

Post-pandemic South American Conjuncture: An Interpretation Proposal

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Abstract: This paper proposes to verify the recurring impacts of economic crises, in its political and health magnitude, and now the combined effects of the pandemic that decimated thousands of lives in the largest countries in South America. The focus will be on how certain macroeconomic indicators relate to Economic Commission for Latin America and the Caribbean (ECLAC) and neostructuralist interpretations in a representative way of the region's economic dynamics, with the objective of showing the interrupted trajectory of economic growth, and evidence of the political, social and economic conjuncture, the weaknesses of the region and emphasis on the recurrence of health issues (epidemics, endemics and now the pandemic) and the productive structure. From a survey of relevant views about the South American structure in which Latin American education in general weighs, and from main indicators of the recent conjuncture, we realized that the main difficulty faced in the economic crisis was the overlapping of the negative effects of the closure of trade and the deficient structure in most of the region, something that evidenced the dependence of the first sector and even of the advanced countries.

Key words: ECLAC and structuralist approach, South American economic conjuncture, economic development, pandemic economic crisis

JEL codes: A, F, O

1. Introduction

South American countries have suffered recurrent impacts from crises of economic, political, and health magnitude, and now the combined effects of the pandemic that has decimated thousands of lives. The beginning of the 2010s was very promising for the region, but since 2014 the region has been facing difficulties, mainly due to the falls in commodity prices and the negative impacts on the economic environment. We will analyze how certain macroeconomic indicators relate to the interpretations of ECLAC and neostructuralism in a representative way of the dynamics of South America, aiming to show the interrupted path of economic growth, with the evidence of the political, social and economic situation, the weaknesses of the region and highlighting the recurrence of health issues (epidemics, endemics and now the pandemic) and the productive structure. The first section will bring a survey of relevant views about the South American structure in which the Latin American formation in general is weighed, highlighting the heterodox and structuralist interpretations. The second section

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will bring the main indicators of the recent conjuncture, focusing on the elements of the last decade and the largest South American economies such as Brazil, Argentina and Colombia. At the end, some considerations aligned with the global scenario.

2. Literature Review

2.1 ECLAC's Contribution

The cyclical economic crises, as well as the constant political and ideological clashes that affected the South American region and had social, political, and economic consequences, can be traced back to their historical formation as colonies of exploitation. They were focused on the production of commodities of interest to the international market, taking advantage of the diversity of natural conditions, compared to the European ones, and products such as sugar and other products offered high rates of return for those who invested in them (Lacerda et. al., 2018, p. 6). Potentially profitable, these products configured advantages vis-à-vis the settlement colonies (Ibid.), such as United States and Canada, where the main driving factors were religious persecutions, labor surplus and the search for more fertile land for planting, which was weighed down by changes in the English agricultural system (Ibid.).

It is well known that the focus of the studies of the ECLAC, a UN regional organ created in 1948, was to research and carry out economic studies for the promotion of the development of Latin American countries. Prebisch (1949) denotes the “center-periphery” relationship and uses the concept of the Deterioration of the Terms of Trade to analyze the behavior of Latin America’s foreign relations with the United States after World War II. Historically producers of goods with low aggregate value, low-income elasticity and few production inputs, the countries of the region did not build advanced industrial parks, which remained in the central countries. They were consumers of imported goods with high aggregate value and high-income elasticity from central countries, subject to greater productivity gains through technical progress, so that foreign trade resulted in a large discrepancy in prices of goods exported to and imported from peripheral countries.

For Furtado (2020), in response to the 1929 economic crisis, the so-called “import substitution” model was built in Brazil, whose origin lies in the emergency generated by the fall in prices of the commodity traded in large quantities at the time, coffee, and in income maintenance policies via exchange rate devaluation. This model would have succeeded in shifting the dynamic-center of the economy from the agrarian-export axis to one focused on the domestic market, with the migration of agricultural capital to the new industrial market. State intervention measures focused on protectionist trade policies to favor domestic production and consumption of previously imported goods.

In the following decades, the import substitution model would succeed under the governments of the so-called populist leaders Getúlio Vargas, in Brazil, and Juan Domingo Perón, characterizing a great leap towards the industrialization of these countries. The coming to power of military dictatorships in the 1960s and 1970s would be accompanied by more interventionist and nationalist programs, even achieving good results in terms of economic growth. However, the conditions that favored this resumption were criticized by Serra and Tavares (1970), who pointed out the consequences of this model being a concentration of income, and the political environment being characterized by authoritarianism. A central feature of the ECLAC method is the study of the historical formation behind the economic oscillations faced by countries. The importance of the productive structure combined with the sequence of events determines arrangements whose stage of development is

explained within a very particular enchainment, so that the ECLAC authors adopt the historical-structural method. Thus, the Prebisch-Singer thesis of the structural tendency of deterioration of the terms of trade made mention precisely of the condition of the peripheral countries in the context of international trade. Over the years, the dependency theory (Marini, 2000) with its Marxist matrix of thought, pointed out, in turn, that the Latin American countries played a role conditioned to the dynamics of the imperialist central countries, which would explain the process of hardening of political regimes as determined by the United States in the context of the Cold War.

