

still against the idea of a Palestinian state. I think that the Palestinians right now are not there. Nor are the Egyptians for that matter. They don't want to see Israel translate its military hegemony into economic leadership of the region. They might not mind modernization, but not at the hands of the Israelis. So I think we need to concentrate almost exclusively on the political deal.

I don't believe that our generation will see a warm peace with the Arab world, and let me tell you a secret: I personally can live with it happily. I don't need to sell and buy from the Egyptians. For me, the generation which fought the wars for Israel, it is enough that we don't have wars. It is enough that the Israeli-Egyptian front is calm. This is the most we can expect in this generation. If we bequeath to our children a Middle East that is free of the fear of war, it will be their task to develop friendship and cooperation. Let us make peace, and leave to our children the task of making love. To make peace, one does not have to build trust. Did the French build trust with the Algerians before they made peace with them? Did they have love relations before they made peace with the Germans? Friendship developed later.

I am afraid that some of us do not really appreciate sufficiently the level and degree of humiliation that the Arabs feel at the very existence of the state of Israel. Israel is the measure of the failure of the Arab world. Its vibrant democracy, its dynamic economy, its resourcefulness, high-tech, and educational institutions are a daily reminder of the incompetence of Arab leaders, and the failure of Arab societies in meeting the challenge of modernity.

Frankly, I don't believe today that there is ground for much economic cooperation. We need to concentrate on the political deal. The economic deal will come. It will come. Let us not insist too much on it now. This is not a process of lovemaking, this is a process of peacemaking. We are not about making love—we are about making peace. These projects are most welcome, but they will not be addressed by the parties in a credible way before a political deal is done. If you insist, you can take a lesson from the case of the European Union. It was only after Europe solved its endemic border disputes that very hesitant first steps towards economic cooperation started in the 1950s. In 1919, John Maynard Keynes preached, to no avail, to the leaders of Europe, that the future lay in economic cooperation (he wrote this in a booklet which he submitted to the leaders at the Versailles peace conference “The Economic Consequences of Peace”). He was a prophet whose generation was not yet ripe to assume his lesson.

We and the Arabs are in a dispute that is not only about land for peace; it is much more than that. It's about ethos, history, memory, religion. And I believe at some point we will address the issues of economic cooperation. But to me, frankly today, they are secondary. They will come, but only after the parties have separated into decent and dignified independent states.

Ecuador's New President: 'Life Comes Before Debt'

by Valerie Rush

Rafael Correa, candidate of Alianza País, won the Ecuadoran Presidential run-off Nov. 26, defeating billionaire banana/coffee tycoon Alvaro Noboa by a substantial margin, and giving added impetus to the nationalist tide sweeping the continent. In one of his first victory statements to the press, the 43-year-old U.S.-trained economist declared that he identified his political philosophy with that of Kirchner, Lula, and Bachelet, the Presidents of Argentina, Brazil, and Chile respectively, all of them key players in the informal Presidents Club that has coalesced around the urgent task of unifying and integrating the continent. Correa stated that he viewed his electoral victory as one more proof that “Latin America is changing eras. . . . I think that [Kirchner, Lula, and Bachelet] represent the new progressive current in Latin America which is overcoming the sadly fateful liberal night that has laid waste to the subcontinent.”

Correa had a brief stint last year as Finance Minister of the present Palacio government, but was ousted after he enraged the country's creditors by pushing a new law through Congress that re-allocated surplus oil revenues earmarked for debt repayment, toward education, health, infrastructure, and R&D funding instead. He also backed the decision of the state oil company to annul an Occidental Petroleum contract, because of violations by that oil multinational, and has since pledged to renegotiate contracts with the other oil multinationals as well.

Correa's electoral victory is causing serious consternation on the part of international financial elites. Despite Ecuador's small size and reputation as the quintessential banana republic for much of its history, Correa has publicly targeted a crucial weakness of the moribund world monetary system, which is the illegitimacy of most of the Third World's foreign debt. Correa has pledged to scrutinize his country's debts to determine which are legitimate and which are not, and to renegotiate them from that sovereign standpoint.

