CERES
Centro de Estudios de la Realidad Económica y Social
CENTER FOR LATIN AMERICA
Latin America Macro Vista
Regional Report
April 2021

Towards a Dual Agenda of Structural Reforms

The post-pandemic world will be very different from the one we knew. As will post-pandemic Latin America and the Caribbean (LAC). The changes require deep reforms, very complex to implement. The undeniable acceleration to incorporate technology for automating processes will radically state the post-pandemic economic and social reality. It imposes the need to implement deep reforms. Automation is a great opportunity to improve productivity, but at the same time demands support for people who are subsequently unemployed. Two realities will coexist in the post-pandemic era: increased productivity in companies (that cannot escape an increasingly competitive environment) and the 'reinvention of work' by those made redundant or inadequately trained for new tasks. We argue that the post-pandemic situation requires a dual agenda of reforms: to enhance private investment and economic growth, and to ensure social sustainability. This report presents our view of the key challenges LAC faces in 2021, a critical year.

Economic Impact of COVID-19

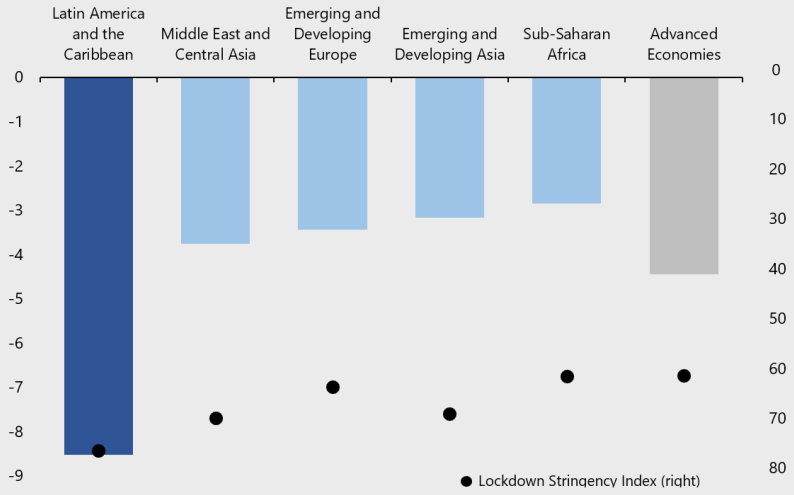
The COVID-19 pandemic has severely affected the global economy, and our region is not the exception. As shown in Figure 1, Latin America and the Caribbean (LAC) countries underwent both, the strictest lockdown measures and the greatest economic activity contraction. Current estimates indicate that, on average, LAC economies suffered an annual GDP contraction of 8.5% in 2020, which implies the worst economic performance across all emerging regions.

Due to the pandemic, governments imposed a wide range of unprecedented measures to contain coronavirus. According to the Lockdown Stringency Index (LSI) developed by Oxford University,[1] LAC countries responded to the current pandemic with the strictest lockdown measures. However, higher LSI scores do not necessarily mean greater contractions in economic activity: Asian developing economies outperformed most emerging countries in 2020 despite their relatively strict mobility restrictions.

After hitting rock bottom, world economies have begun to move forward at different speeds and under very dissimilar conditions. Figure 2 compares the pre-pandemic and current GDP projections for both emerging and advanced economies. The difference between these forecasts illustrates the heterogeneous impact of COVID-19, relative to each region's pre-pandemic economic perspectives. LAC countries are expected to record, on average, the greatest loss in terms of their own economic growth path. Specifically, Specifically, real GDP is expected to be well below pre-pandemic projections, with gaps of 7.2% and 9.1% for southern (South America) and northern (Mexico, Central America, and the Caribbean) sub-regions, respectively.[2]

Figure 1. Uneven COVID-19 Economic Impact

Real GDP (% change 2019-20, left) and Lockdown Stringency Index (2020 average, right)

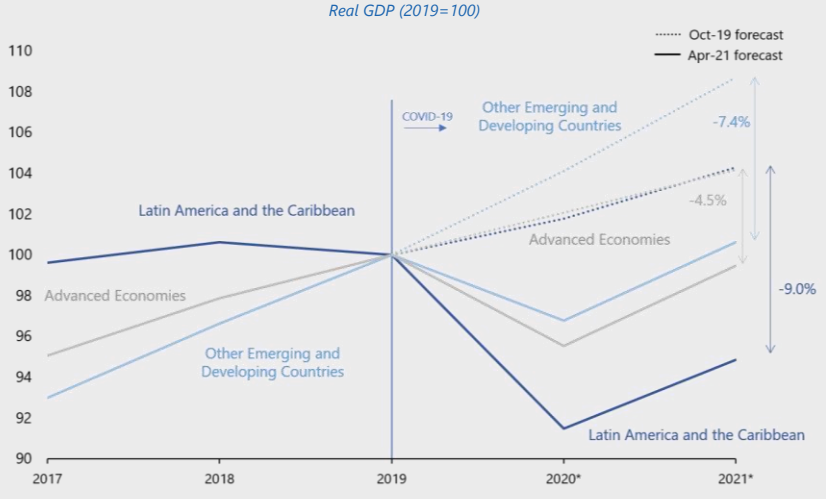


Source: International Monetary Fund (IMF) - World Economic Outlook (WEO), Oxford University - Blavatnik School of Government

Note: For each country, the Lockdown Stringency Index (LSI) period considered starts the first day with 'lockdown style' policies, which approximates the beginning of the pandemic. The LSI ranges from 0 (loosest lockdown) to 100 (strictest lockdown). See Appendix Table A.1 for individual cases in LAC.

