

# The COVID-19 “Economic Holocaust” ... Bankrupting the Nation. “The Shut-In Economy”

When we take into consideration \$144.6 trillion in US Unfunded Liabilities, \$20.4 trillion in Social Security Liability, and \$31.6 trillion in Medicare liability, the nation lingers on the precipice a total collapse.

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*For all the uncertainties the COVID-19 pandemic poses to the world, especially in the US, one thing seems evident. Our neoliberal capitalist civilization has proven itself to be unprepared for unexpected crises and catastrophes. For decades, the US has been falling behind other developed nations to infuse economic resiliency in society. Not only has the American medical system and federal health agencies been shown to be naked, we are also discovering we cannot rely on epistemological statistics and computer modeling alone to account for our flawed health policies.*

Aside from the pandemic's toll on people's lives, there is also its impact upon the national economies and the global economy at large that is barely being discussed in any depth. Rather, hopes and wishes are being directed towards life returning to normal. We are expected to believe that our addiction to unconscionable consumerism will return, employment will rise and the American dream can again be mentally photo-shopped on the horizon. In short, we are persuaded that the comfort of our illusions and denial of harsh realities will return. However, if a past Nobel laureate of economics, Joseph Stiglitz, is correct, then “if you leave it to Donald Trump and Mitch McConnell we will have [a Great Depression](#).” Likewise, former Federal Reserve chair Janet Yellen [has also warned](#) that the 30% GDP decline is leading us towards Depression. In fact, we may already be there.

As of today, the federal government has guaranteed \$5.2 trillion dollars to keep the economy afloat as a depression worse than 1932 looms overhead. Some economists believe that this massive bailout is insufficient and upwards to \$10-15 trillion may be necessary. In 2008, with one broad stroke the Obama administration rescued Wall Street. What was believed to be just the TARP bailout of \$700 billion [was in fact](#) over \$4 trillion worth of outlays, including TARP and other FED and Treasury expenditures. The Levy Institute at Bard College calculated the outlays may have been as high as \$29 trillion, a number the Sanders' campaign had quoted.



Obama's bailout was to assist the incompetency and corruption of Wall Street and the financial industry. Today it is a submicroscopic organism, approximately 120 nanometers (one nanometer is one billionth of a meter or about 20 oxygen atoms lined up), that threatens the financial well being of most Americans.

However before the COVID-19 reached our shores, the US was already in a horrible debt crisis.

Fiscal conservatives are angered that the US National Debt has reached \$24.5 trillion while at the same time adamantly ignoring that the [US Total Debt](#) now hovers above \$77 trillion. Neither party shows concern about Americans' increasing personal debt (mortgage, credit card, auto, student loans, etc), nor the rise in corporate, state and city debts.

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Before the pandemic, Trump boasted an unemployment level as low as 3.6 percent. But in the US, there are different ways to calculate unemployment figures. There is the official figure (U-3) that Wall Street and presidential administrations rely upon and then a more realistic statistic or U-6 that includes those underemployed and those only marginally attached to the work force.

Before the pandemic the "real" or U-6 employment was 6.9 percent. Finally there is the shadow statistic, which adds the millions of Americans who have dropped out of the work force because their benefits ceased or because they are homeless or unaccounted for by the Labor Bureau. When those adjustments are made, [the shadow unemployment](#) is likely around 23 percent.

Now, unemployment is skyrocketing. The most recent estimate is that over 26 million people lost work during the past month and, [according to Fortune](#) magazine, the official unemployment rate may be as high 18 percent.

Consequently a more accurate unemployment figure would be approximately 32 percent or almost a third of population. This is far worse than at the height of the Great Depression when unemployment stood at 25 percent.

The dark side of American jobs has been decades of large layoffs, workers being replaced by automation, downsizing, corporate consolidation due to equity partnerships, mergers and off shoring of manufacturing. In addition, tens of thousands of foreign professionals have received work visas and are eager to take the place of middle seniority positions in firms for lower salaries and without full benefits. The system is so corrupt that the millions of people who work full time for less than a living wage are completely ignored. Hence most Americans are deep in debt and frequently live paycheck to paycheck. The fact of the matter is that there is no security whatsoever for millions of people who may not find work for a very long time.

Even if the lockdown were to end tomorrow, the lights would not immediately switch back on.

Throughout the financial news, we are reading headlines of companies eyeing bankruptcy as

credit ratings are being rapidly downgraded. Retail stores are being especially hit badly. [According to](#) Global Data Retail, over 190,000 retail stores have closed, accounting for nearly 50 percent of the nation's retail square footage. Forbes [has listed](#) Dillards, JC Penny, Kohl's, Levi Strauss, Macy's, Nordstrom, and Signet to likely go under. [Others include](#) Pier 1 Imports, Rite Aid, J Crew that is loaded up with private equity debt, Fairway supermarkets, and niche organic grocer Lucky's. Macy's capital alone [dropped from](#) \$6 billion to \$1.5 billion since February. This trend had already been rising since Trump came to office with large chain companies increasingly closing outlets including Walgreens, Gap, GNC, H&M and Victoria's Secret. For sure, when and if the pandemic ends, there will be far less retail stores. The New York Times [predicts](#) very few are likely to survive. And we are not even looking at the hundreds of their vendors that are also being affected.



