The ‘great regression’ and the protests to come in Latin America

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1. Latin America in 2019: a territory in turmoil due to inequality

Latin America was in turmoil in 2019. Protests raged across different countries and against governments across the political spectrum. Widespread mobilisation from social organisations denounced corruption and voiced various demands, including greater political freedoms, better and affordable public services, and the urgent need to tackle corruption and inequality in Mexico, Guatemala, Nicaragua, Honduras, Venezuela, Colombia, Ecuador, Peru, Bolivia, Chile and Brazil. The region ended the year with unfulfilled promises of a new social pact, and the promise of intensified mobilisations.

The increase in social mobilisation may be puzzling, since poverty and extreme poverty declined (see Figure 1) next to positive economic growth in the region. Yet, though the levels of poverty in Latin America were relatively low: 30.8 per cent – a substantial reduction compared to the levels of early 2000s – there were warning signs related to the stagnation in poverty reduction over the last decade, in addition to a slight increase in poverty and extreme poverty since 2014.

Figure 1: A. Evolution of poverty and extreme poverty in Latin America (in percentages). B. Evolution of poverty and extreme poverty in Latin America (in millions of persons)
However, measuring levels of welfare and wellbeing within countries by simple averages or single-data indexes cannot present an accurate picture of social and economic development. We must also consider the affordability of and accessibility to public services, analyse the creation of formal and secure employment, consider the coverage and generosity of social protection systems and understand entrenched inequalities.

Including other indicators and dimensions of poverty and inequality affords us a more nuanced understanding of the forces driving mobilisations in the Latin American region. For example, examining inequality in levels of economic growth reveals a pattern of development. If economic growth produces social losses, the gains of such a pattern should be examined critically across populations, beyond that of a narrow focus on poverty rates. Such is the case in Latin America, a region that experienced a decline in poverty between 2002 and 2019 but underestimated the impact of inequality that the pattern of economic development was simultaneously producing.

The conditions that perpetuate vulnerability did not change radically over the last decade. Whereas Latin America experienced an increase in the number of people categorised as part of the ‘middle class’, between 2002 and 2017, these new members of the ‘middle class’ remained highly vulnerable to poverty (Comisión Económica para América Latina (CEPAL), 2019b). Thus, the expansion of middle-income strata coexisted with persistent vulnerability to poverty and high levels of inequality in Latin America. Protests that took place in the second half of 2019, and that played out as a prelude to the COVID-19 crisis, were, in fact, a response to a pattern of economic development that produced many ‘losers’, entrenching inequalities and marking a growing divide between self-interested elites and...
impoverished populations. These protests voiced the possibility of ‘a better life’ – a term at odds with poverty indexes.

Latin America remains the area with the highest levels of income inequality in the world. While millions are living just above the poverty line, they remain vulnerable, living under precarious conditions. Vertical inequalities, related to income disparities, intersect with horizontal inequalities, related to identity markets, where the latter ‘appear connected to a culture of privilege, with roots in colonial times’ (United Nations Development Programme (UNDP), 2019, p. 53). Such outcomes are the result of institutional and political processes that have normalised differences and inequalities and allowed elites to maintain their privileges. Governments inability to implement equalising policies, frequently blocked by such self-interested elites, has led to stratified health, education, and social protection provisioning, segregated labour markets, and institutionalised disparities among populations.

Protests in 2019 brought into question the different governments narrative of improved living conditions in the region, signalling that social and power structures have remained unchallenged by the rift policies financed by the commodity boom of the 2000s. Mobilisations exposed some of the institutions, policies, and practices that create and perpetuate inequalities, which are informed by norms safeguarding existing privileges. Such is the case in the low levels of progressive and direct taxation as well as the continued efforts to privatise and underfund public services, which leave vast segments of the population in a situation of precarity. Decision-making has been poorly aligned with the needs of various collectives, and instead politicised to the benefit of a few. With growing discontent, the 2019 protests constitute a realisation of the political and economic systems’ failure to date. Mobilisations are thus an expected societal response to the failure of representation and the democratic processes in the region.

As the region grapples with the severity of COVID-19 and its amplifying effect, which has exacerbated inequalities, it is crucial to revisit the protests that took place at the turn of the year, as they spoke of ‘[…] the enormous costs of mass inequality: inept governance, social distrust, and a huge population of vulnerable people unable to protect themselves from encroaching harms’ (Sachs, 2020). Such was the dire reality in the region, a pre-existing condition of vulnerability exacerbated by the current pandemic, which is likely to worsen and fuel social unrest if the responses from governments continue to protect the privileges of a few.

