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Economist Rafael Correa won Ecuador's presidential election on Nov. 26, beating businessman Alvaro Noboa by over 800,000 votes, a margin of more than 13%. Correa led his party Alianza Pais, a new group in Ecuadoran politics, to an overwhelming victory in the runoff election, surprising pollsters' pre-vote surveys calling the contest a statistical tie. Noboa, running with his Partido Renovador Institucional Accion Nacional (PRIAN), had come away with the most votes in the first round on Oct. 15 (see NotiSur, 2006-10-20), but Ecuadorans ultimately favored Correa's promises that he would reform the country's institutions and remove the old guard's hold on power. Although he enjoys a strong mandate, Correa now faces a Congress composed mostly of opposition-party members (see NotiSur, 2006-11-10).

Correa is the latest prominent Latin American leftist and opponent of US policy to win a presidential term by a big majority, joining figures like Daniel Ortega in Nicaragua, Evo Morales in Bolivia, Tabare Vazquez in Uruguay, Luiz Inacio Lula da Silva in Brazil, and Hugo Chavez in Venezuela, the latter two having recently won re-election campaigns.

Correa's large victory margin contradicts pre-vote polling

Official confirmation of Correa's victory took more than a week, with the Tribunal Supremo Electoral (TSE) naming him president-elect on Dec. 4, eight days after the election. However, agencies like the Organization of American States (OAS) and several foreign governments recognized Correa's win shortly after his lead became insurmountable. Hesitating little, Correa claimed victory the night of the vote, based on multiple exit polls that showed him leading with about 57% of the vote, with that number varying slightly survey to survey. When the TSE released its final count, Correa's lead stood at 13.34%, representing an 828,217-vote advantage over Noboa. Correa took 56.67% or 3,517,635 of the valid votes, while Noboa had 43.33% or 2,689,418. An additional 70,073 ballots were blank and 680,533 were nullified.

In Ecuador, 9,165,125 people are qualified to vote, 4,623,363 women and 4,541,762 men. The abstention rate in the runoff stood at 25.36%. These figures were taken as the TSE had 99.81% of the vote counted. Voting is compulsory in Ecuador. Although the TSE had said official results would be ready 48 hours after the close of polling stations at 5 p.m. Nov. 26, 187 hours went by before the final count was available, according to Quito daily newspaper El Comercio. One of the main causes of the delay was a holdup in the transfer of ballots from abroad to Ecuador. There was also a delay in counting votes from the provinces of Azuay and Morona Santiago. The election also included a referendum on three questions on investments in social spending, all of which passed (see other article in this edition of NotiSur).

The PRIAN said it would not recognize the results, alleging "suspicious irregularities" at the ballot boxes. International observers, however, called the vote free and fair. Radical platform moderated
somewhat during campaign Correa won with one of the highest margins of victory a presidential candidate has had in Ecuador in the past 30 years. "We receive this triumph with deep serenity and humility," Correa told a news conference. "When we take office it will finally be the Ecuadorian people who are assuming power." His win echoes President Evo Morales' triumph in Bolivia this past January, where the indigenist socialist won a majority that was both the largest mandate a Bolivian president had received in decades and, like Correa's win, had not been predicted by opinion polls (see NotiSur, 2006-01-06 and 2006-02-03).

Correa, 43, will take office Jan. 15 and will serve a four-year term, at least hypothetically. Ecuador has gone through eight presidents in the past ten years, with a number of those having to leave office before their terms had ended. Correa hopes that the wide victory margin will shield him from the popular discontent or opposition machinations in Congress that brought about the downfall of prior holders of the office. This is Noboa's third consecutive loss of a presidential runoff vote. He lost to Lucio Gutierrez (2003-2005) in 2002 and to Jamil Mahuad (1998-2000) in 1998 (see NotiSur, 1998-07-24 and 2002-12-06).

During this campaign Noboa's vice-presidential running mate was Vicente Taiano, an attorney and legal adviser to the Corporacion Noboa, whose family has close ties with Noboa. Post-election analysis said that voters tended to associate Noboa with Ecuador's old political elites. Correa, by contrast, was able to capitalize on his outsider status, having held government office only briefly after Gutierrez was ousted. Correa served as outgoing President Alfredo Palacio's economy minister for a few months, but resigned after clashing with the president (see NotiSur, 2005-08-26). Popular movements rallied to his defense after his resignation, marking the unofficial start of his rise to the presidency.

The young economist campaigned on a radical platform, promising to restructure Ecuador's massive foreign debt to finance social programs and to reform the Constitution with the aim of stripping power from the traditional parties that dominate national politics. One might argue that the first phase of that process has ended, with traditional parties going down to serious defeat in both rounds of the election, notably the Partido Social Cristiano (PSC) which served as the power base from which former President Leon Febres Cordero (1984-1988) influenced Ecuadoran politics. Noboa's failure also fits in that trend, although his PRIAN and the Partido Sociedad Patriotica (PSP) hold the largest blocs of seats in the 100-member Congress and will likely be influential in the coming years.

Correa said during the campaign that he would not end the policy of dollarization in Ecuador. He also said he would not renew the US's lease on the military base it maintains in Manta, on the central coast of Ecuador. The US military's use of the Manta air base for drug surveillance flights ends when a treaty runs out in 2009.