Figure 2. Uneven COVID-19 Economic Impact

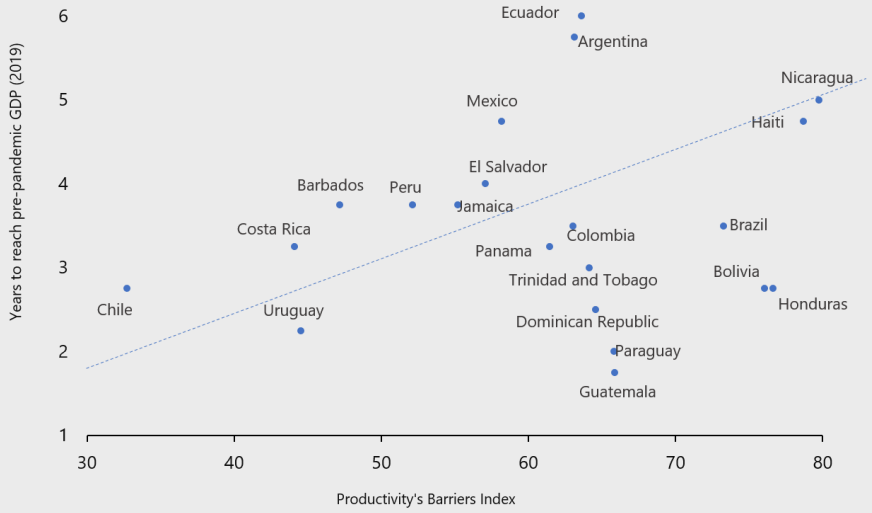
Real GDP (2019=100)



Source: International Monetary Fund (IMF) - World Economic Outlook (WEO)

Note: The gap in 2021 refers to real GDP percentage change from pre-pandemic projections (*=forecast). See Appendix Table A.1 for individual cases in LAC.

Figure 3. Economic Catch-Up and Barriers to Productivity



Source: International Monetary Fund (IMF) - World Economic Outlook (WEO), World Economic Forum, World Bank and Transparency International

Note: Venezuela is excluded due to insufficient data.

The world economy is, on average, recovering at a better pace than LAC. As a result, both developed and developing countries are expected to exhibit a narrower GDP gap by the end of 2021 (4.5% and 7.4%, respectively) relative to the 9.0% expected for the economies in our region. However, the COVID-19 pandemic cannot be attributed all responsibility for the LAC's economic performance. LAC economies not only are expected to record the largest GPD gap among developing regions, but they had also reported the lowest, pre-pandemic growth rates. Over the three years prior to the pandemic, average growth was 0.7% in this hemisphere, while 3.8% in other developing countries and 2.8% in advanced economies. The pre-existing barriers to improve productivity contributed significantly in shaping LAC's future prospects under the negative economic shock caused by the current COVID-19 pandemic.

Barriers to Productivity

In order to accelerate recovery and close the growth gap, LAC countries must urgently implement a structural reform agenda to improve competitiveness and boost economic activity through private investment. Lackluster productivity, a deep and long-lasting problem of the region, translates into low growth rates and the bleak outlook exacerbated by the current sanitary crisis.

Multiple factors can explain the challenges to improving productivity levels. However, some are key. To elucidate this debate, we developed an index, based on the rankings applied by organizations such as the World Economic Forum, the World Bank and Transparency International. We compute the size of the barrier that separate each country from the frontier in eight categories: (i) technology available, (ii) political stability, (iii) perception of corruption, (iv) human capital, (v) infrastructure, (vi) tax burden, (vii) trade openness, and (viii) wage's rigidity (see Appendix Table A.2 for a description of each indicator). Our measure of each of these eight indicators ranges from 0 (worst in the global ranking) to 100 (best in the global ranking), where 0 indicates that the specific factors is not a barrier to productivity (relative to other countries), and 100 the opposite. To expand upon the barriers as a whole, we present a productivity's barriers index consisting of the average of the eight indicators.

An analysis of the expected pace of recovery of LAC countries shows that countries with the greatest barriers to productivity are projected to take longer to reach pre-pandemic economic activity levels (see Figure 3). It is worth noticing that, on average, there are no difference between southern (South America) and northern (Mexico, Central America, and the Caribbean) sub-regions, neither in terms of the projected years to return to pre-COVID economic activity nor the average competitiveness barriers ranking.

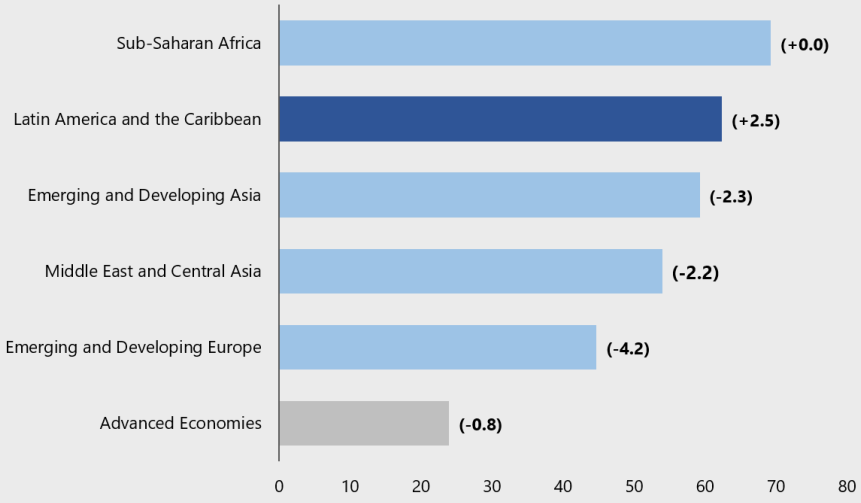
The index of barriers to productivity for each region is presented in Figure 4, which positioned LAC as the second worst, only above Sub-Saharan Africa and a little worse than the average of emerging and developing countries. Moreover, LAC is the only region that increases its barriers to productivity over the last five years. Given that, LAC nations have a clear and pending agenda to improve all of them: the first agenda to urgently assume.

In Table 1 we present each barrier for LAC in the perspective of other emerging regions and the Advanced Economies. The comparison clearly shows that the region has big obstacles to reduce in order to enhance productive.

The high perception of corruption has been a permanent problem for the region. In particular, Mexico, Central America, and the Caribbean registered the worst scores according to our index. This leads to a weakening of political stability, another category wherein the region performs poorly. Social unrest has been a constant in the last years in almost all LAC countries. Thus, with setbacks in recent years in almost all the

Figure 4. Productivity's Barriers Index

0 = the best, 100 = the worst. Index change over the last five years in parentheses



Source: World Economic Forum, World Bank and Transparency International.

Note: See Appendix Table A.2 for individual cases in LAC.

