



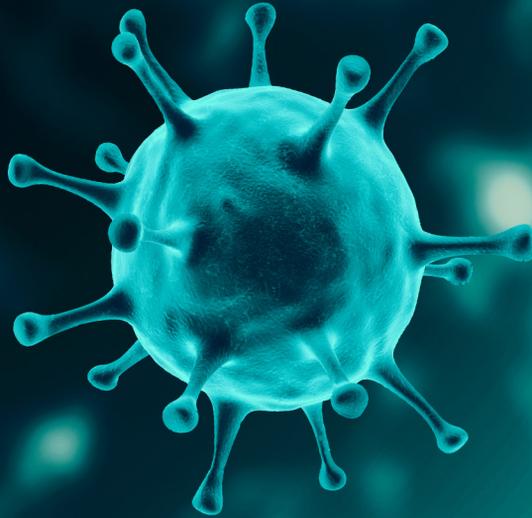
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PSI REPORT SERIES - SPECIAL REPORT ON THE COVID-19 PANDEMIC

**FACING THE
PANDEMIC IN
LATIN AMERICA:
an analysis of vulnerabilities
after 30 years of neoliberalism**



FACING THE PANDEMIC IN LATIN AMERICA

an analysis of vulnerabilities
after 30 years of neoliberalism

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***Fundação Friedrich-Ebert-Stiftung (FES)** is Germany's oldest political foundation, with a rich social democratic history that can be traced back to its founding in 1925. FES owes its existence and mission to the political legacy of Friedrich Ebert, the first democratically elected German president.*

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INTRODUCTION

Neoliberalism has great influence in Latin America. In the 1990s, under the so-called **Washington Consensus**, neoliberal reforms were proposed and imposed in the region, shaping access to health and sanitation, as well as affecting the gender gap and access to social protection.

“**Washington Consensus**” refers to a meeting held in 1989 that decided on a set of policy recommendations that were “necessary” for Latin America. The supposed “consensus” (a term that stifles dissonant voices) prescribed that the State should give up the role of planning and driving the economy. That role should be the market’s, under the argument of promoting efficiency and competitiveness, and ultimately aiming at convergence with the economies of the developed countries.”

Pressure to reduce public spending, seen as a means to boost efficiency and make room for the private sector, led to chronic underfunding of social protection in the region. The destruction of public systems designed to protect social rights or pressure for these not even to be consolidated are an integral part of the discourse of **International Financial Institutions (IFIs)**¹ such as the World Bank and the International Monetary Fund. This process undermined health systems and led to poor sanitation and limited social safety nets. Today, the World Bank and the International Monetary Fund continue to prescribe similar reforms, now under the paradigm of austerity.²

“**International Financial Institutions (IFIs)** are organizations such as the World Bank and the International Monetary Fund”

1 International Financial Institutions (IFIs) are organizations such as the World Bank and the International Monetary Fund.

2 Blyth (2017); Rossi et al. (2018).

Gaps in accessing social rights can lead to long-term effects. Under the corona crisis,³ the consequences of years of reforms and restricted funding are even more visible and have direct impact on how the States respond to crises and provide support for the most vulnerable, especially the poor, women, blacks, and indigenous groups, among others.

This article discusses how neoliberalism and austerity influence public spending trends as regards rights and social protection in Latin America, in particular in key areas of the fight against the corona crisis. Building on the Sustainable Development Goals (SDGs),⁴ this article analyzes Latin American expenditure and indicator trends in relation to SDG 1 (social protection), SDG 3 (health), SDG 6 (hygiene and sanitation), and SDG 10 (income, gender, and race/color inequality). These four indicators are prioritized to observe mostly the region's sanitary conditions (SDGs 3 and 6) and the weaknesses affecting specific groups of the Latin American population, i.e., women, blacks, original peoples, and the poorest (SDGs 1 and 10) with the onset of the Covid-19 pandemic. Answers are sought for the following questions: Is it possible to relate the region's policy-

making to the neoliberal/austerity paradigm? Are the SDGs compatible with the neoliberal paradigm? What is the level of expenditure on social policies today? Have the public policies and social spending set in place been sufficient to ensure greater security in face of the pandemic?

1 Neoliberalism and austerity: discourse and practice in Latin America

To talk about neoliberalism in Latin America we must first talk about the “Washington Consensus”. The consensus policy recommendations included spending cuts, a tax reform (reducing taxes for the richest layers of society, with regressive impacts), financial and foreign-exchange liberalization, reduced trade barriers, privatizations, and deregulation, in addition to protecting property rights.⁵

As the effects of such policies were negative, the term neoliberalism has also gained a negative connotation. Many begin to deny the existence of the term,⁶ even though it was used by Milton Friedman (1951), the current's greatest inspiration. But its discourse was never more alive than in the rec-

3 Understood as the social, economic, and health-related outcomes of the Covid-19 pandemic (Mello et al., 2020), disproportionately impacting women, blacks, and vulnerable groups (Oliveira, 2020).

