

Salt in the Wound

Thursday 28 May 2020, by [GRIGERA Juan](#) (Date first published: 27 May 2020).

In late March, Boris Johnson [pronounced](#), “One thing I think the coronavirus crisis has already proved is that there really is such a thing as society.” [1] He was celebrating the return to service of 20,000 workers from the public health system (NHS), along with the 750,000 “NHS volunteers,” pointing to the markedly *social* response to the pandemic. He was of course playing on Thatcher’s [iconic neoliberal remark](#) from three decades ago: “There is no such thing as society.”

The Tory Prime Minister’s sudden concern for “society” wasn’t an isolated instance. A few weeks earlier, he had insisted, [“this time we are going to make sure that we look after the people who really suffer from the economic consequences”](#)—as opposed to the way the government handled bailouts in 2008. We could of course ignore such statements coming from an unscrupulous opportunist like Johnson, but it is worth remembering that in times of crisis, only fools tell the truth.

The crisis that triggered the global pandemic is a radical crisis for global neoliberalism. Unlike the climate crisis, which has begun to unfold slowly, the ongoing viral crisis emerged suddenly and without warning. In both cases, we can observe an unexpected relationship between humans and nature, as well as a contradiction between use value and value—theoretical concepts we will elaborate in what follows. To measure the impact of the crisis, we must first consider it in comparison to governmental responses to the 2008 crisis. Then we will explore how and why it puts at risk the capacity of capitalism to provide the necessary use values to guarantee social reproduction. Finally we ask, what will be the international impact of this crisis?

SPECTERS OF 2008

As the health crisis unfolds rapidly and with no easy solution in sight, it is increasingly evident that we’re facing a grave economic crisis. There are numerous signs of this: [the immediate recession of almost all economies in the world](#), [the extraordinary increase in debt](#), and [the massive growth in unemployment and the fall in business shares](#). Given its origins, characteristics, and dimensions, a very detailed comparison of this crisis with prior crises is not particularly fertile. It is not a problem with a financial origin, as in 2008, nor does it have the dynamics of the Great Depression. In terms of pandemics, the current context is not that of the so-called Spanish flu of 1918, either. If the World Wars offer some parallel in terms of indebtedness and the acceleration of some economic sectors, they are unlike this case in that they also brought about a massive destruction of fixed capital (and therefore unique processes of reconstruction). The effort to place production and circulation in hibernation while still keeping a few sectors at a high level of activity (health, connectivity and other essential services) is, to say the least, singular.

One specter of 2008, however, is important to keep in mind: the ongoing political response appears diametrically opposed to that of 2008. In the last crisis, against all expectations, the (ineffective) way out of the crisis was achieved without puncturing the neoliberal narrative and or jeopardizing its instruments. Huge bailouts of “essential” financial institutions (with the consequent growth of public debt) were followed by an international scenario dominated by new austerity plans (and cuts to the

health sector, among others), stagflation, and neoliberal debt management. The dispute over the interpretation of the causes of the crisis, on the other hand, also evinced the neoliberal narrative's imperviousness to change. The Great Recession resulted in the "strange non-death of neoliberalism." [2]

A quick look at the measures taken in this crisis reveals the extent of the contrast: "social democratic" Denmark started by announcing that it would cover 75% of the wages of employees who would otherwise be laid off. A week later, the United Kingdom announced a similar measure: it would cover 80% of wages. [3] The rescue packages in the OECD vary between 2 and 10% of GDP and are aimed at a very wide range of companies, workers and consumers, not finance. In comparison, the initial bailouts of 2008 were around 0.7 to 5% of GDP (although they were significantly expanded). The initial US package was \$700 billion, the current \$2 trillion is three times that (about 10% of GDP). Boris Johnson recently announced that the income support will also reach the self-employed (although only in June, see below).

But the measures go beyond the fiscal ones. No commentator had been surprised that China reversed market freedoms to force Foxconn to produce respirators. But recently, Spain announced that it would nationalize the health system for the duration of the crisis. In Britain, Airbus, Dyson, Ford, and Rolls-Royce agreed on a quick conversion to produce 30,000 ventilators. Surgical masks are produced by clothing chains: in Italy, Armani and Prada, and in Spain, Zara and Yves Saint Laurent. The Trump administration announced that it would use wartime legislation to provide supplies and force automakers to produce respirators. What does this all mean?

