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Is there a new state in Latin America? Lessons after COVID-19

Existe um novo estado na América Latina? Lições pós COVID-19

Juan Santarcángelo*

Consejo Nacional de Investigaciones Cientificas y Técnicas. Universidad Nacional de Quilmes, Buenos Aires, Argentina

ABSTRACT:
COVID-19 was declared a pandemic in March 2020 and struck a global economy in a situation of enormous fragility (the lowest growth rate since the international financial crisis of 2008). This situation was extremely severe in the case of Latin America, which was not only the region with the worst performance in the global south in 2019, but also where neoliberalism has generated one of the most profound transformations both in the structure of the state and in the direction of its public policies. The aim of this paper is to review and compare the public policies implemented by the different Latin American governments at the beginning of the pandemic, to study how well local and national governments were prepared for it in terms of capacity, to analyse the effectiveness of the public policies applied and to derive some lessons that we should learn for the future. The paper shows that the pandemic brought to light the structural deficiencies generated by decades of neoliberalism in the region and demonstrates that only through a profound transformation in the state and its capacities will the peripheral countries be prepared to face similar challenges.

KEYWORDS: Latin America, Covid-19, State

RESUMO:
A Covid-19 foi declarada pandémica em março de 2020 e atingiu a economia global numa situação de enorme fragilidade (a taxa de crescimento mais baixa desde a crise financeira internacional de 2008). Esta situação foi extremamente grave no caso da América Latina, que foi em 2019 não só a região com pior desempenho no Sul global; mas também a região onde o neoliberalismo gerou uma das transformações mais profundas tanto na estrutura do Estado como na direção das suas políticas públicas. O objetivo deste documento é rever e comparar as políticas públicas tomadas pelos diferentes governos latino-americanos para enfrentar a pandemia, estudar como os governos locais e nacionais estavam bem preparados para ela em termos das suas capacidades, analisar a eficácia das políticas públicas aplicadas, e retirar algumas lições que devemos aprender para o futuro. O documento mostra que a pandemia revelou as deficiências estruturais geradas por décadas de neoliberalismo na região e demonstra que só através de uma profunda transformação no Estado e nas suas capacidades é que os países periféricos se prepararão para enfrentar desafios semelhantes.

PALAVRAS-CHAVE: América Latina, Covid-19, Estado

* Author´s Contact: jsantar@gmail.com

1. Introduction

COVID-19 was declared a pandemic in March 2020. It led to the application of severe isolation policies that generated a dual process. On the one hand, 'globalisation' seemed to have gone into reverse: long supply chains collapsed, international trade declined drastically, and international travel was severely curtailed in almost every country in the world. On the other hand, the pandemic revealed that the coordination of policies on the provision of vaccines and health issues at global level needs stronger international relations between countries. To make things worse, the pandemic hit a global economy in a situation of enormous fragility, where the estimated growth rate of world GDP before it was barely more than 2% (the lowest growth rate since the international financial crisis of 2008).

This situation was extremely severe in the case of Latin America, which before the pandemic in 2019 was not only the region with the worst performance in the global south; but was also one of the regions where neoliberalism was most widely applied and generated one of the most profound transformations both in the structure of the state and in the direction of its public policies. The aim of this paper is to review and compare the public policies taken by the different Latin American governments at the beginning of the pandemic, to study how well the local and national governments were prepared for it in terms of capacity, to analyse the effectiveness of the public policies applied and derive some lessons that should be learnt for the future.

In order to do this, the paper is structured in three sections after this brief introduction. Section 2 presents the main transformations and impacts of the application of neoliberalism in Latin America in order to understand where the countries of the region stood before the pandemic. Section 3 shows the different government responses in the wake of Covid-19, highlighting the public policies implemented in the health, fiscal, monetary, business cycle and labour areas. Section 4 concludes the paper, deriving some lessons on the new role of the state in Latin America.

2. Transformations and impacts of neoliberalism in Latin America

During the 1970s, the world began to change. The post-war period based on the Bretton Woods Agreements established in 1944, which laid the founding pillars of a new world political and economic configuration dominated by the United States, was beginning to crumble. The golden age of capitalism where years of high growth rates, significant productivity and wage growth, low unemployment and moderate inflation were possible, came to an end and gave way to a new type of economic crisis, stagflation, which would upset the established order (Harvey, 2005; Marglin and Schor, 1992).

This new phenomenon of high inflation with high unemployment, experienced by most industrialised countries, resulted in a profound change in the role of the state, and implied a severe change in the dominant economic doctrine, as neoclassical theory found in the debate on the causes of this phenomenon the way to recover its lost hegemony and displace the post-Keynesian theory that had dominated the economic agenda since the 1930s (Dumenil and Lévy, 2005; Holt and Pressman, 2001; Saad Filho, 2005). As a result, ideas that assume the perfect functioning of markets through the invisible hand and that the best state is the minimum possible once again dominated.

The appointment in August 1979 of Paul Volcker as head of the Federal Reserve and the abandonment of the policy of low interest rates marked the beginning of a process of financial liberalisation that would intensify over the following decades and spread to the rest of the world (Marglin and Schor, 1992). This would be implemented at an international level with the progressive dismantling of obstacles to and regulation of capital movements, in line with the recommendations made by international financial institutions such as the IMF and the World Bank. The financial sector reforms were presented by these organisations as an indispensable way to eliminate existing imperfections in local markets and as the only way to obtain the necessary resources for countries to finance their economic development (Peet, 2003).

These transformations were decisive as a condition for the unfolding of the process of productive reconfiguration of the international economy and in two profound transformations in the behaviour of large industrial companies that are closely linked to each other. First, there was a growing process of internationalisation of production processes in which large industrial companies gradually ceased to operate according to the logic of subsidiaries and began to operate globally. The objective of production ceased to be focused on supplying local markets and began to be centred on the production of product components where the cost is lower, allowing firms to assemble their goods in different countries according to their strategies. Second, large industrial companies developed a new investment dynamic based on linking a network of contractors and subcontractors at global or regional level, which gave rise to the emergence of global value chains (Gereffi, 2018). This process was accompanied by increasing centralisation of the administration of large firms that not only evaluates the possibilities of productive investments but also financial ones, as well as deciding where and when these investments are carried out.

These changes occurred in parallel and were stimulated by the consolidation at the global level of neoliberalism, which later intensified during the 1990s and part of the 2000s. In most parts of the world, the policy of economic, financial and trade liberalisation was a sign of the times, one that was accompanied by an impressive technological revolution as well as the rise and consolidation of China as a world superpower. Since the beginning of the 1970s, financial capital, in its role as shareholder or creditor, gained importance until it became decisive in the operation and behaviour of firms, even non-financial corporations (Lapavistas, 2013). As a result, the owners of financial capital generated greater pressure on the growing distribution of profits, while at the same time imposing a reduction in spending policies on productive investment and business costs, especially those directly or indirectly related to workers (payroll costs and expenses linked to working conditions). Although this new financial trend occurred on a global scale, it was reflected differently in different countries according to their specificities and characteristics.

