to die. Meanwhile, nurses and doctors, who are exposing themselves and their relatives to the highly infectious Coronavirus, are working 18-hour shifts without days off and find themselves on the verge of physical and mental collapse. Crematoriums are in operation around the clock now and still the

coffins are lining up. In mid-March, pictures of Italian military convoys [disembarking from the city of Bergamo and transporting numerous excess corpses out of the city shocked the international public](#). Meanwhile, waiting lists have been developed for funerals, while regular funerals are impossible due to the quarantine. In the Italian region of Lombardy, the local newspaper “L’Eco di Bergamo” [had to extend the obituary pages from the usual 2-3 to 10, because of the excess deaths, listing 150 obituaries per page. 90 percent of those deaths were linked to the virus. And because people who could theoretically be healed with infusions of extra oxygen etc. do not receive this care, the lethality rate of COVID-19](#) has shot up to 10 percent. It is clear that people in Italy are dying not because COVID-19 is so lethal, but because the neoliberalization of healthcare and the EU’s austerity measures are literally killing them. From a medicinal standpoint, the overwhelming majority of deaths are preventable deaths. And the selection mechanisms are breaking the hearts of care workers whose task is to save lives. Doctors report [“nurses with tears in their eyes because they cannot save everybody.”](#) Suddenly, as events unfold and the situation deteriorates, people experience it like the frog in boiling water: can it be true that reality suddenly almost feels like the fantasies of Stephen King’s “The Stand” or Steven Soederbergh’s “Contagion”?

[“Epidemics \(...\),” writes Anne Applebaum in The Atlantic](#) with regards to the special vulnerability of the U.S.’s dysfunctional healthcare system leaving 29 million people uninsured, “have a way of revealing underlying truths about the societies they impact. This one has already done so, and with terrifying speed (...). American dysfunction is (...) the result of our bifurcated health-care system, which is both the best in the world and the worst in the world, and is simply not geared up for any kind of collective national response. The present crisis is the result of decades of underinvestment in civil service, of undervaluing bureaucracy in public health and other areas, and, above all, of underrating the value of long-term planning.”

The Coronavirus Crisis Meets the Working Class

In her first-ever irregular national television proclamation of 18 March 2020, German Chancellor Angela Merkel said that [“a pandemic shows how vulnerable we all are and how much we depend on considerate behaviour of other people and thus also on how we protect ourselves through common action and common strengthening.”](#)

Many people have accepted the lure of this message of cross-class sacrifices. After all, is the crisis not affecting everyone regardless of status and wealth? And is the crisis not bringing people together, while national leaders speak the language of solidarity? Has the crisis not left to a situation where suddenly parties and ideologies seem to have become irrelevant?

Well, as most things in life and [just like the perilous 1918-1919 Spanish Flu](#), the vulnerability during the crisis has a strong and distinct class bias. In order to contain the spread of the COVID-19, Western governments sought to shut down public life – sport events, concerts, theatres and later also universities, schools and day-care facilities etc. – in order to limit social interactions, which would spread the Corona virus. The universal goal has been to “flatten the curve” of infections.

However, Western governments have largely failed to provide the means of doing so. In many Western countries, with the exception of states like Denmark and Sweden, “social distancing” was to a large extent individualized, at least initially. And even in Denmark and in Sweden, the way in which states ensured that workers could stay at home was heavily favouring capital. Hence in Denmark, [the state asks companies to pay only 25 percent of sick pay in exchange for a waiver of five full vacation days by workers](#), which means that the crisis comes at zero cost for the employers if the lockdown does not exceed 20 working days while the workers essentially pay for their sick pay through their taxes; and in Sweden, the central government legislated a 300 billion kroner support package (amounting to 6 percent of GDP) which included that [the state now covers the full costs of](#)

[all sick leave which is normally being paid for by capital.](#)

Meanwhile in Germany, due to fears of the new great recession, the shutdown of public activities did not include a lockdown of economic activities in manufacturing and other sectors of the economy not directly connected to preserving food sovereignty. For instance, the German health minister, Jens Spahn (CDU), proclaimed that it was easier to give up on public sport events and theatre plays than on everyday work. Initially, his government simply advised workers to shift to home-office work ("[everyone can and should help slowing down the Corona virus](#)"), even though for the vast majority of the working class this is not an option and even though in the big cities work still necessitates many workers to rely on public transit where the proximity of commuters ensures infections.