We are now watching the neoliberal recipe book burn before our very eyes. But rather than simply asking why it's on fire, another question seems more salient: what will happen after this exceptional situation passes?

BURNING THE RECIPE BOOK

We are now watching the neoliberal recipe book burn before our very eyes. But rather than simply asking why it's on fire, another question seems more salient: what will happen *after* this exceptional situation passes? And here there is little room for error: there can be no "return to normality" in the immediate future, and very likely there will be no return to neoliberal normality, full stop. Regarding the first point, even if a rapid epidemiological solution can be developed (in six months?), the size of both the recession (estimated at falls in global GDP of between 1 and 25%) and of public debt suggest a crisis lasting for quite a while. It should also be remembered that the situation of systemic vulnerability of the world economy was a recognized fact by the end of 2019: profitability in decline, sovereign debt on the rise, and signs of contraction in manufacturing production from China to Germany. For example, what can be expected of Italy's economic performance after the Covid-19 crisis, when its debt was 140% of GDP back in June 2019?

The almost total suspension of productive activity—essential services and online work constitutes a negligible fraction—in most economies of the world is not a minor event. The virtual collapse of global production chains ([due to the sudden suspension of demand for goods such as clothing](#), or because of supply bottlenecks due to sudden restructuring or even export restrictions of some products of critical value in this crisis) is expressed in brutal increases in unemployment [4] and in the critical state of international credit and payment chains.

These elements speak of the economic crisis both as a legacy of the pandemic and also of the hibernation of production and the alleviation packages. But it is necessary to understand the crisis in yet another dimension: the inability to respond effectively to the health crisis as such. And as the saying goes: the devil is not only in the crisis but in the details of how it is presented.

CONTRADICTION BETWEEN VALUE AND USE VALUE

What can we infer from the fact that Ferrari is producing respirators, Gucci is making masks, and Christian Dior is bottling hand sanitizer? Or that the economy with the world's highest GDP is unable to provide a sufficient number of 75-cent masks to its doctors?

On the one hand, both processes reveal the geopolitical risks of the internationalization of production. In a context of crisis and in the face of unusually high global demand, the main mask-producing countries suspended their exports (China, Taiwan, South Korea). [China produces 80% of the world's masks](#).

And while the contradiction between the commodification and the strategic use of products is not new (oil, for example, has been navigating this tension for a long time), there is no rare natural resource or particularly complex commodity at stake here. Furthermore, unlike with oil, there was no contingency plan—nothing prevented the stocking of masks or respirators in recent years—not even unpredictability. To cite one example, after the SARS crisis, the United States created a commission to prepare for a future pandemic. This commission suggested accumulating 3.5 billion masks and 70,000 ventilators. Of the masks, only 104 million were purchased, and these were used almost entirely during the swine flu (H1N1) crisis in 2009. A cut in spending blocked the replacement of the initial stockpile. For their part, the stocking of ventilators followed a more tortuous path to failure: a commission tendered the design of a new and cheaper model and awarded it to Newport, a small Japanese company based in California. When Newport came up with a model costing \$3000 per unit ventilator, Covidien (one of the large ventilator producers, whose products sell for \$10,000 a unit) bought Newport and canceled the contract. In July 2019, a new contract was signed with Phillips, [but the delivery of 10,000 units was only planned for mid-2020](#).

A look at infrastructure returns the same perverse image. [Mike Davis](#) reveals that the United States has 39% fewer hospital beds than in 1981: the managerial logic of not having idle beds led to a systematic minimization of beds on the principle that 90% of them should be occupied at all times. A look at the [beds per inhabitant published by the WHO](#) is revealing: South Korea has four times more beds per inhabitant than does the United States, China and Cuba have almost double that number, and Lebanon and Albania have the same amount. [5]

The crisis is evident in the lack of a coordinated international response to the pandemic, even when its nature desperately calls for one. But it also expresses itself in the naked incapacity of the United States to respond effectively to the crisis within its own territory—or in other words, the failure of the state to provide necessary public goods.

