

# THE National Investor

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## MORE ON THE ECUADOR SITUATION



Keeping close to the situation in Ecuador since the beginning of this month has **more than anything else left me with a sense of sadness.** The capital city of Quito is the most beautiful city I have visited in the world. The ongoing scenes of it (if you didn't know, Quito is deservedly a World Heritage Site; see <https://whc.unesco.org/en/list/2>) with countless fires, streets torn up and other vandalism is heart-wrenching, especially in the "Old Town" section I've walked *and adored* just about every inch of.

Some of you know that Ecuador has in recent years moved to the very top of the list of the most desirable countries for Western "expats." More than once in the last several years, Ecuador has actually held the *top* spot in *Forbes* magazine's 25 most desirable countries for Westerners to relocate to, or by a second residence in. **It won't be back there for a while now, though.** These recent political/economic events and the (in some cases) violent backlash have done a great deal to hurt Ecuador's story. And as for tourism, it has understandably *crashed*. Hotels are 10% to 20% occupied; and that even in Guayaquil, I just read, hollowing out an historic festival that is typically marked this time of year.

**As seems to be the case everywhere these days, neither of the "two sides" here are believable in their extremes.** Some among Ecuador's indigenous people—and others—have co-opted the *legitimate* gripes against President Moreno (as they see it) and his selling the country out to the International Monetary Fund to push a more sinister agenda with, simply, violent protest and revolution as its motivation. Moreno and his supporters (including a newly-beleaguered business and middle class who, as Yours truly sees it, have been sold out every bit as much as the poorer hoi polloi) are right to both oppose and crack down on such violent street protests, damage to property and the like.

As we can see elsewhere these days, “the left” (I hate to use that catch-all term)—not getting their way sometimes at the polls and wanting attention and victories anyway—is ever more resorting to street tactics and personal/societal terrorism (too bad whoever spat upon that older gentleman outside the Trump rally in Minneapolis the other night didn’t *immediately* have his jaw busted.) *But then again*—as we are seeing in Ecuador—the anarchists in the streets are in some ways looking for such acts to further their “cause” against the government. Not justifying any individual overreach by the military or police, I certainly don’t fault Moreno at this point for attempting to restoring order.

**At the same time—as I have already said—Moreno did this to himself;** and where Ecuador’s harmony, broader growth up the economic ladder and all the rest is concerned that he was left with to a fair extent, HE has done major damage in reversing years’ worth of progress. His (and some of his supporters’) insistence that all of this protest and violence started from *outside* Ecuador by financial and other support from former President Correa and Venezuelan President Maduro is asinine on its face. *To me, it is the equivalent of an angry Democrat Party and others with T.D.S. claiming that it is all Russia’s fault that Donald Trump is president.* Might Correa and/or others be “pushing” things along for their own political agendas/points *now*? Certainly; that’s patently obvious. Did they START all this? No; and that’s just as evident.

As I have alluded to more than once over time—and specifically with Ecuador—it is sad that we are here yet again with a seeming “choice” between either 1. outright socialism and violence/revolution, or 2. The neoliberal/capitalist “way” that Moreno has yanked Ecuador into. One thing is beyond dispute: right or wrong, **Ecuador’s people thought they were getting neither when they voted for Moreno,** but that he (as he promised in his campaign) would continue the “third way” he inherited from Correa.

The danger right now for business generally *and mining specifically* (for our more mercenary purposes here) is that Moreno has now squandered what little he had to start with of his moral authority to continue shepherding the country’s pro-business development. **And I’ll go even farther than that: by the POLITICAL (if not economic) idiocy of taking orders from the I.M.F. in removing the fuel subsidies, Moreno himself has breathed new life potentially into the anti-mining agenda of Ecuador’s indigeneous people, who prior to this had been essentially defeated in their efforts.**

The Confederation of Indigenous Nationalities of Ecuador (CONAIE) has long opposed most ANY kind of economic development in “its” territories (though they didn’t complain when economic activity *elsewhere* helped them, in part by helping enable those fuel subsidies.) When they don’t get what they want (where have we seen/heard THIS before?) it’s all because of oppression and racism, giving them the right to “protest” violently.

Conveniently forgotten now by *both* parties due to the old principle “My enemy’s enemy is my friend” CONAIE once declared itself in opposition to *President Correa* for HIS allegedly “continuing right-wing neoliberal economic and racist social policies.” Among other things, they were unhappy that Correa



was promoting the growth of the country's nascent *legal* mining industry and would not tolerate *unlawful* opposition to that. That time I've referred to more than once when Correa cracked heads of NGO's, indigenous and others due to these people's vandalism and violence didn't sit well.

**But like I said the other day: where Correa could get away with that in the eyes of the broad majority of the country, Moreno does not have that kind of political capital; certainly not now.**

Before this sad and unnecessary episode, CONAIE *and many of the "outside" forces that have radicalized it even further* were in decline as far as their clout. Having lost quite spectacularly in their second attempt to get the Constitutional Court to do their bidding last month, CONAIE was left basically with issuing threats that it will now view only itself as the "law" in its claimed territories even if that meant more vandalism to come for mining (and oil) activity in "its" territories. Before now, they were in a weaker position; some might say a "last gasp" place in generating more violence/noise to compensate for their declining numbers (as a part of Ecuador's overall population) and political clout.

**One consequence of Moreno's stupidity is that he has given CONAIE and its allies whose agenda is simply to stifle development, *period*, a renewed momentum.** And with a more prominent seat at the table than they ever would have had were it not for Moreno's ill-advised step, I suspect they are going to push back against a LOT more than restoring the fuel subsidies in order to stand down. *At the least*, I am expecting that what would have been the coming re-launch of new concessions in Ecuador will be sacrificed.

As I am writing this, the United Nations and the Catholic Church have jointly announced a Sunday meeting in Quito between President Moreno and indigenous leaders. The first order of business, everyone hopes, will be an end to the present violence.

**Aside from the sadness I expressed at the outset of this update, I am likewise angry that—yet again—the I.M.F. has sown misery, division and more poverty as part of its "help" to a developing nation.** I hope (and will do my best to articulate this) that one of the subjects discussed in the wake of this new unrest in Ecuador is the NEED for a new way forward for development without such "help" but where developing nations can actually have a chance at success WITHOUT the involvement of the global banking cartel.

Even among those who do not (as I) call for the wholesale dismantling of this global banking order/debt slavery, the I.M.F. and Moreno are taking heat. The most instructive piece I have read of late is at <https://mailchi.mp/8414820234f4/the-battle-over-ecuadors-economic-reforms>, by Allison Fedirka at *Geopolitical Futures*. I always like their stuff (affiliate of *Stratfor.com*) as it's always "Just the facts, Ma'am" as Joe Friday would say, without much in the way of added opinion or hyperbole.

*The above is excerpted from the regular issue dated October 14, 2019*

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