

### OVERVIEW OF CURRENT SITUATION<sup>1</sup>

Ecuador's democratic development has proved unstable in recent years, with only three presidents serving their full terms in the last 28 years. Nevertheless, the country could be entering a new stage under the recently inaugurated presidency of Rafael Correa. Although right-wing banana magnate Álvaro Noboa won the first round of elections with a four-point lead over Correa, the latter received over 57% of the vote in the second round of the consultation, held on 26 November 2006.

President Correa was sworn in on 16 January 2007, promising a “citizens’ revolution” to benefit the poor in his inaugural speech. His proposals include renegotiating Ecuador's debt and contracts with foreign oil companies, halting the signing of a free trade agreement with the United States, and not extending the treaty that grants the United States military use of the Pacific Manta air base, which expires in 2009. Most importantly, following his inauguration President Correa fulfilled his most debated presidential promise, calling for a referendum in March to set up a Constituent Assembly to change the constitution and reform Ecuador's much criticized political system. The referendum issue has already precipitated a first confrontation between Correa and the other state powers, particularly the *Tribunal Supremo Electoral* (Electoral Supreme Court) and the National Congress. Although the President bypassed the Congress and instructed the electoral court to organize the referendum, the Tribunal Supremo Electoral concluded that Parliament had to approve such a measure. The maneuver angered Correa and his supporters, who assaulted Parliament on 30 January 2007 after congressmen rejected calling the referendum. Although the situation improved in early February after President Correa and legislative leaders agreed to hold negotiations on the referendum, most analysts anticipate further confrontation between both powers.

### MOST RECENT TRENDS

During the last year and a half, interim President Alfredo Palacio—who took office in April 2005 after his predecessor, Lucio Gutierrez, was ousted by Congress amid violent protests—managed to maintain some political stability through an increase in social spending. However, his initial plan to overhaul the constitution to make the country more politically stable did not prosper, and social conflict and political disenchantment continued to handicap Ecuador's normal democratic life.

Expectations among Ecuadorians are high following the inauguration of Correa, who enjoys broad popular support and the endorsement of the leading indigenous communities. Nonetheless, as an inexperienced outsider politician with virtually no parliamentary representation, Correa faces some serious obstacles and has already engaged himself in a fierce fight with congress over his plans to reform the constitution. His attack on traditional institutions has also deprived him of powerful allies, something that might affect his ability to bring forward his reforms.

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<sup>1</sup> Principal Author: Democracy Coalition Project

## ECUADOR - WATCHLIST

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Most analysts are skeptical that the Correa government will be able to bring stability to a country that has had eight presidents in the last ten years, with three of them ousted by popular protests. Democratic institutions in Ecuador are fragile, the congress is too fragmented and the representational vacuum created by the discredited political parties tends to be filled by interest groups that resort to street demonstrations to advance their demands. This chaotic situation leads to institutional paralysis, as exemplified by the suspension of the Supreme Court by then President Gutierrez during almost a year (2004-2005). The inability of the executive to carry out reforms without the acquiescence of an atomized parliament also poses a serious obstacle to future reformist initiatives. Such stalemate not only could exacerbate rivalries between the state's institutions, but is also likely to nurture distrust towards the democratic system, raising the prospect for extra-constitutional forces to gain popular support and resort to street demonstrations. Widespread corruption, indigenous demands to participate in the country's wealth and regional rivalries are also likely to spur a tense political environment in the immediate future.

Nevertheless, despite its uncertain political future and continuous institutional crisis, Ecuador has managed to maintain a functional democracy, with free and fair elections whose results have been respected by all parties. In addition, the country holds an acceptable human rights record, political rights can be freely exercised, and the media is able to report without hindrance.

### STATISTICS AND INDICATORS

World Bank Institute Governance Indicators 2005	Ecuador	Key
Voice and Accountability	41.5	Range 0-100 (Lower value indicates weak voice and accountability; higher value indicates strong voice and account)
Political Stability and Absence of Violence	22.6	Range 0-100 (Lower value indicates weak political stability and high violence; higher value indicates opposite)
Government Effectiveness	13.9	Range 0-100 (Lower value indicates weak government effectiveness; higher value indicates strong govt. effectiveness)
Regulatory Quality	20.8	Range 0-100 (Lower value indicates weak regulatory quality; higher value indicates strong regulatory quality)
Rule of Law	22.7	Range 0-100 (Lower value indicates weak rule of law; higher value indicates strong rule of law)
Control of Corruption	24.6	Range 0-100 (Lower value indicates weak control of corruption; higher value indicates strong control of corruption)

Freedom House: Freedom in the World 2007	Ecuador	Key
Political Rights	3	Range 1-7 (Lower value indicates good system of political rights; higher value indicates bad system political rights)
Civil Liberties	3	Range 1-7 (Lower value indicates good system of civil liberties; higher value indicates bad system civil liberties)
Status	PF	3 Categories: F (Free); PF (Partly Free); NF (Not Free)

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Bertelsmann Transformation Index 2006	Ecuador	Key
Stateness	8.0	Range 0-10 (Lower value indicates negative democratic development; higher value indicates positive democratic development)
Political Participation	7.5	
Rule of Law	4.8	
Stability of Democratic Institutions	5.5	
Political and Social Integration	5.3	
Total Score Political Transformation	6.20	Range 0-10 (Lower value indicates negative democratic development; higher value indicates positive democratic development) / Arrow shows trend in democratic development (↑Improved; ↓Worsened)
Total Score Political Management	3.68	Range 0-10 (Lower value indicates lower quality of political management; higher value indicates higher quality of political management)

Corruption Perceptions Index 2006	Ecuador	Key
Total Score	2.3	Range 0-10 (lower value indicates high corruption; higher value indicates lower values of corruption)