

COLOMBIA: PENDING DIALOG

Public Policy Proposals for Peace

SUMMARY¹

One of the objectives of Planet Peace has been to contribute to materializing proposals from social organizations so that they have a bearing on the creation of alternative forms of power, in formulating public policies for sustainable peace and in strengthening their negotiating capacity with sights on the social and armed conflict's political solution. In this context, during 2004, together with Luis Jorge Garay and with the collaboration of a team of experts, a study was developed that concluded with the publication of the book *Colombia: Diálogo pendiente. Propuestas de Política Pública para la Paz (Colombia: Pending Dialog - Public Policy Proposals for Peace)*. The book develops and proposed a set of policy proposals concerning the rights to health, education, nutrition, protection from unemployment, and protection from the contingencies of old age.

The proposals are based on a diagnosis of the state and guarantee of each right and an evaluation of government policies developed for their fulfillment. They are based on the analysis of proposals that were addressed in many places, especially on the agendas created by grass-roots social sectors and on successful national and international experiences.

This study is inspired on the conviction that Colombia is, at present, a society with profound social exclusion. The two factors that have played a role in its construction are the imposition of excluding interests and the frequent use of intimidation and illegal practices, which have led to the high vulnerability of very diverse sectors and to the State's institutional weakness.

In these conditions, social inclusion is definitive for confronting the solution of the conflict and for making progress in constructing the Social State of Law.

The Colombian social debt and our proposals to settle it may be summarized as follows

In **Education**, the social debt is expressed as follows: First, the existence of 1,600,000 children between the ages of 5 and 17, equivalent to 13% of this population, who are outside of the educational system, 45% of whom do not study for lack of money; second, the persistence of strong inequalities within the urban and rural areas and among homes according to their economic condition; and third, deficient quality levels that are evident in international and national test results. This, in the midst of a government policy focused on increasing coverage, a situation that accounts for just 6% of non-attendance.

The formulated proposal seeks universal access to quality education for children between the ages of 5 and 17. To admit and keep the absentees, in addition to increasing coverage, adjudicating subsidies to mitigate the cost of opportunity incurred upon entrance to the educational system for poor children that attend is proposed, as well as encouraging good scholastic performance, as has been done in Mexico, Brazil, Honduras, and, recently, in Bogotá.

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In terms of quality, strengthening teacher training and implementing new incentives, supporting the management of state schools, and establishing minimum standards that guarantee an appropriate learning environment are proposed.

The cost of this policy from 2006 to 2010 would oscillate between 0.8% and 1.3% of the GNP.

In **Health**, the right's limitations include deficiencies in coverage: 62% in 2003 that is equivalent to 17 million non-registered members. Access and quality problems reflected in less attention with regard to illnesses for the poor, for subsidized registered members and for non-registered members. And problems of fairness equality, reflected in the gap of 24 points between the registration of poor and non-poor, 14 points between the urban and rural populations, and the existence of differential benefits between subsidized and contributive systems.

The proposal consists in moving towards a Primary Health Care model based on bringing health care closer to people's homes and providing continuous and comprehensive health care. The model would combine universal care for disadvantaged groups and an insurance system for people with the ability to pay.

With the resources that Colombia currently earmarks for health, 83% would have coverage in the first year and 95% five years later. This includes the investment in strengthening the promotion and prevention networks, the supervision and control of the epidemiological map, the creation of infrastructure, and the renovation of the public hospital network. This shows the level of various kinds of inefficiencies and losses in the current health system.

In **pensions**, Colombia faces difficulties in coverage, financial viability, and fairness. The simulation of 5 options for reforming the pension system yielded two conclusions: First, that a model of pillars with adequate administration of reserves and adaptation of parameters would be sustainable in the long term, would improve the fairness of the system, and would alleviate the finances of the Instituto de Seguro Social (ISS) – Social Security Institute, because if the people with jobs would pay to the public pillar for the first minimum salary, the cash deficit of the ISS would decrease by 55%.

The second conclusion is that a pension system based on worker contributions like the current one is not compatible with the concept of law, since the high levels of informality, unemployment, and low income limit coverage and financing. The coverage would be, as it has been so far, exclusive for employees in the formal sector and the resources would be insufficient to apply mechanisms of solidarity. Thus, the program of making the pension system universal could only be realized on the basis of a more progressive tax system that provides resources for its implementation.

In **Unemployment Protection**, although progress has been reported, it has been insufficient. In 2002, the Unemployment Protection System was created that introduced rules of redistribution to collectivize the risk of unemployment. However, its effectiveness is miniscule because it is excessively focalized, of low coverage, and modest in the amount of subsidies.

In the short term, flexibility in the use of the system's resources in favor of the most vulnerable unemployed population is required. And, in the medium term, the system must be reformulated and broadened by incorporating the principles of solidarity and

progression, slowly increasing the coverage and the amount of benefits so that the survival of individuals and their homes during unemployment is effectively guaranteed.

To that end, a Mixed System consisting of unemployment insurance for the formal sector and a subsidy for those excluded from the insurance was proposed. Three scenarios were considered for broadening financing sources with resources of the Compensation Funds and a portion of the severance pay.

Five years after establishing the system, in any of the proposed scenarios, at least 20% of the unemployed population would have coverage, compared to less than 1% that are currently covered.

Finally, in terms of **Food Security**: the population's nutritional state is one of the most disadvantaged in the region and the availability and access to food shows increasing deterioration.

The public policy proposal is made up of three components: a National System of food provisioning, a monetary subsidy that guarantees the survival of the indigent population, and a political strategy for the production of foodstuffs with a view to upcoming free trade treaties, in particular, the FTA with the United States.

The National System of Food Provisioning seeks to rationalize and integrate the foodstuff's storage, distribution, commercialization, and transportation processes. As a result of the reduction of intermediation levels and of transportation costs, the system would report benefits on the income of rural producers and would reduce the price of the food stuff. The transference of these benefits to the whole of society will depend, to a large extent, on the application of strict regulation under the State's responsibility.

For its part, the food subsidy is an emergency assistance policy that would guarantee the survival of indigent persons. It consists of a monetary subsidy that complements the income of people below the poverty line. The cost of the subsidy would oscillate between 1.6% of the GNP in 2006 and 0.02% in 2012. It would be financed through the reassignment of the central level's budgetary resources and those of international cooperation, without the need to incur in an additional fiscal cost.

The financing of the mentioned proposals requires an in-depth tax reform concludes. This study is based on the diagnosis that the national taxation structure is not fair, given the emphasis on the indirect tax system, the income tax's weak progression, and the timid imposition on wealth.

The proposal would render a permanent additional collection of 1% of the GNP and consists in taxing income and wealth with greater progression as follows:

1. Imposing a national tax on lands, real estate property, and vehicles.
2. Imposing a 10% tax on dividends perceived by natural persons, and
3. Elevating the progression of the income tax rates structure.

Elimination of the exemption on profit reinvestment, the dismantling of privileges, the struggle against corruption, and the elimination of the State's administrative imperfections would render resources in addition to the 1% mentioned.

The balance between these resources and those required by the proposed public policies justifies the possibility of advancing towards social inclusion. To do so, it is necessary to configure the political economy of power in favor of social transformation.

Thus, the results of this study would allow one to conclude that it is possible to progressively approach inclusion and development, as long as the "arithmetic of power" in favor of equality and solidarity are fundamentally altered. In this sense, the Social State of Law is a feasible utopia in Colombia, even in the midst of the dominating globalization in today's world, and a possibility for putting the policies that contribute to sustainable peace into operation.