


The coronavirus crisis in Latin America: increased presidential power without solid foundations

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Theme

The coronavirus crisis in Latin America has resulted in increased presidential power in countries without the institutional strength to support their leaders and hold them to account.

Summary

COVID-19 has caused major disruption in Latin America, accentuating the already strong concentration of presidential power, upending public agendas, reviving countercyclical policies for crises or depressions and, most notably, revealing two types of Presidents: those who are showing their ability to lead society, characterised by flexibility and prioritising strategic decisions, and those who have favoured short-term measures and even outright denial.

Analysis

The coronavirus crisis will be a stress test for all Latin American governments, testing presidential leadership and State apparatus. Albeit with some notable exceptions, the region's Presidents have seized control of the agenda, providing certainty and leadership in these times of uncertainty. This has occurred in a global context in which the role of the State and the public sector is being reassessed and in which we are seeing widespread demands in society for more and better political leadership. The impression that the world as we knew it has ceased to be the safe place we are used to, has created new uncertainties. Nobody knows how we will emerge from the current crisis but uncertainty and the scale of the challenge will condition many government responses.

Leaders are investing significant political capital in prioritising the new agenda to fight the pandemic. Yet they are doing so without the solid foundations of well-funded State apparatus, public administrations and health systems equipped with adequate resources and staffing. Their strategy puts them in the firing line in the fight against the coronavirus and exposes leaders who have limited public support to significant damage if the problems derived from the spread of the virus become more serious and prove long-lasting and if State power encounters new difficulties in containing a crisis that could threaten institutional stability.

The current situation could further undermine governability, especially in the wake of the social unrest of 2019. It could even become more complex if we add the potential for economic collapse and the inefficiency of government responses to COVID-19, which could aggravate already high levels of disaffection towards the ruling classes. For the time being, Latin America is dealing with a pandemic whose effects are practically the same on all the region's economies. The interruption of global supply chains in the manufacturing sector has left businesses in the region without supplies, added to the fall in global demand for commodities and manufacturing exports. Prices of grain, oil and copper have all fallen, in parallel with the collapse of tourism and the rise in capital flight. Oil prices have plummeted to their lowest levels in 18 years and the Economic Commission for Latin America and the Caribbean (ECLAC) is forecasting a 2% contraction and a 10-point rise in unemployment. This will cause the number of people living in poverty to jump from 185 million to 220 million and the number of people in extreme poverty to rise from 67.4 million to 90 million.

Faced with a health crisis in the short term and an economic crisis in the medium term, the region's Presidents have employed a wide range of measures. In terms of health, these range from drastic responses (nine countries have declared full quarantine), through intermediate measures (mainly curfews) and all the way to partial approaches. The disruption has accentuated the concentration of presidential power, upended public agendas, revived countercyclical policies for times of depression and, most notably, revealed two types of Presidents. On the one hand, there are those who are showing their ability to lead society, characterised by flexibility and prioritising strategic decisions. On the other, there are those leaders who have opted for short-term measures and even outright denial. Clearly, these are broad trends, which will evolve as the crisis progresses, depending on the style of presidential governance and whether communications policy includes more immediate political objectives alongside medium- and long-term ones.

The application of drastic measures raises two key issues for Presidents to resolve. The first is the duration of the crisis and how long economies will be paralysed. It is the same issue that must be resolved, each in their own way, by Chinese leaders, Europeans and Donald Trump. The second is how to ensure the most marginalised sectors of society (predominantly people classed as living in extreme poverty, although many of those living in poverty are also part of this category), deal with the rules of confinement or quarantine. While these rules may be a matter of public health and survival, for many individuals in this group, the challenges of everyday life are also a matter of survival. If large numbers already flout rules in order to live day-to-day, what would prevent them from doing so in this situation? This is a key issue for many governments: how to ensure these at-risk groups also comply with the measures, how to finance them and whether, in the end, it is preferable to do nothing.

Figure 1. Latin America: drastic measures

Country	Date	Measure
Peru	15/III/2020	General and mandatory quarantine until 30/III/2020.
	26/III/2020	Extension of the national state of emergency until 12/IV/2020.
	30/III/2020	Curfew extended from 6pm to 5am.
Ecuador	16/III/2020	State of exception. Curfew from 9pm to 5am. Curfew extended on 24/III/2020.
Venezuela	16/III/2020	General and mandatory quarantine.
Honduras	16/III/2020	Partial quarantine with curfew.
Argentina	21/III/2020	General and mandatory quarantine until 31/III/2020.
El Salvador	21/III/2020	General and mandatory quarantine until 21/IV/2020.
Bolivia	22/III/2020	General and mandatory quarantine until 4/IV/2020.
Colombia	25/III/2020	General, mandatory and indefinite quarantine until 19/IV/2020.
Panama	25/III/2020	General, mandatory and indefinite quarantine.

