

Colombia and the Coalition of the *Pacto Histórico:* From Extractivism to a Productive Economy?

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| IN SHORT

EN

- The new Colombian president Gustavo Petro pushes for a transition from an extractivist to a productive economy.
- He needs to address the country's enormous inequalities to achieve long-term peace.
- Agrarian reform and tax reform are urgent and part of the government's plan.
- Mining will continue to be a strategic economic sector and a potential source of social conflicts that can weaken the action of the new government if a dialogue with the affected groups is not established.
- With the new commodity boom coming up, the groups within the government coalition need to negotiate their differences and unite.

DE

- Der neue Präsident Kolumbiens Gustavo Petro drängt auf einen Übergang von einer extraktiven zu einer produktiven Ökonomie.
- Um Frieden zu schaffen, muss er die enormen Ungleichheiten im Land beseitigen.
- Die dringendsten Reformen sind eine Agrar- und eine Steuerreform.
- Der Bergbau wird weiterhin ein strategischer Sektor und eine potenzielle Quelle sozialer Konflikte sein, die das Handeln der neuen Regierung schwächen können, wenn kein Dialog mit den betroffenen Parteien zustande kommt.
- Angesichts des bevorstehenden Rohstoffbooms müssen die beiden Fraktionen der Regierungskoalition ihre Differenzen aushandeln und sich zusammenschließen.

FR

- Le nouveau président colombien Gustavo Petro pousse à une transition d'une économie extractiviste vers une économie productive. Il doit combattre les énormes inégalités pour arriver à la paix.
- Les réformes les plus urgentes : la réforme agraire et la réforme fiscale.
- L'exploitation minière continuera d'être un secteur stratégique et une source potentielle de conflits sociaux qui peuvent fragiliser les actions du nouveau gouvernement si un dialogue avec les parties concernées n'est pas établi.
- Avec le nouveau boom des matières premières qui s'annonce, les deux factions de la coalition gouvernementale doivent négocier leurs différences et se rassembler.

ES

- El nuevo presidente colombiano Gustavo Petro impulsa la transición de una economía extractivista a una economía productiva. Necesita abordar las enormes desigualdades para lograr la paz.
- Las reformas más urgentes: la reforma agraria y la reforma fiscal.
- La minería seguirá siendo un sector estratégico y una fuente potencial de conflictos sociales que pueden debilitar la acción del nuevo gobierno si no se establece un diálogo con los grupos afectados.
- Con la llegada del nuevo boom de las materias primas, las dos facciones de la coalición gubernamental deben negociar sus diferencias y unirse.

Introduction: After Two Hundred Years of Solitude

Colombia is the fifth Latin American economy, a middle-income country according to the World Bank, with a GDP per capita of U\$ 6160. With a population of over 51 million and a territory of 1,148 million km² – of which 54.8% are protected areas – Colombia is one of the six Latin American megadiverse countries identified by the United Nations Program for the Environment (CEPAL, 2022a). Nevertheless, like most Latin American countries, Colombia finds itself stuck within the middle-income trap, unable to escape from a primary-exporter specialization that hampers its gradual economic growth.¹ In addition, Colombia faces critical structural problems: it has enormous income and wealth inequalities (mainly concerning land property), while its international insertion is limited due to an extractivist model. Finally, it is important to stress that it had just concluded a more than six-decade armed conflict by signing the final Peace Agreement in 2016. However, peace is far from being fully reached, as the assassination of social movement leaders has continued. In this context, the growing unemployment, poverty, and inequality figures added to significant macroeconomic imbalances, the disastrous management of the pandemic, and an attempt at regressive fiscal reform triggered widespread dissatisfaction and mobilization. Eventually, progressivism finally gained ground in the last 2022 presidential elections and defeated the conservative status quo.

On the 19th of June 2022, Gustavo Petro, from the *Pacto Histórico* coalition², won the presidential elections, opening a hopeful window of opportunity for Colombia and the rest of Latin America. After more than two hundred years of conservative elites' rule, this new coalition responds to the aspirations of social movements in their struggle for recognition (with a critical presence of women and youth from different backgrounds) as well as the demands for peace and more rights from popular and urban middle strata.

¹ This concept concerns the difficulties of middle-income countries in transforming into developed economies due to their inability to complete the productive transition from the sectors of low-aggregate value (primary products and raw materials-intensive or labor-intensive manufactures) to high-aggregate value (technology-intensive manufactures). According to De Felipe et al. (2014: 12), Colombia entered the middle-income countries' classification in 1946 and remained

During the elections, Petro presented a governmental plan (*Colombia Potencia Mundial de la Vida*, or Colombia World Power of Life) that promised to “fully comply with the peace agreements with the *Fuerzas Armadas Revolucionarias de Colombia - Ejército del Pueblo* (FARC-EP, English: Revolutionary Armed Forces of Colombia – People’s Army)” and to resume negotiations with the *Ejército de Liberación Nacional* (ELN, English: National Liberation Army) to put an end to the existence of the armed insurgency in Colombia through political dialogue” (Petro & Márquez, 2022: 49).

