GLOBAL 13.05.2020 | Reinhard Krumm & Simone Reperger & Felix Hett

Global Quarantine XII

Will Covid-19 bring down neoliberalism? That's the central political struggle in countries like Austria, Chile and Georgia

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Austria

The new regulations to fight the coronavirus have been allowing public spaces in Austria to open up as of May. Moreover, efforts have also focussed on the economy: shops of over 400 square meters are permitted to re-open. Meanwhile, political activity has fallen by the wayside: meetings can have only up to ten people in attendance – far short of the traditional crowds at the annual Labour Day demonstration. And any political discussions over a 'mélange' in the back room of a café or with a can of '16er Blech' (from the Ottakringer brewery in Vienna's 16th district) in a Beisl beer garden cannot begin until mid-May.

The turquoise-green government coalition of the Austrian People's Party (ÖVP) and the Green Party had slowed down life in the country very quickly and drastically in mid-March. Vienna, the nation's capital and the second largest German-speaking city, was deserted; hardly any automobiles were seen on the streets and the national airline AUS had grounded nearly all of its fleet. Last year's election results and the numerical majority of the coalition with the Greens gave Chancellor Sebastian Kurz the political strength to implement these drastic measures in Parliament with little criticism.

The opposition from the social democratic SPÖ, the liberal NEOs and the far-right FPÖ all complied. The coalition, now with backing, intentionally wanted to frighten the population to quickly push forward the certainly unpopular restrictions on public life. The support from the people was overwhelming, both for the Chancellor and for the ÖVP, which is now tending towards an absolute majority. With regard to anti-pandemic measures, they were well ahead of Germany.

But national unity is now gone. Public appearances by the responsible politicians were too casual yet authoritative; they hardly considered it necessary to consult scientific expertise and let them also have the microphone. The FPÖ has made an application to set up a committee to investigate the corona crisis. The purpose is to review whether there really was no alternative to the majority of the measures enacted.

In fact, the dispute began very early on between those who consider the danger posed by the virus to be overrated – especially business people who suffer from the closure of their sales areas or restaurants – and those who see the political decisions as forward-looking and quite positive. This debate is heating up because scientists are now also taking a more critical look and, instead of government bans, are more often talking about a moderate policy based on responsibly minded citizens.

And the Social Democrats? They are fighting on three fronts. First, during the crisis, the turquoise Chancellor is doing their job for them, by taking up social democratic issues. In a keynote speech on the 75th anniversary of the Second Republic, he warned local corporations about tax evasion and shortly before Labour Day he promised tax relief for workers. Second, within the party, chairwoman Pamela Rendi-Wagner remains controversial, even if over 71 per cent of the SPÖ membership <link regionen europa artikel detail hoch-gepokert-4343>recently affirmed their confidence in her in a recent party-wide poll. And third, the party is still struggling to find a connection to the successful policies of its icon Bruno Kreisky, who began to govern as chancellor half a century ago and, according to the SPÖ website, 'in doing so, gave the go-ahead for reform work, which the people benefit from to this day, and continues to shape Austria'.

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Chile

In Chile, the coronavirus is only serving to exacerbate the problems of the neoliberal development model, against which millions of Chileans have protested on the streets in recent months. The pandemic shows that economic interests take precedence over social interests in the South American country. Above all, this has made three crises all the more visible.

First, the health crisis. In Chile, people have no 'right to healthcare'. The healthcare system has been largely privatised since the Pinochet dictatorship. The top 15 per cent, comprising the wealthiest Chileans, can afford treatments in well-equipped hospitals. However, the lower 85

per cent of society must rely on emergency care in one of the entirely underfunded public hospitals. Over 25,000 people die there every year because the waiting times are too long and antibiotics lacking. If you don't have a covered credit card, you are ill-equipped to deal with the pandemic. Renowned human rights lawyers have recently criticised this unequal access to healthcare as a serious violation of human rights. The Chileans are very much concerned – and very angry.

Second, the social crisis. It is already apparent that the coronavirus will significantly increase unemployment and poverty in Chile and that social inequality will worsen further. Above all, it is the 'ordinary' workers without any kind of protection who will be hit hardest. In mid-March, the president declared a state of emergency: all schools and many shops and businesses were closed and curfews imposed. This resulted in large waves of layoffs. From one day to the next, already over a million people lost their income. Large international corporations in particular, such as H&M and Starbucks, fired their entire staff. The government has put together large government bailout programmes for businesses, but offers very little government aid to its citizens. The protection against dismissal currently in effect is usually not complied with and a short-time work allowance of around 40 per cent of wages is guaranteed for only three months, while actually 100 per cent of it is being paid by the employees themselves – namely out of their own pension fund.

