

Big Banks Profit Amid Pandemic

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It is no secret the global new coronavirus pandemic is causing an unprecedented economic crisis, but this crisis does not seem to have the same effects for everyone. Undoubtedly, there are those who are profiting from the global crisis and accumulating more and more money, while a larger part of the population becomes increasingly poorer and more vulnerable, aggravating the scenario of global inequality and creating small expectations for the post-coronavirus world. The concentration of income is heading towards an almost apocalyptic situation, where a small financial oligarchy accumulates a huge amount of capital, while the number of poor people increases exponentially.

According to data from the Wall Street Journal, in the first quarter of 2020, American banks registered 1 trillion dollars from companies and consumers. In parallel, the United States becomes the global epicenter of the pandemic, with more than 60,000 dead. Most of the money was received by the four largest American banks: JP Morgan Chase & Co., Bank of America Corp, Wells Fargo & Co. and Citigroup Inc. Apparently, the power of the largest US banks only increases. These four banks alone raise more than 590 billion dollars, practically double of the previous quarterly record (about 313 billion dollars). Each of these banks has already exceeded one trillion dollars in loans since March.

Contrary to what happened in the 2008 crisis, people and companies are looking to save their money in banks, instead of avoiding them. Interestingly, the pandemic and the world crisis arrive at an exact moment of instability in the banking system. In Italy, more than 100 banks were bankrupt before the pandemic. In Germany, the serious crisis of Deutsche Bank and Commerzbank could no longer be hidden. All of these were symptoms of the final stage of financial capitalism and of the age of unproductive profit. The great bubbles of the banking system have been multiplying all over the world, increasing its debts exponentially, so that nothing else could save such a system or the economic model it presupposes. Or, rather, nothing, except an event of the magnitude of a pandemic or a world war, which would cancel debts due to force majeure events, as is foreseen in most contracts worldwide. Thus, the system could be revitalized.

In fact, financial capitalism is very unlikely to survive the coronavirus crisis. The age of speculation seems to be coming to an end. Since 1991, capitalism has suffered from a structural crisis. Expansion is one of the basic principles of this system; it is a condition for the existence of capitalism. With the fall of the Soviet Union, the old socialist world was inserted into the global market, in order to exhaust the possibilities for the expansion of capitalism, which then begins its phase of decline. With specific regard to financial capitalism, we can see that this system arises precisely in the period of greatest stability of capitalism in the western world, beginning its structural and existential crisis in recent decades. The 2008 crisis puts an end to financial system, but it didn't really overwhelm it, thanks mainly to the strong damage control investments applied by the American State in

order to save its main banks, allowing the economic model to survive. Since then, however, the situation has only worsened.

It is curious why people are relying on banks. Fear of the coming crisis is having a reverse effect to that of many previous crises. Everyone knows that a time of brutal difficulties will come around the world, with increasingly harsh economic conditions. In general, companies are allocating their remaining earnings to banks or, in other cases, are preparing to take out giant loans for future investments. International society believed in the salvation of financial capitalism in 2008 and did not realize that that crisis killed this system forever. Therefore, the effect is the opposite: in 2008, people struggled to take their money from banks, now they run to keep it, as they see banking institutions as the only form of refuge in the midst of social chaos. In the words of Paul Donofrio, chief financial officer of Bank of America: "We believe companies viewed us as a safe haven in this period of stress". It can only be concluded that these people are making a big mistake.

All this money invested will disappear and the world will face the greatest crisis of the contemporary era. The belief in the indestructibility of capitalism has deeply shaken people's ability to analyze complex situations and establish plans and strategies. Banks will survive the crisis, but not the companies that take services from these banks. The global market will ruin, as already shown in the drastic fall of all stock exchanges. The people's power of consumption will drop absurdly and large populations will be thrown entirely into poverty, so that the poor will become increasingly poorer – and we can include even today's millionaires among the "poor". The banks will save themselves and render the financial oligarchy an extraordinary profit by canceling debts and ending bubbles by the pandemic force majeure, thus making a select group of billionaires achieve trillionaires status.

Finally, what is on our horizon is a dystopian future, in which world society will be divided between a small faction of trillionaires and a large global mass of poor and precarious people.

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