4 ECLAC (2020b).

5 Fornazier & Oliveira (2013).

6 Savage (2019).

ommendations by the IFIs. In order to refer to the policies set in place in Europe after the 2008 crisis, the concept of austerity or fiscal austerity replaced the term neoliberalism. The term austerity makes reference to responsibility, stringency, sobriety, the good moral and even religious sentiments that would orient good governance of public affairs and keeping a balanced budget. Over and beyond the rhetorical game, austerity is defined as a “policy for adjusting the economy founded on the reduction of public spending and the role of the State as the driver of economic growth and promoter of social well-being” (Rossi, Dweck & Oliveira, 2018:7), that is, keeping huge similarities with what we understand as neoliberalism. The terms have been changed – from neoliberalism to austerity – yet the idea remains the same.

Adoption of neoliberal or austerity policies spread throughout Latin America in association with conditionalities imposed by the IFIs. Batista (1994) describes how industrial entities, with the help of the press, rallied everyone to the cause of the liberalizing reforms agenda. It is worth noting that there is an internalization of the neoliberal/austerity agenda by some countries: today, both on account of the interest of economic groups in the region and of the education of cadres controlling economic policy (in universities subscribing to such trends), the

neoliberalism and austerity agenda is flourishing in Latin America.

The next section focuses on how neoliberalism and austerity translate into public policies and how their accumulation, over the years, have left Latin America in a much weaker situation to face the Covid-19 pandemic.

2 Neoliberalism and public policies: a review

The different neoliberal/austerity public policy recommendations vary over time, in a process blending academic influences and political and economic interests. Below, the article summarizes how such recommendations expand into public policies that, today, are affecting the fight against the Covid-19 pandemic in Latin America.

At first, liberalism contended that the State should only guarantee contracts and ensure law and order. Later on, it starts to argue that the State should provide basic public education and cash-transfer programs. Neoliberalism moved to incorporate social protection by increasingly supporting targeted public policies – as opposed to universal ones, deemed expensive and inefficient. The idea of a “Minimal State” is applied to part of the population. Paradoxically, implementation of such an agenda depends on the strength of the State, as in Margaret Thatcher’s

United Kingdom and in Augusto Pinochet's Chile.

As for social protection, the concept of "poverty" has taken center stage since the early 1990s in IFI policy recommendations, especially World Bank policy recommendations, shifting social policy away from a universal notion of rights to targeting. One of the policies recommended to reduce poverty is the broadening of "human capital" or employability, by increasing schooling so that poor and excluded individuals may compete with the other individuals in the market.⁷ According to this view, all social marginalization problems would be solved if people were able to compete in the market. On the incongruities of such discourse, it can be inferred that the State should only focus on the "poor". There is also little discussion on the impact of adjustment policies and how they contribute to increase poverty itself.

Regarding health, the World Bank (1993) underscores the need to reduce system costs, in addition to a "focus on the consumer" rather than on the individual, person, or citizen. The document, replete with references to neoliberal concepts, advocates that governments should foster an economic environment that is conducive to improved household health and sustains that public health spending be redirected to more

economic-driven and targeted programs for the poor. Lastly, it is also argued that governments should promote greater diversity and competitiveness. This strategy was dubbed the "basic basket", according to which the State should focus on a restricted conception of primary health care and allow more complex medical procedures to be increasingly provided by the private sector.

In other words, the World Bank's health-related guidelines in the report are: i) the purely "fiscal" focus (need to reduce spending in order to improve economic prospects, thus driving the economy and freeing resources to invest in education and health), ii) targeting, and iii) privatization of broad swaths of the sector. The guidelines, gathered in this document of the early 1990s and in line with the precepts of the Washington Consensus, helped shape health care policies adopted by countries in Latin America. Therefore, increasing public health care funding, as is needed to improve health care, runs counter neoliberal ideology. Indeed, over the last years the World Bank has increased its support as investment broker of expansion projects in the private health care sector.⁸ On the incongruities in the discourse, there is a mention in the document (World Bank, 1993:8) that policy cuts in general may lead to a worsening

⁷ Ugá (2004).

⁸ Sridhar, Winters & Strong (2017); David (2018).

of health-related indicators. This argument is also present in another document released 24 years later: the World Bank (2017:18) states that fiscal adjustments carried out earlier had hit the poor hardest. Yet there is no self-criticism by an institution that helped spread this discourse.

On the urban question, related to sanitation and hygiene, Arantes (2006) shows how “urban adjustment” becomes the cornerstone of urban social policy through IFI recommendations. These recommendations lead to low-standard urbanization in Latin America and, as a result, the quality of the environment built is clearly poorer than that of central countries. This is against the goals of such institutions with the development goals such as announced by the United Nations.⁹ Neoliberalism/austerity public policy recommendations have disastrous effects on human development. As for the incongruities of these discourses, as the urbanization that takes place is of lower standards, it is then said that such low-standard urbanization is prompted by the “poor governance” of the region’s countries.

