MOUVEMENT COMMUNISTE/KOLEKTIVNE PROTI KAPITALU

THE DYNAMICS OF STATE CAPITALISM, IMPERIALIST COMPETITION AND THE WORKING CLASS CONDITION AFTER THE HEALTH CRISIS

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PAMPHLET

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NOTE TO THE READER

We thank Mr. G. Bouvin who, as the editor responsible, makes it possible for us to legally publish and distribute this publication. We wish to point out that Mr. G. Bouvin is not responsible for the political content of the articles and, more generally, for the programmatic positions defended in our press.

PRESENTATION

This document is simultaneously published in three languages: Czech, English and French. This is not because we are such efficient translators but because it is the result of a common work by speakers of these three languages since its very conception. It is a work jointly performed by comrades from KpK, MC and others. We hope that this first step of common political work will be confirmed and amplified in a way which tends towards the unification and centralization of communists..

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An unpublished chapter in the life of capital

The exogenous crisis caused by Covid-19 is unprecedented in the history of modern capitalism in peacetime, across almost the whole world. We describe it as exogenous in the sense that its origin is not directly linked to the cycle of capital's valorisation, even though the appearance of more and more frequent serious viral epidemics is closely linked to the social organisation which is constructed around and in accordance with the capitalist mode of production. To put it another way, if viruses have always been present in every human society, their appearance, their diffusion and the means to make them inoffensive or to eliminate them when they threaten the human species, depends very much on the specific social formations which have existed at different times.

"Hitherto, every form of society has been based, as we have already seen, on the antagonism of oppressing and oppressed classes. But in order to oppress a class, certain conditions must be assured to it under which it can, at least, continue its slavish existence. The serf, in the period of serfdom, raised himself to membership in the commune, just as the petty bourgeois, under the yoke of feudal absolutism, managed to develop into a bourgeois. The modern labourer, on the contrary, instead of rising with the process of industry, sinks deeper and deeper below the conditions of existence of his own class. He becomes a pauper, and pauperism develops more rapidly than population and wealth. And here it becomes evident, that the bourgeoisie is unfit any longer to be the ruling class in society, and to impose its conditions of existence upon society as an over-riding law. It is unfit to rule because it is incompetent to assure an existence to its slave within his slavery, because it cannot help letting him sink into such a state, that it has to feed him, instead of being fed by him. Society can no longer live under this bourgeoisie, in other words, its existence is no longer compatible with society.[1] " - Karl Marx, Friedrich Engels. *Manifesto of the Communist Party,* Chapter 1, 1847.

Faced with the pandemic, the capitalist mode of production (CMP) has shown itself for the first time to be incapable of maintaining public health other than by making use of means which are no different from those used to manage this kind of crisis in the Middle Ages. Confinement, basic hygiene measures (hand washing, masks, distancing etc.), among other examples. And yet, the CMP had all the tools to anticipate the health crisis. This has been the case since at least 2008, when the first warnings predicted a high probability of 3 to 5-year viral cycles.

"Epidemics have punctuated the whole history of humanity. They existed before capitalism and no one can guarantee, without being a fraud that they will disappear after the destruction of societies divided into classes. What we can say, on the other hand, is that the form that they take will be very different from under capitalism, and more generally in societies founded on the oppression and exploitation of human beings. The way of fighting them will also be very different, in keeping with the preservation of the species and freed from the dictatorship of commodities and value."[2]

Capital thus suffered a health crisis which could have been foreseen, without protecting itself[3]. The causes were known, though[4]: species spillover, population density, hyper-urbanisation, overcrowding in transport, atmospheric pollution etc. For capital, it is necessary first of all to produce, and then the structure of health provision must be adapted. The CMP responded to the health crisis through innovation with a new generation of vaccines (messenger RNA) and providing colossal economic and industrial means in a short space of time. It also relied on IT (working from home in some sectors etc.) to get through this crisis, on credit (to companies and states[5]) etc. But this crisis also

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1 *Manifesto of the Communist Party,* Part I "Bourgeois and proletarians" in :
https://www.marxists.org/archive/marx/works/1848/communist-manifesto/ch01.htm#007

2 "*Pandemics, nation-states and capital*": https://mouvement-communiste.com/documents/MC/Leaflets/BLT2003ENvF.pdf

3 We only have to remember the saga of the stocks of millions of masks destroyed and not replaced a few years before the pandemic, in most of the advanced countries, because keeping them was too costly and the risk considered too far-off.

4 For the causes of Covid-19 and its propagation, we again direct readers to our statement, from March 2020: "*Pandemics, nation-states and capital*", that can be found in Annex 3 of this document.

5 *"The pharmaceutical sector today is at the same time an ultra-subsidised economy and an ultra-monopolistic capitalist system. … The agreements made between states and pharmaceutical firms for vaccines against Covid illustrate this very well. Drastic confidentiality clauses are included in them. We therefore don't know exactly how much public money is invested, but the colossal sums go through numerous channels: direct financing, contributions in kind in the form of public-private partnerships, tax credits, pre-purchases. Reimbursement for health products is also a guarantee of payment very specific to the pharmaceutical sector. For messenger RNA (mRNA) vaccines, public money had been invested from before the pandemic, for three decades, through the usual functioning of medical research. It is therefore totally false to say that the firms have developed a vaccine in one year. Pfizer finished developing the vaccine which it had recovered by signing a collaboration agreement with BioNTech. Starting a year earlier, a new windfall of public financing was added, to support the development and production through the pre-purchase of doses*

revealed the "barbaric" side of the civilisation of capital. The huge health resources which have been mobilised to fight the pandemic are utilised according to the yardstick of the pursuit of valorisation. What's more, some tools of control introduced by states are in their turn exploited to strengthen the hold of the state over civil society. We are thus seeing exercises in the militarisation of the whole of society, general proof of the eventual, probable, wars to come. This crisis reveals that capitalist civilisation is not adequate – in fact it is harmful – to humanity.

"The splitting up of society into a small class, immoderately rich, and a large class of wage-labourers devoid of all property, brings it about that this society smothers in its own superfluidity, while the great majority of its members are scarcely, or not at all, protected from extreme want. This condition becomes every day more absurd and more unnecessary. It must *be gotten rid of; it can be gotten rid of. A new social order is possible, in which the class differences of today will have disappeared, and in which – perhaps after a short transition period, which, though somewhat deficient in other respects, will in any case be very useful morally – there will be the means of life, of the enjoyment of life, and of the development and activity of all bodily and mental faculties, through the systematic use and further development of the enormous productive powers of society, which exists with us even now, with equal obligation upon all to work."*[6] - Friedrich Engels, 1891 Introduction to *Wage Labour and Capital.*

Strictly on the level of health, the reaction to this pandemic confirms that the capitalist system and its social relations have historically reached a systemic limit[7], in regard to human development, to the development of the social being. On the other hand, on the economic and financial levels, the reaction of the capitalistically advanced countries[8] is on the scale of the crisis of valorisation brought about by the pandemic: gigantic. The measures taken to contain the propagation of the virus (lockdown, classical public health measures etc.) have been accompanied by massive public spending on a level which by far surpasses the measures taken during the crisis of 2007-2008, which had already been the worst financial crisis suffered by capitalism since World War II, and which recalls, in its volumes, the Marshall Plan for reconstruction of European industrial apparatus and infrastructure starting in 1947. However, the two are not really comparable, and we will see later some important differences between the conditions of the Marshall Plan and the current situation.

The reaction of capital was staggered over two relatively distinct moments. There is a first phase, which continues until the population is sufficiently immune to re-establish the ordinary conditions of exploitation and whose declared aim is to "freeze" the social relation of production. The logic of this first phase is to ensure at any price the maintenance of social cohesion and the survival of the productive body in its totality. In making this first phase an eminently political imperative, the states of the most developed countries showed their capacity to manage an exceptional situation by selective culling of the whole of civil society.

A second phase, which will last several years and which is already being implemented thanks to the appearance of vaccines, while the first phase is not yet over, is marked by the development and subsequent implementation of ambitious plans to revive capitalist valorisation. These national and/or supranational state plans stand in stark contrast to the fixing of social relations of the first phase, when vaccines were not available and the pandemic was in full swing. The measures adopted in 2020 permitted the safeguarding of the overwhelming majority of individual capitals in the relevant areas by

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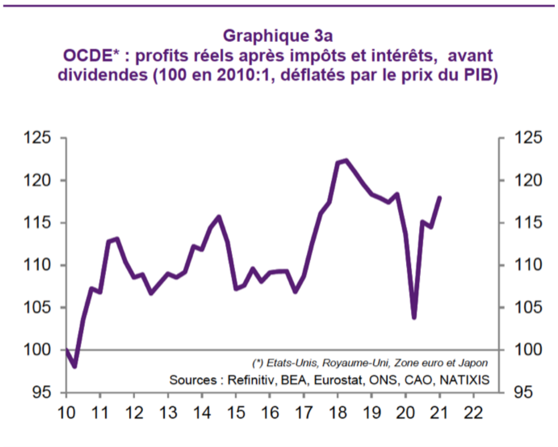
*of vaccines. The argument is always the same: we have to guarantee the purchase of doses in advance in the hope that from the outset the firms propose better prices for large volumes – knowing that we cannot judge those prices because we do not have the information. We begin today to see the record profits that this will generate... If is added to it the granting of monopolies, notably patents that states agree to." (*Our translation*),* Gaëlle Krikorian, sociologist, health consultant, former chief of the medical access programme of *Médecins sans Frontières* (MSF) between 2018 and 2020. (*Alternatives économiques*, July 2021)

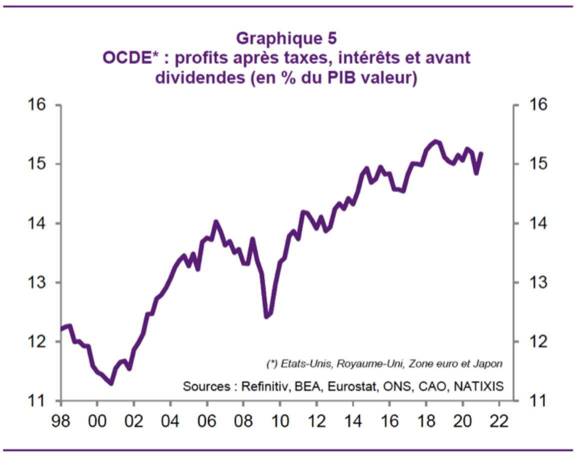
[6] Last paragraph, in: https://www.marxists.org/archive/marx/works/1847/wage-labour/intro.htm

[7] This does not mean that the capitalist system is no longer developing, or is decadent. It is even the opposite. Capitalism remains a mode of production which does not know stagnation, contrary to those modes of production which preceded it. The capitalist mode of production has shown its resilience once again. It has been bent but not broken under the blows of the pandemic.

[8] *"The rich countries have reacted with enormous plans for rescue and revival, while for the poorer nations, these possibilities are very limited and can only be done by increasing the already growing debt."* See: UNCTAD (*United Nations Conference on Trade and Development*) November 2020.

financing them with the aim of keeping them afloat without distinction as to profitability or viability of their activities, *and* to avoid a major disruption of the labour market by distributing income to wage earners and other workers, formally independent or unemployed, in sufficient volumes to avoid sudden explosions of anger. The state thus became *de facto* and indefinitely the principal employer of a great part of the workforce, employed or not, of the most developed countries. A temporary employer capable of dictating to the permanent employers the new conditions of exploitation and the organisation of work (such as the massive recourse to remote working, the definition of essential workers, the militarisation of jobs considered vital – including health, logistics, distribution etc.). Containing social instability and preserving the productive apparatus, including by increasing the unproductive expenses of capital: this is a brief definition of the programme of measures employed in the first phase. It was overall a successful operation if we refer to the results achieved in terms of survival of businesses as well as avoiding excessive instability within capital's civil society.





Profits before and after taxes, deductions, dividends[9].

The second phase has even more demanding ambitions. Here, the state makes a detailed selection of sectors and companies that will be allocated additional capital based on an overall plan to restart capital accumulation. The state is at once a banker, an entrepreneur and a strategist, able to use its own prerogatives to define the competitive framework, industrial standards and, if it deems it useful, the balance between owners of individual, private or nationalised capital, towards which it channels the additional capital generated by sovereign debt. The objective of this phase is explicitly to increase the productivity of social labour, that is, to increase the technical composition of the capital of the beneficiaries of the productive investments that it finances in companies and infrastructure. This is essential in order to increase the rate of exploitation, and therefore, potentially, the capacity to create new value and, more precisely, profits for the recipients of this manna of state credit. Most of the public spending in this second phase will be directed towards the alternative energy sectors, described as "green", telecommunications, logistics, health, pharmaceuticals and public infrastructure works. Central banks will play a key role, as we will see in detail below. Thus, the public debt of the central capitalist states explodes, increasing budget deficits — on a scale without precedent in peace time — by making use of Central Banks and Treasuries in policies of "*Helicopter Money" and "Quantitative Easing"*[10]

[9] The two charts above show the result of public subsidies, falls in taxes, pressure on wages, the recovery in productivity and the reduction in costs (transport etc.) on profits in the advanced countries. See: Natixis Newsletter, 15/09/2021.

[10] For the record, QE consists of the purchase by central banks of sovereign debt securities of states in fiscal difficulty, as well as shares and bonds of public or private issuers whose balance sheets are undermined because they are unable to place their assets on the financial markets at "reasonable" prices. The central bank that carries out QE transforms, by a sleight of hand typical of fictitious capital, these state-seized securities into assets on its balance sheet by guaranteeing them with its official foreign exchange reserves and, above all, by monetising them through its exclusive direct (or indirect) ability to "print money".

"Quantitative Easing *is a purely monetary policy: the Central Bank buys bonds and pays by creating money.* Quantitative Easing *has an effect on the economy if, for the sellers of bonds, holding the money changes behaviour in relation to holding bonds. If money and bonds are very substitutable, Quantitative Easing has no effect, because it makes no difference if economic agents hold money or bonds. If money and bonds are* (already massively put into practice, albeit on a smaller scale, after the financial crisis of 2007-2008). These policies boil down to a gigantic additional creation of means of payment that are immediately transformed into interest-bearing capital granted to individual capitals integrated into the state's programme for reviving the expanded accumulation of capital.

An exogenous crisis which is "catastrophic" (in the sense of a systemic crisis)

Helicopter Money, Quantitative Easing, expanded budgets and the new paradigm of economic policy

This crisis has a considerable impact on the functioning of capital. Entire sectors have been brought to a forced standstill in order to counter the spread of the virus as best they can. This exogenous crisis leads to a classic cyclical crisis, with the massive and concentrated destruction over time of capital in its three forms of function (commercial, financial and productive capital) and, consequently, within each of them, of variable and constant capital. Industrial companies, banks, supermarket chains, small businesses etc., will not survive the crisis. This constitutes, as in any cyclical crisis, a real rejuvenation for the whole of capital. But, compared to a classical cyclical crisis, the outcome of the one associated with Covid-19 also presents some specific features. First of all, the measures put forward to counter the crisis are of a completely different order of magnitude from those of recent classical cyclical crises (including that of 2007-2008). They are above all bringers of important transformations in the governance of capital in its totality, transformations of governance that we will study below in *"The structures of governance…"*.

Counter-cyclical measures such as "*Helicopter Money"* (HM), imagined before and after the financial crisis of 2007-2008 but which remained embryonic, have been applied on a large scale in addition to the one which allowed a relatively rapid exit from the fiscal crisis of states, "*Quantitative Easing"* (QE). In this way, the central states of capital put in place a system without precedent where, literally, the central banks bought the markets[11]. Through various mechanisms put in place to curb the effects of the crisis, the central banks are in the process of becoming issuers of money and no longer just the regulators of the rate of interest on loans. Even when they don't directly issue money, as in the case of the American Federal Reserve, it is nevertheless they who, by their monetary policy, determine the quantity of global liquidity, the whole of the monetary means in circulation. By their policies of rates and balances, the central banks are therefore more than ever in the front line of defining the general direction of economic policy in the widest sense. This was not the case before the subprime crisis.

"This constrains the Central Banks, to avoid a crisis of public debt, a crisis of loss of solvency of states to buy important quantities of public debt in an irreversible manner and to maintain the long-term rates of interest significantly lower than the growth potential".[12]

not so substitutable, Quantitative Easing affects the economy on the one hand because long-term interest rates fall, and on the other because money is reinvested in other assets (financial or property)." See: Natixis Newsletter, 05/03/2021

"*To print money and throw it into the streets from a helicopter to encourage households to spend so as to restart economic activity. This is the image used by the monetarist Milton Friedman, from 1969, to illustrate the theory of "helicopter money" in his work 'The optimum quantity of money'"*. See: https://www.latribune.fr/entreprises-finance/banques-finance/la-monnaie-helicoptere-remede-miracle-face-a-la-crise-du-coronavirus-844043.html

"*Helicopter Money, put in place today in reaction to the Covid crisis, is the addition of an expansionist budgetary policy and Quantitative Easing: public transfers to economic agents are financed in the end by money creation, happening as if the Central bank transferred money to the economic agents. The effect of Helicopter Money is the sum of the effects of expansionary budgetary policy and Quantitative Easing: support for demand without a fall in the interest rates, fall in the prices of assets if money and bonds are not perfectly substitutable.*" See: "*What is the difference between Quantitative Easing and Helicopter Money?"* See: Natixis Newsletter, 05/03/2021.

11 Interview with the director of the ECB, Christine Lagarde, in the FT, 9 July 2020. Audio here: https://www.ft.com/content/a07f7c44-bbfb-421f-96f9-355bb8dd8b17

12 *Ibidem*.

Public debt and central banks THE SITUATION OF THE MAIN GLOBAL ECONOMIES As of 2020, in billions of dollars						
	USA	UK	Japan	Eurozone	Total of the 4 first advanced economies	Italy (billions of euros)
GDP	20,807.3	2,638.3	4,910.6	12,568.4	40,924.6	1,651.6
Public debt	27,294.3	2,849.9	13,070.8	12,712.0	55,926.9	2,569.3
Held by central banks	4,688.9	785.3	4,489.8	3,267.6	13,231.5	547.5*
Debt/GDP	131.2%	108.0%	266.2%	101.1%	136.7%	155.6%
Held by central banks	22.5%	29.8%	91.4%	26.0%	32.3%	33.1%
Debt/GDP "sterilised"	108.6%	78.3%	174.7%	75.1%	104.3%	122.4%

(*) The figure also includes purchases made by the ECB in January 2021, in the framework of the PEPP (*Pandemic Emergency Purchase Programme*).

Source: estimates from the IMF and balance sheets of central banks. For Italy: Bank of Italy, Istat and ECB.

The traditional and classical circuit of money creation, in outline, can be presented as follows:

Money (largely in the form of scriptural money in modern capitalism — 91% in the euro zone in 2017) is today mostly created by private banks during the issuing of credit. When the bank issues credit to a company or an individual it creates the money necessary to this credit by registering it in an account book in exchange for a promise to reimburse it (issuing of a banking credit). There is thus money creation during deployment of a credit and money destruction when this credit is paid back. To issue credit the private bank uses either existing deposits or goes through a process of money creation.

The set of accounting entries is as follows:

Entry of the increase in the customer's deposit (which in this case is the bank's loan to its customer) on the liabilities side of the bank's balance sheet, as the currency in the customer's account is owed by the bank to its customer. The receivable is recorded on the asset side of the bank's balance sheet, the money owed by the customer being considered an asset of the bank.

The repayment of a loan to the bank corresponds to a demonetisation: the part of the money corresponding to the initial loan is destroyed, thus reducing the money supply. The part of the money corresponding to the interest is returned to the bank. One might think that a loan is only a contractual relationship between the lender and the borrower. However, all credit is a bet by the issuer on the capacity of the applicant to repay in the future, whatever the source of this repayment: salary, profits or annuity. The issuer is thus not only betting on the qualities of the applicant, but on the future capacity of the capitalist social relation to generate value.

On a smaller scale, money creation also happens with international payments. For example, when a company receives a transfer from abroad in foreign currency, the bank holding the account will credit it in local currency through money creation, and acquire a claim on the foreign country in question.

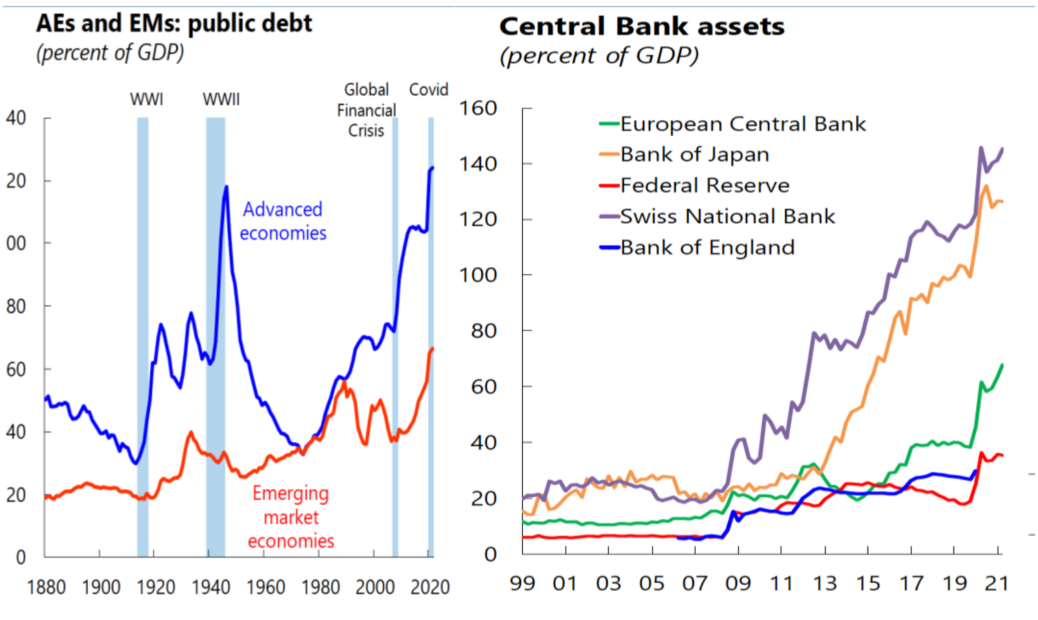
This money creation is controlled and limited by the monetary policy of the central bank or by the banking supervisory authorities of the lending bank.[13]

[13] https://en.wikipedia.org/wiki/Money_creation

Contrary to the classic mechanism of money creation (see the panel above), the mechanism that Central Banks have recourse to today is as follows: states of the advanced countries issue debt on a gigantic scale to support the companies and the workforce necessary to pursue accumulation[14], by means of various plans and systems (QE, HM etc.). In fact, it is a matter of massive processes of issuance of sovereign debt by states to support and preserve capitalist activity. Lending directed and guaranteed by the Central Banks, bought by the latter and then transformed into interest-bearing credit according to the nature of the budgetary expenditure (productive investments or not) and serving as levers of growth for future accumulation. This accumulation is thus driven by the execution of plans defined by states and supranational political and financial institutions. These plans range from the so-called "green economy" to the modernisation of infrastructure, to support for the health industry, biotechnologies and pharmaceutical companies.

The monetary resources mobilised by the advanced states are very high. The assets of central banks have increased by some $10,500 billion[15] since the beginning of the pandemic.

