

Unequal societies in usual times, unjust societies in pandemic ones

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Renified capitalism and pandemic I

The “last straw that breaks the camel’s back”?

It could have been the opportunity to collectively question the current regime of production and appropriation, exclusion and marketization characterizing this phase of **unjust renified capitalism**

The route taken so far

- ▶ Focused on pervasive forms of social control
- ▶ Limitations of individual and collective rights
- ▶ Perpetuation of a false dichotomy between economic and health security

Rentified capitalism and pandemic II

The route **not** taken so far

No questioning of the differentiated impact that those policies might have had in societies characterised by highly unequal distribution of

- ▶ income
- ▶ working conditions
- ▶ access to health services

Some facts and figures about unequal societies

Privatization of national health systems: Italy vs Germany (Bramucci et. al, 2020 Intereconomics)

▶ Italy

- ▶ Average per-capita expenditure of 1800 euros at constant 2010 prices, almost flat since 2008
- ▶ Dramatic reduction of pneumological and ICUs beds over the last decade, whose total is less than 10.000 at the country level
- ▶ 2008-2018 the overall Italian health expenditure grew only of 5.3% in nominal terms

▶ Germany

- ▶ Around 30.000 beds, at the start, and many more thereafter
- ▶ 2008-2018 the overall German health expenditure grew only of 46.8% in nominal terms

Some facts and figures about unequal societies

From public to private

- ▶ Greece, Portugal, Italy have been the few EU countries to reduce public expenditure on hospital services during **fiscal austerity policies**
- ▶ Dragging of resources toward the private health system with new big conglomerates arising and an increasing number of private hospitals often recording higher costs

Management of the crisis

Generalized lockdowns but...

- ▶ The economic damage of the pandemic increases with the amplitude and severity of the lockdown.

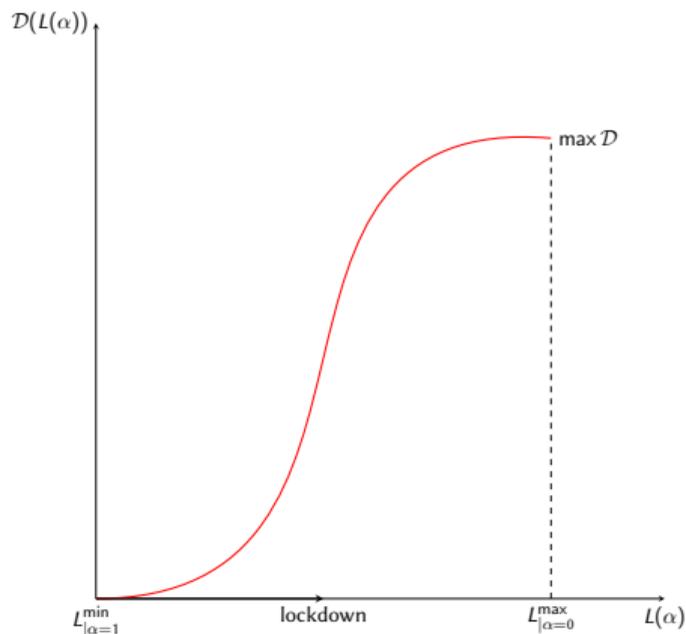


Figure: The economic damage as a function of the lockdown

Management of the crisis

Generalized lockdowns but...

- ▶ The economic damage, arising from the lockdown, unevenly hits the population, with low-income individuals more harshly affected than high-income ones.