Table 1. Productivity's Barriers Index, by Region

0 = the best, 100 = the worst

Region	Index	Technology Available[a]	Political Stability[b]	Perception of Corruption[c]	Human Capital[a]	Infrastructure[a]	Tax Burden[d]	Trade Openness[a]	Wage's Rigidity[a]
Sub-Saharan Africa	**69.2**	80.8	64.8	66.9	63.8	84.6	63.2	73.4	56.2
Latin America and the Caribbean	**62.3**	**59.6**	**58.3**	**64.4**	**59.1**	**61.8**	**75.0**	**60.2**	**60.3**
Emerging and Developing Asia	**59.2**	55.1	60.6	68.7	47.8	58.7	62.5	66.9	53.4
Middle East and Central Asia	**53.9**	52.6	68.5	59.8	54.3	50.5	45.8	63.2	36.6
Emerging and Developing Europe	**44.7**	39.8	49.2	54.6	62.0	38.0	42.4	26.7	44.8
Advanced Economies	**23.9**	19.3	21.9	17.1	21.7	17.4	26.6	20.2	47.5

Source: (a) World Economic Forum (2019), (b) Worldwide Governance Indicators - World Bank (2019), (c) Transparency International (2020), (d) Doing Business – World Bank (2020).

Note: See Appendix Table A.2 for individual cases in LAC.

nations, political stability and the perception of corruption are still, and more than ever, a problem to address.

The high tax burden —the taxes and mandatory contributions that a medium-size company must pay in a given year as well as measures of the administrative burden of paying taxes and contributions and complying with post filing procedures— is one of the two indicators in which the region ranks as the worst, well below other emerging regions (even in individual analyses of South America, Mexico, Central America, or the Caribbean). This factor clearly affects the incentives to invest in the region.

Only Sub-Saharan Africa trails behind LAC in terms of infrastructure (including quality and efficiency of each way of transport and electricity supply quality), a long-standing problem for our region. In the short term, inversion in infrastructure may boost the recovery from the pandemic and, in the long term, it could increase the productivity of other economic sectors. According to the Inter-American Development Bank (2021), LAC countries should invest 2%-3% of GDP more every year in infrastructure, a goal that requires both private (e.g., institutional investors) and public efforts (e.g., expenditure switching from current to capital spending).[3]

Beyond clear heterogeneity among countries, trade openness is still a high barrier for the region, with some countries ranking among the worst in the world. The lack of trade agreements prevents local firms to grow beyond borders. Moreover, protectionism reduces firms' incentive to innovate and improve productivity.

Wage rigidity is another indicator where LAC ranks as the worst region. Labor market regulation should ensure workers' rights and, at the same time, should be open and flexible to encompass the current acceleration of technology investment by firms. However, given the size of this barrier to productivity compared with the remaining emerging regions and the Advanced Economies, reality shows that deal with wage rigidity still represents a big challenge in LAC.

Weak productivity can also be explained by how the region invested in human capital. Thus far, serious concerns exist about the quality of education in LAC with no significant changes in recent years for both sub-regions, but particularly for Mexico, Central America, and the Caribbean. Significant improvements in the quality of education are critical, not only to boost productivity but also to increase the meager social mobility, a historical problem for LAC.

Current technological innovations generated the most productive additions to the capital stock. Since the region's productivity remains concentrated in labor-intensive activities, the delay is obvious. But if the region lags relatively in the incorporation of productivity-enhancing, available technologies the delay is even greater. Nevertheless, these sectors are in general more malleable, which means that it is easier to reallocate labor than capital, and this is an unprecedented opportunity. The pandemic has boosted the region in this context. Although technological improvement generally contributes to productivity growth, it also creates social drawback of technological unemployment.

The unemployment dilemma

COVID-19 has been detrimental for the job market, that suffered tremendous shocks both, by the contraction in economic activity and the need to rapidly incorporate technology into processes. These trends have a profound impact on the social sphere.

Even prior to the pandemic, and despite several efforts to combat poverty, 25% of the population was already in a state of vulnerability (i.e., even if faced with moderate negative shocks to their income, they would move into poverty). As such, a shock of this magnitude has a major impact on the population, which may even be exacerbated if containment measures are maintained and there are no supportive measures to help counteract the decline in income.[4]

When compared to other regions, LAC was among the top three regions with highest headcount ratios at the international $1.90/day poverty line.[5] Projections by the Economic Commission for Latin America and the Caribbean (ECLAC) indicate that the poverty rate in LAC was expected to reach 34% by the end of 2020, a total of 209 million people and 22 million more than in 2019. Such a high rate has not been seen since 2008, therefore representing a 12-year setback in this context.[6] Given the percentage increase of the population living in poverty, job losses and inability to generate a steady income, the future panorama is discouraging.

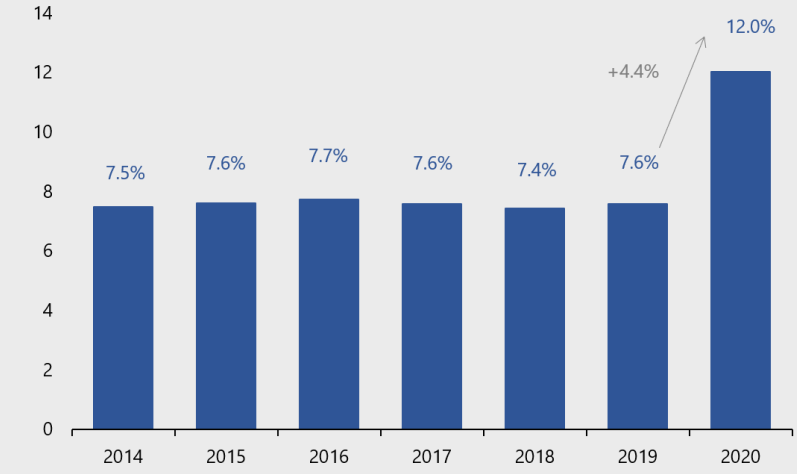
As Figure 5 suggests, LAC's pre-pandemic labor outlook was far from positive. The unemployment rate remained unchanged at relatively high levels for the five years before the health crisis.

This situation corresponds to both the economic stagnation of the last six years and the technological revolution in the labor market. In 2018, the OCDE estimated that 14% of jobs in member countries were at risk of being automatized, while other 32% could face changes in execution.[7] Following a different approach, The University of Oxford estimated significantly higher proportions of jobs under risk of automation.[8] Under both methodologies, the percentage of jobs at risks of extinction tend to rise in countries with more informal jobs and population with lower educational levels.[9]

The pandemic exacerbated the existing, discouraging panorama. The average unemployment rate in LAC increased by 4.4 percentage points relative to pre-COVID levels, meaning that more that 12 out of a 100 people in the labor force do not find a job. In 2020, based on worldwide data, employment decreased by 9% compared to the last quarter of 2019, four times more than in the 2008

Figure 5. Unemployment in Latin America and the Caribbean

%, region average



Source: national data.

