

We are calling for adoption of universal, redistributive and solidarity-based policies with a rights-oriented approach to leave no one behind.

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Serving in her present role since the economic crisis of 2008, Alicia Bárcena is no newcomer to regional and global emergencies, economic or otherwise. She also has extensive experience in the UN system, including as chief of staff to the UN Secretary-General and later, during Ban Ki-moon's tenure in that position, as Under-Secretary General for Management. From 2016 to 2017, she co-chaired the International Resource Panel at the UN Environment Program. A biologist trained in her home country of Mexico, she later received a master's degree in public administration from Harvard University, USA. For decades, Ms Bárcena has devoted her professional career to issues of sustainable development, financing of public policies, and the environment. She has received *Doctor Honoris Causa* degrees from the University of Oslo, Norway (2014); the University of Havana, Cuba (2016); and the Universidad Autónoma de México (2019). Today, she is a board member of the Global Partnership for Sustainable Development Data and a member of the University of Oslo/*The Lancet* Independent Panel on Global Governance for Health.



MEDICC Review: You have mentioned that the crisis unleashed by the pandemic is unprecedented in the last century and that it differs from the crisis of 2008, in that “this crisis is about people, instead of banks.” To overcome the crisis, what role should the state play?

Alicia Bárcena: Indeed, unlike 2008, this is not a financial crisis but one of people, production and well-being.

The crisis in the region in 2020, with GDP dropping by –5.3%, will be the worst in its entire history. To find a contraction of comparable magnitude, you need to go back to the Great Depression of 1930 (–5%), or even further to 1914 (–4.9%). This fall and the increase expected in unemployment will have a direct negative effect on household incomes and hence on the possibility of having sufficient resources to satisfy basic needs. In this context, the region's poverty rate would increase by 4.4 percentage points in 2020, from 30.3% to 34.7%, which translates into 29 million more people living in poverty. At the same time, extreme poverty would grow by 2.5 percentage points, from 11.0% to 13.5%, an increase of 16 million people.

A “wartime economy” is too important to be left to the market. States are assuming a central role to contain the spread of the virus, attend to the affected population and mitigate the risks that will affect the economy and social cohesion.

The COVID-19 pandemic discriminates both in terms of its impact and in the capacity to protect different population groups. The most vulnerable suffer more intensely from the social and economic impacts of the crisis, in addition to enduring deficits in coverage and quality of the region's health and social protection systems. In particular, workers in the informal sector are experiencing an abrupt drop in their already low incomes.

The COVID-19 pandemic's differentiated socioeconomic impact reflects the region's high levels of inequality, whether among people of different socioeconomic strata, or those of different gender, age, race-ethnicity, territory of residence, immigration status or condition of disability, among other factors.

It is essential that states drive social protection strategies that enable us to address the socioeconomic effects of the COVID-19

pandemic. Today, in the face of a crisis that impacts very broad strata of the population, we at the UN Economic Commission for Latin America and the Caribbean (ECLAC) are calling for adoption of universal, redistributive and solidarity-based policies with a rights-oriented approach to leave no one behind. Consolidating a universal guarantee of a basic income level should be a central element of these strategies.

We are confronting an unprecedented crisis, but one in which states and intergovernmental organizations will play a decisive role, coordinating actions that will lead us to overcome the emergency and move toward economic and social recovery as soon as possible.

The role of the state is being redefined and expanded in various dimensions. This redefinition is not something totally new. The idea of a world in which the state plays a subsidiary role (supposing markets capable of self-regulation) collapsed with the crisis of 2008. The massive intervention of governments (in terms of monetary and fiscal expansion) to prevent that crisis from deepening put an end to several myths: among these, that an increase in fiscal deficit and available liquidity during crises would generate an inflationary wave in subsequent years. The pandemic multiplies the need for this Keynesian intervention to sustain effective demand through fiscal and monetary means, both by issuing currency and by purchasing securities to inject liquidity into the economy, which also implies the need to review the role of central banks.

Another factor that amplifies the need for public-sector action is that what is at stake is more than an anti-cyclical policy. The task has changed qualitatively, not just quantitatively. Governments must create credit and income programs that reach vulnerable sectors no longer able to generate their own income, such as informal workers, those who have lost their jobs, and small and medium-sized businesses that cannot sustain themselves without financing. This could be a path towards guaranteeing a basic universal income. The probability of advancing in this direction increases as a function of the pandemic's impact on the entire productive fabric.

To the extent that the pandemic also implies a supply shock, there is a powerful need for state coordination regarding the definition of essential activities, and of how and when productive activities are to be resumed. Institutional capacities and political accords that are scarce in most countries will be required to address the demands placed on governments in the coming years.

