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**MONOGRAPH**

**“MAIN ECONOMIC PROBLEMS OF THE CORREISTA DECADE.”**

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### **Gratitude**

First of all I want to thank God for everything, He has given me, for helping me in my best and worst moments and for always being with me and not letting me fall. To the Javier Educational Unit for having taught and educated me well and being able to be a good woman with a great future. I also want to thank my family for all their time, love, patience and constant support, and no doubt my tutor Carola for giving me advice that helped me to have a better focus in my work.

## Summary

Rafael Correa's government was heavily criticized for its authoritarianism and arrogance in governing, with its offensive comments made on the citizen liaison and its threats to journalists it became clear that no one could mess with it. The 10 years of Rafael Correa in power were full of corruption, abuse and waste, for many the decade of Correa was a decade won and for others a decade stolen, since with Correa the country lived a stage of good income that improved the economic situation of all citizens. With his ideology of the Citizens Revolution, he achieved a change in the country and an economic stability that Ecuador had not had for years, for which he carried out works on public roads, transportation, health infrastructure and education, restored buildings and implemented airports in several provinces.

Correa had everything in his power because his Alianza PAIS movement had more people than any other movement in the National Assembly so he could make the economic and political changes he considered. His relationship with the media was very conflictive since Correa claimed that he was defamed and spoke badly of him, which is why he considered them his opponents. In such a way, the former president had a form of television communication every Saturday morning, colloquially called "sabatinas," where he reported on all his activities during the week and commented when something didn't seem right to him.

Without a doubt, the former president has a double standard when he means that he does not steal a penny when his collaborators are imprisoned for corruption and with his slogan "honesty and clean hands" the lies he has told the whole country are evident. This government has been characterized by a high rate of corruption, waste and abuse of power, delinquency, abuses committed in the last 10 years.

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## Introduction

The present monographic theme is an investigation on the *main economic problems in the correista decade*, this work tries to investigate and to analyze the socio-economic problems that were lived during the 10 years of government, also to describe the different disagreements with the mass media, specifically with the private ones, the economic and political model that I administer to the Ecuador. Since 2007, economist Rafael Correa has carried out great works and laws that helped the country grow and have a better economy, but in the last years of his mandate, he has also been exposed to cases of corruption, money laundering and even the intellectual author of a kidnapping.

The specific study of the subject is of great importance, since it is evident that the change that came to give to Ecuador with its ideology Citizen's Revolution that its objective was a radical change of the unjust structures of the country, which one of its most important implementations is the Constituent Assembly, in addition with its works in the sector of the health and education achieved a better condition of life to the citizens. It should be noted that he did good work but in turn lied, cheated and stole from all Ecuadorians and is currently involved in corruption cases that although there is no evidence is related in cases such as bribes, petroecuador and more.

Several authors and institutions have presented on this subject, such as Lourdes Tibán in his book "Tatay Corre"; Jaime Toral Zalamea with the book "Rafael Correa nombre y apellido de la corrupción"; Monica Almeida and Ana karina Lopez in her book "El séptimo Rafael". Lourdes Tibán was one of the many victims left by the Correa government, which is why she presents her book that deals with the chronology of the persecution and criminalization of Correa's government in which she relates the majority of cases of abuse of power, threats and conflicts.

Rafael Correa lasted 3 terms as President of the Republic of Ecuador, from 2007 to 2017, at the moment that Correa begins his political career Ecuador is going through a political instability and therefore economic as well. That is why for Ecuadorians to hear a new speech was a great relief to move the country forward, his proposals related to economic growth, increase in the housing bond, budget increase in the health sector and education was well received by Ecuadorians. The great changes did not last long, because little by little it was notorious the great amounts of money that were missing in the State and as a consequence of this we are currently in debt.

The monograph will consist of three chapters that are divided as follows: the first will deal with Correa's arrival in politics, in his first year of government, the Constituent Assembly and its Saturday program, the citizen liaison; the second, the 30s, public and private investment, overpricing of works and relationship with the United States; and the third, the consequences of government mismanagement, growing unemployment, foreign debt, corruption cases.

