In Latin America, coronavirus threatens not just public health, but also democracy

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By Nicolás Saldías

The novel coronavirus pandemic has widespread potential effects on public health as well as the global economy. What will the pandemic mean for Latin America?

An International Monetary Fund economic forecast shows the region will see a 5.2 percent decline in gross domestic product this year. This follows several years of low economic growth and political tumult, as well as worsening poverty, corruption and crime.

Declining satisfaction in democracy and low levels of trust in political institutions have led to increasingly polarized politics. Even normally stable countries, such as Chile, saw unprecedented social protests last year. The political fallout from the pandemic depends on how Latin American countries respond.

As I have written, even Argentina, one of the region's most developed economies, lacks the resources to address the extreme nature of the crisis.

A public letter by leading Latin American politicians and thought leaders states that if the region does not prepare more than it has, the pandemic could be "one of the most tragic episodes in the history of Latin America and the Caribbean."

Why are observers so concerned? Here's what you need to know.

1. Latin American has already grappled with multiple economic crises

Latin America's average growth rate over the past five years was a mere 0.6 percent. Some countries have prospered, including Peru and Colombia. However, many of the region's economic heavyweights have struggled.

Venezuela's mismanaged and sanctioned economy has seen bouts of hyperinflation and an unprecedented economic collapse. Argentina's economy sputtered until creditors suddenly stopped investing in 2018, which led to a deep recession and a debt crisis.

Brazil, the region's largest economy, experienced an economic crisis after the Lava Jato corruption scandal. In Mexico, a security crisis, trade tensions with the United States and a populist government hostile to business contributed to low growth.

The region's dependence on commodity exports and external financing also leaves it exposed to a global economic slowdown. Stagnant global trade last year, caused in part by the U.S.-China trade war, had a negative impact on the region's exports and growth. The latest crisis, with a decline in commodity prices and demand, will accentuate this downward trend.

The region also leans heavily on foreigners to finance budgets and investment. Spooked investors have withdrawn their money from emerging markets, leading to the largest outflow of capital from these markets, ever. Left in the lurch, a number of Latin American countries are now asking the IMF and China to help finance emergency spending.

2. Poverty and unemployment was already a problem

Latin America's unemployment rate increased from 6.1 percent in 2014 to 8.5 percent in the last quarter of 2019. A less dynamic labor market disproportionately affected women and younger workers, with their unemployment rates in the double digits.

Low economic growth and a worsening labor market meant an additional 27 million Latin Americans qualified as poor between 2014 and 2019. The pandemic may lead to deeper deterioration in these social and economic indicators. The United Nations expects this year's recession to push another 35 million in the region into poverty.

3. Pandemic populism?

For the most part, Latin American democracies have survived major crises since the wave of democratization in the 1980s. But the scale of this crisis is unique and may put some of the region's democracies at serious risk of democratic backsliding.

Chile, Costa Rica and Uruguay are among the region's solid liberal democracies. However, other countries in the region with weaker institutions are at risk of falling deeper into populism or even authoritarianism.

At one extreme is Venezuela, where the authoritarian regime of President Nicolás Maduro has used repressive tactics to enforce a quarantine. Elsewhere, there has been an erosion of democracy — including in the region's most powerful states, Brazil and Mexico.

Latinobarómetro data from 2018 shows support for democracy stood at 34 percent in Brazil and 38 percent in Mexico, far below the already low regional average of 48 percent.

In this context, populist presidents Jair Bolsonaro in Brazil and Andrés Manuel López Obrador in Mexico won landslide victories as antiestablishment figures.

Under Bolsonaro, Brazil saw the reemergence of the military into positions of power. Bolsonaro, many analysts agree, has overseen a serious erosion in the quality of the country's democracy. Bolsonaro has downplayed the seriousness of the pandemic, and his skepticism toward experts has led to public spats with his health minister over the country's response to the pandemic.

In Mexico, López Obrador has, so far, been largely impervious to criticism. He has also been able to concentrate power into his hands by rolling back checks and balances. Like Bolsonaro, López Obrador's hostility toward expertise also meant he was initially dismissive of the disease, but under pressure, he has tepidly changed tactics.

4. Social media may be spreading disinformation

Latin Americans, like citizens around the world, rely increasingly on social media for news and information. WhatsApp messages circulating among Latin Americans include disinformation about the virus, however. Data from LAPOP, the Latin American Public Opinion Project, shows that 64 percent of Latin Americans use WhatsApp, with 82 percent using it daily.

LAPOP's report shows that "high social media users are more politically cynical than their counterparts." These researchers found that frequent social media users are 12 percent less likely to trust the media and 10 percent less likely to trust the executive branch than people who don't use social media.

As a result, governments may be facing an additional hurdle in convincing their populations of the need to follow public health guidelines.

The coronavirus pandemic — perhaps a once-in-a-century crisis — is testing Latin America's governments. The story of Ecuador's largest city's struggle to cope with the coronavirus suggests the region may find it difficult to contain the disease.

Governments are only starting to formulate their responses, with Panama standing out as an early model of aggressive monitoring and testing. How well governments address the crisis may have important consequences for the future of the region's politics as well.

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