

» Runoff elections: Ecuador at its most difficult juncture in recent years

Quito » 03 » 2017

After days of tension, the electoral authorities finally called a runoff between the top two candidates. After the initial election ended Sunday, Feb. 19, one candidate took to the streets to celebrate the results. This was Lenin Moreno of the incumbent left-wing party *Alianza Pais*. Moreno, who was vice president of Ecuador between 2007 and 2013, claimed he was the official winner of the presidential elections. On the other side was the opposition leader and former banker Guillermo Lasso of the right-wing alliance CREO-SUMA, who celebrated the runoff. According to electoral law, candidates must have at least 40 percent of the vote and be 10 points ahead of the next candidate to win; hence, the reason for debate.

PURSUING ALLIANCES

Moreno got 39.3 percent of the vote once 99.5 percent of the votes were counted, while Lasso obtained 28.1 percent. This lead was established when the count began, allowing Lasso to buy time to propose a broad alliance with the other six presidential candidates, who received a combined 32 percent of the votes. The alliance was established especially with Cynthia Viteri from the right-wing party *Partido Social Cristiano-Madera de Guerrero*, which came in third with 16.31 percent of the vote. This alliance was also offered to Paco Moncayo, the fourth place candidate, who represents a coalition of left-wing parties called *Acuerdo Nacional Por el Cambio*, which won 6.41 percent of the vote. Viteri, with whom the CREO candidate Lasso had clashed throughout the campaign, asked her supporters to give their vote to Lasso. However, that was not the case for Moncayo, who said he would not vote for any of the candidates in the possible

runoff. It was Abdala Bucaram, fifth on the list (4.82 percent), who shook Lasso's hand. This allowed the former banker to talk about the "60 percent of the country who had spoken out against Correism and were against it continuing in power."

LENIN MORENO: THE CONTINUATION

Moreno appeared on the paper ballot with current vice president Jorge Glas, who was Rafael Correa's trusted man, responsible for the energy and strategic sectors. The *Alianza Popular* candidate led a successful social management campaign called Citizens' Revolution. He left this project in 2013, ending with an approval rating of 95 percent, even higher than Correa's. When he announced he was running for president in October 2016, his numbers were still high (65 percent). However, he systematically dropped in the polls; the electoral campaign took place under the worst possible circumstances for *Alianza Pais*, following the exposure of corruption cases. The U.S. Department of Justice revealed that the controversial construction company Odebrecht had bribed Ecuadorian public officials with \$33 million between 2007 and 2016, particularly in the Las Esmeraldas Refinery case.

CORRUPTION

Apart from Odebrecht, the Refinery corruption case was extremely serious. The Panama Papers revealed an enormous amount of monetary leakage and bribes in the rehabilitation of the Esmeraldas Refinery Project. The former Hydrocarbons Minister Carlos Pareja Yannuzelli was involved, and he is now a fugitive better known as CAPAYA (the name of the fictitious company created in Panama that received the illicit money). Pareja was considered the right-hand man of Correa and Glas, so when the scandal broke, the opposition candidates lined up against Glas, clearly damaging the credibility of their official partnership. In the last weeks, CAPAYA reappeared surreptitiously and broadcast on the "Capayaleaks" YouTube channel that Glas and Correa were aware of the situation with the Esmeraldas Refinery. This event seriously shook the foundation of the official candidacy, although President Correa minimized its impact.

GUILLERMO LASSO: THE OPPOSITION

The "Capaya effect," used by all candidates, was one Guillermo Lasso particularly capitalized on. His opposition structure was recognized and valued by critics of the Rafael Correa regime. This concludes 10 years of governance characterized by his presence at every state function.

This is the second time Lasso has fought for presidency. In 2013, he ended up in second place with 22 percent of the vote, 35 points behind Correa. Since then, in a systematic and tireless manner, he



has questioned every action taken by the government. He came out well from the breakdown of the opposition that, instead of fighting Correism with a single candidate in the 2017 elections, offered seven alternatives. This threatened to enable Lenin Moreno's triumph and *Alianza Pais's* continued rule for another four years.