The “program for change” from the *Pacto Histórico* has the main objective of reaching a new social contract that “makes equality a reality.”. The program is dedicated to establishing a productive economy that generates wealth based on work and the protection of the common home. Moreover, it promises a growth strategy with sustainability and equity, which a social-developmental and entrepreneurial state should push to enable “a dignify life, overcoming violence and bringing social and climate justice” (Petro & Márquez, 2022: 6).

This “program for change” is presented as the beginning of a transition leading toward a productive economy based on respect for nature while leaving behind the exclusive dependence on the extractivist model. In other words, it aims to escape dependence on oil, coal, all types of mining exploitations and illegal economies, and agricultural production models that destroy nature and reproduce poverty. In a nutshell, the *Pacto Histórico* has very similar objectives to the progressive wave that took over Latin America a decade ago (the so-called “Pink Tide”). However, this time, it seems that the bet is on productive diversification policies to leave extractivism behind, followed by needed agrarian and text distribution reforms.

as such until 2013, when some started classifying it as a medium-high income.

² The *Pacto Histórico “Colombia Puede”* (English: “Colombia Can”) is a coalition formed by 17 parties and social movements of the left and center-left, with a predominantly progressive and social democratic ideology, which was formed in February 2021.

The Social and Economic Legacy of Uribe

Colombia exited the presidency of Iván Duque in hazardous conditions due to a sharp fall in employment and income rates, which resulted in a rough increase in general and extreme poverty. Compared with other countries in Latin America and the Caribbean, Colombia has the highest levels of extreme poverty, particularly among indigenous and Afro-descendant groups. It also exposes the highest poverty levels among women, youth, and the elderly. Moreover, inequality indicators (the Gini of income and World Bank's shared prosperity index, which compares the rate of income or consumption variation of the bottom 40% with that of the average population) are also the worst in the region.

In terms of economic legacy, the country turned to re-primarization during the 2000s commodity boom while intensifying trade with China (which has become the second largest exporting and importing partner) and abandoning many industrial policies (Ocampo and Porcile, 2020).³ This way, Colombia has a constraining commodity-dependent international insertion as the imbalance between imports and exports of goods and services and the primary net income deficit (caused by the repatriation of profits from foreign direct and portfolio investment) fails to be compensated by remittances and development aid. That leads to a structural current account deficit, which reached 5.7% of GDP in 2021, the worst result since 2015. This imbalance has been aggravated by the impact of the COVID-19 pandemic on the state accounts, leading to a public

deficit that, in 2021, closed as the second highest in Latin America after Chile's, at 7.1% of GDP (CEPAL, 2022b: 32). The public debt (64.6% of GDP) exceeded the 60% fiscal rule recommended by the International Monetary Fund (IMF). In turn, inflation reached 9.07% in May 2022, a figure not seen since 2000 and three times the target set by the Central Bank (Banco de la República, 2022: 13).

Moreover, the new government faces a critical structural problem beyond macroeconomic stabilization: the middle-income trap. Colombia is still unable to move from the imitation to the innovation phase due to the enormous structural heterogeneity of its economy.⁴ First, this heterogeneity is linked with an international insertion based on static comparative advantages, which reproduce the internal inequalities.⁵ Second, the massive inequalities in wealth, income, opportunities, and rights tend to perpetuate the heterogeneity over time (CEPAL, 2018).

In a nutshell, Colombia's structural heterogeneity, if we observe the intersectoral differences in relative productivity resulting from dividing the percentage of Gross Value Added of each sector by that of the population employed in it (see Figure 1), continues to be aggravated by the enormous social inequalities (vertical and horizontal) and territorial ownership inequalities inextricably linked to the dependent international insertion.

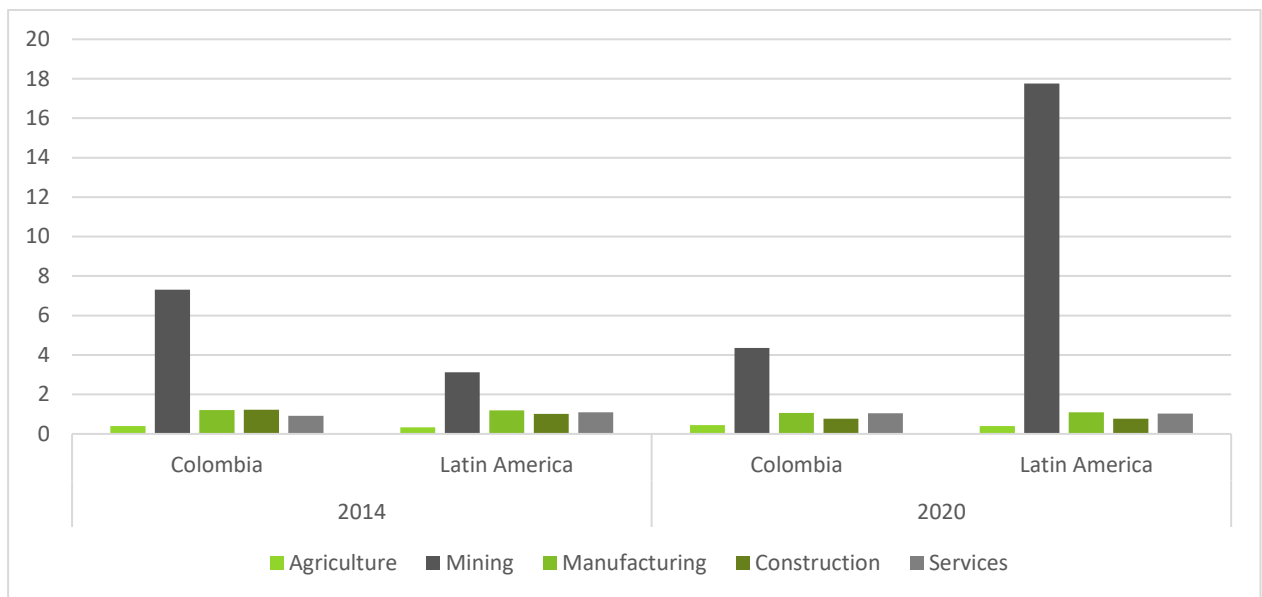
³ With the extractivist development strategy, between 2004 and 2014, primary products increased from 62.9% to 82.4% of the value of total trade in goods, while in 2020 the percentage rose to 75.3% according to data from the CEPAL Statistical Yearbooks of 2012, 2015, 2021. Based on World Bank figures, the weight of primary products would be somewhat higher in 2020 (77.6%), with 25.3% corresponding to food and agricultural raw materials, 41.6% to oil and coal, and 1.3% to the rest of minerals and metals, while on the import side food and agricultural raw materials accounted for 16.1%, 5.1% to mostly refined oil, and 76.2% to manufactured goods.

