

## **Ecuador: 2017 National Referendum Analysis**

***By Tomas Bayas,  
Research Associate at the Council on Hemispheric Affairs***

2017 will probably be remembered as a turning point in the history of Ecuador's Alianza PAIS (AP) party. Founded by Rafael Correa in 2006, the AP embarked on a monumental project known as the Citizen's Revolution that would eventually come to dominate Ecuador's political system. The Citizen's Revolution focused primarily on a social and economic revolution, and has been in power since Correa won his first presidential election in 2007. And yet, despite its previous success, the AP drastically changed its political approach upon the succession of Lenin Moreno in 2017.

After winning re-election in 2014, Correa introduced a reform package and one of the proposals was to lift re-election limits. He faced significant public pressure after the opposition accused him of using these reforms as a way of furthering his own political power, forcing him to announce that the constitutional change would only take effect in 2021, meaning that he would not be able to run for re-election in 2017. <sup>i</sup> Because of this political conflict, he had to choose between anointing Jorge Glas or Lenin Moreno as his successor. Both served as vice-presidents under Correa's two terms and either one seemed likely to be the next candidate for AP. After months of uncertainty, he ultimately decided to go with Moreno as President and Glas as Vice-president, and the ruling party was confident they would win the upcoming elections and would be able to continue to institute their political project. After a narrow win against right-wing candidate Guillermo Lasso, Moreno took office facing a divided and polarized country. <sup>ii</sup>

While the country was facing a critical economic situation, it was also rocked by two successive corruption scandals involving the state-owned oil company Petroecuador and the Brazilian transnational conglomerate Odebrecht. <sup>iii</sup> Throughout the electoral campaign, Jorge Glas had been mentioned repeatedly as a possible suspect in the growing corruption scandal. It grew more serious as new and more concrete evidence appeared, such as the testimony of former Odebrecht directors and the arrest of Glas's uncle under corruption allegations. <sup>iv</sup> These developments, combined with a significant change in economic policy, led to a distancing between Correa and Moreno, and a war of words erupted, with both repeatedly calling each other out via social media and during various interviews. <sup>v</sup> On October 2, in what appears to be the latest attempt to break

away from *correismo* and to undermine the former president's influence, Moreno announced that he would call for a referendum regarding possible amendments to the nation's 2008 National Constitution (formed during Correa's administration) with a number of questions that were particularly aimed at some of the major actions implemented by Correa during his time in office. <sup>vi</sup>

## Corruption and Crimes

The first question addresses the corruption scandals that have affected the nation and calls for what is known as civil death by corruption. Essentially, the question asks whether or not citizens agree with amending the constitution in order to sanction individuals that are convicted of acts of corruption by preventing them from ever participating in public politics and to also seize all goods owned by the individual in order to repay the state. This question evidently has a personal tone and is aimed at Glas, who was finally imprisoned as a preventive precaution as the National Court of Justice moves forward with the corruption case presented against him by the Attorney General's office. <sup>vii</sup> As of this moment, two former state ministers and two former managers of Petroecuador are among those being held in connection to the scandal, while a number of other suspects are at large after going into hiding before the National Police emitted warrants for their arrest. <sup>viii</sup> Although there were never any formal charges or credible allegations against the president himself, the Correa administration was constantly under accusations of corruption and the recent emergence of cases will only further taint his already questionable reputation.

On a related note, Moreno is also proposing to amend the constitution so that crimes of sexual abuse against children should have no statute of limitations. There was a major scandal in Ecuador after 42 cases of sexual aggression were reported in a school in Quito after which 340 teachers had cases opened against them. <sup>ix</sup> Some argued that since some cases had occurred several years before that the accusations were no longer valid and charges should not be brought up at this time. This caused consternation amongst citizens and this initiative is seen as part of what has become a global effort to create awareness regarding child abuse. The goal is to provide options that will enable and encourage people to come forward in cases that on many occasions go unprosecuted because of victim's fear of the repercussions of stepping forward.

## Indefinite Re-election and State Authorities

The following question is also, without a doubt, an attack against Correa, as it asks whether citizens agree with rolling back the amendment originally proposed by Correa in order to eliminate indefinite re-election and to restrict public official's re-election to one time only. Citing alternation as a key pillar of democracy, Moreno has regarded indefinite re-election as a political aberration and claimed that those who propose it are

only looking to be re-elected in their next term rather than focusing on the future of the country. <sup>x</sup> Correa has long claimed that he wished to retire from politics after stepping down as president and that he wouldn't come back to the country as long as it was not necessary for the future of the Citizen's Revolution. As his war of words escalated with Moreno, Correa has slowly introduced the idea that he would be back for the 2021 elections in order to salvage his movement and after the latest chapter of events, his criticisms towards the current president will only grow stronger and harsher. Correa, and those who support him, have constantly pointed to Germany as they make their case for indefinite re-election. In their eyes, Angela Merkel's sustained position in Germany is an example of how indefinite re-election can provide economic and political stability, but that is an inadequate comparison, to say the least. <sup>xi</sup> Latin America is unfortunately plagued by institutional weakness, corruption cases, and a propensity of its leaders to abuse power, making it too unstable for such propositions.