It is worth mentioning that in the 1980s, the foreign debt crisis devastated most of the Latin American countries due to the movement of interest rates increase by the Americans, a policy of the central banker Paul Volcker known as “strong dollar” and that has a meaning of retaking the financial hegemony (Tavares, 1985) of the country at the gates of the resurgence of economic liberalism with the rise to government of politicians like Ronald Reagan in the United States and Margaret Thatcher in the United Kingdom. The response of the Latin Americans was to create export balances capable of honoring in foreign currency the payment needs of the debt service incurred in the previous years. The change in the orientation of the productive dynamism characterized a rearrangement of such an order that, even though it was possible to adjust the balances to meet the commitments, the countries’ development strategy was aborted, so that much was lost not only in development projects, but also in debates (Bielschowsky, 2000).

2.2 The effects of the Washington Consensus

In 1989, in Washington D. C., USA, the Institute for International Economics convened a purely academic meeting, without a deliberative nature, which aimed to evaluate the economic reforms undertaken in Latin American countries. But it ended up formulating a document that became known as the Washington Consensus¹, with recommendations whose observance became indispensable to the concession of external financial cooperation, mainly through the IMF (International Monetary Fund), the World Bank, and the IDB (Inter-American Development Bank). The Consensus was widely accepted by the political, business, and intellectual elites, to such an extent that it became synonymous with modernity, considering those who were not willing to adhere to the idea of modernization by the market as “dinosaurs”. According to the Consensus ideology, Brazil’s vocation was to return to being an exporter of primary products, as it had been until 1950, to the detriment of industrialization. Nevertheless, diametrically opposed ideas, emanating from ECLAC, were also defended in the event, which was so successful that ECLAC reformulated its proposal for the international insertion of these countries, a doctrine called neostructuralist².

According to the Consensus ideology, Brazil’s vocation was to return to being an exporter of primary products, as it had been until 1950, leaving aside industrialization initiatives. The success of the Consensus can be better understood, bearing in mind that the neoliberal restoration took place in a post-Cold War period, in which the United States was governed by Ronald Reagan (1981-1989) and Brazil by Fernando Collor (1990-1992), in the so-called “Pax Americana”, with the victory of the free market over the communist system, represented by the Fall of the Berlin Wall.

¹ The expression “Washington Consensus” was created by John Williamson, a British economist, in 1990, originally to mean: the lowest common denominator of economic policy recommendations that were being considered by financial institutions based in Washington D.C. and that should be applied in Latin American countries as their economies were in 1989. Since then, the term “Washington Consensus” has escaped the control of its creator and has been used to encompass a whole cast of measures and to justify neoliberal policies, with which not even Williamson agrees.

² For a complete analysis of the evolution of ECLAC’s thought, see Bielschowsky (2000).

Latin America, which until then had maintained a posture of automatic non-alignment with the U.S., moved to an ostensible acceptance of dependence, and the creation of the Free Trade Area of the Americas (FTAA) was proposed, to which Mexico immediately adhered, the same having occurred with several political leaders governing other countries, among them Fernando Collor, who did not even bother to demand reciprocity, compensation or financial aid, in the decision to free foreign trade. The premise of the Consensus was that the State was no longer in a position to exercise an essential attribute of sovereignty: that of making monetary and fiscal policy, which implied the renunciation of national sovereignty, very well exemplified by the formal linking of the Argentine peso to the dollar. The economist vision of political and social problems (Batista, 1994) stands out, represented by the formula: liberal capitalism first, democracy later, leaving aside social reforms, which should be carried out without the state, with the maximum decentralization of the public sector, represented by the municipalization of resources and the defense of the role of social organizations.

In the specific case of Brazil, a country that has a large domestic market, Batista (1994) questions the need to open to the external market for economic growth, defending the idea of the export-led growth model³, according to which domestic growth would pull export growth. The so-called “Asian tigers” would not have grown without state intervention, but only due to private initiative, in fact they had their own development project, having started competing in the foreign market through strong official subsidies and thanks mainly to the creation of large international private companies. The Consensus had started from the premise that Latin America was hostile to foreign direct investment, and that its acceptance should be unrestricted, so that they could export goods, not technology or capital, which would allow the countries in which they invested to develop the capacity to produce them.