As for inequality, the classic approach adopted by neoliberalism and the IFIs was to address the matter as something necessary, as

it would drive workers to seek social mobility,¹⁰ and as something to be addressed by the market itself, since intervening in inequalities might bring about imbalances or distortions.¹¹ However, the discussion about inequality started to draw greater attention of the economists worldwide particularly because of its deleterious effect on economic growth in the aftermath of the 2008 crisis. Moreover, since the mid-2000s neoliberalism begins to incorporate concerns regarding gender and race inequality in public policymaking.¹² As for the incongruities in this discourse, neoliberalism/austerity fails to see inequality generation as intrinsic to the capitalist system,¹³ a characteristic that is exacerbated if there is no action to curb it, whether by ensuring labor rights or access to social rights or by making sure that social reproduction does not fall on women’s shoulders.

With neoliberalism, the aim of public policy guidelines consists of reducing State tools designed to tackle the population’s inequalities and vulnerabilities. In other words, it is actually like adopting a “Minimal State” for the poor. Thus, in these four dimensions – social protection, health care, the urban question (hygiene and sanitation), and inequalities – the neoliberal-

9 Arantes (2006:67).

10 Pindyck & Rubinfeld (2001: 529).

11 As noted by Kliksberg (2014) and Piketty (2015).

12 United Nations (2002).

13 Oliveira (2013).

ism/austerity framework pushes for more targeting, privatization, and lower minimum standards of sociability, while dismissing the effects of the very same system on the increase of inequality, pushing the region further away from accomplishing the SDGs. At the sign that such recommendations have negative social effects, the general answer is that these effects are prompted by poor governance, corruption (a narrative that reigns supreme in the region as the result of all the problems), or that neoliberal reforms need to be deepened.

In the next section I discuss how such recommendations are related to social funding in Latin America and the state of social funding when it meets with the Covid-19 pandemic. The power of internal and external pressure for the adoption of this agenda over the years prevented social funding from growing and solving historic deficiencies. Years of policies focused on targeting, privatization, reduction of public tools to bridge gaps driven by the neoliberal framework pushed the region to a situation of greater fragility in social terms and lower capacity to respond to the population's urgent demands.

3 Social funding in Latin America

The impacts of reforms inspired by neoliberalism and austerity are crystal clear in Latin America. Pressure for reduced public spending, seen as a way to increase efficiency and make room for the private sector, led to the region's chronic social underfunding. The deconstruction of public systems ensuring social rights or pressure for them not even to be consolidated are part of the prescription by IFIs like the World Bank and the International Monetary Fund, within the framework of neoliberalism and austerity, as we saw when reviewing the literature.

In the 2000s, Latin America experienced a period of economic growth and an increased role of the State as regards social protection, resulting in broader coverage and more social spending, which led to poverty reduction.¹⁴ Over those years, the region went through what was dubbed the "pink wave", with the Kirchner government in Argentina, the Lula and Dilma administrations in Brazil, the Morales government in Bolivia, Correa's in Ecuador, among others. This period contrasts with what the continent experienced mostly over the last 30 years, with the adoption of pro-market mea-

¹⁴ For the case of Brazil, see Oliveira (2020a). For Latin America as a whole, see ECLAC (2020b), page 40, graph 19.

asures and partial State retreat from the social area. However, in spite of the breakthroughs achieved over the recent period, what still prevails are models segmented by social classes, big private sector participation, and all kinds of subsidies for private access schemes. Thus, there is a hybrid public policy regime in place.¹⁵ This frame limits the capacity of social protection systems to deliver equity and broaden social justice.

In Latin America region, health systems are underfunded, sanitation is insufficient, and social safety nets are weak. These inequalities in access to social rights have an impact in the long term. Under the corona crisis, the consequences of years of reforms become even more evident and have a direct impact on how the States respond to crises and provide support to the most vulnerable. Next, I provide key data on social funding since 2000 as a percentage of Gross Domestic Product (GDP) building on the longest series available.