"According to the Institute of International Finance (IIF), total global debt has progressed to 281,500 billion dollars, that is 355.8% of GDP in 2020 against 321.4% in 2019. Testifying to the severity of the shock linked to the Covid pandemic, this increase by 35% of GDP in 2020 surpasses that of 25% observed during the global financial crisis of 2008 and 2009. Representing 12,000 B$, the growth of public debt has been spectacular, explaining more than 50% of the explosion in global debt. Because of the revival plans adopted by governments in a context of collapse of revenues linked to the pandemic, public debt compared to GDP has gone from 88% in 2019 to 105% in 2020. Representing almost 75% of all debt issuance on a global scale, the developed countries have made the most important contribution to this increase. It should be noted that all sectors (households, non-financial companies, public administrations and the financial sector) of the developed economies have been in a position to increase their indebtedness in 2020. By comparison, the growth of the debt of the EMs has been slightly more moderate, reaching 250.6% of GDP in 2020, against 220.6% in 2019. The debt of public administrations and non-financial companies, which includes the big public firms, has risen more strongly than that of the financial sector and households. Within the EM, at the end of the Covid shock of 2020, Asia is the region presenting the highest level of debt in relation to GDP (with 298%), followed by Latin America (185%), the European EMs (160%) and the Africa + Middle East zone (143%)." [16]



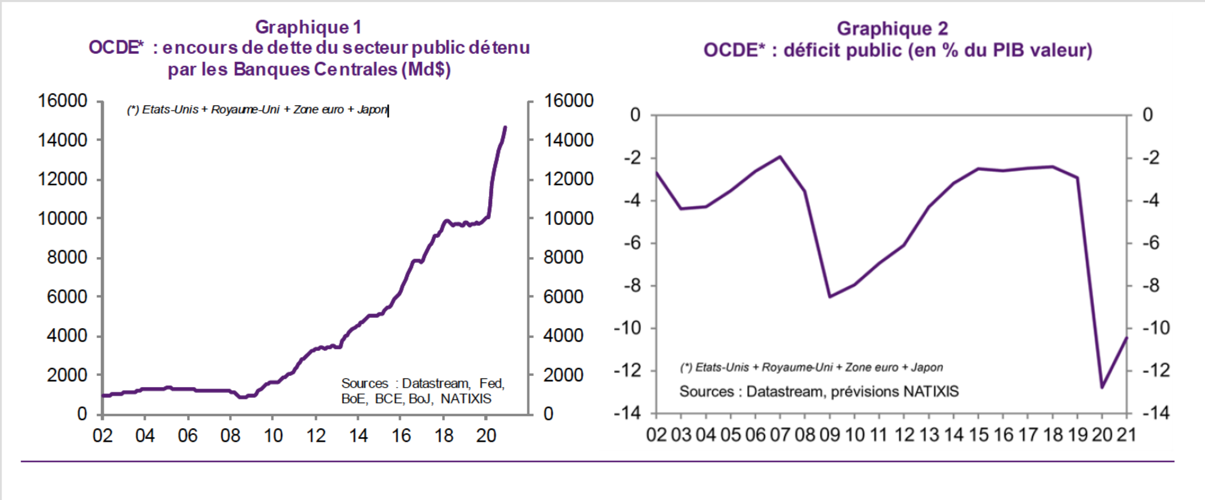
Public debt of developed capitalist countries and assets of main Central banks.[17]

[14] In the framework of measures aimed at stimulating an American economy hit by the crisis due to the pandemic, former President Donald Trump proposed sending households a cheque for $1,000 per person (increased to $1,400 by the new president Biden) with the aim of relaunching consumption. Similarly, at the beginning of 2020, in Japan, in order to support households in financial difficulty, the government, under PM Shinzō Abe at the time, planned to send out 300,000 yen, around 2,500 euros, to 10 million out of 58 million Japanese households.

[15] See: *Global Monetary Stimulus Tracker*, Jan update, 18 January 2021.

[16] Estimation of the risk linked to the viability of EM debt (our translation). See: Natixis Newsletter, 30/03/2021.

[17] See: IMF, "*The Interaction of Fiscal and Monetary Policy. Jackson Hole Symposium*", August 26, 2021:



Debt liabilities of the public sector held by Central Banks. Public deficit as % of GDP[18].

Thus, the Central Bank buys sovereign debt securities or allows them to be issued by contributing its reserves to guarantee its own solvency. Now, its coffers are full of sovereign debt securities that will act as collateral for the new sovereign debt securities it acquires. A sort of formally virtuous circle based on a truly vicious circle... The Central Bank can act in this way on the strength of its ability to inspire confidence, which is ultimately the basis of any credit operation. The government goes into debt knowing that the Central Bank guarantees its debt and buys it back. It becomes in that way the entrepreneur state, the planner state that was imagined, in a rather "simplistic" way by operaist Marxist theoreticians in the far-off 1960s. This mechanism, in this form, has never functioned in this way before, even after the Second World War. At that time, it was states that directly and unconditionally printed money. The American dollar was the sole vehicle for reconstruction, with its power as an international currency conquered at the point of a bayonet.

Today, we can describe this phase as a formidable undertaking to create monetary instruments, means of credit. There is more and more money available in its three functions, namely unit of account, means of exchange and means of payment. But this mass of monetary means must imperatively, in the more or less long term, create the conditions for an increased accumulation of capital. This gigantic quantity of money-commodity is supposed to revive the machine of valorisation by guaranteeing, for a relatively long time, all the components of individual capital, from wages to constant capital, to profits via government contracts. However, the very real risk is that a significant portion of these monetary means is not spent productively and proves unable to be transformed into capital. When credit resources fail to be transformed into capital, they deprive their holders of interest and depreciate on the financial markets, until they are simply cancelled during financial crises. Because, in fact, the competitive movement of capital remains the life-blood of valorisation. A plan built before the event can certainly reduce, if it is well thought out, the dangers of bankruptcy. But it cannot completely rule them out, nor can it anticipate all the hazards that can thwart its execution and completion[19].

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https://www.imf.org/en/News/Articles/2021/08/27/sp08272021-the-interaction-of-fiscal-and-monetary-policy

[18] Natixis Newsletter, 29/03/2021.

[19] *"What is the effect of the competition between capitals? The* average price *of the commodities during a period of equalisation is such that these prices yield the same profits to the producers of commodities in every sphere, for instance, 10 per cent. What else does this mean? That the price of each commodity stands at one-tenth above the price of the production costs, which the capitalist has incurred, i.e., the amount he has spent in order to produce the commodity. In general terms this just means that capitals of equal size yield equal profits, that the price of each commodity is one-tenth higher than the price of the capital advanced, consumed or represented in the commodity.",* Karl Marx, *Theories of Surplus Value. Book II*, 1862. Chapter VIII, 3, Value and Average Price in Agriculture. Absolute Rent.
https://www.marxists.org/archive/marx/works/1863/theories-surplus-value/
"All other capitals, of whatever composition, tend toward this average under pressure of competition. But since the capitals of average composition are of the same, or approximately the same, structure as the average social capital, all capitals have the tendency, regardless of the surplus-value

This scenario, if it materialised, would plunge the whole capitalist economy into a major industrial crisis associated with growing shortages of the means of payment, a chain reaction of depreciation of financial assets, the crash of the markets where the instruments of capital, thus revealed as fictitious, are traded. And this is because they have all, more or less, come under state administration. Central banks buy directly or indirectly (through the availability to operators on the financial markets of means of payment that can be borrowed at very low or even zero interest rates) significant fractions of the financial markets, allowing them, for the time being, to continue to grow.

On the bond market, the state finances large industrial groups and thus prevents their debt, which it now guarantees, from acting as a prohibitive burden by draining too much of the surplus value realised. The main players in the equity markets, banks and investment funds (including pension funds) in turn benefit from this overabundance of monetary liquidity at unrivalled market prices (interest). These financial institutions place these cheaply acquired means of payment into shares whose prices inevitably rise.

But if central banks buy up all the non-risky assets, i.e. the public debts they control in abundance, what are private investors left with? Risky assets or safe assets with little or no return (negative interest rates etc.). This explains the infatuation of a large fringe of investors, in search of high profits in the very short term, with the development of high-risk financial vehicles.

The new role of Central Banks[20] is a major confirmation of what we have been saying for a long time, namely that currencies are no longer the expression of a particular commodity (gold or silver), but an increasingly political variable. Conversely, they are themselves increasingly determined by the political balance of power between classes, by the capacity of the capital in a given area to valorise itself, as well as by its position in the world hierarchy of capitals.

States can put themselves massively in debt, despite the safeguards which they previously instituted (Maastricht criteria etc.) because they maintain the confidence of the markets and the market operators. The main reason for this is the political crisis of the working class, still incapable, after the decades of restoration of the capitalist order which followed the defeat of the last general revolutionary assault in the '60s and '70s, of providing itself with the tools needed for a global counter-offensive. The authority of states has also come out of the pandemic much strengthened after having been once weakened, in 2007-2008, by the crisis of public finances. The political determinant of money is thus revealed by the virtually unlimited capacity of strong states to print money and to generalise new means of payment available at squashed rates. Under these conditions, debt turns out to be a resource, even though it is presented by bourgeois economic common sense as a burden. The paradigm of this mystification is reversed and the central function of credit in capital accumulation in mature capitalism is now obvious. For the working class, it is essential to understand that it is the political strength of the states that allows them to acquire the financial instruments they need to turn around some enterprises

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produced by them, to realize the average profit, rather than their own surplus-value in the price of their commodity, i.e., to realize the prices of production.

On the other hand, it may be said that wherever an average profit, and therefore a general rate of profit, is produced — no matter by what means — such an average profit cannot be anything but the profit on the average social capital, whose sum is equal to the sum of surplus-value. Moreover, the prices obtained by adding this average profit to the cost-prices cannot be anything but the values transmuted into prices of production. Nothing would be altered if capitals in certain spheres of production would not, for some reason, be subject to the process of equalization. The average profit would then be computed on that portion of the social capital which enters the equalization process. It is evident that the average profit can be nothing but the total mass of surplus-values allotted to the various quantities of capital proportionally to their magnitudes in their different spheres of production. It is the total realized unpaid labour, and this total mass, like the paid, congealed or living, labour, obtains in the total mass of commodities and money that falls to the capitalists.", Karl Marx, *Capital. Volume 3,* 1867, Chapter 10, Equalisation of the General Rate of Profit Through Competition. Market-Prices and Market-Values. Surplus-Profit: https://www.marxists.org/archive/marx/works/1894-c3/ch10.htm

[20] "*We can see therefore the massive role of expansionary monetary policies since the subprime crisis for:*
- keep the borrowers solvent and avoid debt crises;
- reduce the cost of financing the economy;
- raise the prices of shares and assets.… We are therefore in a situation where, today, one action, even a feeble one, and a simple change in the communication of Central Banks can provoke violent movements of the financial markets and strong variations in economic perspectives (by making people believe, for example, in a debt crisis and the necessity of reducing indebtedness)." (Our translation), Natixis Newsletter, 07/07/2021.

of their choice, deemed necessary for the proper functioning of their new planning. This political strength is directly proportional to the weakness of the working class. In the final analysis, it is because the working class is experiencing a deep and lasting political crisis, aggravated by the pandemic that states have the possibility to triumph like they are at the moment. States demonstrate once again that they are the keystone of mature capitalism.

"The State is not any more (if it ever were) simply carrying out the will of the owners, 'merely an instrument for oppression and repression of the working class'. It becomes an owner itself, sometimes in competition with the private individual capital of its country." [21]

The return of the planner state

Multiple rescue and stimulus packages are bringing about a profound formal transformation of the mechanism of capital accumulation, the most visible manifestation of which is in the mode of credit allocation and the strategic choices driven by the central states of the CMP. We are now talking about credits created and managed directly by states, Central Banks and Treasuries. It is no longer a question of the traditional credit mechanism based on the selection of candidates by lending institutions. This selection is made according to the expected capacities of valorisation and is in the framework of the competitive environment between companies for credit. Today, in the first phase of this support, unheard-of masses of means of payment are directed towards all types of industry, including those without much prospect of increasing in value. The classic process of obtaining credit by presenting a development plan to a lending institution is perhaps permanently disrupted. In any case, the return "to normal" will not be a painless process.

If this new credit circuit based on the distribution of means of payment at extremely low rates, outside of any competitive movement, were to be maintained by governments, the first victims would be the credit institutions themselves. They would be unable to continue collecting the savings they use to guarantee the means of payment for loans. The dominant circles and networks of capital in the main countries of the CMP are well aware of this. This is why their thinking has been, since the beginning of the pandemic crisis, oriented towards the elaboration of macroeconomic policies aiming at a return to a competitive environment regulated by states in concert with the supranational political and financial reference institutions.

The public expenditures incorporated in these plans[22], corresponding to the first and second phases, are completely covered and guaranteed by the Central Banks of the principal countries, in the same way as for the crisis of 2007-2008. The Covid-19 crisis has only reinforced this tendency. The Central Banks have protected the sovereign bond market by buying up the debt issues of their respective treasuries on the market on a massive scale, and imposed fiscal discipline in return. At the time, this strategy of overcoming the fiscal crisis of states was intended to be momentary, a necessary step before a more or less short-term fiscal tightening that would have brought the Central Banks back to their venerable functions. The fact is, however, that this strategy has not only been implemented continuously for more than ten years, but has been amplified since the explosion of the so-called Covid-19 crisis.

With their debt capacity restored and secured by the Central Banks, the states of the advanced countries were able to cover all the capital expenditure of an impressive number of companies in all sectors of activity through their budgetary commitments. It is worth noting that the budgetary commitments also guaranteed the payment of a significant portion of wages, making the state the "employer of last resort". The 350-page recovery plan drawn up by the French state is exemplary in this regard. Some 80% of the planned expenditure is aimed directly, through direct recapitalisations, or indirectly, through the distribution of payments to final customers (e.g. the home insulation bonuses distributed to property owners), at large or small companies in the sectors favoured by the plan. In the same vein, Renault would not have survived the industrial crisis triggered by the pandemic if the French

[21] *Critical Review of "The ABC of Communism" 90 Years Later: The Bankruptcy of the Analysis of Capitalism made by the Communist International*, Mouvement communiste, Letter 24, May 2007: https://mouvement-communiste.com/documents/MC/Letters/LTMC0724EN.pdf

[22] For a partial list of the relaunch plans, see Annex 2 of this document.

state had not granted it several billion euros in loans at extremely favourable rates and terms. In exchange for this financial manna from heaven, Renault had to concoct an industrial plan for the next few years with the state lender. The latter thus directly and explicitly takes over the industrial management of private companies.[23]

The second phase of crisis management had specific characteristics, the main one being that it outlined the main features of tomorrow's economic formation. While the first phase of the Marshall Plan's reconstruction of infrastructure and essential activities lasted for more than five years due to the massive destruction inherited from the armed conflict on the Old Continent, the crisis caused by the pandemic did not see countries essential to world capitalism ravaged by bombs[24]. The task of state planners these days is incomparably easier. The first phase of systemic support for valorisation during the Covid-19 outbreak did not even last a year. After this period, the states of the advanced capitalist countries set about modelling capitalism "for after" with economic and social formations that were convalescing but still standing.

At the centre of this model is massive investment in the so-called "green economy" with its well-known bullet points: electrification of vehicles; development of the use of hydrogen to replace hydrocarbons; wind energy; solar energy etc. This aspect of macroeconomic restructuring plans is crucial because it has been identified as one of the main factors in the recovery of stagnant productivity rates due to insufficient productive investments being made by companies after the 2007-2008 crisis, a shortfall that was itself determined in large part by the global crisis in the credit system.

The *raison d'être* for investments in the "green economy" is hardly going to be concern to protect the environment. Capitalism, even more than the class-divided societies that preceded it, has pillaged natural productive forces without restraint. From its beginnings, capitalism was extremely polluting, as you only have to re-read the book by Engels[25] on the situation of the working class in England to see. First of all, the vast investment plans in new energies that will go to extended and often supranational productive territories will induce significant transformations in production processes and methods, creating in the process new, very important and profitable markets (such as electric transport) – new markets comparable to those associated with the railway boom in its day. In addition to this

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[23] This entails the risk in the more or less short term of a confrontation between the state and some industrial sectors due to the direct steering of economic restructuring by the state. The logic of the state is not everywhere and always identical to that of the people it represents. This dialectic between specific individual capital, the official representative of capital, and the interests of other capitalists (including national ones) has been extremely tense since the 2007-2008 crisis and has been accentuated by the current crisis.

"Public-private partnerships for investment, research, and development have been critical for attaining many technological breakthroughs and advantages, but core corporate and national interests do not naturally align.", *Global Trends 2040*, chapter on "Structural Forces", National Intelligence Council (USA), March 2021.

[24] *"As part of the Marshall Plan, between 1948 and 1952 the United States transferred to 16 European countries – not including Soviet bloc countries – an amount of close to 10.5% of their GDP. Today, the European Union's response to the Covid-19 crisis – including the potential disbursements under the NextGenerationEU (NGEU) recovery plan and the April 2020 support measures (SURE, ESM and EIB) – is of a similar magnitude, amounting to almost 10.1% of its GDP. The levels of long-term investment set out in the Marshall Plan and provided for by NGEU are also very similar, at around 4% of GDP.*

However, the composition and origin of financing differ. The Marshall Plan was largely implemented through grants (90%) rather than loans (10%) and was financed externally by the United States. The European plan has a more heterogeneous composition, with potentially 54% loans, 31% grants and 15% of guarantees, financed by the EU.

The contexts in which the two plans were set up are also different. In 1948, the recipients of the plan were emerging from a centrally planned war economy and faced monetary instability, as well as budget and current account deficits (Bossuat, 2008; Crafts, 2011). This macroeconomic background made it particularly difficult to finance the necessary investment for post-war reconstruction (Eichengreen and Uzan, 1992). Additionally, there were significant political and social risks, including the threat of countries shifting towards the Soviet bloc. NGEU, on the other hand, aims to support countries whose public finances have been severely constrained by the Covid-19 crisis in their economic recovery and reform process, as well as in financing their green and digital transitions. Both plans, however, have a common dual objective of providing macroeconomic stabilisation and supporting the renewal of the capital stock through public investment." – Lessons from the Marshall Plan for the European Recovery Plan, Banque de France, Eco Notepad - Post n° 236:, in : https://blocnotesdeleco.banque-france.fr/en/blog-entry/lessons-marshall-plan-european-recovery-plan

[25] Friedrich Engels, *Condition of the Working Class in England*, 1845: https://www.marxists.org/archive/marx/works/download/pdf/condition-working-class-england.pdf

central dimension, the "green economy" will enable the productive territories concerned to diversify their energy sources and reduce their geostrategic dependence on hydrocarbon producing countries. The "green" factor thus contributes to the division of the world market into integrated and hostile geopolitical blocks. The new environmental markets, made viable and sustainable by regulations established by states (as was the case for the security measures required after the attacks of 11 September 2001), will attract fresh capital from the financial sphere. This will be similar to Germany in the 2000s, where investments in green energy only became attractive because the state and the Länder increased taxes on other, more polluting energy sources. The new standards[26] will make populations bear the burden of the additional costs of "green" goods. The market prices of water, electricity, "green" real estate, "new" transport etc. will rise. And states will only compensate for a decreasing part of these.

Through these massive investment plans, capitalism in its advanced countries is not going to attack the fundamental causes of global warming and pollution of the planet. The growth of the human population, generalised urbanisation and the mass production of goods that accompany the development of capital lead to a considerable consumption of fossil fuels, which, together with deforestation and desertification, is the main cause of global warming and the ever more energy-intensive needs of productive territories. The search for maximum profits in the short term remains the major imperative of capital. This is what ultimately prevents the correct and radical treatment of the climate problem, which requires – like the management of pandemics – a totally different organisation of space, human reproduction and the relationship between man and nature, freed from the search for profit and the dictatorship of the commodity.

Identical considerations can be applied to public spending on health, pharmaceuticals and biotechnologies. Here again, the prospects for valorisation are very promising, amplified by treatments for the pandemic. These prospects are further strengthened by the broadest possible support from the populations affected by the pandemic.[27]

The great absentees from this massive restructuring of the central economic and social formations of capitalism are the poorest countries of capital, the LICs (Low Income Countries). They are the main source of the minerals and raw materials needed for the investment plans of the advanced capitalist countries, but lack the means for their own development.

The structures of governance of homogenous geostrategic countries and zones are profoundly revised

Supranational upheavals

The current pandemic in some ways reveals the reconfiguration of a world order whose premises go back to the previous financial crisis of 2007-2008 and which sees the emergence of the primacy of new dominant extra-institutional networks clustered around the Central Banks of the advanced states (*Federal Reserve*, BCE, BoJ, BoE, etc.), but also supra-state institutions such as the IMF, the World Bank, etc. <u>All of these structures are now *directly* taking on a role of political leadership</u> in the fight against the crisis in the large blocks of essential countries of the CMP, including within individual states, so necessary for the proper functioning of capital as a whole (for example, the G7 Finance meeting, of 5 June 2021, which decided to tax companies at a minimum global tax rate of 15%). We

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[26] *"International standards agreements support the emergence of new technologies by reducing market uncertainty and establishing norms. Membership on standard-setting bodies is increasingly competitive, largely because of the influence these bodies have on how and which technologies enter the market, and thereby, which technology producers gain advantage. Long dominated by the United States and its allies, China is now moving aggressively to play a bigger role in establishing standards on technologies that are likely to define the next decade and beyond. For example, international standard-setting bodies will play critical roles in determining future ethical standards in biotechnology research and applications, the interface standards for global communication, and the standards for intellectual property control." Global Trends 2040*, chapter on "Emerging Dynamics", National Intelligence Council (USA), March 2021.

[27] *"Health as an Industry Generating New Value",* Mouvement communiste, pamphlet no. 6, October 2020:
https://mouvement-communiste.com/documents/MC/Booklets/BR6_Sant%C3%A9%20_EN_vF%20Site.pdf
and also "Pandemics, Nation-states and Capital", Mouvement communiste, op.cit.

thus see the deployment "over the heads" of individual states, at the level of blocs, of integrated productive and geopolitical regions, of colossal financial flows reminiscent, relatively speaking, of those that took place during the two World Wars and the periods immediately following. These massive inflows of means of payment were mainly aimed at developed countries, such as Italy[28] and France[29].

This was a phase in which politics became less and less distinct from economics, while at the same time moving further and further away from the strict national framework. Obviously, the general framework of capital accumulation does not vary. What varies is the global organization within which it is perpetuated.

"Political economy is therefore essentially a historical *science. It deals with material which is historical, that is, constantly changing; it must first investigate the special laws of each individual stage in the evolution of production and exchange, and only when it has completed this investigation will it be able to establish the few quite general laws which hold good for production and exchange in general. At the same time, it goes without saying that the laws which are valid for definite modes of production and forms of exchange hold good for all historical periods in which these modes of production and forms of exchange prevail."*[30] – Friedrich Engels, *Anti-Dühring*, 1878.

The Greek crisis of 2010-2012[31] served as a laboratory and testing ground for these supranational macroeconomic policies. With the health crisis, the European Union has taken another essential step towards integration by mutualising its debt and inflating its budget, a step that could not be taken at the time of the European sovereign debt crisis of 2010. The saga of the formation of the new Italian government in the midst of the Covid-19 crisis, with the appointment of Mario Draghi, the former president of the ECB, as its head, is an illuminating example. Italy, doomed since the 1980s to industrial and economic decline, has been placed under the tutelage of the government "that Europe wants" according to the established formula (in other words, the ECB, the circles of influence around the Franco-German duo, the IMF with the significant support of the great "ally", the United States of Joe Biden). What is happening in Italy is reminiscent of the Troika that ruled Greece during the European sovereign debt crisis. Today, the Troika is no more, but the supranational bodies that made it up are now equipped with more sophisticated, intelligent and effective means of intervention. Their capacity for supranational governance is complete and has been strengthened by the pandemic.