Note: For 2020 the average does not include Barbados, El Salvador, Guatemala, Honduras, Nicaragua and Trinidad and Tobago. See Appendix Table A.4 for individual cases in LAC.

crisis. The second quarter showed bigger variation (i.e., 18%, which equals to 525 million full-time jobs).[10] According to the International Labor Organization annual Labor Overview for LAC, the current crisis left our region with more than 30 million job seekers.[11]

All the previous data reflects companies' need to stop activities to lower interpersonal contact, reinvent themselves, and incentivize remote working, thus accelerating automation of people´s jobs. The Future of Jobs survey 2020, carried out by the World Economic Forum, gathers insights regarding the changing nature of work from the largest companies, worldwide. Survey results shows that 84% of the employers surveyed, have accelerated the digitization of work processes, 50% have automated tasks and 13% and 28% have claimed to permanently or temporarily reduce their workforce, respectively.

Consequentially, even though it is possible to return to pre-pandemic growth levels, it won't be with the same number of jobs. The share of machines performing certain tasks is increasing and displacing humans. World Economic Forum estimates for 2025 suggest that more than 60% of tasks related to information and data processing will be done by machines. Moreover, based on the same survey, in 2015 it is also expected for 43% of the companies to reduce their current workforce due to technological integration or automation.[12] Jobs heavy in task repetition face maximum reduction, such as data entry clerks, administrative and executive secretaries or assembly and factory workers. People employed in such jobs will have to reinvent and train themselves to meet new demands, characterized by jobs that require creative thinking and innovation, active learning and learning strategies, complex problem solving, critical thinking and analysis, creativity, leadership and social influence, among others. The share of workers with risk of unemployment due to these changes varies among different industries. Accommodation and food services are most vulnerable to automation, with 47% of their workers at risk, followed by Construction, Education, Transportation and Wholesale and Retail Trade with 15% at risk, whereas the industries of Utilities and Agriculture just a 2% and 3% of the workers, respectively, face employment risks.[13]

At the same time, the distribution of employment in 2020 is one reason why inequality has worsened in LAC. Due to the cessation of public services and the types of jobs held by poor people, they had to choose between going to work or childcare. Furthermore, students from these homes, found it difficult to continue education due to poor connectivity and access to technological resources.[14] Informal workers, women, migrants, African Americans and indigenous people have been seriously affected by as they generally have jobs less possibilities for following social distance measures, making inequality gaps even wider.[15] Considering that informal workers represent almost 60% of total workers in LAC, this is significantly worse.[16]

In addition, for people who have entered the labor market for the first time, the persistent unemployment can lead to losses in their lifetime income due to lack of experience and depreciation of abilities. In particular, women have been disproportionally affected by COVID-19 crisis. According to World Bank, there are two main reasons for this gender bias.[17] First, a larger share of women works in sectors directly hit by social distancing and stay-at-home orders, such as retail and personal services. Second, women are likely to shoulder a greater share of responsibilities at home —in particular, across LAC countries with more traditional social norms.

The the World Economic Forum estimates that, for 2025, automation will have created more jobs compared to the ones that will have had taken (97 and 85 million respectively). Be that as it may, the timing is critical: the displacing with machines is faster than the creation. Therefore, in the short term, there will be an important number of people with high risk to stay unemployed for a considerable time. A quick solution to help these people to train and adapt their abilities in order to meet the needs of the labor market has to be found. And the governments have the burden of the responsibility.

Governments also have the responsibility to help relieve the economic and social hardships endured by the population during the pandemic. Currently, basic income transfers (BIT) are among the most controversial schemes. This program consists of monetary transfers to households with no savings, to help reduce chronic or shock-induced poverty, provide a social protection net and address both social risk, and economic vulnerability. The success of an unconditional subsidy is based on the confidence of individual freedom wherein people choose how to allocate their time appropriately while receiving the temporary allowance. International evidence suggests that these programs imply that cash transfers without conditions may be helpful in terms of wellness, depression, stress and improve trust in personal skills.[18]

In Latin America, Maricá (Rio de Janeiro, Brazil) is the home of one of the largest BIT programs. Due to the pandemic, each person receives 58 dollars.[19] Despite the fact that this program has some special requirements associated with the household income and neighborhood, the focus is on monetary transfer without conditions. Given that children are one of the most vulnerable groups, ECLAC proposes BIT as the solution to the social crises facing the region. UNICEF also advocates for this initiative to universalize social protection.[20]

This financial aid should not only be focused on providing a net for the most vulnerable workers, but it is also an opportunity to help mitigate the effects of automation. It could help reduce technological unemployment. Indeed, an experiment in Stockton, California (in which participants received a USD 500 monthly transfer) showed that their emotional

Table 2. Fiscal Situation Before and After COVID-19

% of GDP

Region	Expenditure			Overall Balance			Gross Debt		
	2019	2020	Difference (pp)	2019	2020	Difference (pp)	2019	2020	Difference (pp)
Advanced Economies	40.3	48.3	8.0	-0.1	-8.7	-8.6	68.2	81.7	13.5
Emerging and developing Europe	39.8	44.8	5.0	-1.8	-8.2	-6.4	45.6	56.6	11.0
Emerging and developing Asia	24.4	26.2	1.9	-3.3	-7.8	-4.5	46.6	55.4	8.8
Middle East and Central Asia	30.8	34.3	3.5	-2.3	-8.0	-5.7	51.5	59.6	8.1
Sub-Saharan Africa	24.3	27.1	2.8	-3.9	-7.7	-3.8	55.9	63.9	8.0
Latin America and the Caribbean	**26.4**	**27.2**	**0.7**	**-2.3**	**-6.3**	**-4.0**	**54.7**	**62.2**	**7.6**

Source: International Monetary Fund (IMF) – Fiscal Monitor, Federal Reserve of Economic Data (FRED), national data.

