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# The Global Economy Crumbles

Alan Betts

The collapse of the global capitalist economy in the face of the COVID-19 pandemic has valuable lessons for us. Capitalism searches for places, people and resources that can be exploited to maximize profit and minimize costs. Capitalism has no moral guiding principles, it simply demands growth and profits, with no consideration for resilience and long-term stability. Historically justice for working people was not considered, let alone justice for life on Earth.

Looking back, it is clear that the growth of the capitalist system was powered by fossil fuel. The post-WWII boom in the U.S. was possible because we controlled the global oil supply, and froze the price of oil at \$3 a barrel, until first OPEC rebelled in 1973, and then Iran in 1979. This led to financial shocks in the 1980s. At the same time the rapid burning of fossil fuels that had safely resided underground increased the atmospheric greenhouse gases, which reduce the cooling of the Earth to space. As the planet warms, more than 90% of this energy imbalance is being stored in the oceans, driving stronger storms and climate change that is accelerating. This threatens not just humanity – especially our children and grandchildren – but it is also driving the extinction of millions of species. Capitalism as it has functioned is both immoral and incompatible with a livable Earth.

But since “free-market” capitalism has externalized all its adverse impacts, it does not pay for the current oppression of people, nor for the future catastrophic long-term costs of climate change. This is clearly cruel and stupid, but it continues because it is so profitable, and a trillion dollars in profit can bribe a lot of politicians, and buy a lot of media time to deceive the public.

The COVID-19 pandemic exposes a second stupidity of a capitalism that exploits without considering resilience. In the past two decades, in the search to maximize profit, a lot of manufacturing was outsourced first to China and then other Asian countries. Now the collapse of global manufacturing links shows the foolishness of globally distributing just-in-time manufacturing to wherever components can be made cheapest.

The U.S. drug industry is an example, where the hidden goal is to maximize profit at the expense of the sick and elderly. The U.S. outsourced generic drugs to India, which then outsourced some components to China. As manufacturing and supply chains collapsed, medications and now reagents for the COVID tests have become difficult to obtain. Contrast Germany’s well-managed universal health care and the capitalist shambles in the U.S. Research scientists in Germany identified the new virus threat in late December, and with the full support of the government, developed a test by mid-January, went into production at the beginning of February, and soon could test more than 500,000 people a week. So, Germany has COVID-19 relatively under control. But in the U.S, the central government has been both incompetent and largely in denial. As a result, a dozen private companies developed competing COVID tests, using different reagents that had been outsourced to China, so availability was limited. Not surprising that in the U.S. the death rate has spiraled.

This global pandemic is one example where reality has intruded on sacred “free-market” theology. Climate change is another on a longer timescale. A third threat is that if a major solar flare strikes the Earth, which has not yet happened during the satellite era, global communications may be lost, leading to a collapse of a different kind.

Several things are needed for long-term resilience and stability for humanity and the Earth. First, a move to the re-localization of our industry, food and medical



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supplies, so that local control is possible on a regional scale, not by global empires which exploit people for profit without moral guidance. This will also reduce the burning of fossil fuels for global trade.

Second, we must reinvent our economic system to include all the true costs, both present and future, and especially the huge long-term costs of using fossil fuels. Now is a perfect time to add a fossil-fuel carbon tax, when the price of oil is low, to fund the transition to an efficient society powered by renewable energy. The public would not notice, but what is obvious to us is unthinkable to the rich and powerful oil industry, which is demanding instead subsidies to protect profits-as-usual.

Third, we must strip our economic and health-care systems of the many injustices embedded in capitalism, both to people and the Earth itself. It is outrageous that so many people are poor, because they must work for low wages for this unjust and unsustainable system, until they are sacrificed in a crisis. We should expect rebellion and provide guidance.

Fourth, we must step away from the endless pleas for growth, and grasp the simple reality that exponential growth of the consumer economy means sacrificing the Earth just so some can profit. This, too, is stupid when our engineers could easily and cheaply build long-lived products for a sustainable society, instead of the throw-away culture that was started in the 1950s.

We can also delight in the benefits from the large economic downturn. The decline in the pollution from air travel and less driving helps the Earth. The global drop in air pollution from the reduced burning of fossil fuels benefits the planet, and human health.

We the people now have a window of opportunity to help drive this transformation. It will take community organization and immense effort. Expect only opposition from our clueless central government, which is trying to buy its way out of this crisis by borrowing money. Remember to find time as the world slows down to sit outside and rejoin the living natural world.

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