However, faced with the fallout of interrupted international supply chains and the new recession, the German grand-coalition government of conservatives and social democrats initiated [involuntary short-term labour transfer payments \("Kurzarbeitergeld"\) of 60 percent of the previous income - 67 percent for parents with children - as a means to supplementing reduced work-hours, protecting jobs and preventing mass layoffs](#). These measures reintroduced policies already and successfully tried during the global financial crisis of 2007ff. and they were [echoed by similar programs in Denmark and in Sweden](#). Back in 2009-2010, their success showed in the ways in which German manufacturers had not lost their workforce and could simply reignite production and try and seize market shares when the economic recovery began. Yet, as the German Trade-Union Confederacy correctly criticized, this was not enough for workers in the low-wage sector, which has been hit the worst by the fallout of the Coronavirus crisis.

Needless to say, that the precarious workers such as the solo self-employed, freelancers as well as shop-owners are not protected by these measures insofar as they do not fall under any kind of collective bargaining agreement and because the Coronavirus crisis and the shutdown directly hit them, if, for instance, they are artists who depend on gigs and engagements. Only some countries cover the self-employed like Sweden, which [covers them for 14 days of sick pay](#), Norway, Spain or Italy where there now exists a 600 Euros payment for all self-employed people and freelancers, who count as so-called "Partita IVA" tax codes.

Even worse off are people in the gig economy. For instance, in Italy, workers in the informal economy are left with nothing, including the 2 million workers who used to be employed as maids, elderly caregivers and childcare givers (of which nine out of ten are women and around 7 out of 10 are immigrants), who are now made redundant due to the return of their employers into their private households.

In other Western states the situation is even worse than in central Europe. In the United States, the biggest employers refused to lock down their businesses and pay their workers sick-pay. Here, capitalism's structural constraint of uninterrupted capital accumulation confronts workers with the terrible choice between evictions and possible starvation. [The largest "companies putting profits ahead of public health"](#) included McDonald's with 517,000 workers, Walmart with 347,000 workers, Kroger with 189,000 workers, Subway with 180,000 workers, Burger King with 165,000 workers, Pizza Hut with 156,000 workers, Target with 151,000 workers, Marriott with 139,000 workers, Wendy's with 133,000 workers, Taco Bell with 124,000 workers, Dollar General with 109,000 workers, Applebee's with 99,000 workers and Dunkin' Donuts with 97,000. All of this is happening in a situation where, according to the May 2019 Federal Reserve's "[Report on the Economic Well-Being of U.S. Households in 2018](#)," 40 percent of Americans could not meet an emergency expense of US\$400 without borrowing money, where, in other words, close to half the population is one pay check away from homelessness.

The Trump administration initially only announced one program aimed at relieving the working

class. This included sending personal checks from the government which are supposed to amount to a maximum of US\$2,000. Of course, this is also connected to wanting to be re-elected. For obvious reasons, direct cash payments from the government are a popular way of ensuring that. Back in the day, George W. Bush pursued the same strategy. On 17 March 2020, Treasury Secretary Steven Mnuchin [announced that the first checks “of at least \\$1,000” ought to be sent by the end of April](#), a second check should follow in May. Needless to say, that this sum will not enable workers to stay away from work and pay their bills. Nothing short of sick-pay to all workers and a moratorium on rents, utility payments, mortgages, student debt and credit card debt repayment ([which so far only France has legislated](#)) can ensure that the working-class manages to get out of this crisis. It is in light of this context that the defeated U.S. presidential candidate Bernie Sanders therefore called for [a monthly payment of US\\$2,000 to every U.S. household](#) in order to enable workers to stay home and prevent millions of pandemic excess deaths in the United States.

(Incidentally, the irritating thing about U.S. politics and its two-party system is that the idea of sending checks to all U.S. workers was also circulated among the Democratic party leadership prior and that Nancy Pelosi orchestrated that it [was shot down in favour of means-testing](#) – a reservation which was [later reconfirmed by Senate Minority Leader Chuck Schumer \(D-NY\)](#). Now, the suggestion comes from President Trump who, when election day comes in November, will be able to say that he stood up for workers while the Democrats wouldn't, even though he conducted the worst attacks on the working class by cutting social programs and by tearing a gigantic whole into the state budget with his slashing of corporate and marginal tax rates for capital and the super-rich.)

