

Editorial


The Social and Economic Impacts of the COVID-19 Pandemic in Latin America

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During its history, humanity has had to face, research, and overcome innumerable infectious diseases, many of them in the range of epidemic and pandemic. There exist data about multiple influenza epidemics, such as the one that spread through Mesopotamia and South Asia around 1200 BC, until the influenza (flu) pandemic in 1889 and 1890. Also about diverse epidemics of bubonic plague produced by the pathogen *Yersinia pestis*, such as the Justinian plague (541-542), which originated in the Roman Empire and spread in Europe and East Asia, the Black Death (1346-1356), the Russian plague (1770-1772), among other epidemics of this pathogen that spread to various cities in Europe, Africa, and North America during the 16th and 17th centuries. There have been records about smallpox epidemics, such as those in Japan (735-737) and Tenochtitlán (1519-1520); the salmonella epidemic of Cocolitzli (1545-1548) in the Viceroyalty of New Spain; yellow fever (1793-1794) that spread through Philadelphia; cholera pandemics such as the one in India (1817-1824) and in Asia, Europe, and North America (1852-1860); the pandemic known as the Spanish flu (1918-1920) and the swine flu (2009-2010), both produced by the influenza virus A-H1N1; the acquired immunodeficiency syndrome (AIDS) pandemic, produced by HIV (1981). Finally, throughout the 20th century, we have witnessed some new epidemics such as the Ebola (2014-2016), dengue (2002-2001), Zika (2015-2016) and COVID-19 flu outbreaks, caused by the pathogen SARS-CoV-2 (2019-2020).² And many more others documented by historians and epidemiologists around the world (Serrano-Cumplido *et al.*, 2020).

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2 For more information on the origin of the COVID-19 flu, see the article by Andersen *et al.* (2020): "The proximal origin of SARS-CoV-2."

The pathogens with the most accumulated deaths during history are: smallpox (now eradicated), discovered in 1796, which left more than 300 million human victims; *Morbillivirus* (measles), since its discovery in 1954, has left more than 200 million victims; *Yersina pestis*, discovered in 1854, has accumulated more than 150 million deaths; the hepatitis B virus, with more than 60 million deaths; the influenza virus A-H1N1, with more than 50 million victims; HIV, with more than 35 million deaths; and currently the SARS Cov-2 (COVID-19 flu), with more than 1 million deaths (Johns Hopkins University & Medicine, 2020).

In January 2020, the World Health Organization (WHO) assessed the real risk of epidemic, based on which it recommended worldwide to adopt previously implemented measures for influenza and serious respiratory infections, without considering it necessary to limit international travel. Given the increase of the epidemic at the international level, on March 11, 2020, this organization declared the state of pandemic, recommending that countries adopt immediate and future measures, given that, despite the history of pandemics, we were not prepared. The following were recommended in an immediate manner: a) strategies to detect, isolate, test, and treat each case, and trace their contacts; b) adapt hospitals; c) protect and train health workers; d) communicate to people the risks and how they can take care of themselves; e) design strategies to reduce transmission; f) take care of ourselves and others; and g) learn and innovate. Likewise, the following has been proposed for the future: a) promote learning and innovation; b) detect, protect, and treat; c) equip, adapt, and prepare hospitals; d) prepare, educate, and train society and be ready; e) equip, adapt, and prepare primary care; and f) protect and train health workers (Serrano-Cumplido *et al.*, 2020).

Seeking to facilitate the dissemination and exchange of experiences and the management of the pandemic in the countries of the region, the Economic Commission for Latin America and the Caribbean (ECLAC) created the COVID-19 Observatory in Latin America and the Caribbean, a tool that collects information on the actions implemented by the countries of the region in order to face the pandemic, which is disaggregated by the following types of measures: movement restrictions, health, economy, employment, social protection, education, and gender (proximately) (ECLAC, 2020b). Regarding restrictions on movements, the main measures taken by countries in the region were those related to restrictions on or prohibition of the entry of foreign travelers, border closures and controls, restriction or closure of public places and mass gatherings (94% , 77%, 97% of the countries, respectively). Regarding health, emergency activities (87%) and mandatory quarantines for foreigners and travelers (87%) contrasted with the percentage of countries that invested in hospitals (26%). The most implemented economic strategies by countries

have been related to business policy (71%), restriction of economic activities (77%), and fiscal policy (68%), in contrast to economic stimuli (32%) as well as debt relief measures and the suspension of credit payments (13%). In relation to employment, while 84% of the countries took action to protect employment, only 26% adopted measures related to paid work permits, and 29% in relation to prohibiting dismissal from work. Regarding social protection, the measures preferred by the countries of the region were cash transfers (55% of the countries), in contrast to food or in-kind assistance (16%) and a guarantee of basic services (16%). Finally, with respect to education, 100% of the countries decreed the suspension of classes, 71% are implementing tools to maintain online or distance education, and only 16% of the countries have maintained school feeding programs (ECLAC, 2020b).

