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Colombia

Petro's Triumph and the limitations of "late progressivism"

- IV Online magazine - 2022 - IV571 - August 2022 -

Publication date: Friday 5 August 2022

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On Sunday, June 19, Gustavo Petro was elected President of the Republic in the second round of the presidential election. Colombia has a population of 50 million people and an eligible voting population of just over 39 million. Petro obtained 11,281,001 votes and the right-wing coalition candidate Rodolfo Hernández, 10,580,412, raising the percentage of voters to 58%, one of the highest figures in the country's electoral history.

A great explosion of popular joy

Petro had obtained 8,527,768, increasing his votes by 2.7 million in relation to those obtained in the first round, of which 1,000,000 were obtained in the cities, half in Bogotá, and the rest mainly on both the Pacific and Caribbean coasts. In the most depressed and abandoned areas of the country, Pacto Histórico or Historic Pact, the movement led by Gustavo Petro, won. The poor and middle-class neighbourhoods of the cities voted similarly. In Cali, the city in which last year's "social outbreak" had the greatest impact, the mark of the rebellion appeared in the votes of the communes that had the greatest degree of confrontation and experienced the unpunished deployment of state terror that cost dozens of dead.

The electoral results by department confirm a socio-territorial map which includes inequalities in income that have been repeated since the 2016 plebiscite. Effectively, in the departments won by the Historic Pact, which total 40.37% of the national population and include a 29.04% share of GDP, the percentage of the vote was 66.35% to 31.88% whilst in the departments won by Rodolfo Hernández which total 44.27% of the population and have a GDP share of 44.91%, the vote was 62.19% to 35.51%.

As soon as the electoral result was known, popular jubilation exploded. Thousands of people poured into the streets and squares of all cities to celebrate victory, while videos of people sharing that same euphoria for the "historic change" circulated in the most remote places in the country. Starting at night in the Movistar Arena, a theater located in the northwest of Bogotá, thousands of voters and members of the Historic Pact gathered to applaud the presence on stage of Gustavo Petro and Francia Márquez. [\[1\]](#)

The leading role of Francia Márquez should be highlighted. She is the first woman of African background to become Vice-President and she was the electoral phenomenon of the "inter-party consultation" held on March 13 with close to 800,000 votes, the third in a long list of candidates who were running on that occasion. She comes from the Pacific coastal territories where mining extractivism recurrently displaces communities. That vote expressed the popular sectors' rejection of patriarchy and racism and made possible the emergence into public life of the so-called "ethnic minorities" in a country in which the tradition of the colonial "ethos" has destined the "exercise of government" to a small circle of white men of high social status who even share family ties ("Oligarchic Republic" is how a well-known historian of the 20th century came to characterise it).

In the middle of Petro's speech, the mother of Dilan Cruz, appeared on stage. Dilan Cruz, was an 18-year-old teenager who was murdered in the center of Bogotá by one of the members of the ESMAD (Mobile Anti-riot Squads) of the National Police, during the November 2019 mobilisations. This murder still remains unpunished. She raised her son's portrait and took the microphone asking for justice for him and for all the victims of state terror. It was an acknowledgement of so much pain accumulated by relatives of the victims throughout decades of murders, torture and disappearances that continue without, however, the faces of those responsible appearing. In short, it was confirmation, both in that auditorium and in the streets, that the outrage at the "current state of affairs" had taken the

form of a political triumph. Indignation at the increase in poverty, at the millions of young unemployed people and women who wander without a certain future and who participated in the recent "social explosion" facing state terror and open repression, to the millions of displaced people, to the relatives of those killed by the Covid-19 pandemic which has confirmed the negligence of a government that abandoned them to their own fate while giving public money free of charge to big business.

Meanwhile, political analysts and journalists from the international media denounced the arrival of a "progressive" to the Presidency of a country where the elites have been unconditionally subordinate to the United States, handing over military bases on their territory and accepting direct military interference during the execution of Plan Colombia to cite the most recent cases, an abject diplomacy which can be traced from the beginning of the 20th century with the surrender of Panama.

Economic Policy Designed to "calm the markets"

On that same stage, Petro announced the central purposes of his government, purposes far removed from this popular sentiment. The first of them, he affirmed, is to "develop capitalism", because this signifies the development of the productive forces and makes the end of the "feudal residues" and manors that survive in our unequal geography possible. This thesis, originating in the foreign policy of the former Soviet Union in the 1930s, and which accompanied the emergence of communist parties in Latin America, is part of the programmatic heritage of the majority of the Colombian left. Petro comes from another tradition, that of the M-19, a nationalist-oriented urban guerrilla group.