The process of increasing financial integration, which initially took place in developed countries, gradually expanded to include the largest Latin American economies, which were led initially by Brazil and later by Mexico, Venezuela, Argentina and Chile, which began to become important recipients of capital in the 1970s (Basualdo, 2006). The last two countries, together with Uruguay, then became pioneers of drastic liberalising reforms during the military coups that were a precursor to those that would later become generalised during the democratic administrations of the 1990s.

Along with financial globalisation, the countries of the region implemented the entire set of policies promoted by the Washington Consensus: macroeconomic policies aimed at price stability, fiscal equilibrium and the establishment of competitive exchange rates, the liberalisation of the capital account, the reconfiguration of supervisory and regulatory activities in order to make existing institutions more efficient and the setup of a legal framework that would provide certainty to contracts.

In practice, financial reform in Latin America had two central results. First, it was a programme designed to transfer financial resources from the Latin American periphery to the large economies of the centre, creating a differentiated financing structure in the region that left the less developed production sectors outside the formal circuits. Secondly, it was a strategy that made it possible to radically modify the model of accumulation pursued by the countries in the region and to establish the financial sector as the new coordinating core of capital accumulation. On this basis, financial liberalisation in the region succeeded in dissolving the existing reconciliation of class interests among the various types of capital operating in the region, while reassigning the historical role that the working class had played during the period of import substitution industrialisation (Santarcángelo, 2019).

Based on this analysis, it is important to highlight two important characteristics to be borne in mind when analysing the current situation in Latin America. First, the Covid-19 crisis appeared in a world that, with few exceptions, was centrally dominated by the dogma of neoliberalism. From the early 1970s to the present, states in different parts of the world (sometimes under bloody dictatorships like in Latin America) have been reducing their role and influence in the economy, privatising their companies and cutting the resources allocated to public health, education and research. This process has had an enormous impact on the quality of life of the people, but at the same time it significantly reduced the capacity and resources of the states to deal with the pandemic. Latin America is a clear example of this trend, despite a few exceptions in some countries in the region during the time when progressive governments came to power at the beginning of the 21st century; neoliberalism in the region has increased poverty and unemployment and has dismantled state capacities.

Second, the analysis of the crisis must emphasise that the pandemic struck the global economy when it was in a situation of enormous fragility. The estimated world GDP growth rate was barely over 2%, the lowest since the 2008 financial crisis and the lowest in the decade. The situation in Latin America shows that in 2019 it was the worst performing region in the global south (annual average growth rate of 0.22%), consolidating virtual stagnation for the period from 2014 to the beginning of 2020, which became the worst record for the region in the last 40 years (ECLAC, 2020). And to this we must add that the pandemic impacted the region when the progressive wave was practically over, and various neoliberal governments had just regained power.

3. The Latin American state and Covid-19

The coronavirus pandemic arose in this context of enormous fragility in the region and the first reaction of the countries there was to take several measures. A year later, it was clear that they had different levels of success. To make an in-depth analysis of the different public policies applied by the different countries in the region, we must first understand the type of economic and political orientation of the governments in the region. This is very important given that different conceptions of the functioning of the economy have an impact on the understanding of the specific role that states have to play in the world economy. Table 1 shows the president, the economic orientation, the role of the state, the total number of Covid-19 cases, the total deaths and the world ranking for each country in Latin America. The countries analysed are Argentina, Bolivia, Brazil, Chile, Colombia, Ecuador, Mexico, Peru and Uruguay, which combined account for more than 90% of the regional GDP.

Table 1- Economic orientation and role of the state in Latin America[2]

	Argentina	**Bolivia**	**Brazil**	**Chile**	**Colombia**	**Ecuador**	**Mexico**	**Peru**	**Uruguay**
President	Alberto Fernández	Luis Arce	Jair Bolsonaro	Sebastian Piñera	Ivan Duque Marquez	Lenin Moreno	Andres Manuel Lopez Obrador	Martin Vizcarra- Manuel Merino - Francisco Sagasti	Luis Lacalle Pou
Economic Orientation	Developmentalist	Neoliberal	Neoliberal	Neoliberal	Neoliberal	Neoliberal	Neoliberal towards developmentalism	Neoliberal	Neoliberal
Role of the State	Active	Minimum	Minimum	Minimum	Minimum	Minimum	Minimum twds increasingly active	Minimum	Minimum
Total Covid-19 cases	2,218,425	262,056	11,780,720	911,469	2,314,154	307,429	2,175,462	1,435,598	75,138
Ranking in the world	12	51	2	23	11	46	13	20	95
Total Covid-19 deaths	54,231	12,015	287,499	21,988	61,498	16,333	195,908	49,523	740
Ration of deaths to total cases	2.44	4.58	2.44	2.41	2.66	5.31	9.01	3.45	0.98

Source: Own elaboration using Worldmeters (2021).

[2] Information on Covid-19 cases and deaths depends on public records and there are many disparities, changes in strategy and underreporting of cases between countries.

As we can see, the countries in the region are mostly dominated by neoliberal-oriented governments, which argue that all markets work perfectly, and the best state is the minimum state. According to neoclassical economics, states can only intervene in extreme cases of very pronounced negative externalities; this type of intervention therefore is essentially defensive, to do damage control rather than looking at the state as a true agent capable of transforming the reality of the people. This element is extremely important because, as we will see below, it structurally conditions the type and aim of all interventions carried out by the states. For most countries, the intervention is mainly short term, transient and aimed exclusively at containing the worst impacts of the pandemic.

There are only two exceptions worth mentioning regarding neoliberal orientation. First, the case of Argentina, where President Alberto Fernandez assumed the presidency only a few months before the pandemic and was just trying to rebuild the economy after the devastating impacts of the neoliberal policies of Macri's administration; and second, we have the case of Mexico, where the government of Andres Manuel López Obrador is shaping the first real attempt at a non-liberal developmental plan since the 1980s.

On the other hand, the table shows the significant impact that the coronavirus had on the region, where there were 21,480,451 cases in the countries under analysis by mid-March, distributed with a high degree of concentration: 54% of the cases were in Brazil, 10.1% in Mexico and 10.3% in Argentina. The situation changes slightly when analysing the number of deaths per country because, although the Covid-19 mortality rate was 3.25% with deaths close to 700,000, the contribution of the countries to this indicator is modified and distributed differently: Brazil, Mexico, Colombia and Argentina participate with 41%, 28%, 8.7% and 7.7% respectively. In general terms, Latin America was seriously affected by the pandemic and six of the nine countries analysed were among the fifteen countries with the most cases in the world.

The seriousness of the situation led to the implementation of different policies. Among the main ones, we can highlight the health, fiscal, monetary, business cycle and labour policies. In order to study this phenomenon in detail, Table 2 shows the health policies adopted by each country under analysis.