In Canada, the right-wing provincial government of Ontario has not done any better. Instead of paying sick-leave for all workers, its response to the crisis entailed “allowing” workers to waive the requirement of attaining doctor's notes to take unpaid leave. Meanwhile in the UK, the Tory government finally [extended sick pay to all workers in self-isolation, even if they were not infected with the Corona virus](#); however, given that the amount paid by the government was only £94 per week, this essentially meant that people would have to continue working as long as there was not a moratorium on the costs mentioned above.

Generally speaking, these measures or rather this relative governmental inaction in a time of crisis left the global working classes tremendously vulnerable. In the current conjuncture, it becomes clear that it is not bankers, hedge fund managers or lawyers who are “too big to fail,” but farm workers, supermarket cashiers, garbage collectors, doctors, nurses, personal care aides, and couriers who, at least theoretically, are ensuring food sovereignty and healthcare provision. It is also they, especially the supermarket cashiers, [who are bearing the brunt of the collective mental stress the Coronavirus crisis has caused](#), when customers fight over noodles, rice and toilet paper and do not accept that they must not clear entire shelves etc. And next to paramedics, flight attendants, policemen and women, barbers, childcare workers, maids, janitors and many manufacturing workers, these segments of the working class and their elderly and sick family members are [most vulnerable to the Coronavirus given either their exposure to diseases and/or their proximity to others while working](#).

Moreover, the lack of sick-pay and moratoriums on regular bills simply forced large swath of workers, who cannot work home office, to go into work every day in order to stay afloat. This, of course, not only means that flattening the curve soon became an illusion in general. In particular, it especially threatens the working class with death, because it is the workers who are at the frontline of the Coronavirus. In his famous piece on the housing question, Friedrich Engels once noted on epidemics: “Capitalist rule cannot allow itself the pleasure of creating epidemic diseases among the working class with impunity; the consequences fall back on it and the angel of death rages in its ranks as ruthlessly as in the ranks of the workers.” However, in the current conjuncture this is theoretically true, but not practically. It is the workers who are risking infections by going to work,

who are risking infecting their elder and sick relatives. It is they who usually lack both large estates with gardens as well as the funds to leave in order to wait it all out at largely unaffected tourist reserves like Bali in Indonesia. It is also they who tend to live in cramped living conditions. It is therefore they who are running a [much higher risk of stress, marital strife and domestic violence](#) which already has been reported as a horrific side effect of the Italian situation. It is also they who are forced to go into work while their children are out of day-care and out of school and who therefore often cannot refrain from exposing their elder and retired relatives to their children. It is thus they who are forced to choose whether to not work and become evicted or go to work and risk killing their elder relatives either through infections they bring home or through having their own children infect them.

The Working Classes' Response So Far

The working classes of the West have however not simply accepted this intolerable situation. In Germany, [labour unions were successful in expanding the government's involuntary short-term labour payments to 75 to 97 percent of previous net-income](#). In the German food industry, one of the key low-wage industries hit the hardest by the crisis, the trade union NGG and the employers' side arranged a [90 percent payment of short-term labour pay, with a validation dated back to 1 March 2020](#).

In other countries, workers have resorted to wildcat strikes. In Italy, such strikes have occurred from Fiat via the [shipbuilding industry in Liguria in northern Italy to the steelworkers in the South](#), seeking to force governments into negotiations with the labour unions. Meanwhile in Spain, [wildcat strikes occurred at Mercedes and Iveco](#), while at Volkswagen the labour unions refused to continue production.

And in the U.S., auto workers at the Fiat-Chrysler's Sterling Heights Assembly Plant in Michigan [went on strike after they learned that some of their co-workers had been quarantined because of the Coronavirus](#). The size and dynamism of such workers' struggles is likely to increase with the intensification of the Coronavirus crisis. At the same time, the fact that they need to occur out of a situation of desperation shows how unlikely flattening the curve is and how likely working-class families are going to especially suffer from the Coronavirus crisis and are going to carry most of the burden.

Ingar Solty is a Senior Fellow for Peace and Security Policy at the Rosa-Luxemburg-Stiftung.

Ingar Solty

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