⁴ This concept was coined by CEPAL in the 1970s to describe the intersectoral differences in productivity that generate

segmented labor income, a concentrated distribution of income and stratified consumption patterns (Bárcena and Prado 2016). It has been reinterpreted as the result of "a combination of privileged access to natural resources and capture of public rents or quasi-rents by agents with greater economic and political power, "who taxation fails to correct due to a culture of privilege "sustained by a system with high tax exemptions and low-income tax" (CEPAL 2018: 31).

⁵ This problem was intensified with the Free Trade Treaties signed with the United States in 2006, the EFTA and Canada in 2008 and European Union in 2012.

FIGURE 1: SECTORAL LABOR PRODUCTIVITY IN COLOMBIA AND LATIN AMERICA, 2014 AND 2020

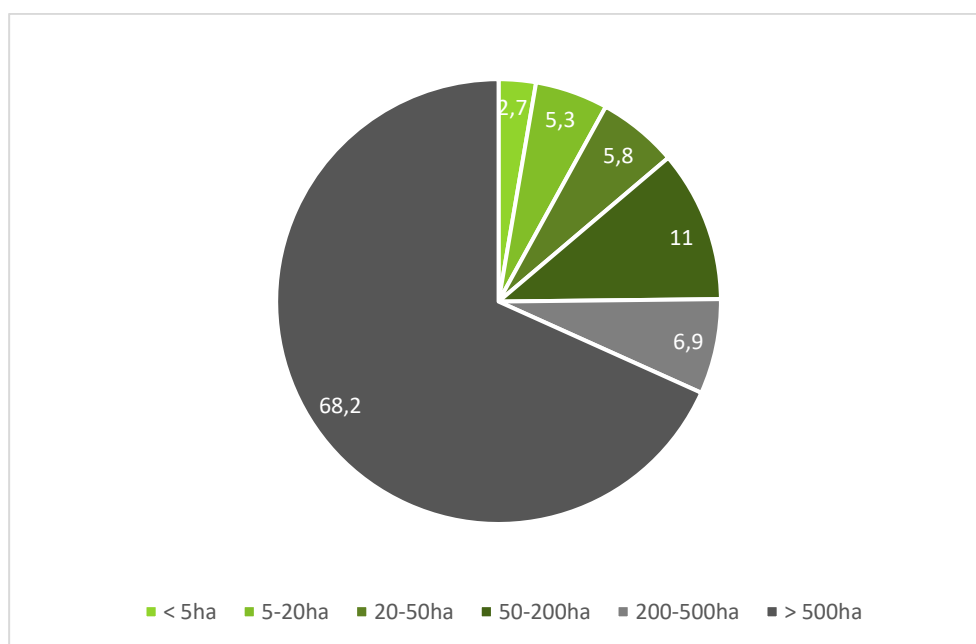


Source: CEPALSTAT, own elaboration.

In Colombia, inequality is rooted in the extreme concentration of land ownership: this was one of the root causes of the civil war that the country has experienced since 1958 between various armed groups and the government. Although the state has redistributed 23 million hectares (equivalent to the United Kingdom’s territory) since the beginning of the 20th century,

Colombia continues to have one of the highest levels of land ownership inequality in the world (Fague et al., 2017: 1). Moreover, tenure polarization is extreme: the top 1% of landholders control 88% of arable land, the highest figure of the fifteen Latin American countries for which data is available (Oxfam, 2017: 14).