## Chapter I

### Beginning of a decade

#### 1.1 The beginning in politics

The beginning of Rafael Correa's political career starts in the government of Alfredo Palacios, in which he takes the place as Minister of Economy and Finance in April 2005. The left-wing politics economist came to attract attention and raised his profile as a government leader. At that time, Ecuador experienced a deterioration of the traditional parties and therefore Correa took advantage of his opponents to arrive with a new discourse and gives a change to the policy lived in the country. In 2006, Correa announced his candidacy for the presidency of the republic accompanied by the Alianza PAIS Movement. Correa launches his campaign with promises to recover the homeland lost by previous governments, his self-proclaimed government proposal "Citizens Revolution". In which Correa affirms (2007): "radical, profound and rapid change of the current political, economic and social system, a perverse system that has destroyed our democracy, our economy and our society" (p.7). And in such a way it lies in fighting corruption, increasing economic and public and private investment, increasing the budget in the health and education sector. During the electoral campaign Correa attacks the bankers, corrupt and "corrupt press" that later will be confronted and addresses mainly people with low resources, with the "poor" of Ecuador: "What Ecuadorians can expect was a simple man, (...). He is not a man who is going to rescue Ecuador, is a whole country, if I can be the facilitator for this change, I will be there" (Correa, 2006, p. 202).



### **1.1.1 First year of power.**

On January 15, 2007 Rafael Correa proclaimed himself President of the Republic of Ecuador in the second round with 57% of the votes; Ecuadorians placed their trust in him to administer the country. Correa (2006) affirms: "After many years of darkness, they were able to steal many things from us, but they did not rob us of hope and today that hope has won"(p.90). And with this speech the government began to manage.

The institution that carried out the legislative power was the National Congress of Ecuador and as he said in his candidacy the idea of instituting a new constitution for the homeland became a reality: "On January 20 he had already signed the decrees to convene a popular consultation for the Constituent Assembly, lower his salary by half and appoint almost the entire cabinet" (Almeida, López, 2017, p. 205).

With 81.72%, the Constituent Assembly was approved and again it was summoned to vote to choose the representatives that would conform the assembly, in which it was installed in Montecristi and consisted of 130 seats, with which 80 obtained the Alianza PAIS party, showing a wide advantage, and for which the National Congress put an end to its functions. With the constitutional referendum approved the draft constitution of the Constituent Assembly with 63.93% and on October 16 the 1998 Constitution was replaced.

#### ***1.1.1.1 Citizen Link, a communicative strategy.***

Few governments have made use of communication in their mandates: "With the possession of Rafael Vicente Correa Delgado in 2007, a new and visionary way of managing communication is born"(Ayala, 2014, p.16). The leader of the citizen revolution began a citizen liaison space, also called Sabbaths, and was a radio and television space, in which he was accountable for his functions during the week.

The first link was broadcast on Saturday, January 20, 2007, called "The President Dialogues with the People. The president answered questions from the journalists and in subsequent programs set up telephone lines for the public to talk with him. During these sabbaths the head of state reports his activities of the week, announces the new projects and confronts the media and their opponents. With the passage of time, the sabbaths has gained space in the media and was considered Correa's way to relate his weekly agenda. The format of the Saturday program has changed over the years, in mid-2007 was increased to two hours and has come to last four hours, also added a very problematic segment called "Freedom of expression is already everyone's", a space to disprove and contradict media publications. "At first, the Enlace Ciudadano seemed to guarantee freedom of expression, but on the contrary, the president launched a ferocious offensive against the private media" (Palacio, 2008, p. 11).

"Wild beasts" was one of the adjectives used by the president to mention journalists and media. The most affected were journalists, both written press and television, as in the case of the

Journalist of the television network Teleamazonas Jorge Ortiz who received nicknames, insults and threats from Rafael Correa, in addition Teleamazonas faced some sanctions by the government regime and even the attempt to close the channel.

It seems to me that it is obvious, from the insistence and acidity of the Government's attacks against me, that I could be an obstacle to the Government authorising such a sale when the time comes. Faced with this scenario, for me not to be a pretext for the government to extinguish Teleamazonas I have decided to take this step aside. (Ortiz, 2010, p. 35)

Jorge Ortiz was not the only journalist who confronted and questioned the actions of the President, also Carlos Vera, host of the program "Contacto Directo" and "Cero Tolerancia" of the chain Ecuavisa held a series of confrontations and Correa's way of responding was based on nicknames and denigrating the journalist's questioning. On September 10, 2008, the president ordered the transmission of a national chain, in which he went against the communicator.

