



BUSINESS

# For Colombia's New Leader, Winning Was the Easy Part

Analysis by Clara Ferreira Marques | Bloomberg  
June 22, 2022 at 12:06 p.m. EDT

Comment Gift Article Share

Colombia has just become the latest nation in Latin America to break with its political past. Frustrated by decades of unresolved inequality and discontent, voters put not one but two anti-establishment candidates in Sunday's second round — and then backed Gustavo Petro, guerrilla turned senator, to become the country's first leftist leader. His running mate, environmental activist Francia Marquez, will become the first Black vice president, putting race, class and rural poverty on the agenda in a country that has long preferred to focus elsewhere.

The trouble is that it's one thing for opposition candidates to draw disgruntled Colombians to the ballot box — and turnout was higher than it has been in years — but it will be quite another to govern this fractured nation when public finances are fragile, democratic institutions bruised and the country divided. A glance at the post-electoral vicissitudes of youthful leftist Gabriel Boric in Chile or rural school teacher-turned-politician Pedro Castillo in Peru, with his revolving cabinets, suggests only one path: The president-elect needs to build bridges fast to push through even a portion of his ambitious social and green agenda. After a post-results speech full of aspirational promises, his cabinet choices and legislative plans must show signs of pragmatism as well as greater inclusion.

The problems he faces run deep. Colombia, like Chile further south, has long been a neoliberal success story — but progress has not been equally distributed, and these failures, particularly high levels of informality in the workforce and paltry social provision, became even more obvious during the pandemic as the middle class shrank and families tumbled into poverty. Anger overflowed last year after a bungled tax reform led to widespread protests, policed so brutally that dozens were left dead. The fruits of the 2016 peace agreement that demobilized the Revolutionary Armed Forces of Colombia have also proved elusive, as outgoing President Ivan Duque focused on modifying the deal, not on implementing the accord or the rural development promises that underpinned it.

MOST READ BUSINESS >



1 This inflation-proof bond is paying 9.62%. Here's how to buy it.

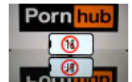
2 The unintended consequences of the \$178 billion bailout to keep hospitals and doctors afloat



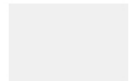
3 What a pause in the gas tax would mean for prices at the pump



4 Top executives quit Pornhub's parent company amid more controversy



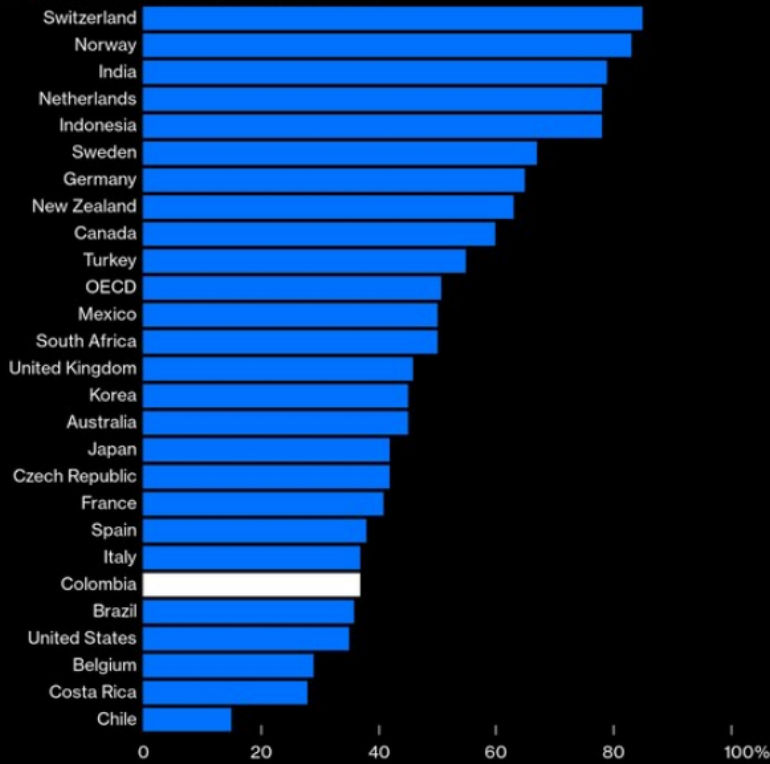
5 Formula shortage adds to financial crunch for farmworker families



## Votes of No Confidence

As with other nations who have backed anti-system candidates, Colombians have little trust in public institutions

■ % of citizens who trust government in 2020



Source: OECD, World Gallup Poll

BloombergOpinion

Colombia is, as a result, more polarized than ever. Though Petro garnered more than 50% of the vote to beat construction magnate Rodolfo Hernandez, he faces strong antipathy in a country where the left is associated with armed insurgency, and where his past enthusiasm for Venezuela's late leader Hugo Chavez rattles. His support was concentrated along the coast, in the south and in the capital Bogota, where he was mayor. Hernandez's spectacular rise from relative obscurity says plenty about the strength of both anti-incumbent and anti-Petro sentiment.