This thesis leaves aside the historical crisis of capitalism synthesised in the contemporary combination of economic, food and environmental crises and the guarded forecast for the future of the human species engendered by a type of accumulation of wealth that consolidates itself whilst destroying nature.

It also leaves aside the current crisis of capitalism expressed in the concentration of wealth, the suffering of millions of human beings condemned to hunger, the precarity of work and unemployment. Likewise, it ignores the difficulties that the form of capital accumulation in the neoliberal period, one which produced an unusual expansion of fictitious capital, poses to the financial elites in the current situation, in which the international economy is heading towards one of the worst crises in history.

It also ignores the current international division of labour which, organised by transnational companies through value production and supply chains, allows them to control the bulk of investment and distribution of wealth to the point that in the current environment of international trade, most of the exchanges are carried out between these companies; therefore, such "national capitalism" is impossible. [2]

In an interview Petro gave to the magazine *Cambio* a few days after his electoral victory, he further specified this characterisation with well worn arguments, presenting capitalism as the "great trigger of the productive forces of a society" as if that development, given the demands of capitalist accumulation, has not produced a brutal destruction of nature that threatens the very survival of the human species. [3] He also promised the development of "a democratic, regulated capitalism, with respect for the environment and the dignity of human labour", as if a peripheral country could transgress financial deregulation, the backbone of profits for transnational groups since the 1980s, when "productivity gains" fell and as if wages in a peripheral country could be programmed outside of investors demands for profits.

It should be added that the economic options of the elected president include acceptance of neoliberal institutionality. The first element that confirms this characterisation is the recognition of the 1991 Constitution, in which the M-19 had already had a leading role drafting, as a "map" of its political project along with the insistence that the constitution makes neoliberal regulations official in the country on key issues such as the internationalisation of the "market economy", the privatisation of public services, the inclusion of health and education in the catalogue of "transnational services", the consolidation of a technocracy associated with international technocracy that defines development plans and fiscal policy as well as guarantees of payment to portfolio investors.

Furthermore, that constitution is not just neoliberal: it is monetarist. It made official a type of Central Bank in line with financial deregulation whose main function is to guarantee low levels of inflation, which today has serious consequences. Indeed, the generalised inflation that the world economy is experiencing at the moment has forced the central banks, coordinated by the Bank for International Settlements (BIS), towards a contractionary policy expressed in the rise in interest rates contrary to what they have done in recent years. In Colombia, the Banco de la República has just raised the reference interest rate to 7.5%, the highest in the entire history of that body. [4]

In a country with high rates of unemployment, informal work and poverty, and inflation in the price of food exceeding 20%, this policy of contracting demand will exacerbate the deterioration of the population's living conditions. In addition, the problem is not limited to the internal level, as the rise in interest rates by the FED in the United States has precipitated capital flight, dragging the dollar higher along with greater difficulties in the external debt that reached US\$101,557 million in March of this year with a year-on-year growth of 14% and greater difficulties in international trade.

Additionally, Petro accepted the demands of the International Monetary Fund for this period. In an interview published by the newspaper El Tiempo on May 14, he acknowledged that he had committed to that credit institution "to reduce the fiscal deficit". [5] This declaration has precedents and refers to demands that are not limited only to the reduction of the fiscal deficit, which currently amounts to 6.8% of GDP (the increase in public debt, which went from 36% to 57% of GDP between January 2019 and the same month of 2022 being relevant) but to preserve IMF economic policies.

Indeed, a few days before the declaration of the then candidate, the head of the IMF mission for Colombia, Hamid Faruquee, acknowledged that they had approved "a new two-year agreement with Colombia within the framework of the Flexible Credit Line (FCL) programme for US\$ 9,800 million dollars", since all the candidates who presented themselves in the first round agreed on "political commitments in the sense that there would be a policy of continuity, of maintaining solid policy frameworks". [6]

The FCL constitutes an IMF financing programme created after the 2008 financial crisis. Its purpose is to facilitate access to resources from that organisation to those countries that it considers have stable regulatory support and macroeconomic guidelines. In principle, the credits of this programme are not accompanied by the requirements to carry out "structural reforms", although they include the supervision of economic policies that do not put the Fund's resources at risk:

In September 2020, the then government requested an amount of US\$17.2 billion within the guidelines of the FCL, asking for an advance of US\$5.3 billion. "In the framework of the IMF programme, Colombia has committed to an ambitious fiscal adjustment programme in the coming years. Between 2021 and 2023 the country must achieve a combination of revenue increases and spending cuts of 7.4% of the Gross Domestic Product (GDP). If there were a "post-Covid-19 Austerity World Cup", the country would occupy a place of honour globally. The fiscal goals put Colombia as having the fifth largest fiscal adjustment programme among the 81 countries that have received credits from the IMF in 2020...". [7]

