

# ECUADOR - What Comes With the Leftist Government?

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*The official results in Ecuador give 57 % to the candidate of the left, winning in 19 of 22 provinces of the country. It is the major advantage obtained from 1992, in a presidential election. His victory means for Ecuador the beginning of a political process similar to those taking place Venezuela and Bolivia. In the regional area it reinforces the axis of the left with political, economic and military consequences.*

## **The mistakes of the right**

The Álvaro Noboa's first mistake (candidate of the PRIAN - Right) that loses three consecutive elections - was radicalize his speech, leaving the center and scaring the electors. He accentuated an extremist profile retiring political of state in the international and energetic matters. He announced that he would break relations with Cuba and Venezuela and would involve the country in the Colombian conflict supporting the president Uribe. This struck in a country, where the president Chávez reaches 80 % of favoritism acceptance, Cuba has constructed 4 hospitals and there are thousands of young studying in the island. Noboa also affirmed that he would sign the Free Trade Agreement without any consultation and that he would check the reform of hydrocarbons that has allowed Ecuador an additional revenue of 2,000 million USD. Many people think that Ecuador is one of the most unstable countries of the region, but unlike his neighbors, it has developed that possess a wide support of the different social sectors of the right and of the left policies.

Also he didn't has the firm support of other parties of the right as the Social Christian PSC and Patriotic Society PSP, who let his militants emit their own votes. The party leaders were supporting Noboa but they met caught by the pressure of his militancies that in many localities supported the candidate of the left. Noboa could not also overcome his image of slightly scrupulous businessman, who "accumulates the power in his own benefit ". The ILO [[1](#)] , Human Rights Watch and the Union of Banana Working - FENACLE denounced that he was using children in his plantations and the formation of unions was preventing using paramilitary. His big populist offers fell when the press denounced the appearance in the garbage of dozens of thousands of inscriptions done by the poor people "to "receive" housings in case he was gaining the elections. Last days, Noboa changed his positions, and treated to answer for the denunciations but it was very late, because he had not the necessary credibility, as many analysts have noted.

He was supported by sectors of the Ecuadorian Association of Oil Companies (AIHE) that operate in the country with the hope that a rightist government stops what is called the "blackmail and the assaults" of the Amazonian Indigenous. Also of the financial sectors that are compromised by speculative activities on the foreign debt. But there were managerial sectors that were afraid of the concentration of power of Noboa, which already is the richest man of the country and controls the congress - in alliance with PSP and the PSC.

The electoral system submitted by the "Partyarchy" has little legitimacy. It did not avoid prevent stop during the first round, the conservative candidate from buying votes in exchange for money, food, and other gifts. Neither it did not stop him from spending too much money and surpassing the limits of propaganda expenses allowed by the law. The Computer System of Rapid Count - at the dependability of the Brazilian company E-Vote - collapsed. A report independent from a specializing team of the Technical National University - the most prestigious institution of the country - indicated that "irregularities were

made" that altered up to 200 thousand votes in this first round of voting. The Observers' Mission of the Organization of American States OAS did not warn of these facts and his chief Rafael Bielza was hardly criticized, and withdrawn 24 hours before the final round. The weakness of Rafael Correa's party was that he did not have electoral delegates in the majority of the suffrage table, neither supervise directly the computer system. In the second round, the TSE [2] was pressed to taking new measurements to guarantee the transparency of the process. The left put representatives in 90 % of the tables avoiding alterations of the votes and it reinforced his computer team monitoring the data transmission.

### **The Ecuadorian revolution?**

In the first round of voting Rafael Correa centred on the structural reforms, but in the second he raised a series of measurements - according to his critics - of populist type, which also allowed him to neutralize Noboa's offers. Another success was the support of all the political parties of center and of the traditional left. He reaffirmed the support of the social urban movements, and added up to the whole indigenous movement, in spite of the passiveness of a few leaders who in the first round supported Luís Macas. There was an intense organizational activity in the rural zones and the cities, to support the campaign, to monitor the electoral process and to win the elections.