Source: the authors.

Figure 2. Latin America: intermediate measures

Country	Date	Measure
Paraguay	14/III/2020	Suspension of classes and prohibition of events and activities involving groups of people for 15 days. Health emergency restricting the movement of people and vehicles for eight hours.
	28/III/20	'Total isolation' period extended 12/IV/20
Chile	18/III/2020	Declaration of a state of catastrophe for 90 days and night curfew.
	25/III/2020	Full quarantine for seven districts of the metropolitan region.
Uruguay	14/III/2020	Suspension of classes and public gatherings until 13/IV/2020. Closure of borders to foreign nationals and a ban on leaving the country for tourism.
Dominican Republic	20/III/2020	Curfew from 8pm to 6am.
Guatemala	24/III/2020	Curfew until 31/III/2020.
	29/III/2020	Extended until 12/IV/2020.

Source: the authors.

Figure 3. Latin America: partial measures

Country	Date	Measure
Mexico	23/III/2020	No quarantine but suspension of non-essential activities in the social, public and private sector. The Secretary of Education has brought forward holidays and suspended classes. Random checks of international air and cruise passengers at airports and ports.
	30/III/20	Health emergency declared until 30/IV/20.
Brazil		State of 'public calamity' with the closure of land borders and the prohibition of tourist cruise ships. Drastic measures from some governors (São Paulo and Rio de Janeiro): cancellation of large public events and closure of schools.
Nicaragua		Absence of social distancing measures. A team of 250,000 will begin home visits 'to share and explain prevention, hygiene and safety measures'. The target is to visit one million homes in a week.
Cuba		<u>Borders closed except to residents and trade.</u> <u>Restrictions on travel between provinces in the country and leaving the country. Classes suspended for all levels of teaching.</u>

Source: the authors.

(1) Increasing presidential power

At the start of the crisis, there was a major increase in presidential powers in countries where the role already had significant powers. Leaders have held meetings with the various municipal and provincial authorities to seek cross-party consensus and to ensure key messages are delivered to the public. In short, all responsibility for the emergency has been concentrated on their institutional figure.

In Argentina, **Alberto Fernández** made it clear he was adopting this role in an announcement to the public: 'I assure you that I will take responsibility for guaranteeing our proposals'. In a country as polarised as Argentina (in the 2019 elections, the term 'crack' was widely used to define the politico-social divide), Fernández has succeeded in diluting the Kirchner-anti-Kirchner dynamic that has prevailed since 2007. He has been supported by the political class as a whole (governors, mayors and legislators, both from the ruling party and opposition) in the difficult decisions he has taken, such as the general quarantine.

The quarantine was framed as part of a model of political leadership in a crisis. Fernández appeared on television with four governors, leading figures from both his party (Axel Kicillof, Buenos Aires province, and Omar Perotti, Santa Fe) and the opposition (Horacio Rodríguez Larreta, Buenos Aires city, and Gerardo Morales, Jujuy). Unity has prevailed in the face of traditional tribal politics and his speech announcing the quarantine mixed empathy ('I trust you all to be responsible') with clarity and seriousness. Fernández announced hard times ('we are certain to face an economic slowdown that will cause a drop in economic activity, reduce revenue and create fiscal problems that

will need to be resolved'), with no half measures ('we will deal severely with people who do not respect isolation'). However, it remains to be seen whether this sense of unity can be maintained or the pressing needs of party politics will cause the consensus to fracture.

Fernández realised that his main competitive advantage over Asia and Europe was time and the examples and conclusions that could be drawn from their experiences. 'God', he remarked, 'has given us an opportunity, the time to prevent the virus spreading'. Argentina is among the countries that have taken the coronavirus most seriously, acting before the situation deteriorated (with just 130 cases and three deaths) and implementing specific prevention measures: a full quarantine from 19 to 31 March.