FIGURE 2: POLARIZATION OF LAND TENURE IN COLOMBIA, 2014



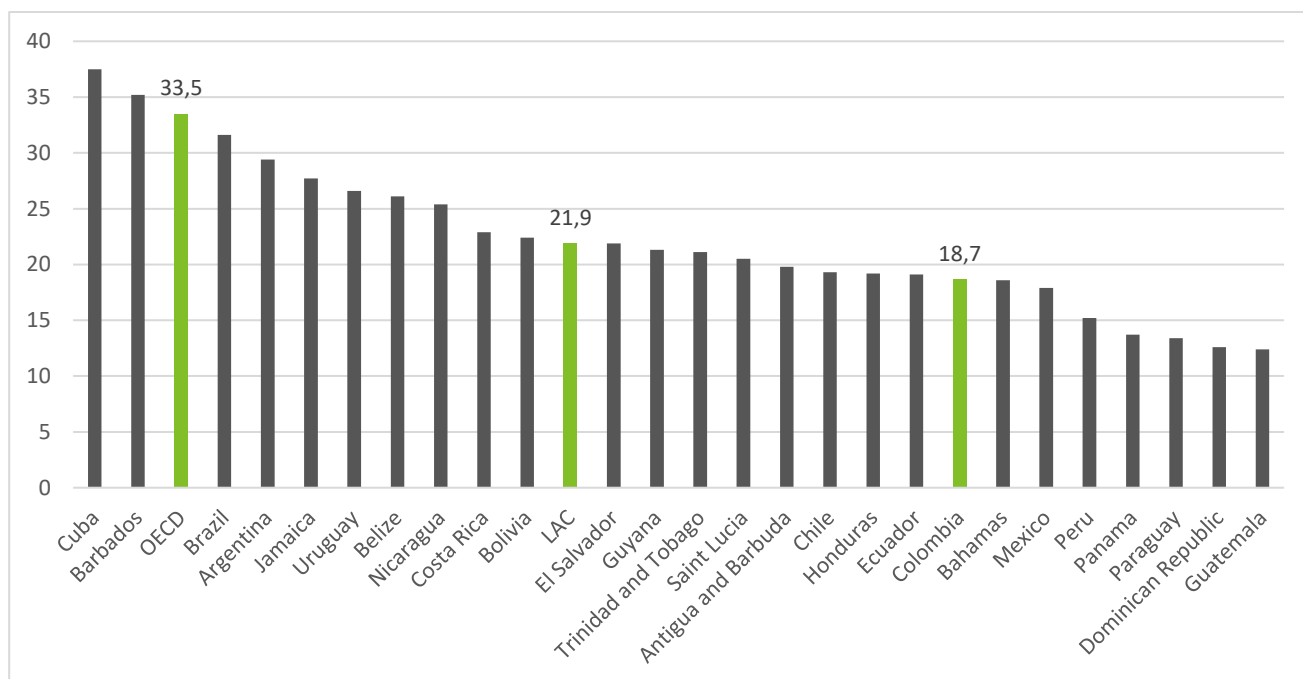
Source: Oxfam (2017), own elaboration.

The reason for this high concentration is that, throughout its conflictive history, between eight and ten million hectares belonging to the indigenous, Afro-Colombian and peasant populations were dispossessed or abandoned and incorporated into large properties. In the agrarian census of 2014, the first one since 1945, the large landholdings (with more than 500 hectares) controlled around 47,2 million hectares – ten times more of what they had in 1960. The land average size also increased by five between the same period, going from 1,000 to 5,000 hectares (Figure 2). Interestingly, 42.7% of landholdings larger than 2,000 hectares (occupying a total of 40.6 million hectares) declared that they “did not know” their tenure status, which indicates that they were either the result of appropriation irregularities or

property tax evasion. In addition, two-thirds of the area (66 million hectares) is in the hands of companies based mainly outside the rural areas and owned by absentee landholders. Also visible are the problem of illegal crops and unproductive land grabbing used below potential productivity (especially for extensive cattle ranching) to the detriment of food sovereignty and security (Oxfam, 2017).

As a result of this concentrated ownership structure, income distribution is highly unequal, and the tax system does not help to reduce this disparity. Colombia is the eighth economy with the lowest tax burden in Latin America and the Caribbean, for which data are available (Figure 3).

FIGURE 3: TAX BURDEN IN COLOMBIA, LATIN AMERICA AND THE OECD AS % OF GDP, 2020



Source: OECD et al. (2022), own elaboration.

Colombia registered a significant drop in oil and gas revenues in 2020 (from 2.2% of the GDP in 2019 to 1.2% in 2020). Unlike other resource-rich countries that practiced resource nationalism during the previous progressive cycle, Colombia’s share of extractive rents in state revenues is low, even compared to countries with

more robust nationalist or neoliberal natural resource governance (Figures 4). Moreover, non-tax revenues (from royalty payments and other property income) declined from 1.8% to 1.1% of GDP and were affected by lower dividend payments from Ecopetrol,⁶ which fell from 1.1% to 0.7% of GDP. Income tax revenues

