

# Covid-19 in Latin America:

## The consolidation of the neoliberal state

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To better understand what the Covid-19 pandemic can mean for Latin America, one must first start from a vision of the deep social processes in the region before the pandemic. Although the Covid-19 crisis is global, when speaking of Latin America, the impossibility of homogenizing the diversity of the continent under that term must be taken into consideration. In this text an effort will be made to provide general observations, nonetheless.

Let us start with a paradox, that the crisis triggered by the coronavirus is not so much medical as it is political. It consists in the fact that the main actor responsible for solving it, the various states in Latin America are unable to do so effectively, since they do not have the institutional framework that allows it. My objective in these lines is to explore the following hypothesis: *Latin American neoliberal states have, in the first instance, the intention of safeguarding the economy (with exceptions such as Argentina and Uruguay), carrying out multiple actions to do so, but not necessarily taking care of people's lives and health.* These same actions, which seek to protect the economy, appear inefficient and uncoordinated, due to their lack of flexibility and robustness, which in turn makes it impossible to sustain the market. In this context, the private sector - a key actor of neoliberalism - stands with a marginal role, positions itself in a situation of victim and performs the performance of affected, appealing to the subsidies and protections of the Neoliberal State that has sought its consolidation.

## Genealogy of the Covid-19 crisis

The genealogy of Covid-19 is international and global. It was born in China, expanding first through Asia, then reaching Europe and North America to finally reach Africa and Latin America. However, the pandemic is not the first genuinely global pandemic. This status goes to the HIV pandemic at the end of the 20th century, which required health efforts in many territories. The coronavirus, however, spread globally with much greater speed and its effects on social life have been more radical and far reaching. In a sentence - as the sociologists Manuel Castell<sup>1</sup> and Daniel Chernilo<sup>2</sup> put it - this is the most global crisis in the history of humanity, because we have never lived more global times than the current ones. Since the emergence of globalizing discourses in the mid-1990s, the interconnectedness of world economies has continued to deepen. The globalization of contagious diseases could usher in this widespread globalization.

Much of Latin America, following the examples of Spain and Italy, decreed national quarantines protected by public force, but with particular emphasis on the militarization of social space and the prohibition on forms of social interaction considered non-essential. With some nuance, countries such as Brazil, Chile and Ecuador decreed partial controls on social life, with heterogeneous levels of action by police forces and social distancing, arguing that the economic cost of a total quarantine would be more detrimental to the national interest than deaths from the virus. President Bolsonaro in Brazil has called for a boycott of regional quarantines, organizing the "Brazil cannot stop" campaign with which he seeks to force a reopening of the economy (Nodal, 2020)<sup>3</sup>. In Chile, the deployment of the military has sought to maintain "public order", while the Ministry of Health has implemented partial quarantines without sanitary criteria and randomized by territory in order to guarantee the chain of payments and the maintenance of demand. The Chilean government opted for "dynamic, strategic or partial" quarantines, noting that it was possible to contain the viral spread with the same impact as a lockdown, but without paying the unpayable price of having the metropolis closed. In relation to this, the infectologist Claudia Cortés - an academic at the University of Chile and vice president of the Chilean Society of Infectology - asserts that the model "evidently failed, we tripled the infections, and for some reason this has not worked anywhere in the world".

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1 Castells, M (2020). La nueva América Latina en la Kamanchaka global. E Teoría & Cambio social Teoría & Cambio social. La nueva América Latina. La crisis mundial Covid-19. Boletín del Grupo de Trabajo Teoría social y realidad latinoamericana. CLACSO. Consejo Latinoamericano de Ciencias Sociales.

2 Chernilo, D (abril 2020). El 'desanclaje' entre globalización, sistema internacional y estados-nación. España: Agenda Pública, El País. <http://agendapublica.elpais.com/el-desanclaje-entre-globalizacion-sistema-internacional-y-estados-nacion/>

3 Nodal (2020). Brasil: Bolsonaro llama a boicotear la cuarentena y se enfrenta con los gobernadores. Disponible en: <https://www.nodal.am/2020/03/brasil-bolsonaro-llama-a-boicotear-la-cuarentena-na-y-se-enfrenta-con-los-gobernadores/>

Confinement measures in the region, like in South Africa and elsewhere in the world, saw many workers lose their jobs. The majority of the unemployed were immediately left without incomes, since in most Latin American countries there is neither unemployment insurance nor a social subsidy for the informal sector, which forms a large part local economies. Most countries also do not have robust healthcare systems.