Table 2- Health policies during the Covid-19 pandemic in Latin America

Health measures	Argentina	Bolivia	Brazil	Chile	Colombia	Ecuador	Mexico	Peru	Uruguay
Health emergency	National health emergency declared for one year	National health emergency declared.	National health emergency declared, and the Public Health Emergency Operations Centre was created as a national mechanism to deal with the disease	A State of Catastrophe was declared for 90 days	National emergency declared; All doctors and medical students obliged by law to be ready to be called on to work during the crisis	The Minister of Health declared a public health emergency in Ecuador on 11 March.	National health emergency declared	National health emergency declared for a period of 90 days	Suspension of all public events and mass gatherings. Health recommendations for public and private spaces.
Mandatory health coverage	Argentina has free and universal health coverage	COVID-19 care to be provided free of charge to homeless and vulnerable populations	Brazil has free and universal health coverage in its unified health system (SUS).		Colombia has mandatory public general health coverage for its entire population, with a 97% affiliation rate.	All private health companies were obliged to provide free COVID assistance		Investment is made to guarantee attention for indigenous communities.	Uruguay already had a full health coverage system prior to Coronavirus.
Quarantine for foreign travellers, confirmed or suspected cases	Mandatory Preventive Isolation (14 days)	Mandatory Preventive Isolation (14 days)	Mandatory Preventive Isolation (14 days)	Mandatory Preventive Isolation (14 days)	Foreigners cannot enter. Residents can enter but only following 14 days of isolation.	Mandatory Preventive Isolation (14 days)	Mandatory Preventive Isolation (14 days)	Mandatory Preventive Isolation (14 days)	Mandatory Preventive Isolation (14 days)
Mandatory general lockdown	Social, Preventive and mandatory isolation was established in order to protect public health	A total lockdown was imposed in Bolivia between March and May	Mandatory isolation established by Law 13.979. Civil, administrative and criminal responsibilities of	The "Step by Step" plan was established (a gradual strategy to deal with the pandemic according to the	A national lockdown was issued for 14 days and was extended several times	The State of Exception (Estado de excepción) started in March and limited the	Extraordinary measures were taken but not yet mandatory.	A mandatory general lockdown (social isolation) for 15 days which shifted	Gov. has not declared mandatory general quarantine up to date.

			those that do not comply	health situation of each area)		circulation of vehicles, closed public services and suspended normal work days		towards more focused lockdowns	Voluntary quarantine
Type of policy on testing (universal, restricted to certain groups, etc.)	Initially only suspected cases were tested, but then the list was significantly extended	Only suspected cases were tested.	A new Plan (Plano de Contingência Nacional para Infecção Humana pelo novo COVID-19). At the beginning, tests were only conducted on patients showing serious symptoms.	Free test for public system beneficiaries (FONASA); Chileans and foreigners living in Chile must have a negative PCR to enter the country.	Only people that had been abroad, or people who were symptomatic; A new division in the ministry is formed to conduct a test expansion plan.	The Ministry of Public Health had to establish protocols for COVID-19 tests for users in both the public and private health systems.	Performed on people with symptoms and under medical care, upon definition of “cases”.	Establishment of Protocol for the Care of People with Suspected or Confirmed Coronavirus Infection	Tests for all “suspected cases”
Expansion of free test coverage	COVID-19 testing free for all suspected cases	COVID-19 testing free for all suspected cases	Gov. added testing for COVID-19 to the list of mandatory minimum healthcare coverage in private healthcare plans and directives.	Maximum price set for COVID-19 test.	The government coordinates efforts with university labs and hospitals to increase the number of tests.	Private labs allowed to conduct COVID-19 tests and set maximum prices; Tests done by the Health Ministry were free.	Free if performed in public hospitals.	Free COVID-19 testing for all suspected cases	Free COVID-19 testing for all suspected cases
Hospital equipment	Promotion of medical students, creation of the "Health Interactive Control Panel" and the "National Monitoring	Health authorities authorised to purchase medical supplies and hire new personnel directly	Pulmonary respirators, medication, diagnostic tests for Covid-19, flu vaccines and ICU beds were bought. Transfers of resources from the Fed Gov. to state	Mechanical ventilators and medication were distributed; Five new hospitals were created; Private hospitals, universities, the Armed Forces	Colombia reported 5,845 ICU available; Gov. regulated cost of ICU care in hospitals.		Gov. bought new equipment and health medicines	Transfer of resources to buy and install hospital equipment; ICU ventilators arrived from USA and China	

	Programme for Health Technologies"; Extension of import tariffs on health; Implementation of the Federal Health Network COVID-19		and municipal health systems were authorised	and foundations are incorporated into the public system healthcare network				
Other health policies	Implementation of the "Digital Verification of Vital Events"; Call for research grants, development of the App "Cuid.AR"; Amnesty and pardons given for humanitarian reasons; Mandatory use of face masks	Amnesty and pardons were given to prisoners for humanitarian reasons; Legislation was passed to ensure the provision of health equipment; Plan to mitigate the effects of COVID-19 among indigenous peoples	Gov. released extraordinary credit to the Ministry of Health and Education to deal with the emergency; Each state received an amount in proportion to their population; Gov. reduces import taxes for health products to zero	Mandatory use of face masks on transport; A new mental health programme called "SaludableMente" was created	Face masks became mandatory on public transport; Some prison inmates were sent home to finish their sentences; Gov. reduced the regulations required to bring jails up to Covid-19 standards.	Public access provided by SOS-COVID; Prohibition of the termination of health policies or suspension of coverage due to payment problems	Agreement between the Fed Gov., a large private hospital association and another consortium to outsource public medical services to private hospitals for 30 days	Improved standards and new isolation centres were established in prisons

Source: Own elaboration using ECLAC (2021a).

Due to the characteristics of the pandemic, health issues were one of the central pillars of the interventions carried out by the different countries. The analysis of health policies is divided into eight categories: health emergency, mandatory health coverage, mandatory lockdown/quarantine (general and for foreign citizens), type of testing, coverage of free testing, hospital equipment and other policies. As we can see, the pandemic led all countries under analysis to declare national health emergencies, although they did so at different times. Taking the number of days from the first case until a policy was taken as an indicator, we observe that Argentina and Uruguay took measures the same day the first case was detected; Bolivia one day later, Colombia five days later, Peru six days later; and Brazil, Chile, Ecuador and Mexico reacted much later at eleven, twelve, twelve and twenty days respectively.

In addition to the speed of response with public health measures, we can see that most countries in the region have free, universal health services, with two major exceptions: Chile and Mexico. Likewise, an examination of the mandatory quarantine measures shows that all the countries introduced mandatory general lockdowns and quarantine for foreign travellers. In the case of the latter, suspected cases were required to remain isolated for a period of 14 days, which could be modified by the enforcement authority according to epidemiological evolution. Regarding the former, all countries had introduced general mandatory lockdowns and the central difference among them lay in their duration and the level of compliance. In relation to the duration, the longest lockdown was in Argentina, lasting several months and with children not attending school during the whole of 2020; while one of the shortest lockdowns was in Brazil, which showed countless signs of disregard for and underestimation of the seriousness of the pandemic under the government of Jair Bolsonaro.

All the countries adopted a policy of containment rather than prevention of the disease and the proof of this is that all the countries analysed concentrated their testing efforts only on suspected cases. Once a patient presented symptoms compatible with Covid-19, they were tested and people who were in contact with them were only tested if symptoms appeared. While this was the case throughout the pandemic and continues to be the general practice in the region, it is important to note that as the number of types of testing kits increased, access to testing became more widespread and, in several countries in the region, suspected cases could be tested. Moreover, Covid-19 testing was free of charge and, while some countries passed regulations to include the test in mandatory minimum healthcare coverage in private healthcare plans (Brazil), others set a maximum price for the cost of testing (Chile and Ecuador).

