

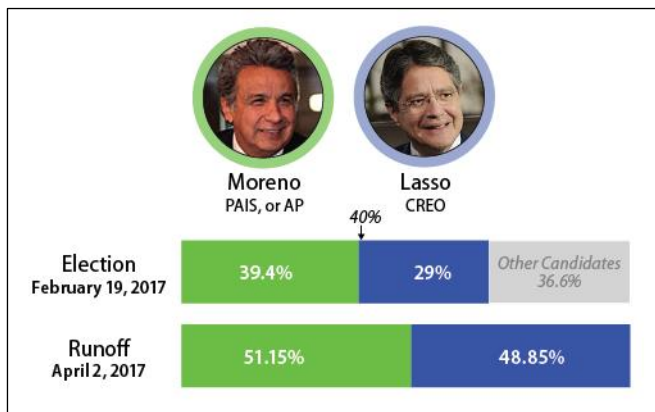


Ecuador's 2017 Elections

Presidential Elections and April Runoff

On April 2, 2017, governing party candidate Lenín Voltaire Moreno narrowly won a runoff election in Ecuador with a margin of slightly more than 2% of the vote, according to Ecuador's National Electoral Council (CNE). Reporting after 100% of the vote was counted, CNE announced that Moreno received 51.15% and opposition candidate Guillermo Lasso received 48.85% of the votes cast. Lasso, who had come in second in the first-round vote on February 19 (see **Figure 1**), gained the backing of an array of opposition parties. A former banker, Lasso posed his campaign as a movement for change following a decade of rule under the Alianza Patria Activa y Soberana (PAIS, or AP) party. Moreno and his vice presidential candidate Jorge Glas are slated to take office on May 24, 2017.

Figure 1. Presidential Election and Runoff Results



Source: Data from CNE. Graphic created by CRS.

The 2017 elections were the first in a decade in which Rafael Correa did not run for president, but his two former vice presidents both ran. Presidential candidate Moreno served as vice president under Correa from 2007 to 2013, and Glas was Correa's most recent vice president until he left office to become Moreno's running mate. Moreno campaigned on continuing the work of the leftist Correa government, with a better balance between public and private interests. Although popular through much of his decade in office, by October 2016, President Correa's approval rating had slipped to 41% and support for his political agenda, which he called the Citizens' Revolution, had declined. This factor could explain, in part, why the election outcomes remained so close.

Correa, a fiery leftist populist, forged close ties with former Venezuelan President Hugo Chávez. In contrast, Moreno has expressed more commitment to tolerance of critical or dissenting viewpoints and free expression. Correa, however, received broad support due to the political stability he brought to the country and his successful efforts to reduce inequality using oil profits, a commodity that makes up more than 50% of Ecuador's exports, and to

modernize the country's infrastructure, such as roads. Correa's anti-imperialist rhetoric, which rejected the influence of the United States, and what Correa's critics viewed as his antidemocratic policies, led to a deterioration in relations between the United States and Ecuador.

In the pre-electoral stage of the presidential race, Moreno polled in first place most often while he faced a field of candidates ranging from right to far left. He came close to winning the first round with the needed 40% of the vote. Moreno is regarded as more affable and easygoing than President Correa, and Moreno worked for years as a disability advocate. Moreno was shot during a robbery years ago and is disabled. He continued his advocacy after leaving the Correa government by serving as the U.N. Special Adviser on Disability and Accessibility based in New York.

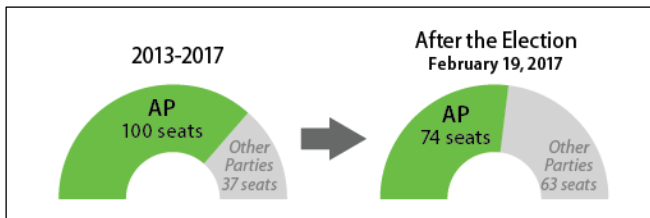
Jorge Glas, on the other hand, turned out to be an unpopular running mate. Not only is Glas seen as much closer to Correa, but some observers indicated he was likely to assume the presidency if Moreno decided to step down for possible health reasons. Following his victory in April, Moreno held a press conference to say he was not likely to succumb to health problems and leave the recently won presidential post. Glas was embroiled in a corruption scandal that worsened in December 2016 and is related to the management of Ecuador's state-owned oil company, Petroecuador. In response to the scandal, Moreno vowed during the campaign to make the management of Petroecuador much more transparent.

