

FINANCIAL TIMES

© 2022 The Financial Times Ltd. All rights reserved. Please do not cut and paste FT articles and redistribute by email or post to the web. Le présent document est protégé par les lois et conventions internationales sur le droit d'auteur et son utilisation est régie par ces lois et conventions.

PubliC Certificat émis le 9 septembre 2022 à Université-de-Bordeaux à des fins de visualisation personnelle et temporaire.
news-20220623-GF-179643500

Nom de la source

Financial Times

Type de source

Presse • Journaux

Périodicité

Quotidien

Couverture géographique

Internationale

Provenance

Londres, Grand Londres, Royaume-Uni

Thursday, June 23, 2022

Financial Times • p. 16 • 592 mots

Latin America's tumult will last until its economies reform

Colombian election was the latest in which voters chose radical candidates

Colombia is set to be Latin America's fastest-growing major economy this year and had one of the region's strongest recoveries from the pandemic. Yet its citizens have just elected a radical leftwing president who wants to upend its economic model.

This apparent paradox is explained by a sentiment held right across Latin America, according to polls: anger that the fruits of economic growth are not fairly shared and that the system is rigged for a privileged few. Inadequate public services and entrenched corruption have heightened that perception. To vent their rage, voters have turfed out incumbent governments and sought salvation from candidates outside the political establishment.

Peru last year elected a primary school teacher from a remote Andean village, Pedro Castillo, as president. Then Chile turned to a former student protest leader, Gabriel Boric. Now Colombia has chosen Gustavo Petro, whose formative years were spent as a clandestine mem-

ber of a now-defunct urban guerrilla group (his opponent in Sunday's vote was an eccentric construction magnate and one-time admirer of Adolf Hitler).

Colombia's choice is momentous because the nation had never picked a leftwing president in its modern history. Supporters see his victory, and that of his Afro-Colombian running mate, Francia Márquez, as proof that Colombia's democracy has finally come of age. Critics worry that Petro's promise to end new coal and oil exploration, and shift Colombia towards agro-industry and tourism, will hurt an economy already vulnerable to high budget and current account deficits.

Late in his campaign, Petro wooed the political centre and moderated some of his positions. His lack of a congressional majority, and the existence of a strong constitutional court and an independent central bank, are likely to temper any radical impulses.

With polls predicting leftwinger Luiz Inácio Lula da Silva's return to the presidency for a third time in Brazil's gener-

al election in October, it is tempting to conclude that Latin America is swinging decisively to the left. A more accurate reading is that voters are punishing incumbents; they will continue to do so while living standards do not improve. Boric and Castillo have already seen their ratings collapse amid public perceptions that they are failing to deliver.

The main barrier to Brazilian President Jair Bolsonaro's re-election later this year is not his "God and guns" ideology but high inflation and weak growth. In Argentina, too, the leftwing Peronists, currently presiding over 61 per cent annual inflation, are likely to feel the wrath of the electorate next year.

Latin America's biggest problem is persistently weak growth and a lack of competitiveness. The pandemic hit the region harder than almost anywhere else but, even before that, it lagged well behind other emerging markets. Weak investment, poor infrastructure, grinding bureaucracy, badly designed tax systems and inadequate education are the chief

culprits.

Latin America is ideally placed to profit from current geopolitics. It has fuel, food, key metals and renewable energy in abundance. It lies close to the giant US market but far from serious conflicts. But it will not profit from these opportunities without wide-ranging structural reforms.

The election of populists or ideologues will not help; what is needed is a patient, determined consensus to design and deliver growth-focused reforms over several governments. South-east Asia's export-oriented economic policies — though not its politics — provide an example for Latin America to follow.

The pandemic hit the region harder than almost anywhere else but, even before that, it lagged well behind other emerging markets