

Ecuador's Austerity Measures, Repression Based on Media Lies

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Bernie Sanders [tweeted](#) an Associated Press article in the LA Times ([10/14/19](#)) about Ecuador's recent protests, in which [eight protesters](#) were killed in 11 days. "Economic elites keep pushing austerity worldwide, making life unbearable for working people," Sanders declared. Unfortunately, that AP piece was itself a good example of how elites push for austerity.

Under the headline "Ecuador Deal Cancels Austerity Plan, Ends Indigenous Protest," the article claimed that former President Rafael Correa—in office from January 15, 2007, until May 24, 2017—left Ecuador "deeply in debt." AP's Michael Weissenstein and Gonzalo Solano said Ecuador's current president, [Lenin Moreno](#), had agreed to work with indigenous leaders to "reduce Ecuador's unsustainable budget deficits and public debt."

In fact, Ecuador's government does not have a high debt load. The table below shows the Ecuadorian government's gross debt-to-GDP ratio compared to various other countries that (like Ecuador) cannot issue their own currency. (Ecuador adopted the dollar as its currency in 2000, after its entire financial sector collapsed after decades of imposing the right-wing economic policies that the IMF "recommends" to developing countries; the other countries in the table below are part of the [Eurozone](#).)

General government gross debt				
as % of GDP		2017	2018	2019
Greece		179.3	183.3	174.2
Portugal		124.8	121.4	119.5
Spain		98.1	97.0	96.0
Austria		78.5	74.2	71.2
Ecuador		44.6	46.1	49.2

Source: [IMF](#)

Note that Ecuador's debt to GDP ratio has continued to increase under Moreno, because he has implemented the policies that Ecuador's elite always liked—and which are the [exact opposite](#) of what he promised on the campaign trail in 2017. That said, Ecuador's public debt is not high now, and was even less so when Correa left office.

Another AP report that was published by the New York Times ([10/15/19](#)) stated that Ecuador

has a \$64 billion public debt and a “budget shortfall” of \$10 billion. The [IMF](#), which is hardly inclined to underestimate these figures, says the government’s gross debt will be \$53 billion in 2019 and its budget deficit \$37 million. (AP appears to have included in its “shortfall” estimate all the principal and interest due on Ecuador’s foreign bonds this year—which is not how governments calculate their budget deficits. Governments almost always “roll over” their bonds—pay off principal by issuing new bonds.)

Oil prices collapsed in the last quarter of 2014 and stayed low for years. That hurt Ecuador badly because about half its export earnings had been coming from oil. Ecuador was also hit by a massive earthquake in April 2016, the [most destructive](#) in decades. A significant rise in the [value of the US dollar](#) since mid-2014 also hurt Ecuador’s competitiveness, because Ecuador (unlike countries that have their own currency) cannot devalue to help the prices of its exports stay competitive. Those external shocks did cause an increase in public debt in Correa’s last two and a half years in office.

General government gross debt				
	as % of GDP	2015	2016	2017
	Ecuador	33.8	43.2	44.6

Source: [IMF](#)

But Correa did not impose austerity measures, nor did he run to the IMF (as [Lenin Moreno has](#)) for one of its infamous “structural adjustment” loans, where spending cuts, attacks on workers’ rights, central bank independence and privatization are all part of the “deal.”

By the time Correa [left office](#), poverty was cut by about one-third, and [extreme poverty](#) by about one-half. The homicide rate was dramatically [reduced](#). Vast and long overdue improvements had been made to Ecuador’s public infrastructure. Eight hydroelectric plants were built, and roads drastically improved throughout the country. That’s why Lenin Moreno was able to run his successful 2017 presidential campaign as a staunch Correa loyalist (FAIR.org, [2/4/18](#)).

The AP deceptively stated that

Moreno served Correa as vice president before he became president, and the two men went through a bitter split as Moreno pushed to curb public debt amassed on Correa’s watch.