The left is going to stimulate deep changes of the Ecuadorian political system, to reconstruct the institutions that have been seriously damaged by the traditional parties- including Pachakutik [3]- to reform National Congress, the Judicial Power, the Constitutional Court, the Electoral Court and others. The elect president has reaffirmed that as soon as he take office on January 15, 2007, to he will go call for a popular consultation to obtain the support in order that there is chosen a National constituent Assembly (of full power), with new electoral rules. The PRIAN, and the Social Christian Party, they are going to be opposed as indicate the deputy Jose Fernando Torres that he declare that if the future leftist government "wants war, it will have war". The PRE, Lucio Gutiérrez's SP and the Left Democratic Party have said that they are ready to negotiate, or try to make the National Congress to apply the constitutional reforms. But the most conservative opposition will have the control of the parliament, which makes it possible that a ruleship governance will take place in the first trimester of the year 2007.

The weakness of this opposition is his little legitimacy. The void and white votes were higher than 50 % of the votes and major that any of the voting's partial for the congress. If they try to block the national consultation, the government might shuffle the possibility of dissolving the congress, of calling to a wide national mobilization to press to the parties of the right and to force them to negotiate.

### **A good economic moment for a different model**

Ecuador is having a good economic moment, due to the oil price. Its production is 530.000 barrels a day, and together with the sending of remittances by emigrants - 2005 million USD in 2005 - are the base of the national economy. These remittances represent 8 % of GNP (Gross National Product) and are - according to Interamerican Development Bank IDB's report - bigger than the flows combined of direct foreign investment and official assistance for development.

The reform of the Law of Hydrocarbons has given additional resources to the state, but the government knows that it needs to take advantage of this stage to carry out structural economic reforms. The future Secretary of Energy Alberto Acosta - a prestigious economist - to renegotiate the petroleum contracts - possibly including Petrobrás [4] - which the government considers to be disadvantageous. Ecuador will return to the OPEC [5], and it will have a strategic energetic alliance with the Venezuelan government. The state company PetroEcuador is going to be modernized with the help of the Venezuelan company PDSVA and refineries are to built to treat the crude oil, producing derivatives and saving capital. These plans were started by the current government, but they were blocked by the pressure of the US companies. The negotiations have been restarted and President Correa has announced that on January 16, Venezuela will begin to refine the Ecuadorian oil, whereas the current government stopped the auction of seven marginal field of crude oil with proven reserves of about 120 million barrels. The new government is going to monitor the environmental damage and its relationship with the community, which have played a very important role in the destruction of the indigenous organizations in the Amazonian region. The future

government knows that the opportunities of the country are finishing in this area. Specialized projections consider that 2012 the petroleum production starting at will decrease irremediably and that Ecuador will be an importer country by 2023.

The other government axis will be the renegotiation of the foreign debt. The future Secretary of Economy will be Ricardo Patiño, who is critic of neoliberalism and of an outspoken the way how the foreign debt was acquired and negotiated, which at present is 16,850 million dollars with services of 2000 millions. The renegotiation can include a moratorium in the payments and / or the accumulated financial reserves using to repurchase the debt. Audit will go on taking place the so called "illegitimate and illegal debt" will be contested. Out the question as shown the Norwegian government that in the last October cancelled unilaterally and unconditionally the debt that they had with Ecuador, Peru, Jamaica, Egypt, and Sierra Leone, assuming that it had been get in an irregular way (without as Official Help for Development or as Cooperation Funds. Ecuador in this sense had already paid 100 million USD, owing still 35, of a considering it also of 59 millions.

The investigations are made by a Special Commission designated by president Alfredo Palacios in March and directed by Monsignor Luís Alberto Luna, who is related to the most progressive sectors of the Catholic Church. The future government also evaluates the saving to be obtained for the early payment versus the alternative investments in the petroleum field with a better utility due a major rate of return. Also the Venezuelan government offers purchase more - as it did with Argentina and Bolivia - Public debt bonds. These measures would allow the leftist government to reduce strategically its indebtedness and to avoid the pressures of the International Monetary Fund and of the USA, besides being a good business for Caracas.

