Rafael Correa declared new president of Ecuador

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Rafael Correa was officially declared president of Ecuador on December 4 by that nation's electoral court. He will be sworn in January 15 as the 56th president of Ecuador, the seventh to occupy the post since the legislature removed President Abdalà Bucaram 10 years ago in the midst of a debt crisis that devastated the country.

Correa won the second round of the elections last month, with 58 percent of the vote as compared to Alvaro Noboa's 42 percent. Correa finished second in the first round of the elections, held in October, with 22.8 percent of the vote. Noboa gained 26.8 percent in the first round.

Correa, a 46-year-old economist trained in the United States and Belgium, served briefly as minister of economics under the government of Alfredo Palacios. Correa has been a university professor most of his life. His running mate, Lenin Morales, a businessman, is new to electoral politics.

Noboa is considered the nation's richest man. He is heir to a banana fortune and combines a paternalistic persona with staunch anti-union views. He has fired plantation workers who joined trade unions. In 2002, paid gunmen employed by Noboa attacked and shot at striking banana workers.

Correa's party, Alianza PAÍS, is a bourgeios nationalist party that declares itself to be part of a "progressive current that is taking hold of Latin America and the Caribbean to restore Ecuador from 500 years of exploitation." Its statement of principles, issued in Spanish and Quíchua (the language of the Incas), makes references to the pan-Americanism of Simón Bolivar and the struggle of Ecuador's native peoples, and calls for the formation of a "new order" based on equality between the ethnicities, ecologically sustainable development and the renegotiation of external debt.

To his followers, in Spanish and Quíchua, Correa delivered a populist message with heavy doses of Catholic social doctrine—he is a devout evangelical Catholic. At the same time, he reassured Ecuador's elite and international finance that he would stay within the bounds of capitalist property relations. In this regard, his choice of vice president, Lenin Morales, an executive who heads the National Federation of Chambers of Tourism, is significant.

During the campaign, both candidates made demagogic promises to provide housing and welfare programs for the poor. Correa presented himself as an anti-corruption reformer and emphasized his opposition to a proponed "free trade" treaty with the United States. He accused his opponent of surrendering national sovereignty and transforming Ecuador into a banana republic.

Correa also called for "neutrality" on Plan Colombia, the US-Colombian program ostenibly aimed at drug interdiction, whose primary purpose is to ensure Colombian oil supplies to US transnational companies. He proposed that Ecuador not renew its lease of the Manta Air Base to the United States. The lease expires in 2009.

Correa opposed the trade pact with the US on the grounds that it would open the door to subsidized US agricultural products and harm the interests of Ecuador's peasants and small farmers.

He initially proposed that the movement of short-term capital in and out of the country be regulated, and called for suspension of debt payments to the International Monetary Fund (IMF) and other international agencies, pending renegotiation of terms. He subsequently backtracked on both of these proposals under pressure from the business sector. During the campaign in the second round of the elections, Correa made efforts to reassure international lenders that their investments would not suffer under his administration.

Under the hammer of mass protests from workers and indigenous peoples, Ecuador's legislature has exercised its power to remove presidents from office six times in the last 10 years. Correa and Alianza PAÍS intend to organize a referendum for a National Covention that would reform the constitution to prevent Congress from removing presidents and shift more power to the executive branch. A strong executive would empower the state to more effectively confront social unrest. If this project fails, Correa's proposals and his future as a president will be in the hands of Congress.

Ecuador is an example of the disaster caused by "free market" policies imposed across the region by the IMF, the World Bank and the US State Department. Beginning in the 1980s, these new prescriptions—free movement of capital, privatization and substantial cuts in government social programs—have had a devasating impact on education, health and social security.

After 20 years of 4 percent yearly growth in per capita income, Ecuador's per capita gross domestic product (GDP) shrank by 14 percent in 1980-2000. Since then, per capita income has grown a paltry 8 percent in five years.

As a result, the average per capita GDP in 2005— $4,300—was lower than the figure for 1980. Nearly half of Ecuador's 13 million inhabitants live in poverty; 30 percent exist on less than one US dollar a day.