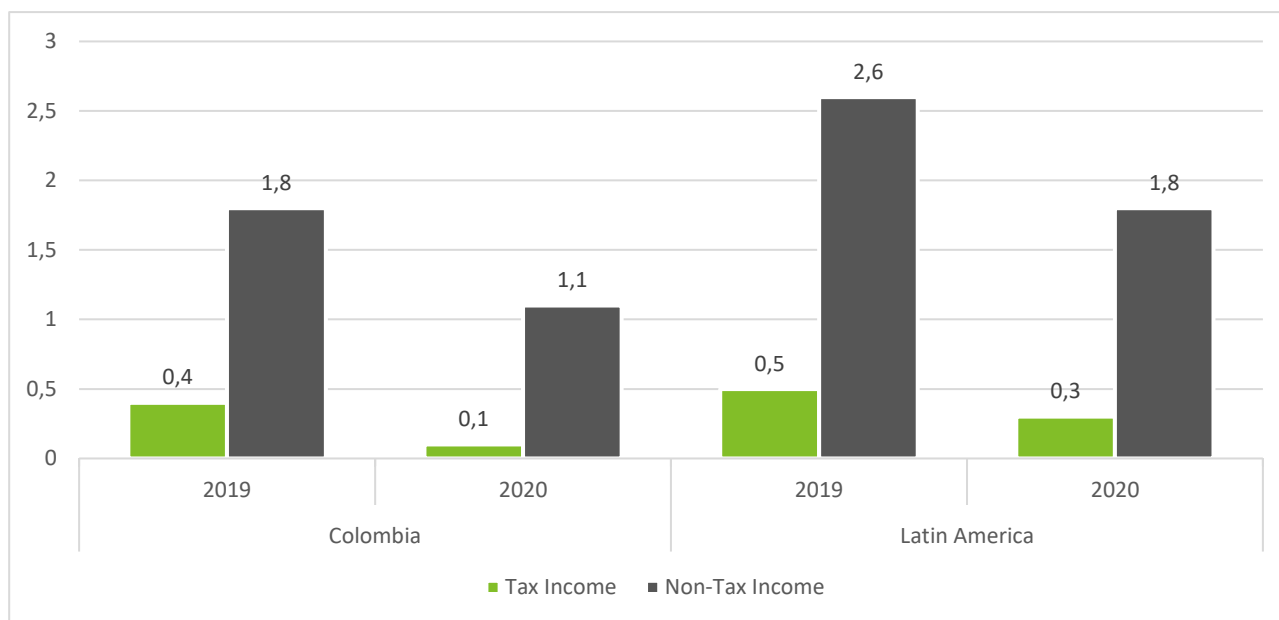
⁶ Ecopetrol, the state-owned oil company, was disempowered by the government with the creation of the Ministry of Mines and Energy in 2003 through the National Hydrocarbons Agency

and then semi-privatized in 2007 during the presidency of Álvaro Uribe (Caballero & Bitar, 2016).

plummeted (from 0.4% to 0.1% of GDP), reflecting the weak financial situation of companies in the sector and the outcome of Law 2010 (passed in 2019), which

established a gradual reduction of the corporate tax rate from 33% in 2019 to 32% in 2020 and 30% in 2022 (OECD et al., 2022: 133-134).

FIGURE 4: GOVERNMENT REVENUES FROM OIL AND GAS IN COLOMBIA AND LATIN AMERICA AS % OF GDP, 2019 AND 2020



Source: OECD et al. (2022), own elaboration.

The situation among the ten mining countries in Latin America and the Caribbean is not as different as for hydrocarbons, with Colombia’s lower shares of revenue attributable to low taxing: 0.06% of GDP in 2020 compared to 0.30% for the regional average. The distribution of the tax burden in Colombia has a high regressive component. The levels of tax evasion are very high in the international context. Marginal tax rates are only moderate, and there is a large gap between the effective and the nominal tax rates. In addition, large numbers of tax allowances and exceptions for individuals (food, health and housing expenses) and enterprises eventually reduce the tax revenue by an equivalent of 3.5% of GDP (Petro & Márquez, 2022: 43). In sum, this is a clear sign of the low efficiency of the system, and it is unable to support redistribution or impact inequality.

Furthermore, despite the expansion of social spending during the pandemic (0.8% of GDP in 2021), it remains well below the amount needed to meet the challenges of reducing poverty and promoting social inclusion (15.5% of GDP by 2020), not reaching the South American average (16%) (CEPAL, 2021: 168). The main components of this spending are social protection (48.3% of the total), health (24.8%) and education (23.5%) (CEPAD 2021: 204). However, regressiveness is the dominant feature here, with losses equivalent to 1% of GDP in social protection, mainly due to a pension system that leaves out three-quarters of the elderly (Izquierdo & Pessino, 2020: 295) and a privatized health system (the Health Promoting Entities) which provide unequal benefits depending on the strata.⁷

⁷ Broad coverage is available to the rich and middle classes, who receive tax breaks from the state, while subsidies and minimum coverage are available to the poor, depending on the System

for the Identification of Potential Beneficiaries of Social Programmes (*Sistema de Identificación de Potenciales Beneficiarios de los Programas Sociales, SISBEN*).

