Here Not Death but the Future Is Frightening: The Twenty-Eighth Newsletter (2020).



Luis Peñalver Collazo (Cuba), *America Latina, Unete!* 1960.

Dear Friends,

Greetings from the desk of the **Tricontinental: Institute for Social Research**.

The International Monetary Fund (IMF) has released its June 2020 **update**. The prognosis is bleak. Global growth for 2020 is projected at -4.9%, 1.9% below the IMF's forecast from April. 'The COVID-19 pandemic has had a more negative impact on activity in the first half of 2020 than anticipated', acknowledges the IMF. Forecasts for 2021 are somewhat optimistic, sitting at 5.4%, which is higher than the 3.4% the IMF predicted in January 2020. 'The adverse impact on low-income households is particularly acute', says the IMF. Poverty reduction is effectively off the agenda. The World Bank's recent report takes a dim view, with 2020 growth forecast at -5.2%, predicting the deepest global recession in eight decades. The World Bank's expectation of growth for 2021 is at 4.2%, lower than the IMF's 5.4% prediction.

This is the season of annual reports, and each one of them seems to be more depressing than the other. The IMF had earlier **called** the world economic situation the 'Great Lockdown'; now, in, their new report, the Bank of International Settlements **calls** it a 'global sudden stop'. Either way, they indicate the convulsion of large parts of the world economy. The World Trade Organization (WTO) had predicted a 32% decline in global trade volume, but it **now** seems to have only fallen by 3% (global commercial flights decreased by 74% from January to mid-April and have since risen by 58% as of mid-June, while container port traffic has recovered in June as compared to May). 'It could have been much worse', **says** WTO Director-General Roberto Azevêdo.



Dikó, Cacri Photos (Venezuela), *Chess in the time of COVID*, Caracas, 2020.

The International Labour Organisation cannot be as glib; the situation is as bad as predicted, or even worse. In a concept **note** for a conference in early July on COVID-19 and the world of work, the ILO says that the pandemic has resulted in the loss of at least 305 million jobs, with the impact slowly but surely striking the Americas. This is a conservative figure; a more radical number is that half of working-age people are without adequate income. The ILO writes that, in terms of work, the virus 'has hit the most disadvantaged and vulnerable in the hardest and cruellest way, so exposing the devastating consequences of inequalities'.

Two billion workers are in the informal economy (six out of ten working people); of them, the ILO report notes, 1.6 billion 'face an imminent threat to their livelihoods as average income in the informal economy shrank by 60% in the first month of the pandemic. That has brought a dramatic increase in poverty, and the warning from the World Food Programme in April that the next pandemic could be a pandemic of hunger', a topic we have approached in our twentieth **newsletter** of this year.



Carlos Fiengo (Bolivia), Shoppers at the market pay to be disinfected. Rodríguez Market, La Paz, Bolivia, 2020.

The unequal negative impact of the coronavirus recession needs to be foregrounded. In a recent interview, managing director of the IMF Kristalina Georgieva **said** that a 3.2% contraction of the economies in Africa

would be 'the heaviest hit on Africa at least since the 1970s'. South Africa's economy had already begun to contract before the pandemic and is now in dire straits; Minister of Finance Tito Mboweni said that it would likely contract by more than 7.2% in 2020, the country's most significant downturn in a hundred years. As an antidote, Mboweni has chosen the path of austerity, which – economist Duma Gqubule **writes** in *New Frame* – 'will result in collapsing public services and rising levels of unemployment, poverty, and inequality that will turn the country into an economic wasteland'.

Faced with pressure from the IMF and from international creditors, Ghana's Finance Minister Ken Ofori-Atta said that while the rich countries were being permitted to grow debt to stimulate the economy, countries like Ghana were being told to stick to the rules, make their debt servicing payments, and drive an austerity agenda. 'You really feel like shouting: "I can't breathe"', Ofori-Atta **said**, deliberately echoing the last words of George Floyd.

Debt cancellation, such a fundamental issue for our time, is simply not on the agenda. In fact, the US Department of the Treasury has made it clear to the IMF that even the issuance of $1 trillion in special drawing rights (SDRs) to provide funds to cash-starved states hit by the coronavirus recession would not be possible. The US Treasury has also made it clear that debt relief is a private-sector matter that should be left to the creditors. No wonder that Ofori-Atta used the highly charged expression *I can't breathe* to indicate the suffocation of the economies and people in the Global South.