Finally, perhaps one of the elements where most efforts were made in the countries in the region, which as we saw in the previous section are closely linked to the legacies of neoliberalism, was hospital equipment and in particular the incorporation of mechanical ventilators, additional ICU beds, protective equipment, the establishment of temporary hospitals, among others. The measures implemented varied from one country to another, but three strategies can be highlighted:

negotiations with suppliers regarding basic equipment, testing kits and vaccines; strengthening of hospital capacity by increasing the number of available beds, as well as the modification of regulations and the extension of the list of health products exempted from import tariffs. In many cases, this was complemented by the development of mobile phone applications and social media for following up on potential patients, the promotion of a linkage process between private and public hospitals to work together against the spread of the virus, and even improving standards in prisons to prevent inmates from getting the disease.

As can be observed from the evidence, the countries reacted actively to the advance of the coronavirus in health matters, greatly helped by the lessons they were able to learn from the European experience and its management of the crisis. The main differences between countries in Latin America lay in the way the authorities dealt with the pandemic (from practically ignoring it as in Brazil, to taking it very seriously as in the case of Argentina); in the number of resources allocated to the purchase of hospital equipment; and in the degree of compliance of the population with the mandatory lockdown and regulations.

The economic and labour measures taken to protect the countries' employment levels were undoubtedly very relevant to the evolution of the pandemic. In order to more clearly understand which policies were applied and their effect, Tables 3, 4 and 5 show the fiscal, monetary and business cycle policies, respectively.

Table 3- Fiscal policies during the Covid-19 pandemic in Latin America

Fiscal Policy Measures	Argentina	Bolivia	Brazil	Chile	Colombia	Ecuador	Mexico	Peru	Uruguay
Public Investment	Increase in public investment of 0.5% of GDP.		The Pró-Brasil programme envisaged BRL 230 bn in private sector investments, BRL 40 bn in Fed. Gov., 2 million jobs in the public sector	Public investment: 2% increase in the budget for the Ministry of Health.	Public investment of CLP 8.67 billion		Package of 39 infrastructure projects, total investment of USD 14 billion		
Tax credits		Tax credits introduced to promote economic recovery.	Temporary suspension of administrative collection measures and several deadline extensions	Temporary reduction in stamp duty to 0% for all credit operations during the following 6 months; Suspension of monthly provisional payments of corporate income tax for 3 months				One month's employee contribution to private pension funds suspended	
Tax deferral	Temporary exemption from social security contributions; deferral of payment of export duties; Extension of income tax exemption for health, safety	Corporate income taxes deferred six months	Social security contributions postponed; “Simples Nacional” taxes suspended for 6 months; The Internal Revenue Service established measures to	Relief measures focused on SMEs and people with lower incomes; Postponement of tax payments for companies with sales below UF 350,000; Suspension of	Several tax deferrals approved for payment of national taxes.	The social security institute delayed payments into social security scheme for 90 days	Deferral of tax returns and payment of taxes and measures to grant other facilities to tax debtors	Corporate income tax deferral until Dec 2020; Deferral of tax returns and payment of taxes	Value added tax deferral for small and medium enterprises; Tax deferral for local taxes.

	and other essential personnel.		reduce the economic impacts resulting from the pandemic	monthly provisional payments (PPM) for 3 months.					
Tax reductions		Import tariffs on medical supplies temporarily reduced to zero	The reduction in the IOF tax rate on credit operations was extended until December 2020. The estimated tax waiver for the quarter was BRL 7.051 billion		Income tax for the creative economy reduced to 4%; Beneficiaries of PAP programmes exempted from paying income tax			Income tax payers that suffered a 30% reduction or more in their yearly income reduction allowed to modify or suspend their payments.	
New sources of financing	Financial emergency programme and national budget reallocation	The country received loans from CAF, IMF, IADB and the World Bank (USD 54 million); and USD 200 million from the Hydrocarbon Investment Fund (FPIEEH)		Total fiscal package of USD 16.750 billion, considering USD 2,000 for reallocation of resources; The Ministry of Finance reported withdrawals totalling USD 2 billion from the Economic and Social Stabilisation Fund (FEES) in April.	The "Fondo de mitigación de emergencia" FOME was created to finance expenditure during the crisis; Dividends from state companies transferred to the Fondo Nacional de Garantias; Colombia received loans from the World Bank (USD 700 million), the CAF (USD 350 million) and the IMF (USD 350 million).		Creation of emergency fund of up to MXN 180.733 billion	Public workers earning more than PEN 15,000 to make a mandatory donation; money from "Fondo Especial para la Seguridad Ciudadana" transferred to finance local governments; Central bank issued bonds for up to USD 4 billion dollars; Gov. received USD 50 million in credit from BIRF.	Creation of Coronavirus Fund (USD 20 billion)
Other fiscal policies		Simplified tax scheme			Public salaries between 10 and	Elimination of Public			

		introduced for sole proprietorships and freelance workers			15 million to donate 10%, salaries higher than 15 million to donate 15%; Austerity package applied, and expenses cut	Companies: Railways, Planting, Public Media, Strategic Ecuador, Ecuador Post, Storage Unit and TAME. Public companies not eliminated to substantially reduce their expenses; Embassies in Malaysia, Iran and Nicaragua and six consulates closed			

Source: Own elaboration using ECLAC (2021a).

Fiscal policies were classified into six types: public investment, tax credits, tax deferral, tax reductions, new sources of financing and the remainder of the fiscal policies applied. The objective of all these policies was to stimulate aggregate demand in the economies in the region and to rebuild, as far as possible, the countries' health systems dismantled prior to the crisis. Argentina, Brazil, Chile, Colombia and Mexico opted for an increase in public investment and spent 0.5%, 1.5%, 0.7%, 0.8% and 0.4% of their GDP respectively, which was spent centrally on the construction of new hospitals, strengthening hospital networks and, more generally, the entire health sector.

On the other hand, as can be observed in Table 3, many of the fiscal policy measures used by the different countries were centred on the granting of tax credits, tax deferral and tax reductions. Tax credits were used by Bolivia, Brazil, Chile and Peru and the main feature was that in all cases it was a temporary measure generally taken at the beginning of the crisis (during the months of March and April 2020) and lasted between one and three months. Similarly, tax deferral was used by all the Latin American countries studied, with the most common being temporary exemption from social security contributions for the production sectors most affected; deferral of the payment of export duties for small and medium-sized enterprises (SMEs); and deferral of corporate income tax and income tax exemptions for health, safety and other essential personal services. Finally, tax reductions were used as a fiscal policy by Bolivia, Brazil, Colombia and Peru and were given to those who had significant reductions in their earnings during 2020; some tariffs on imports of certain medical supplies and wheat were temporarily reduced to 0%.

Another significant policy that aimed to reactivate and stimulate the economies was the creation of new sources of financing by almost all the countries under analysis. These new strategies took the form of Financial Emergency Programmes, in many cases called Coronavirus Funds, which served to provide funds to the different provinces and municipalities to deal with the pandemic. Finally, some countries developed and implemented other more targeted fiscal strategies, which included a simplified tax scheme for sole proprietorships and freelance workers (Bolivia); others set up a scheme for donations from higher income to lower income workers and applied an austerity package where some expenses were cut, such as public vehicle acquisitions, remodelling buildings, first-class tickets for public workers and advertising expenses (Colombia).