2. Grievances meet social media and populism

The increased scale and intensification of mobilisations in Latin America is part of a global trend of discontent, in which enduring levels of inequality have met the weakening of democracies, presenting a profound challenge to the sustainability of institutions (Murshed, 2020). Social connectivity has been central to the rise in mobilisations in Latin America, for 65.8 per cent of the population has access to the Internet (World Bank, 2018). Social networks have granted access to broader, more diverse sources of information, while enabling and facilitating the organisation of otherwise disconnected groups. Connectivity, in fact, played a key role in the 2019 mobilisations and supported the process of denouncing various abuses committed by state forces.

Whereas social media has indeed facilitated and informed mobilisations, it is also prone to manipulation by different political actors. This is a clear reminder that protests do not occur in a vacuum, as social media is both social and political. Protestors mobilise in response to existing grievances, with social media offering them the possibility to assemble further, magnify and/or manipulate protests.
As the (un)intended effects of recent economic reforms and abuses by governments have gained visibility through social media, there has also been a strong impulse to weaponise misinformation. Populist politicians across the political spectrum have polarised public debate, which has contributed to hollowing out the legitimacy of institutions.

The decline in state legitimacy also relates to the inability or refusal of governments to respond to their citizens’ grievances as well as populist politicians’ use of misinformation to take advantage of this. Protests in Latin America can be grouped around four main themes that are intertwined: corruption, economic reforms that exacerbate inequality and precarity, gender violence and impunity, and lack of political freedoms.

Corruption scandals preceded 2019 and informed mobilisations in Peru, Brazil, and Colombia with the ‘Lava Jato’ and Odebrecht scandals illustrating the degree of corruption and its international dimensions. Corruption-denouncing mobilisations were not exclusive to these countries, as protests in Mexico, Honduras, Argentina and Guatemala also signalled pervasive corruption and the looting of state coffers by specific political cliques.

Economic reforms informed protests in Ecuador, Chile, and Colombia, countries that attempted reducing state expenses to reduce financial deficit, but were unwilling to increase taxation of their wealthiest citizens, or curb existing tax exemptions. These measures had an immediate effect on the affordability of public services such as health, education and transport, thus increasing the vulnerability of precarious groups dependent on irregular income and/or debt to make ends meet. In light of the threat of increased poverty and precarity, citizens mobilised against such measures.

Central to the mobilisations in 2019 were nationwide protests in Mexico, Colombia, Chile and Argentina denouncing gender-based violence, echoing global mobilisations. Latin America holds the highest rate of female homicides (femicides) in the world. Yet violence is only one dimension of gender discrimination and human rights violations, part of an unequal access to resources, opportunities, representation, and justice based on gender. These protests not only addressed governments’ inability to eradicate gender violence, but also addressed society at large, denouncing patriarchal norms and institutions that condone various forms of violence and discrimination.

Mobilisations also took place in 2019 against the authoritarian regimes in Venezuela and Nicaragua, the dramatic reversal of democratic freedoms in Bolivia following the coup that ousted Evo Morales, and the totalitarian tendencies taking place in countries like El Salvador and Brazil. These protests against the erosion of democratic rights are unsurprising in a region that holds in its collective memory the legacy of the US-sponsored dictatorships that pervaded policymaking between the 1960s and 1980s.

These four grievances are deeply intertwined and were sometimes voiced simultaneously. Furthermore, they remain unattended and are now magnified by the COVID-19 pandemic and lockdown measures, the shock of which is likely mostly to affect those in poverty and vulnerable to poverty.

### 3. A pandemic meets pervasive inequality

The 2019 protests in the region voiced various claims and demands, none of which managed to ignite structural responses from government. The COVID-19 pandemic of 2020 has met with pervasive levels of inequality, resulting in amplified disparities in health and economic effects on the population. The socioeconomic impact of the pandemic and related measures has the potential further to undermine
social cohesion, erode public trust, and deepen political polarisation (Sachs, 2020). Whereas it is difficult to anticipate the impact the pandemic will have on inequality, the decisions and initiatives that governments undertake will determine how lasting its effect will be, particularly among vulnerable and precarious populations.

To better understand how this pandemic might have variegated effects, it is important to recognise inequality as intersectional, related to identity markers, such as race, age, and gender, which lead to stratified labour markets, for example limited access to formal employment among historically marginalised groups, and unequal access to programmes around health and social protection. Whereas estimates tend to present national figures, for example on poverty rates, organisations such as ILO, UNDP, UN Women, WIEGO, and ECLAC use specific indicators to provide a better measurement of different disparities by identifying vulnerable groups like women, children, youth, indigenous peoples and persons of African descent, and migrants.