In order to show that this “prescription” is not followed by the developed countries⁴, the USA controls foreign direct investment in its territory, because it knows that this type of investment ends up transferring to the outside world business decisions that can have repercussions for its economy and internal interests. For the same reason, they control their own multinationals abroad, forcing them to increase the remittance of profits and obey the determinations of economic sanctions in countries with which the U.S. has political restrictions.

The opening of Latin American economies was achieved through persuasion, without forgetting, however, the economic pressure, even if indirect. The proposal embodied in the Consensus had never been adopted by the US or by the other developed countries, and the single prescription for countries at totally different stages of development, such as Brazil, already substantially industrialized, and Uruguay, still in the pre-industrial phase, is one of its main inconsistencies⁵.

2.3 Latin American Integration and the Political Question

Despite the efforts of the media to demonstrate the contrary, the results of the application of the neoliberal “recipe” of the Consensus in Latin America proved to be modest and limited, citing Mexico and Argentina as examples of failure. Among developing countries, Latin Americans tried to combat dependency through the process of import substitution, in which the policies of domestic market protectionism and “financial repression”

³ The author mentions two recipes for economic growth. The import-led growth model, or import to grow, and the export-led growth model, or export-led growth.

⁴ In this sense, see Chang (2004).

⁵ Stiglitz (2002), in which the author, who had just left relevant positions in the World Bank, highlights the devastating effect that the linear application of the Consensus rules and globalization can have on developing countries, criticizing IMF policies, which he considers old-fashioned and inadequate, mainly because they are based on the assumption that markets, by themselves, generate efficient results, without the need for state intervention.

also weighed. But this experiment, characteristic of the 1930s, was not successful in the context of globalization, so that the inferior position of these economies in the hierarchy of currencies of the flexible dollar international monetary system resulted in acute liquidity crises in the 1990s (Eichengreen, 2000).

The relative bonanza of the political scenario in the 2000s among Latin American countries led to the discussion of the Union of South American Nations (UNASUR), formerly known as the South American Community of Nations, an intergovernmental organization composed of twelve South American states, on July 1, 2010. More than reviewing the arrangement of the Mercosur bloc, the initiative aimed at the sovereign interests of South American countries for a more politically and economically stable integration (Gadelha, 2013). But the efforts at unity were interrupted as events took shape that heightened tensions internally and externally. Under the presidency of Donald Trump, the U.S. became averse to peacemaking policies in the region, instigating instead diplomatic positions of dissent. After the election of Joe Biden in 2020 and the consequences of the covid-19 pandemic, a realignment is rehearsed even to overcome the differences with Venezuela, where President Nicolás Maduro, seeing his government challenged internally and externally for presenting all the characteristics of a dictatorship, became again an alternative supplier of oil after the outbreak of the war in Ukraine (Carvalho e Silva, 2022).

The election of Mauricio Macri in 2015 in Argentina occurred after great commotion, in the context of economic crisis, in the face of resistance from the Kirchnerista electorate. Batista Jr. (2002) argues that the case of Argentina is paradigmatic because, as a “laboratory” of the recommendations of the Washington consensus in the 1990s, the currency board and the opening of capital were established, tying the monetary exchange rate of the peso to the U.S. dollar while such measures were in force. The author (Ibid) points out that due to the diversity of Argentina’s export portfolio, from other commercial partners than the USA, pegging its currency to the dollar greatly restricted foreign trade adjustment mechanisms. The appreciated exchange rate caused negative balances in the balance of payments and the need to raise interest rates to contain inflation resulted in a severe recession. In general terms, the so-called currency dependence, although it helped Argentina control peso inflation, also implied external debt and strangulation of internal dynamics, recurrent problems in Alberto Fernandez’s government since 2019.

Brazil conducted an impeachment process of its president Dilma Rousseff in 2016, without success in appeasing the moods between left and right-wing electorates. The drop in global growth combined with a drop in commodity consumption ended up affecting developing economies, where exports represent a large percentage of GDP, commodity exports grew by approximately 18% in 16 years. Going from 42% in the 2000s to over 60% in 2016, showing low manufacturing dynamics of the Brazilian economy as well as that of Latin America reinforcing the historical ties of the region and a regression of those in relation to the Brazilian developmental period (Corsi, Santos, Camargo, 2019).