In many of the cases analysed, fiscal policies were complemented and supported by monetary policies, which can be classified in four categories: interest rates, reserve requirements, liquidity requirements and other monetary policies. This information is presented in Table 4.

Table 4- Monetary policies during the Covid-19 pandemic in Latin America

Monetary Policy Measures	Argentina	Bolivia	Brazil	Chile	Colombia	Mexico	Peru	Uruguay
Interest rates			Gov. reduced the maximum interest rate on payroll loans (from 2.02% to 1.80%); credit card rates (from 3% to 2.5%); and the macroeconomic interest rate ("Taxa Selic") was reduced to a record low (up to 2% per year)	Reduction of the monetary policy interest rate by 50 basis points, to 0.5%.	Interest rates lowered on several occasions, from 4.25% to 1.75%.	The Board of Governors of Banco de México decided on several measures during the pandemic to lower interest rates from 7% to 4%.	The Central Bank of Peru (BCR) reduced the benchmark interest rate (from 2.25% to 1.25%)	
Reserve requirements	Reduction in reserve requirements conditional on the extension of a special credit facility for SMEs.		Reserve requirements reduced; the Core Capital Maintenance Additional went from 2.5% to 1.25% - in relation to risk-weighted assets, with this percentage gradually returning to 2.5% from 2021 to 2022.		Banks obliged to buy bonds from the central bank due to a reduction in the legal banking reserve.	Banxico reduced the monetary regulation deposit by MXN 50 billion to support active transactions by commercial and development banks and to increase liquidity		Reduction of private bank reserve requirements in the Central Bank.
Liquidity requirements, including asset purchases by central banks for private financial institutions		The Central Bank of Bolivia (BCB) decided to inject BOB 3.476 billion into the national economy (made through the purchase of Treasury bonds (TGN) which would increase the liquidity of	Gov. allowed largest banks to repurchase a larger volume of their own letters of credit ("letras financeiras").The percentage of repurchase allowed went from 5% to 20%, with an additional potential for repurchase of BRL 30 billion; the BCB was authorised to grant loan operations	Financial facilities were granted to banks to increase loans; Currency sales programme extended until Jan 2021; Liquidity facilities extended to other financial institutions	Auctions reduced by COP 1.5 billion; purchase of treasury bonds suspended in March; Increased upper threshold value for simultaneous financial operations	The Central Bank introduced a series of measures which included foreign exchange hedging operations; expansion of counterparties eligible for the Ordinary Additional Liquidity Facility; Provision of resources to banking institutions	The Central Bank sold bonds for 3 billion dollars to give liquidity to the economic plan and provide supplementary credit to Min. for the Economy and Finance	

		the banks by up to 50%.	through the Special Temporary Liquidity Line ("Linha Temporária Especial de Liquidez).		to channel credit to micro, small and medium-sized enterprises and to individuals affected by the pandemic.	
Other monetary policies	Monetary policy measures included: New special credit facility for SMEs, extension of loan programmes for private consumption ("Ahora 12" programme); New credit lines for the production sectors most affected; the Central Bank took measures to prevent the breakdown of the payment chain.		The National Monetary Council (CMN) postponed the entry into force of the new regulation on the registration of payment card receivables until November 2020; authorised credit, financing and investment (financial) companies to issue Bank Deposit Certificates (CDBs); rules related to rural credit operations relaxed			

Source: Own elaboration using ECLAC (2021a).

As can be observed, the countries in the region basically implemented interest rate and liquidity requirement policies, as well as other monetary measures related to reserve requirements. Regarding the management of the interest rate, Chile, Colombia, Mexico and Peru used an expansionary monetary policy and lowered interest rates by 0-5%, 2-5%, 3% and 1% respectively. Similarly, the Brazilian government reduced the maximum interest rate on payroll loans for retirees and pensioners from 2.02% to 1.80%; credit card interest rates from 3% to 2.5%; and the macroeconomic interest rate was also reduced to a record low (2% per year). On the other hand, most governments in the Latin American region implemented the necessary mechanisms to increase liquidity and to guarantee the circulation of the national currency in all the territories. This was the case of Brazil, Mexico, Bolivia, Chile, Colombia and Peru; and in the last four countries, they also applied a specific bond sale policy to improve local liquidity levels and gave financing facilities to banks to increase loans.

Finally, regarding reserve requirements, Argentina, Brazil, Colombia, Mexico and Uruguay, at a time when their economies were suffering severe economic contraction, introduced policies to reduce the amount of reserve requirements in order to increase the amount of available credit. In some cases, a decrease in reserve requirements was conditional on the extension of special credit facilities for SMEs (Argentina and Mexico), while other countries obliged banks to buy bonds from the central bank, according to their financial reports (Colombia).

Fiscal and monetary policies were complemented by several business cycles and countercyclical policies which are presented in Table 5.

Table 5- Business cycle policies during the Covid-19 pandemic in Latin America

Business cycle policies	Argentina	Bolivia	Brazil	Chile	Colombia	Ecuador	Mexico	Peru	Uruguay
Subsidies	Supplementary wages paid by National Gov. for SMEs; Launch of the "Activate Patrimony" programme; Creation of the programme "Argentina created solutions" providing financial assistance to companies; Single Emergency Subsidy to Privately Managed Non-Profit Audiovisual Communication Services (S.U.M.AR.); New Exceptional Financial Support for Health Insurance Agents		From the beginning of the pandemic, subsidies were provided to informal workers and the unemployed to alleviate the effects of the COVID-19 pandemic. In September, these subsidies were reduced by 50%.	Creation of a Solidarity Fund of USD 100 million for dealing with the social emergencies arising from declining sales.	Companies with a 20% reduction in sales received a deal to cover the payment of the first "prima" (a bonus salary paid to formal workers) in 2020.		Mexico's export sector benefited from loans of up to USD 150 million in strategic sectors such as the steel and automotive sectors	Subsidies to companies to preserve jobs; Central Gov. transferred resources to municipal Gov.; Subsidies given to the transport sector, tourism and local governments	Subsidies for COVID-19 tests, diagnoses, internet plans and monthly subsidy for sole proprietorships (coverage: 10,000 citizens, amount: UYU 6,800).
Credit	Soft loans for: (i) SMEs, (ii) manufacture of essential products (food, personal care, medication), (iii) manufacture of health equipment and R&D; (iv) most affected production sectors; (v) technological equipment to facilitate teleworking; (vi) industrial parks. The	Credit repayments of principal and interest and other payments deferred for the duration of the pandemic and granted up to (6) months after the lifting of the declaration of emergency	The Bank of Brazil resealed BRL 100 billion in credit for existing lines; BNDES approved temporary suspension of payments of instalments of direct financing to companies; BNDES created a new Programme	Acceleration of payments to state providers; New lines of financing (with state guarantees) for entrepreneurs and enterprises with annual sales up to USD 37 million (99.8% of the enterprises);	A credit line was created for the tourism sector, better tax deadlines were established; A credit line called "Colombia Agricultural Produce" was created for the agriculture sector (preferential	CAF, Development Bank of Latin America, approved a USD 1.1 billion loan to financially support the National Government's economic programme to contain the	Credits for SMEs that did not fire workers or reduce wages; credits to support the informal economy and other sectors through Development Banks.	Gov. created a fund to support the tourism and agricultural sector with credits	Increase in guarantee fund (up to 2.5 billion US dollars) to enhance credit lending to the private sector; New credit lines for SMEs; Deferral of 50% rent loan for two months