Note: "pp" refers to percentage points. The data was taken from IMF and for Latin America and The Caribbean was taken from official sources of each country. However, due to the availability of data, Venezuela was excluded of the three categories and the countries which were not available in IMF were taken from FRED. For Expenditure and Overall Balance: Albania, Bahrain, Barbados, Bolivia, Bulgaria, Burundi, Colombia, Dominican Republic, Georgia, Jamaica, Jordan, Mauritania, Mauritius, Nicaragua, Serbia, Tunisia and Taiwan. In addition to that list, only for Expenditure were also added: Brazil, Honduras and Panama. For Gross Debt: Albania, Bahrain, Barbados, Bulgaria, Burundi, Chile, Costa Rica, Dominican Republic, Georgia, Haiti, Honduras, Jamaica, Mongolia, Mauritius, Nicaragua, Paraguay and Serbia. The unit for the FRED's countries was Percent of Fiscal Year GDP for Latin America and The Caribbean countries, and Percent GDP for the rest of the countries. Data from 2020 is a FRED's forecast. See Appendix Table A.3 for individual cases in LAC.

welfare increased, along with the possibility of completing training that enables them to get full time jobs.[21] This kind of schemes can be adapted to target those risking loss of employment due to automation.

The BIT in Finland was implemented similarly, as a program that replaces the classic unemployment insurance for a basic income without conditions for the unemployed. This initiative was implemented between 2017 and 2018¬, and consisted of monthly cash payments of USD 650.[22] The results of this program showed that the beneficiaries worked more than those just receiving the classic unemployment insurance. Also, as mentioned, the beneficiaries showed improvements in terms of wellness and stress.[23] These programs should not be seen as a way to mitigate unemployment, but as an integral policy that considers problems related to wellness, income inequality and labor reconversion.

But, can LAC economies afford BIT programs? The fiscal situation and debt sustainability play a key role to respond to the social crisis. As shown in Table 2, significant fiscal efforts to mitigate the effects of the pandemic were observed all over the world during 2020.

However, the spending amount differs by region. In fact, advanced economies spent the most, increasing their public expenditure by 8% of GDP, while LAC and other emerging and developing countries have increased their public expenditure by 2% and 3% of GDP, respectively. This shows the limitations of emerging regions in terms of creating programs and policies to mitigate the effects of the crisis. Indeed, a large number of emerging economies are not able to increase their fiscal expenditure due to an already high fiscal deficit and a significant indebtedness. Therefore, the big challenge for LAC countries is a better use of the same resources.

A complete reengineering social expenditure would be needed to mitigate the impact of the pandemic coupled with automation trends. This is the core of the second agenda of reforms for the region.

Prior to COVID-19, public social expenditure in 2019 accounted for 13% of GDP for LAC countries. These percentages correspond to social programs and transfers targeted to help the most vulnerable people, with measures such as food tickets, cash for poor families according to the number of children, etc. Although these programs helped poor people during the pandemic, alternative measures had to be taken to make ends meet.

It is a mistake to envisage a BIT program exclusively as an emergency subsidy to sectors most affected by the pandemic, such as those linked to self-employment, with partial coverage of social security. A BIT could also be a subsidy designed to help people who lost their jobs, but have accumulated work experience in automatable tasks and are still far from retiring. The subsidy for work reinvention should clearly establish the terms of validity and be focused on a well-defined group of people with outdated work skills or at high risk of being displaced by automation. Thus defined, this transfer could be a possible alternative to the renewal of unemployment insurance and other welfare transfer already in place.

Final remarks

The post pandemic situation imposes a twofold agenda of reforms for the region: i) reforms to enhance productivity and ii) social policies reforms to address long-term technological unemployment.

All the reforms included in the agenda are very complex to implement. Not only the proposed reforms come hand-in-hand with a deep ideological discussion, but also they affect statu-quo private interests.

The challenges are great and must be managed carefully to maintain social peace. It's everyone's responsibility in a region characterized by multiple and permanent episodes of social unrest. Therefore, the first order of business for the region should be to rethink social policies in the light of the big challenge it faces. Current trends in the labor market require an in-depth analysis of all possible support for people who are disenfranchised. Support for work reinvention could have a greater impact than current programs such as traditional unemployment insurances.

The region is also entering a pivotal year in politics (see Appendix Table A.5). While reeling from the pandemic's devastating impact, several nations in LAC are holding elections in 2021: April 11th in Ecuador (runoff elections) and Peru (general election), May 15-16th in Chile (Constitutional Convention election), September 19th in Haiti (parliamentary election), October 24th in Argentina (legislative election), November 7th in Nicaragua (general election), November 21st in Chile (general election) and November 28th in Honduras (general election). Brazil will hold presidential elections next year. Most of these elections are presidential, hence the potential for change in this hemisphere's political map. Currently, 55% of LAC countries that represent 59% of GDP and 62% of the population are led by governments of center to right ideology, whereas the remaining 45% of the governments that represents 41% of GDP and 38% of the population defend a center-to-left ideology. COVID-19 is already creating changes and the upcoming elections could also have significant consequences for the region, affecting the implementation's likelihood of reforms.

The future of the region deeply depends on the ability of the current and new governments to implement the required dual agenda of reforms to enhance economic growth and social sustainability. The task is complex but feasible, and this year it is critical to forge ahead.

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Notes

[1] COVID-19 Government Response Stringency Index compares the strictness of countries' lockdown policy responses to the coronavirus pandemic. It assigns ratings across nine policy areas, including school closures, workplace closures, and travel bans. It varies from 0 (loosest) to 100 (strictest).
[2] Venezuela is excluded for comparative analyses between LAC sub regions.
[3] See Inter-American Development Bank (2021).
[4] See Filgueira et al. (2020) for more details.
[5] Own elaboration based on PovCal Net data and considers 120 countries from which Cambodia, India, Barbados, Venezuela, Bahrain, Kuwait, Oman, Qatar, Saudi Arabia, Hong Kong SAR, New Zealand and Singapore are excluded.
[6] See Economic Commission for Latin America and the Caribbean (2021).
[7] See Organization for Economic Co-operation and Development (2018) for details.
[8] See Frey and Osborne (2017) for details.
[9] See Belapatiño et al. (2019).
[10] See International Labor Organization (2020a).
[11] See International Labor Organization (2020b).
[12] See World Economic Forum (October 2020).
[13] See Brussevich et al. (2020) for details.
[14] The Economist (2020).
[15] See Economic Commission for Latin America and the Caribbean (2021).
[16] See Organization for Economic Co-operation and Development (2020).
[17] See World Bank (2021) for more details.
[18] The Economist (2020).
[19] See Marica Basic Income website.
[20] See Rubio & Escaroz (2020) for details.
[21] See The Economist (2021a).
[22] See BBC (2020).
[23] See The Economist (2021b).

