Peru and Ecuador: Elections and Democracy in the Andes

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Presentation by Carolina Curvace
Ecuador: new government and polarization

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Agenda

• Context
  • The covid-19 pandemic
  • The economy
  • Political and social climate
• Election results
• Challenges ahead
Context

The covid-19 pandemic

• Official data as of April 12, 2021
  • 347,070 confirmed cases
  • 298,604 recovered
  • 17,298 dead
  • 68 tests per 1.000
  • Total population: 17.5 million
Case fatality rate of the ongoing COVID-19 pandemic

The Case Fatality Rate (CFR) is the ratio between confirmed deaths and confirmed cases. During an outbreak of a pandemic the CFR is a poor measure of the mortality risk of the disease. We explain this in detail at OurWorldInData.org/Coronavirus.
Context
The economy

• Pre-pandemic
  • Fall of the international price of oil
  • Public debt up to 60% of GDP
  • No emergency funds
  • High cost of access to international borrowing
  • Dollarized economy

• Post pandemic
  • The Ecuadorian economy shrank 12.4% in the second quarter of 2020
Context
The economy

- Socioeconomic indicators (official data 2020)
  - Size of the informal economy: 39.3% of employed people
  - 1 out of 4 Ecuadorians is poor
  - Unemployment rate: 13.3%
  - Underemployment rate: 34.5%
Context
Political and social climate

• Political environment
  • Social polarization: October 2019 protests
  • Correismo versus anti-correismo
• Polarized political system
• Regional divide
• Unpopular government: just over 7% presidential approval
• Corruption cases
Election results
First presidential round

• There were 16 candidates in the first presidential round

• Results:
  • Andrés Arauz (UNES): 32.72%
  • Guillermo Lasso (Creo-PSC): 19.74%
  • Yaku Perez (Pachakutik): 19.39%
  • Xavier Hervas (ID): 15.68%
  • Other 12 candidates shared the rest of the vote.
Election results
National Assembly

- UNES: 49
- Pachakutik: 27
- ID: 18
- PSC: 18
- CREO: 12
- Others: 13

Number of votes required to pass legislation: 70
Election results
Presidential runoff

• Surprise win for Lasso. Results as a percentage of valid votes:
  • Guillermo Lasso (Creo-PSC): 52.36%
  • Andres Arauz (UNES): 47.64%

• As a percentage of total votes cast, there were 16.3% annulled votes. This exceeds by 10 percentage points the numbers obtained in the 2017 presidential runoff.
Election results
Immediate market reaction

• The day after right wing Lasso’s electoral triumph, Ecuador’s country risk went down by 450 points and sovereign bonds increased in the order of 15%.

• Lasso is expected to present a tax reform before the National Assembly upon his inauguration.

• The tax reform is one of the conditions included in the IMF loan.
Challenges ahead

• Vaccination
• IMF assistance and ideological battles
• Distributive conflict: Who pays the costs of the pandemic?
• Polarized party system: the National Assembly
• Regional antagonism and between regions
• Latent risk of social mobilization
• Is it possible to negotiate an ample national agreement?