Firstly, *Graph 1* (see in page 8) shows a rising trend in the social spending/GDP ratio from 2000 to 2018 for the 17 countries analyzed (Argentina, Bolivia, Brazil, Chile, Colombia, Costa Rica, Ecuador, El Salvador, Guatemala, Honduras, Mexico, Nicaragua, Panama, Paraguay, Peru, the Dominican Republic, and Uruguay). As of 2017,

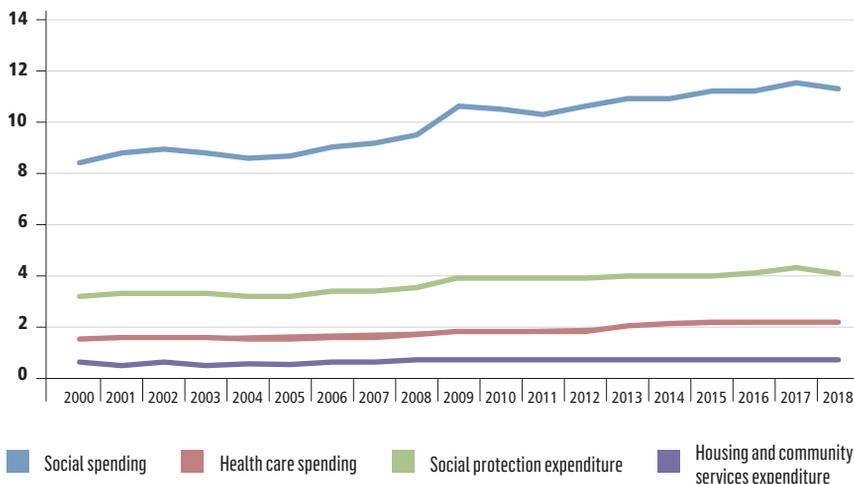
however, there is an apparent reversal of this trend. The graph also provides data from three other dimensions: expenditure on health, social protection, and housing and community services (as an approximation of the concept of sanitation and hygiene). Social protection spending shows a growth trend, yet there are quite different trends across countries in the group, as we shall discuss ahead. Health expenditure, in turn, shows a slight increase, from 1.6% in 2000 to 2.2% of GDP in 2018 in the countries selected. However, for ECLAC (2020b), in order to reduce inequalities, ensure universal coverage, and sustainably fund public health care systems, such spending should amount at least to 6%. Given the importance of this indicator for the fight against the Covid-19 pandemic, it will be broken down in a separate section. Lastly, housing and community services expenses averaged 0.6% of GDP in the countries selected, never going beyond 1%.

It is worth noting that the data refer to central or federal government spending. Oftentimes, the biggest social funders are other subnational entities (States/Provinces or Municipalities), as is the case in Argentina.

In the region, Brazil and Uruguay are the countries with the highest federal government social spending as a ratio of GDP, while

¹⁵ Viana et al. (2017: 11-12).

Graph 1 Latin America (17 countries*): types of central government spending, 2000-2018 (% of GDP)



* Argentina, (the Plurinational State of) Bolivia, Brazil, Chile, Colombia, Costa Rica, Ecuador, El Salvador, Guatemala, Honduras, Mexico, Nicaragua, Panama, Paraguay, Peru, the Dominican Republic, and Uruguay.

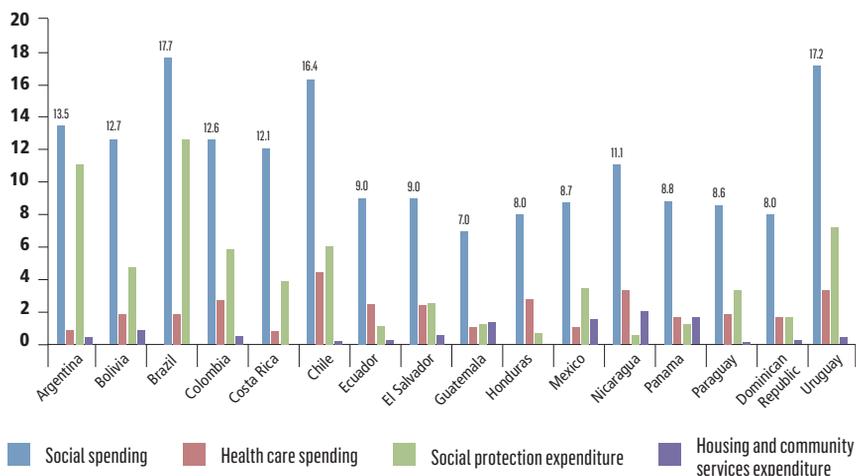
Source Based on ECLAC (2020a).

Guatemala exhibits the lowest ratio. **Graph 2** (see in page 9) shows the variety of arrangements across countries: there are countries whose central government’s social spending as a percentage of GDP is about 17% (cases of Brazil, Uruguay, and Chile), while others spend about 8% of GDP (cases of Honduras, Guatemala, and the Dominican Republic). As to the different types of expenditure, it may be highlighted that Brazil and Argentina spend a significant amount on social protection (notably on their pension systems). Moreover, there is great discrepancy between central governments’ health care expenditure, which varies from

0.9% of GDP (case of Argentina) to 4.5% of GDP (Chilean case) – once again stressing that the data refer to central government expenditure while, oftentimes, other entities are the biggest social funders. Lastly, regarding housing and community services expenditure, the highlight is that Brazil exhibits one of the worst results, spending approximately 0.1% of its GDP on the item, while Nicaragua has the highest ratio, 2.1% of GDP.