One out of every two Chileans works in the informal sector, without an employment contract and without any rights. Domestic workers, construction workers, waiters, street vendors, taxi drivers – all of them have nothing to fall back on. The market has been saved but people are forgotten: this is the criticism that welfare associations and trade unions are levelling at the current policies. There was great indignation when it was discovered that some large companies stopped paying wages but still managed to pay high dividends to their shareholders – which is entirely legal in Chile. There is no 'strong state' here that protects the jobs of its citizens and guarantees a balance of interests between companies and employees. In this respect, Chile is not an isolated case in Latin America and the Caribbean. The United Nations Economic Commission estimates that the pandemic in the region will increase poverty by 50 perc ent and, by the end of 2020, an estimated 90 million people will be living below the poverty line. The southern half of the continent is facing a lost decade.

Third, the crisis in democracy. This is not a rosy time for democracy in Chile either. The pandemic is once again widening the gap between people and politics. Over 90 per cent say the government makes policies for the benefit of the powerful business elite. Only 2 per cent state that a

party represents their interests. The social democratic opposition is fragmented and silent. Thus it offers no credible alternative. These are worrying statistics in a representative democracy. For months, the Chilean protest movement has been vehemently demanding greater social security and more social justice. However, it senses that it will not get both from the government even during the corona crisis. There also exists the danger that the president could use the pandemic to undermine Chilean democracy. For example, there is a strict ban on assembly and all protests have been prohibited for an indefinite period. On 1 May, the police acted brutally against union rallies. On the other hand, large shopping centres were allowed to invite crowds for Sunday shopping – with the government seeing no risk of infection here.

The problem is that since the outbreak of the coronavirus, voices from the right-wing conservative government coalition have been heard almost daily, demanding that the referendum on a new constitution be called off. The drafting of a new constitution is one of the main demands of the protest movement to block future privatisations and to strengthen the role of the state. The government representatives' argument is that, due to the pandemic and the onset of the economic crisis, Chile cannot afford any further market uncertainty and therefore any constitutional process. If this scenario were to occur, the quality of Chilean democracy would be severely damaged. And the market will have won yet again – as has so often been the case in Chilean history.

Simone Reperger, FES Chile

Georgia

Johann Güldenstädt, a naturalist commissioned by the Tsarina, wrote from the Caucasus in 1771 that the Georgians were 'a fearful people who [...] are very afraid of diseases and therefore honour the doctors who are very rare there.' Respect in Georgia for doctors has held up over the centuries, but they have lost their rare status: only five countries worldwide (with Cuba and Sweden among them) have more doctors per capita than the supposedly fearful Georgians.

The high status enjoyed by medicine in Georgian society has proven to be a key to success in combating the pandemic. At the beginning, the Georgian government listened to its epidemiologists more readily than other nations did; in doing so, they protected the almost fully privatised health system from collapse. In January, flights to and from China were suspended. At the end of February the first three cases of Covid-19 were discovered. Consequently, the government closed the schools on 2 March – and will not open them again until September. Direct flight

connections to Italy were cut off on 6 March. People arriving from high-risk areas were required to go to quarantine beforehand. In rapid succession, this was followed by the state of emergency declared on 21 March, a night curfew starting 30 March, and – in order to prevent church attendance and family celebrations – a 10-day driving ban for private vehicles around the time of Orthodox Easter. Several locations with infection clusters have been strictly sealed off. With just over 600 cases of infection at the beginning of May, Georgia is doing well compared to the rest of the region. At the end of April it dared to implement a careful exit strategy from the lockdown. The example of its smaller neighbour Armenia, with its almost 3000 cases, shows how a delayed response could have had an impact.

The Georgian population supports the measures, and (unsurprisingly) trusts its doctors, but (surprisingly) also trusts the government. Because the past few years have been characterised by a constantly growing gap between the rulers and the ruled, confidence in all institutions was experiencing a steady decline. Now the state is suddenly doing something right. This poses an opportunity for Georgian democracy. It is unclear whether the ruling elite can take advantage of this, because there's a high degree of estrangement between the people and the elite. The preliminary pandemic record has made the governing 'Georgian Dream' party more likely to win the parliamentary elections on 31 October. For now, the opposition seems to have opted out. Its traditional talking points – justice, voting rights and corruption – have moved into the background.

On the other hand, health comes at a high price. A severe economic crisis is emerging. Forecasts are assuming a four to twelve per cent decline in GDP in 2020. The contribution that now-lagging tourism alone made to economic output was over 20 per cent. Unemployment is skyrocketing. Some measures have been set into motion: much of what seemed unthinkable until recently is now being carried out. The government, which has until now predominantly followed neoliberal doctrines, is using unusual means to cushion the crisis, such as price controls for staple foods as a first step. The same state that previously wanted to know nothing about unemployment insurance is now paying unemployed people 200 lari (approx. €60) per month for half a year. And with the temporary waiver of income tax for the first 750 lari (approx. €220) for income up to 1,500 lari, the previously sacred 'flat tax' is suddenly in question. This is certainly not yet a paradigm shift because at the same time more privatisations are being considered – but one side effect of Covid-19 could be that old ideological structures in the Caucasus are beginning to waver.

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