

# **What Happens In the Wake of the COVID-19 Lockdown? Economic Destruction, Global Poverty, Bankruptcies, Mass Unemployment. Neoliberalism to the Rescue**

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Theme: [Global Economy](#)

*In the wake of the lockdown: Bankruptcies and mass unemployment, the economic destabilization of entire countries.*

*Millions of people have lost their jobs, and their lifelong savings. They are unable to pay their home mortgages.*

*In developing countries, poverty and despair prevail.*

*The political implications are far-reaching. The lockdown undermines real democracy.*

It would be naive to believe that the financial crisis was solely the result of spontaneous market forces. It was carefully engineered.

The coronavirus continues to provide a camouflage. Fear and panic (generated profusely by the corporate media) create “favorable conditions” for “institutional speculators”, many of whom had detailed foreknowledge of the WHO decision to launch a Global Public Health Emergency on January 30th, at a time when there were only 150 “confirmed cases” outside China.

The collapse of stock markets has resulted in one of the most important transfers in money wealth in modern history, yet to be firmly established.

The Coronavirus is not the cause of financial collapse. What prevails is an atmosphere of fear and uncertainty which enables powerful financial interests to manipulate the stock market and consolidate their financial positions. There is evidence that [“corporate insiders sold off billions of dollars worth of shares”](#) in their own companies just before the stock market imploded.”

This crisis has led to an unprecedented concentration of money wealth.

In early February, roughly \$6 trillion were wiped off the value of stock markets Worldwide. Massive losses of personal savings (e.g. of average Americans) are ongoing not to mention corporate failures and bankruptcies.

Each time Trump opens his mouth, or blames the Chinese on twitter, the stock markets respond. Those who have inside information or foreknowledge of US policy decisions will

make a bundle of money.

Behind the global public health emergency, there are powerful economic interests: Wall Street, Big Pharma, the Washington Consensus, Corporate Charities and Foundations, the IMF, World Bank, et al. They met on the sidelines of the World Economic Forum (WEF) on January 21-24, one week prior to the launching of the WHO global public health emergency.

The “international community” is calling for economic recovery. How will it be instrumented? So-called “corporate bailouts” i.e. “handouts” for banks, major corporations including airlines are contemplated.

One trillion promised by the US Federal Reserve, another trillion by the European Central Bank (ECB) [now headed by Christine Lagarde](#).

“We have a responsibility to recover better” than after the financial crisis in 2008, said UN secretary general António Guterres:

“We have a framework for action – the 2030 Agenda for Sustainable Development and the Paris Agreement on Climate Change. We must keep our promises for people and planet.”

That so-called “promise” is meant to promote “Green Bonds”, a multibillion investment project sponsored by the Rockefellers among others, the objective of which is to “redirect pension plans and mutual funds towards green projects.”

For Big Money in America and Western Europe it’s “hand-outs”. For Big Pharma, the multibillion dollar global vaccination program will be funded by debt.

“Developing countries”

And what happens to the so-called “developing countries” most of which are indebted up to their ears.

The process of impoverishment in Latin America and sub-Saharan Africa is beyond description. In large cities, informal urban sector workers are self-employed, paid on a daily basis, Others are paid on a weekly basis. What this means is that for large sectors of the urban population, household income has literally been wiped out.

In India, Prime Minister Narendra Modi ordered a 21 days lockdown which has resulted in an immediate spiral of unemployment coupled with famine, despair and disease:

“The only way to save ourselves from coronavirus is if we don’t leave our homes, whatever happens, we stay at home...” said Modi.

This statement was accompanied with outright threats: “If we are not able to manage the next 21 days, then many families will be destroyed forever.” Diabolical statement by a “democratically elected” head of government.

At the time of Modi’s announcement (March 20), India had 482 cases of the coronavirus and 10 deaths (India’s total population: 1.37 billion). Forget COVID-19? In India, an estimated 37,

500 children under five die on a daily basis. And that figure will increase under the 21 days lockdown ([2015 estimate, The Lancet](#))

My message to PM Modi, “You are killing India’s children”.

### Third World Debt Overhang

The debt overhang in developing countries is in the trillions.

It’s a debt driven agenda directed against developing countries which are already heavily indebted: new loans to pay back “bad debts”. It is a “safety net” for both the Western creditors and the Big Pharma conglomerates involved in the multibillion global vaccination project.

Real debt cancellation is not contemplated.

A rescue package for the heavily indebted developing countries has been announced. In early March, the IMF Managing Director together with the World Bank Group President [held a joint press conference](#). A lot of humanitarian rhetoric.

The magic number: “We rely on \$1 trillion in overall lending capacity.” (IMF M-D Georgieva)

At first sight this appears to be “generous”, a lot money. It encourages corruption at the highest levels of government. But ultimately it’s what we might call “fictitious money”, what it means is

“We will lend you the money and with the money we lend you, you will pay us back”.(paraphrase).

It is equivalent to usury.

The unspoken truth is that this one trillion dollars ++ is intended to drive up the external debt. And then the Western creditors will impose massive economic reforms including privatization of health and education, freeze on wages, etc. That’s the neoliberal solution applied at a global level: No real economic recovery, more poverty and unemployment Worldwide.

The IMF is explicit. In one of its lending windows, the Catastrophe Containment and Relief Trust, which applies to pandemics, generously “provides grants for debt relief to our poorest and most vulnerable members.” Nonsensical statement, it is there to replenish the coffers of the creditors, the money is allocated to debt servicing.

“For low-income countries and for emerging middle-income countries we have ... up to \$50 billion that does not require a full-fledged IMF program.”

No conditions on how you spend the money. But this money increases the debt stock and requires reimbursement. The countries are already in a straight-jacket. The more you lend,

the more you squeeze the developing countries into political compliance. And ultimately that is the objective of the failing American Empire.

“the World Bank Group Board announced a \$12-billion package ... to provide a fast, flexible response, ... to reduce the transmission of the pathogens. (supplies, equipment, medication, etc. vaccination?)”

The financing of the vaccination program is not explicitly mentioned. Most probably loans for the vaccination program will be announced at a later date.

Economically Advanced “Developed Countries”

For EU member countries, a debt driven recovery of bankrupt national economies is in the pipeline.

Without significant debt relief or cancellation, what can we expect in the wake of the lockdown?

A process of outright “Thirdworldisation” of the “advanced” European countries?

If this program is accepted by the EU member states: Real wages will plummet, the Welfare State which developed in the post war era will be scrapped. Social services will be privatized. Assets will be sold off to pay back the debt.

Millions of small and medium sized enterprises including family farms and urban services, tourism, etc are affected. The 2015 “Greek model” of brutal debt restructuring (or worse) could be applied to Italy and Spain...

We have provided a brief summary of a complex process. Negotiations with the creditors are ongoing in the course of the lockdown.

While panic and fear prevail with regard to COVID-19, these are the potential impacts of what we might describe as “Dirty Economic Medicine”.

People across the land, nationally and internationally in solidarity must understand what is happening.

In the wake of the lockdown: what is the economic and social aftermath of this crisis?

It is crucial that this “Neoliberal Solution” to the crisis which consists in building up the debt be forcefully rejected.

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