Argentina, however, is not alone. In Chile, the crisis has given a new lease of life to **Sebastián Piñera**, who was facing low levels of popularity (around 10%). It has allowed him to take the initiative and seize leadership of the response to the pandemic (a Plaza Ciudadana Cadem poll found his approval rating rose six points to reach 18% in the third week of March). Piñera declared a state of catastrophe and put the presidential palace, La Moneda, at the heart of decision-making for the crisis. Similarly, in Colombia, swift action and the empathic communication of measures have formed the cornerstone of **Iván Duque's** response. The former technocrat has overseen drastic measures from the outset, declaring a 15-day quarantine with just 158 cases in the country, and has used a skilful communications strategy to galvanise public support around a common challenge (an enemy that 'seeks to sow panic, pessimism and anguish, taking advantage of the indifference and lack of awareness of some people', adding that 'as Colombians, we will face this with the "contagion" of solidarity, the cooperation of collective discipline'). Duque has shown himself adept at connecting with the public, speaking to people in their own language, with an understandable message and appealing to the public's capacity for sacrifice: 'This is the time to show all the spirit, solidarity and resilience that has always characterised us and show our great belief in who we are as a nation'.

The Peruvian President **Martín Vizcarra** is another leader who has thrived on the crisis, with daily press conferences transmitting trust, security and leadership. His assertiveness and calm-but-firm tone have led him to be described as a 'President made for the crisis'. The high public profile of the president has been repeated in Guatemala, where Alejandro Giammattei has frequently appeared on television, and in El Salvador, where the hyperactive Nayib Bukele declared a general quarantine with just one case in the country. Bukele, a skilful communicator, has read the social and political runes: tired of the old parties and traditional leaders, the public is looking for swift and effective decisions.

This was precisely how Bukele acted when public security was the primary concern (triggering the Territorial Control Plan and pressuring parliament to support him) and it is precisely how he has faced up to the crisis caused by the coronavirus, putting himself at the centre of the response ('if anyone touches so much as a penny, I will arrest them myself'), conveying decisive action ('do not raise prices because we will close your business and confiscate the goods for which you seek to overcharge people') and communicating plainly and directly ('if you have a 30-year mortgage and have already paid 13 years, the three months will be spread over the 17 remaining years without interest'). With one eye on the parliamentary elections that will test his majority in 2021

and public opinion on how he has handled the crisis, Bukele has appealed for national unity in his Economic Response and Support Plan for the National Emergency against COVID-19, whose measures include suspending electricity, water, telephone, cable and Internet payments for three months. The measures will also apply to mortgage payments and rent for residential and business premises.

Latin America, however, is once again showing its diversity in the response to the crisis, this time in terms of its presidents. The attitudes of the leaders of Brazil and Mexico, two regional powers, have ranged from irresponsibility to inconsistency and incoherence in their decisions, action and discourse. In both cases, López Obrador and Jair Bolsonaro have shirked leadership of their countries. In terms of the former, ECLAC, of which Mexico holds the rotating presidency, has done little. Despite the 14-point plan discussed in January including a measure to create a regional epidemiological surveillance network, political coordination has been lacking. Similarly, when the Chilean President Sebastián Piñera exercised his role as the rotating president of Prosur and arranged a virtual conference on increasing regional cooperation for the response, Bolsonaro opted to play a secondary role, without showing any leadership.

In **Mexico**, the federal government has limited itself to a few recommendations to businesses (mainly to reinforce personal hygiene and suggesting working from home), although the country is already far ahead, with self-imposed protective measures in business premises. Many companies have also encouraged working from home to avoid concentrations of people. In contrast to other countries such as Peru, which have enforced a mandatory quarantine, López Obrador has held large-scale public meetings. One of his famous morning conferences even went viral, when, amid a flurry of international recommendations urging people to practice social distancing, he urged the public to keep hugging each other: 'Some people say that we should stop hugging each other because of the coronavirus. But we have to hug each other, there's nothing wrong with it. And that's that'.

López Obrador is caught between a rock and a hard place. While he is aware of the threat of the pandemic, he fears the political and social consequences of an economic downturn caused by quarantine (BBVA is forecasting a 4.5% drop in GDP). His strategy is based on extending phase one (propagation of the virus) before entering phase two (community transmission) and delaying phase three for as long as possible, since this is when the virus will simultaneously affect large sectors of the population in different communities, requiring the cancellation of activities and the implementation of quarantine. On the same day he admitted the risk of a recession from falling oil prices and the global economic paralysis, he continued encouraging people to keep going out because the country was only in phase one ('don't panic, we're moving forward, don't stop going out, we're still in the first phase and I'll tell you when you need to stop going out') even though the WHO had already classed Mexico as in phase two.

