

Lessons from Colombia: To address the causes of social unrest, be serious about progressive tax reforms

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Colombia has been in the headlines of global news this year, thanks to an unprecedented national strike, called in response to an economic and social crisis which was exacerbated by the pandemic but certainly predated it. The protests themselves were harshly repressed; from 28 April until 26 June, national human rights organizations recorded that at least 33 people died as a result of shots fired by the National Police during the strike.¹ As documented by the Inter-American Commission on Human Rights, there are many more victims of homicides, sexual violence, forced disappearances or severe injuries in the context of the protests, although the exact numbers vary according to different sources.²

The unfolding situation in Colombia is part of a regional pattern of economic and social rights crisis that ended up in

a broader human rights crisis precipitated by governments' repressive responses to protests. It is reminiscent of the events of 2019 in Ecuador, Chile and Colombia itself. The protests in Colombia are also an example of another pattern notable globally in recent years: unrest unlocked by opposition to regressive fiscal policies. The Colombian demonstrations started in response to a tax reform proposal made by the government back in April; although their causes go far beyond that. The defenders of the reform argued that it was an ambitious initiative that would finance social spending and reduce inequalities amplified by the pandemic. But the loss of trust in government and the inclusion of measures such as VAT increases on basic goods, or an increased tax burden on the middle class - without explaining how the wealthier were going to contribute more - unleashed citizen outrage.³

Before the pandemic, Colombia was already one of the most unequal countries in Latin America – itself the most unequal region of the world. In 2019, the richest 10 percent of the population accounted for 48.6 percent of the national income. Within this richest segment, 1 percent held 19.6 percent of total income, while the poorest 50 percent had to get by only with 12.0 percent.⁴ Inequality remains practically the same before and after taxes and transfers. The redistributive capacity of the State is very low, not only in comparison with OECD countries, but also with respect to other Latin American countries.⁵

After the pandemic, poverty increased from 35.7 percent to 42.4 percent, a setback of more than a decade. Inequality, measured by the Gini index, continued an upward trend that began in 2017, but in a more pronounced way. According to the National Statistical Office (DANE), the

1 Temblores ONG (NGO Tremors), Indepaz and PAIIS Report to IACHR, https://4ed5c6d6-a3c0-4a68-8191-92ab5d1ca365.filesusr.com/ugd/7bbd97_3ff4e9c4b0f14b3e-a288049e2985d0e2.pdf

2 https://www.oas.org/es/cidh/informes/pdfs/ObservacionesVisita_CIDH_Colombia_SPA.pdf

3 Initiative for Human Rights Principles in Fiscal Policy, Organizations in Latin America Call on the Colombian Government to Put an End to Violence Against Protestors, <https://www.cesr.org/colombiacall>

4 World Inequality Database, <https://wid.world/country/colombia/>

5 CESR et al., Colombia: Fiscal Policy, Peace and Human Rights, 2018, <https://www.cesr.org/sites/default/files/Colombia-Factsheet-English.pdf>

income of the poorest 20 percent in some of the main cities, such as Bogotá, Bucaramanga or Cali, fell by more than 50 percent in one year.⁶ Cash transfer programmes, previously celebrated as a great achievement of social policy, could barely contain the increase in poverty by 2.6 percentage points. This means they only managed to reduce the poverty rate from 44.6 percent to 42 percent.⁷ The cash transfer that the government created in response to the pandemic (*Ingreso Solidario*) provided US\$ 55 per household, an amount well below the monthly poverty line and one of the lowest in comparison with similar programmes in the region.⁸

The social crisis goes far beyond income losses and has disproportionately impacted marginalized populations. Maternal mortality returned to the levels of 2011. In the coastal cities of Cartagena and Barranquilla, only 3 of every 10 people can put food on the table three times a day. Colombia wastes the talent of more than 3 million young people between the ages of 14 and 28 who nei-

ther study nor work due to lack of opportunities, with women being the most affected: 4 out of 10 young women do not find work or study opportunities. Among the elderly, only 1 in 3 manage to retire due to the lack of adequate forms of social protection.

Despite the fact that debt burdens and fiscal deficits have increased in response to the pandemic, Colombia needs greater – and sustained – public spending to be able to implement redistributive social policies in order to tackle inequalities and address social unrest. Social policy must move towards the universal fulfillment of social rights by providing affordable key social goods and services such as public healthcare and education. The economy must overcome systemic fragility derived from a model dependent on extractive industries and move towards an industrial policy to boost local and diversified economies, including the promotion of agriculture, biodiversity and forest protection, and the provision of public care services.

As opposed to the government's announcements of a fiscal austerity programme in the new tax reform proposal, what the country needs is to strengthen public coffers. Implementing a progressive tax reform, which prioritizes taxes on wealth and high earners should be the way forward to secure a transition towards an economy that puts people and the care of the commons first, without exacerbating social tensions. This way, perhaps, paraphrasing the

Colombian Nobel Prize winner Gabriel García Márquez, the lineages condemned to one hundred years of solitude might have a second opportunity on earth.

6 Caracterización pobreza monetaria y resultados clases sociales, 2020, https://www.dane.gov.co/files/investigaciones/condiciones_vida/pobreza/2020/Presentacion-pobreza-monetaria-caracterizacion-clases-sociales-2020.pdf

7 Based on estimations made by the National Planning Department. See DANE, Pobreza Monetaria en Colombia, p. 4, https://www.dane.gov.co/files/investigaciones/condiciones_vida/pobreza/2020/Presentacion-pobreza-monetaria_2020.pdf

8 ECLAC, El desafío social en tiempos del COVID-19, p. 11, 2020.