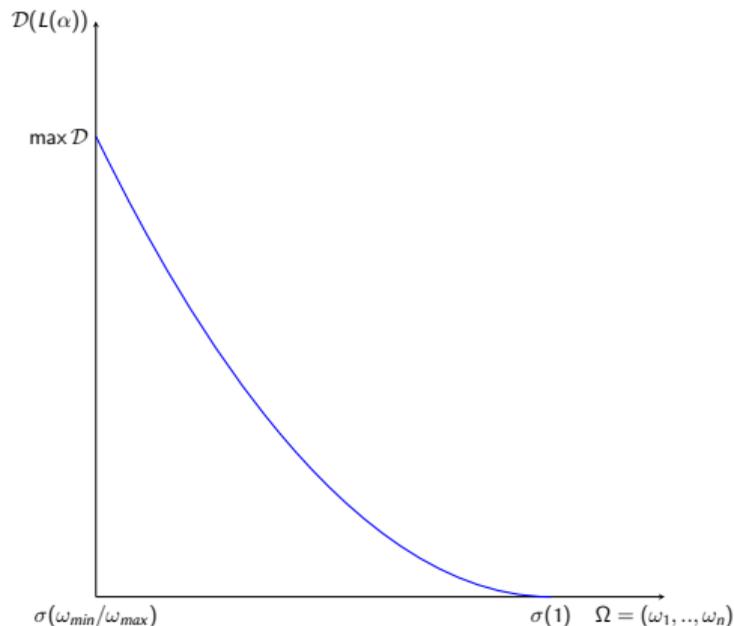


Figure: The economic damage function across income levels

Pandemics and inequality I

Socio-economic and geographical inequalities

- ▶ Heterogeneous incomes, occupational status, and gender map into heterogeneous living conditions, access to health treatments, geographical location, neighbourhood living and housing standards.
- ▶ The characteristics of the “representative lockdown victim” are being a woman, of color, with children, living in a peripheral neighbourhood, possibly in a less than 60 square meter apartment.

Pandemics and inequality II

Socio-economic and geographical inequalities

- ▶ *Stay at home* has been the mantra accompanying the implementation of social distancing but it involves only a fraction of the working population [30 – 45%] across countries, a **privilege** for the upper echelon of the occupational categories (managers, technical professionals, academics).
- ▶ Social differences reverberate from **parents to children**: those households most hit by the lockdown policy also face higher difficulties in accessing technological infrastructures, such as e-schooling and distance learning.

Zooming on geographical inequalities I

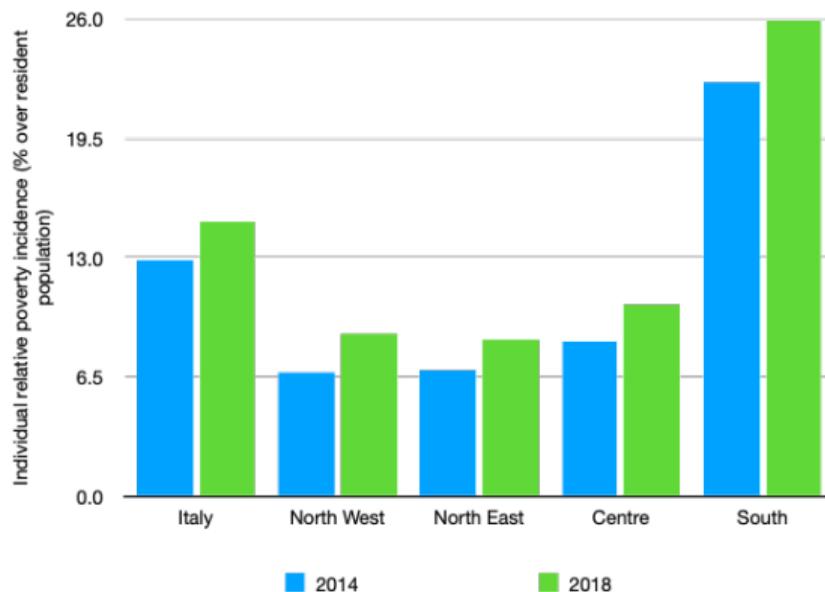


Figure: Individual relative poverty incidence over total residence population in Italy for different geographical areas, in 2014 (blue bar) and 2018 (green bar). Source: ISTAT EU-SILC.

