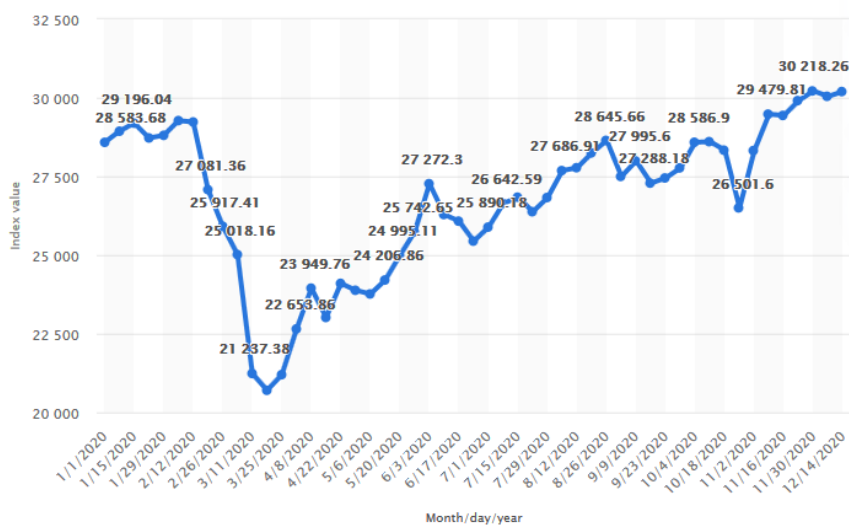


## We Are in Great Depression Two

Since mid-March, when the restrictions allegedly to deal with Covid 19 were imposed, the U.S. economy has been in free fall and unemployment has skyrocketed. By late May, 40 million people had applied for unemployment insurance. However, as the *New York Times* admitted on May 5, 2020, the real numbers are higher, as those who have given up actively looking for work, gone back to school, work at least one hour a week, etc., do not qualify. Moreover, there are at least 8 million undocumented workers who are not eligible for unemployment insurance. Schools were closed, and education went “virtual.” Millions have applied for Supplemental Nutrition Assistance Program (SNAP, that is, food stamps), and have been exhausting food pantries. It is clear that we are in a depression not seen since the 1930s, which can be considered Great Depression Two.

But the economic problems did not start in mid-March. In the weeks preceding, the stock market was in steep decline (see chart below). However, while workers continue to suffer, not only from the virus, but from the shutdown of the economy, stock prices have continued to rise, so that now they are well above where they were before the February decline. While the poor get poorer, the rich get richer!



Under capitalism, the economy regularly goes through cycles of crisis, depression, revival, prosperity and again crisis, called by the mainstream media “boom-bust” cycles. Briefly, individual companies produce as much as they can to gain a greater share of the market and the profits. However, the workers’ wages are limited, so they cannot purchase all the goods produced. As a result, factories are shut down. This is a crisis of overproduction. These circumstances have only been exacerbated due to government measures against the pandemic. Eventually production restarts (including weapons production to prepare for new wars).

### The “New Normal” – Jobs are *Not* Coming Back

Those who expect the jobs lost to come back will have a rude awakening. The capitalists want the new economy to be based on a “virtual” world. The idea is to increase production with as few workers as possible. Many stores, including restaurants, have closed or severely cut back on the number of their employees, as people are increasingly shopping on line or ordering take-out food on the internet. Even workers who make deliveries will be cut back as Amazon is planning to carry this out with drones.

The virtual world is moving into the health care industry, where patients are encouraged to have telephone or virtual visits with their health care professionals, many of whom are still “working from



home.” This is to the detriment of patients’ health, as most illnesses cannot be diagnosed, much less cured, by phone or over the internet.

This is also true with “on-line” education. Many colleges and charter schools are promoting this. In New York City (and other cities), all schools are going virtual at least part-time, under Mayor de Blasio’s “blended education” model. This is especially detrimental for younger students, who need interaction with other children their own age. It is also much less useful for working class students, especially for Blacks and other oppressed people, who generally have poorer computer equipment and are more likely to have parents who are “essential” workers and so are not able to supervise their children’s education.

### All this especially affects public services

Once on-line education becomes an “acceptable” alternative, there is no reason for the schools to limit virtual class sizes, so even 90 students in a class could become “normal.” Besides the effects on the students, this would devastate teachers’ unions.

The postal service is already being decimated by the private package deliverers, such as UPS, FedEx and Amazon. This had been exacerbated by the Postal Accountability and Enhancement Act, pushed through Congress in 2006, which required the Post Office to prefund health care for its employees for 75 years in advance.

Public transit has already been decimated by the restrictions based on Covid-19. In New York City, the MTA claims it has a \$12 billion deficit. Also, now with a Democrat as President [update], why is the MTA not banking on federal funding? They have been threatening drastic service cuts and layoffs of 900 workers among 2200 municipal workers.

While in the short run, large companies will earn additional billions from a virtual world, in the long run this will have the opposite effect. We can only explain this briefly here. The capitalists invest more money into equipment (including the infrastructure that allows for a “virtual” reality), called constant capital. But it is labor that creates all value, and thus all profits. Thus the rate of profit, the share of profit compared to total capital invested, tends to decline.

### Make the Rich Pay!

We should call for Congress to pass an increase of \$300 billion in food stamps that would allow laid-off workers and their families to eat and would increase agricultural production. The restoration of the stock-transfer tax, a small tax on each stock exchange transaction, could raise billions of dollars. It is still on the books but has not been imposed for almost 40 years. Also taxes should be increased on the largest landowners, both residential and commercial. They have been making billions in profits from the gentrification of cities such as New York, and they can’t threaten to take their buildings and leave.

Under capitalism, the increased use of technology just leads to greater unemployment for workers, and harsher conditions and lower wages for those who are still working. But under socialism, the benefits of technology would be shared by all working people. People could work only 20 hours a week or less, and have more time for leisure activities, whether studying, culture or family.

**“A World without Workers Is Impossible.  
A World without Capitalists Is Necessary.”**



(Cartoon borrowed without permission from the Workers Assembly Against Racism)