THE COLLISION

Lasso is now touring the nation under the slogan that 60 percent of the voters are against the government and its continuity in power. In response to this, Moreno claims to have the anti-Lasso vote to confirm his victory in the first round of the elections. The runoff does not bode well, as the personal attacks have begun: Lasso is asking the government to make public Moreno's tax returns and high salary. On the other hand, Moreno has accused Lasso of being responsible for the banks' failure in 1999, when Lasso was the finance minister during the Jamil Mahuad administration. During this period, there were widespread bank failures, bailouts and the end of local currency and beginning of dollarization, all taking place in the worst recession seen in recent times. Today, social networks are beginning to be overrun by insults from one side to another, and policy discussions have been pushed to the backdrop.

THE SCENARIOS

This smear campaign may leave everyone exhausted and skeptical. The winner will not be the best, but merely the lesser evil. It will lead to a very narrow definition, weakening the next government. In addition to this, *Alianza Pais* was the party with the most votes in the parliamentary elections, according to the count. This means it will again control the National Assembly, although not

“Today, social networks are beginning to be overrun by insults from side to side, and the policies discussion has been pushed to the background”

as monolithically as it did this past term. Without a doubt, this will be an advantage for a triumphant Moreno. It will also mean continuous accusations that *Alianza Pais* controls all aspects of government, prevents audits and creates smokescreens for scandals. For a victorious Lasso, it could become a parliament that systematically blocks his strategies, struggling with him for executive and legislative power, which could even lead to new presidential elections before the end of the term.

TWO OPPOSING VISIONS

These two ways of understanding the economy and politics are under debate. On the one hand, *Alianza Pais's* strategy has 10 years of an untarnished vision of government, with planned and concentrated

economic actions carried out by the state and large public spending and investment. It is an economy based on taxes, with little room for the private sector; a model focused on the diversification of funding sources, where China is preferred over the United States. It is a strategy that reached its peak of popularity, and which hit rock bottom once international oil prices collapsed.

The CREO-SUMA option favors the business sector and entrusts the economy's foundation and growth to national and international private investment (largely from the United States). Lasso's basic proposal is to dismantle the current tax system and extensive state apparatus, then focus on creating jobs—he claims to be able to create 1 million jobs. In short, his vision is to bring back the same game rules in place until 2006.

What really is at stake this April 2 is the viability and stability of Ecuador.



Alejandra Rivas Mantilla Alejandra Rivas is the Managing Director at LLORENTE & CUENCA Ecuador. She has worked as a specialist in mediation and negotiation, crisis management, corporate affairs, government affairs and institutional relations. During her career, she was a Political Image Advisor, involved in designing and developing communication strategies for candidates, presidents, vice presidents and ministers of state. She also worked as Senior Communications Manager and Spokesperson for Canadian company EnCana for five years. Alejandra was part of the Senior Management team at Petrobras, where she was responsible for government relations, technical relations, and relations relating to the community, environment, occupational health and safety and communications. She was also the company Spokesperson in Ecuador.

arivas@llorenteycuenca.com



Édgar Vásquez is Manager at LLORENTE & CUENCA Ecuador. He is a journalist with 34 years of experience in Social Communication. He has worked as an economic, political, legal and military reporter and interviewer on TV channels such as Teleamazonas and Ecuavisa, as well as on prestigious radio stations nationwide. He was the Communications Advisor for public entities such as the Ministry of Culture and the Superintendence of Companies, as well as for several national and international private companies. He has been deeply involved in several presidential campaigns, including parliamentary integration and key moments in Ecuadorian political history.

evasquez@llorenteycuenca.com



d+i developing ideas

LLORENTE & CUENCA

Developing Ideas by LLORENTE & CUENCA is a hub for ideas, analysis and trends. It is a product of the changing macroeconomic and social environment we live in, in which communication keeps moving forward at a fast pace.

Developing Ideas is a combination of global partnerships and knowledge exchange that identifies, defines and communicates new information paradigms from an independent perspective. **Developing Ideas** is a constant flow of ideas, foreseeing new times for information and management.

Because reality is neither black nor white, **Developing Ideas** exists.

www.developing-ideas.com

www.uno-magazine.com



AMO is the leading global partnership of corporate and financial communications consultancies.

Our best-in-class approach brings together local-market leaders with unrivalled knowledge of stakeholder perceptions, financial markets and cross-border transactions in the key financial centers of Europe, Asia and the Americas.

Providing sophisticated communications counsel for reputation management, M&A and capital market transactions, media relations, investor relations and corporate crises, our partner firms have established relationships with many S&P 500, FTSE 100, SMI, CAC 40, IBEX 35 and DAX 30 companies.

www.amo-global.com