Definitions

- Emerging and Developing Countries:
  - Latin American and the Caribbean: Argentina, Barbados, Bolivia, Brazil, Chile, Colombia, Costa Rica, Dominican Republic, Ecuador, El Salvador, Guatemala, Haiti, Honduras, Jamaica, Mexico, Nicaragua, Panama, Paraguay, Peru, Trinidad and Tobago, Uruguay, Venezuela.
  - Emerging and Developing Asia: Bangladesh, Cambodia, China, India, Indonesia, Lao P.D.R., Malaysia, Moldova, Mongolia, Nepal, Philippines, Sri Lanka, Thailand, Vietnam.
  - Emerging and Developing Europe: Albania, Bulgaria, Croatia, Hungary, Poland, Romania, Russia, Serbia, Turkey, Ukraine.
  - Middle East and Central Asia: Algeria, Azerbaijan, Bahrain, Egypt, Georgia, Islamic Republic of Iran, Jordan, Kazakhstan, Kuwait, Kyrgyz Republic, Mauritania, Morocco, Oman, Pakistan, Qatar, Saudi Arabia, Tajikistan, Tunisia, United Arab Emirates, Yemen.
  - Sub-Saharan Africa: Angola, Botswana, Burkina Faso, Burundi, Cabo Verde, Cameroon, Chad, Côte d'Ivoire, Ethiopia, Gabon, Ghana, Guinea, Kenya, Lesotho, Madagascar, Malawi, Mali, Mauritius, Mozambique, Namibia, Nigeria, Rwanda, Senegal, Seychelles, South Africa, Tanzania, The Gambia, Uganda, Zambia, Zimbabwe.

- Advanced Economies:
  - Australia, Austria, Belgium, Canada, Cyprus, Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hong Kong SAR, Iceland, Ireland, Israel, Italy, Japan, Korea, Latvia, Lithuania, Luxembourg, Malta, Netherlands, New Zealand, Norway, Portugal, Singapore, Slovak Republic, Slovenia, Spain, Sweden, Switzerland, Taiwan Province of China, United Kingdom, United States.

Appendix

Table A.1. The Economy Before and After COVID-19

Country	Pre-COVID Real GDP Growth (Average 2017-2019)	Gap 2021 (pre versus Post COVID-19)	Lockdown Stringency Index (Average 2020)
Argentina	-0.6%	-4.8%	76
Barbados	-0.1%	-16.0%	48
Bolivia	3.5%	-9.5%	83
Brazil	1.5%	-4.8%	62
Chile	2.0%	-6.0%	78
Colombia	2.4%	-8.9%	67
Costa Rica	2.8%	-7.3%	60
Dominican Republic	5.6%	-10.9%	76
Ecuador	1.2%	-7.2%	63
El Salvador	2.4%	-8.9%	68
Guatemala	3.4%	-4.2%	68
Haiti	0.8%	-5.3%	50
Honduras	3.7%	-10.4%	86
Jamaica	1.2%	-11.3%	67
Mexico	1.4%	-6.7%	68
Nicaragua	-1.1%	-1.9%	14
Panama	4.1%	-17.4%	67
Paraguay	2.8%	-4.9%	67
Peru	2.8%	-10.5%	81
Trinidad and Tobago	-1.4%	-9.4%	65
Uruguay	0.8%	-7.8%	48
Venezuela	-23.4%	-26.3%	81
LAC	0.7%	-9.0%	66
South	1.8%	-7.2%	69
North	1.9%	-9.1%	61

Source: International Monetary Fund (IMF) - World Economic Outlook (WEO), Oxford University - Blavatnik School of Government.

Note: "Gap 2021" refers to real GDP percentage change from pre-pandemic projections. For each country, the Lockdown Stringency Index period considered starts the first day with 'lockdown style' policies, which approximates the beginning of the pandemic. LAC is the average of Latin America and the Caribbean countries; South is the average of Argentina, Bolivia, Brazil, Chile, Colombia, Ecuador, Paraguay, Peru, Uruguay (excludes Venezuela); North is the average of Barbados, Costa Rica, Dominican Republic, El Salvador, Guatemala, Haiti, Honduras, Jamaica, Mexico, Nicaragua, Panama, Trinidad and Tobago.

Table A.2. Productivity's Barriers Index, by country

0 = the best, 100 = the worst

Country	Technology Available[a]	Political Stability[b]	Perception of Corruption[c]	Human Capital[a]	Infrastructure[a]	Tax Burden[d]	Trade Openness[a]	Wage's Rigidity[a]	Index
Argentina	49.2	54.6	50.0	23.5	50.8	91.5	87.7	97.7	**63.1**
Barbados	17.4	14.6	21.5	44.7	70.0	58.5	95.4	55.3	**47.2**
Bolivia	57.6	76.9	76.9	64.4	72.3	99.2	70.0	90.9	**76.0**
Brazil	48.5	75.4	62.3	68.2	57.7	98.5	90.0	85.6	**73.3**
Chile	41.7	42.3	19.2	35.6	32.3	51.5	34.6	4.5	**32.7**
Colombia	62.1	85.4	57.7	57.6	60.0	79.2	54.6	47.7	**63.0**
Costa Rica	45.5	36.2	30.0	38.6	46.9	44.6	36.9	74.2	**44.1**
Dominican Republic	56.8	50.0	85.4	60.6	58.5	80.8	56.2	68.2	**64.6**
Ecuador	65.9	57.7	56.9	54.5	46.2	80.0	83.1	64.4	**63.6**
El Salvador	75.0	55.4	66.9	79.5	64.6	46.2	43.1	25.8	**57.1**
Guatemala	78.8	74.6	90.8	72.7	73.8	59.2	37.7	39.4	**65.9**
Haiti	96.2	81.1	98.5	86.4	100.0	66.7	56.8	43.9	**78.7**
Honduras	88.6	71.5	95.4	76.5	71.5	90.8	40.0	78.8	**76.6**
Jamaica	66.7	37.7	46.2	50.0	62.3	69.2	73.1	36.4	**55.2**
Mexico	53.0	80.8	77.7	62.9	41.5	67.7	46.9	34.8	**58.2**
Nicaragua	81.8	89.2	96.9	82.6	75.4	88.5	39.2	84.1	**79.7**
Panama	61.4	40.0	70.8	62.1	44.6	94.6	45.4	72.7	**61.5**
Paraguay	69.7	50.8	86.2	75.0	66.2	70.0	62.3	46.2	**65.8**
Peru	68.9	56.2	60.0	58.3	63.8	66.9	25.4	17.4	**52.1**
Trinidad and Tobago	43.9	49.2	53.1	53.8	68.5	86.9	88.5	68.9	**64.1**
Uruguay	10.6	8.5	16.2	43.9	48.5	60.0	68.5	100.0	**44.5**
Venezuela	71.2	93.9	99.2	48.5	84.1	99.5	89.4	90.2	**84.5**
LAC	59.6	58.3	64.4	59.1	61.8	75.0	60.2	60.3	**62.3**
South	52.7	56.4	53.9	53.4	55.3	77.4	64.0	61.6	**59.4**
North	63.8	56.7	69.4	64.2	64.8	71.1	54.9	56.9	**62.7**