The data show an increase in social spending as a proportion of the GDP, trends varying from country to country. The data, however, only cover the post-2000 period, characterized at the

Graph 2 Latin America: types of central government spending, 2018
(% of GDP)



Source Based on ECLAC (2020a).

beginning of this section as a period of economic bonanza. What's more, this period of increased social spending was short-lived and failed to offset years of social underfunding. In the health care field, for example, the region is far from reaching the needed 6.0% government-spending-to-GDP ratio advocated by ECLAC (2020b). In other words, the data must be considered within the broader context of onslaught against public systems starting in the 1990s, and within a context of potential reversal of the social spending growth trend over the last years. Brazil, for example, has adopted a strong austerity policy since 2015.¹⁶

Apart from analyzing expenditure levels, the quality of such expenditure must also be analyzed. Spending more does not necessarily mean spending better or achieving development goals. However, it is highly unlikely that rationalization or optimization will be enough to achieve development goals, as argued by the IFIs.¹⁷ Surely efficiency must be improved, yet we will not solve the continent's historical bottlenecks without increasing social spending. As contended by ECLAC, it would be necessary to more than double the current central government expenditure allocated to health care in Latin America, a region where, as shall be discussed

¹⁶ Rossi, Dweck & Oliveira (2018).

¹⁷ World Bank (2017).

Table 1 People with access to adequate basic sanitation (% of population)

Country/region	2000	2005	2010	2015	2017
Bolivia	13.0	15.1	18.1	21.5	22.9
Brazil	26.6	27.7	34.8	44.9	49.3
Colombia	13.5	14.6	15.6	16.6	17.0
Ecuador	41.4	41.6	42.0	42.2	42.0
Mexico	17.7	23.8	34.1	45.5	50.4
Peru	11.3	19.6	28.8	38.6	42.8
Paraguay	43.6	48.4	52.8	56.9	58.5
Venezuela, BR		28.5	26.2	24.0	23.8
Euro Zone	89.7	90.4	92.5	93.8	93.9
World	28.2	31.5	37.1	42.7	45.0
United States	88.2	88.8	89.3	89.8	90.0
OECD members	80.1	81.4	84.2	86.3	86.9
Latin America and Caribbean	11.5	14.6	20.7	28.2	31.3

Source Based on World Bank (2020).

in the next section, the volume of private health care funds is enormous. The crisis of housing and sanitation, for example, Latin America's historical problems, receives very little funding today (Table 1). Despite the improved basic sanitation coverage over the last years, for the countries for which data is available, the coverage is still low, reaching 17% in Colombia in 2017. Latin America is even below the world average for this indicator, which shows how extremely precarious the region's sanitation level is. Amid a pandemic, which requires extra care with hygiene, this most serious

social infrastructure deficiency takes its toll.

Let us investigate more closely health-related data for the region, a crucial issue for facing the Covid-19 pandemic.

3.1 Health care spending in Latin America

Given the nature of the crisis we are facing today, it is worth analyzing health care in more detail. The region is far from achieving the necessary 6.0% of central government health care spending

as a percentage of GDP, as argued by ECLAC (2020b).

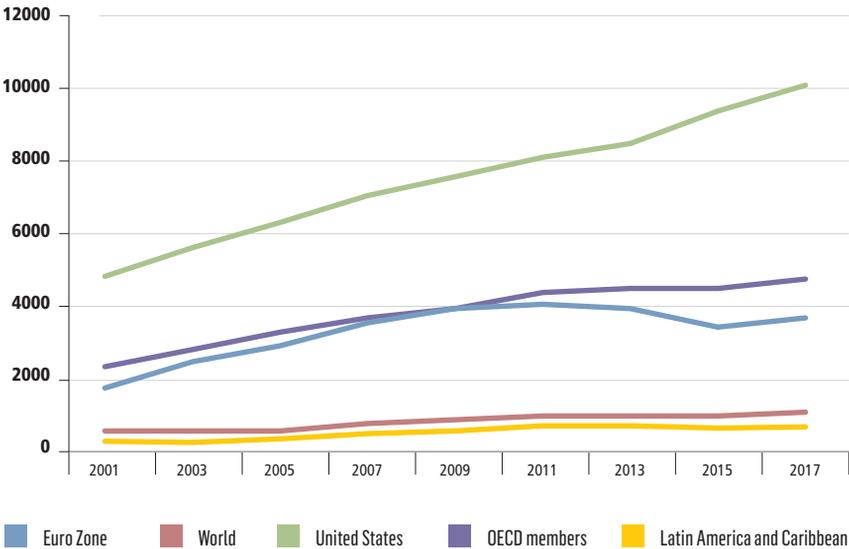
Current (public and private) health care spending as a percentage of GDP (WHO, 2020), a more comprehensive indicator than health care spending by central governments presented in the previous section (See in Graph 2, page 9), shows that this indicator was 12.5% for Organization for Economic Co-operation and Development (OECD) countries, informally called the “group of rich countries”, whereas in Latin America and the Caribbean (LAC), for the same year, it reached 8.0% of GDP. But it is not only as a proportion of GDP that health care spending in Latin America falls short. Public

and private per capita health care spending is also low, ranging from US\$ 94 in 2017 in Venezuela to US\$ 1,592 in Uruguay in the same year.