In 2000, the government replaced Ecuador's currency, the sucre, with the US dollar, a measure that placed the Ecuadorean monetary system under the control of the US Federal Reserve Board. This took control of the country's money supply out of the hands of Ecuador's Central Bank and, in combination with severe restrictions dictated by the IMF and World Bank on social spending, placed fiscal and monetary policies in the hands of international financial institutions dominated by Washington.

Rates of poverty have soared and have had their greatest impact in rural areas, in the Ecuadorean Amazon and among indigenous peoples. The poverty rate in 2000 was 30 percent higher than in 1993.

More than 85 percent of Indians exist under the poverty line. Child labor—including at Noboa's faros—is increasing as school attendance drops. Child malnutrition is 26 percent (59 percent among native peoples). Budget cutbacks over the years have largely destroyed the country's health system. Twenty-two percent of the population have emigrated to other countries, and unemployment and underemployment are at Depression levels.

Correa's call for constitutional reform is driven by a social crisis of historic proportions. Moderate economic growth this year, largely due to high oil prices (Ecuador produces 500,000 barrels of crude oil per day, from which it exports 450,000 barrels), has barely made a dent in reversing the catasthrophic fall in living standards.

Forty-three percent of the state budget depends on oil export revenues. During the 1970s, Ecuador's debt burden to Wall Street banks increased, based on the expectation of high oil revenues. With the fall in oil prices in subsequent years, Ecuador fell into a debt crisis from which it has not fully recovered. Despite repeated renegotiations with the banks and the IMF, one third of revenues are earmarked to pay Ecuador's bondholders.

The United Nations Human Development Index (HDI) ranked Ecuador as 69th out of a list of 175 nations in 1999. By 2004, the country had dropped to 100th. The HDI ranks countries according to per capita income, life expectancy, and health and education levels.

Ecuador´s economic implosion has sparked social upheavals. In April 2005, tens of thousands took to the streets demanding that all politicians resign. Demonstrators fought bitter street battles with the police. The mass protest contributed to the removal of then-President Lucio Gutierrez.

This past March, thousands of oil workers went on strike against private contractors employed by Petroecuador. Government security forces clashed with the strikers, leaving three workers injured. The government of outgoing President Alfredo Palacios then placed three of Ecuador's oil-producing provinces under martial law and jailed militant workers.

The oil question has been a source of tension in Ecuador's impoverished north, sparking protests from villages and towns in the region over the environmental destruction and contamination of potable water from oil exploration and exploitation. In May, in the midst of strikes and production stoppages, Ecuador cancelled some of US-owned Occidental Petroleum's oil leases and transferred them to Petroecuador, the national oil company.

The last elected president, Lucio Gutierrez, an ally of US President George W. Bush, was removed from office in April 2005 in the midst of a general strike sparked by massive cuts in public spending, imposed as part of a deal with the IMF. Gutierrez became president on a program of social spending and reform similar to Correa's, and with the support of Indian organizations, but then reversed himself by agreeing to an IMF-imposed austerity program.

Correa joins a layer of Latin American "left" leaders who, to varying degrees, have challenged US demands that they further open their economies to US capital and sacrifice social programs to the demands of foreign bondholders. Among these are Brazil's Luiz Inácio Lula da Silva, Argentina's Nestor Kirchner, Venezuela's Hugo Chavez and Bolivia's Evo Morales. All of them came to power on wave of popular resentment by combining nationalist demagogy with assurances to business interests that they would protect profits and capitalist property.

There is nothing novel about this so-called "progressive current." The bourgeois nationalist "lefts" in Latin America appear to threaten the international financial oligarchy with the prospect of social chaos and instability in an effort to extract loan and trade concessions and mitigate the social crises within their countries. Their essential role, however, is to preempt and prevent the development of an independent political movement of the working class. As a rule, "left" periods of bourgeois rule are followed by periods of increasing economic exploitation and political repression.

Two days after his victory, Correa received a congratulatory phone call from President Bush. Describing the conversation, he referred to the US leader as a "noble person."

Correa also met with the US ambassador to Ecuador, Linda Jewell. At the meeting, Correa thanked the United States for having extended a bilateral trade agreement that favors Ecuadorean exports to the US. A US State Department official indicated that the Bush administration was collaborating with Bolivia's Evo Morales and expected to work with Correa as well.