"National" governments are thus redefined by integrating the supranational decision-making bodies, the Central Banks and the political representatives of the countries concerned who agree to apply locally the guidelines of the plans that these different actors have drawn up. Among the latter, it is clear that the selection is made first of all on the basis of their proximity to the supranational decision-making centres and their ability to "pass on" the policies of these centres. Internal management is thus delegated to the traditional democratic system – mixed here and there with

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[28] On 10 July 2020, the Fitch agency downgraded the rating for Italy to BBB-, one notch above "*junk bond*" status. If today, Italy did not have a sovereign debt market that is almost entirely refinanced by the ECB, it would default immediately. Despite having a debt equivalent to 165% of its GDP, despite the fact that the sovereigntist government that preceded Mario Draghi's decided not to use negative rate loans (such as those from the ESM), Italy continues to issue debt that is actually bought by the ECB. Its short-term debt is financed at high rates compared to market conditions, from about 1.6% to 1.8%. The medium-term debt (at a rate of about 2.5%) is bought by the Italians and finally, the refinancing of the longer-term debt (which is the structuring part of a country's debt) is ensured by the ECB (the latter also intervenes on debt with shorter maturities).

[29] According to Emmanuel Macron, the French state has spent between 500 and 550 billion euros on various support plans - part of it in the form of guarantees, which are themselves backed by the power of the state, and especially the ECB, which buys French state debt, and another part which is actually paid by the French state, to finance short-time working, etc. Many large companies (Renault, PSA, Airbus...) have practically suspended payment due to a lack of cash to absorb the shock of the months of lockdown. The State is directly granting them aid (8 billion euros for the aeronautics industry, similar for the automobile industry etc.) supported in the end by the ECB.

[30] Friedrich Engels, *Anti-Dühring, Herr Eugen Dühring's Revolution in Science,* Political Economy, I. Subject Matter and Method: https://www.marxists.org/archive/marx/works/1877/anti-duhring/ch13.htm

[31] See: "State Fiscal Crises and the Greek Example": https://mouvement-communiste.com/documents/MC/Letters/LTMC1135ENvH.pdf

elements of plebiscitary democracy[32] – as well as to largely discredited intermediary bodies whose sole *raison d'être* consists of their ability to get the plan accepted by civil society.

The reshaping of the real centres of political power and decision-making is currently taking place most visibly in the "West". In China and Russia, the forms of domination in their respective spheres of influence are still colonialism and imperialism (in the sense intended by Lenin) inherited from Stalinism and Maoism.

As for the poorest countries (the LICs), if we consider the amounts of loans made to them by the IMF, it appears that its role[33] today significantly goes beyond the limits of intervention defined at its creation in 1945. This drip-feeding of inherently fragile economies is accompanied by an even greater dependence on the IMF's main donors, the advanced economies, led by the US.

Central banks as political actors

Central Banks are now much closer to the real centres of political power. They have even been "officially" admitted to the operations room. The phenomenon of the primacy of the new dominant extra-institutional networks clustered around the Central Banks hinges on the coordinated ability of these banks to guarantee the indebtedness of the most advanced states of the CMP. This "support" is indispensable for the large-scale reactivation of the valorisation of capital of the respective economic and social formations, through the issuance of money whose exchange rate is guaranteed in the end by the Central Banks themselves.

Central Banks have ceased to be merely the guardians of the monetary parity of their reference currency, acting on the interest rates of financial capital denominated in their currency so as to avoid any excessive appreciation or depreciation of the latter. They have gradually become *the* bank in a given territory. Since the 2007-2008 crisis, they have invested directly in the public debt market[34]. And since March 2020, from the start of the pandemic, the ECB has been paying commercial banks in the euro zone to lend to individual capital in that area[35].

They also sucked into their balance sheets the credit resources that could no longer be sold, by transforming them into assets. "*The response of the Central Banks to the health crisis has consisted in strongly increasing the offer of money to avoid a restriction of liquidity and to massively buy public assets to allow voluminous financing and a good price for the budgetary expenditure on economic support put in place by states.*"[36]

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[32] See: "The Crisis of Political Liberalism":
https://mouvement-communiste.com/documents/MC/WorkDocuments/DT10_Crise%20Dem_EN_%20Complete%20vF.pdf

[33] *"… the unique role of the International Monetary Fund (IMF) and high demand for IMF conditionality and assistance in debt restructuring most likely will make it central to the international system, although the growth of sovereign debt outside IMF purview will be a challenge. Similarly, multistakeholder agreements and organizations that regulate the global financial, insurance, or technical systems such as the Basel Accords and Internet Engineering Task Force are likely to remain in high demand.", Global Trends 2040*, chapter on "Emerging Dynamics", National Intelligence Council (USA), March 2021.

"IMF research shows that low-income countries need $450 billion over five years to fight the pandemic, preserve buffers, and return to the path of catching up to higher income levels. ... Since the start of the pandemic, the IMF has provided over $110 billion in financing to 86 countries. ... And just last month, the IMF received a mandate from our Board of Governors to pursue a general SDR allocation worth $650 billion. If formalized in the coming months, we will be able to inject $650 billion of SDRs into countries' reserves. This new SDR allocation will boost confidence in the global recovery, just as it did at the time of the last allocation in 2009, during the global financial crisis.", "Keynote Speech by Deputy Managing Director Antoinette M. Sayeh at the U.S. Chamber of Commerce", IMF, 19 May 2021 in: https://www.imf.org/en/%20News/Articles/2021/05/19/sp051921-multilateral-solutions-to-global-challenges-dmd-sayeh

[34] *"At the end of 2020, the Fed held more than 17% of the total public debt of the US; the BCE 26% of the eurozone; the BoJ more than 34% of the sovereign debt of Japan (a percentage close to that of Italy) and the BoE more than 27% of that of the UK. Together, the Central Banks of the four main global economies held, at the end of 2020, almost a quarter of their combined titles to public debt."* Sources: IMF estimates and balance sheets of Central Banks.

[35] *"Since March 2020 the Euro system has provided subsidies to Euro-Area banks, via its Targeted Longer-Term Refinancing Operations (TLTRO). Under this program, banks can borrow from the Euro system at a rate as low as -1%, conditional on their lending to the real economy."*, "Paying Banks to Lend?", Banque de France, 19 November 2021:
https://publications.banque-france.fr/sites/default/files/medias/documents/wp848.pdf

[36] "*Banques centrales. Le point d'inflexion ?",* La Banque Postale, 20 October 2021:
https://www.labanquepostale.com/newsroom-publications/etudes/etudes-economiques/rebond/2021/banques-centrales-point-inflexion.html (our translation)

	31/12/2018	31/12/2019	31/12/2020	31/07/2021
Japan	100%	103	132	138
US	20	20	35	36
Euro Zone	44	44	65	73
China	36	35	32	32

Evolution of the holdings of Central Banks as % of GDP

By setting up various mechanisms, together with the respective states, they have participated in the bailout or takeover of companies in serious difficulty with so-called "structuring" credit. Finally, they are now the guarantors of last resort for the expansion of the means of payment generously distributed to economic agents to help them overcome the valorisation crisis. They are becoming banks of the state-plan. The state, steered more or less directly by the supranational bodies to which it transfers more or less large portions of "sovereignty", considerably strengthens its capacity to plan accumulation. It acquires the role of entrepreneur number one, capable of re-starting the development of capital as a whole on the main condition that "its" Central Bank absorbs its debt by buying up its securities. The system of credit is the central pillar of capitalism in its most developed phase. No credit, no accumulation of capital. It is thus necessary to mobilise more and more means of payment to increase the mass of profits and, in this way, to confront the irreversible tendency for the rate of profit to fall. Without the political shift by the Central Banks, the management of the 2007-2008 crisis and the exogenous crisis associated with the pandemic would have been far more complicated. In this respect, communists cannot ignore the enormous importance of the path taken over the last decade.

Among the few Central Banks that do not issue money is the Fed. But through its harmonised policy of key interest rates, repurchase of federal debt securities and acquisition of depreciated credit facilities, it creates the conditions for the Treasury to print money. There is a kind of internal reversal of command. It is no longer the Treasury (and certainly not the government[37]) which ultimately controls the issuance of money in all its forms, but rather the Central Bank[38]. The Central Banks have today become the privileged location where things are decided, "*the place to be"*. Their capacity for influence is incomparably greater to what they had up until the crisis of 2007-2008. Before that, the big Central

[37] Politically, this means that today even a President like Trump could not decide the economic policy of his country. He could put anyone in charge of the Treasury, but the means available to the Central Bank are so preponderant (as long as we are in the context of a huge debt) both to manage the monetary war and to manage the budget deficit that it is not possible at the moment to counteract the actions (central for capital) of the Fed.

[38] After the Trump episode, in the United States, there is a very deep integration between the Treasury and the Fed. The Fed is an "independent" administration on paper, and the Treasury, is an articulation of the federal government. However, the current Treasury Secretary, Janet Yellen, was the chair of the Fed until February 2018, an institution she joined in 2004.

The Central Bank, which is financially independent (it does not receive any budget from the government or Congress), finances itself partly through the interest on the public loans it takes out on the markets, partly through the remuneration for services it sells to the deposit banks, partly through the interest on its foreign exchange operations, etc. The feature that best expresses the strong integration between the Fed and the Treasury Department is that the Fed pays most of these profits to the Treasury Department.

In a note by Judy Shelton published in *The Wall Street Journal*, 14 October 2021, she commented on the intervention of the Secretary to the Treasury Janet Yellen in the framework of negotiations to lift the American debt ceiling. Janet Yellen categorically rejected the idea that the Treasury issues a blank cheque for $1,000 billion to put at the disposal of the Fed to cover the bills of the American administration, describing the idea as a gimmick:

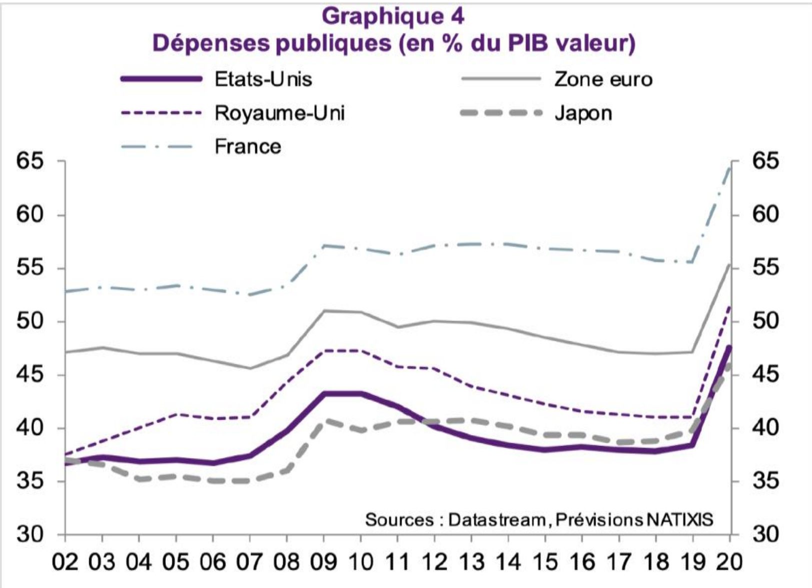
"'It compromises the independence of the Fed, conflating monetary and fiscal policy.' This worry about mixing the central bank and the budget was ironic, given the cross-pollination that already exists. In the past two years alone, the Fed acquired more than $3.3 trillion of Treasury debt—which equates to more than half of the combined federal budget deficits for 2020 and 2021. Moreover, the Fed takes the interest payments received on its portfolio holdings of Treasury securities and other U.S. government-backed securities and sends the vast bulk of that income as revenues to Treasury. The Fed's "remittances" to Treasury totalled $87 billion in 2020—some 85% of the Fed's $102 billion annual interest income. Remittances to Treasury are running even higher this year, based on the Fed's June 2021 quarterly report, and will likely exceed $100 billion. How's that for a gimmick? … In short, with the Fed owning roughly one-quarter of the federal debt held by the public on which the Treasury must pay interest—and with the Fed's practice of sending weekly remittances to Treasury—it's clear that monetary and fiscal policy are conflated."

Banks[39] confined their role to handling their official bank rates[40] (overnight rates to banks and financial institutions) to control the money supply[41].

It is this reality that gives rise to reactionary plebiscitary policies or, worse still, to demands for more "direct democracy", that leads to the idea that the policies pursued by various governments of all stripes are all the same, that politics does not decide anything and that decisions are taken elsewhere, by secret cabals etc. All these visions refer to a false and above all reductive idea of the state. Because, of course, Central Banks are *a constituent part of the state*, just like the intermediary bodies that structure the civil society of capital, the civil and military public administration, the public services, the legislative, the executive and judicial powers.

The "big comeback" of state capitalism

The transformations that we observe in the governance of global capital, particularly in the strengthening of the intimate link between central banks and states, of course affect the states themselves. It is obviously not a matter of a change in their nature, but of profound changes on various levels (economic, political, and social) as a result of the pandemic. We have already mentioned a change in the general framework of capital accumulation. That of several central sectors of productive capital is *now essentially made possible and guaranteed by public debt. States, whose newly issued sovereign debt* is largely absorbed by the central banks, ensure recapitalisation, orders and the financing of the wage bill of these firms as well as their supply and logistics chains. We have always considered that state capitalism – that is to say, capitalism in which the state plays a direct and dominant role even in the most competitive environments – is inseparable from the development of the CMP and is even more so during the mature phase of capitalism. This is evidenced by the fact that, in developed countries, more or less half of GDP on average goes directly or indirectly into public expenditure.



Public expenditure as % of GDP

This means that many sectors of economic activity only survive because the state provides them with orders or create favourable conditions for demand, as is the case, for example, for sectors such as car manufacturer, aviation, construction, or even transport. Our theses are in sharp contrast with those

[39] *"Starting from the middle of the 1980s, the Central Banks abandoned control over the money supply in favour of controlling short-term interest rates, by short-term buying and selling operations and short-term repos [repurchase agreements]. The money supply and the long-term interest rates are thus endogenous. Then finally, after the subprime crisis, the Central Banks switched to controlling nominal interest rates at all maturities, by buying and selling securities at all maturities." (Our translation),* Natixis Newsletter, 01/10/2021.

[40] See: https://en.wikipedia.org/wiki/Official_bank_rate

[41] See: "The link between money and inflation since 2008", Bulletin of the Banque de France no. 232/8, 05/01/2021: https://publications.banque-france.fr/sites/default/files/medias/documents/bdf-232-8_the-link-between-money-and-inflation-since-2008.pdf

defended over the decades by all political currents, from the Far Left to the Far Right, which stigmatise "neo-liberalism". It is an ideological conception which serves to whitewash the state and imagine using it as a neutral lever to be taken over so as to put a roadblock in front of the "savagery" of the banks and financial markets. It is a kind of tool which must be snatched from the corrupt and the sell-out politicians to restore it to the "sovereign people". Yet, as always, the state is also or above all a state-boss, an individual capital endowed with special powers conferred on it by the dominant classes for which it represents the collective capital of a given area – an area over which it exercises its absolute sovereignty. It has special powers which go from exclusive use of force, to the issuing of money, from the applicability of laws to the definition of the regulatory and competitive framework, to the protection of borders. As an individual capital the state holds the juridical ownership and right to manage public enterprises exactly like any private holding company. These two characteristics of the state, representing collective capital, *and* as an individual capital, constitute a permanent source of conflict more or less latent within the dominant classes.

What's more, and as a result of the sovereign debt and pandemic crises, the state has significantly increased its capacity to plan the economy. The role of the state in creating new markets, by selecting companies to participate in them and indirectly eliminating others, is most clearly seen in the stimulus packages adopted during the global health crisis under the aegis of Central Banks and supranational credit institutions. Thus, we can say that the main result of this crisis has been the strengthening of state capitalism and, connected to that, of the tendencies towards plebiscitary democracy. Effectively directed by the dominant national and international extra-institutional circles, in the developed countries the state asserts itself as the only individual capital capable of keeping the economic and social formation on its feet. The strengthening of state capitalism is materialised by, amongst other things, the state administration of privately owned companies. This generally occurs when they are in difficulty or when their activity could disturb the equilibrium within the economic and social formation of which the state is the ultimate guarantor.

A shining example of this is provided by the health sector and, more particularly, by the pharmaceutical and biotechnology sub-sector. Companies in this sector are experiencing an incredible increase in profitability thanks to expensive state-funded research and development, massive orders for vaccines and financial support for expanding their capacities. To date, it is estimated that the Covid-19 vaccine companies have earned more than $110 billion in this way, allocated in various ways. This is without even counting that their ability to raise debt on the financial markets has increased enormously as their share prices have risen.

The state also guarantees in the exceptional conditions of the health crisis the relation between capital and labour. To do that, it does not hesitate to include in its budget the greatest part of the wages of employed workers while reinforcing its control of the industrial reserve army by issuing benefits of all kinds. During the acute phase of the pandemic, the working class can thus be said to have been employed by the state. In France and in Belgium, partial unemployment financed by the state affected up to around 80% of the employed workforce. As a sort of employer of last resort, the state froze the labour market so that it would return to its normal dynamics as soon as it emerged from the most difficult phase of the pandemic. The working class watched helplessly as the state demonstrated its power. And the statist political and trade union currents of the right and the left believed that this was a clear confirmation of their line of submission to the power of the state.

On the political level, the retreat into nation-states and their supranational blocs will give grist to the demand for a plebiscitary democracy that would go beyond classical representative democracy to restore "power to the people". The progressive displacement of the real centres of decision making towards non-elected and supranational entities stimulates in reaction the withdrawal into itself, the nostalgia for the Nation, for its borders and the self-constitution, necessarily reactionary, of the people. Participatory democracy, in this sense, is only a soft variant of this pernicious ideology which claims to return to the idealised past of homogeneous civil societies, supposedly ethnically "pure", of which the State is the faithful and, in every respect, sovereign expression.

State capitalism and planning

The above-mentioned transformations are accompanied by the growing and increasingly central role of state planning of the economy for capital accumulation. It is planning that can, as in the case of the EU and more particularly the Eurozone, take on a clear supranational dimension according to strategic interests judged to be convergent by the various countries concerned. State planning in the economy is not new[42]. Its analysis and understanding in the light of Marxist categories is, on the contrary, fundamental to understanding the details of capital accumulation, especially in its mature phase. The absolutely central place of state planning of accumulation is fully revealed in this period of exogenous crisis. But more generally, the plan of capital expressed and eventually formalised by its "committee for managing its affairs" is a historical tendency which has to do with the emergence of the proletariat as a distinct and then antagonistic class in the dominant mode of production. Planning is thus a necessary (though not sufficient) condition for the affirmation of social democracy, for the stable integration of the reformist workers' movement into the state.

"Capital's planning mechanism tends to extend and perfect its despotic nature during the course of capital's development. For it has to control a growing mass of labour-power with the concomitant increase of workers' resistance while the augmented means of production require a higher degree of integration of the living raw material."[43] – Raniero Panzieri, *Surplus Value and Planning*

In the period that interests us here, planning thus appears as the framework that allows compatibility between the increase of productive investments, including infrastructure costs linked to environmental problems, and the constraints of capital valorisation in conformity with the mature form of the dominant social relationship based, among other things, on social democracy. In concrete terms, the plan (when it is well constructed, which is not inevitable) represents the bridge between accumulation and its concrete social conditions of realisation. The plan establishes a sort of mediation, a compromise completely internal to the dominant social relations, between the development of capital accumulation along well-fixed lines of force and the social relations that make it possible.

But it is necessary to agree on these fundamental characteristics of capital's plan. The plan seems at first sight to be in patent contradiction with the primitive instincts of capitalism, which impels all individual capitals to maximise their mass of profits in the shortest possible time. If it is effectively applied, the plan imposes a restraint on this or that individual capital or even on the totality of those who make up a country or a group of countries in the realisation of their singular objectives of valorisation. The plan could be seen as diametrically opposed to the competitive movement of capital in its totality, as the experience of state capitalism in Stalin's counter-revolutionary Russia showed, with the well-known epilogue of the victory of competition over the central state plan.

Yet this episode is not representative of the trend towards state capitalism and the growing affirmation of state planning in the most developed areas of capitalism. There are no irreducible contradictions between planning (within integrated geographical and geostrategic zones) and a developed capitalist economy when the steering of planning leaves room for and frames the competitive movement of capital without stifling it. The "open secret" consists in ensuring the balance between the objectives of valorisation defined within the framework of planning and the objectives specific to individual capitals. In this sense, the "green economy" is a shining example.

"Planning immediately appears at the level of direct production not in contradiction to capital's mode of operation but as an essential aspect of capital's development. Therefore, there is no incompatibility between planning and capital, for

[42] A good historical example of state planning is the Marshall Plan. Before its adoption, it was subject to intense negotiations between the US and its future European beneficiaries, but also within the US administration. Consider the reflections of Richard Bissel Jr about the future plan. Bissel was an economist from Yale, and then President of one of the commissions of the US administration which had to pronounce on the validity of the plan:

"But its conclusion, that the group adopted, supported the idea that a programme of foreign aid on a large scale could be approved without the American people having to consent to disproportionate sacrifices for it. This was a classic product of the thinking of the "New Deal synthesis", the knowledge that supranational planning and scientific fiscal management combined with market forces to resolve a complex economic problem had political roots."

Extract from: *Le Plan Marshall*, by Benn Steil, *Les Belles Lettres*, 2020.

[43] *Quaderni Rossi*, No. 4, July 1964. This text has been re-translated by us and will be published shortly.

by taking control of the labour process in its cooperative form (thus realizing its "historical mission"); capital at the same time appropriates the process's fundamental and specific characteristic, which is planning.'[44] – Raniero Panzieri, *Surplus Value and Planning*

Effective planning limits the unproductive or less productive allocation of capital. It is intended to select the means for the revival of the accumulation of companies and sectors that benefit from the redistribution of financial and other means (infrastructure, regulatory framework, legislation, business law etc.) driven by the state. Through planning, the state interprets the medium and long-term interests of capital in its area of control and creates the social conditions for them to be defended. This aspect of planning is obviously essential in the final analysis because the class struggle is the main factor which can make the plan fail.

"In his analysis, Marx destroys the basis for any misunderstanding regarding capitalism's incapacity for planning. He shows that, on the contrary, the system tends to react to any contradiction or limitation on its own maintenance and development by increasing its degree of planning. And, in this, it basically expresses the 'law of surplus value'.

[…] Capitalism's development in its advanced form shows the system's capacity for self-limitation, for the reproduction of the conditions of its survival by conscious interventions, and for planning, and the limits of this development (for example by planning the level of unemployment).'[45] – Raniero Panzieri, *Surplus Value and Planning*

Consequently, planning, the planner-state, remains ultimately a matter of the balance of forces. Planning can all the more correspond to rational regulation and in the general interest of the given economic formation that it supports and can push transformations of the productive system without massively hindering the competitive movement of capital in its totality.

The state-plan intervenes in and modifies the conditions of the dynamics of capital without changing its nature. On the one hand, it encourages and sometimes directly organises the centralisation of individual capital. On the other hand, by its investments and by its orders, the state-plan accelerates the concentration of capital, and thus its accumulation. The competitive movement generates its own intrinsic limit: the concentration and centralisation of capital[46], which in its turn reacts on the competition between individual capitals by redrawing the contours of collective capital.