Political legitimacy and institutional strength will be essential. Political legitimacy has been eroded by inequality, which should be tackled more effectively in order to generate the necessary consensus for state action. The central concern with equality, which has characterized ECLAC's analyses and is incorporated in the Sustainable Development Goals, is even more valid in the current crisis. Institutional capacity has been weakened as well, by what Daron Acemoglu has called "atrophy in the capacity of state institutions," which occurred during the neoliberal boom. The lack of extended health systems, powerful innovation systems and quality public services are problems that will be felt most acutely. Over the coming years, inequality and dismantling of the state, processes already under way in the region before COVID-19, will be barriers to the pandemic's control and economic recovery.

Finally, national technological capacities must be reinforced. Industrial policy, weak in the region during the last 30 years, must be taken up with renewed urgency. This is explained by the fact that new technologies can help combat the pandemic, especially those in the information and telecommunications field. Another factor that highlights the role of technological capacities is that value chains were severely affected by border closings, social isolation and the reduction of trade. Most probably, the world that will emerge from the pandemic is likely to emphasize more local and shorter value chains, as protective measures against new global shocks (or a cyclical reproduction of the pandemic.) Goods and services previously obtained via commerce should be supplied locally. Local capacities enable food and equipment production, and make for a more resilient economy at a time when trade is failing in its role as a lever of specialization (or is moving slowly and disruptively).

To influence the new global economy, the region must move toward greater regional integration in production, trade and technology. The coordination of our countries in macroeconomic and productive matters is crucial in negotiating the new normality, particularly in the current urgent crisis and also in the medium term: financing for a new style of development, with equality and environmental sustainability.

MEDICC Review: The crisis seems to point toward a greater need to ensure universal health. But the pandemic also threatens this goal's achievement. With scientific and pharmaceutical production, training of medical personnel in the region...could the health sector itself participate in revitalizing the region's economies, with health serving as both a condition and an engine for sustainable development?

Alicia Bárcena: The COVID-19 crisis, with the increase in mortality rates and sick people needing care, will have direct economic effects on health systems, as well as indirect effects that we will see on the supply-and-demand side of the economy.

Strengthening health systems requires both more and better public spending

Among the direct effects is the impact on the region's health systems, whose current infrastructure is insufficient to address the problems generated by the pandemic. Most countries

in the region have weak and fragmented health systems, which do not guarantee the universal access needed to confront the crisis posed by COVID-19. Therefore, strengthening health systems requires both more and better public spending: central government public spending on health is, on average, 2.2% of GDP in the region. Thus, the fiscal space must be found to strengthen these systems.

One aspect associated with the pandemic that reinforces the need to universalize the right to health is that it makes it more obvious, even to the most privileged groups, that you cannot leave an entire sector devoid of health services without this negatively affecting the rest of society. Although the impact is more acute among the poorest, an epidemic with high transmissibility like this one interconnects people from the most diverse social groups. Due to the matrix of demands for employment, production and services, the virus will necessarily circulate throughout, reaching towards every individual, no matter their position in society.

Leading Voices on COVID-19

To address the health emergency, it is imperative to immediately and efficiently apply the containment measures suggested by WHO, strengthen health systems, and guarantee universal access to tests, medicines and treatment. Furthermore, states must value and publicly support the tireless efforts of WHO, work of the highest technical and human capacity under the regional leadership of PAHO Director Carissa Etienne. We agree with UN Secretary-General António Guterres that it is ill-advised to reduce WHO funding in the midst of the current health crisis.

As to whether the health sector itself may serve as an engine for development: if you look at it not only as the sector capable of addressing and treating the disease, but also in its broader context as a comprehensive care system, it is definitely capable of boosting the economy with other considerable benefits. It has a smaller environmental footprint than other sectors because it depends fundamentally on services and capacity-building for Latin America and the Caribbean. And as this health crisis has shown, the health sector is preventive, socially inclusive and even goes beyond that: it can have, for example, a positive impact on the use of women's time for paid labor. Today, women shoulder a considerable part of caregiver activities, without remuneration, given there are insufficient services in the health and caregiving sectors.

The production of services, the value chains for production of medicines and equipment, as well as the creation of appropriate facilities, are all elements that stimulate the economy accompanied by environmental and social benefits. An endogenous strengthening of this sector in our region would be part of an economic recovery rooted in sustainable development.

