

The Great Wall Street Heist of 2020

28 April 2020

The economic fallout from the COVID-19 pandemic continues to have devastating consequences for the vast majority of the population in the United States. The new month begins on Friday, which will mean that rents and mortgages will come due for tens of millions of workers who have no income to pay for them.

More than 20 million people have filed for unemployment benefits over the past five weeks. In March, less than 30 percent of those who filed received any benefits. Millions more are ineligible for any assistance.

Millions of people have yet to receive anything, including the \$1,200 federal cash stimulus, and are desperately attempting to stave off destitution. Food banks are overwhelmed by demand and are running out of staple goods. According to the Economic Policy Institute, more than nine million people who lost their jobs have also lost their health insurance through April 11, with millions more in the weeks that have followed.

There are, however, two realities, two Americas. While the economic destitution of workers is being used in an effort to drive them back to work over widespread opposition, the corporate and financial oligarchy has seen its fortunes increase.

Gigantic corporations, many of which have massive cash hoards, are laying off employees while continuing to pay out executives. Entertainment giant Disney recently came under public scrutiny over the fact that it has furloughed more than 100,000 workers while maintaining its executive compensation program. But this is the general rule.

US billionaires, since mid-March, have increased their wealth by \$282 billion. The collective fortune of these 614 individuals, which totals \$3.2 trillion, has been buoyed by the continued rise of share values on Wall Street, which increased sharply again on Monday.

A headline in the German newsweekly *Der Spiegel* yesterday captured the economic situation: “The death toll in the US is rising—so are the markets.” Noting that while businesses remain shut down and joblessness

exceeds by far anything seen in American *History*, *Spiegel* writes: “So if the fundamental economic data actually offer so little incentive to buy, what is behind the rally? The solution to the riddle has three letters: Fed.”

The Fed—that is, the US Federal Reserve—has made clear that it will do anything in its power to support Wall Street. As a consequence, the markets keep going up. “If you wanted to bet on price losses,” *Der Spiegel* remarks, “you would have to bet against an institution whose funds are practically infinite.”

Beginning in March, as the Trump administration and the media were downplaying the danger posed by the coronavirus pandemic, the Federal Reserve began funneling money into the markets—first by reducing interest rates to zero, then by initiating a raft of programs to buy up assets from banks and corporations, providing them with cash to purchase stocks.

The activity of the Federal Reserve was endorsed unanimously by the US Congress in late March, when it passed the “CARES Act,” which allocated \$454 billion to finance up to \$4 trillion in asset purchases. Every single Senator voted for the CARES Act, including the erstwhile “democratic socialist” from Vermont, Bernie Sanders.

The Fed is spending something on the order of \$80 billion every day. The central bank’s balance sheet is expected to increase up to \$11 trillion, from less than \$4 trillion last year and less than \$1 trillion before 2008. This would bring the overall value of assets held by the Fed to nearly half the entire annual economic output of the United States.

One should call things by their right names. Terms such as “asset purchases” and “quantitative easing” tend to obscure what is happening. This is plunder, thievery, robbery on an unprecedented scale. Since stock ownership is overwhelmingly concentrated in the rich, it is the rich who are benefiting.

The Great Wall Street Heist of 2020 has been aided and abetted at every stage by the Democratic and Republican parties. The various institutions of the state, including the mainstream media, have exposed themselves as nothing

more than the paid hirelings of Wall Street, to put the matter delicately. Others might have more expressive terms.

After the 2008 crisis, the Bush and Obama administrations orchestrated the bailout of Wall Street, buying up all the bad debts, particularly in mortgage-backed securities, that had been used as vehicles for an orgy of speculation. As a result, social inequality increased to record levels. Corporate cash hoards rose to \$2 trillion. Some \$4 trillion was funneled into stock buybacks.

Far from being forced to pay for the economic consequences of the pandemic, the banks and corporations have simply been bailed out again, this time on a far larger scale. Once again, the crisis is being utilized as an opportunity to restructure class relations in the interests of the rich.

Everything turned over to Wall Street will be paid, in one form or another, by the working class, through austerity, the further destruction of social programs, and intensified exploitation. Hence the relentless campaign to return everyone back to work, risking a new wave of the pandemic and the deaths of countless thousands of people.

Such measures, we are told, are necessary to “save the economy.” But “the economy,” like the “American people,” is an abstraction. “The economy” that has been “saved” is the economy of the rich, capitalism. Every measure taken has been based on protecting the interests of the oligarchy at the expense of society. Every policy has been guided by class interests.

A socialist response, that is, one based on the interests of the working class, is of an entirely different character. Trillions must be allocated, not to bail out Wall Street, but to implement an emergency program to build up health care infrastructure and provide protective equipment to all essential workers.

The loans and other mechanisms through which the income of workers is earmarked for payments to the banks must be immediately forgiven. Student debt (\$1.5 trillion), car loans (\$1.3 trillion), and credit card debt (\$1.08 trillion) could all be wiped out with the money that has been turned over to Wall Street, with trillions still left over.

All workers must continue to receive their full income for the duration of the pandemic. The highest quality health care must be available to all, free of charge and on a completely equal basis.

There must, moreover, be real assistance to small

businesses. The so-called Paycheck Protection Program passed by Congress, ostensibly to aid small businesses, has turned into another massive swindle for large corporations, including restaurant chains, hotel conglomerates and hedge funds.

Such actions and other emergency measures to secure the interests of the working class, in the United States and internationally, could not and cannot be secured within the existing state institutions.

The entire response to the pandemic—from the initial downplaying of the threat, the failure to organize any significant response, and the massive handout to Wall Street, to the present campaign to force workers back to work even as the pandemic rages—is proof of the Marxist theory of the state. The state is not a neutral body. The financial oligarchy rules. It is *their* state. The politicians are *their* politicians. The media is *their* media.

The Socialist Equality Party insists that the interests of the working class cannot be secured without a frontal assault on the capitalist system. The wealth of the financial oligarchs must be seized. Their stranglehold over the social and economic system must be broken through the transformation of the gigantic banks and corporations into publicly-owned utilities.

The logistics, food production, health care, energy, manufacturing and other basic industries must be restructured to meet social need, under the democratic control of the working class. The massive bailouts of Wall Street must be reversed, with the social resources redirected to securing the financial well-being and health of the working class.

Such policies cannot be realized within the existing political system. They raise the necessity for the revolutionary mobilization of the working class to take political power in its own hands through the establishment of a workers’ government—that is, a government of the workers, by the workers and for the workers—that will implement the socialist policies required to save mankind from disaster.

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