In short, the problem that becomes apparent during the crisis far exceeds the crisis itself. This lack of essential commodities is a product of mercantile logic. In other words, the use value/value contradiction rises to the fore. [6] If the United States does not have enough ventilators or masks, it is due to decades of austerity and a health system dominated by a profit-driven logic. The internationalization of production followed this logic as well and left Asian countries in a better position in the face of the pandemic.

The government interventions that have been elicited by this contradiction are temporary. It is unrealistic to think, for example, that the US federal government will force Ford to make ventilators for very long. State intervention in the direct production and distribution of use values, resorted to by almost all governments during the crisis, is obviously expected to be short-term. The interruption of international trade logics is also temporary. (Among many examples, we might cite the United States intercepting shipments of 3M masks destined for [Germany](#), [Canada](#), or [Barbados](#), or trying to buy exclusive access to a vaccine—also its continuation of the blockade of [Cuba](#) even in this

context—but also [Turkey](#) blocking the export of ventilators to Spain, or Germany the export of masks to Italy.) But the crack that this crisis opens in the logic of accumulation—such as when, for example, decades of austerity and cuts to the health system yield a crisis that threatens accumulation itself—exceeds the situation. The pandemic expands the sense of what is possible in a world that was already in crisis. It adds insult to injury, as the saying goes.

A NEW WORLD ORDER?

What, then, is the underlying crisis that Covid-19 has served to amplify? It is worth provisionally discussing two possibly related dimensions: on the one hand, a crisis of neoliberalism as an articulated response to domination and capital accumulation; and on the other, the dominant position of the United States in the world system.

Let's start with the world order. The crisis is evident in the lack of a coordinated international response to the pandemic, even when its nature desperately calls for one. But it also expresses itself in the naked incapacity of the United States to respond effectively to the crisis within its own territory—or in other words, the failure of the state to provide necessary public goods. This is a failure that stems from its recent developmental path. On the one hand, the profit-driven logic mentioned above, and on the other, the internationalization of production, thanks to which a good part of the use values necessary in this crisis are produced in China. Thus, New York can “amuse” us with stories of overflowing hospitals, underpaid nurses who make masks out of garbage bags, and old clothes, and the government's efforts to compete for the purchase of ventilators.

For its part, China, notwithstanding its false statistics, has used its position to offer itself as an international guarantor. It has offered ventilators, tests and masks to Italy, Iran, and much of Africa and Latin America.

Those who have rightly drawn attention to the profound inequalities through which the crisis will be expressed, point, for example, to the impoverished health systems in Latin America (e.g. Ecuador), Africa, or the Middle East, or to extreme cases such as the conditions in the Gaza Strip. They have [good reasons](#) to point out the existence of a “Third World” in this crisis. But it is equally important not to fall into the western arrogance of believing that, in terms of pandemic response, the “First World” will be the group of OECD countries. With the possible exception of Germany, the current state of affairs places them well behind the responses of China, Taiwan, Singapore, South Korea, or even Vietnam.

This conjuncture sheds light on an ongoing process: the loss of North American competitiveness vis-à-vis China and Southeast Asia. To admit this is not to enter the theoretical territory of realism, since those waiting for the emergence of a new hegemon cannot yet point to Chinese military power surpassing that of the United States. If COVID-19 proves to be the American “Suez Canal moment,” this will only be insofar as this conjuncture highlights long-standing structural problems of competitiveness. Accumulation dynamics will most probably prevail over other elements; it is to be expected that at some point the US dollar will cease to operate as the default international currency. In sum, we need to wait a bit longer for the long-touted North American decline.

Though some of these repressive measures are presented as temporary, their legacies will not be.

Now, returning to the first part of my hypothesis, while neoliberalism as a system of domination and dominant accumulation is in crisis, what should we expect to replace it? If we only look at the element of competitiveness, we could be on the verge of a capitalist restructuring towards an “Asian” model (which some analysts, using an Orientalist vocabulary, deem “authoritarian,” as if that

would be an attribute alien to the West). [7] But here it is convenient not to confuse international hegemony with accumulation, nor this with domination. The exercise is rather that of trying to read at the juncture the elements that will be relevant in overdetermining a new balance.