In Rafael Correa's term, government officials were prohibited from interviewing private media, making the work of journalists more difficult (Campo, 2018). This type of strategy helped the government counteract the media and have it as enemies, and its main strategy is to discredit any media, so that later the Secretary of Communication (Secom) proceeded with sanctions, obligatory national chains and even seizing channels, as it did with Gamavisión.



## **Chapter II**

### **Conflicts**

#### **2.1 The 30's**

At the end of his first term in office with problems with the media, a political crisis arose in which the police rejected the Public Service Law, which was approved by 108 votes on August 11, 2010 in the National Assembly of Ecuador. Correa eliminated bonuses received by law enforcement officials to reduce state costs and invest in public works. When the police learned of this law, they launched a revolt against the law and thus initiated what Rafael Correa's government calls a coup attempt.

On September 30, 2010 about 800 police officers showed up in Regimiento Quito No.1 to make known their disagreement with the Organic Law of Public Service (Losep), when Rafael Correa knows the situation he goes to try to dialogue but without any effectiveness he manages to calm the uniformed. While Quito experienced a chaotic situation in the other provinces began to develop demonstrations with tire burning and a slogan against the government, both in Guayaquil looting, assaults and riots altered the citizens. The President took refuge in the National Police Hospital to receive medical attention, Correa declared that he felt kidnapped because he could not leave due to the disturbance of the police and for this reason Operation "Rescue" was carried out, the army managed to remove the President from the hospital facilities. This police revolt resulted in 8 deaths and 274 injuries. In 2011 there were some trials of the accomplices and alleged perpetrators of this event, but Rafael Correa did not assume responsibility, rather he sought guilty parties and imprisoned innocent people.



In the investigations there was no clarity and therefore there was no conclusive evidence to imprison any person, however they imprisoned everyone who appears on the stage, about 300 people were prosecuted without any justice (Tiban, 2018). After the police revolt, on Monday, October 4, the government reported the salary increase for members of the National Police and the Armed Forces. The increase was 25%, which means 400 to 540 dollars. The government assures that the salary increase is not related to what happened on September 30.

## **2.2 Investment in public works**

The main objectives of the Citizen's Revolution is infrastructure in the States, so their initiative to invest in public works was increased, as Correa states that they are important for the country's development. During his administration, highways, hospitals, and schools were built in the period 2008-2012, where the greatest constructions were made, around 9,790.52 kilometers of road were improved or new roads were built, the amount invested was 10,730 million. All these investments could be made to the good income received by the State, in which the economy was balanced.

Public investment for his government was the engine of development, so the annual investment plan in 2011 stood at \$4,691.75 billion dollars and in 2012 increased the amount to \$4,798.77 billion. By increasing the amount of investment improves the living conditions of citizens, as their buildings had access to education, health, etc.

### **2.2.1 Overpricing of Works.**

The state is in charge of financing, contracting the works that are carried out in the country but over time the Judiciary Council denounced the overpricing of the works done, more than 160 million

dollars were a surcharge on those contracts that were signed during the government of Rafael Correa. From 2011 to 2013, 56 contracts were signed for more than 10 million dollars in a period of 15 to 60 days, which is very little, this resulted in delay and increased cost.

Cisnero (2018) affirms:

It takes more than 15 days to design and suppose you are very agile to design including construction permits and approval of plans, you may believe that a contract takes 15 days to design, this is impossible to do in more laborious cases. (p.72)

Each time the cost overruns in the contracts were notorious, an example of this is the northern complex of Quito that cost 55 million and should have cost 40 million dollars, in Latacunga there was a 72% surcharge in the contract. The contracts had been registered with companies related to the relatives of the Director of the Judiciary Council Paulo Rodriguez.

### **2.3 Private Investment**

Private investment contributes greatly to the country's economic growth, and it is important for development that both the public and private sectors cooperate. In Correa's mandate, private investment decreased and public investment increased. Total investment was 26.312 million and public investment 14.038 million dollars, the lack of private investment was covered by a strong income base but it is important to have more than one source of income in order to sustain the country's growth. It is essential to have a private investment in the country, so it is preferable for the State to reduce taxes, as these are very high and make the investor have doubts about wanting to invest in the country.