The ECLAC projections for the region with respect to growth, unemployment, poverty, and inequality predict an average fall of 9.1% in GDP in 2020, with a decrease of 9.4% in South America, 8.4% in Central America and Mexico, and 7.9% in the Caribbean. The regional unemployment rate is expected to be around 13.5% at the end of 2020; unemployment will affect more than 44.1 million people, which represents an increase of close to 18 million compared to the 2019 level. Poverty is projected to affect 45.4 million people in 2020, bringing the total number of people living in poverty from 185.5 million in 2019 up to 230.9 million in 2020, a figure that represents 37.3% of the Latin American population. Within this group, extreme poverty would affect an additional 28.5 million people, going from 67.7 million people in 2019 to 96.2 million people in 2020, a number that is equivalent to 15.5% of the total population. It is also projected that the Gini index would increase between 1% and 8% in the 17 countries analyzed, increasing thus inequality in the distribution of income in the countries of the region (ECLAC, 2020a).

One of the most questioned measures throughout the pandemic was strict confinement (very few countries extended it until August, such as Ecuador and Colombia). Scientists like Michael Levitt (Nobel Prize in Chemistry in 2013) have warned that, although the impacts of strict confinements (closing schools, stopping jobs, stopping shops, closing everything) could save lives in the short term, it would be a dangerous strategy given that it affects the economy. The Nobel winner has claimed that in a few countries in Europe, where more flexible confinement has been implemented, the number of deaths has not been higher compared to countries with stricter confinement, such as Sweden and the United Kingdom, where deaths per million inhabitants are very similar. Finally, he affirms that although the accumulated damages to the world economy and society caused by confinement are not yet known, he fears that many countries that are emerging from confinement will see a large increase in the rate of mental disorders, suicides, and domestic violence, and even an increase in divorces (Stringham, 2020). We must add

to these effects an increase in corruption in Latin America, which in itself is a pandemic that spreads through institutions, corporations, and individuals, with its own economic and social impacts (Kitroeff & Taj, 2020). The same happens with the violence generated by criminal gangs and drug traffickers, as in the case of Colombia, where so far in 2020 groups outside the law have perpetrated more than 33 massacres, murdering more than a hundred people (including social leaders, students, indigenous people, Afro-descendants, demobilized FARC guerrillas, etc.) (Turkewitz, 2020).

Five months after the WHO declared the pandemic, the organization registers 29 vaccine projects that are already in the clinical study stage. Until August 13, only six of them were in the most advanced phase 3, which implies experimentation in large groups of people: AstraZeneca-Oxford (United States), Sinovac (China), Sinopharm-Institute of Biological Products of Wuhan (China), Sinopharm-Beijing Institute of Biological Products (China), Moderna-NIAID (England), and BioNTech-Fosun Pharma-Pfizer (USA). Latin American governments are establishing agreements with various projects of other countries, as in the case of Mexico and Argentina with AstraZeneca-Oxford, in their quest to produce and distribute the vaccine to all countries in the region. On the one hand, Russia has already approved its vaccine called Sputnik V, independently of the WHO, claiming that it will produce these vaccines in Cuba and Brazil (Brooks, 2020). On the other hand, the personal and social distancing measures are expected to last until 2022.

The economic and social impacts derived from SARS-CoV-2 have exposed the historical inability of countries and human beings to learn from past epidemics and pandemics. The emergency measures adopted by all the countries in the world have evidenced the unequal distribution of resources, lack of investment in infrastructure, inadequate protocols to face these events, as well as the resulting economic and social impacts, particularly in Latin America, where insufficient health and social protection systems, corruption scenarios with pandemic resources, rainforest devastation, and the resurgence of drug trafficking and violence were also observed in some countries. At this point, it is important to recall the social movements that reappear after strict confinements and that had characterized the year 2019 before the pandemic, such as the yellow vests movement in France (which spread to several countries in Europe during 2019), the protests in Hong Kong, the Black Lives Matter marches in the United States, and the protests in Latin America, from Chile, Bolivia, Brazil, Ecuador and Colombia, where protesters had been warning, among other aspects, of flaws in the democratic systems, which imply the institutional and financial weaknesses described. Undoubtedly, mandatory confinement had some positive aspects for the environment, especially for the air, water, and soil, by reducing industrial activities worldwide. In some cities, there were sightings of animal species that are rare in times of

normal human activity; nature took a break from economic activity; many companies and institutions learned about the advantages of the internet sales model and adapted their sales and service models to an online system. In this latter context, the protection and collection of internet data through mobile devices and applications returns to the center of the debate in a world where the right to privacy, access to truthful information, and the right to free speech are being violated by both cyber criminals and governments, security agencies, and private companies, which monopolize information and big data for their individual purposes, which, in some cases, are placed above the public interest.

In accordance with the above, the Editorial Committee of the *Revista Finanzas y Política Económica* would like to send a greeting of solidarity to the entire editorial team, readers, reviewers, and authors in these times of pandemic, hoping that this accumulated experience will leave us with important social, economic, political, and cultural lessons that guide humanity on a path of integral, equitable, and sustainable development. We want to thank in particular scholars from different research and higher education institutions in countries like Mexico, Chile, Ecuador, and Colombia, who, despite the uncertain times we are living in, submitted their essays to complete this issue and contribute with the results of their research to areas related to finance and economic policy.

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