These measures contrast the existence of the economy with the right to life, subordinating the survival of the population to the survival of capital, all directed by the State. From the side of the citizenry, Chile and Brazil also show experiences of resistance and social pressure. Chile has witnessed heightened social upheaval since October 18, 2019. Protests, calls for a general strike, the emergence of local, solidarity food economies (common pots) and popular health systems have developed in sectors abandoned by the states. Social pressure in Brazil, for example, led the government to increase state subsidies.

### **Brief historical observation of the region.**

In the postwar period Latin American states have struggled to establish their symbolic, moral and coercive hegemony over national societies, in order to extract both their power and identity, but also their economic subsistence.

The inter-institutional process on which the State stands requires an analysis over time of the relations between the State and other centers of institutional power. Indeed, beyond the global, international and local levels that play substantive roles in the control of the Covid-19 pandemic, the State is today the institutional actor *par excellence* which is required to resolve the catastrophic situation of the massive Covid-19 contagion across all sectors of society. The particularity of Latin America is that the State operates today in its maximum expression, as well as in its maximum constraint: the State operates in the tension between its infrastructural conditions and weak budgetary means, and a substantive social demand, while the private initiative adopts a low profile, and retreats like another victim in a scenario that, for the moment, represents few possibilities of actions with positive effects.

The vast majority of Latin American states do not have the institutional, financial and technological capacities that are required to face the Covid-19 crisis. Again, with the partial exception of Argentina, they have never had welfare or security systems with real capacity. Fiscal weakness makes it impossible to adequately face the future of unemployment, informality, poverty, etc., and certainly the precariousness of their health systems has undetermined consequences.

In other words, governments of Latin America operate under the paradigm of Neoliberalism that

refers, as the political-economist Patrick Bond (2014)<sup>4</sup> has proposed, to a way of organizing the economy that leads the State to the search for benefits, emphasizing the logic of the market, while also reducing the subsidies that allow society and nature protection from arbitrary or external interference. The problem is not the presence or absence of the State; in Latin American neoliberalism, the State becomes the variable that defines the region's neoliberal development model, and it is the key actor that coordinates and executes policies to deal with Covid- 19.

In other words, states in Latin America, at least in the postwar period have achieved hegemony, by building and consolidating institutions that privilege economic growth over the well-being of populations. For key periods in the 1970s and 1980s this situation was achieved through military dictatorship, and the collaboration it entailed between the military and national elites. In this way the State reached a position of hegemony in society, and established principles of administration in relation to work, health and education (including culture) during that period of time and to this day. Therein lies one of the key social and political terms of struggle in Latin America today: to define the limits of social protection.

Although there are subtle differences between countries, the neoliberal state in Latin America ends up being contradictory and unstable. Michel Foucault<sup>5</sup> had already raised it in 1978, stating that neoliberalism should not be confused with the slogan "laissez-faire", or the slogans associated with the ideological opposition between economic liberalism and state interventionism. On the contrary, the neoliberal system implies in itself a call for vigilance, activism, perpetual interventions by the State, of this State in crisis as a result of the demands of the context.

Although this form of state is comparable with Western countries, it must be considered that Latin America did not experience the "glorious thirty" in the West, years during which a political pact was established between capital and European democratic states, building Welfare States, increasing the level of worker's wages, and building infrastructure (Streeck, 2013) . This set of measures was transformed for postwar European generations into citizens' rights that are still in force today ( although diminished by the world deregulation of capital launched by Thatcherism and Reaganism, and even more so by the great recession of 2008 still to be resolved). As Viviane Brachet-Márquez<sup>6</sup> (2020) argues, what was experienced in Latin America, on the other hand, were some social redistribution policies undertaken by reformist governments, or under popular pressure, which established marginal social security institutions. The State has taken, in this

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<sup>4</sup> Bond, P. (2014). *Elite Transition. From Apartheid to Neoliberalism in South Africa*. Pluto Press. London.

<sup>5</sup> Foucault, M. (2007). *Nacimiento de la biopolítica*. Buenos Aires, FCE.

