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Inequality kills

Corona will hit the Global South much harder than the North. The risk of massive political unrest and instability is looming

Read this article in German.

In large parts of the world, public life come to a halt and curfews are determining everyday life. Further recommendations to curb the corona pandemic include compliance with strict hygiene regulations, avoiding public transport, working at home and refraining from maintaining social contacts. All of these measures are appropriate and justified. However, there's one problem: they do not take into account the living conditions of the majority of the world's population. In the Global South, the majority of fatalities will not be caused by the coronavirus directly, but indirectly, by the associated economic and social consequences. To prevent this, courageous decisions need to be taken to cushion and overcome the economic and social aspects of the crisis.

The global economy is in a state of shock. Production has nearly come to a complete stop. On the one hand, this is because of the very same measures that are containing the virus. On the other hand, the disruption of supply chains in the global economy is exacerbating the problem. The coronavirus looks like a general strike without a negotiating table. Moreover, demand is slumping in many areas. People must stay at home and therefore make do without consumption. This forced change to a post-material lifestyle even has a name: 'degrowth by disaster', devised by NYU economist Peter Victor.

The global economy will fall into a deep recession in 2020. We need to be prepared for double-digit negative growth. Nevertheless, the economic crisis in the Global North will result in, at a most, a severe flu. The brunt of the economic downturn will be felt by the countries of the Global South. The drastic decline in commodity prices and tourism, as well as the decline in remittances from migrant workers, is already causing a collapse in the government and foreign exchange revenues of many of these countries.

At the same time, many of the countries of the Global South have lost their self-sufficiency in supply and consumer goods as a result of the opening up to the world market, and are thus dependent on imports. However, world trade is currently on the back burner, and moreover, most currencies in the Global South have incurred massive losses in value against the euro and the dollar in recent weeks. Consequently, this can quickly put a strain on the supply situation, or the trade deficit and debt can increase. Above all, however, prices for consumer goods and food are skyrocketing, which is further aggravating the social crisis.

Health isn't socially neutral

Media coverage of the corona crisis obviously focuses on the health consequences of the novel virus. A key insight, however, is often overlooked: health is not socially neutral; neither are smog and climate change. This applies in particular to countries in Latin America, where extreme social inequalities and segregated health systems exist. Together with southern Africa, the region has the highest levels of inequality in the world. This impacts the state of health in a very concrete way.

Socially disadvantaged segments of the population are disproportionately affected by health restrictions and are therefore currently exposed to a higher risk in the corona crisis. Moreover, their access to the healthcare system is already inadequate and will only deteriorate further as the virus spreads. At the very least, the pandemic is putting the shaky and precarious healthcare systems in Latin America under an enormous stress test.

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It should be noted that in many countries of the region, health care – contrary to common belief – is not bad per se. In fact, it's more about it being a two-tier system. Well-equipped private clinics in the wealthy quarters of the metropolises exist alongside the poor conditions of many public hospitals and the blatant lack of adequate rural healthcare. In a severe case of the disease, the choice between life and death is determined less by age or previous illnesses than by the bank account balance and place of residence.

In addition, the suggested preventive measures are unrealistic and biased toward the middle class – not only in Latin America. According to the United Nations, about a quarter of the world's population has limited

access to clean water. In these places, compliance with standards of hygiene breaks down because of the living conditions. The inconvenience of curfews may also be more bearable in spacious apartments with terraces than in small and often poverty-stricken accommodations in the marginal districts of the cities.

Social unrest and repression

In Latin America, nearly 50 per cent of the workforce is employed in the informal sector and others are engaged in precarious forms of work. These are people who have no significant reserves and no social security. They can hardly afford a luxury like foregoing local public transport, doing home office or self-isolation.

Closing schools results in not just a problem of childcare. Especially for the poor population, free school meals for children fundamentally contribute to their proper nutrition. Rising food prices as a result of the collapse of national currencies and panic buying lead to further financial setbacks. However, social balancing mechanisms are scarce or non-existent and, so far, they don't seem be a political priority.

One result of the corona crisis will be a massive increase in poverty and extreme poverty. In many Latin American countries, even before the current crisis, social issues have led to massive protests, which have then been suppressed by regimes, sometimes violently so. In the next few months, the situation is not only expected to get worse, but might be accompanied by massive political unrest, instability and looting. Coronavirus is becoming a problem of public order capable of sowing chaos. And politicians might not solve this problem by dealing with the social issues, but by means of brute repression sacrificing the rule of law by pointing to the need to combat the virus.

A halt to arms spending

Comprehensive social security does not come for free. Additional funds are needed to cushion the social crisis. These must go into a special fund to ensure basic social security. The funds can then be used to finance quick and targeted direct help for the millions of hard cases. In the medium and long term, however, crisis prevention requires the promotion of good work and social rights, as well as a realignment of the development model.

At first glance, the Latin American countries are lacking the resources for this. There's some room, however. First, some budget reallocation would

be possible. According to a recent report by the Stockholm International Peace Research Institute (SIPRI), arms spending in the region has increased significantly in recent years. The coronavirus can hardly be defeated by submarines or helicopters. Arms purchases must be frozen, soon, and used to finance health and welfare systems.

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Second, Latin American countries have always had the luxury of largely foregoing effective taxation on the wealthy. In the corona crisis, the Latin American elites must be made socially responsible. Overcoming the pandemic requires solutions for society as a whole with large-scale measures to contain the crisis and prevent a medical and social catastrophe. The best way to accomplish this would be to introduce effective high-income taxation. This must be accompanied in the short term by a one-off property tax.

Thirdly, alleviating the social consequences of the pandemic will not be possible at the national level alone. As the virus easily travels across national borders, countermeasures also require international coordination. Those who wish to avoid economic and social catastrophe and massive political instability must now rely more than ever on international cooperation and a global social policy. However, this insight has not yet reached the heads of state and government.

International action now

The overall picture mostly shows solo efforts at the national level, with the post-corona era leaving diplomacy in shambles. Today international cooperation and solidarity is required most urgently. This calls for generous support to countries already in crisis. Seen in this light, the IMF's refusal to provide Venezuela with financial assistance is no less than scandalous, and exposes the – absolutely justified – charge of human rights violations in the country as crocodile tears. The focus continues to be on regime change at the cost of casually sacrificing human lives.

It is the role of the international community to take the lead in this crisis and, with prompt, non-bureaucratic and far-reaching decisions, to provide the necessary means to mitigate the social consequences of the corona pandemic. In the current global corona crisis, an international emergency fund involving the IMF and the World Bank could well be the signal effort for a redesign of international policy.

If the international community is serious about the endless commitments to the Sustainable Development Goals of the United Nations, courageous decisions must now be made and widely financed. Otherwise, the targets for 2030 will be a lost cause already by the end of 2020. Action must now be taken quickly and decisively.



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