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It was on the basis of this commitment that in April 2021 the then Minister of Finance, Alberto Carrasquilla, presented to Congress a tax reform proposal that sought to collect \$26 billion (2.5% of GDP) while maintaining the "pro-rich" bias of the previous policies. Mainly punishing the middle classes and the poor, it precipitated the social explosion that ended up preventing the passing of this legislation and precipitating the departure of Minister Carrasquilla. At the same time, two of the risk rating agencies that operate in the country, Fitch Ratings and Standard & Poor's Global Ratings, removed Colombia's investment grade.

At that time the Duque government imposed a less ambitious tax reform of \$15 billion (1.5% of GDP) and undertook to defer the amount of insolvent debt to 2022-2025, which was established as a (mandatory) fiscal rule in a new budgetary law. Mauricio Cárdenas, who was Minister of Finance during Santos' second term, commented on this rule:

"In just a brief paragraph, the ceiling on the fiscal deficit is defined, and will be forced on the government in office on August 7, 2022. The law establishes that as of 2026, a mechanism will operate based on the level of debt. But, between 2022 and 2025, the peremptory numbers indicated in that transitory paragraph will govern. The next government—regardless of the campaign promises and the results at the polls—will have to limit the deficit to what is set there (...) According to the paragraph, the deficit will have to drop to 3% of GDP on average in 2024 and 2025. This means an adjustment of 7 points of GDP, almost 80 billion pesos today in the next three years. Where will the money come from? Who will have the ability to make this adjustment? ...". [8]

Accounting for projections of tax revenues due to the temporary rise in oil prices and those of the supplementary tax reform, the new fiscal rule requires that by the end of 2023 the fiscal deficit decrease by 2 points of GDP (from -5.6 to -3.6 points) which will condition governance, social policy and macroeconomic decisions. As usually happens in these cases, the official IMF statements announcing this type of agreement include the macroeconomic perspectives:

"Colombia has very solid economic fundamentals and policy frameworks anchored in a credible inflation targeting regime, a strong medium-term fiscal rule, a flexible exchange rate, and effective financial sector supervision and regulation. The authorities are firmly committed to maintaining very sound macroeconomic policies. There is also a broad consensus on the need to preserve the great strength of economic policy frameworks...". [9]

The risk rating agencies (Fitch and Standard & Poor's) have also declared that they await the official result, with a reduction in the public deficit and with an approved parliamentary process in order to modify the negative investment grade rating at the end of the current year.

In order to sign these commitments, it was necessary to choose a personality from the world of the economic technocracy for the position of Minister of Finance. A person who can carry out the adoption of a large-scale tax reform, one which also has the resources to be able to execute social spending. The person chosen to fulfill this objective was José Antonio Ocampo, an outstanding economist and historian, recognised in the country and in the region, who was Executive Director of ECLAC in the period 1998-2003 and Assistant Secretary General of the Department of Economic Affairs and United Nations (2003-2007) and proposed by Joseph Stiglitz as a candidate to lead the World Bank in 2013. [10] He was Minister of Agriculture in the government of Cesar Gaviria and Minister of Finance in the government of Ernesto Samper during the 1990s and co-director of the Banco de la República in the period 2017-2019. Once his appointment was made official and asked about the upcoming tax reform, Ocampo declared, "Social spending has to increase, but by complying with the fiscal rule". [11] Then came the "tranquility in the markets", the appointment applauded by all the economic groups and the doors to sectoral negotiations opened.

Likewise, Ocampo has clarified that the projected amount to be achieved with this new tax reform is \$50 billion (5% of GDP), which will be obtained mainly with the increase in the income tax of individuals with a higher wealth index, including the "upper middle class", that segment of the population that earns an income of US\$2,500 per month and

that, according to official statistics, represents 10% of the population. This tax orientation is supported by recent OECD reports according to which, Colombia is the OECD country that has the lowest taxation on individual incomes despite a high concentration of wealth. [12]

The reform would include a review of the exemptions for companies and "all of it complemented by a wealth tax that also seeks to achieve greater equity." In the case of rural land ownership, we would see the implementation of the "multipurpose cadastre" increasing land revenues the collection of which has been prevented by the political weight of landowners and ranchers.

Environmental message to the dominant countries: "You pollute and we have to deal with the Amazon"

In the same victory speech and on the same stage at Movistar Arena on June 19, Petro ratified another of the "strategic lines" of his government, on which he had insisted in the campaign, which is to join the international campaigns in favour of the decontamination of the planet linking these with inequalities in responsibility, much greater in the case of the dominant countries, for environmental damage. "You pollute and we have to deal with the Amazon" he affirmed and called on "progressive governments" of the region to coordinate activities from this perspective.