With 60 percent of Americans eating regularly outside the home, the restaurant industry is also being hit fiercely. [Restaurants employ](#) more minority managers than any other industry — approximately 60% — and employs almost 16 million people. Between 2010 and 2018, it represented the largest number of low middle class jobs (\$45,000 to \$75,000), 300 percent more than the overall economy. Now a [restaurant apocalypse](#) is underway, with an estimated 20 percent of restaurant operations going under. Larger chains are far better equipped. They are simply closing down dining room facilities and only offering carryout, pickup, delivery or drive-thru. Smaller independent restaurants are at the greatest risk.

Then there are the farms, the concentrated agriculture feeding organizations (CAFOs) and food chain suppliers. In the past it was very rare to enter a large grocery store and find empty shelves. Now it is a common sight because the food supply chain has been upended.

Pork and other meat suppliers such as Smithfield Foods, Tyson and Cargill are forced to close plants. Due to Trump's draconian position on immigration of foreign workers, farm produce will not be harvested.

Niv Ellis at *The Hill* [reports](#) that "some \$5 billion of fresh fruit and vegetables have already gone to waste." The pandemic, therefore, is contributing to rising food insecurity throughout the nation. Before the pandemic, Ellis notes, 37 million Americans were already food insecure. The additional 26 million unemployed will increase that number, and it is sure to continue to climb. Finally, the UN Food and Agriculture Organization expects that the frantic efforts underway by countries [to import basic staple foods](#) may launch global food inflation.

We are also facing "the quickest and deepest oil demand crash in history," [says Richard Heinberg](#) from the Post Carbon Institute. [Oil prices plunged](#) to an inconceivable negative minus \$37 a barrel last week as global fossil fuel demand [dropped roughly](#) 30 percent. "The entire petroleum industry," writes Heinberg, "is teetering." Natural gas producers relying on

hydrofracking shale, which had already been burdened with high debt from private equity, are [scrambling for bankruptcy protection](#). [According to Reuters](#), “numerous midstream companies [in the energy sector] backed by private equity are in danger of bankruptcy.” With the collapse of hydrofracking companies, the pipeline firms have also entered troubled waters. The Federal Reserve Bank of Kansas City predicts that 40 percent of energy producers may be insolvent “if oil prices remain around \$30 a barrel” for the year. Then consider the larger picture of the impact this has on the 6.4 million [people working](#) in the energy sector.

Also we might consider the future of 15 million Americans who work in the tourism industry, including hotels, entertainment, parks, museums, etc. It is [estimated](#) that 96 percent of global tourism has vanished in the blink of an eye.

[State and local city governments](#) are also “staring at budget shortfalls that will substantially exceed what they faced during the great recession.” States are reporting significant gaps in their capacity to remain fiscally afloat. The Republican Senate led by Mitch McConnell seems determined to withhold \$150 billion of emergency funds to the states in the CARES Act before Congress — less than half of the \$300 billion to \$1 trillion state legislators are demanding. Consequently, states are staring into a deep abyss.

Americans who will either return to a job or seek work when the pandemic slows will be further imprisoned by an economy buried in greater debt.

- Downsizing will accelerate along with borrowed money to continue operations while the White House refuses to pass a rent holiday, forgive student loans and other debts, cease payday loans, reduce interest rates on credit nor provide free healthcare for those infected with COVID-19;
- The average person without a steady paycheck is living off savings and credit cards. Therefore, when the economy reopens, large numbers of people will be unable to return to the marketplace to circulate dollars;
- As corporate debt mounts, the most insidious truth are the vultures of capitalism who will profit. These are the great white sharks in the finance industry that smell blood. For the trillions of dollars Trump is dishing out to the 1 percent, these are the first to get the lion’s share of the quarry.

Nobody in the mainstream media has properly criticized the huge monetary allocations being made for the pandemic. The FED is buying corporate debt in order for companies to off load their mistakes and receive fresh, new money. But the average small business receives the left over pennies. The virus is teaching us the harsh reality about Washington pervasive culture of corruption. On this account both parties have no empathic regard for average citizens and small business owners. Even the money from Trump’s and Mnuchin’s stimulus package given to citizens can be confiscated by debt collectors.

Imagine if you are an average citizen, not an insider, at the conference table with executives from Facebook, Google, the major banks and mega-corporate industries. You have no income or savings and no health insurance. If you are hungry, where do you get money for food? Where do you get money if you are sick or gas for your car? The unintended consequences of Trump’s and the Congress’ irresponsible and inhumane policies are literally bankrupting the nation.

By extension the millennial and iGen generations are the victimized recipients of this debt

bequeathed to them by older generations. They are further compromised with the inability to secure jobs equal to their educational level nor secure a satisfying living wage. They are burdened with high interest student loans. They also are far more aware of the impact climate change will have on their futures. Therefore, millions of young adults are rapidly losing faith in America's neoliberal capitalist system and our self-centered culture of predation.

Similar to waking up the day following September 11, 2001, we will be emerging into a new world after the COVID19 pandemic subsides. It is now [being called](#) the "shut-in economy." The pandemic is not solely a health crisis; it is equally an existential crisis, an impasse in the global civilization that is forcing us to realize that our over dependence and perverse reliance upon natural resources, such as fuel, energy, food and corrupt banking and healthcare services, is fragile. We are learning that at every level there are numerous cracks in our structures of governance and our economic and social bases. Yet the virus did not break the nation; it has been broken for a long time. Only now more people are waking up from their dream. Furthermore, few people, including the mainstream media, now believe there will ever be a return to the normalcy of life that ended after Wuhan had its first patient infected with the virus. It is time for every individual to reassess her or his priorities. A life full of well-being is more possible today if we realize the virus has also been our teacher. But it is living a life that is founded upon simplicity, insight and wisdom, and community rather than consumption and competitive power.

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