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[44] *Ibidem.*

[45] *Ibidem.*

[46] *"But if the relative extension and energy of the movement towards centralisation is determined, in a certain degree, by the magnitude of capitalist wealth and superiority of economic mechanism already attained, progress in centralisation does not in any way depend upon a positive growth in the magnitude of social capital. And this is the specific difference between centralisation and concentration, the latter being only another name for reproduction on an extended scale. Centralisation may result from a mere change in the distribution of capitals already existing, from a simple alteration in the quantitative grouping of the component parts of social capital. Here capital can grow into powerful masses in a single hand because there it has been withdrawn from many individual hands. In any given branch of industry centralisation would reach its extreme limit if all the individual capitals invested in it were fused into a single capital. In a given society the limit would be reached only when the entire social capital was united in the hands of either a single capitalist or a single capitalist company.*
Centralisation completes the work of accumulation by enabling industrial capitalists to extend the scale of their operations. Whether this latter result is the consequence of accumulation or centralisation, whether centralisation is accomplished by the violent method of annexation — when certain capitals become such preponderant centres of attraction for others that they shatter the individual cohesion of the latter and then draw the separate fragments to themselves — or whether the fusion of a number of capitals already formed or in process of formation takes place by the smoother process of organising joint-stock companies — the economic effect remains the same. Everywhere the increased scale of industrial establishments is the starting point for a more comprehensive organisation of the collective work of many, for a wider development of their material motive forces — in other words, for the progressive transformation of isolated processes of production, carried on by customary methods, into processes of production socially combined and scientifically arranged." – Karl Marx, *Capital vol. 1,* Chapter 25: The General Law of Capitalist Accumulation, Section 2:
https://www.marxists.org/archive/marx/works/1867-c1/ch25.htm
And also: *"But accumulation, the gradual increase of capital by reproduction as it passes from the circular to the spiral form, is clearly a very slow procedure compared with centralisation, which has only to change the quantitative groupings of the constituent parts of social capital. The world would still be without railways if it had had to wait until accumulation had got a few individual capitals far enough to be adequate for the construction of a railway. Centralisation, on the contrary, accomplished this in the twinkling of an eye, by means of joint-stock companies. And whilst centralisation thus intensifies and accelerates the effects of accumulation, it simultaneously extends and speeds those revolutions in the technical composition of capital which raise its constant portion at the expense of its variable portion, thus diminishing the relative demand for*

"The battle of competition is fought by cheapening of commodities. The cheapness of commodities demands, caeteris paribus, on the productiveness of labour, and this again on the scale of production. Therefore, the larger capitals beat the smaller. It will further be remembered that, with the development of the capitalist mode of production, there is an increase in the minimum amount of individual capital necessary to carry on a business under its normal conditions. The smaller capitals, therefore, crowd into spheres of production which Modern Industry has only sporadically or incompletely got hold of. Here competition rages in direct proportion to the number, and in inverse proportion to the magnitudes, of the antagonistic capitals. It always ends in the ruin of many small capitalists, whose capitals partly pass into the hands of their conquerors, partly vanish." [47] - Marx, *Capital vol. 1,* Chap. 25.

State intervention has precisely the ability to create an environment conducive to increasing the amount of capital invested, while the minimum amount needed is constantly growing as a result of the competitive movement of capital as a whole. This movement, in turn, feeds on *and* feeds the productivity of social labour.

"Commensurately with the development of capitalist production and accumulation there develop the two most powerful levers of centralisation — competition and credit. At the same time the progress of accumulation increases the material amenable to centralisation, i.e., the individual capitals, whilst the expansion of capitalist production creates, on the one hand, the social want, and, on the other, the technical means necessary for those immense industrial undertakings which require a previous centralisation of capital for their accomplishment. Today, therefore, the force of attraction, drawing together individual capitals, and the tendency to centralisation are stronger than ever before."[48]

Credit-hungry individual capitals that are forced to increase their production volumes in order to gain (or simply maintain) market share offer optimal conditions for sustained intervention by the state-plan. The Central Banks' and the Treasuries' control of the lever of interest-bearing capital, as well as public orders and the monopoly of the legal regulatory and competitive framework, make the latter an absolutely unavoidable actor of the first order, even for the most solid and independent individual capital. Moreover, the state can also decide to open up a sector, separate divisions of a company, counter merger proposals etc., when this is necessary to preserve the accumulation of capital as a whole by relaunching and controlling the competitive movement of capital that would otherwise have ground to a halt.

The action of the state-plan is particularly indispensable during two phases of the industrial cycle of capital[49]: the phase in which capital is just emerging from a cyclical crisis and total capital in its productive and commercial forms is shrinking, *and* the phase in which productive and commercial capital are slowly restarting their accumulation. In these two phases of the industrial cycle, interest-bearing capital piles up in abundance without, however, being able to valorise itself as capital under good conditions. In these two phases, Marx explains, it is industrial capital and commercial capital that dictate the interest rates that remain historically low.

"We have already seen that a large build-up or surplus of loan capital can occur, which is connected with productive accumulation only to the extent that it is inversely proportional to it. This is the case in two phases of the industrial cycle, namely, first, when industrial capital in both its forms of productive and commodity-capital is contracted, i.e., at the beginning of the cycle after the crisis; and, secondly, when the improvement begins, but when commercial credit still does not use bank credit to a great extent. In the first case, money-capital, which was formerly employed in production and commerce, appears as idle loan capital; in the second case, it appears used to an increasing extent, but at a very low

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labour. The masses of capital fused together overnight by centralisation reproduce and multiply as the others do, only more rapidly, thereby becoming new and powerful levers in social accumulation.", Ibidem.

47 Karl Marx. *Capital Volume one.* Chapter XXV : The general law of capitalist accumulation Section 2, in: https://www.marxists.org/archive/marx/works/1867-c1/ch25.htm#S2

48 *Ibidem.*

49 *"The life of modern industry becomes a series of periods of moderate activity, prosperity, over-production, crisis and stagnation."* – Marx, *Capital* vol. 1*,* Chapter 15, Section 7: https://www.marxists.org/archive/marx/works/1867-c1/ch15.htm

"If we observe the cycles in which modern industry moves — state of inactivity, mounting revival, prosperity, over-production, crisis, stagnation, state of inactivity, etc." – Capital vol. 3, Chapter 22: https://www.marxists.org/archive/marx/works/1894-c3/ch22.htm

"… capitalistic production moves through certain periodical cycles. It moves through a state of quiescence, growing animation, prosperity, overtrade, crisis, and stagnation." – Marx, *Value, Price and Profit*, 1865. Main Cases of Attempts at Raising Wages or Resisting their Fall: https://www.marxists.org/archive/marx/works/1865/value-price-profit/ch03.htm#c13

rate of interest, because the industrial and commercial capitalists now prescribe terms to the money-capitalist." – Marx, *Capital vol. 3*[50]

In these periods forming a bridge towards a satisfactory rate of accumulation, the state-plan can reduce the risks of a sudden and brutal depreciation of large portions of interest-bearing capital by absorbing, as the main Central Banks have done since the 2008 crisis, so-called toxic financial assets whose respective markets have evaporated. Thus, the state-plan has the means to channel portions of interest-bearing capital to companies and sectors identified as viable in the more or less long term by guaranteeing their solvency. This was the case on an unprecedented scale with the loan guarantees granted to individual capitals by states during the first period of the Covid-19 health crisis.

But in order for the state to support individual capitals in their concentration and centralisation processes and in mitigating crises, the objective of the plan must definitely be materialised in new value realised through the increased productivity of social labour. Successful planning is preferably based on a strong state-boss, which is well represented in the sectors which count and which structure the particular economic formation. All states, especially in the age of mature capitalism, are not simply "committees for managing the affairs" of the bourgeoisie of a country. They themselves manage capital which is state-owned capital (shareholder state) or totally dependent on state orders (stakeholder state). Through this acquired influence, the state strengthens its ties and makes them sustainable, organic, with the individual capitals in its area.

The recent example of the French pharmaceutical group Sanofi is illuminating. The latter is a privately owned company. Yet it is highly dependent on state orders for the health system. While Sanofi was trying to develop a vaccine against Covid-19, it was the French state, supported by the German state that tried to delay as much as possible the introduction of other vaccines on the market so that Sanofi could create an effective product. After the failure of the vaccine development, Sanofi completely overhauled its development strategy by basing its research on independent biotech laboratories and cutting back on its basic research division, a choice that received the explicit green light from its major client, the French state[51]. When we talk about state planning and its central role, we *do not mean* that the state becomes the legal owner of the companies involved in the plan.

Through its orders, the state-plan creates markets for new commodities or reinforces existing ones. Through its investments, the state-plan modifies the organic composition of the capital which it targets, thus intervening in the concrete process of labour and its organisation. Through the allocation of its resources and orders, the state-plan reorganises and pushes the restructuring of social production, selects sectors of activity and imposes changes in the boundaries of companies. Through its monopoly of regulation, legislation, justice, as well as through its prerogatives in foreign trade, the state-plan governs both the competitive movement of capital in its economic formation and pilots the centralisation of individual capitals.

Thus, in order to finalise its plan, the state benefits from an absolutely preponderant position in the financial sphere by using its numerous levers – including that of the Central Bank as detailed above – to direct the activity of companies[52].

"Marxist thought has failed to grasp the fundamental characteristic of modern-day capitalism, which lies in its capacity for recovering the fundamental expression of the law of surplus value, planning, both at the level of the factory and at the social level."[53] - Raniero Panzieri, *Surplus Value and Planning* (concluding sentence)

And again,

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[50] Marx, *Capital* vol. 3*,* Chap. 31. Money Capital and Real Capital. II: https://www.marxists.org/archive/marx/works/1894-c3/ch31.htm

[51] On 3 August 2021, Sanofi announced the purchase of the American Messenger RNA (mRNA) specialist Translate Bio for $3.2 billion. This confirmed its inability to develop a vaccine inhouse and the change in its company strategy. https://www.lecho.be/entreprises/pharma-biotechnologie/sanofi-mise-plus-que-jamais-sur-l-arn-messager/10323574

[52] "*Marx then develops his views on the credit system, which first 'sneaks in as a modest helper of accumulation' in order to become 'a new and formidable weapon in the competitive struggle... finally transforming itself into an immense social mechanism for the centralisation of capitals'*", Raniero Panzieri, Surplus Value and Planning, *Quaderni Rossi*, No. 4, 1964.

[53] *Ibidem.*

"Since with generalised planning capital extends the fundamental mystified form of the law of surplus value from the factory to the entire society, all traces of the capitalistic process' origins and roots now seem to really disappear. Industry re-integrates in itself finance capital, and then projects to the social level the form specifically assumed by the extortion of surplus value: as the neutral development of the productive forces, rationality, planning.".[54] – Raniero Panzieri, *Surplus Value and Planning*

This is why the expression *"anarchy in the markets and planning in the company",* which points to the war of all against all embodied in the competitive movement of capital, must not be taken literally and interpreted in a simplistic manner. The state-boss is the first factor which complicates this excessively simplified tableau. The state-boss, the state order giver, the state which possesses financial, legal, regulatory and other arms to condition the market which it dominates and where it contains the harmful effects of an unregulated competition on the economic formation in its entirety.

Nor is this surprising from a theoretical point of view, if we bear in mind that capital has subjected society to its social relationship and shaped it in its own image. Its total mastery of the economic and social formation is the real basis of company planning and its extension to the whole of society, reorganised on the model of the modern factory. This kind of thinking is not new. The *operaist* current in Italy, and *Socialisme ou Barbarie*, in France, had already shown their high level of understanding of this phenomenon in the 1960s.

Disregarding the class struggle, the obstacles the state encounters on its way to reorganise and restructure the social production of capital are defined by the agency, the dynamic correlation of the plan with the competitive movement of capital. No successful plan without "efficient" competition between capitals, no accumulation of capital under optimum conditions without a successful plan. Thus, our remarks are summarised.

Geopolitical contradictions

Strategic State Capitalism and the relaunch of imperialist policies, general instability

The pandemic is an accelerating factor in the profound changes in the world capitalist order that have been taking place since at least 2007-2008. This episode upsets the equilibrium in the world of capital. We wrote in our working paper "The Crisis of Political Liberalism" in December 2018:

"The brutal halt to the internationalisation of markets in capital and commodities which happened after the financial crisis of 2007/2008 relaunched the trade war through protectionist measures, exchange rate wars and tax breaks for companies. Competition on the three crucial terrains of customs laws, taxes on companies and supposedly competitive devaluations was accentuated by the accumulated delay in the recovery of productive investments aiming at raising the social productivity of labour. Investments suffered at the same time from the destabilisation of credit markets, the stagnation of internal markets due to the depreciation of the commodity labour power and postponement of productive investments, along with the summersaults of external markets.

In this unstable context, the arrangement of productive territories, their interlocking across borders and the definition of integrated commercial regions, suffered considerable modifications. NAFTA, the commercial agreement which unites the countries of North America, trembles under the blows of the Trump plan to renationalise the capitalism of the USA (repatriating the profits of US multinationals, import tariffs on raw materials, penalties for relocation). Latin America suffers from the stoppage of the whole project of regional commercial integration in the wake of the grave industrial and political crisis of Brazil, the only real power on the continent, where the arrival to power of Bolsonaro, sworn in in January 2019, does nothing to overturn this tendency.

The European Union is in its turn shaken by the British intention to leave the organisation and by the pressure of relocation in the new member countries of the Union, which came out of the crumbling of the Russian Empire. The Middle East has been burning for a decade. In sub-Saharan Africa, political crises have followed the difficult expulsions of the South African and Zimbabwean heads of state. East Asia is hit hard by the new Chinese expansionism which increases commercial agreements, which launches a gigantic infrastructure plan along the ancient Silk Road, which extends

[54] *Ibidem.*

its direct foreign investments in raw materials as far as North Africa and Latin America, which accelerates its re-armament and its military presence in South East Asia and which treats its most devoted vassals more and more aggressively, in the image of North Korea. On the defensive, Japan puts into practice its project of transformation of its army into an offensive army of occupation. As for Russia's sphere of influence, it is grappling with the colonialist revival of the Putin administration.

Economic and regional wars follow each other with a growing danger of uncontrolled escalation. The course to world war has begun even if, barring a major "accident", the process is only really in its early stages. Beyond the readiness of armies for lengthy conflicts, it is above all a question of fulfilling the political conditions for the acceptance of such a perspective by civil society. It is a long-drawn-out battle which began even within the dominant classes and their dominating political bodies. For the moment, this more and more bitter fight is taking place within the democratic institutions. Extra-institutional accelerations, coups d'État *more or less violent, direct actions on the part of the most determined sectors of the factions involved are nevertheless not to be excluded. Very schematically, what is at stake is the reform of the details of class domination by the state. It is a reform which significantly reduces "democratic rights", which reinforces the overtly repressive functions of the state apparatus and which considerably weakens organised instances of political and trade union mediation, organs of social democracy, vehicles of the organisation of civil society in the state. In a word, the critique in acts of modern political liberalism in its so-called social variant (such as the German social market economy4) has been launched and has reached important stages in several mature capitalist countries."*[55]

It is clear that three years later, with the help of Covid-19, this analysis remains very relevant. Things have indeed been clarified, specified and amplified.

The level of integration, under the aegis of states and supranational institutions, between monetary, credit, industrial, commercial and military policy – strategic state capitalism – is unparalleled in peacetime since the end of the Second World butchery. This leads to the strengthening of imperialist policies (wars, currency crises, trade crises etc.), a phenomenon which in many ways is reminiscent of the so-called Cold War era. The consolidation or assertion of several blocks of countries, including several regional groupings, has turned the planet into one ravaged by local wars, the disintegration of many civil societies, the generalisation of political crises at the top of states, with the advancement of plebiscitary democracy at the expense of classical liberal democracy – in a word, the destabilisation of the world order constructed around the domination of the United States and its Western allies. The instability and geostrategic fluidity of regional blocs is the common feature of the phase.

The NATO summit meeting in Brussels on 14 June 2021 meticulously set out the underlying dangers.

"We face multifaceted threats, systemic competition from assertive and authoritarian powers, as well as growing security challenges to our countries and our citizens from all strategic directions. Russia's aggressive actions constitute a threat to Euro-Atlantic security; terrorism in all its forms and manifestations remains a persistent threat to us all. State and non-state actors challenge the rules-based international order and seek to undermine democracy across the globe. Instability beyond our borders is also contributing to irregular migration and human trafficking. China's growing influence and international policies can present challenges that we need to address together as an Alliance. We will engage China with a view to defending the security interests of the Alliance. We are increasingly confronted by cyber, hybrid, and other asymmetric threats, including disinformation campaigns, and by the malicious use of ever-more sophisticated emerging and disruptive technologies. Rapid advances in the space domain are affecting our security. The proliferation of weapons of mass destruction and the erosion of the arms control architecture also undermine our collective security. Climate change is a threat multiplier that impacts Alliance security. The greatest responsibility of the Alliance is to protect and defend our territories and our populations against attack, and we will address all threats and challenges which affect Euro-Atlantic security." [56]

Observers have summarised the risks that NATO must face up to in priority order with the "Three Cs" formula: China, cyber-attacks and climate. The withdrawal of its allies from Afghanistan, completed in August 2021, marks a turning point begun by the Obama presidency which, on 17

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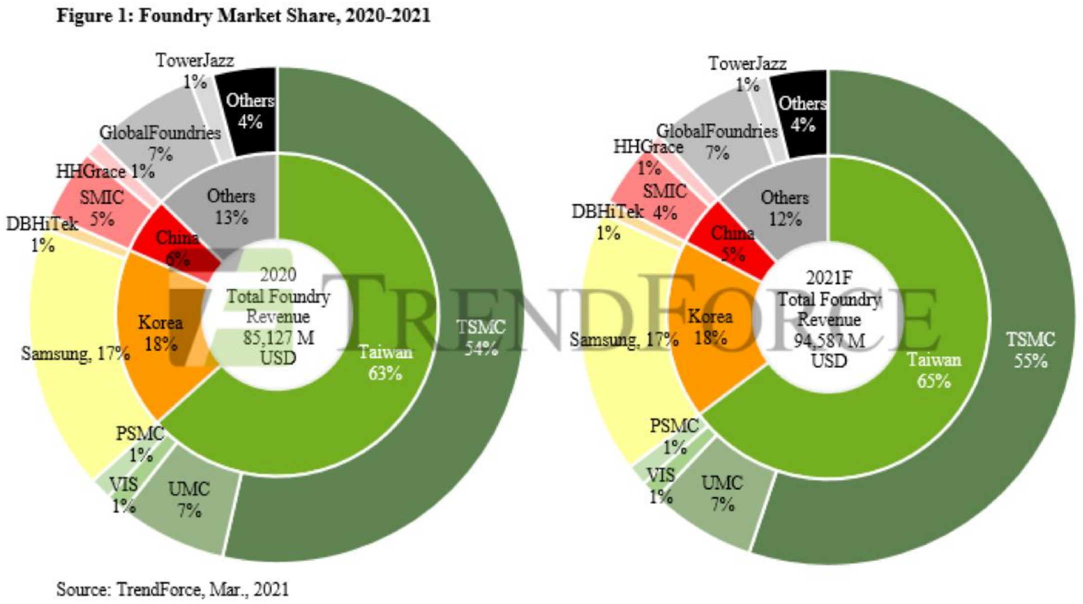
[55] See: "The Crisis of Political Liberalism": https://mouvement-communiste.com/documents/MC/WorkDocuments/DT10_Crise%20Dem_EN_%20Complete%20vF.pdf
[56] NATO, "Brussels Summit Communiqué": https://www.nato.int/cps/en/natohq/news_185000.htm

February 2009, announced the withdrawal by 2011, burying the expansionist policy of his predecessor, George W. Bush, in Iraq. Donald Trump, who officially opened talks with the Taliban on 7 September 2019, and his successor, Joe Biden, have continued and finalised the policy defined by President Obama. It is a policy that turns the page on the American military doctrine of "two major theatres of war", which relied on the ability of the US armed forces to engage in two major conflicts simultaneously. It is the recognition that the world is now multilateral and that Washington's focus is on preparing for an eventual armed conflict with China, that could explode in the China Sea for the control of Taiwan. Taiwan is by far the world's largest producer of semiconductors, an intermediate good that is now widely present in industry around the world and is used in the production of many manufactured, and immaterial, goods. The occupation of Taiwan would give Beijing a formidable instrument to carry out its imperialist policy, a policy that has already recently materialised in the outright annexation of Hong Kong, a kind of dress rehearsal for what awaits Taiwan.



Silicon foundry market share, by country and company, 2020-2021

"Our dependence on core technology is the biggest hidden trouble for us", said Xi Jinping in 2016. *"Semiconductors are crucial to China's global leadership ambitions - but China's trouble is no longer hidden, despite massive policy support to a booming sector."*[57]

The decision to create the trilateral AUKUS[58] pact between the United States, the United Kingdom and Australia fits perfectly with the Pentagon's new strategy in South-East Asia and is a key element[59] in the strengthening of the "Quadrilateral Security Dialogue"[60] which brings together, around Washington, its main local allies: Japan, India and Australia.

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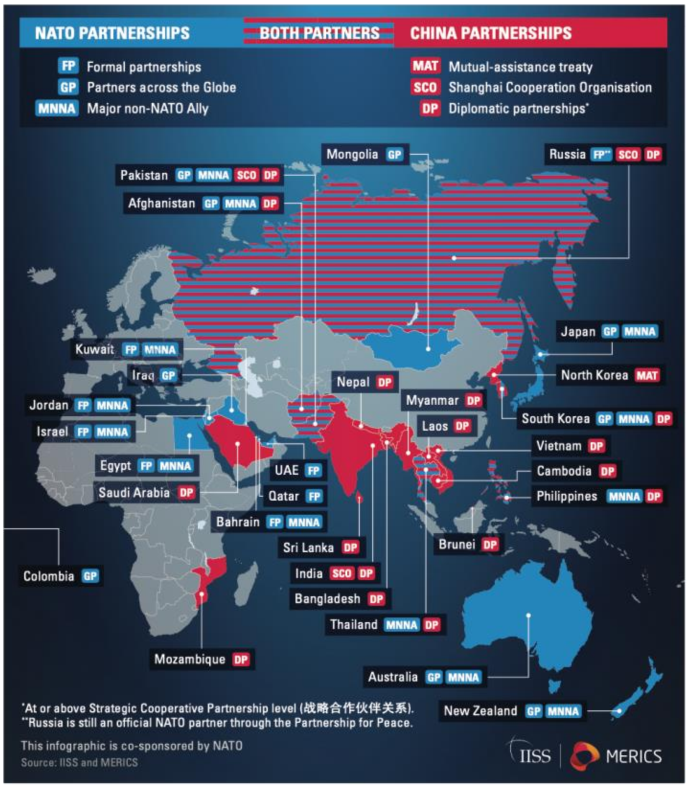
57 "*The Weak Links in China's Drive for Semiconductors",* Mathieu Duchatel, Director of the Asia Programme of Institut Montaigne, January 2021:
https://www.institutmontaigne.org/ressources/pdfs/publications/weak-links-chinas-drive-semiconductors-note_0.pdf
58 https://en.wikipedia.org/wiki/AUKUS
59 *"First and most obviously, this move is a classic illustration of balance-of-power/balance-of-threat politics at work. Although China was not mentioned anywhere in the announcement, it doesn't take a genius to figure out this initiative was taken in response to growing perceptions of a rising Chinese threat. These perceptions are partly based on China's increased capabilities—including its capacity to project naval power in the Asia-Pacific—but also on its openly revisionist aims in certain areas. Equipping Australia with long-range, extremely quiet nuclear-powered submarines will enable Canberra to play a more active role in the region, along with the other members of the Quadrilateral Security Dialogue (the United States, India, and Japan).*
Second, although what's going on here is to some degree purely structural (that is, reflecting shifts in the balance of overall capabilities), in other respects, Beijing has no one to blame but itself. Until recently, Australian opinion was ambivalent about the implications of China's rise: Business leaders hoped to preserve lucrative commercial ties, and prominent strategists warned that opposing the growth of Chinese power was not in Australia's interest. But China's increasingly belligerent conduct—especially its unwarranted decision to impose a punishing trade embargo in response to an Australian proposal for an independent international inquiry into the origins of the coronavirus—has triggered a steady hardening

Map 2: NATO's and China's partners in the Indo-Pacific as of November 2020



China as an actor in global security[61]

What still stays Beijing's hand from accelerating the execution of its imperialist plans to take its enemies by surprise in the China Sea is, for the time being, its insufficient international influence both geopolitically and commercially.

