

Landslide Vote Gives Correa Mandate To Dismantle Free-Trade Economics

by Gretchen Small

“The long night of neoliberalism is over,” Ecuador’s President Rafael Correa declared when exit polls after the Sept. 30 elections for a Constituent Assembly showed his Alianza País movement had won what he called “the mother of all battles”: a mandate to dismantle the financiers’ free-trade model and transform the State into institutions empowered to defend the General Welfare.

Correa had staked his young Presidency on the elections, promising to resign if Ecuadorians voted to stick with the status quo, in which private financier interests maintain an iron grip over the majority of the media, political parties, and other institutions, and act, as Correa charged on Aug. 8, “with the logic of financial and banking capital, without the ethics of a human being and patriot.”

With 95% of the vote counted as of Oct. 11, Correa’s project had won a stunning landslide of 70%.

British and Wall Street interests had used the small nation of Ecuador as “a guinea pig,” as the *Wall Street Journal* so baldly declared in 2000, for their policy of stripping national sovereignty to the point of elimination of even a national currency. After looting the country until nothing was left, in 1999, the financier interests running the government confiscated half of all bank deposits in the country to pay the foreign debt, while printing money like mad to bail out, not the depositors, but the bankers. In the resulting hyperinflation, the currency became worthless, falling from 7,000 to 25,000 sucres to the dollar, and the U.S. dollar was imposed as the currency in its place. When bank deposits were finally given back to the people, they were worth one-fifth of what they had been. The nation nearly disintegrated in the devastation that resulted from those policies, as non-governments came, and fell, in succession, and 2 million people fled to seek work abroad.

When the outspoken Rafael Correa, a 44-year-old economist who rejects the idea that destructive economic policies, such as globalization, are ever “irreversible,” took the oath of office on Jan. 15, 2007, the financiers dismissed him, promising that his government, too, could be brought down rapidly.

Unlike the Baby-Boomer politicians governing in most of the world today, given orders to bow to “the way things are,” or be shot—the young President has received numerous death threats—Correa turned to a power greater than anything the

financiers can ever deploy: the desire of human beings to seize their right to a dignified existence; to demand, as he said in his Sept. 26 address to the United Nations, “their right to enjoy a life worthy of being lived.”

Correa has organized the people of Ecuador to think big, and stand firm. “We don’t aspire for Ecuador to become the Switzerland of the Andes. We aspire that, one day, Switzerland will want to be the Ecuador of the Alps,” he told some 1,000 Ecuadorian immigrants who turned out to hear him address a rally in Brooklyn, New York on Sept. 23. Displaying the quality of voluntarism which the oligarchy always fears, he told them: “We can do everything that we propose to do.”

First, the Oil Multis; Next, the Bankers

The Constituent Assembly is scheduled to be seated at the end of October, and has 180 days in which to draft a new constitution, which will then be brought to the voters. Issues of principle will be fought out during that period, but Correa is not waiting a half-year to act.

Four days after his election sweep, Correa moved to rein in one of the most powerful interests looting the country: the oil multinationals. Noting that certain foreign oil companies had made 200% to 300% profits in recent years, while some did not even pay taxes, Correa declared, “We are not going to be cheated again.” He issued a decree on Oct. 4 stipulating that 99% of windfall oil revenues must now go the state, leaving the remaining 1% for the companies.

Ecuador produces around 530,000 barrels of crude oil a day, but 49% of that is currently in foreign hands, despite the Constitution, whose Article 247 declares the nation’s subsoil resources to be “the inalienable property” of the state, to be exploited in furtherance of “national interests.” The companies are operating under contracts signed when the benchmark price of oil was \$23 a barrel, and many of those contracts stipulated that the companies would pay less to the government, should the price of oil drop below the benchmark rate, but left the payments the same, should it rise! As the international price of oil nearly quadrupled, the oil multitis merrily made off with the entirety of that bonanza, until 2006, when the previous Palacios government ordered that the state receive 50% of the windfall.

The multitis, which screamed when they had to give up



Chevron Corp.

Ecuador's President Correa is moving hard against the oil multinationals that are looting the country, some without paying any taxes at all. Above, a center of oil production in the Oriente region of Ecuador.

half, are now calculating how to respond not only to the decree that they receive only 1% of the windfall revenues, but to the Correa government's subsequent announcement that it will be auditing the 15 sweetheart contracts, signed between 1995 and 2000, for irregularities. The Correa government has "requested" the contracts be renegotiated from joint venture contracts, back to the service contracts used before 1995. This would conform to the Constitution, both Article 247, and Article 3, which asserts the government's obligation to defend the country's natural resources and secure economic development for the "collective benefit" of all.

Correa stated after the election that regulating the national financial system is high on his list of priorities, including restructuring the central bank, whose so-called "autonomy," he charges, is a cover for corrupt control of national finances by private interests. He also said advancing regional integration will be key, particularly the creation of the Bank of the South, a proposed regional institution which *EIR*'s founder, Lyndon LaRouche, has praised as a step towards the needed new world financial order.

As could be imagined, opposition figures serving such powerful interests as those which control global oil and banking, are becoming apoplectic, telling their international friends that Correa is dividing the country. Correa pointed out after the elections, that the country has been proven to be more united than ever. But, he offered a friendly suggestion to those trembling over the loss of their privileges. They represent the elite who destroyed the country, the richest 2-3% who think they have the right to make decisions on people's lives and the nation's resources, he said. These are the people who re-

mained silent when 2 million Ecuadorians were forced to leave the country to find a living, many dying in the attempt. What can I tell them, but "take a Valium," he said.

Doing What Americans Would Do

Just prior to the elections, Correa visited his good friend and ally, Argentina's President Néstor Kirchner, in Buenos Aires, before coming to the United States, where he has been painted by Wall Street as a would-be dictator and leader of some anti-American axis of evil alleged to be forming under Venezuela's President Hugo Chávez.

Correa took the lies, and the liars, head on. Interrogated by *Newsweek*'s nasty Lally Weymouth, Correa answered that his government "is not anti-American at all. . . . We are honest people who are doing what anyone

would do in our country with [its] huge inequalities."

"The United States is a strategic country for Ecuador," he stated in a Sept. 25 address before the Council of Americas in New York City. He did not bow before the power of the Council, founded by the Rockefeller interests to represent the leading multinationals and financial groups, but laid out Ecuador's case for respectful relations with the United States based on his nation's sovereign right to develop.

Correa outlined Ecuador's inequalities to them. Unemployment, despite all those who have emigrated, remains around 11%, while one out of two Ecuadorians of working age do not have a secure job, he told them. Around 40% of the population lives in poverty.

My government's historic responsibility is far greater than the need to worry about its country-risk rating and maintaining statistical equilibriums, Correa said. "We are not prepared to persevere in policies which have not produced the economic and social results which the great majorities of my country demand." We are leading a constitutional change so as to be able to consolidate a new development perspective, by defining a state which, as he emphasized repeatedly, "recovers the powers of regulation, management, and planning lost on the torturous path traversed in the past two decades."

"The government has returned faith to a people who, a few years ago, were looted by the banking crisis, which saw how policies were applied to attract capital, but export people." We have succeeded, he said, "in letting Ecuadorians feel that after Jan. 15, 2007, the nation now belongs to all of them."