Inconsistent, and with one eye on the pandemic and another on the fear of the social and political consequences of an economic slowdown (increased discontent and the inability to govern the country), in just five days (between 22 and 27 March), López Obrador has gone from encouraging people to carry on as normal to recommending self-

isolation. 'The best thing to do is stay home', he implored, 'We'll get through this, we'll respect this isolation, it will be a big help'.

In contrast, the problem in **Brazil** is not so much inconsistency but sheer irresponsibility. In the midst of the crisis, Bolsonaro has continued to prefer short-term political interests (his political war against Congress) over the strategic problem posed by the coronavirus. He led a march to support his government and against the Legislature and Judiciary, violating quarantine and taking to the streets without a mask to accompany his supporters. Upon their return from the US, a number of the officials who accompanied him on his trip tested positive, which, despite the President himself testing negative, has not stopped him from ignoring his government's request for anyone returning from abroad to isolate for seven days.

Even with over 4,000 cases in the country, Bolsonaro continued to downplay the scale of the challenge. His stance is encapsulated by the idea that it is not the virus that is dangerous but the panic: 'There have been other much more lethal viruses in the past and we have not had this crisis. I am absolutely certain that there is an economic interest behind the hysteria'. With measures to fight the pandemic in the hands of state governments, Bolsonaro called João Doria, the Governor of São Paulo, a 'lunatic' for decreeing a 15-day quarantine in Brazil's most populous and wealthiest state. Such has been his disdain for the situation that while various Latin American Presidents held a videoconference on 16 March to find global consensus to address the crisis, Bolsonaro sent the Minister of Health, Henrique Mandetta, and the Foreign Minister, Ernesto Araújo, to represent him. He even clashed with China when one of his sons, the deputy Eduardo Bolsonaro, triggered a diplomatic crisis on Twitter by blaming the Chinese 'dictatorship' for the coronavirus.

Nicaragua is the only country not to take any measures to address the pandemic, although for the time being there are only four confirmed cases and one death in the country. Daniel Ortega, the only Latin American President who has not addressed his country on the crisis and has shown no qualms about organising a large-scale march ('Love in the time of COVID-19') in flagrant breach of WHO recommendations. Not only has his government failed to implement a quarantine or take steps to contain the virus, like in other Central American countries such as Guatemala, Honduras and El Salvador, he has mobilised the public in the streets when neighbouring Costa Rica had over 40 cases and continues to encourage tourists to visit his country, especially cruise ships, sending children to greet them.

The President of **Venezuela**, Nicolás Maduro, who assured people he had a drug to cure the virus, initially aligned himself with the approach to minimise risk. The drug, manufactured in Cuba, was based on interferon. Maduro used a commemorative event for the National Day for the Doctors of the Fatherland to make a political point in the midst of a pandemic that has paralysed the world: 'Cuba is leading the way. Cuba, always Cuba, leading the way, with interferon, a drug created using Cuban medical technology!' However, in just a week, Maduro changed his stance from referring to the coronavirus as a distant threat to taking drastic measures to contain its propagation. After declaring a state of alarm on the same day the first cases were confirmed, Maduro ordered a 'social quarantine' throughout the country.

In general, this high level of presidential exposure in the absence of effective State apparatus to support it, together with the nature of the crisis itself, is resulting in a growing role for the armed forces. The image of the increased presence of the military in the streets to handle situations of catastrophe has been repeated the length and breadth of the planet, not just in Latin America. However, given the excessive role played by the military in the 1960s and 1970s, it tends –although mistakenly in this case– to be viewed with growing trepidation. There has even been talk of a certain re-militarisation of the region as a result of some of the conflicts experienced in certain countries.

Given the specific nature of military organisations, they are much more easily mobilised in these types of situations, making them the main source of support for governments in implementing public policies to address the social and health consequences of the spread of the pandemic. Colombia has deployed 87,000 troops, while Chile has assigned over 20,000 to support the government's measures. In Argentina, the armed forces have made their industrial facilities available to produce disinfectants and masks. The National Armed Forces of Venezuela have executed Phase III (Secure Health) of the Bolivarian Shield 2020 exercise to tackle the pandemic. Similarly, the Mexican armed forces will implement the plan to support the civil population through the DN-III and Marina plans for one month. The navy will provide eight hospitals for treating serious cases, together with aircraft, land vehicles and seven ships. The army will provide 1,738 doctors, 1,727 nurses and 8,152 health workers, in addition to 3,600 soldiers to support the plan.