<sup>6</sup> Brachet-Márquez, Viviane (2007). "Las reformas de la salud pública y del régimen de pensión en América Latina: un diagnóstico preliminar. En: Brachet-Márquez Viviane (ed.) *Salud pública y regímenes de pensión en la era neoliberal*. Argentina, Brasil, Chile y México. México: El Colegio de México.

sense, a hegemonic position in the organization of the social, but with a weak fiscal policy. Thanks to these, they enjoyed a context of full employment and health and retirement insurance (some administered by the private sector), but rarely unemployment insurance, which stands as one of the great problems of precariousness during the pandemic Covid-19. On the other hand, rural populations, still the majority until the end of the 1960s, continued and continue to be unprotected; indeed, they were left waiting for agrarian reforms that, as in Colombia, Guatemala or Peru, did not arrive, or that were slow and limited as in Mexico, and too soon overtaken by population growth.

Sanitary and educational conditions have not been a priority in the development of the countries of the region. From 1940 to 1970, the governments of Latin America, regardless of their political tendencies, bet on industrialization to the detriment of imports (ISI), from which the “development” of nations would be created. Social welfare was to emerge naturally from such development, understood as a broad process that went beyond the notion of economic growth. This policy was carried out in authoritarian contexts, absent from the debate on inequality, which nonetheless saw the extension of public services, from health to education, but they did address the silence of social demands through violence. In other words, neoliberalism anchored in the State guided the institutions to consolidate models of social injustice in the region. These structural transformations without social equality crystallized starting in the 1970s, when the response to the mobilizations of youth and peasants in guerrilla movements in several countries began an era in which the armed forces, technically modernized and ideologically prepared for actions against -insurgents, took state power in several countries, and persecuted the “communist threat”, installing neoliberalism by all possible means (Morales-Olivares, 2015)<sup>7</sup>.

### **Health, economic, social and gender situation of the pandemic in Latin America.**

Until the years 1980-1990, when the transitions towards democracy began, public health was poorly financed, and therefore limited in terms of rights and quality for most of the population. Starting in the 1990s, in Chile, efforts were made to modify the health system<sup>8</sup>, and in the case of Argentina, the pension system, but the de facto aspiration to the universality of social rights was abandoned. Indeed, claims to health and pensions in terms of rights has only resumed in Chile

following the mobilizations of 2019. Without exception, social struggles have played a substantive role in the advancement of social rights since the 20th century, and have exerted

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<sup>7</sup> Morales-Olivares, R. (2015). Inconsistencies between social-democratic discourses and neoliberal institutional practices in Chile and South Africa: a comparative analysis of the post-authoritarian periods. In Wagner, Peter (Ed). African, American and European trajectories of modernity: past oppression, future justice? Annual of European and Global Studies Vol. 2, Edinburgh University Press.

<sup>8</sup> With the AUGE system in Chile, which promotes the protection of a list of diseases with full or partial coverage.

pressure on the guiding principles of social policies, particularly health care, but at a precarious and insufficient level.

Despite the symbolic and coordinating force of the State in the region there nonetheless a lack of institutional capacity to deal with any serious pandemic. At the health level, several Latin American countries have some of the highest numbers of cases in absolute and per capita terms in the world. They have fragmented and unequal health systems, and are not sufficiently prepared to handle a health and human crisis of this magnitude. Participation in health insurance plans is low, as the private sector has been marginalized and has positioned itself as a victim rather than a key actor. Lack of access to health care and quality health information is especially severe in rural and remote areas, and particularly affects indigenous peoples.

Regarding the economic impact, the pandemic hit the region hard, since its economies were already experiencing serious difficulties, as shown by the United Nations<sup>9</sup> data from July 2020. In the previous six years (2014-2019), economic growth had been the lowest (0.4%) recorded since 1951. The fiscal margin contracted and the public debt increased from around 30% of GDP in the 2009-2011 period to more than 45% in 2019. The limited fiscal space is highly correlated with the low tax burden and the regressive structure of taxes. In 2018, the tax revenue of general governments in the region averaged 23.1% of GDP, well below the average of 34.3% of GDP for OECD countries. Tax evasion and illicit flows further limit fiscal space. The economic effects are undoubtedly a reflection of the mode of operation of a Neoliberal State that coordinates all areas of government for the benefit of the more affluent sectors and has not been configured as a central actor of well-being<sup>10</sup>.