In Colombia, the main components of the national product, as in almost all Latin and Caribbean countries, are tied to the sale of commodities. The main exported products are minerals and vegetables (crude oil, bituminous agglomerates, naphtha and coal; unroasted coffee, flowers and bananas) (Zabala, 2020). Redondo Ochoa (2018) points out that the change in Colombia’s export agenda from the 2000s had decisive foreign participation, mainly oil and mineral extraction companies, compared to primary products that predominated until then such as coffee. His main observation is in demonstrating that the country received resources in the considerable amount of up to \$2.5 billion in current 2012 values, when commodities reached higher quotation, as a consequence of the conjunctural interest in oil and mineral resources. Colombia’s specialization in this sector,

and indeed of Latin America as a whole in the primary sector, results from the liberalizing reforms of the 1990s, in contrast to the industrializing movement that characterized the previous decades. This influx of resources did not, however, generate an improvement in the social framework, nor did it stabilize the macroeconomic dynamics in the country. The confrontations between guerrillas considerably increase production costs (Ico-Ordóñez; 2020) and the recent election of Gustavo Petro (2022) made use of a national call for peace to overcome these negative effects.

2.4 Governance Through “Chaos”

A crucial aspect of supply chain management is to share information beyond the firm boundaries. Thus, careful selection of suppliers and strategic partners is very important. Careless bonding with the unfit partners has serious business implications. Too often firms experience business failures instead of competitive advantage through supply chain management. In this section, we focus on how Apple and Sony integrate their supply chains in China.

With the end of the commodities boom in the 2010s, the economic growth of Latin American economies supported mainly by the export of primary goods was followed by a period of low dynamism of the activity and the political rise of neoliberal proposals, whose main concern was to contain both public deficits and the role of the state in the economy, with economic policies of austerity and monetary contraction.

The dynamics of financial capital accumulation by the central economies leads to the subjugation of the central-peripheral economies, in which the public debt is transformed into foreign debt, becoming onerous to a large portion of the population, who in turn are subjected to the costs through excessive and, in most cases, regressive taxation. According to Pires (2020) this subjugation occurs through the transfer of speculative funds, through the payment of interest on the debt by the state, so that a transfer of wealth from society as a whole to banks and the financial system in general is operated. This income “transfer” policy, on the one hand, and the governance agenda more tied to conservative aspects, such as morals and good manners, on the other, have caused neoliberal governments, linked to right-wing political groups, to solidify their rise in several Latin American economies in the last decade. The reflex was a rupture in the relations with the previous governments, of social-democratic political basis and structured on a basis of income redistribution and greater state intervention, object of criticism by orthodox policy makers.

In parallel to the return of neoliberalism in the region, practices of the reactionary ultra-right that has gradually coalesced since the 2010s have served as the basis for winning elections, for example “fake news” or simply false news spread systematically by social networks off the traditional press, used significantly in the electoral processes of the referendum for the United Kingdom to remain in the European Union and even in the United States in 2016, where both “Brexit” and Donald Trump symbolized such limits (or lack of). The model of used disinformation common to these right-wing groups was later assimilated by Bolsonaro in the 2018 elections in Brazil, who after his inauguration confirmed ideological alignment to Trump’s group. A relationship that Lima and Albuquerque (2019) defined as the model of “autonomy through participation” and “autonomy through diversification”, that is, they represent political characteristics dictated mainly by the external environment and in some historical period or a specific government, in which the Brazilian posture would follow an “ideological Americanism” characterized by granting benefits without counterpart or granting unconditional alignment (Ibid, 2019, p. 16 apud Medeiros, Villas-Boas, Andrade, 2019).

This strategy of alignment without quid pro quo and with severed links between state and society will be addressed by some authors as a strategy of “managed chaos”, in which the United States exercised non-direct influence in the strategic region. According to Toledo and Ritrovati (2021), the thesis that Korybko (2018) defends has three central axes: a) the struggle for the maintenance of US hegemony, or in other terms, the renewal of imperialism; b) the Colored Revolutions; c) the Irregular Wars. The first axis concerns the US motivation to act, while the second and third are related to the mode of action.

This policy deals with a strategic position of the dominant country, in this case the United States, because it has the greatest financial and technological power, appropriating great influence in the strategic areas of those countries subordinated to its theory of development. The great spectrum of influence in this region is not only limited to the subordinate countries, but also and mainly reaches the countries that could interfere in any way with American supremacy, currently China and Russia, in order to slow down and even prevent the development of these economic powers, which would challenge the supremacy of the United States. They use the “creation of chaos” in strategic regions by means of intervention in conflicts and in certain situations in the deliberate fomentation of intrigues between political groups, although it is known that the so-called “indirect” forms are more common, such as through economic supremacy and the establishment of sanctions or even through the fierce competition of American groups, or even through the “soft power” (Nye, 2010) of the popularization of culture and the emulation of the consumption pattern of the United States in Latin American countries.