"*China and the countries that side more with it than with the United States together account for about half the world's population. But the Chinese bloc is much smaller economically than the U.S. bloc and much more dependent on the rival bloc as a source of both imports and demand for exports",* confirm the economists at Capital Economics, in a note published on 17 September 2021.

The global imperialist chain is ravaged and regularly challenged by the chronic financial crisis of the LIC countries, the worsening of the recurrent financial crises in the emerging countries and also the accelerated unravelling of the most financially, militarily and commercially fragile countries of the first circle of advanced countries, such as Italy. The health crisis has added a further element of polarisation that is difficult to control.

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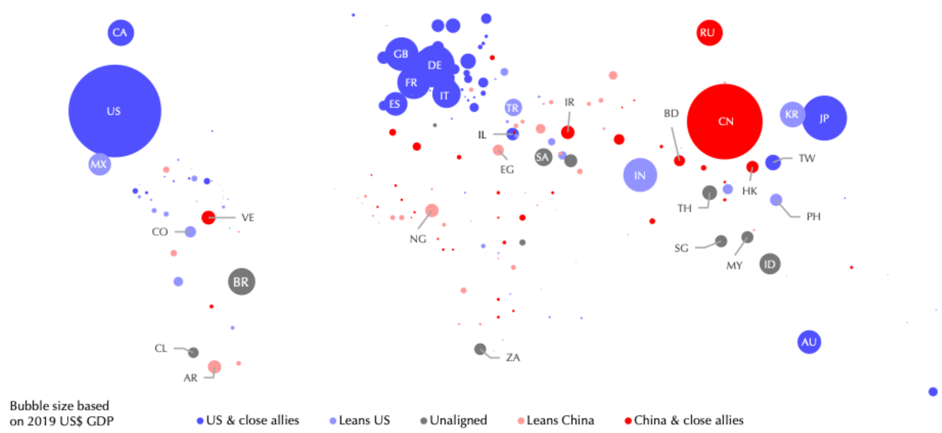
of Australian attitudes. China's counterproductive response is a reassuring reminder that the United States is not the only great power capable of diplomatic malpractice.
Third, the announcement is a carefully measured step that will take some years to come to fruition. The new arrangement doesn't threaten Chinese Communist Party rule within China or aim to crater the Chinese economy, which would be self-defeating. But the actions announced on Sept. 15 will complicate Chinese efforts to project power at sea and control critical lines of communication. As such, they will impede future Chinese efforts to overawe nearby countries and gradually persuade them to adopt more compliant postures. In short, it is a move designed to discourage or thwart any future Chinese bid for regional hegemony." - Foreign Policy, 18 September 2021:
https://foreignpolicy.com/2021/09/18/aukus-australia-united-states-submarines-china-really-means/
[60] https://en.wikipedia.org/wiki/Quadrilateral_Security_Dialogue
[61] *"China's Rise as a Global Security Actor Implications for NATO",* IISS, December 2020:
https://www.iiss.org/blogs/research-paper/2020/12/chinas-rise-as-a-global-security-actor

Chart 1: Current global alignment towards the US and China



Source: Capital Economics

Countries alignment towards USA (in blue) and China (in red)

Supranational alliances will certainly be consolidated, but others will also be reconfigured, such as the European Union, with two-, three- and four-speed subdivisions on the horizon. The importance of supranational structures, with their impressive financial resources, will increase, as in the case of the EU, which has been tightened around the Franco-German tandem and backed by the ECB. Similarly with the IMF, whose role as a great global geostrategic stabiliser will be strengthened.

In this period of pandemic, unlike in the past, the loans granted[62] by these international treasurers to the LICs are not conditional on restructuring measures, reforms etc., as the last loans to Greece were. These loans do not strictly fall within the framework of imperialism defined by Lenin (net investments abroad and plundering of resources). These loans serve above all to maintain the world hierarchy of capitalist countries and to guarantee social peace. They are loans with essentially political aims. The IMF thus plays a crucial role in maintaining the chain of imperialism by strengthening the world order. In this sense, imperialism is a policy, or more precisely a crucial element of the geopolitical balance of power.

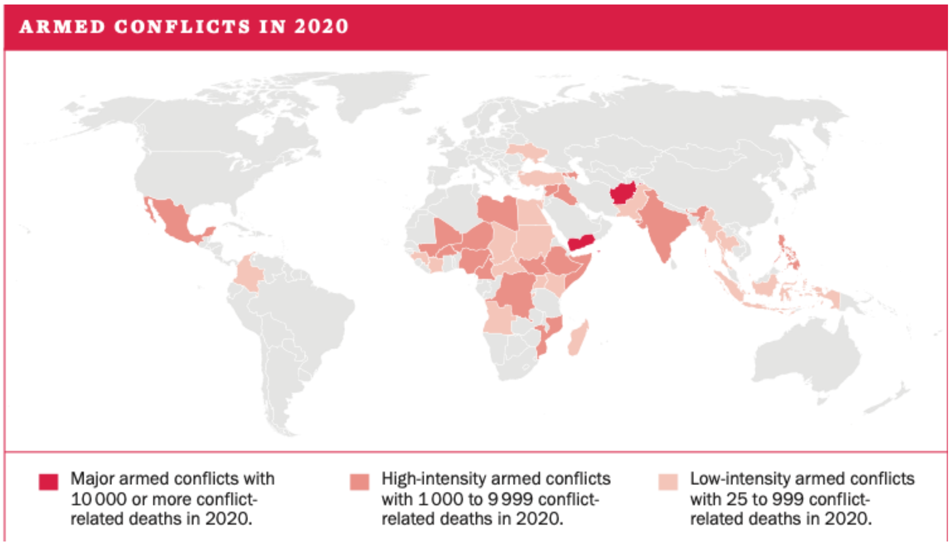
"We saw advanced economies, rich countries, being able to pour 28% of GDP equivalent in fiscal and monetary support to cushion the impact of the crisis on their businesses and their people. What have emerging markets done? 6%. What are poor countries doing? 2% of a much smaller GDP. What is the result? A dangerous divergence growing within countries between people that are doing better than others, such as those who have access to the digital economy. And very importantly, divergence across countries. Why should that matter to all of us? Because if we continue on this pathway, it will translate into more insecurity and instability in the world we live in." [63]

Such large disparities between countries translate into trade wars, currency wars, and even just outright wars. The 2021 Yearbook of SIPRI, an international independent organisation which studies wars and the arms trade across the world, stated that *"Active armed conflicts occurred in at least 39 states in 2020 (5 more than in 2019): 2 in the Americas, 7 in Asia and Oceania, 3 in Europe, 7 in the Middle East and North Africa (MENA) and 20 in sub-Saharan Africa"*[64]. Africa is seriously hit by wars, along with Central Asia and, more and more, South East Asia. It is important to stress that the conflicts going on now are happening mostly in, or close to, the poorest countries. We only have to look at the map to see this.

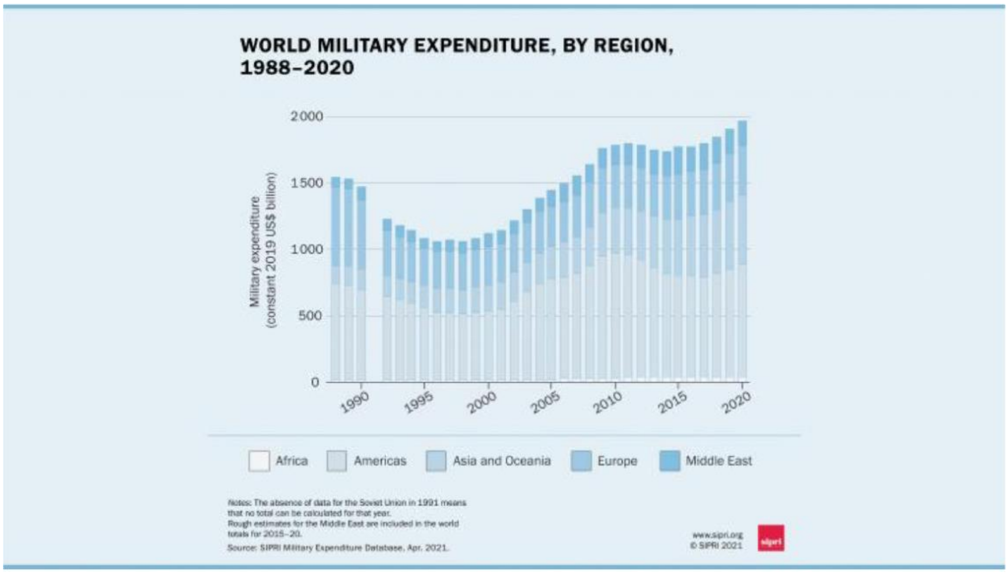
[62] When the IMF gave a $300 million loan to Burma (before the February 2021 coup) to fight Covid-19, there was always a very good chance that the loan would never be repaid and the IMF would not plunder Burmese resources. The significance of the IMF lending this capital is geopolitical. It is clearly part of maintaining the world order.

[63] Kristalina Georgieva, Director General of the IMF, speech to American University in Bulgaria, 8 September 2021: https://www.imf.org/en/News/Articles/2021/09/08/sp090921-md-remarks-at-the-american-university-in-bulgaria

[64] SIPRI Yearbook 2021, "*Armaments, Disarmament and International Security*": https://sipri.org/sites/default/files/2021-06/sipri_yb21_summary_en_v2_0.pdf



Armed conflicts in 2020



World military expenditure 1998-2020

State military expenditures have expanded ceaselessly since 2001. The financial crisis of 2007-2008 and the health crisis of 2020-2021 have not reversed this tendency[65]. In particular, China has increased its military spending for the twenty-sixth consecutive year[66], and *"In 2020 US military expenditure reached an estimated $778 billion, representing an increase of 4.4 per cent over 2019. As the world's largest military spender, the USA accounted for 39 per cent of total military expenditure in 2020. This was the third consecutive year of growth in US military spending, following seven years of continuous reductions"*

It is probable that the two latest crises have accelerated the historic course towards world war in the decade to come. Some analysts have synthesised the various characteristics of the present situation

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[65] *"The 2.6 per cent increase in world military spending came in a year when global gross domestic product (GDP) shrank by 4.4 per cent (October 2020 projection by the International Monetary Fund), largely due to the economic impacts of the Covid-19 pandemic. As a result, military spending as a share of GDP—the military burden—reached a global average of 2.4 per cent in 2020, up from 2.2 per cent in 2019. This was the biggest year-on-year rise in the military burden since the global financial and economic crisis in 2009."* – SIPRI, 26 April 2021: https://www.sipri.org/media/press-release/2021/world-military-spending-rises-almost-2-trillion-2020

[66] *"'China stands out as the only major spender in the world not to increase its military burden in 2020 despite increasing its military expenditure, because of its positive GDP growth last year,' said Dr Nan Tian, SIPRI Senior Researcher. 'The ongoing growth in Chinese spending is due in part to the country's long-term military modernization and expansion plans, in line with a stated desire to catch up with other leading military powers.'" Ibidem.*

by qualifying state capitalism as "strategic"[67], where the element of military strength returns forcefully to the front of the stage.

The health crisis will, notably, re-launch aggressive policies, the "armouring" of blocs based on convergence around commercial, financial, diplomatic and military interests and, from now on, "health" as well. So-called vaccine diplomacy is now an essential component of imperialist policies – policies that subsequently weaken the "normal" functioning of representative, parliamentary democracy in favour of supranational command centres, blocs, clustered around financial institutions, Central Banks, military alliances and international trade lobbies. Of course, this course was set long before the pandemic.

One front of the coming global conflagration that needs to be watched carefully is that of currency competition, which is about to become a real war between hard currencies. However, the supremacy of the greenback is not yet in danger if we look at the privileged indicator of the composition of the official foreign exchange reserves of Central Banks. The dollar still represents 60% of those reserves. The euro follows far behind with 20%, while the Japanese yen is only 6%, and the British pound 5%[68].

China, which does not participate in the global money market, preferring an exchange rate regime set by the state, is seriously considering the creation of its own international money market through the introduction of its digital currency.

"European officials want to launch a digital euro by 2025. On April 19th the Bank of England and the British Treasury launched a taskforce to consider the idea. In America the Fed is also looking into it. A survey by the Bank for International Settlements finds a large majority of central banks researching or experimenting with CBDCs [Central Bank Digital Currencies]. They may be in use by countries with a fifth of the world's population in as little as three years' time.[69]" – The Economist, 8 May 2021

The creation of digital money by the Central Banks ("*govcoins*") will become an important monetary instrument, notably for exchange reserves. These currencies will be added to international currencies, a bit like the SDRs[70] of the IMF. The main Central Banks will create digital currencies which act as supplementary vectors for the international influence of their respective currencies. Obviously, the appearance of these digital currencies will significantly reinforce their capacity for political influence. They will increase the segmentation of the world monetary market along the lines of imperialist influence of the powers involved. In this way, they represent powerful tools to be used in case of monetary and trade wars.

Chinese imperialism has the most to gain from this technological shift in the currency market because it can keep control of the exchange rate of its "physical" currency while using the dematerialised yuan as an instrument to subjugate the countries that are most dependent on its foreign investments, such as those that joined the so-called Belt and Road Initiative launched by Beijing in 2013[71].

For its part, Russia, weakened by the collapse of the colonialist Soviet Union in 1991, has adopted the Chinese model by adding an extra layer of bellicose aggression through increasing destabilisation operations on its western and southern borders.

Finally, the last global geostrategic actor to take shape is that of the main countries of the EU. The idea of a strong regional integration in order to acquire the means of a global imperialist policy is

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[67] Strategic state capitalism is described as an integration pushed under the integrated command of Central Banks, supranational and extra-institutional organisations of the bloc, commercial, economic, military and health policies of allied nation-states.

[68] "*Currency composition of official foreign exchange reserves",* IMF, 30/09/2021: https://data.imf.org/?sk=E6A5F467-C14B-4AA8-9F6D-5A09EC4E62A4

[69] American edition issue article « *Going public* » pp50 and 51.

[70] SDR = Special Drawing Rights. "The SDR is neither a currency nor a claim on the IMF. Rather, it is a potential claim on the freely usable currencies of IMF members. SDRs can be exchanged for these currencies.": https://www.imf.org/en/About/Factsheets/Sheets/2016/08/01/14/51/Special-Drawing-Right-SDR

[71] https://en.wikipedia.org/wiki/Belt_and_Road_Initiative

strongly pushed by the French president Emmanuel Macron[72], now joined by Mario Draghi's Italy and Pedro Sánchez's Spain. Germany and its area of influence is tempted by this perspective but it has to deal with its own specific interests linked to its strong trade relations with China[73] and, to a lesser extent, Russia, which provides it with between 50 and 75% of its natural gas needs, according to Eurostat (the European Union's statistical office). Berlin desperately needs to increase its natural gas imports[74] to compensate for the end of nuclear power in the country, scheduled for 2022, and that of coal, scheduled for 2038, which still represent more than 40% of the German energy mix, compared with 20% for gas.

Emmanuel Macron's plan before the pandemic – the reorganisation of the Eurozone into concentric circles around a Franco-German centre enlarged to include Italy, to which the Benelux countries and then the Mediterranean countries would be added – is also a direct expression of the weight taken on by the ECB and the European Commission during the fiscal crisis and even more so during the current crisis. As a consequence, the Visegrád group of states[75], several of whose members are highly dependent on the German economy, are seeing their relative weight in the European Union diminish.

For China, the situation seems a bit more complex. Xi is for the modernisation and increased professionalization of the Chinese Army[76], for the integration of its forces (whose commanders have often been involved in rivalries damaging to their efficiency), for its transformation into an army capable of offensive projection and therefore contesting American power, in South East Asia first of all, but then in the Indian Ocean, in Africa, at the poles… He represents the rising sectors of the armed forces (airforce, navy, "rocket force"). His priority external programme, unveiled in 2013, "One Belt, One Road", is a typically imperialist (in the sense that Lenin meant it) plan of foreign investments and loans in exchange for the plundering of natural resources (especially in Africa). According to the first findings published in September 2021 by the AidData research laboratory at the College of William & Mary (Virginia, USA), Beijing has financed $843 billion worth of infrastructure and industrial projects in 165 LMICs (Low-to-Middle Income Countries) around the world over the past 18 years. Some 42 of them have a debt exposure to China that exceeds 10% of their respective GDPs[77]. The implementation

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[72] *"Europe is not just a market. For decades, we have acted implicitly as if Europe were a single market. But we have not conceived Europe internally as a finite political space. ... Europe must rethink itself politically and act politically to define common objectives that are more than merely delegating our future to the market. ... the United States will only respect us as allies if we are earnest, and if we are sovereign with respect to our defence. Therefore, I think that, on the contrary, the changeover of Administration in America is an opportunity to pursue, in a totally peaceful and calm manner, what allies need to understand among themselves, which is that we need to continue to build our independence for ourselves, as the United States does for itself and as China does for itself."* "The Macron doctrine", *Le Grand Continent*, 16 November 2020: https://geopolitique.eu/en/2020/11/16/the-macron-doctrine/

[73] *"China was once again Germany's most important trading partner for goods in 2020, with a volume of trade of over 212 billion euro. International crises and mounting global challenges (including COVID-19, climate change) are placing a premium on German-Chinese cooperation and coordination. China views Germany both economically and politically as a key partner in Europe. The regular high-level coordination of policy conducted through a large number of dialogue mechanisms, as well as dynamic trade relations, investment, environmental cooperation and cooperation in the cultural and scientific sectors, are key elements in bilateral relations."*, German Federal Foreign Office, 14 September 2021 in : https://www.auswaertiges-amt.de/en/aussenpolitik/laenderinformationen/china-node/china/228916

[74] The Russian state company Gazprom, one of the main centres of power for Putin's government, completed the gas pipeline Nord Stream in September 2021. It will transport the precious energy source to Germany. This project has annoyed Washington because it "will increase Europe's energy dependence on Russia", says the BBC in : https://www.bbc.com/news/world-europe-58520563

[75] See: https://en.wikipedia.org/wiki/Visegr%C3%A1d_Group

[76] This programme was set out by Xi from his accession to leadership of the CCP in 2013: https://www.nytimes.com/2014/05/25/world/asia/chinas-leader-seeking-to-build-its-muscle-pushes-overhaul-of-the-military.html
For an appreciation of the evolution of Chinese military power, its objectives and its strategy, see: https://inss.ndu.edu/Media/News/Category/12474/china-strategic-perspectives/

[77] *"These debts are systematically underreported to the World Bank's Debtor Reporting System (DRS) because, in many cases, central government institutions in LMICs are not the primary borrowers responsible for repayment. We estimate that the average LMIC government is underreporting its actual and potential repayment obligations to China by an amount that is equivalent to 5.8% of its GDP. Collectively, these underreported debts are worth approximately $385 billion. Fifth, we find that 35% of the BRI infrastructure project portfolio has encountered major*

of China's Belt and Road Initiative, as well as Beijing's moves to capture the raw materials needed to produce the goods of the "green economy" – the latest lever of capital accumulation largely financed by public debt – are fully in line with this framework. China already holds dominant positions in many of the mineral resource markets used by the green economy, starting with rare-earths[78]. We have to add that the Belt and Road initiative should open up new commercial channels and provide a foothold in countries of geostrategic interest, such as Pakistan. This gigantic plan has been elaborated and led by the Central Bank (the People's Bank of China, PBoC), the four main state commercial banks[79] and other State-Owned Enterprises (SOEs), including the most influential ones, intervening in the domains of infrastructure, the transformation of raw materials (steel, aluminium), and even electric batteries. Thus, in China, power will no longer be, as before, the expression of a subtle balance between the central Party and the provinces, but will result from the financial, commercial and industrial actors listed, as well as from the military forces whose rise in power completes the Chinese strategy of domination.

For Russia as well the real centres of power do not coincide with the executive as it exists on paper. Rather, they correspond to certain structuring companies, the Central Bank which plays a leading role, as well as a few private banks linked to oil and energy companies, plus part of the secret police, which Putin comes from.

Focus on the LICs… and on the weakened rich countries

"*A prolonged COVID-19 crisis threatens to worsen the already weak economic base of the least developed countries (LDCs) and has effectively reconfigured global value chains in ways that further disadvantage LDCs." … "Between October 2019 and October 2020, the economic growth forecast for LDCs was revised sharply downwards from 5 to -0.4 per cent. This revision is expected to lead to a 2.6 per cent reduction in per capita income in LDCs in 2020, with 43 out of 47 LDCs experiencing a fall in their average income levels. This is the worst economic outcome in 30 years for this group of countries, and represents a significant reversal of the economic and social progress achieved in recent years, including in terms of poverty and social outcomes. It also makes reaching the Sustainable Development Goals by 2030 a more distant prospect. A protracted recession could lead to permanent job destruction, threaten enterprise survival – with related losses in terms of productive capacities and tacit knowledge – and could have a long-term effect on potential output. … The global downturn is also expected to have a dramatic negative impact on global poverty and food insecurity. This may give rise to path-dependency and turn transient forms of poverty into chronic poverty. The COVID-19 outbreak led to a very bleak economic growth outlook for countries across the world; however, the impact on the LDCs will be even worse, as the pandemic is expected to lead to an increase of 3 percentage points – from 32.2 to 35.2 per cent – in their average poverty headcount ratio according to the $1.90 per day poverty line. It is equivalent to a rise of over 32 million people living in extreme poverty in the LDCs, and is expected to have the deepest impact on African and island LDCs."* [80]

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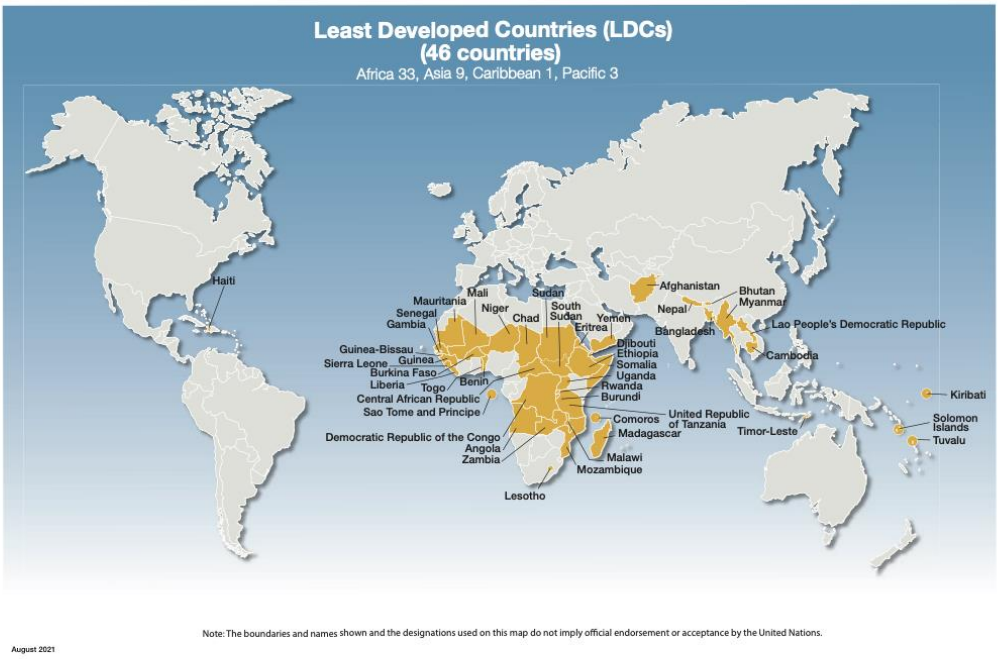
implementation problems—such as corruption scandals, labor violations, environmental hazards, and public protests.", Banking on the Belt & Road, September 2021:
https://docs.aiddata.org/ad4/pdfs/Banking_on_the_Belt_and_Road__Insights_from_a_new_global_dataset_of_13427_Chinese_development_projects.pdf

[78] According to the United States Geological Survey, in 2020 China produced 140,000 tonnes of rare earths, against 38,000 for the US and 30,000 for Burma, a Chinese satellite:
https://pubs.usgs.gov/periodicals/mcs2021/mcs2021-rare-earths.pdf

[79] Also known as the "*The Big Four*", *Industrial & Commercial Bank of China, China Construction Bank, Bank of China* et *Agricultural Bank of China*.
https://www.investopedia.com/articles/investing/082015/4-biggest-chinese-banks.asp

[80] UNCTAD, "The Least Developed Countries Report 2020", 6 August 2021:
https://unctad.org/system/files/official-document/ldcr2020_en.pdf



Least developed countries

Since the start of the health crisis, the supra-state institutions of the World Bank and the IMF have put the LICs on a drip-feed[81]. For the moment, this is keeping them afloat. The indebtedness of the LICs depends essentially on two sources: about 17% of new debt issues (those necessary to contain the spread of the virus) come from international institutions (the World Bank and the IMF[82] mostly). The remainder is made up of issues that are usually very short-term (15 days to one month), and at high interest rates because the repayment capacity of these countries doesn't look good to financial investors. It is not uncommon, moreover, for these issues to be denominated in foreign hard currencies, such as the dollar and the euro, introducing additional exchange rate risk.