According to data from ECLAC (Economic Commission for Latin America and the Caribbean), it is estimated that the GDP of Latin America and the Caribbean could decrease by 9.1% in 2020. This situation is expected to disproportionately affect women, which they are overrepresented in informal work, self-employment and the service sector (transport, business services and social services), which currently employs 78% of women in the labor market.

These trends also imply an increase in inequality. The Gini index could increase with the pandemic between 1.1% and 7.8%. Although the region is mainly made up of middle-income countries, middle-income households represent a small and vulnerable part of the total population. However, most of this growth has occurred in the low- and lower-middle-income strata, where households are highly vulnerable to negative shocks and can easily slide back into poverty.

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<sup>9</sup> Report: El impacto del COVID-19 en América Latina y el Caribe. Julio 2020

<sup>10</sup> Tax noncompliance in Latin America reached \$ 325 billion in 2018, a value equivalent to 6.1% of GDP.

From a gender perspective, women and girls are particularly affected by the pandemic. Women spend three times more time each day than men doing unpaid care and domestic work (between 22 and 42 hours per week before the crisis). Despite the greater presence of women in the front lines of the fight against the crisis (they represent 72.8% of the people employed in the health care sector), their income in this sector is 25% lower than their male counterparts. Confinement, school closings, and sick family members have put additional pressure on women as primary caregivers. Domestic violence, femicide and other forms of sexual and gender-based violence have increased. Calls received through women's emergency help lines in Chile and Mexico, for example, have increased by more than 50%.

### **Conclusions: Neoliberal State, structural incapacity of the institutions and necessary turn in the State-Society relationship.**

In Latin America there is a situation of structural incapacity for any serious pandemic at the health level and its social consequences. To this must be added the change in the political climate, and dissatisfaction with the government action that has happened. It is possible that this dissatisfaction will trigger demands for reformist governments in the social sphere, as happened in several countries of the region between 2000 and 2015 (Argentina, Bolivia, Ecuador and Brazil), and strengthen existing social movements. In other words, it could release an unequal and exhausting struggle, conducted in the context of weakening economies and weakening international cooperation, with uncertain results. Experts announce that the recession that is brewing could be greater than that of 2008 (Tooze, 2020)<sup>11</sup>, and since complex crises are crises without a solution, no government or political system can “do it right”, even less with structural conditions as in Latin America, in which the trust in public institutions is once again called into question.

The state's way of coordinating the pandemic has allowed neoliberalism to shine precisely, as a system that legitimizes the authoritarian use of the state itself as support and support for the expansion of capital in new social spheres. The incipient coordinates of the political debate in Latin America allow us to glimpse emerging patterns of how neoliberalism might adapt in the context of the pandemic. The trend towards militarization and the primacy of the economy over social life allow us to imagine its consolidation. Capital is anchored around a state of super-surveillance, as Foucault proposed, coordinated by a political elite, supported by a medical-military elite, and an economic elite that is passive but immovable. This neoliberal state consequently defines boundaries between those who can live and those who cannot, or between those who deserve to be saved and those who do not. This State would grow in bureaucracy, but

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<sup>11</sup> Tooze, A (2020). “Is the coronavirus crash worse than the 2008 financial crisis?”. Foreign Policy, 18 de marzo. Recuperado en: <https://foreignpolicy.com/2020/03/18/coronavirus-economic-crash-2008-financial-crisis-worse/>

unlike the European formulas it renounces to hold control over the totality of social life, leaving social sectors abandoned to their fate. In this way, the classic hierarchical ordering of the classic idea of Latin American society is consolidated: unequal, binary and polarized. As David Harvey (2020)<sup>12</sup> has analyzed, among the states of exception that the governments of the region have brought up, the packages of salvation of capital and super-surveillance could be transformed into conditions of possibility of life subordinated to the existence of capital, in this new way of consolidating neoliberalism in a pandemic, and in spite of it.

Once again, the need for a shift in the relations between State and Society in Latin America is evident, which allows for the transformation of national institutional systems into spaces of greater participation and capacity for where civil society can pressure the state, elites and the private sector.

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<sup>12</sup> Harvey, D. (2020). Anti-Capitalist Politics in the Time of COVID-19. Disponible en: <https://jacobinmag.com/2020/03/david-harvey-coronavi-rus-political-economy-disruptions>