DIGITAL SURVEILLANCE

Navigating this exercise is as risky as it is necessary. So let's start by pointing out the speed with which digital surveillance has expanded, and then evaluate the new forms of resistance that it foreshadows.

The pandemic has legitimized the use of surveillance and control technologies at a unique speed. Until just a few weeks ago, many of these technologies could only be justified in the context of the "war on terror," that is, directed at specific populations (political or racial groups) rather than against all citizens. They are today quickly sweeping away the always weak legal barriers that protect privacy. In [Moscow](#), for example, quarantine compliance will be verified with the use of facial recognition on cameras, but also with a mobile app that will record movements and a QR code that must be shown to the police. Those who do not have a cell phone will receive one as a loan. Israel will use cell phone location data to track coronavirus cases and alert those who have been in contact with the infected person (sending a text message instructing them to isolate themselves by a particular date). The system uses data that the Shin Bet intelligence agency already has, and technology created to [fight terrorism](#). [Italy uses drones](#) equipped with heat sensors to measure the temperature of pedestrians; the drones are able to shout instructions like, "You are in a forbidden area. Get out right away," and can use facial recognition as a way of imposing administrative and criminal penalties. Local police have received new powers that allow them to record people's temperature without their knowledge or permission.

Iran tried a more obvious method, asking users to install an app that promised to help diagnose coronavirus symptoms. It secretly harvested the user's location data in real time. South Korea also implemented a mandatory app for infected people. In China, a QR code verifies your risk of infection at different checkpoints and allows you to access certain buildings or not. Google has released its [mobility reports](#) that show not only the granularity of data at its disposal but also its capacity to analyze them: the reports show the decline in the use of parks, transport systems, and workplaces by using geolocation data from Android phones. The examples of monitoring applications multiply: Taiwan, Singapore, South Korea, Germany, and the United Kingdom explore the idea of an "immunity passport," which, leaving aside the question of its effectiveness, would create a horrifying potential for states to restrict the freedom of circulation of particular groups of citizens.

Beyond the digital repertoire, we also see an intensification of more classical repressive measures. Peru exempted the security forces from criminal responsibility as part of their patrols during the Covid emergency [8], Kenya authorized those who break the quarantine to be shot—the police killed a 13-year-old boy—and police brutality in Ecuador, Paraguay, Chile, and Argentina in this context are also part of "the new normal." The London Police (Met), meanwhile, has announced the [purchase of war vehicles](#).

Though some of these rules are presented as temporary, their legacies will not be. First, we witness a show of power of (some!) states and companies that acts as a showcase for these technologies, proving that they exist not just potentially but are suitable (in every sense) for practical deployment. Second, these massive experiments with surveillance technologies will in turn act as a learning path for their improvement and perfection. These are the legacies that should be at the center of our concern. Freedom of movement will be restored as soon as possible—it is by no means the freedom that is most at risk. [9]

RESISTANCES

As much as the crisis has served to show the power of control and surveillance of states, it also reveals the structural power of some sectors. [10] In the list of exceptions for “indispensable” sectors, there is an explicit and unexpected recognition that production and reproduction depend on sectors that cannot tolerate a day of strike. A Ridley Plan of sorts [11], these recognitions reveal unexpected patterns: the vulnerability of value chains due to their extreme confidence in Just-in-Time production (responsible for the great toilet paper crisis, among other phenomena) [12] and the incredible precariousness of the employment conditions in which these essential services are carried out. It has been said, for example, that the United Kingdom, in the decision to pay the self-employed starting in June and not right away, factored in the need for these workers to continue working: they include delivery people, delivery services, Uber, etc.

As much as the crisis has served to show the power of control and surveillance of states, it also reveals the structural power of some sectors.

Meanwhile, the same people who yesterday shamelessly cut health budgets today call for weekly applause for doctors and nurses, even as they continue to fail to provide them with the essential materials (the PPE) that they need in order to work safely. But even they know that the health systems will have more leverage in future negotiations over funding. In this connection, we might also think of the Amazon workers who, praised as “[the new Red Cross](#),” have already begun to strike in the United States, France, and Italy.

If the structural position of workers has been suddenly exposed to the entire world, it is also necessary to consider the enormous labor market disadvantage that workers’ struggles will now face. Unemployment figures above 15% are particularly alarming and will be a very important factor, particularly in the lower-value sectors.