COP 21, the "Conference of the Parties to the United Nations Framework Convention on Climate Change", held in 2015 in Paris in which 195 countries and "non-state actors" committed to reducing greenhouse gas emissions (GHG), mainly those associated with carbon dioxide, has been ratified at other summits, the last one in Glasgow in November last year. Beyond the discussion about non-compliance with these agreements, which has been recurrent, it is important to highlight the fact that they opened a segment in the capital market, that of the "green markets", an important area of the "financialisation of nature".

The financial investment institutions in charge of supplying this market segment are the green or sustainable funds "that integrate their portfolio based on environmental, social and corporate governance (ESG) criteria".

The definition of environmental services as far as it includes a wide spectrum of actions towards the "environment", is codified in international standards and the payment of the same supports these financial assets. [13] One of these assets is "carbon credits". "A carbon bond becomes a Certificate of Reduced Emissions (CRE) and, therefore, a CRE is equivalent to one tonne of CO₂ that is not emitted into the atmosphere. Carbon credits can be sold to countries in Annex I of the Kyoto Protocol, that is, to all industrialised countries".

Given that there are large natural carbon sinks in the Amazon and that part of Colombian territory includes that jungle region, the country has signed protocols for the decontamination of 51% of carbon for the year 2030 in which preventing jungle deforestation and recovering the part that has been converted into grassland constitutes one of the key elements to fulfill the protocols. [14] The Duque government has been making institutional adaptations in this perspective and in line with the Uribe tradition, it designed coordinated military action zones under "Operation Artemisa" with the justification of "stopping deforestation in the country, recovering the humid forest tropical and prosecuting those who are behind the felling and burning of forests".

It has also opened the offer of green businesses in the Amazon to large international investors. In March of this year, the president himself flew over Chiribiquete park with Jeff Bezos, the owner of Amazon, to show him the environmental programmes promoted by the National Government and the progress in the fight against climate change. The Chiribiquete park is the largest protected area in the country and was declared by UNESCO as a

natural and cultural heritage of humanity. (...) In addition, it has 62 types of ecosystems that provide benefits related to climate regulation, water supply, air purification and carbon storage...". [15]

The form of integration of the ethnic and peasant communities chosen to carry out projects oriented towards the "green economy" in the territories should be highlighted. REDD+ ("Reduction of Emissions from Avoided Deforestation and Degradation), a programme defined within the agreements of the United Nations Framework Convention on Climate Change" is an example of this. It is a programme that "grants compensation from the countries of the North that have commitments to reduce emissions in the Kyoto Protocol to the countries of the South to keep their forests standing. REDD became REDD+ by adding conservation, sustainable forest management and increased carbon stocks as functions to mitigate climate change. It is intended that these certificates can enter the secondary markets and can be sold and bought as many times as necessary, even in speculative markets. (...)

REDD+ is an instrument to stimulate and grow carbon markets. These markets exist even without REDD+ and are backgrounded in the privatisation of what is a common good – air. Seeming like science fiction, industrialised countries are buying the capacity of these forests to capture carbon from the countries of the South through purchase-sale contracts. That is, they are buying and selling air. (...) One of the greatest risks that REDD+ entails is the breakdown of the governability of the territories that participate in the Programme, as it implies the entry of actors alien to the life of the forest communities, such as officials of multilateral institutions, international conservation organisations, investors and companies, and environmental managers or consultants. In addition, in order to comply with carbon sequestration commitments and to know and measure their stocks, REDD+ involves a greater presence of the different levels of government...". [16] Resistance to these policies on an international scale by organised peasant and indigenous movements and environmental associations has been continuous and expressed in various ways. Prior to the summit and on the streets of Glasgow itself, activists spoke out against instruments such as carbon credits and the "financialisation of nature". We quote the relevant sections of one of them:

- "These deliberate business strategies distract attention from the urgent and undeniable need to eliminate fossil fuel emissions;
- They cover up the responsibility of large companies and elites for their carbon emissions, as well as the responsibility of governments to regulate them; and
- They deepen the financialisation of nature, reducing the incredible diversity of our planet's forests, grasslands and wetlands to marketable carbon and triggering a new and massive appropriation of resources from Indigenous Peoples, peasants and local communities, mainly in the global South.
- Forests, land, ecosystems are much more than the carbon stored in them. They are living, breathing ecosystems, cultural and spiritual sites, sources of life for millions of people around the planet. (...)
- But offsetting emissions does not actually reduce atmospheric concentrations of carbon dioxide (CO2). At best they do not lead to a net increase in atmospheric concentrations.