Source: (a) World Economic Forum (2019), (b) Worldwide Governance Indicators - World Bank (2019), (c) Transparency International (2020), (d) Doing Business – World Bank (2020).

Note: The Productivity's Barriers Index consist of the average of the eight indicators, described as follows. Technology Available: Composed by mobile-cellular telephone subscriptions, internet users, fibre internet subscriptions, fixed-broadband internet subscriptions and mobile-broadband subscriptions. Political Stability: Perceptions of the likelihood of political instability and/or politically-motivated violence, including terrorism. Perception of Corruption: Average of different sources that provide perceptions of businesspeople and country experts of the level on corruption in the public sector. Human Capital: Average score of the following two Executive Opinion Survey questions: "In your country, to what extent do graduating students from secondary education possess the skills needed by businesses?" and "In your country, to what extent do graduating students from university possess the skills needed by businesses?" Infrastructure: Composed by road connectivity, quality of road infrastructure, efficiency of each way of transport and electricity supply quality. Tax Burden: The taxes and mandatory contributions that a medium- size company must pay in a given year as well as measures of the administrative burden of paying taxes and contributions and complying with post filing procedures. Trade Openness: The average of effectively applied rates weighted by the product import shares corresponding to each partner country. Wage's Rigidity: Answer to the question: In your country, how are wages generally set? LAC is the average of Latin America and the Caribbean countries; South is the average of Argentina, Bolivia, Brazil, Chile, Colombia, Ecuador, Paraguay, Peru, Uruguay (excludes Venezuela); North is the average of Barbados, Costa Rica, Dominican Republic, El Salvador, Guatemala, Haiti, Honduras, Jamaica, Mexico, Nicaragua, Panama, Trinidad and Tobago.

Table A.3. Fiscal Situation in Latin America and the Caribbean

% of GDP, by country

Country	Expenditure			Overall Balance			Gross Debt		
	2019	2020	Difference (pp)	2019	2020	Difference (pp)	2019	2020	Difference (pp)
Argentina	32.4	40.1	7.7	-3.6	-9.4	-5.8	72.7	86.0	13.3
Barbados	27.7	28.1	0.4	2.1	-3.2	-5.3	118.7	134.1	15.4
Bolivia	45.4	35.8	-9.6	-7.3	-8.6	-1.3	40.8	54.2	13.4
Brazil	47.3	37.7	-9.6	-6.4	-10.1	-3.7	89.5	101.4	11.9
Chile	24.5	24.7	0.2	-2.0	-4.7	-2.7	27.9	32.8	4.9
Colombia	31.8	27.4	-4.3	-1.8	-9.5	-7.7	43.8	41.6	-2.2
Costa Rica	21.7	22.2	0.5	-7.0	-8.4	-1.4	58.4	70.1	11.7
Dominican Republic	15.2	17.1	1.8	-0.8	-7.8	-7.0	53.8	68.8	15.0
Ecuador	36.1	32.9	-3.2	-2.8	-4.6	-1.8	52.5	57.2	4.7
El Salvador	24.9	30.9	6.0	-1.8	-8.6	-6.8	52.0	59.9	8.8
Guatemala	14.6	17.1	2.5	-2.4	-5.4	-3.0	27.0	30.9	3.9
Haiti	12.5	18.4	6.0	-0.3	-4.7	-4.4	47.7	54.4	6.7
Honduras	32	27.3	-4.7	-1.1	-3.6	-2.5	44.8	46.0	1.1
Jamaica	29.6	28.6	-1.0	1.4	0.4	-1.0	93.9	101.3	7.5
Mexico	23.9	26.4	2.5	-1.7	-3.0	-1.3	53.7	65.5	11.8
Nicaragua	19.5	27.5	8.1	0.3	-4.3	-4.5	42.1	48.3	6.1
Panama	21.5	25.1	3.5	-3.2	-8.9	-5.7	42.4	55.6	13.1
Paraguay	13.7	15.4	1.7	-2.8	-5.9	-3.1	26.1	35.5	9.3
Peru	20.1	25.8	5.8	-0.2	-7.6	-7.3	25.9	31.0	5.1
Trinidad and Tobago	27.4	28.6	1.3	-2.9	-9.5	-6.6	57.4	63.3	5.9
Uruguay	33.7	33.7	0.0	-4.6	-6.0	-1.3	66.1	69.5	3.4
LAC	26.4	27.2	0.7	-2.3	-6.3	-4.0	54.1	62.2	8.1
South	31.7	30.4	-1.3	-3.5	-7.4	-3.9	49.5	56.6	7.1
North	22.5	24.8	2.2	-1.4	-5.6	-4.1	57.7	66.5	8.8

Source: Federal Reserve of Economic Data (FRED, national data).