Zooming on geographical inequalities II

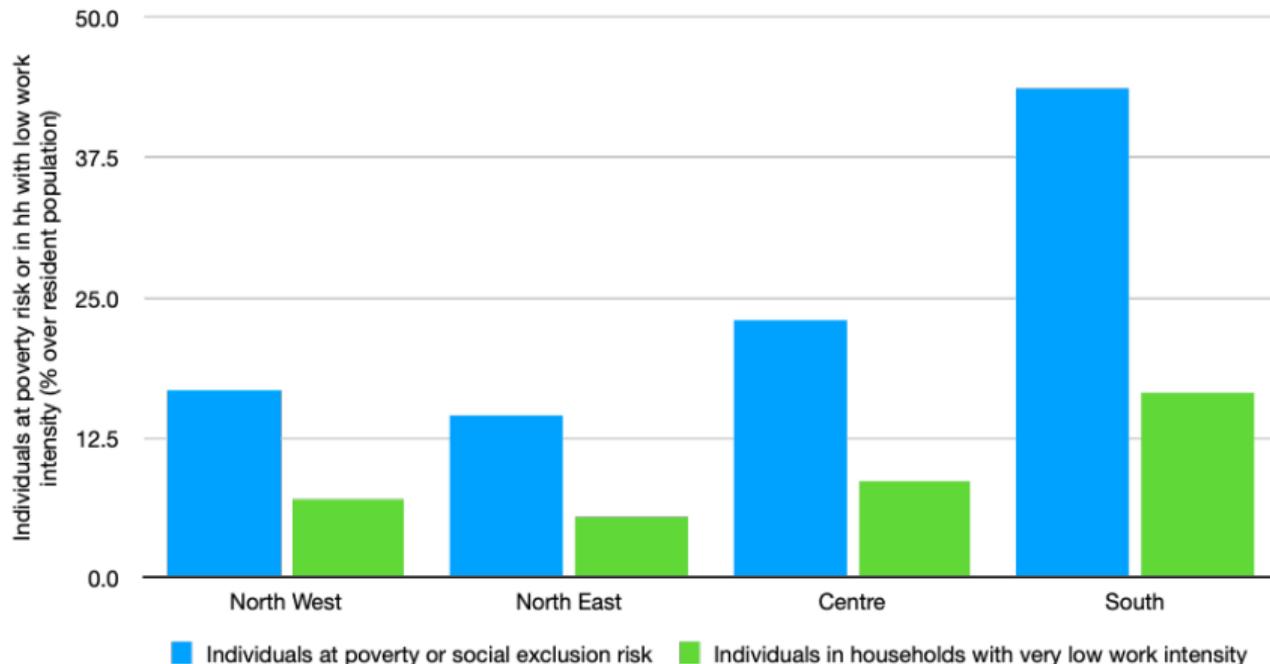


Figure: Individuals at poverty or social exclusion risk (blu bar) and individuals in households with very low work intensity (green bar) in Italy for different geographical areas, in 2018. Source: ISTAT EU-SILC.