As a result, not having their currencies structurally linked to the dollar (like some Asian countries, or Argentina in the 1990s), they are caught in the trap of the dominant international currency. The slightest breach forces them to commit even more funds from their foreign exchange reserves to cover the repayment of the debt. The vicious circle of out-of-control debt is thus a permanent danger, increased by the consequences of the pandemic.

According to the World Bank, the difference with the three previous sovereign debt crises, which certainly increased their indebtedness but allowed for productive investment, is that the current debt crisis has little positive impact on capital accumulation. This is because the revenues from the latest issues are only being used to contain the social instability caused by the health crisis. The LICs will emerge from the pandemic poorer and with a reduced productive base. They will thus generate even less surplus value, which will lead to depreciation of their currencies and debts. This is why the strongest countries in the world capitalist order cannot stand idly by. Access to natural resources, the global supply chain and geostrategic balances are at stake. And let's not forget their desire to avoid at all costs the return of what the defenders of the dominant system call a "migration crisis". The uncontrollable destabilisation of these countries could reinforce global instability and, ultimately, accelerate the course towards a third world war. As we have already mentioned, several LICs are being ravaged by local wars in which the big imperialist powers are systematically involved.

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[81] *"The largest allocation of Special Drawing Rights (SDRs) in history—about US$650 billion—comes into effect today. … SDRs are being distributed to countries in proportion to their quota shares in the IMF. This means about US$275 billion is going to emerging and developing countries, of which low-income countries will receive about US$21 billion – equivalent to as much as 6 percent of GDP in some cases. … This SDR allocation is a critical component of the IMF's broader effort to support countries through the pandemic, which includes: US$117 billion in new financing for 85 countries; debt service relief for 29 low-income countries",* Kristalina Georgieva, 23 August 2021: https://www.imf.org/en/News/Articles/2021/08/23/pr21248-imf-managing-director-announces-the-us-650-billion-sdr-allocation-comes-into-effect

[82] The finances of the IMF and the World Bank are in SDRs.

But the destabilisation caused by the health crisis doesn't only concern the LICs. Countries in the first circle of global capitalism, such as Italy[83], Spain, but also, eventually and to a lesser extent, France, have to call for their sovereign debt to be supported by the ECB, which buys substantial portions of their new Treasury Bond issues. A "Greek-style" scenario cannot be ruled out, once the ECB's massive repurchases of these countries' sovereign debt securities are significantly reduced. In particular, Italy has the third highest public debt in the world with more than 2,700 billion euros at the beginning of September 2021. This is a very different position from that of Greece, which accounts for only 2% of the European Union's GDP and whose public debt is around 330 billion euros. The consequences of a debt crisis that starts in the LICs, spreads to emerging countries and ends up engulfing countries that are at the forefront of global capitalism would be devastating, far greater than the fiscal crisis of 2010, which was limited to the Eurozone.

The state of the class

Employment and working conditions

For the first time since World War II life expectancy has gone down in the developed countries[84]. Yet the rise in life expectancy is a central pillar of social democracy because it marks the ability to manage the social conditions of the reproduction of capital (social security, healthcare etc.). This regression is not the simple result of the pandemic but also comes from the consequences of fiscal crises of states following the financial crisis of 2007-2008.

Waged employment has suffered a heavy blow from the pandemic and will not recover anytime soon, as the International Labour Organisation (ILO) of the United Nations stressed:

"*In 2020, an estimated 8.8 per cent of total working hours were lost – the equivalent of the hours worked in one year by 255 million full-time workers. This summary indicator captures the various channels through which the pandemic has affected labour markets. Around half of the working-hour losses were due to the reduced hours of those who remained employed (and they can be attributed to either shorter working hours or "zero" working hours under furlough schemes). The remaining half was due to out-right employment losses. Relative to 2019, total employment fell by 114 million as a result of workers becoming unemployed or dropping out of the labour force."* But job losses will only be partially compensated by the rebound in accumulation, added the ILO*: "Looking ahead, the projected employment growth will be insufficient to close the gaps opened up by the crisis. … Globally, the recovery is projected to result in the net creation of 100million jobs in 2021 and an additional 80 million jobs in 2022. Projected employment in 2021, however, will still fall short of its pre-crisis level. In addition, it is likely that there will be fewer jobs than would have been created in the absence of the pandemic. Taking this forgone employment growth into account, the crisis-induced global shortfall in jobs is projected to stand at 75 million in 2021 and at 23 million in 2022."* [85]

Despite the Covid unemployment measures, income from wage labour saw a fall in the advanced countries greater than that caused by the crisis of 2007-2008. The segmentation of the labour market took a further leap, between a growing proportion of workers who are poor and deprived of stable employment[86] (women, young people and migrants first of all) and the others, less and less numerous, more protected by the mechanisms of social democracy[87].

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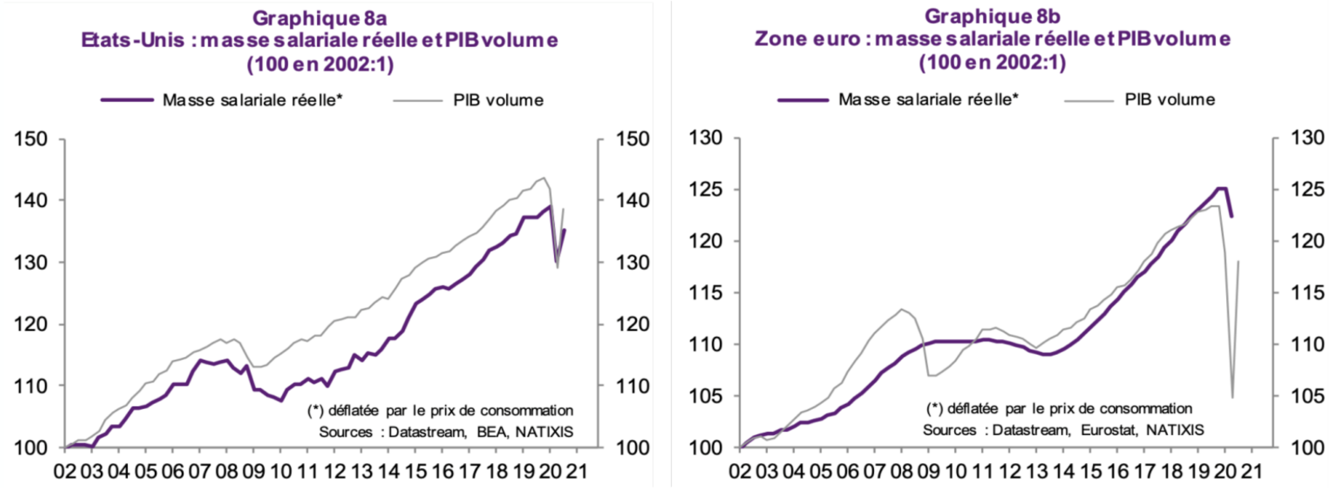
[83] "*In annualised figures, the CEB has bought sovereign Italian debt equivalent to around 10% of GDP"*. 11 September 2021: https://www.investireoggi.it/economia/cosa-significa-per-litalia-che-la-bce-ridurra-gli-acquisti-di-bond-con-il-pepp-moderatamente/
The Bank of Italy, a member of the ECB and acting in its name, held, in mid-August 2021, 23% of Italy's public debt: https://www.repubblica.it/economia/2021/08/16/news/il_debito_pubblico_sfiora_2_700_miliardi_crescita_di_9_miliardi_a_giugno-314209648/

[84] This reduction is not only linked to the pandemic. Obesity, diabetes etc., in brief, everything linked to bad nutrition and an unhealthy way of life, are the important factors.

[85] "*World Employment and Social Outlook – Trends 2021",* ILO, 2 June 2021: https://www.ilo.org/wcmsp5/groups/public/---dgreports/---dcomm/---publ/documents/publication/wcms_795453.pdf

[86] "*To make matters worse, many of the newly created jobs are expected to be of low productivity and poor quality. Between 2019 and 2022, the average labour productivity growth rate is projected to fall below the pre-crisis rate for all but high-income countries. As a result of low growth in gross domestic product and a strong increase in the working-age population, the lack of productive employment opportunities will be most severe in low-income countries. In these countries, average annual labour productivity growth is projected to decline from an already meagre 0.9 per cent for*

"*Covid-19 has also accentuated social and economic divides. It has amplified existing inequalities in labour market outcomes, skills and opportunities. It has accelerated digital transformation and automation, providing opportunities for many to continue work remotely, but also widening the gulf between workers. … At the beginning of the crisis, low-skilled workers were more likely to lose their jobs. High skilled workers were more likely to reduce their working time*", concluded the OECD in its "Employment Outlook" 2021 report[88].



USA/Europe: Total wages and GDP

The fall in purchasing power and the rise in poverty in the developed countries are so far relatively small thanks to the social buffers put in place by the stronger states. In contrast, the fall in wages and the rise in poverty have accelerated considerably in countries more peripheral to the CMP.[89]

According to the IMF[90], making use of the ILO's estimates, the number of poor people in the LICs has increased for the first time in thirty years, more precisely since the so-called Asian financial crisis of 1998. Previously, poverty had fallen sharply according to IMF criteria, with "only" 800 million people in the world living in poverty. Now, as a direct consequence of the pandemic, almost 110 million people who do not have enough to eat have been added to the 800 million existing before 2020. Migration, which has fallen back to its 2013 level, is set to pick up again as a result of growing social instability in the poorest countries.

The financial crisis of 2007-2008 followed by the fiscal crisis of states, which began in 2010, has pushed many capitalists *not* to invest in means of production to increase the productivity of labour so as to increase the mass of goods produced. The main way to extract more surplus value from human labour has been the depreciation of labour power through lay-offs, increased work rates, relocation and casualization. The stimulus plans for capital accumulation that states are implementing are aimed above all at boosting investment in fixed capital. But this leaves little hope for wage increases.

the period 2016–19 to a negative rate of –1.1 per cent for 2019–22 … Informal workers have also been affected disproportionately by the crisis. Roughly 2 billion workers – or 60.1 per cent of the globally employed – were working informally in 2019. Informal employees were three times more likely than their formal counterparts, and 1.6 times more likely than the self-employed, to lose their jobs as a result of the crisis...", Ibidem.

87 "*Workers with higher skill levels tend to work in occupations that have been less affected by employment losses and that have benefited from options for working remotely. The ability to work from home in higher-skilled occupations, and in areas with readier access to the internet, has accentuated inequalities between the global North and the global South, between households with different socio-economic status, and between rural and urban areas." Ibidem.*

88 "*OECD Employment Outlook 2021: Navigating the COVID-19 Crisis and Recovery*":
https://www.oecd-ilibrary.org/employment/oecd-employment-outlook-2021_5a700c4b-en

89 *"Relative to 2019, an estimated additional 108 million workers are now extremely or moderately poor, meaning that they and their family members are having to live on less than US$3.20 per day in purchasing power parity terms. Five years of progress towards the eradication of working poverty have been undone, as working poverty rates have now reverted to those of 2015.", World Employment and Social Outlook – Trends 2021,* op.cit.

90 https://www.imf.org/external/pubs/ft/fandd/2020/09/COVID19-and-global-inequality-joseph-stiglitz.htm

This is because the new jobs that will be needed to carry out the tasks associated with the introduction of new technologies do not correspond to the characteristics of the labour power that is to be replaced or excluded from work processes. The October 2020 report of the Davos Forum[91], "The Future of Jobs", tells us that:

"*Employers expect that by 2025, increasingly redundant roles will decline from being 15.4% of the workforce to 9% (6.4% decline), and that emerging professions will grow from 7.8% to 13.5% (5.7% growth) of the total employee base of company respondents. Based on these figures, we estimate that by 2025, 85 million jobs may be displaced by a shift in the division of labour between humans and machines, while 97 million new roles may emerge that are more adapted to the new division of labour between humans, machines and algorithms. Skills gaps continue to be high as in-demand skills across jobs change in the next five years. The top skills and skill groups which employers see as rising in prominence in the lead up to 2025 include groups such as critical thinking and analysis as well as problem-solving, and skills in self-management such as active learning, resilience, stress tolerance and flexibility. On average, companies estimate that around 40% of workers will require reskilling of six months or less and 94% of business leaders report that they expect employees to pick up new skills on the job, a sharp uptake from 65% in 2018.*" [92]

Thus, in the long run, the increase in the productivity of social labour by means of the increase in the technical composition of capital will result in the devaluation of labour power because the commodities constituting its reproduction will be produced at lower costs. Of course, this is not specific to the present period but it is a permanent trend within the CMP.

And if the proletariat raises its head, there remains the very political tool of monetary devaluation to wipe out rises in wages won through workers' struggles. So-called competitive currency devaluation[93] is a weapon in the hands of the bourgeoisie for reducing the "gains" of the working class obtained through combat[94]. These considerations apply mainly to the developed capitalist countries. For the LICs, we will see the gap between them and the developed capitalist countries widen, as happens after a war.

When the richest states take over the labour market…

The working class was subsidised by the state during the pandemic and will be for a long time to come. On this occasion, we saw a kind of nationalisation of wages via short-time working (which affected nearly 80% of the workforce in France and elsewhere). Presently, this is carried out through recovery plans, part of which will be distributed in wages. The state thus serves indirectly as an employer.

This crisis has enabled states to make significant progress in control of populations. The "mass domestication" exercise linked to the health crisis is important. The fear generated by the pandemic is a formidable instrument of social control in the hands of states.

However, this crisis has also been an opportunity to test "new" working methods in real life, such as remote working. This is not destined to become the new generalised organisation of work, because, on the one hand, not all jobs are "remote-workable"[95] and, on the other hand, it is a question of capital continuing to maintain effective control over this mass of workers. But it is certain that from now on, remote working will occupy an increased place in the organisation of work, with key gains for

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[91] https://en.wikipedia.org/wiki/World_Economic_Forum

[92] http://www3.weforum.org/docs/WEF_Future_of_Jobs_2020.pdf

[93] Bourgeois economists recognise this in their own way. See, for example: https://www.federalreserve.gov/pubs/ifdp/1978/120/ifdp120.pdf And: http://portal.uc3m.es/portal/page/portal/instituto_figuerola/home/events_news/8summerschool_2013/programme/adr.pdf

[94] A remarkable example is the use of devaluation of money during the period of struggles in Italy in the 1970s. The central Italian banker, Guido Carli, was in charge at the time (with the support of the Stalinists, the unions and the Trotskyists). The political objective (apart from reducing the expenses of the state and businesses) was to undermine wage demands. A so-called automatic system of adjustment of wages in relation to inflation, co-managed with the unions, defined the necessary increases when inflation was too high.

[95] OECD, July 2021, "*Measuring telework in the covid-19 pandemic*": https://www.oecd.org/sti/measuring-telework-in-the-covid-19-pandemic-0a76109f-en.htm

companies (less land rent to pay, less travel costs, more flexibility for workers etc.) but also for the workforce ("freer" organisation of their working time, less travel etc.).

We can thus begin to identify more and more precisely the trends in the evolution of labour relations, the transformation of the technical composition and organisation of work. If we look at the speeches of certain presidents (Biden, Macron, Draghi in particular), we can begin to glimpse what they want to do with the working class after the pandemic. The transformation of unemployment policy in France today is a good example, as are the transformations underway in pension plans.

In France, the recent law on unemployment serves as an indicator of current trends and gives us an insight into the thinking of the ruling classes regarding the capital/labour relationship. This law has three main objectives:

1. To acknowledge the move towards long-term unemployment (which will inevitably increase because of the pandemic) and of a large mass of jobs which will disappear because they are no longer adequate to the needs of companies. They no longer correspond to the needs of valorisation (in the banking sector for example).

2. To encourage a (less "intermittent") restructuring of the labour market.

3. Deal with and manage the resulting relative impoverishment.

The objective of the reform is some marginal savings (there is talk of 1.5 billion euros in savings, while, for example, Air France gets a 4-billion-euro handout...), but is more about supporting a movement of restructuring of the labour market (making the unemployed more active in the search for a job).

These conditions tend to show that the cost of labour will be considerably reduced in all sectors, because the state will continue to develop much more generous employment support systems for companies (hiring subsidies, subsidised training, etc.) and because all sectors that are very labour-intensive but not very productive will be smashed. This could lead to further pressure from the working class without work on those with work, a major push towards relocation and the acceptance of greater flexibility and mobility for laid-off workers.

The political crisis of the working class is visible on the material level as well as the political one. On the material level, because of the full-scale assault made possible by the pandemic, labour relations were completely disrupted by the viral crisis, not only in terms of the organisation of work, but also in terms of the general balance of forces, where the state, as in France, Belgium etc., became the *de facto* employer of 80% of the workforce for several months. It is a similar proportion in Italy, and if you consider public support for companies, it is probably the same in Germany. In the US, the control mechanism is different, but the result is the same in that the Fed buys the markets (directly or indirectly). The same goes for China, Japan etc. It is therefore a matter of an offensive against the concrete relations of production that is launched by states themselves, which make incursions into the relations of labour as they exist, becoming in fact, explicitly or implicitly, the employers of a large part of the working class. In exchange, or at least in the same movement, states are able to establish limitations on movement, limitations on the conditions of reproduction, limitations on the process of concrete labour that each worker must carry out etc. These limitations are not just the expression of a new kind of state despotism, they find their *raison d'être* above all in the pandemic (so we won't speak of a "health dictatorship"). But states have taken advantage of the situation and have largely taken over the conditions of work and the conditions of reproduction of the class. For example, when the state dictates conditions to companies that want to close factories or to those that, like PSA, want to employ staff from its Polish sites in France. The state is able to impose itself because it has tens of billions of euros and companies are shaken by this so-called exogenous crisis.

On the political plane, faced with this state which has become the big HR director, the working class is politically non-existent, caught between the absence of its own organisation and a state left which is supposed to represent it but which is totally committed to this dyed-in-the-wool state interventionism, and doesn't demand anything more. The big question remains: to what extent will the "nationalisation" of wages introduce/intensify within the class, even more than ever, this innate tendency to consider that the state should take care of everything (that is, the most nationalist and reactionary tendencies)?

So, what are the consequences for the proletariat? Here are two things to consider.

- In a capitalist world organised into big regional blocs, in whom productive territories operate on a world scale, the notion of national struggle has lost most of its sense. In so far as the executive, as the real decision-maker, moves further and further away from the direct relations of production, the classic trade union struggle, confined to the perimeter of the factory, the company or even a sector of economic activity, has even less impact on the balance of forces. The problem of the precise knowledge of productive territories becomes the indispensable prerequisite for any class action that can have a visible impact on valorisation.

- Struggles of workers which become an uncontrollable "independent variable" of valorisation represent the only real weapon which proletarians possess to defend themselves in a substantial manner. These struggles are thus at the same time defensive ("economic") *and* political. The independent political struggle of the exploited class has demonstrated in the past that it is capable of undermining social relations and, therefore, of preserving for a more or less long time, depending on the intensity and duration of workers' struggles, the concessions won from the class enemy. The political struggle is also the only concrete organic link between the defence of the working class condition in this world and the revolutionary offensive to deeply change it, to build a society without commodities, without states, without bosses.

Annexes

Annex 1: Central banks and digital currency

If it is still necessary to prove the transformation of the role of Central Banks and their metamorphosis into a political actor of the first rank, it should be enough to mention their preparations to issue digital currencies (CBDC – *Central Bank Digital Currency*) – in the relatively short term, 2 to 4 years[96]. This turning point is explained by the recurrent attempts of private industrial actors (Facebook and its 2 billion potential customers for its Libra digital currency offering[97], Ant etc.) and by the unprecedented spread of crypto-currencies – opaque and ultra-speculative markets inspired by the Ponzi scheme principle[98] – to catalyse growing masses of money in need of transformation into capital.

The principal motivation for "*govcoins"* is therefore the desire for Central Banks to preserve their monopoly over the issuing of general equivalent, i.e. money.

"The first chief function of money is to supply commodities with the material for the expression of their values, or to represent their values as magnitudes of the same denomination, qualitatively equal, and quantitatively comparable. It thus serves as a universal measure of value. And only by virtue of this function does gold[99], the equivalent commodity par excellence, become money." – Karl Marx, *Capital* Volume 1, Chapter 3[100]

The second motivation for the likely issuance of CBDCs is the immanent tendency for the capitalist mode of production to generate new credit instruments. CBDCs will, like any other currency, be a means of deferred general payment, and thus instruments of credit. The great development of the currency exchange rate markets that CBDCs promise will provide a considerable additional source of interest-bearing capital.

"*It is clear, in any case, that with the perfection of the credit system; therefore of bourgeois production in general, the function of money as a means of payment will be extended at the expense of its function as a means of purchase and even more as an element of hoarding."*[101]

"With the development of interest-bearing capital and the credit system, all capital seems to double itself, and sometimes treble itself, by the various modes in which the same capital, or perhaps even the same claim on a debt, appears in different forms in different hands. The greater portion of this "money-capital" is purely fictitious."[102] This "*credit system is doubled and trebled and transformed into a mere phantom of the imagination"*, adds Marx later on.

The third motivation for CBDCs is the acceleration, all other things being equal, of capital turnover through the proliferation of instant payments. In the present system, payment time is in the order of two to three days and goes through traditional (and therefore fallible) banking players. In

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96 *"European officials want to launch a digital euro by 2025. On April 19th the Bank of England and the British Treasury launched a taskforce to consider the idea. In America the Fed is also looking into it. A survey by the Bank for International Settlements finds a large majority of central banks researching or experimenting with CBDCs. They may be in use by countries with a fifth of the world's population in as little as three years' time." The Economist*, 8 May 2021.

97 *"What has prompted the shift? Mr Landau thinks it was "the wake-up call that Libra represented." Libra was the first name for a digital currency and payments network announced in June 2019 by Facebook, which planned to issue tokens backed by a basket of currencies. "This was a real shock for most of the international monetary community," says Mr Landau. A second driver was the decline in the use of cash. If cash can no longer be used for transactions it loses much potency, as it has to be a means of exchange if it is to be a store of value." The Economist*, 8 May 2021.

And also:

"Facebook threatened all this, with its huge network of users potentially meaning that more than 2bn people could adopt a new currency. This made Libra instantly credible as a medium of exchange. Its network would have been cross-border. And in its original incarnation it would have introduced a new unit of account. This raised the prospect of citizens using currencies over which central banks had no control. Regulatory authorities duly resisted the idea." The Economist, 8 May 2021.