Another measure to be taken is a reform of law of financial institutions that is going to force the banks to repatriate 2000 million dollars deposited in the United States, and to stimulating the national credit. This one is a very sensitive theme for the Ecuadorians, who in 1999 lost for up to 5000 million USD, due to the financial crisis provoked by the wrong management of the private banking and the complicity of the government of Jamil Mahuad. The ex-president resides in the USA and has charges pending for acts of corruption.

The signature of Free Trade Agreement with the U.S.A is also rejected with the decision of the future government, a the changes in the next US congress, where the democratic majority seems to be ill-disposed ready to approve any trade agreement of this kind, besides they wont renew the powers for president Bush to continue the negotiations, which expire on June 30, 2007. Meanwhile, Peru tries to use Correa's victory as an argument to convince the democrats that it is one of the few US allies in the region and that it must be supported against the "chavista" axis that has should. All these announcements have provoked much edginess in Wall Street, where the risk country increased since October 24 from 509 to 604 points. There is a massive sale of Ecuadorian sovereign bonds and the Credit Default Swap CDS - that are an assurance against the cessation of payments - cost now as much as those of Iraq.

### **The businessmen and the Indigenous**

The business sector does not have a uniform opinion towards the new government, and depends rather on its particular interests. The sectors linked to the speculative financial groups that handle the banking and have interests in the foreign debt are going to be a strong opposition. The petroleum companies are preparing to negotiate with the new government, based in the Venezuelan and Bolivian experience, reducing their utilities with a more equitable distribution. Also they will have to assume the costs for the environmental pollution that they have caused - especially - in the Amazonian forest. The national manufacturers can also achieve important agreements with the government, solving the problem of third-party labor contractors in exchange for a credit support and an aggressive search of new markets for the exports, and this promoting an increase in of the national consumption.

On the other hand, the indigenous movement is going to through a difficult stage. It has up to three sectors. The first is a "populist" one that controls the central mechanism system of the CONAIE [6] and that was behind Luís Macas's candidacy that obtained 2,9 % in the first round. It includes indigenous who

are occupying official positions in the state, and are worried by the commitments that Correa has with other indigenous organizations as FENOCIN [7]. The defeat in the first round of voting has hit them hard , but still they try to appear as the " speakers and representatives " of the indigenous movement.

Then there is what many analysts call "the indigenous mafia" formed by the ex-leaders of the CONAIE and the FEINE of evangelical orientation, who were committed to Lucio Gutiérrez's regime. Reports of the Republic's Controllershship and other investigations indicate them as serious responsible for irregularities and acts of corruption involving several million dollars. This sector was key for the victory of the Sociedad Patriótica Party [8] in the Amazonian region and the sierra where they have won many local governments. In the second round supported Noboa but lost overwhelmingly and now they are extremely worried.

The third sector is formed by groups that might be defined as the "indigenous left", represented fundamentally by provincial leaders, intellectual indigenous and some national leaders of the CONAIE. They have been opponents to the control of Luis Macas and his group, and to the indigenous mafia in the Amazonian region, but their major weakness that they have not joined nationally and have constantly beaten and isolated. They were very important since as the majority indigenous support to Correa's candidacy. In fact, the second round of voting Rafael Correa won in all the Amazonian and highland provinces with an average of 67 %.

### **The regional changes**

Three blocks are taking shape in the region. The first one includes Mexico, Colombia and Peru, as allies of the US. A group of governments of the "radical" left including Venezuela, Bolivia, Cuba which Ecuador would join. And a group of left wing "moderate" governments including Brazil, Argentina, Uruguay and Chile. Till now Venezuela has the initiative, with important political and trade agreements in the space of MERCOSUR, that is developing an increasing degree of integration between the economies of the region.

In the military area there are several problems. On the one hand, the US American troops will have to go out of Ecuador in two years, because the agreement for US military base in Manta is not to be reviewed. In the period that remains, the Ecuadorian government is going to monitor closely its actions to be restricted to the antidrug agreement terms and not to involve activities related to the Colombian conflict. The elect president indicated with a very ironic phrase that "a US military base in Manta would be accepted only, if the USA allows an Ecuadorian military base in Miami ".