Correa pledged to construct 100,000 low-cost homes and copied Noboa's promise to double a US$36 "poverty bonus" that 1.2 million poor Ecuadorans receive each month. Correa began his campaign identifying with Chavez, but backpedaled when he feared the comparison was hurting him in the polls. That appeared to change somewhat the night of the election. "Hopefully, we will get much,
much closer to Chavez," he told Channel 8 television in an interview. "Chavez is my personal friend, but in my house, my friends aren't in charge, I am. And in Ecuador, it will be Ecuadorans in charge."

Correa said he would not rule out seeking stronger ties to other, more moderate leftist presidents like Michelle Bachelet in Chile, Nestor Kirchner in Argentina, and Lula in Brazil, and with Washington, if President George W. Bush makes it worthwhile for Ecuador. At his first news conference following the election, Correa said Ecuador could rejoin the Organization of the Petroleum Exporting Countries (OPEC). "If it is possible, we will rejoin OPEC," he said. Ecuador, which produces some 535,000 barrels of oil a day, left OPEC in 1993.

The vice president-elect is Lenin Moreno. Ricardo Patino will occupy the job Correa held under Palacio as chief of the Economy Ministry. Alberto Acosta, a leftist economist like Patino, will head the Ministry of Energy. Carlos Pareja was tapped to lead state-owned Petroecuador. He said his country's legal dispute with Occidental Petroleum Corp. (see NotiSur, 2006-06-02) is not indicative of how the incoming government will work with foreign oil and natural-gas companies. "The world has been poorly informed about the situation with Occidental," Pareja said during an interview in Buenos Aires on Dec. 5. "Foreign investments in Ecuador are secure." Petroecuador produces about 40% of Ecuador's output of approximately 530,000 barrels per day. Pareja said that production has fallen by 25,000 bpd over the past year and that, without improvements to the country's refineries, output might drop by another 10,000 bpd in 2007.

During the campaign, Correa attacked Ecuador's Congress as a "sewer" of corruption and ran no candidates for the legislature. Correa earned his doctorate in economics from the University of Illinois. Wall Street panics Correa says he will cut ties to international lending institutions, including the World Bank and the International Monetary Fund (IMF), and has threatened a moratorium on foreign-debt payments unless foreign bondholders agree to lower Ecuador's debt service by half. This led Ecuador to surpass Lebanon as the riskiest country for bondholders after Correa said the nation might default on US$11 billion of debt, according to traders in the credit-default swap market. Ecuador has over US$16 billion in total foreign debt.

"If country risk goes up because of speculators worrying about the ability to pay the debt, I don't care," Correa said Nov. 26 in an interview on television network Ecuavisa. "The country risk I care about is children suffering." Credit-default swaps are financial instruments based on bonds and loans that are used to speculate on a country's ability to repay debt. They were conceived to protect bondholders against default and pay the buyer face value in exchange for the underlying securities should the country fail to adhere to its debt agreements.

"Given the extreme language that Correa and his allies used in his campaign proposal it may be difficult for Correa to be pragmatic and go forward with a very soft restructuring," Carola Sandy, a Latin America debt strategist at Credit Suisse in New York, wrote in a research report Nov. 27. Correa also said Nov. 26 that Ecuador does not need a free-trade agreement with the US.

A decisive margin of victory suggests "a constitutional convention now appears very possible, and other more extreme measures, including a possible debt restructuring, are also more likely than they might have been had Correa won a more narrow victory," Christian Stracke, head of emerging
markets at New York-based research firm CreditSights, wrote in a research report dated Nov.
26. Ecuador's benchmark bonds tumbled Dec. 1 after economy minister-designate Patino told El
Universo newspaper that the new administration would "definitely" renegotiate the country's debt.
"This news has scared people," said Silvia Marengo, who manages US$130 million of emerging-
market bonds in London at Clariden Bank. "The message Correa is sending to the market is that
he's going to be tough."

Candidates' bank accounts frozen for spending violations

Nongovernmental-organization (NGO) complaints led the TSE to freeze the campaign accounts of
both candidates in the days before the election, starting first with Noboa's camp and then Correa's.
The body said the campaigns had exceeded spending limits for "direct and indirect publicity,"
including TV and radio spots. "There is an excess of spending for election expenses on the part of
both the presidential candidates," Javier Cazar, chief of the TSE, told reporters Nov. 17 in a news
conference. Hours earlier, Patricio Torres, a member of the tribunal, said billionaire banana tycoon
Noboa's bank account for election expenses was frozen as a "preventive" measure because he had
gone over the US$687,000 limit. Cazar indicated that Noboa had spent some US$373,000 more than
the allowable limit, which could lead to a fine four times that amount. Correa also was over the limit
by a more modest US$5,558, he said.

Noboa's wife, congresswoman-elect Anabella Azin, told Channel 2 television that the decision
to freeze the account was made "by people who want to do us harm." She added, "We have not
overspent on election expenses, that is not true." But Torres told Radio Quito, "What the TSE has
done is just and legal." Noboa faced the same situation in his two previous bids for the presidency
in 1998 and 2002. Both times, he ignored the limit set by law and kept spending, willingly incurring
fines.

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