	cost of all these programmes was equivalent to 1.6% of the GDP	"BNDES Apoio Emergencial ao Combate da Pandemia do Coronavírus", to provide BRL 2 billion to increase the supply of emergency beds, as well as medical and hospital materials and equipment; The BNDES announced Direct Emergency Credit - Health (Crédito Direto Emergencial – Saúde) to meet the need for working capital ("capital de giro") for sectors whose preservation is of vital importance for the recovery of the Brazilian economy.	FOGAPE (Small Business Guarantee Fund), would guarantee new loans of up to USD 24 billion	rates); New credits for firms	social, economic and financial emergency generated by COVID-19 and promote sectoral development.			
Exchange rate policy	Central Bank market intervention to stabilise USD fluctuation.	Funding and liquidity support through FX swap auctions, spot auctions, USD credit lines, auctions and 6-month Reverse Repo (floating rate) to reduce excessive						Central Bank market intervention to stabilise USD fluctuation.

			volatility and provide hedging. Resumption of repo operations of Brazilian sovereign bonds denominated in dollars, a potential release of BRL 50 billion (USD 10 billion).						
SME support policies	Guarantee funds for loans to SMEs; Postponement of SME export duty payments.	Special credit programme to support MSMEs.	Gov. released credits for micro and SMEs through the Income Generation Programme (Proger); Gov. institutes the National Support Programme for Micro and Small Enterprises (Pronampe); BNDES announced Supply Chain Credit (Crédito Cadeias Produtivas) to meet the working capital (“capital de giro”) needs of small and medium-sized companies that were part of production chains from all sectors of the economy; The	New lines of credit; The Minister of Finance presented Compra Ágil, a plan to facilitate the participation of MSMEs (micro, small and medium-sized companies) in all State acquisitions; the National Tourism Plan was launched aiming to reactivate tourism and SMEs that had been hit by the health crisis	New credits and facilities for SMEs; Micro and small firms got differentiated tariffs and extra income for workers related to tourism activities; All mining profits (regalias) to be primarily sent to regions with small miners that required aid; Licences for SMEs received a discount (5%-7%)	50 million line of credit launched for SMES; Companies to pay a contribution of 5% - in three monthly instalments - as long as they had a profit of more than one million dollars in 2018	Gov. announced the granting of a million credits for SMEs that did not fire workers or reduce wages; Fed Gov, through Nafin, to support SMEs with up to MXN 36 billion (USD 1.4 billion)	Gov. created a fund for entrepreneur support and the "Fondo de Apoyo Empresarial para las Microempresas" had 800 million; Credits made available to SMEs	New credit lines for SMEs (USD 50 million; could increase to 125 million)

			IDB-BNDES Global Emergency Credit Programme for Financing Micro, Small and Medium Enterprises (MSMEs) was created for the Defence of the Production Sector and Employment					
Other business policies	All evictions suspended, contracts given extensions; lease payments to be negotiated between tenants and landlords; Public purchase and production of personal hygiene products (e.g. medical masks and hand sanitiser); Subsidised loans for consumption	Reporting requirements for enterprises registered in the trade registry are suspended until further notice; Public procurement and contracting to be carried out electronically.	Platform “Vamos Vencer”, designed to help the production sector understands how the government could help fight the impacts of COVID-19, was launched; The Board of Trustees (Conselho Curador) of the Social Security Fund (FGTS) approved suspension of payments of financing from the popular housing sector; Law provided for emergency actions aimed at the sports sector	Gov. simplified the procedure for the creation of companies; reduction of income tax from 25% to 10% for SMEs; refunds of VAT paid on goods and services, between January and May to firms that whose sales decreased by at least 30%; extension of the instantaneous depreciation of 100% for the whole country until the end of the year 2022 for the purchase of fixed assets and the delivery	All evictions suspended, contracts extended; lease payments to be re-negotiated; Mass city transport no longer had to be financially sustainable; Payment facilities and payment re-schedules established for companies facing bankruptcy; Firms that could not operate due to Covid allowed to cancel their leases, paying only 33% of the normal			In preparation for the next crop season, the government assigned resources to clean inland waterways; Investments made in key sectors. Transport and communicati ons (PEN 3.897 billion); Housing (PEN 1.472 billion); and, Agriculture (PEN 377 million); investments in the cultural and defence

			of additional aid to the sectors most affected by Covid	cancellation fee; Gov. delegated the role of pardoning the debts of rural producers to the Banco Agrario and the agricultural solidarity fund		sectors made for economic reactivation

Source: Own elaboration using ECLAC (2021a).

As we can see, five main categories of policies may be mentioned: subsidies, credits, exchange rate policies, SME support policies and other specific business cycle policies. There are two policies that were used by all the countries studied. First, the provision of loans was very significant, and the most important ones were given to industry and the production of essential goods, to support the tourism and agricultural sector and to support companies that were directly affected by restrictive measures. The case of Brazil is particularly interesting given that a large part of the credit policy put in place by the country was focused on the actions of the National Bank for Economic and Social Development (BNDES), which provided loans to: Oil and Gas, Airports, Ports, Energy, Transport, Urban Mobility, Health, Industry and Commerce and Service sectors.

The second most relevant policy aimed at recovering the economic growth path was the policy directed at supporting SMEs, which essentially consisted of guarantee funds for loans, while sometimes postponing SME export duty payments also. In Chile, the Minister of Finance presented the Agile Purchasing (Compra Ágil) plan, which facilitated the participation of micro, small and medium-sized enterprises (MSMEs) in all state acquisitions of less than approximately CLP 1,500,000, representing around 80% of total state purchases at central level. The aim of this policy was to support a key economic agent (MSMEs) in the generation of employment and therefore in aggregate demand. This lending policy was also followed in Argentina, Brazil, Chile, Colombia. Mexico, Peru and Uruguay by the granting of subsidies that were destined, depending on the case, to pay salaries, support the segment of informal workers, deal with social emergencies, assist firms that suffered a significant reduction in sales, strengthen exporting MSEs and stimulate subsidies for research into kits for Covid-19 diagnoses.