From Extractivism to a Productive Economy via an Entrepreneurial State

The proposed strategy by the new president (see in detail: Petro & Márquez, 2022) involves synchronizing two structural reforms – the comprehensive **agrarian reform** of the Final Peace Agreement and comprehensive **tax reform** – to trigger a dynamic relationship between equality and sustainable development. These reforms are meant to promote a productive and distributive structural change compatible with the protection of nature while reducing the environmental impact within the framework of the 2030 Agenda. Furthermore, the entrepreneurial state is planned to lead this development through horizontal industrial policies implemented by the new Ministry of Industry and by creating a public banking group (*Multibanca Estatal*). That is all within a new, more balanced relationship between the state and the private sector via “productivity pacts,” which, after learning from the failed import substitution industrialization, include positive incentives and sanctions, as well as selectivity criteria.⁸

The new government clearly needs to significantly increase public spending and investment to comply with its constitutional mandate (guaranteeing the rights to education, health and public pensions). With dire poverty, social exclusion and inequality rates, Petro will have to increase revenues and redirect public spending to address the shortcomings of such a stratified society. Moreover, it needs to address the demands for recognition from women and neglected ethnic groups (“the nobodies”) and for social rights from the large urban masses. It is important to stress that 81% of the Colombian population lives in cities (with 44% in urban agglomerations of more than 1 million inhabitants). Also key is the promise to change the country’s energy matrix towards clean energies and create a transport system centered on electric rail and electromobility. For that, the Government Programme calculates around 5.5% of GDP of “fiscal space” (Petro & Márquez, 2022: 43).

⁸ The government program speaks of “transparent monitoring and evaluation mechanisms to reward those who comply and sanctions those who act in bad faith” and mentions that “industrial policy will not continue to be guided solely by favoritism towards a specific sector” (Petro & Márquez, 2022: 22).

Fiscal space is a concept coined by the IMF that delimits “the room for maneuver that exists within the public budget to provide resources without compromising the financial sustainability and economy stability” (Heller, 2005: 32). In this sense, the Government Programme has a clear neo-Keynesian orientation, as macroeconomic stability will be “at the service of the citizenry, which implies an integral and functional approach to finances, where employment, distribution and sources of growth have the same importance as debt repayment and inflation control” (Petro & Márquez, 2022: 20).⁹ To meet all these challenges, the Government Programme aims to (1) renegotiate FTAs and the tariff policy, (2) decrease extractivism and (3) implement agrarian and tax reforms.

FTAs and the tariff policy: on the external front, the aim is to revise FTAs to support the country’s future development. Trade should become a tool to stimulate fairness and productivity, combat climate change, develop knowledge transfers and create new jobs. That is accompanied by the announcement of a smart tariff policy for promoting food security and sovereignty and developing infant industries in the agri-food and agro-industrial sectors.

Decreasing extractivism: if anything, the most novel commitment is the gradual “de-escalation of the extractivist model” (Petro & Márquez, 2022: 16), which seeks to reduce economic dependence on oil and coal and forgo new dams for hydropower production. Furthermore, the Government Programme pledges to prohibit the exploration and exploitation of unconventional oil and gas fields. It aims at suspending fracking and the development of offshore fields or halt new licenses for hydrocarbon exploration while aspiring for profits from the international cooperation in ecological matters that compensate for burying coal and oil reserves.

⁹ In the same vein, the Government Programme states that the independence of the Central Bank (Banco de la República) will be respected, but within “a permanent dialogue... in the search for an inclusive monetary policy, fundamental to overcome the crisis” (Petro & Márquez, 2022: 21).

For “the social and ecological transition that stimulates the production of and for life” (Petro & Márquez, 2022: 23), the Government Programme proposes to abandon large-scale open-pit mining and proclaims that the democratic decisions of popular consultations will be respected. Thus, it does not renounce mining but rather anticipates greater social, environmental and fiscal regulation. Petro proposed to intensify environmental, labor and fiscal controls over ongoing mining, demanding that mining companies are responsible for environmental liabilities, rehabilitate the intervened areas and those at imminent risk, decontaminate rivers, and restore the rights of affected populations.

Land and tax reforms: two core measures to address structural heterogeneity domestically are via agrarian and tax reforms, an agenda that recaptures the ideas of the 1961 Alliance for Progress, except now it is not the United States dictating reforms to avoid revolutions. Instead, the Colombian president tells Washington that without such reforms, the danger of destabilization, and thus affecting the US interests, is imminent in the future: he said, “if I fail, the darkness will sweep over everything.”¹⁰

It is important to stress that the Final Peace Agreement between the government and the FARC-EP, ratified by Congress in September 2016, which had comprehensive agrarian reform as its central point, was rejected in a referendum in October of the same year by a narrow margin of votes. However, the victory of the *Pacto Histórico*, whose program includes not only fulfilling the Peace Agreement but also incrementing it by initiating a dialogue with the ELN, corrected in a way the outcome from October 2016. Moreover, in the Government Programme, it is proposed to recover several instruments of the final Peace Agreement to allocate “millions of hectares” to peasants to make Colombia “an agricultural powerhouse” that will not only generate employment for “millions of people displaced from their lands, agricultural producers’ cooperatives, and other rural actors,” but also increase “productivity, innovation and productive linkages” (Petro & Márquez, 2022: 18).