Guillermo Lasso of the Creating Opportunities-Society United for More Action Alliance (CREO-SUMA), who previously ran for president in 2013, was the first declared candidate in the 2017 election cycle. Lasso had been an active critic of the Correa government, staging protests against the 2015 constitutional reforms and laws on inheritance advocated by Correa. Lasso's platform sought to increase liberalization of the economy, and he campaigned for a sustainable-development model that gave primacy to small- and medium-sized industries. He promoted a plan to create 1 million new jobs between 2017 and 2021. He also was a strong advocate for the repeal of the 2013 Communications Law, which has been associated with censoring Ecuador's media but was advocated by the Correa government as a way to reduce elite control of the broadcast media and democratize the medium. Lasso was among several candidates who pushed to reduce the size of the state apparatus overall. During the runoff campaign, the Correa government used its dominance or control of state-owned media to denounce Lasso for his alleged involvement in the financial crisis of the late 1990s and accuse him of personally profiting from that crisis.

Legislative Elections

Ecuador also held elections for its legislature in February 2017. According to official tallies, more than 3,900 candidates competed for National Assembly seats in the 137-member body. In total, 70 different political parties registered candidates. Hamstrung by low oil prices and a contracting economy, Correa's dominant AP party, as expected, lost seats in the National Assembly; it went from holding a supermajority of 100 seats in the 2013-2017 Congress to winning 74 seats in the February 2017 elections (see **Figure 2**). Although the AP party still constitutes a majority, the new Moreno Administration likely will wrestle with a more fractured National Assembly than the previous administration, in part because of expected widening fissures within the AP and the necessity of having to negotiate with numerous parties to form a coalition to pass certain types of legislation, such as constitutional reforms.

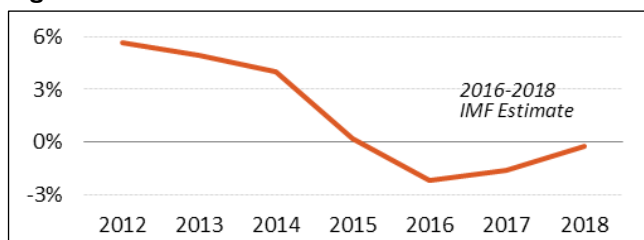
Figure 2. Change in AP-held seats in the National Assembly



Source: Created by CRS with data from *El Telégrafo*, including <http://www.eltelegrafo.com.ec/especiales/2017/Asamblea-Nacional/>.

The 2017 national elections were conducted amid a contracting economy, including the continued slump in oil prices; an appreciating dollar (in a dollarized economy); and disillusionment by some sectors with the authoritarian, personalized style of President Correa. The austerity measures that accompanied the downturn made Correa's government the target of protests from key sectors of the population, including indigenous peoples, trade union members, environmentalists, and critics from the right and center right. In addition, a powerful earthquake struck Ecuador's coast in April 2016, which necessitated a costly recovery exceeding \$3 billion. The International Monetary Fund (IMF) estimates that Ecuador's economy contracted almost 2.2% in 2016 and that the economy will be in recession through 2018.

Figure 3. Ecuador Real GDP Growth



Source: IMF, World Economic Outlook Database, April 2017.

Electoral Controversies and Challenges

Lasso demanded a vote-by-vote recount and claimed the runoff in April was marred by fraud that denied him a victory. The CNE announced on April 10, 2017, that a

partial recount of voting results in five provinces was conducted (voting stations in the provinces shown in **Figure 4**). This initial recount turned up no discrepancies, so the CNE said it would not proceed with a full recount and would check only voting stations where critics had evidence of discrepancies. In addition, a team of electoral observers from the Organization of American States had endorsed the April 2 runoff results, stating they had found no irregularities. Lasso called for protestors to demonstrate in Guayaquil, Ecuador's largest city, and near the CNE buildings in the capital city of Quito. On April 18, 2017, CNE conducted another recount of contested station totals from locations throughout the country of nearly 1.3 million votes, or approximately 10% of the 10.6 million recount ballots. That recount also did not alter the outcome, so the CNE declared the recount effort over and the final result was a narrow win by the Moreno-Glas ticket.

Figure 4. Ecuador Runoff Recount of Stations in Five Provinces



Source: Created by CRS.

Outlook

Some analysts forecast that the next government will face significant challenges that will limit the possibility for meaningful policy change. They suggest that President Correa may become critical of the incoming Moreno Administration, especially if it strays from some of his key viewpoints, which could undermine Moreno's initiatives. Many observers also postulate that Correa will return as a presidential candidate for the 2021 elections, after Moreno's first term. Correa's willingness to step away in a period of economic decline may buoy his future popularity, but that remains to be seen.

The United States, in an April 6, 2017, State Department press release, congratulated President-elect Moreno on his victory but noted "concerns about the electoral process and [an expectation] that they will be fully considered and resolved in a legal and transparent manner." Although Moreno's win does not follow a recent trend of leftist reversals in South America, the results suggest that Ecuador is a more divided and polarized nation than in the years when Correa handily won elections by a landslide. (For more, see CRS Report R44294, *Ecuador: In Brief*.)

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IF10581

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