Finally, Argentina, Brazil and Uruguay, three countries that are closely related economically, applied specific policies to provide some stability to their exchange rate movements. These consisted of Central Bank market intervention to stabilise USD fluctuation and to provide funding and liquidity support through FX swap auctions, spot auctions, USD credit lines, auctions and 6-month Reverse Repo to reduce excessive volatility. This policy was especially important for Argentina given that the dollar went from ARS 9 to ARS 91 between 2015 and 2020, largely as a result of the disastrous performance of Mauricio Macri's administration, which reinstated neoliberalism in the country in just four years, with unemployment levels reaching double digits again, and increased the weight of foreign debt by 40 percentage points, leaving it at values close to 91% of the GDP in 2019 (Santarcángelo and Padin, 2021). Moreover, other measures were also implemented in the real estate sector, where all evictions were suspended, contracts were extended; lease payments were renegotiated between tenants and landlords; fee payment suspensions for low-income housing were granted, value added tax (VAT) paid on goods and services was refunded during the early months of the pandemic to firms that had seen their sales decrease by at least 30% and delivery of additional aid to retirees and pensioners, one of the segments most affected by the crisis.

Finally, all these policies were also complemented by the application of specific policies designed to shore up the working conditions of the Latin American people. To this end, several policies were introduced, including measures to regulate and stimulate teleworking, paid leave and paid sick leave, unemployment insurance, the reduction of working hours, the prohibition of dismissal from work and some other labour-specific policies. This information is presented in Table 6.

Table 6- Labour policies during the Covid-19 pandemic in Latin America

Labour measures	Argentina	Bolivia	Brazil	Chile	Colombia	Ecuador	Mexico	Peru	Uruguay
Teleworking	Gov. declared a mandatory lockdown for all non-essential activities and enabled teleworking.	Not compulsory, only for the sectors that had developed teleworking platforms	All civil servants had to work remotely if they met the vulnerability criteria: being aged over 60, having chronic or serious diseases, etc. The private sector could, at its own discretion, exchange the in-person work system for teleworking	In the private sector: employers and workers could mutually agree to work remotely; Public sector: All public officials over the age of 70 or who were part of a risk group could work from home.	Teleworking and flexible schedules encouraged.	All public and private companies had to implement teleworking policies for the duration of the health emergency. The suspension of regular working hours/conditions was extended for all workers until April.	Teleworking when possible for the public sector (non-essential activities) and the private sector when the employer so determined.	A Teleworking Supreme Decree introduced provisions on teleworking for the public and private sector, establishing exceptional and temporary measures to prevent the spread of Covid.	Government encouraged teleworking.
Paid work leave	Paid leave granted to workers in non-essential sectors where teleworking was not possible.	High risk individuals granted special leave.	Social Security to pay for sick leave (auxílio-doença) the sum of one minimum wage per worker for workers who tested positive for COVID-19, as foreseen under Law 13.982. The National Social Security Institute (INSS) was authorised to make	Congress approved the extension of the benefits of the Employment Protection Law, which grants workers the possibility of paid leave in special cases			Paid leave if the employer so determined. Compulsory paid leave for public and private sector workers aged over 60.	When the nature of the work was not compatible with teleworking and while the COVID-19 emergency lasted, employers had to grant paid leave.	Uruguay had a programme of paid leave for all formal workers.

			prepayments for sickness benefits and the Continuing Benefit (BPC) on 02/07/2020						
Paid sick leave	Paid sick leave was already part of existing labour legislation.			Paid sick leave: medical leave for infected workers or those who had proven close contact with confirmed cases, as well as for particular cases that had to comply with mandatory quarantine.	The Formal Employment Support Programme (PAEF) and its complementary programmes (PAP and Auxilio a los Suspendidos) provided for 4 months payroll assistance to Colombian companies, with resources in excess of $3.3 billion		Paid sick leave for patients with social security.	Social Health Insurance was authorised to grant the 20-day temporary disability benefit to workers who diagnosed with COVID-19; Teleworking was not applicable to workers with confirmed COVID-19, nor to those on medical leave	The country has a programme of paid sick leave for all formal workers
Unemployment insurance	Unemployment insurance up to one year was issued. During the pandemic the instalments were complemented by Emergency Family Income (IFE) which extended unemployment benefits; The Universal Child Assistance		A policy allowed for the anticipation of 25% of the payment of unemployment insurance for workers with an income of up to two minimum wages; Codefat Resolution 873 lifted the requirement of a 120-day period to	A new regulation established that salaries would continue to be paid to those who, due to the emergency, had to remain at home and could not work remotely; A law was	Unemployment insurance for workers affiliated to a Caja de Compensación. 2 minimum wage paid in 90 days.			The funding transferred to Social Health Insurance was authorised in order to finance the empowerment, implementation, adaptation and operation of the Panamerican Villa for the treatment of patients with confirmed	The unemployment insurance programme increased its flexibility, allowing it to be used for a number of days (instead of an entire month) or half days; Incorporation of the areas of activity related to sport,

	(AUH) programme provided extra payments and bonus amounts of ARS 3000; the gov. also gave a bonus for recipients of social plans		register for unemployment insurance for as long as the state of public calamity lasted.	passed allowing employers to temporarily stop paying salaries to their workers, but maintaining their legal obligation to cover social security and other benefits				COVID-19 and symptomatic suspects, insured and uninsured.	education and culture into a flexible unemployment insurance scheme.
Reduction of working hours	Gov. extended the agreement with the Argentina Industrial Union (UIA) and the Workers General Confederation (CGT) for 60 days, allowing for a reduction of working hours and even a temporary suspension of workers, who got paid at least 75% of their net wage.	A continuous work schedule was adopted in the public and private sectors; Working hours were reduced (8:00 am - 1:00 pm); Repealed after full lockdown.	"Normative Instruction No. 21" allowing ministers and other authorities to introduce alternate relay shifts, remote work and more flexible civil service working hours at federal level			Reduction of the working day in the public sector to six hours, except for the health sector, armed forces and the police; The Humanitarian Support Law established that private companies could reduce working hours up to 50%			
Prohibition of dismissal from work	Gov. prohibited firing workers for 60 days due to the economic situation; To preserve jobs, if	Layoffs in the private and public sectors forbidden until two	Companies benefiting from credit for payroll loans prohibited from		Gov. decreed COVID-19 not an acceptable reason to fire employees; Government				

	firms decided to terminate contracts, they had to pay double compensation for a few months	months after the lifting of the health emergency.	unfair dismissal of workers.		prohibited firing public contractors.				
Other labour policies	Wage subsidies for vulnerable firms paid by the gov. ("REPRO")	Emergency plan to support formal employment	Gov. established labour measures that could be adopted by employers to preserve employment and income such as teleworking; individual holidays brought forward; concession of collective holidays; suspension of administrative requirements for health and safety at work; deferral of payment of social security contributions by employers		Gov. financed 50% of extra monthly income (prima de trabajo) for minimum wage workers; Firms with at least 3 workers that experienced a 20% reduction in revenue given access to a subsidy of 40% to pay their formal workers from the PAEF; All housing credits for the recently unemployed given a 6-month extension; Workers allowed access to their savings in case of being laid off from work; Gov. paid 40% of wages to companies with a 20% or more	A temporary humanitarian contribution on the income of public and private workers was established for nine months; Public servants permanently reduced by 10% the monthly remuneration of officials of the Executive Function and Public Companies; The Ministerial Agreement of the Ministry of Labour 2020-093 states that employers must take occupational health and safety measures accordingly; Creation of the special emergency working day to be		Employers given the liberty to redistribute working hours; Resources destined to create temporary jobs in the rural sector; The programme "Peru Trabaja" received resources to foster employment; 35% subsidy to company payrolls for workers with salaries of up to PEN 1,500	

	decrease in their incomes	applied due to geographical circumstances; Guaranteed access to basic services.	