MEDICC Review: Should we expand our thinking and action beyond human health? Does “post-pandemic” imply rethinking our relationship with the natural environment, and a regional responsibility for protecting the environment, coral reefs, coasts and forests?

Alicia Bárcena: The COVID-19 crisis strikes us at a complex moment, encountering us with a sick planet. This is one of our planet's worst moments environmentally: contaminated oceans and rivers, devastated forests, eroded soils, massive extinction of species and altered climate cycles. This should be the time to consider the unsustainability of the unequal and extractive development model.

This crisis found us with notable deficiencies when it came to caring for our health. Society had not invested enough in health security and the same can be said for the environmental crisis, for which we also exhibited a regrettable and risky lack of preparation. This diminishes our resilience. The pandemic is a global public problem and so are various environmental threats, such as global warming and the ongoing crisis of biodiversity extinction. In general, these crises develop more slowly or more focally than a global health emergency and thus, responses are sometimes weak or nonexistent. This new health crisis has exposed the fragility underlying globalization and the development models in which it was sustained.

Inequality and geopolitical rivalries were already eroding the momentum of globalization. The reaction manifested itself in a

return to unilateral policies and to the philosophy of “harm thy neighbor.” The pandemic's great political risk is that it could strengthen a discourse of isolation and rivalry. This risk cannot be ruled out.

The correct response is actually to strengthen multilateral cooperation on major global issues (such as the environment, trade and regulation of capital flows, as well as the newly introduced need for global control of the pandemic) and to recover lost space for public industrial and social welfare policies within each country. The rules governing the multilateral system cannot be the fiscal and monetary disciplines of past orthodoxy, but rather: a) the expansion of political space in each country to strengthen productive capacities, as well as universal health and welfare systems; b) the search for multilateral accords on issues such as the environment, investment and trade, to stabilize or give greater predictability to trade and investment flows in a highly uncertain context; and c) reduce the disruptive potential of speculative flows in currencies and commodities, which could recur repeatedly with pandemic cycles.

Issues related to climate change seem to have lost importance in a context of negative growth. But they will regain their relevance the moment the economy recovers. This recovery should take a less carbon-intensive path to avoid repeating past mistakes. At the same time, other environmental issues will continue to be highly important, such as desertification and the predatory exploitation of natural resources. These can aggravate the negative supply shock represented by the pandemic and the problems of inequality in its impacts.

This pandemic has the potential to transform the geopolitics of globalization, but it is also an opportunity to highlight the benefits of multilateral actions and open space for the necessary debate on a new, sustainable, and egalitarian development model capable of simultaneously addressing health concerns, economic dynamism and environmental restoration.

MEDICC Review: ECLAC has developed a formidable instrument, the COVID-19 Observatory, on the crisis in the region (<https://www.cepal.org/es/temas/covid-19>). In addition to reporting on the ongoing situation in each country and the policies each has adopted to address it, will ECLAC offer periodic analyses, with examples of effective strategies that pave the way for the future?

Alicia Bárcena: The new global scenario in times of the COVID-19 pandemic means we must take urgent measures and assess the impacts of those measures.

To support the follow-up and monitoring of progress in the medium and long term, ECLAC has launched the COVID-19 Observatory, an effort coordinated by our regional commission with support from UN resident country coordinators, which carries updated information on each country's policy announcements and other materials of interest.

The Observatory compiles and makes accessible public policies adopted by the 33 Latin American and Caribbean countries intended to limit the impact of the pandemic, and at the same time evaluates the economic and social effects that these policies will

have on the national and sectoral levels. An interactive map clearly shows the actions taken by each country. These are divided into five categories: containment measures, health, employment, economy and education.

Both for the Observatory and for ECLAC's own work, we will need to point to opportunities to achieve a more environmentally and socially sustainable economic recovery, which aims at achieving both short-term and long-term goals and allows countries to regain economic dynamism, but with more sustainable forms of development. The drop in fossil fuel prices carries long-term risks, as it presents an incentive to increase consumption. But it also renders infeasible very harmful forms of extraction such as fracking and deep-sea drilling.

Recovery can be undertaken with a narrow vision: simply attempting to return to the "environmentally destructive normality," which

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is high risk in the long term. Or we can be guided by a long-term vision of transformation. Such a vision can be supported at this juncture by working to strengthen production and consumption of renewable energies, stimulate sustainable and lower-carbon construction, facilitate electric transportation with lower emissions, and incorporate reforestation and recovery of ecosystems into policies to produce ecosystemic services relying on nature-based solutions. In sum, the crisis allows us to think about a recovery based on more sustainable development rather than simply returning to the status quo—predatory, destructive and ever more unequal. 