

Press release

The CADTM acclaims the people of Ecuador for electing Rafael Correa as president

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The CADTM congratulates the people of Ecuador for their choice of the left-wing candidate, Rafael Correa, as president, rather than his opponent, the billionaire banana tycoon, Alvaro Noboa, shown on television handing out dollars to voters during the campaign.

Rafael Correa, a former Minister of Finance, has already fought the intolerable loss of sovereignty implicit in the economic measures imposed by the IMF, the World Bank and the major powers. One such measure led Ecuador to abandon its own currency in 2000 in favour of the dollar, thus falling completely in the thrall of monetary policy decided by Washington. For decades, the wealth created by the Ecuadorian economy, especially from petroleum, has benefited the multinational companies of that sector and rich creditors, but not the population. About 40% of Ecuador's budget is spent on servicing the debt.

The agreements signed with the IMF and the World Bank have led, amongst other things, to an end of domestic gas subsidies. Privatisation of national hydrocarbon, electricity and telecommunications companies highlights State disengagement in strategic areas. What this means is that in 2003, the Ecuadorians were faced with 35 % rises in fuel prices, an increase in VAT and a reduction in salaries for civil servants.

In July 2005, on Correa's initiative, the Ecuadorian government decided to reform the use of petroleum resources. Instead of using it all for servicing the debt, Correa insisted that part of this income should be kept for social spending, in particular for the Indian population. The World Bank was so outraged that it blocked all the loans that had been promised to Ecuador. Pressure from Washington was such that Rafael Correa decided to resign rather than to give in. He told the World Bank and the IMF that no-one had the right to punish a country for changing its laws.

An audit of the debt is under way in Ecuador and the official Commission in charge of the audit is soon to make its report. The CADTM supports the numerous Ecuadorian social organisations involved in carrying out the audit. The CADTM asks the new Ecuadorian president to use it to totally repudiate his country's external public debt since it has not benefited the population, of whom the majority have just voted him into power, in any way.

Correa has already announced two symbolic gestures indicating a fundamental change of logic. One is his intention to renegotiate oil contracts and go back to the Organisation of Petroleum-Exporting Countries (OPEC); the other is a promise to halve the presidential salary, which at present stands at 8,000 dollars. The CADTM can only give him our full encouragement.

Finally, the CADTM appeals to all leaders of countries in the South to set a new economic logic in motion, one which respects human beings and the environment, unlike the neo-liberal logic which

has been forced on countries through a mainly odious debt which has to be abolished.

P.S.

* From the CADTM website. Translation: Vicki Briault.