It should be noted, for instance, that in Latin America Afro-descendent and indigenous peoples are over-represented among slum dwellers and in rural areas, without adequate access to high-quality health services and sanitation (Ferreira & Schoch, 2020). Race, understood as an analytical category that captures a hierarchical system with tangible social and economic consequences, explains processes of social exclusion and marginalisation from public services. Racialised outcomes have become particularly evident through the pandemic, as inequality, poverty and marginalisation are higher among historically under-represented groups. Both infection and death rates are higher among these groups, either because they are excluded from mechanisms of protection, such as no access to social insurance as a consequence of higher informality rates, or adversely included in markets, in terms that do not benefit them and force them to continue working amidst lockdown measures. Processes of exclusion and marginalisation are quite extreme in some settings such as Brazil, where the government is arguably blocking the provision of public health services to indigenous communities (Al Jazeera, 2020).

More than 54 per cent of Latin American workers operate in the informal sector. Labour markets in the region are precarious: a high proportion of informal employment: 53.1 per cent in 2016 – ILO data (as cited in ECLAC’s report, 2020). This means that more than half of the population in the region has no security of income, no observance of rights at work, such as paid sick leave, social security, or unemployment insurance, as compared to formal workers. But even among those in formal employment, the low levels of labour regulation compliance in the region result in a transfer of risk from capital to labour, casualising employment and operating under a constant threat of dismissal. Furthermore, given the levels of precarity in the region, a vast segment of the population survives on debt, with no saving to face the risks associated with the pandemic. Many precarious workers are neither covered by social security (as they are part of the pool of informal employment) nor deemed poor enough to access social assistance programmes, thus joining the ‘missing middle’ (ECLAC/ILO, 2020).

Employment outcomes have a clear gendered dimension in Latin America. Women represent 55 per cent of informal workers in the region. Women are over-represented in low-paying and mostly informal occupations, such as domestic work, home-based work, street vending – occupations at greater risk through the pandemic – and perform most of the unpaid care work while having limited access to social protection (Ferreira & Schoch, 2020). The impact of the current pandemic on the livelihoods of women is compounded, whose double burden of paid work and unpaid care work has intensified with lockdown measures and closure of childcare centres.

Thus, under-represented groups living on the margins of the state but integrated into markets have remained ineligible for meaningful social protection, excluded from labour policies and social security
schemes. Others, though included, only have access to narrowly targeted interventions, such as cash transfers. A vast share is missing from both. These elements of vulnerability help to understand the predicted increase in (absolute) poverty from 186 million in 2019 to 214 million in 2020 people as a consequence of the pandemic in Latin America. Extreme poverty is also predicted to increase significantly in the region, from 67 million in 2019 to 83 million people in 2020 (Comisión Económica para América Latina y el Caribe (CEPAL), 2020).

The high levels of inequality, informality and precarity, with the resulting distrust in formal public institutions, has curbed the effectiveness of lockdown measures and policies – where and when governments implemented them. Some governments, like in Brazil, considered the virus a hoax, resulting in unnecessary delays that left a trail of suffering and death. The infection curves in the region quickly mirrored patterns of structural inequality, with two different infection trends: one for the rich (under control given their privileged access to private health providers), and one for the poor (which rose rapidly and remains out of control). As a result, in late May 2020, the World Health Organization announced that the Latin American region had become the epicentre of the pandemic.

Despite the high number of deaths, such numbers remain under-represented. Equipment and personnel are overburdened by the pandemic, and even young patients, with treatable diseases, are dying as a result of being unable to access to the health system. This is also due to the limited capacity of healthcare systems in the region – a result of years of underfunding instigated by international financial institutions as part of their push towards austerity and downsizing of the state. According to ECLAC, it is estimated that Latin America, on average, assigns just 2.2 per cent of GDP to health expenditure, far from the standard recommended by the WHO: 6 per cent. However, the region spends 2.6 per cent, on average, in debt repayment (CEPAL, 2020).

Because of this institutional weakness, entire populations are thus left to their (scant) means to navigate the harshness of privatised and stratified health systems without state-provided social protection. Collectives also seem to distrust a state that is associated with coercion rather than security, while governments use the police and the army to enforce curfews. When precarious workers are forced to break these measures to eke out a living, they are abused or fined by state forces. This is why the social ‘disorder’ in some communities, expressed in their ‘disobedience’ of lockdown measures, is not a ‘cultural’ feature of some groups – a reading clearly representing the elitism that pervades public opinion in the region. It instead manifests the weaknesses, contradictions and limitations of formal public institutions. Latin America is a region in which ‘order’ continues to be seen as more important than wellbeing.