Source: Own elaboration using ECLAC (2021a).

One of the first transformations generated by the pandemic, especially by preventive and then mandatory isolation/lockdown, was the development of teleworking. It was a highly accelerated process that spread throughout all the countries in the region studied and began to modify labour relations that, even after the end of the pandemic, can no longer be reversed. This new trend was complemented in many of the countries under analysis by two instruments, namely paid sick leave and paid leave. In the cases of Argentina and Uruguay, paid sick leave was already part of existing labour legislation; while in Chile, Mexico and Peru, the benefit was granted to infected workers or those who had proven close contacts with confirmed cases, to employees with social security and employees whose remuneration was below some benchmark level, respectively. On the other hand, paid leave in the countries in the region was granted to workers in non-essential sectors where teleworking was not possible, for public and private sector employees over sixty years and to workers with pre-existing conditions and high-risk workers.

These measures were complemented by three other labour policies. The first one was the reduction of working hours, which was applied in Argentina, Bolivia, Brazil and Ecuador. In Argentina, the government negotiated with the Argentina Industrial Union (UIA) and the Workers General Confederation (CGT) in order to allow for the reduction of working hours or even temporary suspension of workers, who were paid at least 75% of their net wage; Bolivia readjusted most of its work schedule from 8 am to 1 pm; and finally Ecuador established that the public sector could have shifts of only six hours.

The second measure worth mentioning, implemented by six countries in the region, was unemployment insurance, which was applied very differently from one country to another. At the extremes, we have the case of Argentina, on the one hand, which has legal unemployment insurance for up to one year, which was also complemented by several programmes such as Emergency Family Income (IFE) or Universal Child Assistance (AUH) in order to provide some insurance for the unemployed. On the other hand, we have the case of Chile, where a new employment protection law was passed allowing employers to temporarily pay only the hours actually worked while the difference was covered by unemployment insurance; but the law obliged them to maintain their legal obligation to cover social security and other benefits.

The third public policy related to labour support was the prohibition of dismissal from work, which was applied in four countries in the region. In some cases, the government banned firing workers for a specific period of time (60 days) or ordered firms that decided to terminate contracts to pay double compensation (Argentina); in other cases, layoffs in the private and public sectors were forbidden until two months after the end of the health emergency (Bolivia); in some cases, the prohibition was only applicable to companies that had benefited from credits or subsidies (Brazil); while in others, the pandemic could not be used as a valid reason to fire workers and the government also prohibited the state from firing public contractors (Colombia).

These measures were complemented in some cases by specific regulations designed to support the labour market during those most uncertain times. In some cases, governments decided to pay up to 50% of company salaries (Argentina and Colombia); emergency plans were designed to support formal employment (Bolivia); all housing credits for the recently unemployed were extended for six months (Colombia); or a temporary humanitarian contribution was established for nine months, where executive public servants earning USD 1,000 or more had to contribute 10% of their salaries (Ecuador).

As we can see, the different governments in the region used several health, fiscal, monetary, business cycle and labour policies to deal with the pandemic. And the results achieved by the countries in the region in relation to the pandemic are enormously heterogeneous. On the one hand, Brazil is the country with the second highest number of Covid-19 cases and deaths in the world due to being governed by a president who discouraged the use of protective masks and avoided taking almost all restrictive measures to prevent the spread of the disease. On the other hand, we have Uruguay, a neighbouring country with much less economic power and fewer resources, which had under 800 deaths due to the pandemic. How can this disparity be explained? In the next section, we will try to address the reasons for these differences, which lie at the heart of each of the countries' economic and political models.

4. Lessons on the new role of the state in Latin America

The pandemic generated an economic and social catastrophe in Latin America. According to ECLAC estimates, the region's GDP contracted by 9.1% (the worst fall in 120 years), which resulted in poverty reaching almost 34% of the population and extreme poverty reaching 12.5% (ECLAC, 2021b). The measures taken by the governments made it possible to get through the first wave of the pandemic at an enormous economic and social cost. In some of the most successful cases, the measures only managed to partially restore their health, technological and infrastructure capacity for dealing with a pandemic of this nature. Full restoration of pre-neoliberal levels will take years in most cases, perhaps decades, as well as immense political and social commitment.

In a situation where the virus spread unevenly around the world, the Latin American experience shows several elements that should be highlighted. First, despite all the countries in the region having adopted several active policies aimed at responding to the challenges generated by the pandemic, there is no visible difference in the health and fiscal policies taken by neoliberal-oriented governments and those taken by other, more progressively oriented governments. The biggest difference according to economic orientation can be seen in the level of use of monetary policies and labour protection policies, where clearly some of the more progressive countries relied more on the latter than on the former. Second, a large part of the effectiveness shown by the policies depends significantly on the starting point of the health structure in the countries and the installed capacity that managed to survive the neoliberal decades. This situation worsened significantly in countries where the government had a dismissive, disdainful attitude towards the disease, as in the case of Brazil, for example, whose healthcare facilities were only barely surviving for several months. Finally, as Latin American countries show, policies that were not always similar had the same results, which forces us to think about and design specific policies for each of the countries under analysis.

However, if we take a closer look at the cases studied, the different outcomes among Latin American countries is also connected to certain deeper elements that are not clear at first sight. The first key element to a successful policy is that it depends crucially on the way it is implemented, as well as on the leadership and capacity of the authorities to enforce the rules. Only one or two Latin American governments in the region (mostly for short periods of time) were up to the task in this respect and the situation became even more complicated because most political opposition parties put their political interests before supporting the public measures to deal with the pandemic.

The second element, which is even more significant than the previous one, is related to the ultimate goal of state intervention. As we saw in the previous section, the strategies adopted by most of the countries were rooted in neoliberal dogma, which assumes that the invisible hand of the markets solves all the problems of the economy and the best state is a sort of nightwatchman. Therefore, in most Latin American governments, the ultimate goal of their intervention was defensive, designed only to contain the damage and not to take charge of the situation. World evidence shows that the countries that performed best against the pandemic not only tried to contain its spread, but also aimed to transform the root cause of their structural deficiencies. Great opportunity lies in every crisis, so maybe it is time for Latin American countries to stand up and devise a plan able to deal with their legacy from decades of neoliberalism.

The pandemic confronted us with a world entering second and third waves of the virus and three main characteristics stand out: rising unemployment and poverty all over the world, a global shortage of medical supplies and a severe lack of vaccines, which are concentrated in the hands of the world's powerful countries. These phenomena are evidence of the immense gap between developed and developing countries, which in the case of Latin America was aggravated due to the impacts of neoliberalism. In a world where specialists believe that pandemics could increasingly become an everyday phenomenon, any country that wishes to be able to deal with future pandemics requires a powerful state, one that not only has a strong public health system, but also one with enough resources and institutional capacity to reasonably intervene in the event of pandemic situations. Not having this capacity means the loss of autonomy, a luxury that peripheral countries, and Latin America countries in particular, can no longer afford. The price of this lesson has been extremely costly, but it must be learnt.

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