3. The Post-Pandemic Environment

South American countries have suffered diverse economic impacts in the last decade (2011-2020), whether of internal or external origin. Economic crises ended up being aggravated by the pandemic of the new coronavirus⁶. This highlighted political, social and economic weaknesses. The economic difficulties refer to the context of social dissatisfaction evident since the end of 2013, when movements in Brazil triggered a series of protests for improvements in the rest of the region. Over the course of the 2010s, other illnesses were faced in the region prior to the Covid-19 pandemic in this period, so parallels can be investigated. The pandemic has shown that a feeling of helplessness hangs over the population, compared to most developed countries that have adopted policies of expanding public spending to combat the economic crisis and have invested heavily in health care, something that is mainly seen in the race for vaccination. The mismatch with the rest of the world was latent once it was not possible to implement effective actions for social isolation, on the one hand because of its social structure, where the prevalence is of informal work, and on the other hand because of the constant political and ideological clashes that generate demonstrations and agglomerations, even negative ones in relation to the pandemic.

South America is composed of twelve countries and French Guyana (overseas department and region of France), despite the main agreement of the region, the Mercosur, with Argentina, Brazil, Paraguay, Uruguay, Venezuela and Bolivia as member-states, and Chile, Colombia, Ecuador, Guyana, Peru and Suriname as associated states. The Bolivarian Republic of Venezuela is suspended from all rights and obligations inherent to its condition of State Party to MERCOSUR, in accordance with the second paragraph of Article 5 of the Protocol of Ushuaia. Source: Official website (mercosur.int). The Plurinational State of Bolivia is currently in the accession process. It

⁶ Sars-Cov-2, causing Coronavirus Disease 2019 or Covid-19, entailed mobility restrictions during 2020 and the first quarter of 2021. It originated in southern China, specifically in Wuhan city, Hubei province, where the first cases were recorded and reported in December 2019, passing through all levels of health classification stages from outbreak to being declared a pandemic in March 2020 by the World Health Organization.

is estimated that this region concentrated about 5.5% of the world's population in 2020 and 59.3% of the entire GDP of all Latin America & the Caribbean.

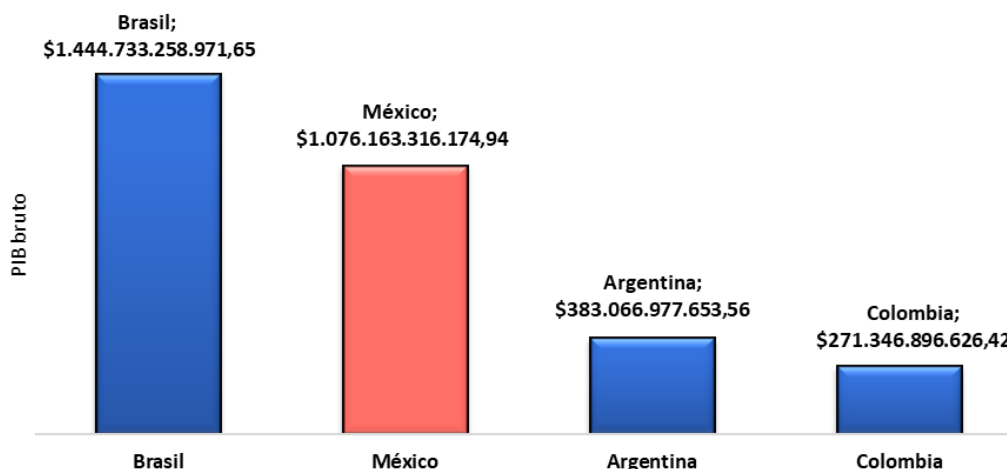
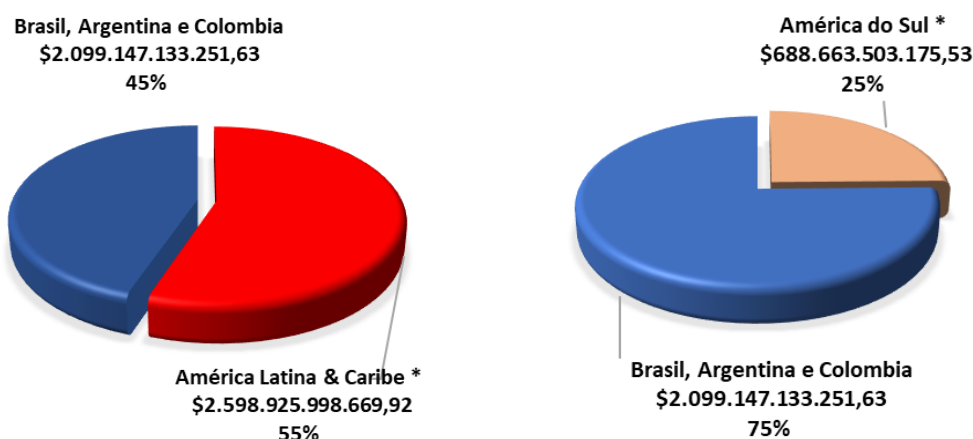


