

# Peru and Ecuador: Elections and Democracy in the Andes

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*Presentation by Carolina Curvale*



# **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

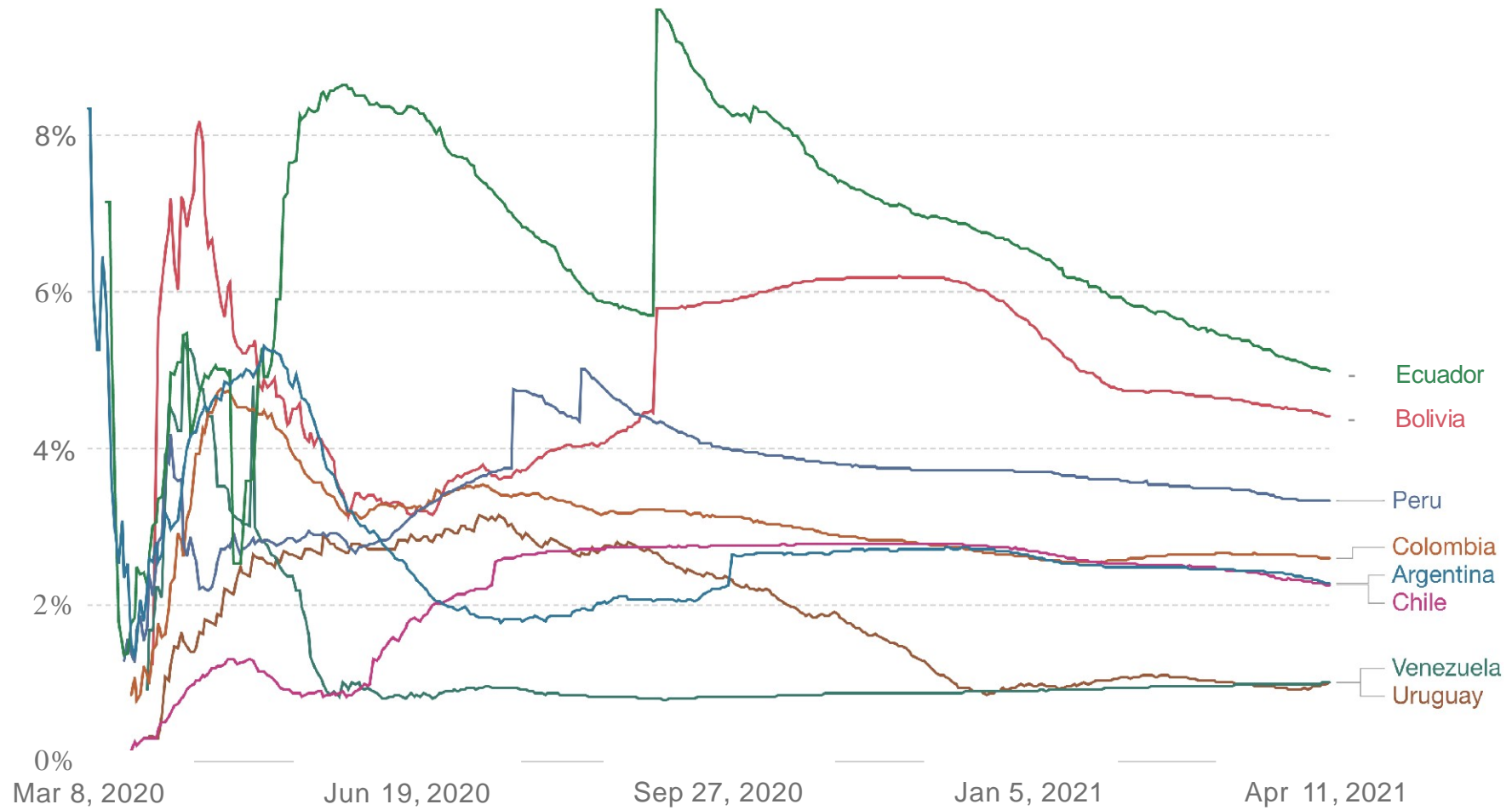
# Context

## 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](https://ourworldindata.org/coronavirus)



Source: Johns Hopkins University CSSE COVID-19 Data

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# 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



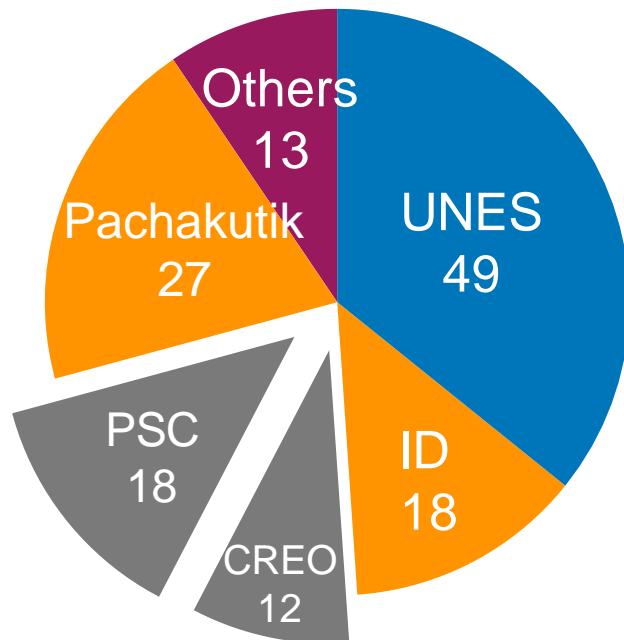
# Election results

## 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



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?