

TRANSCRIPT

From Corona to Common Good

Thoughts on and lessons from the crisis

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Dear fellow human beings in quarantine! This blog is my personal contribution to solving the major corona crisis. I will speak at irregular intervals with thoughts about and lessons from the crisis. Public life has been crippled here in Vienna since the beginning of the week. The pandemic also swept away my schedule for the next few months. That is why I am addressing you in this virus-proof form.

The first question that moves me and many other people is the following:

1. Why are the governments of democratic countries not nearly as clear and effective in dealing with other burning dangers as in the Corona crisis?

Why is science, which warns of other threats in other areas - climate change, loss of biodiversity, exploding inequality - not nearly as seriously taken regarding threats to human health and life? The only ad hoc explanation that seems plausible to me is that the lobbies in questions of economic policy are much better positioned than in questions of health policy and successfully prevent urgent and necessary measures. The first learning is therefore: If the political will is there, a lot is possible in a very short time. The question that follows is: Why is there no political will to stabilize the global climate, to protect biodiversity and to protect life on the planet? When it comes to global environmental threats, politicians hide behind citizens with all their rhetorical power. People are said to be unwilling to take harsher measures. This reasoning could equally well be used in the Corona crisis. From a scientific point of view, the closure of bars and restaurants is advisable, but people are not ready for these measures. They want to eat out, a restriction is not politically feasible. And exit restrictions - for heaven's sake - would be a direct encroachment on human freedom and would lead directly to the total health dictatorship and to the end of democracy. In this corona crisis nobody argues like that. But is climate change actually so much more harmless than Corona? And the extinction of species and the acidification of the world's oceans and the spread of microplastics and agricultural chemicals and the exploding inequality? Why do the same states remain inactive here while they quickly mobilize all their means to protect the population from corona? The first learning from the crisis is the question: why do our modern democracies work so effectively when there is one type of danger and not with all others?

2. Cooperate!

The second learning is that as globalization advances at different levels, human beings have to rely on cooperation rather than competition.

The Austrian Chancellor expressed it well: "In a crisis, people have to stand together" - and shortly afterwards the police reprimanded this statement. Seriously, this statement is correct. But the question arises: why not already and in general? At the latest when people are in crisis and need help, they appreciate that they will be helped. Instead of saying cynically, "everyone has to take care of themselves - if everyone cares for themselves, everyone is thought of - improve your competitiveness". This principle applies to the individual level as well as to the state level. Two scenarios for comparison: First, each country tries to develop a drug or vaccination for itself first. Secondly, the international community, the members of the World Health Organization, work

together on solutions that will benefit everyone equally. Germany in particular has proven twice that competition doesn't feel good. Firstly, by imposing a temporary export ban on medical goods, from gloves to protective clothing. France has also made use of this freedom. If everyone does this, we will quickly end up in a world full of little Trumps. News that a German pharmaceutical company has considered accepting an immoral offer from the US president also shows that the state has not yet found strength in its new role. In times of crisis, scarce health goods must benefit the general public and not the highest bidder. The market mechanism is inappropriate here in that the purchasing power decides who is supplied and who remains unaided. Especially in times of crisis, health has to prove itself as a public good, the decisions have to serve the common good and not the patent holder. I remember a real story: In 1955, the doctor Jonas Salk was the first to invent a remedy for polio and gave it to the general public, even though pharmaceutical companies offered him millions of dollars. When asked why he did this, his answer was: "Could you patent the sun?"

3. Lesson 3 is resilience - crisis resilience or survival in a crisis

Only four companies worldwide manufacture penicillin, a basic ingredient in medicine. Three of these companies are in China, an unsightly example of the limitless vulnerability of our global labor economy.

Resilience would look different, namely that this basic ingredient is manufactured in all regions, decentralized, if necessary in university laboratories, so that it can be made available to all people promptly and safely. Even if a natural disaster takes place in a region, a regime change or a new illness like Corona breaks out. What applies to penicillin also applies to countless other products and components in global value chains. Both the excessive global division of labor and the just-in-time primacy - both owed to the capitalist understanding of efficiency - have radically weakened the resilience of the global economy. As has long been demanded by many, the solution should lie in the greater regionalization of economic cycles. Not everything has to be produced locally and "homemade", but priority must always be given to proximity. We call this "economic subsidiarity": Another example of falling resilience is agriculture. The harvest is approaching and it is mainly done by poorly paid workers from Eastern Europe and North Africa. And they won't be able to enter soon. So who will harvest our vegetables and crops? A more resilient agriculture would hire local workers for local production. A solution to the crisis would therefore be to upgrade the primary sector and give more people work there. The alternative is empty supermarket shelves.