## **2.4 Relationship to the United States**

In Correa's government, the relationship with the U.S. state went through many tensions and mistrust on the part of both governments. In April 2011 gave rise to a diplomatic crisis by expelling U.S. Ambassador Heather Hodges for mentioning a conjecture in the appointment of a police chief revealed by WikiLeaks, Correa appointed Jaime Hurtado police commander knowing he was a corrupt. The United States for retaliation expelled the Ecuadorian ambassador Luis Gallegos. Already in 2012 the two countries expressed their desire to improve diplomatic relations. "We receive him with respect and we hope to have the opportunity to improve our relations" (Patiño, 2012, p.6).

The United States is one of the countries that Ecuador exports the most, for that reason some officials declare that Ecuador has a commercial dependence with the United States, since it is the initial commercial partner of the country. For example, in the flower sector, the country exports 43% of what is produced, 33% of national exports are shipped to US markets, export figures rose to 18%. That is why it is important to have a good relationship with this country, although as a country we must also look for more sources of exports and not just depend on one country.



## **Chapter III**

### **Decline of Decade**

#### **3.1 Unemployment growth**

Currently one of the most common problems of the citizen is the lack of employment, this is due to the shortage of investors, entrepreneurs do not want to invest because Ecuador lacks reliable legal security, is does not guarantee. Many people blame Lenin Moreno, current president of the republic for the shortage of employment but this comes from the government of Rafael Correa because he emphasized the tax policy so that the state has income but this has caused an increase in the price of products by their high taxes which is a serious mistake to want to charge taxes exaggeratedly, because this scares away potential investors who are drivers of the economy and sources of employment in the country. According to the National Institute of Statistics and Census (INEC) in its report of March 2019, 5 million people do not have a stable job that allows them to have stability in their income. Not having income disables the economy, which is why the government must establish reforms to make there is a flow of trade. Cordes (2018) states:

Important are the signals that the economic team sends for the economy to grow, but no longer based on indebtedness and public spending, and that measures are taken to reduce the rigidity of the labor market (something that the International Monetary Fund also recommends), only in this way can private initiative be expected to compensate for the loss of jobs. (p. 23)

##### **3.1.1 External debt.**

The essential thing about Rafael Correa was to inform citizens about the activities he carries out, but since 2017, the year in which his administration ended amounts that we do



not know have appeared related to the foreign debt. Obviously, the former president of Ecuador denies having surpassed the public debt, but according to the official figure, Correa's government left a debt of 41,893 million dollars, and some analysts affirm that the amount rises by a great deal, even though when he withdrew from office Correa guarantees to leave everything in order and without any problems such things have not been evidenced. Moreno (2017) affirms: "There is no such table served, that is the pure and clear truth, one could have been a little more measured in leaving accounts in better conditions" (p. 84).

In 2015 and 2016 the country had a fall in oil prices, according to official statistics the crisis that the country suffered with the low cost of oil was what consumed everything generated by the country.

The Comptroller General of the State has indications of Correa by the declaration of secrecy to the operations of debt above the legal, since the lack of fulfillment of the requirements to stipulate debts above the estimated one, for not considering the internal debt part of the debt in itself and among others, although still there is no proof concretely if we can affirm that Correa has been hiding to us this great debt that the country has and how this affects in the economic scope especially to the most vulnerable population, to be able to return the borrowed money the government has to arrange restrictions that only affects the people. Having such a large debt and not being economically stable to cover prevents the country to develop limiting all possibilities, that is why the government must reduce taxes, tariffs so that investment does not fall.

### ***3.1.1.1 Corruption.***

When his government left, everything came to light: corrupt acts, influence peddling, falsification of signatures, embezzlement, illicit association, and so on. Of all these charges are accused officials of the *correísmo* and its former vice president Jorge Glas who in fact is imprisoned in the Odebrecht case in addition to being accused of 3 more crimes. Acorde were advancing judicial proceedings ex officials, such as Carlos Polit, Alexis Arellano Melendez, Ramiro Gonzalez, Ricky Davalos Oviedo and many more were fleeing the country. Around 23 complaints have been received by the Public Prosecutor's Office against the ex-mandatory and on July 3, 2018 the national judge Daniela Camacho dictated preventive prison to Correa but he is still in Belgium, country where he resides and announced not to return to the country. The cases that have made the most progress are Odebrecht, Balda, Petroecuador and Secom, Senagua.

