

Ecuador - and the IMF's Killing Spree

By [Peter Koenig](#)

Global Research, October 14, 2019

Region: [Latin America & Caribbean](#)

Theme: [Global Economy](#), [History](#), [Poverty & Social Inequality](#)

For close to 40 years the IMF has weaponized its handle on the western economy through the dollar-based western monetary system, and brutally destroyed nation after nation, thereby killed hundreds of thousands of people. Indirectly, of course, as the IMF would not use traditional guns and bombs, but financial instruments that kill – they kill by famine, by economic strangulation, preventing indispensable medical equipment and medication entering a country, even preventing food from being imported, or being imported at horrendous prices only the rich can pay.

The latest victim of this horrifying IMF scheme is Ecuador. For starters, you should know that since January 2000, Ecuador's economy is 100% dollarized, compliments of the IMF (entirely controlled by the US Treasury, by force of an absolute veto). The other two fully dollarized Latin American countries are El Salvador and Panama.

The Wall Street Journal recently stated that Ecuador *“has the misfortune to be an oil producer with a ‘dollarized’ economy that uses the U.S. currency as legal tender.”* The Journal added,

“the appreciation of the U.S. dollar against other currencies has decreased the net exports of non-oil commodities from Ecuador, which, coupled with the volatility of oil prices, is constraining the country's potential for economic growth.”

Starting in the mid 1990's, culminating around 1998, Ecuador suffered a severe economic crisis, resulting from climatic calamities, and US corporate and banking oil price manipulations (petrol is Ecuador's main export product), resulting in massive bank failures and hyper-inflation. Ecuador's economy at that time had been semi-dollarized, like that of most Latin American countries, i.e. Peru, Colombia, Chile, Brazil – and so on.

The 'crisis' was a great opportunity for the US via the IMF to take full control of the Ecuadorian (petrol) economy, by a 100% dollarizing it. The IMF propagated the same recipe for Ecuador as it did ten years earlier for Argentina, namely full dollarization of the economy in order to combat inflation and to bring about economic stability and growth. In January 2000, then President Jorge Jamil Mahuad Witt, from the “Popular Democracy Party”, or the Ecuadorian Christian Democratic Union (equivalent to the German CDU), declared the US dollar as the official currency of Ecuador, replacing their own currency, the Sucre.

Adopting another country's currency is an absurdity and can only bring failure. And that it did, almost to the day, 10 years after Argentina was forced by the same US-led villains to revalue her peso to parity with the US-dollar, no fluctuations allowed. Same reason

("economic crisis", hyper-inflation), same purpose: controlling the riches of the country – absolute failure was preprogrammed. Did Ecuador not learn from the Argentinian experience and converted her currency at the very moment the Argentinian economy collapsed due to dollarization, into the US dollar? – That is not only a fraud, but a planned fraud.

Ecuadorian goods and services quoted in dollars, became unaffordable for locals and uncompetitive for exports. This led to social unrests, resulting in a popular 'golpe'. President Mahuad was disposed, had to flee the country, and was replaced by Gustavo Noboa, from the same CDU party (2000 – 2003). Ever since the dollar remained controversial among the Ecuadorian population. President Rafael Correa's quiet attempt to return to the Sucre, was answered by a CIA-inspired police coup attempt on 30 September 2010.

In 2017, the CIA / NED (National Endowment for Democracy) and the US State Department have brought about a so-called "soft" regime change. They urged (very likely coerced) Rafael Correa to abstain from running again for President, as the vast majority of Ecuadorians requested him to do. This would have required a Constitutional amendment which probably would have been easily accepted by Parliament. Instead they had Correa endorse his former Vice-President (2007-2013) Lenin Moreno, who run on Correa's platform, the socialist PAIS Alliance. Therefore, expected to continue in Correa's line with same socioeconomic policies.

Less than a year later, Moreno turned tables, became an outright traitor to his country and the people who voted for him. He converted Ecuador's economy to the neoliberal doctrine – privatization of everything, stealing the money from the social sectors, depriving people of work, drastically reducing social services and converting a surplus economy of tremendous social gains into one of poverty and misery.



President Correa left the country a modest debt of about 40% to GDP at the end of his Presidency in 2017. A debt-GDP ratio that would be no problem anywhere in the world. Compare this to the US debt vs. GDP – 105% in current terms and about 700% in terms of unmet obligations (net present value of total outstanding obligations). There was absolutely no reason to call the IMF for help. The IMF, the long arm of the US Treasury – 'bought' its way into Moreno's neoliberal Ecuador, coinciding with Moreno evicting Julian Assange from the Ecuadorian Embassy in London.