(2) The new public agenda and changing priorities

In March, as the pandemic spread from Asia to Europe and morphed into a national crisis in Italy and Spain, the political agenda in Latin America underwent an about turn and a dramatic change in priorities. In Argentina, vital negotiations with the IMF to prevent the country falling back into default have taken a back seat, alongside cuts to public spending and the reforms required to begin negotiations with the organisation.

In Chile, a referendum on reform of the constitution inherited from Pinochet is no longer at the heart of the national debate. Originally scheduled for 26 April, the poll has been postponed until October and a wave of fresh protests promoted by groups on the radical left, which was expected in March, has been unable to take place as a result of the curfew. In Uruguay, the fight against the coronavirus has resulted in the government postponing its two key political priorities: reducing the fiscal deficit and addressing public insecurity.

The pandemic has paralysed campaigning for the presidential election in Bolivia in May and dashed any hope that the new Peruvian parliament elected in January this year will be able to complete the envisaged reforms with just one year of the current parliamentary term remaining. With both countries under quarantine, elections in Bolivia have been postponed and the efforts of the Peruvian government are focused on fighting COVID-19 and not political reform. In Colombia, as in Chile, the crisis has paralysed protest and the passage of reforms being debated in the wake of the unrest at the end of 2019. The national unity called for by Duque has even prevailed over corruption scandals that have surfaced in recent weeks.

In El Salvador, the battle between the government and parliament, which resulted in Bukele's threat to strong-arm the Legislature in February, has been put on hold. Parliament, where the government lacks sufficient support, has given the executive the power to restrict freedom of transit and assembly to prevent the spread of the virus.

(3) The revival of countercyclical policies for times of depression

The economic shock from the coronavirus is global and will affect a Latin America that is highly dependent on exports of raw materials and manufacturing to China, the US and the EU, as well as foreign investment and tourism. The region is facing a perfect storm: falling commodity prices, tightening financial conditions and zero growth in the Eurozone, hitting Mercosur and the US, which will affect Central America and Mexico, through the contraction in international trade, foreign direct investment, tourism (especially in the Caribbean) and remittances. To make things worse, this time China is unable to repeat the role it played in reactivating the economy in 2008, both due to the complex domestic situation because it is already the largest or second-largest trade partner of many the countries in the region, with little room for growth.

The pandemic will force governments to postpone structural reforms (Brazil), cuts (Argentina), prudent approaches to spending (Mexico) and financial orthodoxy (Chile), due to changing priorities. The focus is now on guaranteeing the urgent spending on health needed to protect the public and halt the spread of the virus in countries with weak health systems. Faced with the danger of a humanitarian crisis, a number of countries are already implementing measures to strengthen and support their health systems. Argentina, Brazil, Colombia and Peru, for example, have all mobilised additional funding for the health sector.

However, targeted fiscal, monetary and financial measures are also required to reduce the impact on the economy. Governments have started to implement countercyclical plans, which include cash transfers, the subsidy of wages and tax relief to help households and businesses affected by the paralysis of production and consumption.

As mentioned above, many of these governments have focused on vulnerable sectors and workers in informal areas of the economy. As well as restarting consumption, the objective is to provide added protection for the most vulnerable or informal sectors. One of the weaknesses of Latin American countries in the fight against coronavirus is the region's high level of informal labour. This complicates the expansion of social distancing measures and requires higher welfare spending to cover the needs of a group of workers who lack the means for subsistence and survival if deprived of their daily work.

Around 140 million Latin Americans have informal jobs, a circumstance that limits the region's productivity and economic development and excludes workers from social security programmes. In exceptional times like these, this becomes extremely important, since curfews and quarantine can leave these sectors of the informal economy without an income.

While the EU has social and economic protection networks, in Latin America 140 million people who work in the informal sector are not protected by the social security system.

These figures explain both the reluctance of some governments to voluntarily paralyse the economy (due to the fear of social unrest and instability) and the specific measures chosen to alleviate the situation in informal sectors of their economies (eg, the Bono 380 payment in Peru, the Emergency Family Protection scheme in Ecuador and the Coronavirus Fund in Uruguay, as well as the various payments and subsidies in Argentina and Brazil).