On average, LAC had a health care per capita expenditure in 2017 of US\$ 684 (Graph 3), below the world average and much lower than the Euro Zone, the OECD countries, and the –outlier– United States indicators. Moreover, the difference between what the USA, the OECD countries, and the Euro Zone spend in relation to what LAC spends on health care is increasing.

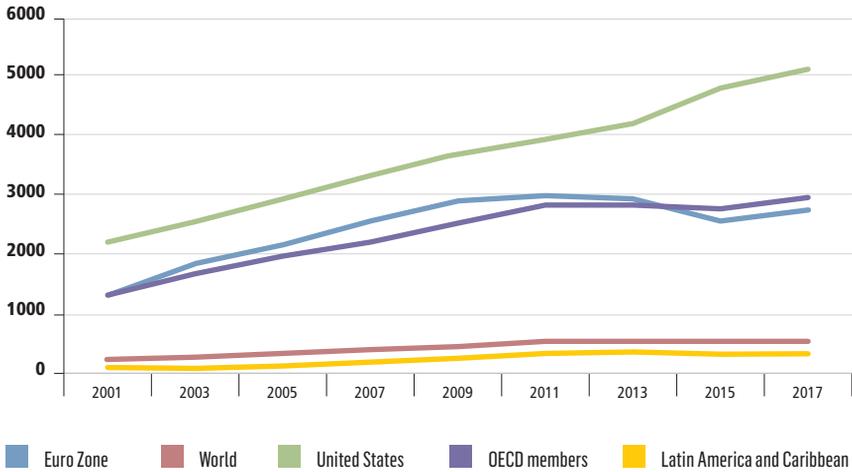
When analyzing health-related public expenditure (Graph 4, page 12), we can see that once again Latin America exhibits worse, below-world-average, indicators.

Graph 3 Current (public and private) health care per capita expenditure, regions, and selected countries (2000 - 2017) (current US\$)



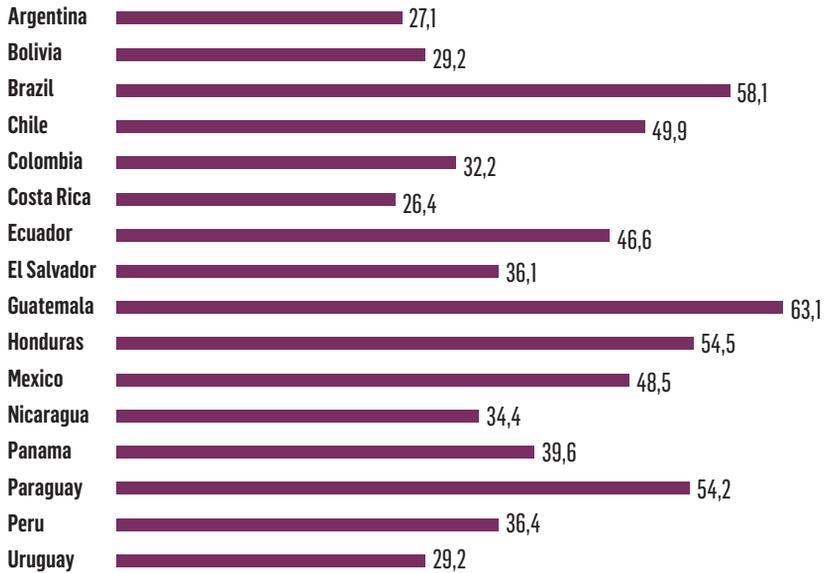
Source Based on WHO (2020).

Graph 4 Overall per capita health care government spending, regions and selected countries (2000 - 2017) (current US\$)



Source Based on WHO (2020).

Graph 5 Private health expenditure, 2017 (as a percentage of current health care spending)



Source Based on indicators by the World Bank (2020).

Once again, the difference between what LAC spends and what the Euro Zone, OECD, and the USA spend on health is growing.

The discussion over total health care spending and government spending leads us to the importance of the private sector. It is worth recalling that neoliberalism’s policy recommendation is precisely to increase the role of the private sector in health care. Graph 5 (page 12) shows that, complementing public health care expenditure in the region, the share of private sector health care expenditure is also significant and varies across Latin American countries.

