
Ecuadorian President Rafael Correa Targets Wealthiest in New Tax Reform

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Ecuadorian President Rafael Correa has outlined a new inheritance tax bill, to be introduced soon to the National Assembly with a 2.5 percent of taxes over inheritances on \$35,000-70,000.

"This targets the wealthiest, it is re-distribution, it does not affect the middle class or the poor," explained the president in an interview with local media. "Last year, only one in 3,000 Ecuadoreans received an inheritance worth more than \$35,000," he added. "It aims at breaking this centuries long inertia where a hundred – maybe – families have been dominating us, precisely through the inheritance of economic power," he added.

Up to now, inheritance tax in Ecuador began at five percent for fortunes between \$69,000-137,000. Above \$827,000, a 35 percent rate was applied.

In a recent interview with teleSUR, U.S. economist Mark Weisbrot praised the economic successes in eight years of Correa's policies, both in terms of economic growth and reduction of poverty and inequalities. The South American economy has grown at over 4 per cent since 2007 in spite of the global economic slowdown.

Among other measures, explained the co-director of Washington-based Center for Economic and Policy Research (CEPR), his administration instituted a tax on capital flight; the Central Bank was required to repatriate billions in assets held abroad; the government created a liquidity fund and took a tougher line with banks and other private business, with new restrictions preventing banks from owning media companies, and antitrust enforcement, while at the same time promoting expansion of credit-unions, co-ops and other parts of the "popular and solidarity sector" of the financial system.

However the successes of such a tough line on the financial sector and wealthy inheritance have hardly featured in mainstream media lens, especially in Western countries where austerity policies, especially cuts on public spendings, has often been presented as the only solution. In France, documentary-maker Pierre Carles recently described the "code of silence" in the mainstream media about Ecuador's achievements.

When presenting the measure, President Correa linked inheritance tax to creating more equal societies referring to the work Thomas Piketty, author of best-seller *Capital* in the 21st century.