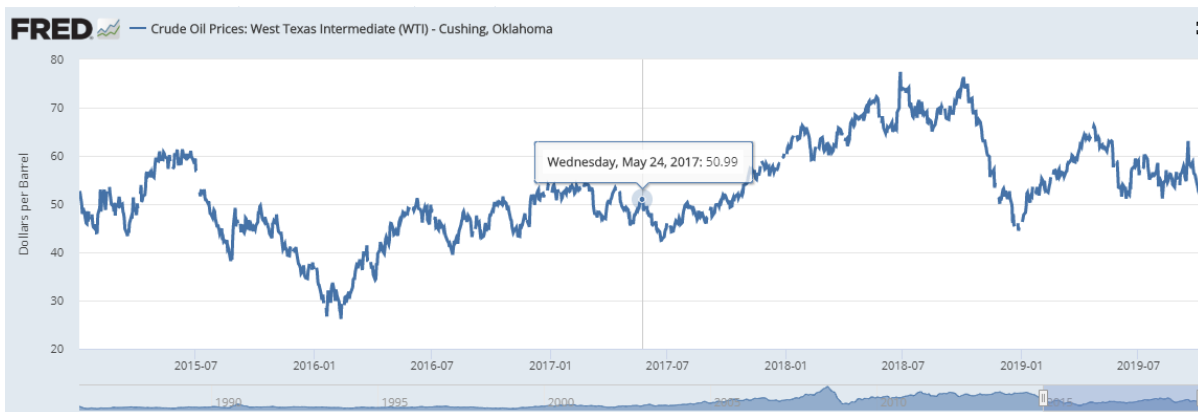
The AP here buries Moreno’s remarkable cynicism. The “bitter split” happened very shortly after the votes were counted in 2017. Within weeks of taking office, Moreno went completely over to the side of the rich and, what amounts to the same thing, the side of the private media barons who had always vilified Correa. Moreno quickly made changes to Ecuador’s public media to ensure that they followed suit. In a nationally televised interview in January 2018, both public and private media journalists reinforced Moreno’s attack lines against his former allies (Counterpunch, [1/21/18](#)).

Armed with that media monoculture, Moreno attacked his former allies with [wild allegations](#) that the media spread uncritically. That was key to saddling his former allies with

criminal charges and investigations. He has accused Correa of spying on him from Belgium (where Correa lives with his Belgian wife) through a hidden camera in Ecuador's presidential palace, and alleged that Correa improved Ecuador's roads in order to facilitate drug trafficking.

Moreno knows that no charge is too outlandish, provided it reinforces what the powerful and their media outlets want to hear. Moreno [accused WikiLeaks' Julian Assange of smearing feces](#) on the walls of Ecuador's embassy in London, where Assange had been granted asylum by the Correa government. One of Moreno's ministers [said](#) she found it suspicious that journalists in Ecuador working for Russian state media covered the recent protests.

It's important to note that oil prices ([chart below](#)) recovered significantly since Moreno took office on May 24, 2017. They have, on average, been about 25% higher under Moreno than they were in Correa's last two years. Ecuador has not been hit by a major natural disaster since Moreno took office. So why has Moreno, who is supposedly deeply preoccupied with reducing the public debt, increased it instead?



Source: [St. Louis Federal Reserve](#)

He has done it by implementing [policies the elite always wanted](#), for both ideological and self-serving reasons: giving tax cuts to the rich, giving away revenue to transnational oil and mining companies, making it illegal for the government to finance itself internally (therefore forcing it to turn to the private sector) and refusing to impose import tariffs. Incidentally, import tariffs [were crucial](#) to Ecuador avoiding austerity or a deep recession during Correa's last two years in office.

The AP article said that:

Foreign Minister José Valencia told the Associated Press on Sunday that the Moreno administration believed Correa, Venezuelan President Nicolas Maduro and Colombia's far-left FARC and ELN guerrillas are working to destabilize Ecuador. He offered no proof beyond the fact that a handful of Correa loyalists and some Venezuelan nationals had been detained during the protests.

Surely the fact that a government has arrested some of its political opponents should not be taken as any kind of "proof" of foreign subversion. Among the political arrestees referred to offhandedly by AP as "a handful of Correa loyalists" is [Paola Pabón](#), the governor of Pichincha, the second-most populous province in Ecuador. [Yofre Poma](#), a member of the National Assembly, was also arrested, as was the former mayor of the canton of Duran,

Alexandra Arce, along with [Magdalena Robles](#), an online journalist who supports Correa.

Another sitting National Assembly member, [Gabriela Rivandeneira](#), and former assembly member [Virgilio Hernandez](#) took refuge in the Mexican embassy after police broke into their houses.

Unlike President Nicolás Maduro in Venezuela, Moreno is not confronting a US-backed opposition that briefly seized power in one military coup and then attempted five others (FAIR.org, [5/20/19](#)). The Western media would be overflowing with outrage over Moreno's abuses, [long before](#) these protests, if he had not tightly embraced Washington's agenda.

Seven right-wing governments in Latin America [immediately backed](#) Moreno's claim that Venezuela was behind the protests in Ecuador. US Secretary of State Mike Pompeo [said on October 11](#) that the US

supports President Moreno and the government of Ecuador's efforts to institutionalize democratic practices and implement needed economic reforms. We are aware and monitoring claims of external actor involvement in these demonstrations.

By "external actor involvement," Pompeo didn't mean the IMF, effectively an [extension](#) of the US Treasury Department in developing countries. Moreno is jailing elected political rivals and has authorized lethal tactics precisely to impose his deal with that external actor.

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