Figure 1 The Largest Economies in Latin America and the Caribbean in 2020 (in US\$ dollars in 2020)

Source: World Bank/Own Elaboration

The main Mercosur economies are Brazil, Argentina and Colombia, and they are the main economies of the South American region and also of Latin America & the Caribbean, together with Mexico, being in 1st, 3rd and 4th place, respectively. They comprise about 44.7% of the GDP of Latin America & the Caribbean and 75.3% of the GDP of South America (Figures 1 and 2) in the year 2020. Among the largest, Brazil is the most emblematic case, with alternating economic visions after the re-democratization in 1988, the country has experienced the (neo)liberal economic strands between the years 1990 and 2002 (with practices of economic opening, privatization, breaking state monopolies and macroeconomic control, through the macroeconomic tripod), soon after, the (new/social) developmentalist from 2002 to 2016 (with economic and social policies aimed at income redistribution, greater state intervention, and the expansion of existing public policies), and, since August 2016, a resumption of (neo)liberalism (of movements and policies reducing the presence of the state, fiscal austerity, flexibilization of labor laws, social security and public administration reforms).



Note: * Represents the separation of Brazil, Argentina and Colombia from the other countries of these regions.

Figure 2 Share of Brazil, Argentina and Colombia in South America and Latin America & the Caribbean GDP in 2020 (Percentage Share in US\$ Dollars, in 2020)

Source: World Bank

Argentina has turned to common welfare practices, despite also undergoing policy alternation throughout the decade (2011-2020), resuming income redistribution initiatives and strengthening the presence of the state by rulers following Peronism⁷, following the equally (neo)liberal experiments between 2015-2019 (Di Tella, 2012).

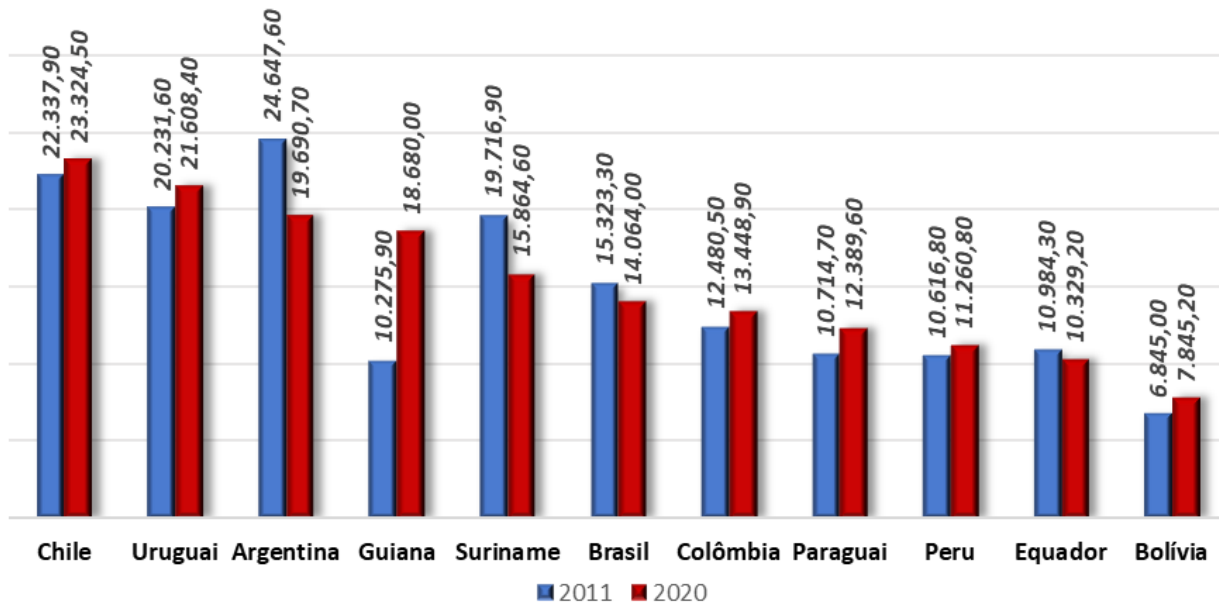


Figure 3 Purchasing Power of Mercosur Economies, Except Venezuela (Comparison Between PPP 2011 and 2020, in US\$ Dollars)