Private health care spending is also driven by State mechanisms. Several recent studies of the region point to significant symbiosis between public and private systems by means of public subsidy mechanisms that either reduce the costs of access to the private health care sector by consumers or make the health care sector more attractive to private investments. For example, in Brazil there are huge government subsidies for the consumption of private goods and services such as health-related tax breaks: presently, expenses on health plans, health professionals, clinics, and hospitals can be deducted from

Table 2 Hospital beds per 10,000 people, selected countries

Country	Hospital beds for every 10,000 people	Country	Hospital beds for every 10,000 people
Argentina	50	Guatemala	6
Belize	13	Honduras	7
Bolivia	11	Mexico	15.2
Brasil	22	Panama	23
Chile	22	Paraguay	13
Colombia	15	Peru	16
Costa Rica	11.6	Dominican Republic	16
El Salvador	13	Uruguay	28
Ecuador	15	Venezuela, RB	8

Note Most recent data available ranging from 2011 and 2015.

Source Based on WHO (2020).

an individual's taxable income. Ocké-Reis (2014) estimates that, with such mechanisms, in 2012, the Brazilian State failed to collect an amount equal to 23% of the funds allocated by the Ministry of Health that same year.

Table 2 (page 13) shows the number of hospital beds per 10,000 people in the region. The highest number is in Argentina (50), followed by Uruguay (28). The lowest, in Guatemala (6) and Honduras (7). For the sake of comparison, Germany has 82, the Russian Federation 81, France 64, China 42, Italy 34, the United States 29, and the United Kingdom 26.

In the next section, I will examine the region's development indicators and discuss if the current social spending level is compatible with solving historical vulnerabilities that have only been made worse in face of the Covid-19 pandemic.

4 Sustainable Development Goals: how Latin America is facing the pandemic?

The SDGs consist of 17 goals and 169 detailed targets for countries to achieve sustainable human development by 2030. This analysis will focus on indicators relating to SDG 1 (social protection), 3 (health care), 6 (hygiene and sanitation), and 10 (income, gender, and race/color inequalities).

"The SDGs consist of 17 goals and 169 detailed targets for countries to achieve sustainable human development by 2030. These guidelines are the result of years of joint work by countries and the United Nations, building on the expertise acquired with the Millennium Development Goals (MDGs), effective from 2000 to 2015.

Latin America played a key role in submitting a development agenda to the United Nations, and more specifically as regards the MDGs and the SDGs, LAC led agenda-related discussions and proposals."

A comprehensive and recent survey by the Economic Commission for Latin America and the Caribbean - ECLAC (2020b) provides an overview of the state of the SDGs in the region. According to the publication, the 2030 Agenda is at risk in LAC, because more than 70% of the indicators analyzed by the institution show that the region requires significant public policy interventions to achieve the targets. Of the 72 indicators analyzed for:

- **4 achieved the target**
(with 3 related to SDG 3);
- **15 would achieve the goal in 2030 given the current trend**
(with 2 related to SDG 1, 1 related to SDG 3, and 1 related to SDG 6);
- **8 would only achieve the target in 2030 with public policy interventions**
(with 1 related to SDG 1);

- **13 would only achieve the target in 2030 with significant public policy interventions** (with 2 related to SDG 1, and 3 related to SDG 3);
- **27 are stagnant in relation to the target** (with 2 related to SDG 1; 2 related to SDG 3; 2 related to SDG 6; and 1 related to SDG 10);
- **5 are moving away from the target** (none of the SDGs selected for this study).

ECLAC, which is increasingly insisting on the need to create a Welfare State in Latin America (something counter to the neoliberal/austerity policies), also underscores that health spending in the region has to be expanded. At stake, then, is the very idea that the SDGs may be achieved under a neoliberal, austerity, and State-shrinking paradigm. According to the Commission, Latin America lacks the structure to face emergencies like Covid-19. In particular, ECLAC (2020b:42-43) shows the region's average central government health spending was about 2.4% of GDP in 2018, quite far from the 6% needed to reduce inequalities and broaden the system's coverage.

Besides a strong impact on health, ECLAC (2020b) forecasts that, with the increase of extreme poverty in Latin America (which can rise to 13.3% under the im-

pacts of the pandemic), the poverty reduction target set by the SDGs of reaching 3% by 2030 becomes nearly unattainable. Moreover, ECLAC and ILO (2020) estimate that, as a result of the pandemic, 11.5 million people in Latin America will join the ranks of the unemployed in the region in 2020.

In addition to analyzing SDGs 1 and 3, ECLAC (2020b) investigators studied advances in indicators related to SDGs 6 and 10. SDG 6, related to sanitation, shows that the target to reduce open defecation is likely to be met by 2030 should the current trend proceed, while safely managed drinking water and sanitation are stagnant. These trends are quite problematic, and made more so by a context of pandemic that requires higher hygiene standards to fight the virus. To date, investment in sanitation in Latin America has not been able to solve a basic social infrastructure problem.