Given the significant discontent manifested in the 2019 protests, and the distrust, lockdown measures have not been effective. This mistrust is further exacerbated by selective measures, prone to corruption. In Ecuador, selection mechanisms put in place to provide social assistance allowed the wealthy to claw benefits targeted at the poor, while in Colombia, the government proposed a ‘Black Friday’ in response to the protests of 2019, exposing the great detachment from the grievances of those living in precarity. Despite these institutional limitations, the trend to provide narrowly targeted cash transfers prevails in the region. This speaks of the resistance to favour protection over fiscal discipline, and the double standards of governments that perpetuate a two-track social contract which works for the elites but less so for the poor, precarious, and marginalised.

The social protection measures in response to COVID-19 in Latin America have revolved around targeted social assistance: creation and expansion of (existing) cash transfer programmes, and in-kind transfers (ECLAC, 2020). Other social protection measures, mostly applicable to formal workers included: teleworking, unemployment insurance, and waivers of bill payments. These measures are filtered by informal arrangements even if taking place in the ‘regulated’ formal sector. The provision
of new cash transfers accounts for 17 per cent of the measures adopted, while the increases in the amounts paid under existing cash transfer programmes amounted to 13 per cent (ibid.). The expansion of population coverage for existing cash transfers amounted to 4 per cent of the measures implemented, and the early disbursement of exiting cash transfers accounted for 5 per cent. In total, 49 per cent of the measures implemented were related to cash transfers (ibid.). Importantly, many of these transfers were aimed at giving some sort of protection to informal workers.

The interconnectedness of Latin American economies with global markets makes the impacts of these multiple crises – health, economic, financial, care – manifold. Lockdown measures disrupted global value chains, both goods and services. The volumes and values traded globally have severely decreased, also affecting merchandising and insurance. Given its production structure, Latin America is mainly affected by the slump in commodity prices. UNCTAD estimated that energy prices fell by 55 per cent in the first month of the lockdown measures — and are likely to stay low as the end to the pandemic has no clear end in sight.

Foreign direct investment (FDI) has come to a halt. For Latin American governments to buffer the effects of external transmission of this crisis and ensure social protection for their population, additional efforts were needed to lift some of the financial constraints, including debt-resolution strategies. The severity of this crisis not only calls for debt restructuring but the introduction of capital controls to contain the haemorrhage of capital that emerging economies have experienced amid this pandemic. Considering the levels of volatility and external vulnerability exacerbated by this crisis, it would seem as if the region is headed towards another ‘lost decade’. This is likely to cause a ‘great regression’.

ECLAC estimates an economic contraction of 5.3 per cent in the region as of 2020 – only comparable with the 1930s recession – with severe consequences in terms of poverty and inequality. ECLAC forecasts that the impact of the pandemic could lead to an increase in poverty ranging from 3.4 per centage points to up to 5.5 percentage points (ECLAC, 2020). The impact on inequality will also be significant, with Ecuador experiencing the most pronounced increase (above 3.0 percentage points), similar to other countries like Argentina, Brazil, Mexico, and Uruguay.

Even if the containment measures disproportionally affect the poor, the erosion of social and economic rights, denounced in 2019 and exacerbated by the pandemic, has also affected low- and middle-income families, many engaged in unprotected labour or operating in the informal sector, left to their own means in a context of marketised and stratified provisioning of health services and social protection. Hence, this crisis is also affecting the precarious population, as the regional trend of low unemployment has been reversed in the region, a result of inadequate or non-existent unemployment insurance. This is likely to result in increasing indebtedness of households and a compulsion to take any job available – informal, precarious, intermittent and insecure. Taking everything into account, the trend is towards higher unemployment, informality and precarity.

Informal dwellers, the homeless, migrants, self-employed and casual workers, and small businesses cannot afford to be idle nor contemplate the cessation of all activities. Migrants and refugees (many from Central America and Venezuela) were not allowed to move across or within countries, and as a result, many lost their livelihoods together with whatever small gains they had achieved in previous years. This movement of refugees and migrants will create tension as the return of expatriates increases the demand on already frail health systems, as in the case of Venezuela.

