Covid-19: The Perfect Virus For Our Neoliberal Age

"[W]e must frame any analysis of COVID-19 in the US within the current era of neoliberal governance as it has evolved over forty years at the national, state, and county levels. At the same time, … the case of COVID-19 allows us to better appreciate the subtle variations and nuances of neoliberal governance."

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The Backdrop

Popular interpretations of US political culture over the past half century have been dominated by a well-worn story line. In brief, beginning with Reagan, the US political establishment settled broadly on a set of policies favoring *laissez faire* principles over the role of government in overseeing and delivering social programs. To this end, when choosing among policy options there was a consistent bias to curtail government social programs, cut taxes, and reduce regulation. This account is both deceptively accurate and decidedly incomplete. It certainly captures the ruling zeitgeist among both Republican and Democratic political leaders (and their donors). Yet it also simplifies a far more complex tale, eliding many essential details. In this essay we aim to complicate the received wisdom of this story. We argue that for a full understanding of the US response to the COVID-19 pandemic this must be framed as a moment in the current neoliberal era. But we argue simultaneously that for a fuller understanding of the current neoliberal era there is much to be gleaned from an analysis of the ongoing COVID-19 pandemic.

To begin, we must abandon the notion that the US experience with neoliberal governance has been a singular experience. In fact, how a person experiences neoliberal governance in Texas will differ considerably from the experiences of a person in Vermont—and such differences can be multiplied many-fold across the US. This follows, in part, from the considerable autonomy

wielded by states within the decentralized US model of federalist government. Next, we trace parallels between these different experiences with neoliberal governance—differences based on the region where one lives—with differences in how one is experiencing the COVID-19 pandemic. For example, two persons from adjacent counties, though confronting the exact same virus, may be told to follow wholly irreconcilable protocols. Lastly, via a comparison of public health departments and nursing homes during the pandemic, we illustrate how US neoliberal governance does not—in actual practice—offer a one-size-fits-all model.

Hence, COVID-19 brings out differences based on both the region where one lives and the area of healthcare in which one works. Again, this is contrary to conventional accounts of neoliberal governance which imply uniformity and convergence in the application of policies. Moreover, bringing our attention to the differences revealed through this comparison of health departments and nursing homes allows the COVID-19 pandemic to make evident fundamental aspects of the operating logic of neoliberal rule in the US.

Our Neoliberal Era and Its Pandemic

The US is now four decades into a profound social experiment in neoliberal governance with little or no sign of reversal. The ongoing movement away from progressive taxation and a moderate social safety net toward the privatization of government services (other than policing), the deregulation of industry, and the suppression of unions has led predictably to ever greater scales of inequality (Piketty, 2014; Desmond, 2016; Keister, 2004). While there are many measures of these developments and their consequences, certain events tell the story in especially brutal fashion. The current COVID-19 pandemic is just such an event. In fact, without some

understanding of the near half-century of US experience with neoliberal governance that preceded COVID-19, there are many aspects of the pandemic that would be plainly inexplicable.

The basic story of neoliberal US governance has been well documented by now two generations of scholars (Barlett and Steele, 1992; Brown, 2019; Davis, 1986; Fraser, 2019; Harvey, 2007). However, the variegated impact of these policies on communities in different regions and states across the US as well as the disparate treatment of different types of government social programs have not been fully appreciated. The challenge for analyses of neoliberal governance in the US is two-fold. First, though sharing a common set of policies, the application and impact of these policies have not been identical across political jurisdictions. At the national level, the principle neoliberal policies have been to reduce (or privatize) government social programs, slash taxes on the wealthy, and limit government regulation. To a greater or lesser degree, all Democratic and Republican administrations from Carter forward have adhered to this basic agenda. One *apparent* exception to this was the Affordable Care Act. However, once the "public option" was successfully scuttled, the ACA fit well within standard free market principles. Its origins, after all, sprang from the arch-conservative Heritage Foundation. Notwithstanding the significant reach of this political agenda at a national level, it is neoliberal governance at the state level that has arguably had a greater direct impact on people's lives.