SDG 10 is only measured by ECLAC (2020b) in connection with the labor share of GDP, a variable which was stagnant. Yet SDG 10 is much broader than that single variable: it focuses on inequality reduction. Multifaceted (social, gender, racial, ethnic, regional and other) inequalities are a hallmark of the region. Inequalities were following a downward trend in the 2000s, but they rose again between 2014 and 2018 in Argentina, Brazil, and Ecuador as measured by the

Gini Index.¹⁸ These inequalities put large swaths of the population in greater vulnerability during the pandemic.

Neoliberalism by itself is not concerned about inequalities, seen as natural or beneficial in stimulating competition. Building on this idea and on the pressure to reduce the size of the State, the question is whether within the neoliberal paradigm there is any room for public policies designed to reduce gender inequalities,¹⁹ in a transformative perspective. Until then in the region, gender inequalities structuring the social reproduction needed by the capitalist system²⁰ are still significant and present. With the pandemic, gender inequality causes women to work much harder at home,²¹ increases domestic violence against women,²² and because they are highly represented in informal jobs, women suffer dramatically the economic effects of the pandemic.²³ These phenomena may have lasting effects on women's trajectory even after the pandemic. Besides, women are the majority of the region's health care workers.²⁴ Racial or ethnic inequality, in turn, exposes blacks, minorities, and original peoples

to greater risk. Latin America was established through the exploitation and massacre of indigenous peoples and blacks. Their vulnerabilities persist Oliveira (2020b), and are compounded by the pandemic. In sum, SDG 10 is broader than measured by ECLAC (2020b) and, unfortunately, as regards reducing inequality, the public policies adopted over the last 30 years were incapable of taking away LAC's shameful title of most unequal region on the planet, with its multiple forms of inequality.

Additionally, ECLAC (2020b) and the United Nations Development Programme - UNDP (2020) warned that, just as for poverty, other human and sustainable development indicators are bound to be affected by the pandemic. UNDP (2020) shows that, due to the pandemic, for the first time since 1990 the global Human Development Index (HDI) may fall. Similarly, ECLAC (2020b) warns that the drop in the region's GDP will affect SDG forecasts and analyses.

From Latin America's trajectory, it is possible to state that the region is far from achieving many SDG targets. Thus, it is more vulnerable to face the Covid-19 pandemic and its health-related and

18 ECLAC (2020b).

19 United Nations (2002).

20 Gibb & Oliveira (2015).

21 Duarte (2020).

22 Oliveira et al. (2020).

23 Salati (2020).

24 ECLAC (2020b).

socioeconomic effects. Moreover, the pandemic may have the power to delay attainment of the SDGs in the region. ECLAC's (2020b) conclusion is that "The comprehensive spirit of the 2030 Agenda is at risk" (:48) and that public policy interventions are urgently needed, something a hollowed-out State, as envisioned by the neoliberals, cannot deliver.

5 Conclusions

This article reviewed how the adoption of neoliberal/austerity concepts by public policies has caused the region to, structurally, move away from a Welfare State model. Even though in the 2000s the region's social spending and social infrastructure improved, this was not enough to end Latin America's vulnerabilities. In a broader picture, the anti-State propaganda and against public health care, sanitation, social security, and social protection systems, as well as against tools for reducing multiple inequalities, was fostered by the IFIs and embraced by local elites, placing hurdles, year after year, to social spending growth and to solving historical problems that are now being compounded by the arrival of the pandemic.

The Covid-19 pandemic exploits and deepens historical weaknesses. In this scene, a State's weakness in promoting quick coordinated responses is compounded by years of

State dismantling. The most vulnerable in Latin America (women, blacks, original peoples, the poor), who need an active State, see their vulnerability increase. Low spending levels, which may be somewhat abstract, are made concrete in the everyday of Latin America's households: the data discussed in this article show that many Latin Americans have no access to water to wash their hands and get cleaned against the virus, many share small homes with large families, which makes social isolation more difficult, many others feel even more vulnerable with the weakness of social safety nets in the context of income loss and so forth. Moreover, the Covid-19 pandemic disclosed the weaknesses of the health system, as perceived both by the low levels of health-related public spending and by the small number of health professionals in the region. Bottlenecks in the health system, overwhelmed by a still little-known virus, has taken many lives. The pandemic shows how vulnerable the region is and how far it was from attaining the SDGs in several senses, but also its potential to deepen inequalities: those facing the crisis in better conditions (considering countries and social groups alike) are bound to move forward faster, thus deepening the differences. Latin America thereby is now paying the price for having embraced the discourse that it was not possible to spend more on social infrastructure. Cuts in social

policies in the name of “fiscal responsibility” take their toll now.

It is clear, even more so amid a pandemic, that neoliberalism and austerity kill. They kill when they sever the State from its capabilities to act during a crisis, when they underfund tools that could be leveraged to better fare in this new situation. And in the long run (at least until 2030, according to the SDGs), they prevent the region from improving its social indicators toward levels the international community has defined as priorities.

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