In this context, discussions on basic income have gained prominence. The provision of a basic income would not necessarily act as an equalising instrument but can work to provide some form of income support and help populations observe lockdown measures. Yet, this crisis has made evident the
limited policy space of Latin American economies due to the pressures of international actors or the low levels of progressive taxation. With reduced financial flows and strict debt restructurings, alongside dramatic levels of tax evasion, elites are unlikely to implement universal and publicly funded measures.

4. The coming age of discontent

Latin America awaits progressive measures as the world awaits a COVID-19 vaccine. Even if progressive measures are suggested by governments, they are filtered by social structures and power differentials, and might not necessarily be accessible to all, or they might be set in place too late. This final section discusses the future of mobilisations in Latin America in the aftermath of the pandemic, higher levels of inequality, the weakening of democracy and the grievances exacerbated by the economic responses to the COVID-19 crisis.

The pandemic has the potential to deepen existing fissures in the social contract, voiced in the 2019 protests in the region. Discontent is expected to increase in the years to come, following grief over hundreds of thousands of lives lost, and anger at the inaction or coercive approaches taken by various states. These grievances will also be informed by the measures different governments adopt, which will have uneven consequences on people according to existing patterns of inequality, vulnerability and precarity across the region.

The current levels of inequality in the region are the result of policy decisions that have made economies less resilient to shocks. The COVID-19 pandemic is a systemic shock of unprecedented reach, and its economic impact might be comparable with the 1929 recession – or rather, with a war economy. When the region eventually steps out of the hecatomb caused by the pandemic, it will have to deal with the impact that the uneven responses from governments have had on economies and societies. It will also have to face the way the priorities of the global financial architecture, governments and elites have further stratified social protection systems and breached the promise of a different social contract.

What happens next depends on the shared vision which collectives and governments can develop during and following the pandemic. Given the historical wounds of exclusion and marginalisation deepened by the systemic shock experienced in 2020, social groups might seem ever more alienated and antagonised, distrusting governments across the region. The fear ignited by populists, left and right – with their strategy of restraining critical voices, dismantling collective visions, and creating more fissures – presents a hostile context in which to rekindle social contracts in the years to come.

Despite this uncertain context, social mobilisations taking place before, during and after the pandemic present both an opportunity and a risk in the stability of the region. These prospects are defined by the role of both mobilising organisations and the responses from governments, and can be understood as bounded within two scenarios.

In the best-case scenario, mobilisations are a vehicle that can facilitate negotiation between society and governments. Mobilisation has the potential to conduct new social covenants in which the citizens can make their needs known and can help to re-legitimise the state and its institutions if they address the structural inequalities and multiple dimensions of the grievances deepened by the pandemic. For economies suffocated by inequality and elite capture, this could provide a new space for social dialogue, outlining what needs to be done and the specific needs of different populations. Such a process has the potential to inform policymaking and reweave the political covenant between citizens and governments.
In the worst-case scenario, governments could continue and even deepen their contumacious response to citizens’ grievances while maintaining their pledge to specific elites. This would manifest in the use of repression or sheer incompetence. In that case, the post-pandemic scenario would be one of further reduction in state legitimacy and democracy, together with weaker institutional capacity, which would fuel different expressions of discontent and feed the growth of illegal organisations (gangs, drug traffickers). General discontent can lead to new waves of conflict, leading to greater instability and deepening inequality. As states are left hollowed out by the greed of elites and the incapacity of governments to involve or listen to their citizenry, the shock of the pandemic will be the starting point in a worsening trend in higher inequality, poverty and instability in the years to come.

The outlook from these two scenarios departs from the immediate aftermath of the COVID-19 pandemic. The response from different governments (in the best-case scenario) can minimise but not subdue the unequal impacts of the pandemic. The (in)capacity of governments to respond to the challenges of pervasive inequality will foreground the path to recovery or to instability. Plagues and pandemics have left behind major social transformations. With COVID-19, Latin American governments can rewrite the region’s socioeconomic path, engaging different actors and recovering the legitimacy of their social contracts above the interests of particular elites and international stakeholders.

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v Investigations into the ‘Lava Jato’ Car Wash scandal at the Brazilian state oil company Petrobras began in 2014. The scandal led to the impeachment of Dilma Rousseff and the incarceration of Lula da Silva. The Odebrecht corruption scandal emerged from investigations into the ‘Lava Jato’ scandal, related to bribes paid by the Brazilian construction company Odebrecht to Brazilian officials in other South American countries.


vii The government proposed to protestors three days in which shopping could take place without value-added tax. While these measures were not implemented in 2019, they were implemented in the middle of the pandemic, now framed as a way of stimulating the economy.