All the same, global emissions, and thus CO2 concentrations, continue to rise at a lethal rate...". [17]

Contrary to these anti-systemic claims, in one of the sections on the Amazon of the programme of the presidential campaign "Gustavo Petro for Presidente", one can read:

"We will make maximum use of carbon credits with the guarantee of recovery of the Amazon rainforest to its natural

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border. Concessions will be created for peasant families currently residing in the Amazon, who will be able to produce sustainably with the condition of recovering the forest in the grasslands. Rural communities will be linked to the rehabilitation, conservation and sustainable management of forests through the payment of environmental services ...". [18]

Translated by David Fagan for *International Viewpoint* from [Punto de Vista Internacional](#).

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[1] Vice president-elect Francia Elena Márquez Mina (born 1 December 1981) is a Colombian human-rights and environmental activist and lawyer.

[2] This data has been accepted by the UNCTAD since 2013, "[El 80% del comercio tiene lugar en las «cadenas de valor» vinculadas a las empresas transnacionales](#)".

[3] *Revista Cambio*, 25 June 2022 "[Petro, si nos aislamos nos tumban](#)".

[4] The Banco de la República raised interest rates by 150 basis points, reaching 7.5%. This is the highest increase in the institution's history. For this decision, the Bank took into account the high annual inflation rate that reached levels of 9.23% in April and 9.07% in May" (our underscoring) "[Banco de la República incrementa tasa de interés a 7,5 %](#)".

[5] *El Tiempo*, 14 May 2022 "[Gustavo Petro: Yo me comprometí ante el FMI a reducir el déficit fiscal](#)".

[6] *El Espectador*, 4 May 2022 "[Garantías políticas en elecciones permiten renovación de crédito del FMI a Colombia](#)".

[7] Daniel Munévar, 20 de Diciembre del 2020, "[Colombia : El FMI ha llegado para quedarse en Colombia: austeridad post-Covid 19](#)".

[8] Mauricio Cárdenas, *El Tiempo*, 6 August 2021, "[La Cuadratura del círculo](#)".

[9] Press Release 22/135, "[The Executive Board of the IMF approves a new two-year agreement in favour of Colombia for USD 9.8 billion under the Flexible Credit Line](#)".

[10] Statement by the senior director of Fitch Ratings, Richard Francis and of Manuel Orozco Escudero, director principal analyst of Standard & Poor's Global Ratings, on La W-Radio, 21 June, [here](#).

[11] *Revista Cambio*, "[El Gasto social tiene que aumentar pero cumpliendo con la regla fiscal](#)".

[12] "Dian records show that 51% of the gross income declared by individuals is concentrated in the highest income decile, decile 10, and not only that, the income of the richest one per cent is 294 times greater than the income of the lowest income earners, those in decile 1; and the income of the richest one per thousand is thirteen hundred (1300) times greater than that of decile 1...." Libreros & Espitia; "Reforma Tributaria", que pasa con la deuda pública?", periódico de la Universidad Nacional, 21 April 2021.

[13] The Ministry of the Environment of Colombia, using conventional criteria, defines them as "the economic incentive recognised by those interested in environmental services to owners or possessors for actions of preservation and restoration in strategic areas and ecosystems, through the execution of voluntary agreements (..) The MA classifies ecosystem services into four (4) categories: provisioning services, such as

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food, water, wood and genetic resources; regulation services, such as climate regulation, natural disasters and water purification; support services [here](#).

[14] The countries that share Amazon territory have formed the "Amazon Cooperation Treaty Organization -OTCA-" (Bolivia, Brazil, Colombia, Ecuador, Guyana, Peru, Suriname and Venezuela) in which they have made environmental commitments within this same perspective.

[15] *La República*, Friday 4 March 2022, "[Fundador de Amazon puso su atención en Chiribiquete y apoyará metas ambientales](#)."

[16] "REDD+ y los territorios indígenas y campesinos ", Centro de Estudios para el Campo Mexicano (CECCAM) , México, August 2012.

[17] "En Busca de Unicornios de Carbono", Amigos de la Tierra Internacional, La Vía Campesina, Indigenous Environment Network, Corporate Accountability, Asian Peoples, Movement on Debt and Development, Third World Network, Corporate Accountability, Asian People, Movement on Debt and Development, Third World Network, GrassRoots Global Justice Alliance, Climate Justice Alliance Justicia Ambiental. [here](#).

[18] Programa-Territorios-Amazonía, "[Pacto Histórico](#)".