Via a multipurpose cadaster, the government aims to discourage unproductive latifundio, centered on extensive livestock farming, redirecting resources for agri-food production and implementing agro-

silvopastoral systems. Furthermore, to absentee landowners, it will recommend activating the production of their land, paying the corresponding taxes, or ultimately selling it to the state, which will hand it over to rural communities. Thus, the logic of land reform in this context should have pivotal effects on production, productivity, profits and tax revenues. Most importantly, however, land reform should have additional effects, i.e., on the redistribution of political power and the autonomy of public institutions. Furthermore, they aim to guarantee “the right to land for rural families” and to put an end to “the indiscriminate expansion of the agrarian frontier and the colonization of wastelands” by illegal economies (Petro & Márquez, 2022: 18). As Petro points out, agrarian reform is also linked to the possibility of a substantial decrease in cocaine exports, being the aim is to legitimize agrarian reform by making it “hand in hand with the United States.”¹¹

Regarding tax reform, the announcement of José Antonio Ocampo, an internationally distinguished economist from Columbia University and former Executive Secretary of CEPAL, as the new Minister of Finance, sends a message to the market that the reform will be technically sound and fiscally moderate. As in the 1960s during the Alliance for Progress, Ocampo will probably employ the ideas of tax potential used by Nicholas Kaldor. He is well aware that the proportion of GDP the public sector can collect cannot exceed the limit, creating intolerable political and social pressures. In this respect, Petro has stated that the new social contract “depends on the willingness of big capital to pay its taxes”¹² so that the tax burden gap can be narrowed, gradually bringing Colombia to the taxation level of OECD countries.

At the other end of the distribution, a “pact with the popular economy” is proposed to recognize the work of at least two-thirds of the economically active population, who work in the informal sector and of which around 80% are self-employed, in exchange for the payment of tax obligations. As one can imagine, the challenges in reconstructing the welfare state based on the rule of law simultaneously on the (1) health, (2) pensions, (3) social protection and (4) education fronts are daunting. Concerning health, the Government Program seeks a national health system that is public and universal financed by progressive taxes and equitable contributions, which will integrate a Single Health Fund

¹⁰ See the interview from 28/06/2022: <https://elpais.com/america-colombia/elecciones-presidenciales/2022-06-28/gustavo-petro-si-fracaso-las-tinieblas-arrasaran-con-todo.html>

¹¹ See footnote 10

¹² See footnote 10

(*Fondo Único de Salud*) under the governance of the National Health Council (*Consejo Nacional de Salud*) and the Ministry of Health and Social Protection.

On the issue of pensions, the goal is to put an end to the unprotected situation of three million people, guaranteeing a unified, mostly public pension system based on a first non-contributory solidarity pillar (expected to include domestic workers and homemakers), a second contributory pillar and a third one for complementary voluntary savings. It is also intended to ensure decent and safe work, which will imply updating the minimum wage to cover the basic food basket and recovering an old institutionalist agenda of the New Deal, in which the state will act as the employer of last resort, offering jobs to those who are willing to work, but cannot find employment in the private sector. The unemployed, youth, women, informal workers, and people living in rural areas are said to benefit most.

In a country whose population between 0 and 14 years represents 22.18% and the one between 15 and 29 years

corresponds to 25% of the total population, public education is a top priority in the aspirations of young people. Nevertheless, unfortunately, the system is outdated, which is revealed by the fact that the most recent public university (of the 33 currently accredited as high quality) was created decades ago, in 1981 (the *Universidad Nacional Abierta y a Distancia*).¹³

In this context, the promise to guarantee "relevant, inclusive, quality, participatory and intercultural basic and secondary education" to facilitate access to "free public higher education" will require, at the very least, a reallocation of public spending. The exorbitant military spending is the most obvious item to be "sacrificed" - if the peace dividend is indeed achieved. In 2020, 3.4% of GDP was spent on the military, exceeding the OECD average (2.3%) and the Latin America and the Caribbean average (1.3%). In the Western Hemisphere, only the United States surpasses this average (3.7%), according to World Bank data. However, the Government Program still tiptoes around specific budgetary commitments, avoiding discussing the issue clearly.¹⁴

| From Expectations to Reality: Recommendation and Conclusions

The protests against the government of Iván Duque in 2021 started due to a regressive tax reform that triggered general dissatisfaction and protests against high inequality and the culture of privilege among the elites. That placed the struggle for equality and the recognition of human dignity at the center of the political debate, something that also sparked in Chile recently. In this context, the incoming Colombian president must implement a new fiscal pact while upholding constitutional principles. As recalled by Bárcena and Prado (2016: 223), "the fiscal pact is not just another pact, but rather a mechanism through which other pacts become financially viable," and it is "one of the cornerstones for building a more robust state institutional framework with greater impact on the transformation of social and productive structures."

However, in the Colombian case, before the fiscal pact, it is necessary to enforce the final Peace Agreement and return the stolen land property to the peasants, the

indigenous and Afro-descendant communities. Moreover, it is key to stress that the agrarian reform is discursively linked to the failure of the war on drugs led by the United States. Thus, it remains to be seen if the reforms will enjoy Washington's endorsement.

On the other hand, the fiscal reform might have the approval of the United States, as it is now embarked on its own policy of taxing the rich. However, Ocampo, who will act as a *de facto* super-minister, should not leave aside the fiscal space related to the incentives for moving from an extractive economy to a productive economy. Furthermore, it is possible to argue that Colombia has room to increase its tax and non-tax revenues on hydrocarbon mining, which is considered, in strictly Marshallian terms, now more widespread than socially desirable. Thus, a reordering of taxes and, above all, royalties along the resource nationalism lines could be justified so that both elements would become more

¹³ However, here it is important to stress that the Ministry of Education today also includes in this number the *Universidad Militar de Nueva Granada* (founded in 1982), under the direct control of the Armed Forces, and the *Dirección Nacional de Escuelas* (founded in 1992), which trains officers for the Colombian National Police. See these statistics at

https://www.altillo.com/universidades/universidades_colombiana.asp

¹⁴ The program only alludes to the fact that "the allocation and distribution of the budget, the contracting processes and the mechanisms of reserved expenses will be reviewed" (Petro & Márquez, 2022: 45).

similar to the state income structure of neighboring countries.

