

“THE CORONA CRASH”, BY GRACE BLAKELEY: A BOOK REVIEW

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Abstract :

In this note, we come up with a review and presentation of the book “The Corona Crash: How the Pandemic Will Change Capitalism” by Grace Blakeley, a political and economics specialist who had various professional experiences, with companies such as KPMG and IPPR North in England.

In 2019 Grace released her early book, *Stolen: How to Save the World from Financialization*, She also worked as a journalist and a columnist for *Tribune Newspaper*.

Through her book - subject of this presentation and review-, the author exposed the fact that the current world has faced an epidemic and financial crisis because of the capitalist policies pursued in the leading countries for decades. In addition, she includes a reflexion by suggesting some solutions that maintain a socialist and environmental approach, based on social justice, solidarity, equality and the environment protecting policies.

Keywords: Blakeley, Corona, Financial Crisis, Capitalism, Socialism, Environment

“The Corona Crash”: presentation and review:

Grace Blakeley, author of “The Corona Crash: How the Pandemic Will change Capitalism” is a British economics journalist, commentator, columnist, and author. She was born in England on 26th June, 1993. At the age of 27 years, she is having a very critical sight to analyse things behind the curtains. She wrote two books, other than The Corona Crash her early book was entitled as Stolen, in which she accumulated the ways of saving the world from financialisation. In The Corona Crash, she estimated the future of the capitalist world under the consequence of Covid-19. She described the way, how governments of capitalist states, such as the US, the UK and the Eurozone, are fighting their maximum possible circumstances to reduce inflation of capital shares. It also caters the causes about how the global economy began to collapse after the measures of the public health emergency were brought into existence. Lockdown and stay at home measures blocked the world’s wheel by limiting the labour markets.

Eventually the decreased outputs and low incomes reduced the consumption rates, thus the stock market experienced the worst crisis of it’s all times. Though many of the states eased the lock-downs and began to restore their losses, it is considered as a V-shaped recovery (Sharma et all, 2021). This publication is incredibly concise, having four chapters that focuses on the capitalist global economic system and interventions taken by capitalist states against it. Covid-19 pandemic has proved not only a health issue, it’s an economic warn as well. All around the world, shops, factories, restaurants, and transport have been forced to remain closed in order to stop the spread of disease. Not only this, millions of people have lost their jobs in hospitality, retail, and manufacturing industries as well, and small businesses got completely vanished while large-scale businesses lost their momentum. Due to which, the economies of several states have fallen down to the maximum extent.

Unfortunately, instead of social solidarity and cooperation with each other, the Core countries have initiated to sustain capitalism. The first chapter is entitled as “The Last Days of Finance Capitalism”, which is a detailed scenario building of capitalist revolution and inculcation of financialisation into the British economic system since last half century. The author claimed Financialisation responsible for decline of capitalism, economic crisis, and stagnation. As she says, *“The root cause of the crisis of modern capitalism does not result from a purely economic shift, but a deep-seated and long-standing transformation in political economy, the institutional foundations of which were laid in the 1980s, when the financialisation of the economy began in earnest. This trend – financialisation – is what underlay both the financial crisis and the stagnation witnessed since the crash”* (Blakeley, 2020).

Now as Corona Pandemic has increased economic instability and nations have catalyzed the process of financialisation, consequently the loopholes have started to be appear in the system of financialised capitalism. Further, the writer compared the assets owned by the banks of the UK and economic situation of the British, in response to financialisation since 1970 to 2007. In which a considerable part of revenue was being generated through finance section followed by the insurance industry and real estate business. The author mentioned, *“A significant portion of the revenues generated by the finance sector resulted from its symbiotic relationship with the real estate and insurance industries – these sectors combine to create what Michael Hudson calls the FIRE sectors”* (Blakeley, 2020). That means a big chunk of capital was in the hands of a few elites and lack of dynamism and loose monetary policy, boosted the prices of assets and made more hard for lending these assets for those firms in need.

The second chapter of this book is “Into State Monopoly Capitalism”, which defines that the world’s central banks, with maximum capital, have decided to bailout corporate economies. At the same time, capitalist states have initiated the process of state monopoly, through big business’s interpenetration, that is highly in interest of political leaders, corporate executives and financiers but not

in public interests. There is an estimation that by the end of Covid-19, only large-scale firms will be left, having optimized value of political power with the help of the credit system, while small and medium-sized companies will be caught into debt traps. As the writer says, *“Economic crises tend to be moments of market concentration, and the corona crash will see this kind of concentration on steroids. By the end of the crisis, there will be fewer firms left, and those that remain will be much more significant, in terms of both size and political power”* (Blakeley, 2020).

In this chapter, the author raised a significant argument that what is the cause of financial and non-financial institutions or finance monopoly has thrashed permanently into the hands of state in response to 2008’s stagnation and 2020 crisis. She asserts that, *“As Washington escalates its trade-cumgeopolitical rivalry with the world’s second largest economy, and with corporate monopolies headquartered in the Global North set to dominate ever larger swathes of the global economy, my argument is this: what has happened as a result of 2008 and 2020 is that both financial and now also non-financial institutions – in other words, the entirety of the ‘monopoly-finance’ hybrid – have collapsed into the arms of the state, and appear set to become wholly and permanently reliant upon it”* (Blakeley, 2020). This is because after 2008, the system needed extraordinary and prolonged interventions by the states to reserve a stable financial system, now the time has come for this kind of state monopoly over capitalism.