CONCLUSIONS

Seeking to blame capitalism for the origin of the virus by pointing out the risky “governance” of the environment, and the dangers that both the food industry and agriculture have brought about, is a noble but unnecessary exercise. To respond to the racism that is directed at China for its cultural practices, it is enough to name it as such. As Gerard Roche says:

when the images of bat-eating circulated online, they evoked pre-existing representations of Chinese people, and Asians in general. This enabled commentators to feel confident in claiming to understand the etiology of the virus [...] How could so many people, unable to find Wuhan on a map and completely unqualified to make any claims about the origin and spread of viruses, feel so confident in making these judgements? [13]

The real task is to point out the way in which COVID-19 is articulated with a social structure: its brutal, structural, social, and economic inequality and its callous indifference to suffering.

Great crises and pandemics have always thrown the existing world into crisis. They impose enormous human losses and force us to recover some lessons in the midst of the shipwreck. I propose three:

1. Remain vigilant for political developments that suggest an authoritarian exit to the crisis
2. Contest the growth of xenophobia and racism that encourages false solutions; and
3. Persist with the radiography of capital’s weak points—weak points that until yesterday were less plainly visible.

Maintaining this approach is part of the fight, in Benjamin's words, to pull "humanity's emergency brake."

Juan Grigera is a Lecturer in Political Economy of Development at King's College London. He is an active member of the editorial board of Historical Materialism – both the journal and book series.

[Click here](#) to subscribe to our weekly newsletters in English and or French. You will receive one email every Monday containing links to all articles published in the last 7 days.

P.S.

Spectre Journal

<https://spectrejournal.com/salt-in-the-wound/>

Footnotes

[1] A version of this piece was originally published in Spanish as "Sal en las heridas," [Revista Intersecciones](#), 13 April 2020. Thanks to Federico Naspleda, Pedro Mendes, Luciana Zorzoli, and Fernando Rugitsky for comments and to Danny Hayward for comments and copyediting.

[2] As Colin Crouch aptly titled his book (London: Polity, 2014). See also Phillip Mirowski, *Never Let a Serious Crisis Go to Waste: How Neoliberalism Survived the Financial Meltdown*.

[3] A list, more or less exhaustive, can be found in the database of policy responses of the [IMF](#) and [Bruegel](#). Thanks to Federico Naspleda for the second reference.

[4] The US estimates 20 million unemployed. 16 million have already filed for unemployment benefits, a figure that is 15 times higher than the highest ever recorded in the postwar period.

[5] There are of course limitations to what we can infer from these figures. Infrastructure, complexity of equipment, and personnel associated with a bed are different in each case.

[6] Among others, see Bolívar Echeverría, *La contradicción valor de uso y valor en El capital de Marx Mexico*, Ithaca, 1988. A similar thesis can be found in the Manifesto of the [Marxist Feminist Collective](#) as the "contradiction between profit and reproduction of life or social reproduction."

[7] For example, Byung-Chul Han in [El Pais says](#) says that "China will now be able to sell its digital police state as a successful model against the pandemic." And yet, this "digital police state" is probably its least exportable product, since it seems to be a "national industry" much favored in many other parts of the world, as well.

[8] The IACHR tweeted [denouncing this](#).

[9] Despite the liberal whining of Giorgio Agamben or Paul Preciado.

[10] In some cases, the list of 'essential' sectors is so long that, as [Kim Moody says](#), it reminds us of "how essential the entire working class is for the functioning of society in good or bad times."

[11] The Ridley Plan was an internal report by the UK Conservative Party in 1977 assessing the power of the government against national business unions. The report explained that no government could face more than a week of strikes in some services such as Electricity, Gas or the health service (NHS). It speculated that mines, trains, ports and garbage collection could endure strikes of up to 10 weeks without posing a serious challenge, while other services including education could endure strikes for "a long time."

[12] See this piece from [Medium](#) or this one from [Wired](#). Thanks to Adam Hanieh for these references.

[13] As in the recently unhappy cover and title of the ASPO publisher, "Sopa de Wuhan." See Gerald Roche, "The Epidemiology of Sinophobia," *Made in China Journal*, 17 February 2020.