On 16 March Brazil announced an injection of R\$147.3 billion (€26 billion) over the coming three months to mitigate the effects of the coronavirus. The initiatives include advances of bonuses and pensions, expansion of the transfer programme for families on low incomes and support measures for SMEs to prevent job losses. On Monday 23 March, Bolsonaro announced a new economic package worth R\$88.2 billion (€15.5 billion) to reinforce the finances of states, municipalities and regions in the face of the economic crisis caused by the pandemic.

Argentina has implemented an initial package of measures focused on subsidised sectors and businesses, whose cost in fiscal terms will be at least two points of GDP. The plan has been extended to benefit sectors of the informal economy, with 3.6 million families set to receive a one-off payment of ARS10,000 (US\$140) in April. In Chile, the government's plan will mobilise resources of almost €10.8 billion, or 4.7% of GDP, to reinforce the budget of the health system, secure the income of families and protect jobs and businesses. In Mexico, the Central Bank (Banxico) has taken the lead on economic measures, supplying liquidity to financial institutions, with a focus on loans for SMEs and guaranteeing liquidity for banks and businesses. Banxico has also reduced interest rates by 50 basis points. While López Obrador's government has been slow to react, the Finance Minister announced he was bringing forward the transfer of MXN10.5 billion (€400 million) to states for April and May, as well as another MXN4.5 billion (€170 million) for the Health Institute for Well-Being.

Other countries have adopted different countercyclical measures. Uruguay has announced a package to protect the most vulnerable population, under which the Ministry of Social Development will receive €20 million to create new shelters and strengthen food plans. Lenín Moreno, the President of Ecuador, announced a series of decisions on the economy, tax and banking to alleviate the difficulties created by the COVID-19 health emergency. These include postponing social security contributions for April, May and June for 90 days and a six-month suspension of income tax for April, May and June for the tourism sector, exporters and small accounts. Loan payments for these months have also been postponed for customers of the country's public bank.

Peru expanded the scope of a payment of S/380 (€100) for vulnerable households to cover 500,000 self-employed workers, while the Colombian President Duque announced measures in the two key areas of health and employment to ameliorate the social impact of the pandemic. These aim to guarantee resources for the health system and facilitate the procurement of medical equipment and testing kits, as well as provide resources for the hospital network to ensure its capacity to respond. The government will make an extra payment to beneficiaries of welfare programmes to ensure that the fall in economic activity in the first quarter does not affect their standards of living.

Conclusions

The coronavirus crisis will be a stress test for many governments in the region, testing their presidential leadership and State apparatus. It will place heads of State in the firing line in the fight against the coronavirus, exposing them to considerable damage, especially if the crisis worsens due to the lack of supporting solid foundations. Behind their leaders, countries lack the defensive shield of a State apparatus, public administration and health sector equipped with the tools and human, technical and financial resources required to combat the threat of COVID-19.

The effects of the crisis on Latin American countries remain to be seen. However, if they are anything like in other parts of the world, the virus has the potential to exacerbate social tensions in the region, with the associated consequences for governability as a result of social unrest and economic paralysis. Moreover, Latin American countries are facing this crisis at an extremely sensitive time, with high levels of dissatisfaction towards political classes that have repeatedly failed to live up to public expectations and ineffective, inefficient and corrupt State apparatus. The short-sighted political interests, inconsistency and quest for political gain of some presidents could have serious repercussions in the current crisis. When normality returns and the current virtual truce between political parties and social movements ends, there will be a high price to pay.

The new normal will not simply be a return to the status quo but must act as a wake-up call to ensure Latin American countries are not left behind or on the side-lines of the Fourth Industrial Revolution of digital and technological change. First, in economic terms, the challenge will be a return to robust growth by implementing structural reforms to adapt the region's fabric of production to the digital demands of the Fourth Industrial Revolution. The objective will be to make Latin American nations more productive and competitive through investment in physical and human capital to allow them to grow at a faster pace, breaking from the current stagnation while delivering sustainable and inclusive development based on innovation, value-added exports and integration with international value chains. Secondly, the biggest political and institutional challenge for new governments will be a new social contract with the public, something that has taken on new urgency after the social unrest of 2019 and in light of the social and economic consequences of the pandemic.

As the President of Ecuador, Lenín Moreno, remarked in an interview with one of the country's main newspapers on 27 March: 'Some people say the world will change. They are wrong. The world has already changed and radically so. The disruption caused by this humanitarian crisis is such that we must all reinvent ourselves, the way we act, the way we produce and the way we think. We must unleash our creativity to help the poorest, to give them an opportunity and to allow them to form part of productive activity. We must accept many ideas we may not agree with and reject others we believe in'.