The Corona virus Aid, Relief and Economic Security (CARES) Act of the US, bailed out non-financial corporations with a 20 percent of total GDP, yet unable to address loopholes and inconsistencies in the system. Additionally, tech companies that trade online, such as Amazon, Fiver, Facebook, Tweeter and many more, are the main beneficiaries of the corona crises, and the governments are providing them commodities to do so. Now these firms possess capital more than the total GDP of any semi-periphery state. The writer affirms that, *“As the corona virus pandemic has deepened, the big tech companies have emerged as some of the greatest beneficiaries. Microsoft, Apple, Alphabet, Amazon and Facebook now make up a fifth of the*

entire value of the S&P 500 Index, and Jeff Bezos is on track to become the world's first trillionaire" (Blakeley, 2020).

Third chapter of this book is The New Imperialism, which sketched the raw form of failure in free market capitalism, which pledged to provide many opportunities to poor countries as well, through globalization. Today's globalization resembles with the imperialism, as financiers prefer to assist monopolists in order to direct their capital accumulation. As the writer quoted the work of Lenin that, "What we today call globalization has commonalities with the process of imperialism that Lenin examined a hundred years ago". She further added that, "*Rather than investing domestically – where returns were lower, owing to both lower rates of growth and the existence of taxes, regulation and strong labour movements – financiers would help to channel the capital accumulated by monopolists into the periphery of the world economy, where the transition to capitalism was not yet complete*" (Blakeley, 2020). Although the business industries keep competing on global formats with the help of their governments, it helps them to expand domestic capital too. The capitalist monopolies have engaged their value chain into production of commodities; they generate low value-added goods in poor countries and send the profits back to their own countries.

Last chapter of this book is very incisive, having few suggestions against "Reconstruction", of the system and by the system. Where after excessive state interventions, the only hindrance, between crashed economies and global economic breakdown, is the prohibition to governments against these interventions by politicians. Blakeley, mentioned that, "*It is often said that, in the midst of a crisis, everyone is a socialist. With massive state intervention now the only thing standing between economies battered by the coronavirus pandemic and global economic meltdown, few politicians or economists are calling on governments to step back, let businesses fail, banks go bust and homeowners default on their mortgages – even if some countries have attempted to extricate themselves from lockdown and return to 'business as usual' before getting the virus under control*" (Blakeley, 2020).

This chapter suggests there is a dire need of a socialist system and social solidarity is its base, in order to combat the crises and regain the economic power. States are providing emergency grants, low-interest loans, and bailouts to companies of greater ability to absorb small businesses into them. The central banks are monitoring the allocation of capital in the economy, but their basic concern here is to rise up the prices of assets so that they can sell cheap credits to private sectors. As the author criticized the interventions of central banks as, *“The central banks are playing a significant role in planning the allocation of capital in the economy, but they have been doing so in order to inflate asset prices and to provide cheap credit to the entire private sector, regardless of how this credit is used”* (Blakeley, 2020). This way the important industries struggle to access cheap and low interest credits but as state’s high interests are tilted towards sustainability of capitalism, they focus on industries owned by elites, whether they are important or not.

To avoid such kind of discords by the capitalist state monopolies, democratization of the economy and accountability of state officials by public should be widened. If governments provide bailout programs to falling companies, then these firms should be run by the people on merit instead of a few capitalists. Moreover, the purpose of these capitalist states should be to boost up the economy as a whole by reducing inequality of resource distribution. For instance, the writer suggested that, *“Capitalist states, banks and enterprises work together during moments of crisis to protect one another from the consequences of their actions, and to limit the impact of the downturn so as to forestall demands for fundamental political and economic transformation. The links between big business, finance and government do not represent a perversion of liberal democracy; they are an increasingly unavoidable feature of capitalist political economy. Wealth translates into influence, and influence back into wealth”* (Blakeley, 2020).

In conclusion, this concise book, rich in information, analysis, criticism and proposals, has several limitations related, perhaps to the author’s general

approach, and she is known for her critique of capitalism and its new socialist approach. As for the capitalist state's structure, it did not offer a realistic alternative to non-interference or state interference in the economic system, or the nature of an alternative state able of carrying out social responsibilities and practicing a system of government based on social justice and equality. The socialist experience did not succeed in such a task, despite its different experiences. Contrary, the experience of the Scandinavian countries, despite its social character, is capitalist and has succeeded in achieving growth and building a distinct social system largely.

Farther, the researcher did not compare the policies of the capitalist countries with the least developed countries (LDC). She was unable to explain how to address the monopolies within the states, nor to explain how the north-south relationship is not based on equal interests, with the same standard that the northern countries adapt in their societies to preserve their capitalism according to a detailed logic of historical facts. Which resulted in such a gap and produced a kind of sustainable dependency.

As the 'periphery and semi-marginal countries' seek to receive loans from the world's central banks in order to curb the crisis, but either they do not obtain those loans or they obtain them on strict terms and with exploitative deals, which restricts its developmental policies as well as its social allocations, for this and all the aforementioned, capital assets will remain owned by the central banks of capitalist countries. Therefore, the size of the benefits and profitability will increase because of such monopolistic policies towards the South.

Finally, this book published in late September 2020, needs and deserves to be elaborated through various subsequent events associated to security contexts and others related to development, as well as confused health policies, especially with the lack of clarity regarding the contagious crisis and the resulting of an epidemiological situation in mutations and new generations that have brought the state of turmoil back to its beginnings.

References

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