4. This brings us to the economic crisis - point 4

Although we are still in the first days of the crisis, the crisis is already making itself felt in the economy. Unemployment is skyrocketing. The Austrian government first put together a tiny package of 4 billion euros, a few days later a second package of 38 billion euros - almost a factor of 10 in just a few days. And the European Central Bank has announced a program worth 750 billion euros. That is 6% of the economic output of the European Eurozone. I'm afraid none of this will help. The reason: If the goal is - understandable from a health policy point of view - that the peak is very flat, then it will stretch out. And that is poison for the economic situation. What is not yet talked about: Assuming that only 1% of the population in Austria, Germany will be affected by the first wave. In Austria that would be 80,000 people, compared to 2,500 currently affected, in Germany 800,000. After the first wave died down, 99% of the population in this calculation would not be immune to the virus. And the same scenario would start to repeat itself. With this in mind, I understand that some pray that the virus will voluntarily withdraw as the temperature rises, or that a drug or vaccination will be found as soon as possible. Vaccination is realistically not expected until the end of the year at the earliest. Do we have to stay in quarantine until then? The IFO Business Climate Index, the most important economic barometer for Germany, recorded the sharpest decline since 1991 on March 19.

This is a stronger decline than after the 2008 financial crisis. There are many signs of a rapid and deep recession. Therefore I fear that the previous packs and parcels will not be enough.

5. Central bank

The central bank will be called very soon.

For me it's only a matter of time.

Because the means of fiscal policy - more tax or new debts - will soon not be enough. The central bank must therefore support the crisis measures with monetary policy. The central bank can create money and in this way feed and support the economy. For a change, however, the measures should not save systemically important banks like after 2008, and perhaps also car companies, but this time people. Unemployed, self-employed, small businesses - needy of all kinds. The central bank is one of the most effective levers of economic and distribution policy, and for the first time it could be used systematically to support the needy. To make the dimensions clearer: If the economy needs help from 10, 20 or 30 percent of the economic output, we are talking about months of defaults, then the money of the finance minister will very quickly no longer be enough and he must not go further in indebtedness. On the other hand, 10, 20 or 30 percent additional activities by the central bank in relation to economic output would be feasible. The total assets of the European Central Bank are currently around 40 percent of the economic output of the Eurozone, the Japanese one is over 100 and the Swiss National Bank has already been at these much higher levels. One could therefore imagine expanding the activities of the European Central Bank and thus the money supply, for example by 20 percent of economic output. Above all, that would not lead to inflation. If the central bank were involved in the crisis, it would not lead to an increase in economic output and demand compared to the previous year, that would be a real risk of inflation, but in the best case scenario the central bank would - together with the budget and tax policy - manage to stabilize the economy at the same level. It is primarily about preventing a recession and maybe even the collapse of the economy. What it all will be about very soon, will be the defense against deflation.

6. Unconditional basic income

The idea that people in need could be helped for a change, eventually leads to the idea of an unconditional basic income. Perhaps it took Corona to herald a turning point here. Similar to what Fukushima needed to herald a turning point in nuclear policy. I have an idea for structuring an unconditional basic income with the help of the central bank, which is a little more complex, which is why I will probably present it in more detail in one of the next videos. Just so much in advance: If the democratic central bank makes a basic income available to citizens, it could just as easily disappear as it is created. In order to solve two problems of the previous monetary system together, namely the risk of inflation and the concentration of wealth. More about that in one of my next videos.

7. Freedom

Finally, back to the beginning and on the subject of freedom. What are the reasons for the state to restrict people's freedom? Yesterday in Vienna I was asked by police cars with loudspeakers to leave a public park. "Entering the public space is strictly forbidden," we were informed. I would make a number of exceptions to this, and luckily there are still exceptions.

But I wonder why the state does not act with similar rigor when filling public spaces with greenhouse gases? Or another example: when entering public space through advertising. Every day we - children and adults alike - are involuntarily flooded with hundreds of commercials. However, this terror through advertising serves neither health nor sustainability, and certainly not freedom. I want to feel what I need myself, and not have the central committee of capitalist corporations force me into a thousand purchase options every day. In order not clear any misunderstandings: this is not principally about the question of whether the state may restrict freedoms, but certainly about the

dangers, to what extent, and in consideration of what other freedoms and rights. And it is very strange that democratic states are suddenly so ready to impose such radical restrictions on freedom in the name of public health, while knowing a thousand reasons why a similar gait to protect the global climate or bees or future generations is not possible.

These were my first thoughts on the Corona crisis and what we can learn from it. I am coming back with new and more mature thoughts.