Pandemics and inequality III

Firm-level and sectoral inequalities

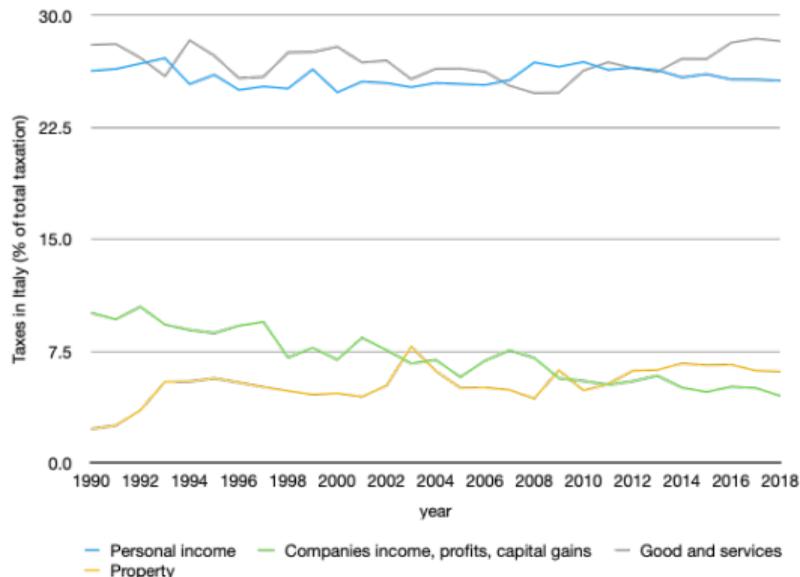
- ▶ A wide range of service activities, especially those related to social consumption, transports and entertainment, have been hugely affected by social distancing measures
- ▶ Health provisions and equipment, big pharma, mobile telecommunications and digital communication platforms are experiencing the highest stock market returns: e.g. Zoom has been recording a stock price increase of 60% as of mid March 2020.

From unequal to unjust societies: the general thrust (Italian policies)

- ▶ Very limited, or no protection for informal workers and non-working poor (more so if immigrants)
- ▶ Limited protection for regular employees and small business firms
- ▶ A much greater umbrella for large non-financial firms, ending with a full parachute for financial and real-estate rents.

Anti-redistributive fiscal policies in pandemic times (Furceri et al, 2020)

A very obvious place to start with: fiscal policies



- ▶ (Loosely progressive) direct personal income taxes are only 26% while indirect, regressive, taxes (VAT) are 27% of total tax revenues.
- ▶ Taxations on corporate incomes, capital gains and property represent on average the 7% and 5% respectively.

Proposals for a *little less unjust society* I - Health policies

- ▶ Increasing the overall public expenditure for the health system by strengthening local hospitals and laboratories: a capillary hospital system is able to cope with widespread diseases
- ▶ Reducing the public subsidies to private clinics, being the latter more interested in profit-seeking activities rather than general medical care assistance and provision of ICU beds for the general public
- ▶ Strengthening the role of GPs, implementing forms of communication and monitoring activities, fostering at home visits

Proposals for a *little less unjust society* II - **Research and innovation policies**

- ▶ Increasing the public financing research
- ▶ Compelling the pharmaceutical sector to perform genuinely innovative *R&D* activities and reducing patent-related appropriation
- ▶ Revitalizing national-based laboratories to discover drugs away from the market system beginning with vaccines
- ▶ Maintaining inventories of safety devices and instruments necessary to equip hospitals, protect workers and perform testing

Proposals for a *little less unjust society* III - **Redistribution policies**

- ▶ Rents, accumulated by e.g. financial institutions, real-estates, big-pharma, need to be curbed otherwise the implication of the coupling of the pandemic with social injustice will be massive and potentially out-of-control.
- ▶ Targeting the persistent and growing inequalities among either different social classes and worker categories, namely employees, self-employed and atypical workers.
- ▶ Shift the taxation burden from wages to profits, and from profits to rents.
- ▶ Coordinated digital taxation schemes

Proposals for a *little less unjust society* III - Labour policies

- ▶ Worker rights have to be extended, including migrants and informal workers, and safety conditions at work must be ensured by employers.
- ▶ Working hours ought be reduced, at unchanged wages, to match the stressing safety conditions in the workplaces.
- ▶ Rebalancing labour power, by increasing real wages and introducing universal income protections, independent from contractual framework and working status.

Conclusions

- ▶ The pandemic, rather than being the “super-critical” grain of sand, might well reinforce both socio-economic inequalities and authoritarian political trends wrapped up into some “medical paternalism”.
- ▶ We are now under the actual risk of starting a “**new normal**” with the dominant intellectual discourse pushing for maintaining and indeed reinforcing the status quo, established power and social blocks.