Carlos Fiengo (Bolivia), Herb and spice vendor, La Paz, Bolivia, 2020.

Carlos Felipe Jaramillo, the Colombian economist and recently appointed World Bank Vice President for the Latin America and the Caribbean, said that the region would likely lose twenty years of advances in poverty alleviation, with at least an additional 53 million people being driven into poverty. Latin America, he **said**, faces 'its worst crisis since [modern] record-keeping began, at least 120 years or so ago'.

What Jaramillo says here is amplified with clarity by a new **dossier** from Tricontinental: Institute for Social Research: *Latin America Under CoronaShock*. This dossier, prepared by our offices in Buenos Aires (Argentina) and São Paulo (Brazil), offers a comprehensive analysis of the health, social, and economic crises in the region. Drawing on data from the UN's Economic Commission for Latin America and the Caribbean, the dossier shows that unemployment, poverty, and hunger will escalate out of control in the region. The IMF has **said** that Latin America might recover a growth rate of 3.7% in 2021, but even this is premised upon the stabilisation of the pandemic and the return of higher commodity prices, neither of which are on the horizon.

Crucial to our dossier is the idea that any policy framework that is on the table now is merely repackaged neoliberalism (as is evident in Jaramillo's insistence on Latin America's need to 'foster innovation and entrepreneurship and competition to address low productivity', when the problem is an employment and hunger crisis of a magnitude that goes beyond Jaramillo's empty verbiage and that is in fact largely a result of the kind of policies that he proposes).

In a previous **study** (*Nuestra América bajo la expansión de la pandemia*, 22 June), our office in Buenos Aires pointed out that the economic contraction that is taking place in Latin America cannot be reversed without a better monetary policy (rather than through cycles of devaluation) and the cancellation of debt (which in Argentina approaches 100% of the GDP). Despite the crisis revealed by the pandemic, political forces that are wedded to the religion of neoliberalism continue to read from its catechism: austerity, sound money, deregulated capital markets, balanced budgets, privatisation, and liberalised trade. For this reason, our dossier argues, governments in the region remain trapped within a neoliberal policy framework, which gives priority to 'protecting the economy before protecting the people'.

To protect the economy is another way of saying to protect the idea of private property. There are hungry people, and there is food, and yet the food is not delivered to the hungry because they do not have money and because food is treated as a commodity rather than a right. Governments prefer to use social wealth to hire military and police forces to keep the people away from the food, a sure sign that the system has a desiccated soul. Our dossier, although based on material from Latin America, raises deep questions about the exhaustion of the global capitalist system in a time of great human suffering; neither neofascist nor neoliberal governments, which uphold the capitalist logic of property over human needs, are capable of managing the scale of the human catastrophe that they in part created.

https://www.thetricontinental.org/wp-content/uploads/2020/07/20200701_Making-of_EN.mp4

In collaboration with the International Week of Anti-Imperialist Struggle, Tricontinental: Institute for Social Research is holding a poster competition. In the first round, artists produced posters to depict their interpretation of **capitalism**. We have now called upon artists to produce new posters around the theme of **neoliberalism**. Our definition of neoliberalism is simple: *The rich respond to a capitalist crisis by refusing to pay taxes and by forcing the State to adjust its policies to benefit them. Meanwhile, States decrease welfare spending, sell public assets, slash regulations on trade and finance, and sell off the commons – such as water and air – to the corporations*. We ask artists to visually depict this concept and submit their work to posters@antiimperialistweek.org by 16 July. This is the concept whose policy framework itches to deepen its hold on the fractured societies of Latin America.

The pandemic and its impact: the Brasil de Fato interview, 2020 (in English with Portuguese subtitles)

Recently, the Brazilian media portal *Brasil de Fato* interviewed me about the Tricontinental: Institute for Social Research **studies** on CoronaShock and on the post-COVID-19 landscape. In the interview, I summarise the work of our Institute, especially of the impact of the pandemic on the developing world.

Wellington Lenon (Brazil), The MST organises the donation of fifty tons of food in the interior of Paraná, Brazil, April 2020.

It is impossible to imagine that the miserable situation now will not be overturned by the capacity of human beings to find ways to gather together and transform our reality. This is not something theoretical. Already our popular movements are forging ways to provide relief and to push for alternative futures. The rot exposed by the pandemic augurs a future that is frightening. That is, unless we decide to take it into our hands to shape the world that we want to live in.

Warmly,

Vijay.