Note: "pp" refers to percentage points. The data was taken from official sources of the countries. However, due to the availability of Expenditure and Overall Balance data for 2020 the following countries were taken from the FRED's forecast: Barbados, Bolivia, Colombia, Dominican Republic, Jamaica and Nicaragua. In addition to that list, for Expenditure were also added: Brazil, Honduras and Panama. Gross Debt country data was taken from FRED, which includes the following countries: Barbados, Chile, Costa Rica, Dominican Republic, Haiti, Honduras, Jamaica, Nicaragua and Paraguay. The unit for the FRED's countries was Percent of Fiscal Year GDP. Data from 2020 is a FRED's forecast. LAC is the average of Latin America and the Caribbean countries; South is the average of Argentina, Bolivia, Brazil, Chile, Colombia, Ecuador, Paraguay, Peru, Uruguay (excludes Venezuela); North is the average of Barbados, Costa Rica, Dominican Republic, El Salvador, Guatemala, Haiti, Honduras, Jamaica, Mexico, Nicaragua, Panama, Trinidad and Tobago.

Table A.4. Unemployment in Latin America and the Caribbean

%, by country

Country	2014	2019	Difference 2014-2019 (pp)	2020*	Difference 2019-2020 (pp)
Argentina	7.3	9.8	2.6	11.5	1.7
Barbados	12.3	10.1	-2.2		
Bolivia	4.0	4.8	0.8	8.4	3.6
Brazil	6.8	11.9	5.2	13.2	1.3
Chile	6.4	7.2	0.8	10.6	3.4
Colombia	9.1	10.5	1.4	16.2	5.7
Costa Rica	9.6	11.8	2.1	19.6	7.9
Dominican Republic	14.9	10.8	-4.1	15.0	4.2
Ecuador	5.5	5.6	0.1	10.5	4.9
El Salvador	7.0	6.3	-0.7		
Guatemala	2.9	2.0	-0.9		
Haiti	14.0	13.5	-0.5	14.5	1.0
Honduras	5.3	5.7	0.4		
Jamaica	13.8	7.6	-6.1	10.2	2.6
Mexico	4.8	3.5	-1.3	4.4	0.9
Nicaragua	6.6	6.1	-0.4		
Panama	5.1	7.4	2.4	18.5	11.1
Paraguay	6.0	5.7	-0.3	7.2	1.5
Peru	5.9	6.6	0.6	13.6	7.0
Trinidad and Tobago	3.3	4.2	0.9		
Uruguay	6.6	8.9	2.3	10.4	1.5
Venezuela	7.3	6.8	-0.5	8.8**	2.0
LAC	7.5	7.6	0.1	12.0	4.4
South	6.4	7.9	1.5	11.3	3.4
North	8.3	7.4	-0.9	13.7	6.3

Source: national data.

*Annual average. **Last data available.

Note: LAC is the average of Latin America and the Caribbean countries; South is the average of Argentina, Bolivia, Brazil, Chile, Colombia, Ecuador, Paraguay, Peru, Uruguay (excludes Venezuela); North is the average of Barbados, Costa Rica, Dominican Republic, El Salvador, Guatemala, Haiti, Honduras, Jamaica, Mexico, Nicaragua, Panama, Trinidad and Tobago.

Table A.5. Governments and Presidential Election Schedules in Latin American and the Caribbean

Country	GDP (U$S, billions, 2019)	Population (millions, 2019)	Last Election	Head of Government	Ideology	Next Election
Ecuador	107.4	17.3	19-Feb-17 (FR), 2-Apr-17 (SR)	Lenín Moreno	C. to R.	7-Feb-21 (FR), 11-Apr-21 (SR)
Peru	230.7	33.2	10-Apr-16 (FR), 5-Jun-16 (SR)	Francisco Sagasti	C. to R.	11-Apr-21 (FR), 6-Jun-21 (SR)
Haiti	8.7	11.3	20-Nov-16	Jovenel Moïse	C. to R.	19-Sep-21 (FR), 21-Nov-21 (SR)
Nicaragua	12.5	6.5	6-Nov-16	Daniel Ortega	C. to L.	7-Nov-21
Chile	282.3	19.1	19-Nov-17 (FR), 17-Dec-17 (SR)	Sebastián Piñera	C. to R.	21-Nov-21 (FR), 19-Dec-21 (SR)
Honduras	24.9	9.8	26-Nov-17	Juan Orlando Hernández	C. to R.	28-Nov-21
Costa Rica	62.1	5.1	4-Feb-18 (FR), 1-Apr-18 (SR)	Carlos Alvarado	C. to L.	6-Feb-22 (FR), 3-Apr-22 (SR)
Colombia	323.6	50.4	27-May-18 (FR), 17-Jun-18 (SR)	Iván Duque	C. to R.	29-May-22 (FR), 19-Jun-22 (SR)
Brazil	1839.1	210.1	7-Oct-18 (FR), 28-Oct-18 (SR)	Jair Bolsonaro	C. to R.	Oct-22
Paraguay	37.4	7.2	22-Apr-18	Mario Abdo Benítez	C. to R.	Apr-23
Barbados	5.2	0.3	24-May-18	Mia Mottley	C. to L.	May-23
Guatemala	76.7	17.6	16-Jun-19 (FR), 11-Aug-19 (SR)	Alejandro Giammattei	C. to R.	Jun-23 (FR), Aug-23 (SR)
Argentina	444.5	44.9	27-Oct-19	Alberto Fernández	C. to L.	Oct-23
El Salvador	27.0	6.5	3-Feb-19	Nayib Bukele	C. to R.	Feb-24
Panama	66.8	4.2	5-May-19	Laurentino Cortizo	C. to L.	1-May-24
Dominican Republic	89.0	10.4	5-Jul-20	Luis Abinader	C. to L.	May-24
Venezuela	64.0	27.8	20-May-18	Nicolás Maduro	C. to L.	May-24
Mexico	1258.2	127.6	1-Jul-18	Andrés Manuel López Obrador	C. to L.	1-Jul-24
Uruguay	56.7	3.5	27-Oct-19 (FR), 24-Nov-19 (SR)	Luis Lacalle Pou	C. to R.	27-Oct-24 (FR), 24-Nov-24 (SR)
Jamaica	15.9	2.7	3-Sep-20	Andrew Holness	C. to R.	17-Jul-25
Bolivia	41.2	11.6	18-Oct-20	Luis Arce	C. to L.	2025
Trinidad and Tobago	24.1	1.4	10-Aug-20	Keith Rowley	C. to L.	2025

Source: International Monetary Fund (IMF) - World Economic Outlook (WEO), Compilation by Centro de Estudios de la Realidad Económica y Social (CERES)

Note: "FR" refers to first round and "SR" to second round; "C. to R." refers to center to right and "C. to L.", painted in gray, to center to left .