

## **COLOMBIA: Uribe's reelection hopes get a new lease on life, posing renewed risks**

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*President Alvaro Uribe's chances of running for a third consecutive term in 2010 got a significant boost on 24 March when the ruling Uribista coalition turned around in the face of heavy government pressure and informally agreed to clear the way next month for a bill calling a referendum to remove constitutional term limits and allow Uribe to run again. The bill is favored to clear congress and the constitutional court, paving the way for a referendum in October or November of this year, according to our conversations with leading senators and other sources in Bogota this week. The biggest obstacle will be Uribe's ability to secure a minimum required turnout of 7.2 million votes on the day of the referendum in the face of an aggressive abstention campaign from the opposition and Colombia's sharp economic slowdown. We have increased the probability that Uribe will be able to seek and win a third term from 30% to 55%, posing downside risks to Colombia's institutional stability and integrity.*

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The ruling Uribista coalition has staged a remarkable turnaround and informally agreed on 24 March to support a bill calling a referendum to remove constitutional term limits and allow President Uribe to run again in the remaining two votes in the senate. Several of the coalition's leading parties such as Radical Change and the Conservative Party, which in the lower house had only agreed to support the referendum if Uribe sat out a term, agreed to change the referendum question so that Uribe would be allowed to run in 2010. What persuaded them to change? The presidency, which until recently had been keeping a low profile while allowing Uribe's supporters to carry the weight of the referendum campaign, has gone into high gear in a clear message of support for the bill. First, the presidency threatened to leave dissenting parties with no representation in the government and no administrative spots if they continued to block the referendum. Second, the government skillfully inserted some of its top political operators such as former agriculture minister Andres Felipe Arias, former environmental minister Juan Lozano and former peace commissioner Luis Carlos Restrepo into high-profile and party leadership positions within the ruling coalition. They in turn have weakened the influence of coalition figureheads with strong presidential aspirations such as Radical Change party leader German Vargas Lleras and Defense Minister and U Party founder Juan Manuel Santos -- both of whom had publicly or behind closed doors been preventing the referendum bill from making progress through congress. With their pledge of support for the referendum, party efforts to hold a cross-party primary to nominate a single Uribista coalition presidential candidate are likely to be put on hold (see Eurasia Group Note 20 February 2009).

The bill is favored to clear congress and the constitutional court, paving the way for a referendum in October or November of this year. Congress is unlikely to offer much resistance now, judging from our conversations with some of Colombia's leading senators during our trip to Bogota earlier this week. The first committee and the plenary of the senate are expected to approve the amended referendum bill in April to allow Uribe to run in 2010 by a comfortable majority. A conciliation committee to be appointed by the president of the lower house will reconcile both bills, the one approved in the lower house and the one to be approved in the senate, and give the amended bill a green light shortly after. The constitutional court, which will have a maximum of three months to declare the proposal constitutionally valid or not, is also unlikely to oppose another Uribe bid for the presidency. Congress has already replaced six of the nine magistrates in the last several months, the last two of whom were appointed yesterday, giving the government a lot more sway over the court. The biggest obstacle will be Uribe's ability to secure a minimum required turnout of 7.2

million votes, or 25% of the electorate, on the day of the referendum to validate the result. Uribe still enjoys very high approval ratings of 69% despite Colombia's slowing economic activity and rising unemployment, while 58% of Colombians would support a referendum, according to the latest polling results from Invamer-Gallup released earlier this month. However, Uribe was barely able to muster 7.3 million votes at the height of his popularity in the 2006 presidential elections, and the opposition is likely to lead a highly aggressive abstention campaign to make it doubly difficult for Uribe to reach that benchmark. Uribe is likely to be allowed to run again, provided his approval ratings hold strong despite the ongoing economic slowdown.

As much as Uribe's mix of hard-line security policies and pro-market economic policies has been very successful, there now appears to be a growing risk of a steady erosion of Colombia's institutional checks and balances that have been central to Colombia's solid credit rating and appeal. Over the course of the last year, Uribe has been more and more prone to publicly attack institutions with a solid track record of independence. Uribe has regularly clashed with the supreme court, accusing the magistrates of persecuting him and his supporters in congress throughout the investigations into the Uribista coalition's links with right-wing paramilitary militias. He also regularly interfered in the central bank's monetary policy decisions, putting increasing direct pressure on the central bank board not to raise rates despite high inflation levels throughout much of 2008 until the outset of the global financial crisis forced the bank to loosen monetary policy. Uribe has been in a unique position well into his second term to appoint majorities in bodies that were designed by the 1991 constitution around the premise of a single presidential term with no reelection option, and has made some rather questionable appointment decisions. Uribe nominated his personal lawyer, Mauricio Gonzalez, and two strong Uribe loyalists with questionable credentials, Jorge Pretelt and Maria Victoria Calle, to the constitutional court. He also recently nominated two new central bank directors, Juan Pablo Zarate and Cesar Vallejo, with solid technocratic credentials but whose close proximity to Finance Minister Oscar Ivan Zuluaga has raised a few eyebrows about their independence. Uribe will be in a position to pack the constitutional court, high council of the judiciary and central bank should he decide to run for another term, leaving these institutions increasingly vulnerable to political pressures in the coming years.

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