#### ***3.1.1.1.1 Shelf Case.***

Fernando Balda, a former assemblyman and opponent of Correa, was kidnapped in Bogotá in 2012. Balda blames the former president for this fact. In 2017 the case was reopened and in 2018 Judge Daniela Camacho issued an appeal for a trial against Correa as the perpetrator of the kidnapping. Shortly after, the judge suspended the trial and although the ex-mandatory did not appear at the hearing through Twitter, he stated his position insisting that the kidnapping was a total farce and is only a political persecution, On the other hand, the accuser Fernando Balda was satisfied with Judge Camacho's decision and affirms that public funds were used for his kidnapping in such a way that he is going to initiate a complaint for peculation.

#### *3.1.1.1.2 Bribery Case.*

The Bribery Case 2012-2016 is based on the fact that state contractors gave economic contributions to the Alianza Pais (AP) movement in exchange for having secured contracts.

At the moment, 26 people are being prosecuted, among them Rafael Correa, Jorge Glas, Maria de los Ángeles Duarte, among others (Ortiz, 2019). Pamela Martinez, Correa's former advisor, stated that if she received money and gave it to Correa's government officials; she would have been able to do so.

There are also indications of 19 companies that received 6,115 million dollars in public works contracts during the year 2007-2017, in the investigation of the Attorney General's Office these companies are listed as AP financiers and in total these companies contributed 25.6 million dollars, 16 in cash and 9.6 with cross invoices. All these crimes happened during Rafael Correa's mandate, however he denies all these crimes that accuse him saying that it is a lie and although he has already retired he still endures in the lives of Ecuadorians for his immoral actions who left the country destroyed, wiped out with debts and with a destroyed economy.



### **Conclusion**

- Rafael Correa has been the first president in all of Ecuador's history to be re-elected twice, he is the first president to govern the country for 10 consecutive years, evidently he has been a strong leader who has managed to handle the conflicts that have had to happen throughout his term. Correa has made a change for the better and for the worse in all aspects of the country. On the political front before strengthening democracy, freedoms were restricted, freedom of expression and although the 2008 Constitution guarantees rights, this was not seen, as several people had to resign from their jobs because of threats made by the former president. Rafael Correa during the time he governed had many confrontations and one of the most memorable by all Ecuadorians is September 30, 2010, better known as 30S which was a protest by the national police against a wage law and although it could be resolved the government believed it was a coup attempt. In spite of several conflicts, Rafael Correa managed to stay in power.
- In the economic field the biggest export product was oil, with high prices Correa's government could have a program to improve educational infrastructure, health and roads throughout the country, this has helped to have a better quality of life for the entire population. The government deprived the country of private investment, which was a serious mistake because Ecuador did not turn out to have a better



economic growth and because of this Ecuador has an enormous public expenditure that the current President of the Republic of Ecuador does not know how to cover. In the field of communication, the relationship between the media and Rafael Correa was not very pleasant, since the beginning of his political career Correa has sent messages affirming that his government did not support criticism, That is why Correa has been involved in lawsuits against journalists and there is even a communication law that gives him the right to sanction independent media, that is, private media, as sanctioned by channel 2 Ecuavisa and 5 Teleamazonas, therefore journalists had to exercise their work with prudence not to be accused or sanctioned the channel they work.

- At the end of his last term in office, crimes began to appear, such as corruption in the public sector, waste of money, criminal gangs working for this government, crimes and abuses, and although Correa justifies himself by saying that his money is private business, the theft he made to the country and its citizens is evident. Currently, Rafael Correa is accused of several crimes already mentioned, but there is still no concrete evidence to support this, his government proved to be full of criminals and thieves.

### **Recommendation**

- Faced with the situation of corruption already experienced in the previous government, it is important to be aware of who we are going to vote for and as citizens we must commit ourselves to continue in resistance and protect our homeland from corrupt people, thieves who want to take advantage of our country. The good thing is that little by little the truth is discovered, they are falling and they see themselves with justice so that they pay for all the atrocities they did. We cannot live in a country that is full of corrupt people, so it is time for transparency, so it is recommended that there are effective strategies such as improving audit planning. No country has been able to fight corruption completely, but it has been able to help stop and lower our index as a country, since Ecuador has an index of 32%. If we can fight corruption, we could have a better economic management and grow as a country. In addition to carrying out strategies, we as a society must be committed to constant vigilance so that these crimes that affect the entire population and the country do not happen again.

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**Qr Code**