Furthermore, the next question analyses the restructuring of the Council of Citizen Participation and Social Control (CPCCS), an autonomous entity which alongside two other entities is in charge of Transparency and Social Control, one of the state's five functions defined in the 2008 Constitution. Among its responsibilities, CPCCS is in charge of designating various state authorities--among which are the Attorney General, State Comptroller, and the members of the National Electoral Council. Members of the CPCCS are elected through a national contest but Moreno is proposing that they be elected through a universal vote, every four years, to remove any doubts that positions in the council could be granted by the government to individuals who would support its political agenda. This concern appeared after the former State Comptroller, Carlos Polit, got embroiled in the Odebrecht corruption scandal. He remains a fugitive and is currently in the United States, where he went days before charges were brought against him under the pretense of traveling for health reasons. The former Attorney General, Galo Chiriboga, is also used as an example of the failure of the CPCCS; he was elected to his position despite being a close friend of Rafael Correa, and even acted as his personal lawyer in a trial the former president had against one of the nation's biggest banks. <sup>xii</sup> In response, Moreno is requesting that members of the CPCCS no longer be allowed to have any political affiliations or for them to be presented by any political parties.

## Environment

There are also two questions that are directly related to the environment and the current government's efforts to be a leader in the fight against global warming. The first relates to banning all metal mining efforts that take place in protected areas, intangible areas, and urban centres. Under Correa, the government promoted mining as another means of generating revenue and was projecting for it to contribute up to 4 percent of GDP by 2020 (its current contributions are projected to be 2.3 percent for 2017). In order to achieve this growth, the government established large-scale mining projects, but in doing so they were going against the economic model established in the 2008

Constitution, which aimed to institute a non-extractivist economic model. The mining efforts by the previous government were controversial and led to clashes with various indigenous organizations as they protested the activities. <sup>xiii</sup>

This ties directly to the second question about the environment that relates to the exploitation of the Yasuni National Park. In 2007, Correa proposed to maintain oil found in the Yasuni area untouched and embarked on an international campaign to receive international funding which would allow this to happen. However, in August 2013 the government withdrew its proposal and authorized the exploitation of parts of the area as they failed to secure funding and only managed to raise \$333.6 million of the initial \$3.6 billion goal. Despite the strong opposition of various environmental groups, operations were effectively underway as of March 2016. <sup>xiv</sup> Moreno's proposal does not prohibit fossil fuel exploitation in the region, but it does seek to restrict by a third the area where oil extraction occurs. Additionally, the proposal also increases the area of the Yasuni protected zone by 50,000 hectares. Nevertheless, environmental organizations and analysts feel that this amendment does not do enough to protect one of the most biologically diverse locations on Earth. <sup>xv</sup>

Despite those criticisms, these two proposals support the latest government efforts in protecting the environment, such as the Amazon Integral Program, which aims to improve sustainable forest management, better management of natural resources, and an improvement in production of the country's six Amazon provinces. <sup>xvi</sup> The Socio Bosque Program continues to offer economic incentives to owners of land to guarantee its protection over the medium to long term. Furthermore, at the United Nations National Assembly Moreno recently requested international cooperation to preserve the Amazon with productive initiatives that allow eradicating deforestation or the expansion of the agricultural border. <sup>xvii</sup>

## Capital Gains Law

Finally, Moreno is looking to repeal a controversial capital gains law imposed on landowners. It sought to act as a deterrent in order to prevent future speculative bubbles in real estate prices, but the effects have been largely negative. The construction sector has already seen 24 straight months of negative growth, and although the economic recession is definitely a factor, the law has not been particularly helpful. In spring 2017, the construction industry fell by 7.9 percent in comparison to that same period the year before. The real estate sector has also been particularly affected as it has been hit with a loss of 135 direct jobs per day since the implementation of this law. By repealing this law, Moreno is looking to reactivate an important sector of the economy as his government continues to look for ways to stimulate a struggling economy. <sup>xviii</sup>

## Conclusion

This set of reforms is the latest and most clear effort by Moreno to distance himself from his predecessor as he seeks to adapt a more friendly and conciliatory approach with all members of society. His proposal has been met with praise, as it addresses controversial issues that lingered from the past administration, but AP's official reaction remains unclear. Jose Serrano, President of the National Assembly and member of the AP, had already stated publicly that Glas should step down from his position before his imprisonment. This position has created tensions within the party, as one side remains faithful to Correa while the other seems to want to break away from his image. The AP has come out in neither support nor condemnation Glas, but rather has stated that it believes in the judicial system and will leave his fate in the hands of the Department of Justice. Glas still has to stand trial, but as of this moment it would appear that his days as vice-president are numbered, leading to questions of his replacement.

Moreno has already named Maria Fernanda Vicuña, the current Housing Minister, as a temporary replacement but it remains to be seen if she would be named on a permanent basis. Serrano has also been touted as a possible replacement as well as other leading political figures such as Maria Fernanda Espinoza, Ecuador's chancellor and Maria Paula Romo, member of Izquierda Democratica, another left wing party. Perhaps more important will be Correa's reaction and whether he takes further actions such as breaking away from AP and creating a new political party as he seeks to oppose the reforms in what appears to be an effort to maintain the possibility of him coming back in 2021. Whatever may be the case, October 2 will be known as a turning point in AP history and perhaps even a turning point in Ecuadorian politics, as Moreno continues his movement away from the shadow of his predecessor and towards creating a path and legacy of his own.

***By Tomas Bayas,***

***Research Associate at the Council on Hemispheric Affairs***

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