Economist Alberto Acosta, who will be Correa's Finance Minister when the President-elect takes office on Jan. 15, told the press that if Ecuador finds itself forced to “suspend service on its obligations, it will do so.” Acosta said that Correa's unequivocal message to Ecuador's creditors is that “life comes before debt,” and that his first obligation is the general welfare of Ecuadorans. Acosta further suggested that other



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Ecuadorian President-elect Rafael Correa (right) stated that his victory is one more proof that "Latin America is changing eras." Here Correa is shown with Argentine President Néstor Kirchner.

"enormously indebted" underdeveloped nations should form an international court of debt arbitration, to determine what they have already paid and what their real obligations are, just as Ecuador will be doing with its own debt.

A Nov. 27 article in the *Wall Street Journal* presented the arrogant response of the international creditors: "Unlike Argentina, which renegotiated its debts after committing the biggest sovereign debt default in history in 2001, Ecuador isn't running out of money. Rather, Mr. Correa wants to renegotiate for what he considers moral reasons: He believes part of the \$3 billion debt service should be spent on the poor."

'Sign of Positive Change'

The London mouthpiece *Financial Times* editorialized that "If recent Ecuadorean history is a guide," Correa is no more likely to last out his presidency than his predecessors of the past decade, since "presidential popularity has a tendency to collapse in Ecuador." The *New York Times* and *Washington Post* both greeted Correa's win with predictions of worsened instability.

In sharp contrast, Correa's electoral victory was greeted by Argentine President Néstor Kirchner "with great joy." In a personal letter to Correa, and also in his public congratulations, he expressed hope that the two could work closely together toward their common goal of continental unification. Kirchner also expressed his delight that Brazilian head of state Lula da Silva had been re-elected in that country, and that Hugo Chávez would likely be re-elected Venezuelan President on Dec. 3, "because this is the confirmation that Latin America is moving forward." President Lula also described Correa's election as "a sign of positive change in South America," and in a phone call to Correa Nov. 28, invited him to visit Brasilia as early as Dec. 7, just prior to the second Ibero-American Presidents' Summit in Cochabamba Dec. 8-9, which Correa will be attending along with outgoing Ecuadorian President Alfredo Palacio.

In a Nov. 29 address to a gathering of mayors from all of the member countries of Mercosur (South American Common Market), Argentina's Kirchner struck the tone of the Presidents Club, when he said: "Our region must regain its courage, its boldness. Those of us who represent it, must tell it like it is! . . . We believe we are at an inflection point, where we must connect action to reality. . . . [T]hanks to God, our nations are gradually generating a state of consciousness, through which we must collectively develop the tools that will allow us to acquire the power to carry out the profound change that our region needs."

Kirchner went on: "We must begin to unify that voice, so that we don't start taking steps backward. . . . We must realize that this region . . . can craft a different alternative, and with what we've already achieved, we can continue to reduce poverty, unemployment, indigence; we can reduce indebtedness in an important way; we've done it. We can become strong and solid, and can have independent policies, and *we shouldn't be afraid to be an independent voice, and say forcefully what we think and feel in each situation and at each moment.*"

The new "state of consciousness" of which Kirchner spoke took on new meaning after Nov. 7, when the electoral drubbing delivered to the Bush-Cheney Administration sent an unmistakable signal to political forces south of the border that U.S.-Ibero-American relations would change as well. Noboa, who reportedly has close ties with Rockefeller financial interests, had edged out frontrunner Correa in October's first-round election in Ecuador, but subsequently found his campaign funds frozen and his U.S. Republican allies fighting for their own political survival.

The free-trade pacts that Bush managed to get signed with Peru and Colombia were suddenly not worth the paper they were printed on, when it became evident that a Democratic-controlled U.S. Congress would not be approving those agreements any time soon. And the fraudulent election victory of Felipe Calderón of Mexico, hailed by international financial circles as proof that the "populist" tide in Latin America had petered out, is instead providing the fuel for a nationalist backlash in that country, led by Andrés Manuel López Obrador.

The recent re-election of President Lula in Brazil, and the likely re-election of Hugo Chávez in Venezuela, mean that the integrationist project of the Presidents Club is very much on the front burner. And with Correa now joining the Club, that project should escalate. Correa has already emphasized that Ecuador will no longer export crude oil for sale, but would take advantage of refining capabilities in nearby Venezuela and Chile, to "reach long-term mutually beneficial energy agreements." He has also said that he will seek Ecuador's entrance into Mercosur, "and hopefully we will be able to unify all the integrationist processes."

The next venue for moving that process may well be the Presidential summit in Cochabamba.