Source: The World Bank (2020)

Colombia has faced conflicts between liberals and conservatives since 1953, in addition to guerrillas linked to drug trafficking, the Revolutionary Armed Forces of Colombia (FARC) and the National Liberation Army (ELN), as well as paramilitary groups, United Self-Defense of Colombia (AUC) and the Armed Forces, so that Colombian politics has undergone several institutional changes, as well as the economy, with no hegemonic political-economic line of thought, and despite all the obstacles, over the years there has been a fortification of public structures focusing mainly on education. In Figure 3 it is possible to see the changes that have occurred in the region's development can be seen in the comparison to Purchasing Power Parity (PPP) used to reduce distortions in exchange rates, cost of living, and income, and thus approximate the real value of the economy (Rondinel et al., 2005).

In Figure 4, it is possible to note that the largest economies suffer significant retractions in their purchasing power, while the performance of Guyana stands out with an increase of 81.8% in its purchasing power and also being the only Mercosur country to accumulate positive growth in GDP of 43.5%. During the same period, Brazil, Argentina and Colombia had the respective variations of Δ PPS (-8.1%) and Δ GDP (-4.1%), Δ PPS (-20.1%) and Δ GDP (-9.9%) and Δ PPS (7.8%) and Δ GDP (-6.8%).

⁷ Peronism is an Argentine political movement initiated by Juan Domingo Perón in the 1940s whose philosophy is centered on populist nationalism.

Variação PPP, per capita (2017)		Variação PIB nominal (anual%)	
Guiana	81,8	Guiana	43,5
Paraguai	15,6	Paraguai	-0,6
Bolívia	14,6	Brasil	-4,1
Colômbia	7,8	Chile	-5,8
Uruguai	6,8	Uruguai	-5,9
Peru	6,1	Colômbia	-6,8
Chile	4,4	Equador	-7,8
Equador	-6,0	Bolívia	-8,8
Brasil	-8,1	Argentina	-9,9
Suriname	-19,5	Peru	-11,1
Argentina	-20,1	Suriname	-15,9
Venezuela*	---	Venezuela*	---

* Venezuela contains no data for this analysis

Figure 4 Variation of Purchasing Power and Nominal GDP of Mercosur Economies, Except Venezuela
(Cumulative Variation of PPP and GDP from 2011 to 2020, Δ%)

Source: The World Bank (2020)

It is argued that there is a gradual deindustrialization process occurring over the last decade, whose most common pitfalls manifest themselves in the Dutch disease⁸ and in external exposure, due to dependence on foreign capital, such as loans, financing and issuing new bonds to the international market (Bresser-Pereira, 2007; Marconi, 2007; Oreiro, 2012). The Latin American economy does not have great productive capacity, a factor commonly found in developing countries. A common and commonplace movement in countries with abundant natural resources, especially agricultural and mineral commodities, tends to impact the local economy, which a priori starts to depend on imported products, generating deficits in the balance of trade of these countries and an exchange rate hyper-valuation, impacted by fluctuations in resource prices in the international market and the inflow of foreign capital to finance public spending and encourage private investment.

Tobar and Linger (2020) raise evidence of successive problems faced by Latin American and Caribbean countries in combating the covid-19 pandemic, emphasizing the absence of effective coordination in dealing with the problems and the damage caused by the so-called “denialism”, the reluctant attitude of governments toward the impact of the disease and even against public policies to contain the spread of the virus. The biggest problem arising from the pandemic is the uneven impact on the population, indicate the authors, since unemployment caused by the disruption of direct social interaction services was high and the rampant contagion severely impacts poor communities, bringing multitudes to the health system.

The first sector (extraction of raw materials) and the third sector (sale of goods and services), are the main aggregates that make up the GDP of these countries, sectors that suffered strong economic impacts caused by the lockdowns, resulting in 6.3% drop in the GDP of South America & the Caribbean Caribbean⁹, strongly impacting

⁸ Dutch disease is the economic phenomenon that occurred in the Netherlands during the 1960s with the discovery of a natural gas reserve that overvalued the exchange rate to the point where the export of natural resources suppressed that of manufactured goods.