98 https://en.wikipedia.org/wiki/Ponzi_scheme

99 Today, gold has itself been replaced by currencies which represent the anticipated capacity for valorisation of the economic and social formations which they originate from.

100 https://www.marxists.org/archive/marx/works/1867-c1/ch03.htm

101 Our translation from the French edition of Capital Vol. 1., Chapter 2: https://www.marxists.org/francais/marx/works/1859/01/km18590100m.htm

102 Marx, Capital Vol. 3, Chapter 29: https://www.marxists.org/archive/marx/works/1894-c3/ch29.htm

addition, transaction costs would be reduced through disintermediation (no or fewer intermediaries in the payment chain).

"As a result, govcoins *could cut the operating expenses of the global financial industry, which amount to over $350 a year for every person on Earth. That could make finance accessible for the 1.7bn people who lack bank accounts. Government digital currencies could also expand governments' toolkits by letting them make instant payments to citizens and cut interest rates below zero. For ordinary users, the appeal of a free, safe, instant, universal means of payment is obvious." – The Economist,* 8 May 2021

To these fundamental explanations we can add the belief, ceaselessly stressed by the representatives of the dominant classes, of the loss of control by governments and banks over the issuance of money.

"One motivation for governments and central banks is a fear of losing control. Today central banks harness the banking system to amplify monetary policy. If payments, deposits and loans migrate from banks into privately run digital realms, central banks will struggle to manage the economic cycle and inject funds into the system during a crisis. Unsupervised private networks could become a Wild West of fraud and privacy abuses." – The Economist, 8 May 2021

Again, according to the same edition of *The Economist*, the least remarked perturbation of the boundary between technology and finance could prove to be the most profound: the creation of government digital currencies will allow savers to deposit funds directly with a Central Bank without going through traditional lenders, primarily commercial banks.

"Banks have modernised their creaking it systems. Entrepreneurs have built an experimental world of "decentralised finance", of which bitcoin is the most famous part and which contains a riot of tokens, databases and conduits that interact to varying degrees with traditional finance. Meanwhile, financial "platform" firms now have over 3bn customers who use e-wallets and payments apps. Alongside PayPal are other specialists such as Ant Group, Grab and Mercado Pago, established firms such as Visa, and Silicon Valley wannabes such as Facebook.

Government or central-bank digital currencies are the next step but they come with a twist, because they would centralise power in the state rather than spread it through networks or give it to private monopolies. The idea behind them is simple. Instead of holding an account with a retail bank, you would do so direct with a central bank through an interface resembling apps such as Alipay or Venmo. Rather than writing cheques or paying online with a card, you could use the central bank's cheap plumbing. And your money would be guaranteed by the full faith of the state, not a fallible bank." – The Economist, 8 May 2021.

Also, incidentally, the creation of a vast CBDC money market would avoid the risk of banknote shortages, especially in the case of high inflation. In the same vein, the centralisation of a large number of payments in the hands of the main Central Banks would diminish the security and solvency flaws in the commercial banks that currently dominate the currency markets.

"Ideally money provides a reliable store of value, a stable unit of account and an efficient means of payment. Today's money gets mixed marks. Uninsured depositors can suffer if banks fail, bitcoin is not widely accepted and credit cards are expensive. Government e-currencies would score highly, since they are state-guaranteed and use a cheap, central payments hub." – The Economist, 8 May 2021

On the side of the Central Banks, they would benefit from the exponential rise in deposits from economic agents, which they could include as assets on their balance sheets. For example, the US Federal Reserve has increased its balance sheet total at an annual average rate of 38% since the beginning of the pandemic. Together with their holdings of sovereign debt, these deposits would strengthen their collateral in the event of hard blows to the parity of their respective currencies.

The impact on the financial sphere of the generalisation of CBDCs would be enormous, as commercial banks would have to "reinvent" themselves from top to bottom, with predictable effects on the organisation of work and on the management of the workforce.

"Unconstrained, govcoins could fast become a dominant force in finance, particularly if network effects made it hard for people to opt out. They could destabilise banks, because if most people and firms stashed their cash at the central

banks, lenders would have to find other sources of funding with which to back their loans." – *The Economist*, 8 May 2021

Finally, the rise of CBDCs would result in increased state control over civil society and be a geopolitical disruption factor, according to *The Economist*. This last consideration appears relevant if we bear in mind that this period is marked by the multiplication of currency and trade wars.

"Once ascendant, govcoins could become panopticons for the state to control citizens: think of instant e-fines for bad behaviour. They could alter geopolitics, too, by providing a conduit for cross-border payments and alternatives to the dollar, the world's reserve currency and a linchpin of American influence. The greenback's reign is based partly on America's open capital markets and property rights, which China cannot rival. But it also relies on old payments systems, invoicing conventions and inertia—making it ripe for disruption. Small countries fear that, instead of using local money, people might switch to foreign e-currencies, causing chaos at home." – *The Economist*, 8 May 2021.

"This metamorphosis of central banks from the aristocrats of finance to its labourers sounds far-fetched, but it is under way. Over 50 monetary authorities, representing the bulk of global GDP, are exploring digital currencies. The Bahamas has issued digital money. China has rolled out its e-yuan pilot to over 500,000 people. The EU wants a virtual euro by 2025, Britain has launched a task-force, and America, the world's financial hegemon, is building a hypothetical e-dollar." – *The Economist*, 8 May 2021.

Annex 2: The main recovery plans across the world

Recovery plans under the rubric of the "*green economy*"

Recovery plans, with the associated transformation of the conditions of production, have top priority in capital's response to the effective fall in the rates of the productivity of social labour. They are in fact at the heart of the geostrategic recomposition currently going on, and constitute an essential element of it.

The "*green economy"* represents the central pillar of these plans, along with expenditure on traditional infrastructure and productive investments in automation and robotisation. The urgency around the question of the climate and CO_2 production is not the result of a sudden attack of environmental consciousness on the part of the capitalist system. It corresponds, on the contrary, to the desire to reduce emissions of the gas which is responsible for the global warming which more and more squeezes the profitability of the capitalist system, creating growing unproductive expenses for it. At the same time, it is necessary to contain the negative effects of global warming. According to a study by a team of researchers at University College London (UCL), published on 6 September 2021[103], from now until 2100, world GDP could be 37% lower than it would have been without the impact of warming, taking account of the effects of climate change on economic growth. If we don't take account of long-lasting damage, something which is excluded from most estimates, then GDP is only reduced by 6%. In other words, the impact on growth is often underestimated by a factor of six. However, the report also states that there is considerable uncertainty around the scale of climatic damage which continues to effect long-term growth and to what extent societies can adapt to reduce this damage. According to the scale of the impact, the costs of global warming over the coming century could amount to 51% of world GDP.

Along similar lines, a working document published by the French Ministry of Economy and Finance in July 2020[104], concluded that:

"According to the estimations listed in this study, without policy intervention to limit greenhouse gas emissions, climate change will cause damage to world GDP comprising between 4% and 30% by 2100. The size of this range illustrates the degree of uncertainty around these evaluations. It must be admitted as well that this range without doubt constitutes an underestimate of the impact, because numerous effects are not taken account of by the various estimation tools, or at least in a very unsatisfactory manner."

To give an idea of the order of magnitude of the unproductive expenses allowed for by the American state, along with indemnity offered to insurers associated with climate disturbances, let's give the floor to Lael Brainard, a member of the Board of Governors of the US Federal Reserve:

"The total cost of U.S. weather and climate disasters over the last 5 full years exceeds \$630 billion, which is a record.[105] *During this period, massive flooding in the Midwest has caused billions of dollars in damages to farms, homes, and businesses. The California Department of Insurance has documented growing problems with the availability of fire insurance for homeowners, and the state legislature provided new protections for wildfire survivors. Last year was the sixth consecutive year that the United States experienced ten or more billion-dollar weather and climate disasters. And this summer, Hurricane Ida alone is estimated to have caused more than \$30 billion in insurance losses."* [106]

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103 *The social cost of carbon dioxide under climate-economy feedbacks and temperature variability*, *Environmental Research Letters*, 16 (2021): https://iopscience.iop.org/article/10.1088/1748-9326/ac1d0b

104 *Impact économique du changement climatique : revue des méthodologies d'estimation, résultats et limites*, Documents de Travail No. 2020/4, July 2020 (Our translation): https://www.tresor.economie.gouv.fr/Articles/1a9c33f8-05fc-4d2a-8898-1bfa08535afd/files/258f96d0-1da6-4e97-ad28-85d964bfcaf7

105 To give an idea of the scale, let's note that this sum corresponds to around 0.64% of the accumulated GDP of the US for the years 2016 to 2020, some \$101 trillion. The public expenditure of the country – federal, national and local – were of the order of 38% of GDP in this period.

106 Intervention at the Conference of the Federal Reserve in Boston on 7 October 2021: https://www.federalreserve.gov/newsevents/speech/files/brainard20211007a.pdf and https://www.ncdc.noaa.gov/billions/events

Overview of the essentials of the main recovery plans

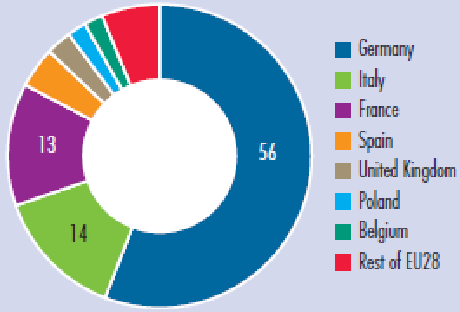
"In volume terms, the amounts of State aid are substantial: according to the European Commission, the aid authorised for the various Member States at end-December 2020, amounted to over EUR 3,000 billion ... These amounts, which can be mobilised under State aid schemes, are unevenly distributed across EU Member States, and benefit mainly Germany (over 50%), Italy and France (14% and 13% respectively). ... Given its scale (in terms of volume), its wide range of beneficiaries and the way in which it is granted, the State aid authorised by the European Commission under the temporary framework has de facto acted as a form of insurance mechanism for companies against the economic shock."[107]

3,000 billion euros
total amount of State aid authorised by the European Commission by end-December 2020, in the context of the Covid-19 crisis, for the European Union (EU) Member States

20%
share of such aid directed to a given sector or to companies of a specific size

389 decisions
number of State aid decisions approved by the European Commission by end-December 2020 for EU Member States in the context of the Covid-19 crisis

Breakdown of "Covid-19" State aid approved by the European Commission for EU Member States between 19 March and 31 December 2020
(as a % of total amount)



Sources: European Commission and authors' calculations.
Note: The amounts authorised differ from those actually paid out, for which we do not have complete data.

Country	Public expenditure on the pandemic (in billions of $US or in the national currency)	In relation to GDP (%)	Destination
USA	4,700	23% (2020-21)	Total budget put in place by the Federal Government, of which 3,300 billion has already been spent (Sept 2021).
Allocated as follows	450		*American Rescue Plan*: direct support to households to ensure food, housing, childcare etc.
	~240		*American Rescue Plan*: fiscal support to State governments, territories, local governments and tribes, which is used to fight the pandemic and accelerate local economic recovery
	~1900		*The CARES Act.* includes financing of vaccines and medical supplies, extends aid to the unemployed and provides a new series of emergency financial support to households, small businesses and local authorities.

[107] *Bulletin de la Banque de France*. 238/3, November-December 2021 (English edition): https://publications.banque-france.fr/sites/default/files/medias/documents/bulletin-banque-de-france-238-3_en_state_aid.pdf

Country	Public expenditure on the pandemic (in billions of $US or in the national currency)	In relation to GDP (%)	Destination
	~350		*Coronavirus State and Local Fiscal Recovery Fund*: - To reduce the spread of the virus and contain the pandemic. - Replace lost revenues for state, local and territory governments, and increase support to vital public services and contribute to maintaining jobs. - Support immediate economic stabilisation of households and businesses - Attack systemic problems of public health and the economy which have contributed to the unequal impact of the pandemic.
	~850		*Consolidated Appropriations Act*, 2021
	500		Project of the Covid-19 Relief Act
China	~615	4.8% (2020)	Total scale of the general budget increase is estimated at 4.5-5% of GDP in 2020.
Allocated as follows	320 à 384	2.5 to 3%	Cuts in taxes + national insurance for companies etc.
	40	0.3%	Anti-coronavirus measures
	130 to 195	1 to 1.5%	Investments in infrastructure and the healthcare system
	37	0.3%	
			The growth of credit went from 10.9% in 2019 to 13.3% in 2020, totalling 34,000 billion RMB, 8,600 billion more than in 2019.
Europe	> 2 800	~20%	
Allocated as follows	750	5.4%	Donations to European recovery between 2021 and 2026
	240	1.7%	European Stability Mechanism (MES)
	37	0.3%	Initiative for investment in the fight against the coronavirus (intended to support workers and healthcare)
	1		Guarantees for the European Investment Fund
	11.5		Relaunch from the 2014-2020 budget, temporary loan-based support mechanism for national unemployment insurance schemes (SURE), provided with EUR 100 billion.
	1 850	13.2%	Programme of Emergency Purchases for the

Country	Public expenditure on the pandemic (in billions of $US or in the national currency)	In relation to GDP (%)	Destination
			Pandemic (PEPP) of the CEB
	25		BEI = Pan-European Credit Guarantee Fund for bank lending to the business sector
France	~220	~9%	
	71	2.9%	Subsidies for short-time work + support for small businesses + transfers to low-income households
	~50	2.1%	Income support + support for the automotive sector + tourism + aerospace
	100	4.1%	Stimulus plan distributed between 2021 and 2022, with about 60 billion euros from the national budget.
	20	0.8%	Solidarity Fund + partial unemployment
Germany	250	7.5%	
Allocated as follows	120	3.5%	Small business grants/loans + easier access to short-time work
	130	3.8%	Temporary reduction of VAT, increase of family allowances, increase of subsidies to companies and public investments
	600	17.5%	Economic Stabilisation Fund of which 400 billion euros in guarantees for financing companies on the capital market, 100 billion euros for direct equity investments and 100 billion euros in the form of loans to KfW
UK	450 billion (£)	20.3% (2020)	Quantitative easing (global)
Allocated as follows	200 (£)		QE announced 19 March 2020
	100 (£)		QE announced 18 June 2020
	150 (£)		QE announced 5 November 2020
Plus	12.7 (£)	2022	Excluding emergency measures => 130% capital cost allowance (to stimulate investment)
	55 (£)	2021	Additional funding for public services
Italy	>135	3% (2020) and 4.4% (2021)	

Country	Public expenditure on the pandemic (in billions of $US or in the national currency)	In relation to GDP (%)	Destination
Allocated as follows	25	1.4%	*Cura Italia* - increased health care expenditure, deferred tax and social security payments, increased short-time working benefits
	400	22.4%	*Liquidità* - guarantee system provided by *Cassa Depositi e Prestiti* (via SACE), 200 billion in new loan guarantees to large companies and SMEs and 200 billion in export guarantees.
	55	3.1%	*Recovery decree* - short-time working and support for the self-employed, "emergency income" for those not covered by other benefits, and tax credits for businesses.
	25	1.4%	*August decree* - extension of income support measures + support for local authorities
	30,6	1.9%	Additional expenditure from the national budget to complement the expenditure financed by the EU recovery fund.
Czechia	~ 10	4.6%	Total size of discretionary fiscal stimulus in 2020
Hungary	~3,000 billion HUF	5.6%	Quantitative Easing
	1,550 billion HUF	3%	Corporate bonds under the Growth Financing Scheme (BGS)
	307 billion HUF		Mortgage Bonds
	2940 billion HUF	5.6%	"Go!" Programme for financing growth = loans to SME sector
Sweden	700 billion SEK	End of 2021	Overall quantitative easing envelope
	500 billion SEK		Liquidity injections (up to 4 years) to support businesses, especially SMEs
Russia	6.4 trillion roubles	2.9%	2020-2021
Brazil	~147	8%	of which more than half is in direct transfers to households (of which R$135 billion, or 1.8% of GDP, is from reserve requirements).
	1.3 trillion R$	17%	Credit capacity including easing of reserve requirements, greater flexibility for agribusiness securities, a higher cap on bank repurchases of securities, and the use of existing reserve requirements to purchase corporate debt.

Country	Public expenditure on the pandemic (in billions of $US or in the national currency)	In relation to GDP (%)	Destination
Canada	335 billion $CAN	15%	Tax Relief (2020)
	140 billion $CAN	6%	Tax Relief (2021)
	78 billion $CAN		Electoral promise by the Liberals (2021)
			In September 2021, the pace of gross purchases of Government of Canada bonds is C$2 trillion per week. The last reduction in the pace, which was C$3 trillion per week, was announced at the July 2021 Bank of Canada meeting. UBS believes that at the October 2021 meeting, there will be another reduction that will mark the beginning of the reinvestment phase, i.e., quantitative easing will be reduced to zero.
India	360	15.4% announced (2020)	Of the total economic support announced so far (15.4% of GDP), the outright fiscal stimulus is only 2.2% of GDP for FY 2021.
	50	2021	including US$17.6 billion (0.6% of GDP) of pure and simple fiscal stimulus
	32	2022	US$12 billion of which is in the form of OMOs and US$20 billion in the form of G-SAPs (government securities acquisition program).
Indonesia	398 trillion Rp	2020-2021	Purchase of public debt through private placement
	177 trillion Rp	2021	Purchase of public debt through private placement
Japan	73 trillion Yen	134%	JPY 37 trillion (6.8%) is carried over to FY2021. This suggests that the stimulus in CY2020 was JPY 36 trillion (6.6%) and the rest (6.8%) is for CY2021.
	from 6 to 12 billion Yen per year		Purchases of assets at risk: ETFs
	from 90 to 180 billion Yen		Purchases of assets at risk: JREIT
	from 5 to 20 trillion Yen		Purchases of assets at risk: CB + CPs
South Korea	54.99 trillion (KRW)	2.6%	Final tax expenditure (2020)
	60.49 trillion (KRW)	2.3%	Final tax expenditure (2021)
	20 trillion (KRW)		Bond Market Stabilisation Fund

Country	Public expenditure on the pandemic (in billions of $US or in the national currency)	In relation to GDP (%)	Destination
	10 trillion (KRW)		Equity Market Stabilisation Fund
			On March 26, 2020, BoK announced unlimited liquidity provision through weekly Repo operations for the next three months, expanded the counterparties to 16 non-bank financial institutions from the current 5, and expanded the collateral to SOE bills.
			Lowering of the interest rate of the intermediate lending facility to 25 basis points from 50-75 basis points previously (i.e. the lending facility between BoK and commercial banks based on commercial banks' loans to SMEs, the amount of this facility was increased twice by another 10 trillion won in February and May)
	50 trillion (KRW)	2.5%	A special financial assistance program including a low-interest loan program for SMEs of KRW 12 trillion and a special loan guarantee program of KRW 5.5 trillion.
			On April 16, BoK launched a corporate bond-backed loan facility, a repo of up to 6 months with AA- or higher corporate bonds as collateral, with the total amount capped at KRW 10 trillion.

Sources: Banks, Brokers.

Annex 3: Texts distributed about the pandemic

Pandemics, Nation-states and Capital

1) The COVID-19 pandemic appears to be the second most serious world viral outbreak known to humanity in modern times, after that of the Spanish Flu. All continents are affected, it is a real pandemic. The transmissibility of the virus is very high, comparable to that of the global pandemic of 1918-19 which, according to the Pasteur Institute[108], wiped out 30 million lives. This pandemic had a death rate of around 3% out of a billion or so people affected (60 to 70% of the global population at the time). In the absence of a vaccine or effective treatment, the coronavirus will also infect 60 to 70% of the world population, according to specialists[109]. But, according to them, its mortality rate, on the other hand, is less than 1%. This means that out of 7.6 living human beings, 45 to 53 million could end up dead. In other words, no country has the means to manage a health crisis of this magnitude which, what's more, is worsening at an alarming speed. First question: why does it spread so fast?

2) The answer is simple: the cocktail of hyper–urbanisation and hyper–centralisation of healthcare structures. More than 55% of the global population lives in cities, where an overall majority are crammed into dwellings which are overcrowded and often unhealthy. The urban overpopulation are also victims of the degradation in air quality which makes their respiratory tracts more vulnerable to viral attack[110]. In France, one worker in five spends more than an hour and a half commuting to work and less than 40% take less than half an hour. The increase in journey time is a real tendency which follows the spatial breakup of productive territories.

At the same time, the provision of "health" goods follows in the footsteps of any other sector producing new value: centralisation of capital, specialisation, standardisation, Taylorism, which creates medical deserts next to zones with modern and better equipped health facilities[111].

3) How does this work? Let's take the example of the state health system. The hospital takes money from patients (co-payment), from social security, itself generally financed by contributions from employees and employers, *and* from the state (local, regional, central). Its capacity for accumulation depends on the capacity of each health unit to make savings on the services provided to sick people relative to the standardised prices for each of them, which are fixed by the "social partners" (Social Security) *and* by the state. In this way, the patient is FOR THE HOSPITAL AS A BUSINESS (not for the hospital staff, obviously) a raw material to transform at the lowest cost. Let's take the case of intensive care. It is now claimed that the amount of intensive care (number of beds) is largely insufficient. It is also obvious that the flu pandemic was abundantly anticipated by the WHO, the CIA etc., at least ten years ago. Yet, states *and* hospitals did nothing to prepare the health system for this shock. Why?

4) Firstly, because the unit cost of equipment is very high (costed at around 100,000 euros). Secondly, because each day that a patient is in intensive care costs on average 1,500 euros, which in the case of 15 days on average in hospital for Covid-19, means a bill of more than 22,500 euros. These costs are perfectly known to the organisations which pay hospitals and are not reducible. Thus, competition between health establishments cannot take place. No hospital can garner profits from intensive care while the initial outlay is high and the costs of production of healthcare are identical from one hospital to another. This is different from, for example, the profitability of units specialising in treatments for tumours. Here, the initial outlay is certainly very high (even more than for intensive care) but the centralisation of capital, standardisation/specialisation and the results from R&D can make the difference in profitability from one unit to the other.

5) Everywhere the health system is undergoing a transformation in the direction of rationalisation, meaning specialisation and centralisation by poles of competences. Health structures which are less efficient and more expensive are closed. And these are often small local structures. Zones with well-trained specialists, and plenty of cutting-edge equipment exist side by side with areas lacking adequate health coverage. Medicine in the time of capital is itself more and more a source of profit for the establishments who know how to invest and to minimise the costs of care for patients, the veritable raw material for producing the commodity "health". On their side states have to face growing expenses of social protection in a period marked by their fiscal crisis. Thus, there is a converging interest of individual capitals (public or private) engaged in the reproductive sector of health and the states which mostly finance their activities (public contracts, budget) in squeezing to the maximum unproductive expenses (the state) and unproductive (or not productive enough) investments (health structures).

6) The search for profits in health by individual capitals which invest in it and the progressive transfer to patients of the unproductive expenses of health carried out by the state have led the health system – including in most of the advanced countries – to reduce the overall offer of free care relative to the more creditworthy, therefore paid, offer. The situation created by the pandemic shows this. Not enough testing facilities, not enough masks, not enough ventilators, not enough intensive care beds and not enough healthcare staff, this is in, in brief, where we are. That will change over the course of the

[108] http://theconversation.com/grippe-espagnole-et-coronavirus-pourquoi-le-contexte-est-tres-different-133836
[109] https://www.theguardian.com/world/2020/feb/11/coronavirus-expert-warns-infection-could-reach-60-of-worlds-population
[110] https://www.actu-environnement.com/media/pdf/news-35178-covid-19.pdf and http://www.simaonlus.it/wpsima/wp-content/uploads/2020/03/COVID19_Position-Paper_Relazione-circa-l'effetto-dell'inquinamento-da-particolato-atmosferico-e-la-diffusione-di-virus-nella-popolazione.pdf
[111] https://www.francetvinfo.fr/sante/maladie/coronavirus/carte-coronavirus-quels-sont-les-departements-les-mieux-dotes-en-lits-en-reanimation_3876681.html

development of the pandemic because states will loosen their purse strings, the factories and laboratories which produce medicines and useful materials will run flat out and researchers across the world will be given the task of discovering a vaccine to the virus. The reason? The virus is in the process of upsetting the productive order of capital. Suddenly, the costs and expenses become indispensable. "Helicopter money"[112] to defend businesses, to manage labour market imbalances, to make up for the late provision of care. But all these are not unproductive expenses. Far from it.