The Pentagon warned President Bush to the growing nationalist currents among the militaries encouraged by the events in Venezuela. For this reason he reactivated the Program of Military Aid for the Army Forces of 11 Latin-American and Caribbean countries. This program was suspended in 2002 because of the denial of Quito and other governments of signing bilateral agreements exempting of US soldiers from the jurisdiction of the International Penal Court. But it is possible that the New Leftist government refuses or conditions its participation, which includes again sending officers to specialize in a "new" School of the Americas ". This military training center has been hardly questioned for having sheltered the persons main responsible for Human Rights violations in Latin America. On the other hand USA is installing new military bases in Paraguay, and the Peruvian congress is modifying the legislation referred to the entry of foreign troops in Peru.

The leftist governments are developing a strategy in this field to avoid repeating the experience of the 70s when the US administration supported coups d'état against the progressive governments. They seek to modernize their military forces to improve their departments of intelligence and to develop a regional strategy, which counterweights the traditional control of the USA. Venezuela purged the "pro US" sectors from its army, and is signing a military cooperation agreement with Bolivia to modernize its Armed Forces. The chanceries of Lima and Santiago see these agreements with very much fear and they have accused Venezuela of interventionism. But in October, 2005 – shortly before Evo Morales' victory - General Marcelo Antezana, who at the time was the commander of the Bolivian Army, coordinated an operation with the US embassy and delivered anti-aircraft missiles to the USA. These missiles had been donated by China in 1993 and were an important resource for Bolivia's strategic defense. At present the military involved in these facts are being sued because of treason to the motherland.

The Ecuadorian Armed Forces have different sectors inside. On the one hand there is a "pro US" sector that sees Rafael Correa with much suspicion, and they pressed the current government of Alfredo Palacios not to receive, in August, the commission of the Observatory of the Americas (SOAW) that came to Quito. This commission tried to explain how the US politics was affecting the Human Rights in the region. There are also " progressive and nationalist " sectors that can support the new leftist government to review the " white book " of the Armed Forces where new roles were assigned to them that would involve them in the fight against drug dealers. These sectors speak of developing an own politics of National Defense, and not moving the "strategic gravity center" of the Armed Forces towards the north border due to the US pressure. The governments of the United States and Colombia are going to carry out what is called "the second Colombian Plan" that will cost 4,729 millions dollars, as announced by the undersecretary of Political Matters of the Department of State, Nicholas Burns. Besides, the tensions can worsen because Álvaro Uribe´s government announced that fumigations in the Colombian-Ecuadorian border are going to be restarted in the next days, in spite of the Ecuadorian protests.

### **The beginning of a dream or a nightmare**

The victory of the left in Ecuador finishes a stage initiated in 1990 with the indigenous uprising. The future government of Rafael Correa possesses the experience and the persons that have formed during these years, with their virtues but also with their mistakes. The national economy is going through a good moment and has a regional positive panorama. A good leftist government in Ecuador would be a good or bad example according to the interests in the region. To pass from the hope to demonstrating that it is possible to make dreams come true, and that the Latin-American left is closer to the Utopia of Thomas More, to the dreams of Dolores Cacuango, - the biggest leader of the indigenous Ecuadorian movement - than to the nightmares and Stalin´s Gulags.

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### **Footnotes**

[1] International Labour Organization

[2] Tribunal Supremo Electoral. Institution in charge of the electoral process

[3] Indigenous Party

[4] Brazilian Oil Company

[5] Organization of the Petroleum Exporting Countries

[6] Confederación de Nacionalidades Indígenas de Ecuador. It is the most importa national indigenous organization

[7] Confederación Nacional de Organizaciones Campesinas, Indígenas y Negras. National federation of Rural, Indigenous and Black Organizations. It is another important national indigenous organization in Ecuador

[8] Lucio Gutierrez was former president and Sociedad Patriótica is his party