Thus, those living in Texas and those living in California all encounter policies promoting privatization, deregulation, and tax cuts for the wealthy. But the experiences of people in each of these states differ significantly with regard to the levels of state funding for: unemployment assistance, Medicaid, school lunch programs, housing assistance, state colleges, and public health, as well as with regard to the privatization and regulation of prisons, nursing homes, charter schools, toll roads, and ambulance services. Consequently, critiques of neoliberal excesses tend to over

emphasize certain outlier cases, such as Florida, Kansas, or Louisiana—keeping in mind that the US as a whole is itself an outlier among advanced capitalist nations in this regard. Sweden, Japan, the United Kingdom, Australia, and others have all fallen in line with the basic neoliberal principles of governance over the preceding decades. But outside the US, most of these cases can be described as national stories with far fewer internal regional differences. Thus, comparing the US with the UK or with Japan is almost nonsensical for understanding the impact of the neoliberal era on the people in those nations. Rather, we need comparisons between Japan or the United Kingdom with Texas, Ohio, or Massachusetts for a more complete understanding. Therefore, the first challenge for analyses of neoliberal governance is to understand the varied burden of neoliberal policies in the US contingent on political jurisdiction.

This same political jigsaw puzzle complicates comparisons between the US and other nations with regard to COVID-19. All nations confront the same pandemic. But the US stands alone in working with 50 distinct government policy responses. This unique political morass confounds even the most basic practices, such as stay-at-home directives, social distancing requirements, the procurement of basic medical resources, the availability of unemployment insurance, and the definition of who is an essential employee. Consequently, the US has 50 state-level—and over 3,000 county-level—health departments, each designing its own policies to address a single virus. Thus, we must frame any analysis of COVID-19 in the US within the current era of neoliberal governance as it has evolved over 40 years at the national, state, and county levels. This, after all, explains the governing infrastructure (and political ethos) at hand for taking on the pandemic in the US. Then, we must recognize the degree of control over health policy at the state and county levels—and the wide variation this engenders—for combatting a virus that honors no jurisdictional boundaries. There is, however, a yet further complication hindering our analysis. Not all

government social programs receive the same neoliberal remedy. Therefore, exploring this distinction in treatment across programs is essential for making sense of the US response to COVID-19. At the same time, dissecting these distinctions in treatment for the case of COVID-19 allows us to better appreciate the subtle variations and nuances of neoliberal governance.

Our Impoverished Public Health Departments and Privatized Nursing Homes: Where Pandemics Go to Thrive

It is clear from many examples that the application of neoliberal remedies is far from universal across different government social programs. However, it is only when grappling to explain these differences that we recognize such distinctions are far from arbitrary. Indeed, consistent with the logic of neoliberal governance, it is the pecuniary value and not the social value of a program that accounts for this distinction. To illustrate this logic, we compare public health departments and nursing homes and the contrasting neoliberal remedies for each.

Public health represents a type of government social program that is difficult to privatize. This is because the types of services that public health departments provide—health inspections, rabies control, contact tracing, testing air, water, and soil for pollutants—are not easily commodified. The neoliberal remedy, therefore, is to starve public health of resources rather than pursuing full privatization. Accordingly, for the past four decades funds for public health departments have been systematically cut to the absolute minimum. This trend holds for all 50 states, but again, cuts tend to be most severe among conservative states. COVID-19 exposed this very quickly. Operating with barebone staffs designed to address their minimal regulatory functions, state and county health departments were suddenly tasked to conduct region-wide epidemiological studies to assess the virus' local impact, to scale up their modest contact tracing operations, to mount a

large-scale public health campaign (often with fax machines and computers from the 1990s), to provide detailed guidelines for schools, hospitals, and local businesses to minimize transmission, and to advise state and local governments regarding their general policies around school closings, stay-at-home orders, etc. (Bosman and Fausset, 2020; Reich, 2020; Seelye, 2020; Weber, et. al. 2020). Public health workers were, of course, ordered to do all this with few if any additional resources, while simultaneously maintaining their day-to-day operations.

In lieu of additional resources, sixteen-hour days and seven-day weeks soon became the norm for many. This highlights a cardinal feature of neoliberal governance—the one resource that can be expanded without additional compensation (and discarded at will) is labor. Expanding workspace, consuming greater electricity, adding computer capacity, or increasing raw materials, all require more money. Labor is the only input that can be expanded without cost—beyond negligible overtime pay for already poorly paid hourly workers. This explains, in part, why opting to not privatize certain government social programs, such as the routine work of health departments, raises few objections from advocates of neoliberal governance. The result has been a workforce that is over-worked and underpaid, as has been the case across public health departments—from Texas to Vermont—over the first few months of the COVID-19 pandemic (Interlandi, 2020; Silver-Greenberg and Abrams, 2020). In fact, though often working longer hours, for far lower pay, in equally risky environments, these workers do not even receive the recognition that nurses and doctors routinely receive, such as the orchestrated public displays of gratitude outside hospitals, due to the invisibility of their work.