7) The logic of capital accumulation rapidly changes course. It turns very quickly to juicy new markets, created or massively amplified by the viral outbreak. In consequence we can be sure that the normality of exploitation, of markets, of the habitual dictatorship of capital will return even more quickly than in 1918-19, at the time of the Spanish Flu. We can even reasonably assume that the murderous balance sheet of coronavirus will be lower than that by simple arithmetic. And it is reasonable to think that capital will return to rude good health when suspended orders start up again, when work begins again everywhere without a hitch and when populations take one more step in their total dependence on the state and capital which has defeated "evil". For the moment states are bearing the enormous costs of the stopping or slowing of accumulation by printing money via the central banks who buy additional public debt. According to the first calculations of commercial banks, the additional debt of states and their central banks will have to go beyond 3% of world GDP. The US alone has created an additional mass of money which is more than 8% of its GDP[113], Japan and Germany around 6% of their GDPs, Britain 4% and France 2%, in subsidies, interest-free loans, public expenditure on facilities, on buyouts of public debt and company debt by central banks as well as abundant liquidity provided to the banks without anything in return.

8) For the moment, public debt freezes the industrial crisis (whole sectors close to shut-down, bank credit getting scarce, world trade shrinking) by supporting the individual capitals of the main countries. At this stage, we can foresee two possible scenarios: a temporary "stop & go" to accumulation where laboratories rapidly find a vaccine or an effective treatment[114]. In this case, accumulation can get going again nicely with few big companies seriously affected. Or the pandemic continues, definitely leading to an industrial crisis on a huge scale. The first scenario is the one held on to by the OECD, the IMF, the Federal Reserve, the ECB, the PBOC (People's Bank of China) and all the rest. In this case, and even in the best scenario for capital as a whole, the less developed countries are going to be incapable of printing enough money without their exchange rates falling. In crises, only currencies which have gained the status of international money, eligible to be in the official reserves of principal central banks, can stay afloat during a period of shock of this magnitude by creating overabundant means of payment.

9) What is at stake today is much more than a great world war against a common invisible enemy, as the communication organs of the dominant classes would have it. The first effect is that of the acceleration of regional decoupling of productive areas. The various big productive blocs (Western Europe, China and North America) reinforce their respective internal markets and restructure, notably by internalising, repatriating, many of their fields of production. The slow erosion of trade between these blocs, along with the overall fall in the cost of manpower, including in the most developed citadels of capital, now makes it possible to repatriate the production which needs large amounts of labour. Yet, a large part of the medicines used in European hospitals are imported from China or India[115]. This productive interdependence pushed to extremes indicates, in Europe, where the borders are closing, the fragility of each national capital. The notion of the "vital national interest" applied to some production is expanded to sectors like those of health and food[116].

10) The European Union is a special case, and this is important in its survival as a separate economic bloc. The cacophony of Community institutions, the hesitant response of the ECB, the every-man-for-himself attitude that seems to prevail as we write. Borders are re-established. Trade between the North and South of the continent slows down drastically. Freedom of movement is *de facto* abolished. States requisition necessary medical materials along with the workplaces which produce them. Calls from governments for a unitary response multiply but disappear into space. Political links within the EU start to fray. The Brexit "example" could become a veritable paradigm with mini-blocs even more sealed off and more independent, economically, politically and commercially (Scandinavia and the German zone above all).

11) Proto–fascism has a heaven-sent chance to relaunch itself across the world[117]. The almost hysterical quest for a commander in chief who can firmly take in hand the governance of countries which are like waterlogged boats in the face of

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[112] https://en.wikipedia.org/wiki/Helicopter_money

[113] https://www.wsj.com/articles/house-lawmakers-race-to-washington-to-ensure-coronavirus-stimulus-passes-11585318472

[114] Ursula von der Leyen, the President of the European Commission hopes that a vaccine for the coronavirus will be ready "before the autumn" (see her statement on 17 March). A laboratory in Germany is working on such a project. However, even if this turns out to be the case, it will be a few months before the product can be industrialised and distributed through existing health structures. And, in any case, it is the developed countries which will be first in line.

[115] "*India imports around 70% of its ingredients and bulk medicines from China, which it then prepares for export to the rest of the world. In turn, American industries produce 40% of their medicines in India*". *L'Espresso*, 15 March 2020.

[116] Some agricultural raw materials have long been treated as strategic foodstuffs (wheat, rice, sugar, etc.) in various countries and stockpiled in silos and warehouses controlled by these states. To these can be added the list of strategic finished food products (as is already the case for military rations).

[117] Happily, so far, the Salvinis, Trumps, Bolsonaros and Johnsons have not succeeded in capitalising on the viral crisis through lack of a suitably puerile discourse, to which enough of their fan-clubs can subscribe. But they will return to the charge when it's possible. Of that we can be sure.

mass infection; the generalised criticism of representative democracies considered "too slow and complex in their functioning" to respond effectively to the virus; the shared suspicion that the illness has been "imported" by foreigners near or far; incessant calls for national unity coupled with the war metaphor; the re-evaluation of the role of the paternal state as protector and the progressive implementation of a kind of permanent martial law, ever since 11 September 2001, are so many elements which feed the dominant tendency to transform "classical" representative democracies into plebiscitary democracies and reinforce the proto–fascist political tendencies which are still minoritarian. With the crisis of the "social state", sealed by the budgetary crisis[118], the mode of governance is less and less about social democracy, the expansion of public services as a regulator of class struggle. From now on, the management of civil society is more and more about the state of exception, the use of all sorts of shocks (financial, geopolitical, health-related, demographic etc.) to reinforce the hold and the "verticalisation" of the state. It is a matter therefore of a political management *par excellence*, leading to a general militarisation founded on fear and the insistent demand for protection coming out of civil societies which are less and less conflictual.

12) Proletarians are the main victims of the situation. First of all, they are hit in their material conditions. It is they who often live in environments where overcrowding is the rule, which can end up, if the confinement lasts a long time, in increasing violence against women and children, as the first signs seem to confirm. It's also proletarians who are less likely to work from home. In the best case, this only works for 22% of employees in France. Many of them have no right to compensation if they refuse to go out, as always forced to choose between wages and health. They are the ones who are always piled into public transport at the same time to get to or from work. It is they who will be subjected to the bulk of the police controls set up for this gigantic operation in bacteriological warfare happening in many advanced countries. And it is they who traditionally have less access to care, who have more work-related diseases. Finally, it is they who don't have much access to reliable information about the pandemic.

13) But the proletariat is above all the great missing political piece. Not constituted as a class for itself, lacking its own organisations, less used to fighting for its interests than at other times, workers, proletarians, are handed over to statist and nationalist propaganda: the strong state, protector of all classes. The perpetuation of methods of control and the militarisation of territory and labour inherited from 9/11 and then the Islamist attacks in Europe is no longer questioned. On the contrary, the arsenal of security resources will grow with extended police controls, the banning of gatherings (justified so far by the lack of a vaccine, but how long will it remain in force?), the spread of cameras in cities and the militarisation of health services, along with so-called public services in general[119].

14) The outburst of strikes in the factories of the north of Italy (but also some productive units in the south) which have forced the closure of workplaces due to the danger of infection, along with the revolt of prisoners during quarantine to obtain early release and the proper treatment of sick detainees so as to ensure less exposure to infection, are the only signs of autonomy that the class has expressed towards the class enemy. For the moment, only isolated attempts at collective reappropriation of goods in supermarkets in the south of Italy have appeared. In France, similar actions on a smaller scale have taken place while individual desertion from work grows. We can only hope that other acts of insubordination, preferably collectively organised, will follow.

15) Epidemics have punctuated the whole history of humanity. They existed before capitalism and no one can guarantee, without being a fraud, that they will disappear after the destruction of societies divided into classes. What we can say, on the other hand, is that the form that they take will be very different from under capitalism, and more generally in societies founded on the oppression and exploitation of human beings[120]. The way of fighting them will also be very different, in keeping with the preservation of the species and freed from the dictatorship of commodities and value.

[118] Some states, such as Czechia, still escape with their financial capacities intact, but they remain very dependent on the integration of their economy into the chains of global production.

[119] In France, for example, the state and the bosses use the crisis to worsen conditions of exploitation. The government prepares the ground with its repeated declarations about the country being "*at war*". And later there will be the "*battle for reconstruction"* (that is the relaunch of capital accumulation), which means additional sacrifices for the exploited. Already, employers can impose six days of paid leave to reduce the need for partial unemployment. After confinement, the maximum weekly working hours will go from 48 to 60 hours. We can bet that this is not the end of it.

[120] https://theconversation.com/les-epidemies-sont-inevitables-apprenons-a-les-anticiper-133888

COVID-19, vaccines, vaccine passports and proletarian politics

The situation of the working class across the world has only got worse since the Covid-19 pandemic started. Governments of the most advanced countries have put in place emergency policies aiming, first of all, at avoiding the uncontrolled unravelling of the capitalist social relation, the dislocation of civil society, and above all a long paralysis of the social process of production. The first plans put in place made the state the ultimate guarantor of the capitalist system. By its coordinated actions, it has ensured the solvency of companies, the continuation of jobs by taking direct charge of a large part of total wages and, finally, the sustainability of its own debt by the activation of guarantees provided by the respective central banks which are unprecedented in peace time. Based on the increasing availability of vaccines in the central countries of capital which makes it possible to achieve in the more or less short term a sufficient herd immunity, since summer 2020 the states of capital's first circle have progressively organised to get out of this transitional phase tampon and begin, not without conflicts, a major restructuring of economic and social formations. The "health first" of the initial period gives way to the "economy first" of the present phase, including at the price of a significant number of additional infections and deaths. The process of restructuring will be spread over several years and aims at relaunching enlarged capital accumulation supported by public debt, itself "covered" by massive purchases of its titles by the corresponding central banks. The proletariat in the nerve centres of global capitalism is silent and its rare defensive struggles are very weak. Beside these, agitations and inter-classist rebellions under the sign of reaction and the demand for plebiscitary democracy flourish in a manner comparable to those of the *Gilets jaunes*[121].

1) In the countries of the second and third circles of the capitalist mode of production, the so-called emerging nations and, above all, the poorest countries on the extreme periphery, these responses have hardly been adopted at all from lack of means. Only the international institutions of the world capitalist order (essentially the IMF and the World Bank) are just about keeping a large part of them afloat by means of non-repayable loans provided sparingly. In many countries, the pandemic has had a profound affect and has generated a growing and long lasting social and political instability. It is a social and political instability which in some countries in this category preceded the outbreak of the health crisis and has been fed by it. There are plenty of examples, from Colombia to Lebanon, from Algeria to Iran, from Tunisia to Cuba, from Thailand to Burma, to take just a handful. These politically confused movements are the visible expression of accelerated class polarisation in a context where the proletariat does not impose its hegemony, because the proletariat itself is on the defensive and, consequently, has not managed to join the fight for its own interests in the framework of the political class struggle. The movements join together the revolt against the worsening of the conditions of life and work of the poorest with that against the policies of their states in the face of a surge in the pandemic.

2) Into this context which we have very briefly summarised, is inserted the debate on vaccination and methods of health surveillance that states have put in place. While in the countries on the periphery of capitalism, the demand for widespread access to vaccines is getting underway, as in Tunisia and Cuba, in the stronger countries of capitalism some sections of the population with disparate interests and class origins collectively flaunt the refusal of vaccination and/or vaccine passports. The arguments put forward for rejecting vaccination have one thing in common: the calling into question of not just the capitalist use of science but science itself. The experimental method, the search for a closer and closer verifiable approximation to reality, the controlled integration of risks associated with that search, are rejected out of hand. Sometimes they claim that the vaccines are still in an experimental phase (but which ones are not?). Sometimes they shout about the big genetic manipulation carried out by "Big Pharma", sometimes they announce quite simply that the virus is a "cold" of high intensity. Against these idle reflections, it's enough to remember that since vaccination in the most capitalistically developed countries has taken off, almost all hospitalisations for Covid-19 have involved non-vaccinated people. The absence of any critical materialist analysis of the pandemic and its effects on accumulation certainly does not help the understanding that capitalism up to a certain point (defined by the needs proper to accumulation) needs a workforce which is numerous, active and sufficiently healthy for the present social relations to be perpetuated.

3) The reasoning around vaccine passports and their usage by the state and capital is slightly different (but only slightly). In March 2020, we wrote: *"From now on, the management of civil society is more and more about the state of exception, the use of all sorts of shocks (financial, geopolitical, health-related, demographic etc.) to reinforce the hold and the "verticalisation" of the state. It is a matter therefore of a political management par excellence, leading to a general militarisation founded on fear and the insistent demand for protection coming out of civil societies which are less and less conflictual."*[122]. And also: *"workers, proletarians, are handed over to statist and nationalist propaganda: the strong state, protector of all classes. The perpetuation of methods of control and the militarisation of territory and labour inherited from 9/11 and then the Islamist attacks in Europe is no longer questioned. On the contrary, the arsenal of security resources will grow with extended police controls, the banning of gatherings (justified so far by the lack of a vaccine, but how long will it remain in force?), the spread of cameras in cities and the militarisation of health services, along with so-called public services in general."*[123]. It is therefore obvious that even vaccine passports are used as an element of discipline. The threat of being sacked or not receiving wages for the non-vaccinated is certainly real and enables the bosses and the state-boss to reinforce their command over the workforce. On the other hand, we must not forget that whether they work on an assembly line or in an "open space" next to a workmate who does not want to be vaccinated that increases the danger, including for those who are vaccinated, of becoming in their turn, and unwillingly, spreaders of the virus. Taking into account the desire of most wage earners to protect themselves with the

[121] See: "GILETS JAUNES: the first attempts at mobilising "the people" for a strong state against the proletariat", https://mouvement-communiste.com/documents/MC/Leaflets/BLT1812ENvF.pdf
[122] See: "*Pandemics, nation-states and capital",* https://mouvement-communiste.com/documents/MC/Leaflets/BLT2003ENvF.pdf
[123] *Ibidem.*

only instrument which has shown itself to be effective against the pandemic is just as important for the partisans of the proletarian cause.

4) As for the supposed "health dictatorship" which follows from vaccine passports, it is quite simply an argument which serves to prolong the pandemic which hits the poor hardest of all[124]. The holders of the idea of "health dictatorship" because of the dreaded obligation to show a vaccination certificate in enclosed spaces, on transport and in workplaces forget that vaccine certification is much less "intrusive" that the requirement for identity papers, a Social Security card or any other document which says a lot more about us than a QR code associated with a name. And let's not even talk about the deepening social control exercised by the world of social media and the internet, by the diffusion of cameras in cities, by mobile phones, by traceable transport tickets, credit cards etc. A proletarian policy on the details of the control of health certification must dissociate itself from identity control, a real major tool of social command by the state, which strangely does not arouse the slightest protest from the opponents of vaccine passports. Along similar lines, supporting the fight for access to vaccination on the largest scale (those without papers and migrants first of all), internationally (only 2% of the population of the poorest countries have access to a vaccine[125]) and quickly, and making workplaces secure from a health point of view, imposing the strictest criteria for preservation of the workers' health, along with public transport, meeting places etc., is a duty for communists[126].

5) The association of the refusal of vaccine passports with the defence of "freedom" is in the end a serious conceptual error which pushes those who defend it into the arms of the Extreme Right. And let's not forget that in practice it means to call for the right to infect others. The "squabble" between the vaccinated and unvaccinated poor has become one more factor of division within the class which the ruling classes benefit from. It's a division which nevertheless has a very real foundation. As Marx explains in his text *On the Jewish question*, written in 1843, *"The state is the intermediary between man and man's freedom"* under capitalism. And the human being only exists for capital and its defenders as an isolated citizen whose "rights" are mediated by the state. The state defines freedom as essentially individual and its contours as traced by that of other isolated citizens. *"Liberty, therefore, is the right to do everything that harms no one else. The limits within which anyone can act without harming someone else are defined by law, just as the boundary between two fields is determined by a boundary post. It is a question of the liberty of man as an isolated monad, withdrawn into himself"*[127] (*ibidem*). It is the very basis of the mistrust and potential opposition of human beings towards each other. *"But, the right of man to liberty is based not on the association of man with man, but on the separation of man from man. It is the right of this separation, the right of the restricted individual, withdrawn into himself"* (idem). The vision of modern communism is completely different: "*We are not communists who want to annihilate individual freedom and make the world into a giant barracks or workshop. In truth there are communists who are comfortable with that and who deny and want to suppress individual freedom which, in their view, bars the road to harmony. But we don't want to purchase equality at the price of liberty. We are convinced, and we will try to prove in our following editions, that in any society individual freedom can only be at its greatest in one which is founded on community"*[128]. Karl Schapper[129], *Kommunistische Zeitschrift* no. 1[130], September 1847.

6) The class enemy never stops talking about the necessity to rely on the community to push certain sections of the population to get vaccinated. But the community which the dominant classes speak about is theirs, not that of the social individual who is freed from submission to commodities, money and the state. The community demanded by communists on the other hand is that of *"Free individuality, based on the universal development of individuals and on their subordination of their*

[124] According to the 2021 report of the World Food Programme of the United Nations, some 118 million additional people, relative to 2019, could have been affected by famine in 2020 due to the economic consequences of the pandemic, making an estimated total of between 768 and 811 million human beings. https://docs.wfp.org/api/documents/WFP-0000130141/download/?_ga=2.110152965.164159811.1628341041-1018212117.1628341041

[125] "*Vaccination happened along national lines. While more than 50% of the population in numerous advanced countries have been vaccinated, the rate of vaccination in the rest of the world is lagging behind and a substantial coverage couverture is only expected after a few months"*. The study established that *"a distribution of vaccines to individuals at risk in every country after a substantial portion of the population in countries with surpluses have been vaccinated"* could "*save from 400 to 800,000 lives between June and December 2021, thanks to early sharing of surplus vaccines between countries"*. Mehdi Benatiya Andaloussi and Antonio Spilimbergo, "*How many lives could be saved through the early sharing of vaccines globally?",* July 2021 in https://cepr.org/active/publications/discussion_papers/dp.php?dpno=16372

[126] In this connection we suggest reading a short text in Italian and English by Donatella Di Cesare, Professor of Philosophy at the University of Rome who is responding to the conspiracist ideas of his Italian peers Massimo Cacciari (close to the Democratic Party, the final incarnation of the Stalinist PCI) and Giorgio Agamben (an ideologue referenced by some sections of the ultraleft). See (in Italian):
https://espresso.repubblica.it/opinioni/2021/07/27/news/di_cesare_risponde_a_cacciari_e_agamben_sul_green_pass-311928702/ or (in English) https://medium.com/contrahistorical/dear-agamben-dear-cacciari-fadc2e512f09

[127] In: https://www.marxists.org/archive/marx/works/1844/jewish-question/

[128] Here the meaning of the concept of community must not be confused with that of the representatives of the dominant classes for whom community is synonymous with the society of capital where exploited and exploiters cohabit for the good of valorisation. In 1847, the perspective of a permanent revolution led by the proletariat aiming at the "Red Republic" by going beyond the democratic revolution was very real. The communists of that time worked for that. Their reference to community was clearly within that framework.

[129] Karl Schapper (Weinbach, 1812- London, 1870) was a member of the Communist League. He was part of the split in the League led by Willich, whose fraction opposed Marx and Engels, but he made up with them in 1856. In 1865, Schapper was a member of the General Council of the International Workingmen's Association (that is, the First International).

[130] Karl Marx *Œuvres Tome IV, Politique* 1 Pléiade p 993, our translation.

communal, social productivity as their social wealth" (Marx, *Grundrisse* 1[131]). Community freed from all dependence of the individual isolated from other individuals contain thus the beginning of a new individuality which decisively turns it back on the isolated citizen and their exclusive, discriminatory "freedoms". *"The higher development of individuality is thus only achieved by a historical process during which individuals are sacrificed",* Karl Marx *Theories of Surplus Value*, 1861-1863[132]. And again: *"Political emancipation is the reduction of man, on the one hand, to a member of civil society, to an egoistic, independent individual, and, on the other hand, to a citizen, a juridical person. Only when the real, individual man re-absorbs in himself the abstract citizen, and as an individual human being has become a species-being in his everyday life, in his particular work, and in his particular situation, only when man has recognized and organized his "own powers" as social powers, and, consequently, no longer separates social power from himself in the shape of political power, only then will human emancipation have been accomplished."* Marx *On the Jewish question*, 1843.[133]

7) Thus, intervening in a dispute completely internal to capitalist society between the freedom of the vaccinated and that of the non-vaccinated means completely abandoning the class terrain where communists situate themselves. If the working class was able to express its political autonomy, it would itself take on the task of protecting its members from the pandemic by rejecting state control, by adopting and applying itself all the measures which are necessary. Exactly as it has known how to do in other circumstances and epochs to defend a decent collective life in working class neighbourhoods by chasing out the dealers selling death, the merchants of pacification and the various figures of command deployed by the state. But that is not what is happening today. That is why it is necessary to ceaselessly criticise the "logic" of the "anti-vaxxers" and the "rebels" against vaccine passports when this rebellion transforms itself into an innate "right" of the "sovereign subject", of the isolated individual who doesn't care about the health of other people. The "sovereign individual" who elsewhere is always ready to submit more than ever to the first "strong man" who comes along, to throw themselves with head bowed into demands for a plebiscitary democracy, the first step towards all sorts of authoritarian and fascistic regimes. Fear is also the best friend of reaction, conspiracy theories and every kind of authoritarian regression. It is fear, that of the effects of vaccines, which also takes hold of some proletarians, the direct consequence of the prolonged retreat of class struggle and the loss of confidence in collective autonomous initiative – and consequently the inability to impose a working class health policy separate from that of the state. The recent successes of the "anti-vax" and anti-vaccine passport demos are founded on blind panic, a sentiment which is the exact opposite of that which animates the revolutionary proletariat: the reasoned hope for a different, better future. These demonstrations in the name of "freedom" are totally indifferent to the "social question" and find in the traditional petty bourgeoisie (restaurant owners, café owners, small bosses and artisans, the self-employed) their most hardened battalions, but there are also, unfortunately, some sections of the proletariat including health workers. The petty bourgeoisie menaced by capitalist development does not hesitate to impose the worst oppression on the proletarians it employs. In the same way as the demos by the *Gilets jaunes* and similar, these actions must be treated as what they are: the advanced guard of proto-fascism, attempts to constitute a bloc of social reaction ready to confront the proletariat whenever it takes the path of social revolution.

Brussels, Paris, Prague, 12 August 2021.

[131] Karl Marx, *Outlines of the Critique of Political Economy* ("Grundrisse"), II. The Chapter on Money, [The Origin and Essence of Money]

[132] Karl Marx, *Theories of Surplus Value*, Chapter 9: https://www.marxists.org/archive/marx/works/1863/theories-surplus-value/ch09.htm

[133] Karl Marx, *Sur la question juive* in *Sociologie critique* Petite Bibliothèque Payot n°662 Pp 368-369 (in French). An English version can be find here (end of part I): https://www.marxists.org/archive/marx/works/1844/jewish-question/index.htm

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“By cowardly giving way in their everyday conflict with capital, they [the workers] would certainly disqualified themselves from the initiating of any larger movement”

Karl MARX,
Wages, Prices and Profit, 1865

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