The IMF loan of US\$ 4,2 billion increases the debt / GDP ratio by 4% and brings social misery and upheaval in return, and that as usual, at an unimaginable cost, by neoliberal economists called "externalities". It was practically a US "present" for Moreno's treason, bringing

Assange closer into US custody. What most people are unaware of, is that at the same time, Moreno forgave US\$ 4.5 billion in fines, interest and other dues to large corporations and oligarchs, hence decapitalizing the country's treasury. The amount of canceled corporate fiscal obligations is about equivalent to the IMF loan, plunging large sectors of the Ecuadorian population into more misery.

Besides, under wrong pretexts it allowed Moreno to apply neoliberal policies, all those that usually come as draconian conditions with IMF loans and that eventually benefit only a small elite in the country - but allows western banking and corporations to further milk the countries social system.

According to a 2017 report of the Center for Economic and Policy Research (CEPR), an economic thinktank in Washington, Ecuador's economy has done rather well under Rafael Correa's 10-year leadership (2007 - 2017). The country has improved her key indicators significantly: Average annual GDP growth was 1.5% (0.6% past 26 years average); the poverty rate declined by 38%, extreme poverty by 47%, a multiple of poverty reduction of that in the previous ten years, thanks to a horizontally distributive growth; inequality (Gini coefficient) fell substantially, from 0.55 to 0.47; the government doubled social spending from 4.3% in 2006 to 8.6% in 2016; tripled education spending from 0.7% to 2.1% with a corresponding increase in school enrollments; increased public investments from 4% of GDP in 2006 to 10% in 2016.

Now, Moreno is in the process of reversing these gains. Only six months after contracting the IMF loans, he has already largely succeeded. The public outcry can be heard internationally. Quito is besieged by tens of thousands of demonstrators, steadily increasing as large numbers, in the tens of thousands, of indigenous people are coming from Ecuador's Amazon region and the Andes to Quito to voice their discontent with their traitor president. Government tyranny is rampant. Moreno declared a 60-day state of emergency - with curfew and a militarized country. As a consequence, Moreno moved the Government Administration to Guayaquil and ordered one of the most severe police and military repressions, Ecuador has ever known, resulting within ten days to at least 7 people killed, about 600 injured and about 1,000 people arrested.



Source: [Workers' Voice](#)

The protests are directed against the infamous Government Decree 883, that dictates major social reforms, including an increase in fuel prices by more than 100%, reflecting directly on public transportation, as well as on food prices; privatization of public services, bringing about untold layoffs, including some 23,000 government employees; an increase in Aggregated Value Taxes - all part of the so-called "paquetazo", imposed by the IMF. Protesters called on Moreno, "Fuera asesino, fuera" - Get out, murderer, get out! - Will they succeed?

The IMF's guns are needlessly imposed debt, forced privatization of social services and public assets as railways, roads, and worst of all, health, education, water supply and sewerage services. Unemployment rises, extreme poverty skyrockets, public service tariffs - water, electricity, transportation - increase, often exponentially, depriving people from moving to work or look for new employment elsewhere. Diseases that otherwise may have been curable, like cancers, under the new regime lack medication. Patients die prematurely.

Depression brings about rapidly rising suicide rates, as the British medical journal Lancet has observed in many IMF oppressed countries, but especially in Greece.

Targeted are primarily those nations that do not want to bend to the dictate of Washington, and even more so those with natural resources the west covets, or countries that are in strategic geographic locations, where NATO wants to establish itself or get a stronger foothold, i.e. Greece. The IMF is often helped by the World Bank. The former providing, or rather coercing, a 'debt-strapped' country into accepting so-called rescue packages, billions of dollars of loans, at exorbitant "high-risk" interest rates, with deadly strings attached.

The latter, the WB, would usually come in with loans – also euphemistically called "blank checks" – to be disbursed against a matrix of fulfilled conditions, of economic reforms, privatizations. Again, all usually resulting in massive government layoffs, unemployment, poverty. In fact, both the IMF and the WB approaches are similar and often overlapping – imposing "structural adjustment" (now in disguise given different names), to steal a countries resources, and sovereignty, by making them dependent on the very financial institutions that pretend to 'help' them.

The three most recent and flagrant cases of IMF interference were Greece, Ukraine and Argentina. Greece was doubly destroyed, once by her brothers and sisters of the European non-Union that blackmailed them into staying with the euro, instead of exiting it and converting to their local currency and regaining financial sovereignty.

Ukraine, possibly the richest country in terms of national resources and with an enormous agricultural potential due to her fertile soil, was "regime changed" by a bloody coup, The Maidan massacre in February 2014, instigated and planned by the CIA, the EU and NATO and carried out through the very US Embassy in Kiev. This was all long-term planning. Remember Victoria Nuland boasting that the US has spent more than 5 billion dollars over the past five year to bring about regime change and to convert Ukraine into a fully democratic country and making it ready to enter the European Union?