⁹ Drop corresponds to South America & the Caribbean. Data obtained from Open data from the World Bank.

trade, industry and tourism, in addition to the sale and extraction of commodities, both mineral, which represent 9.9% of GDP, and agricultural, which in turn represent about 51.6%¹⁰ of the region's GDP in 2020. In the same year, with the spread of the new coronavirus and the difficulties in maintaining social distance in the region, due to the fact that a large part of the economically active population works in an informal manner and lives in slums or poor and very populated communities, without proper access to basic sanitation, the number of contaminated people increased (Thomas, 2020).

The third sector has become the economic engine of Latin America, due to the vulnerability of these countries to exogenous crises due to international price shocks, and endogenous factors such as deficiencies in public policies. Thus, the economic condition is fragile due to the fact that the financial systems, still in a not very advanced stage, denote the peripheral character and industrial production is extremely restricted if not decreasing. The peripheral position and even dependence of these countries on the technology of developed countries causes a situation of constant deficits in the balance of trade and forces them to resort to international loans to honor debt service payments (Granato & Batista, 2018).

In the third sector are trade and tourism, which have suffered the consequences of health crises since 2009, when the H1N1 outbreak caused an 80% drop in the purchase of tour packages to South America in July. The first reports of the flu originated in Mexico in March of that year, and was declared a pandemic by the WHO the following June. In 2016, again tourism in the region suffers a significant impact now because of an epidemic of Dengue, a disease transmitted by the *Aedes Aegypti* mosquito and that impacts the region since the late 1990s and early 2000s.

Each year, there have been increasingly higher peaks of dengue, with a greater number of infected people and at shorter intervals, instilling the countries of the region with great political and economic instabilities, with even worse consequences of mutations in the viruses being even more harmful to those infected, such as the cases of Zika and Chicungunha. According to the WHO, these are epidemic outbreaks that have recorded more than 2.2 million cases¹¹. The covid-19 killed more than 5 million people¹² with worldwide impact because of the countless lives lost and the collapse of health structures around the world and highlighting the difficulties of the poorest and most unequal regions of the globe.

Despite all the information currently available in the most diverse means of communication, on account of the more than 32 regional organizations in Latin America & the Caribbean and the organizations linked to the UN, the countries of this region still face major problems regarding data collection when analyzing the basic structures. Much of the difficulty in finding this information stems from the high lag and inconsistency of existing data, due to the lack of organization of the responsible bodies, if there is collection and dissemination at all. Without taking into account that, along with the African continent, South Americans are following accusations of corruption in parallel to one of the largest forced migration waves on the planet.

4. Concluding Remarks

¹⁰ Data taken from Anuario Estadístico de América Latina y el Caribe, 2020, Chap. 2, p. 34, ECLAC.

¹¹ The Panamerican Health Organization records in 2016, 2,249,842 million dengue cases, where Brazil was the epicenter of the disease with 64.5% of the cases, with 1,438,624 confirmed by the Brazilian Ministry of Health.

¹² Source: PAHO (Pan-American Health Organization), WHO (World Health Organization), Data from 14-11-2021 epicenter of the disease with 64.5% of the cases, being 1,438,624 confirmed by the Brazilian Ministry of Health.

The pandemic caused by covid has highlighted the economic, political, and social failures that have occurred in Latin America and the Caribbean over the past decade. The region's high socio-structural problems have had a strong impact on both the high number of people infected and the high number of deaths from the disease. The main difficulty faced in the economic crisis was the overlapping of the negative effects of trade closure and poor structure in most of the region, something that highlighted the dependence on the first sector and even on the advanced countries.

The corrosion of industry within Latin America is leading to a process of deterioration of the environment and wear and tear on the region's livelihoods, and the high levels of social inequality are propagated by factors endogenous to the economic system of these countries. Events such as the financial crisis of 2008, the Trade War between the US and China in 2019, and the Pandemic in 2020 denote conjunctural aggravating factors to a mainly structural process of industrial upsurge, despite the preponderant role that Brazil, Argentina, and Colombia could play, but, on the contrary, they drag the entire region in a trajectory of productive precariousness.

The Latin American peers, for being mostly competing players in the sale and extraction of commodities, which we know are goods of very low productivity, leads them to undesirable macroeconomic effects, such as exchange rate overvaluation resulting from the entry of foreign currency, high inflation rates and a wide and gradual process of deindustrialization, leaving them exposed to structural bottlenecks and cyclical shocks in international trade. From the point of view of the internal distributive arrangement, it entails the concentration of income in exporting groups, raises the high cost of living, and generates political and economic instability through social tension.

The economic and political volatility of these countries and an abundant wealth of natural resources makes these countries dependent on those with comparative advantages and subject to the influence of "chaos as a method" of domination. Throughout the decade, the main crises suffered by these countries were generated in the international market and transmitted to the internal scenario.

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