To have any hope of succeeding in the face of global inflation and other hard-to-control headwinds, Petro must inject a dose of realism into an electoral program that verges on the naive. Protectionism won't solve any of Colombia's problems. His tax changes will struggle to meet spending promises that include wider pensions coverage and state jobs for those without work, even as unemployment is running at about 11%. He is right to focus on the energy transition, but how exactly will he fill the revenue hole left by hydrocarbons, once new exploration is halted and energy outfit **Ecopetrol** turned into a wind and solar producer? Crude is still Colombia's biggest export, and sudden shifts can give investor confidence a nasty knock. Assets tumbled after markets re-opened on Tuesday following the election. Talk of bypassing the normal workings of government by declaring an "economic emergency," meanwhile, is both short-sighted and alarming

TOP STORIES



## The Download

Stay up to date on the news from Silicon Valley, and how to take back control of your data and devices.

NASA finally fuels moon rocket, but first launch remains a question



Justice Department and Meta settle landmark housing discrimination...



Elizabeth Holmes's Theranos partner faces the end of his trial



Try a different topic

Sign in or create a free account to save your preferences

## MOST READ



1 Alone in Washington, Rusty Bowers tells world what happened in Arizona

2 Ron Johnson's spin about Trump's fake electors scheme is a bad joke



3 This inflation-proof bond is paying 9.62%. Here's how to buy it.



4 Lawmakers on Jan. 6 committee ramp up their security as threats increase

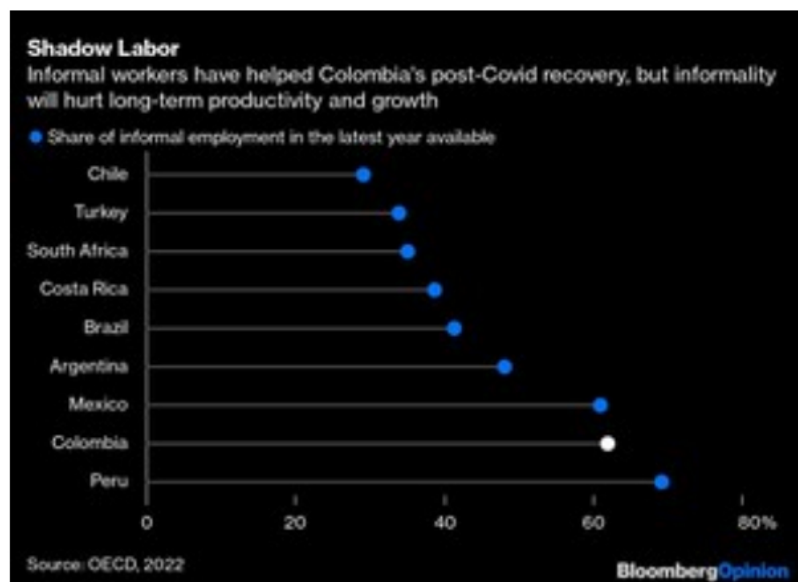


5 4 lessons from Trump's pressure campaign on election officials



for an already vulnerable democracy that few trust.

To tackle Colombia's socioeconomic problems for the long term — making the tax system more progressive and efficient, say, improving productivity or managing the diversification away from oil and gas with sagacity — he should swiftly confirm as finance minister either moderate Jose Antonio Ocampo, leading economist and former minister of finance and agriculture whom he has named as a potential pick, or an alternative from a floated list of respected candidates, soothing investors. He must simultaneously build up support in the legislature, where his party has only a minority. His efforts to widen the base in the run-up to Sunday's vote are encouraging, as is his plan for a "grand national pact" — but details are sparse.



When confronted with the realities of government, leftwing leaders in Latin America have in fact been reasonably austere and, importantly, allowed central banks to do their job, William Jackson at Capital Economics points out. Even so, as Jackson notes, the risk of deepening polarization and rising debt is easy to see.

Gimena Sanchez-Garzoli at the Washington Office on Latin America describes a dangerous combination of institutions battered by Covid and the Duque administration and a population unwilling to patiently wait for change. The government is fragile, the peace accord is not consolidated and there were already mass protests last year.

To assess the risks that come with excessively high expectations (and poor ministerial choices), Petro needs only to look to Chile, where Boric's approval rating has sunk to barely 33%, though he was elected at the end of last year with a larger-than-expected margin — the most abrupt fall in Chile for decades. For what happens without a wide support base, he can look to Peru, where Castillo has survived impeachment attempts and named more than 50 ministers in less than a year in power.

a year in power.

Petro has momentum and, potentially, international support in a suddenly more left-leaning region. He could revitalize an economy in need of diversification and fiscal reform. But success is distant, and opposition strong — though his adversaries may want to consider that this is far less a victory of the left than a defeat of an establishment that brought national growth, but no progress. That anger isn't about to go away.

More From Bloomberg Opinion:

- Populism Isn't the Answer to Colombia's Problems: Editorial
- Mexico's Democracy Is Crumbling Under AMLO: Shannon O'Neill
- A Bolsonaro Pardon Is Ugly Pre-Election Omen: Clara Ferreira Marques

This column does not necessarily reflect the opinion of the editorial board or Bloomberg LP and its owners.

Clara Ferreira Marques is a Bloomberg Opinion columnist and editorial board member covering foreign affairs and climate. Previously, she worked for Reuters in Hong Kong, Singapore, India, the U.K., Italy and Russia.

More stories like this are available on [bloomberg.com/opinion](https://www.bloomberg.com/opinion)

©2022 Bloomberg L.P.

0 Comments

Gift Article

Sign in to join the conversation

---

---

---