The western allies put a Nazi Government into Kiev, created a "civil war" with the eastern Russia-aligned part of Ukraine, the Donbass. Thousands of people were killed, millions fled the country, mostly to Russia – the country's debt went through the roof, and – in comes the IMF, approving in December 2018a 14-month Stand-By Arrangement for Ukraine, with an immediate disbursement of US\$ 1.4 billion. This is totally against the IMF's own Constitution, because it does not allow lending to a country at war or conflict. Ukraine was an "exception", dictated by the US. Blamed for the ever-changing and escalating Ukraine fiasco was Russia.

Another IMF victim is Argentina. In December 2015 through fraudulent election, Washington put a neoliberal henchman into the Presidency, Mauricio Macri. He carried out economic and labor reforms by decree and within the first 12 months in office, increased unemployment and poverty from about 12% he inherited from his predecessor, Christine Kirchner, to over 30%.

Within 15 years of Kirchner Governments, Argentina largely recovered from the collapse of 2000 / 2001 / 2002, accumulating a healthy reserve. There was no need to call the IMF to the rescue, except if it was a pre-condition for Macri to become president. In September 2018, Argentina contracted from the IMF the largest ever IMF loan of 57.1 billion dollars, to be disbursed over a three-year period, plunging Argentina in an almost irrecoverable debt

situation.

The Bretton Woods Organizations – World Bank and IMF, were created in 1944 precisely for that reason, to enslave the world, particularly the resources-rich countries. The purpose of these so-called international financial institutions, foresaw an absolute veto power of the United States, meaning they are doing the bidding of the US Treasury. They were created under the UN Charter for good disguise, and are to work hand-in-glove with the fiat monetary system created in 1913 by the Federal Reserve Act. The pretext was to monitor western “convertible” currencies that subscribed to the also newly modified gold standard (1 Troy ounce [31.1 grams] of gold = US\$ 35) , also established during the Bretton Woods Conference in 1944.

Both organizations started lending money – the Marshall Fund, managed by the world Bank in the 1950s – to war devastated Europe, moving gradually into economic development of “Third World” countries – and, eventually, in the 1980s showing their evil heads by introducing the neoliberal doctrines of the Washington Consensus worldwide. It is a miracle how they get away with spewing so much misery – literally unopposed for the last 30 – 40 years – throughout the world. Why are they not be stopped and dismantled? – The UN has 193 members; only a small proportion of them benefit from the IMF-WB financial crimes. Why does the vast majority – also potential victims, remain silent?

*

Note to readers: please click the share buttons above or below. Forward this article to your email lists. Crosspost on your blog site, internet forums. etc.

Peter Koenig is an economist and geopolitical analyst. He is also a water resources and environmental specialist. He worked for over 30 years with the World Bank and the World Health Organization around the world in the fields of environment and water. He lectures at universities in the US, Europe and South America. He writes regularly for Global Research; ICH; RT; Sputnik; PressTV; The 21st Century; Greenville Post; TeleSUR; The Saker Blog, the New Eastern Outlook (NEO); and other internet sites. He is the author of [Implosion – An Economic Thriller about War, Environmental Destruction and Corporate Greed](#) – fiction based on facts and on 30 years of World Bank experience around the globe. He is also a co-author of [The World Order and Revolution! – Essays from the Resistance](#). He is a Research Associate of the Centre for Research on Globalization.

The original source of this article is Global Research
Copyright © [Peter Koenig](#), Global Research, 2019

[Comment on Global Research Articles on our Facebook page](#)

[Become a Member of Global Research](#)

Articles by: [Peter Koenig](#)

Disclaimer: The contents of this article are of sole responsibility of the author(s). The Centre for Research on Globalization will not be responsible for any inaccurate or incorrect statement in this article. The Centre of Research on Globalization grants permission to cross-post Global Research articles on community internet sites as long the source and copyright are acknowledged together with a hyperlink to the original Global Research article. For publication of Global Research articles in print or other forms including commercial internet sites, contact: publications@globalresearch.ca

www.globalresearch.ca contains copyrighted material the use of which has not always been specifically authorized by the copyright owner. We are making such material available to our readers under the provisions of "fair use" in an effort to advance a better understanding of political, economic and social issues. The material on this site is distributed without profit to those who have expressed a prior interest in receiving it for research and educational purposes. If you wish to use copyrighted material for purposes other than "fair use" you must request permission from the copyright owner.

For media inquiries: publications@globalresearch.ca