To the contrary, public health workers have been regularly subject to a significant level of abuse and death threats from those who perceive them as the face of government policies for mandatory masks, stay-at-home orders, and other restrictions (Baxter, 2020; Bosman, 2020;

Weiner and Eunjung Cha, 2020). This abuse is an all-too-predictable consequence of four decades of a vicious, neoliberal dogma denouncing government bureaucrats as nefarious agents of big government or the deep state. Given the obvious similarities, it is remarkable how rarely one hears comparisons between the maniacal fervor and ideological purity of the those today denouncing the deep state and those previously leading Mao's cultural revolution to purge "anti-worker" bureaucrats from the Communist Party hierarchy.

If basic public health activities are thought unfit for full-scale commodification, nursing homes, by contrast, are tailor made for this—a fact that has not escaped the notice of hedge funds and health industry index funds, for whom nursing homes provide a steady source of profit. The nursing home industry is built around a fee-for-service extravaganza in which nearly all activities are attached to billable medical codes. As with many investment schemes, the business model rests upon sound socialist principles. Investors purchase nursing homes that receive exclusive government licenses from the state to provide a medley of billable medical services. The government then collects money from the public to give to these investors for these services—via various government programs, such as Medicare, Medicaid, and SSI. In addition, private insurance reimburses these investors. A plentiful stream of revenue is practically guaranteed. This privatization of a government social program, combined with deregulation, creates a host of perverse incentives and practices. First, the workforce is treated as a straight loss. The fewest number of workers paid the least amount of money to perform the most tasks will generate the highest profit. Consequently, managers of private, for-profit nursing homes specialize in hiring interchangeable workers at the lowest possible wage and skill level with tremendous turnover and very low rates of unionization. By happenstance, patients in nursing homes are especially vulnerable to the current COVID-19 virus. Therefore, to effectively confront the pandemic,

nursing homes would require a highly trained, dedicated, and veteran workforce. They possess the opposite, a reality that is reflected in the catastrophic COVID-19 death tolls across nursing homes.

A second perverse incentive for managers across private, for-profit nursing homes follows from the variable profit margins for different medical services. Consequently, managers must scrutinize the profitability for each medical service to determine which services to promote and which to discourage. Ordinarily, tight government regulation of privatized medical services for a vulnerable population would provide a bulwark to counter to this injurious incentive. In the neoliberal era, however, privatization is combined with deregulation. Thus, many of the tedious limits that patient welfare placed on profits are removed. The absurdity of the US healthcare system more generally in this regard has been put on full display with the financial hardship and waves of lay-offs experienced by hospitals in the midst of a major pandemic. Notwithstanding a hospital system stretched to the limit and overwhelmed with COVID-19 patients lining its hallways for billable services, hospital revenues have plummeted with the temporary restrictions placed on elective procedures—the cash cow of medical service reimbursement (Cleveland, 2020; Goldstein, 2020; Kliff, 2020; Sangor-Katz, 2020). In this way, an occasional disruptive event, such as the COVID-19 pandemic, can do much to expose the many perverse neoliberal incentives and practices that often follow from privatization and deregulation.

We see that public health departments and nursing homes were both subject to the logical premises of neoliberal governance and that both were severely tested by the COVID-19 pandemic, though for very different reasons. On the one hand, we have a public health sector that was starved of resources, leaving communities bereft of guidance, basic assistance, or coordinated planning during a major deadly pandemic. On the other hand, we have a nursing home industry that was

privatized and overrun by hedge fund managers and other speculative investors, exposing patients to the troubling vicissitudes of *laissez faire* medical care, as COVID-19 encircled their buildings. These examples help illustrate the analytical complexity of neoliberal governance and the fallacy of viewing the corrosive impact of the same neoliberal policies (e.g., privatization and deregulation) as similar in nature across different arenas (e.g., public health and nursing homes).

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