In this sense, the Government Program's announcement of a fund for the energy transition with resources from royalties coming from the elimination of some tax benefits to the hydrocarbon, coal mining and hydroelectric sectors corrects the mistakes of other progressive presidencies of the so-called Latin American neo-extractivist phase of the 2000s. Furthermore, it intends to give Ecopetrol a leading role in the transition while guaranteeing state control of the public company to ensure the fuels that the country requires for the next 15 years make contributions in inputs and derivatives for petrochemicals and fully support research, science and development of technologies for the transition to clean energy (the National Institute of Clean Energy will be created) while contributing with taxes, royalties and dividends to the State (Petro & Márquez, 2022: 16).

That reveals that mining will continue to be a strategic sector and, therefore, a potential source of social conflicts that may weaken the new government's agency. The same may happen concerning the peasant movement with the promise to review the FTAs and the smart tariff policy. Finally, even if there is a willingness on the part of the United States, Canada and the European Commission, these plans can clash with some rules of the World Trade Organization, leaving a very narrow margin to manage the tariff policy (including agricultural subsidies). This way, transnational companies will likely appeal if specific regulations affect their interests.

Moreover, the claim to create an electric railway network "based on the major world trade trunk lines that are complementary to the Panama Canal... as well as those from the piedmont plains to the Caribbean" (Petro & Márquez, 2022: 24) which will probably seek funding from China, seems inconsistent with the renunciation of new dams for hydroelectric power production. Also, it means that Colombia will continue importing energy from Ecuador or generating it by burning fossil fuels, mostly gas – at least for quite a while. Thus, President Petro will undoubtedly frustrate some expectations due to the narrow majority of his presidential vote and the complicated political arithmetic in the bicameral Congress (Senate and House of Representatives). In that sense, the Historic Pact cannot afford to repeat past mistakes.

In the past, there was an internal division among the forces for change in Colombia, which enabled the successive electoral defeat of progressive forces. On one

side, some supporters of the social-developmental state sought to transform the productive matrix and combat poverty and inequality without counting on social movements' support. On the other side, the supporters of development alternatives demanded leaving extractivism behind while neglecting to consider how to finance this transition. With the new commodity boom on the horizon, it is necessary that the two sides of this unstable progressive coalition, which has finally prevailed over the Colombian conservative elite, learn to coexist to survive. Now, they must be able to promote the "mobilization and enlistment for development purposes of resources and skills that are hidden, dispersed or misused," something Albert Hirschman (1958: 5) argued was necessary for Colombia already in the years 1952-1956.

That is what the Government Program of the *Pacto Histórico* talks about by referring to the promotion of the care economy, agroecology, the cannabis agroindustry, the artisanal fishing industry, community-based nature tourism, the circular economy or the development of the digital economy. Nevertheless, beyond the systematization of latent capacities and the reconciliation of contradictory ideas, it is necessary to form a political power bloc capable of promoting more diversified taxation (less dependent on consumption and more nationalistic in terms of natural resources) and more just and progressive (focused on income and wealth). That will eventually encourage a dynamic connection between redistribution and technological progress, advancing toward the utopian horizon of "living with all the diversities of the nation" (Petro & Márquez, 2022: 6).

However, one thing is to build an abstract symbolism that gives coherence to heterogeneous social movements and unifies their multiple demands. Another is to finance industrial policies that promote productive diversification to get out of the trap of unequal specialization (forcing a shift in comparative advantages) in a very adverse external and internal context. Part of this adversity is the fierce opposition of a lurking elite with self-destructive interests and rent-seeking impulses. Therefore, the reforms, which, as Petro has said, should be "made the first year or not at all," require unity of action and determination. Only that is possible to avoid the political need to rely on the elites' self-interest while monitoring the tension of social mobilizations and creating the "permanent conditions for a great peace that will allow the whole Colombian society a second chance on earth" (Petro & Márquez, 2022: 6).

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EXTRACTIVISM

| The Project

The collaborative research project ***extractivism.de*** links the Universities of Kassel and Marburg. The project scrutinizes the extractivist development model and proposes new economic, political, and sociological conceptions of extractivism. It preliminarily focuses on Latin America and the Maghreb patterns. The project researches the conditions under which these patterns affect the persistence and transformative capacity of extractivism and its respective institutional settings. Finally, it explores how extractivism affects cultural processes and habitual routines and questions under what conditions and how far the development model extends into institution-building and social practice, i.e., everyday life.

The project aims to understand extractive societies not as deviants from the Western trajectory of development but in their own logic and their own particularities. The project, therefore, combines a strong empirical focus with theoretical work. It links both broad field research and data gathering of primary data and the qualitative and quantitative analysis of available secondary sources with a stringent transregional comparison. It develops methods in cross-area studies and investigates whether and why similar patterns of social change emerge in different areas and world regions despite significant cultural, social, or religious differences. Finally, the project intends to translate the findings for politics, society, and development cooperation.

Please visit www.extractivism.de for further information.