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Abdala Bucaram Wins Ecuadoran Presidency

by LADB Staff

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On July 7, in the presidential runoff election, Ecuadorans chose Abdala Bucaram Ortiz, populist Guayaquil candidate for the Partido Roldosista Ecuatoriano (PRE), over rightist Jaime Nebot Saadi of the Partido Social Cristiano (PSC). The president-elect will take office on Aug. 10. Bucaram's vice president will be Rosalia Arteaga, a 40-year-old lawyer and journalist and the first woman to hold the vice presidency in Ecuador. Arteaga served as minister of education during the Duran-Ballen administration, but resigned because she opposed a law requiring Catholic doctrine to be taught in public schools. Bucaram took 54.37% of the valid votes cast, while opponent Nebot took 45.62%, according to the unofficial results. However, 11% of the ballots cast were null, while another 2% were blank. The campaign reached new levels of negative politicking, according to analysts, and was filled with personal attacks that overshadowed any concrete vision for the future of the country.

During the campaign, Bucaram accused Nebot of hiring assassins to kill him, and Nebot questioned Bucaram's emotional stability and pointed to past corruption scandals involving the candidate and his family. Most analysts agree that Bucaram owes his victory to the support of Ecuador's indigenous population and the poor, especially those living in the provinces. Nebot only took the major metropolitan centers of Quito and Guayaquil, appealing to the middle class and to business sectors with his polished image of stability.

Nevertheless, on his third try at capturing the presidency, Bucaram's populist rhetoric touched Ecuador's majority who have seen their social and economic situation decline in recent years. More than 40% of the urban population and 67% of the rural population fall below the poverty line. Bucaram advocates "moderate neoliberalism," which he says will "clean up a corrupt and monopolistic capitalism," and give new profitability to state enterprises through infusions of foreign capital and technology.

Bucaram has said he opposes privatization of the petroleum industry and other key sectors, but does favor encouraging foreign investment. Economically, Bucaram will face serious difficulties. The fiscal deficit this year is expected to reach 1% of the GDP, about US\$25 million. The government must also prepare to redeem government bonds sold during the current administration to cover operating expenses, which will come due in 1997. In addition, the foreign debt totals US\$11.5 billion, and service on the debt takes 37% of the national budget. On the positive side economically, Bucaram can count on federal reserves that increased from US\$782 million when President Sixto Duran Ballen took office to US\$1.6 billion now. During the same period, inflation declined from 60.2% in late 1992 to 22.2% in 1995. Export income increased by 13.5% between 1994 and 1995, and in 1995 Ecuador achieved a trade surplus of US\$267 million.

However, Bucaram has made extensive campaign promises, many of them with a major economic impact. He promised to address the inequitable distribution of wealth, stop capital flight, and force the banking sector to finance production, especially in agriculture. The president-elect also

promised supporters in the indigenous community that he would convoke a constituent assembly to draw up a new constitution that would recognize the plurinationality of the country, which has 10 major Indian groups that comprise between 45% and 50% of the population.

Analysts have begun to tally the possible costs of fulfilling Bucaram's campaign promises. On July 10, the Quito daily newspaper Hoy published an economic study, which indicated that the programs promised by Bucaram could cost more than US\$2 billion and carrying them out could have a disastrous effect on Ecuador's macroeconomic picture. "The president-elect's offers will cost US\$2.345 billion, which is almost two-thirds of the national budget," economist Jaime Zeas said in an economic seminar at the Universidad Catolica in Quayaquil. "Bucaram's proposals could generate a microeconomic imbalance because of the elevated level of expenditures that cannot be completely financed through the internal income-producing policies that he has put forth."

According to Zeas, the most costly promises are to raise teachers' salaries, increase the budget for health and police, carry out promised road construction, and extend Social Security benefits. Zeas also mentioned Bucaram's pledge to create banks for the coffee, cocoa, artisan, small industry, and foreign trade sectors; to create an Indigenous Ministry; to provide free school breakfasts; and to initiate subsidies for basic consumer items such as rice, milk, gasoline, and meat. Despite concerns, within a few days of the election, several labor and business organizations expressed at least initial support for Bucaram's call for a "unity" government to foster national development. However, Bucaram underlined that by "unity" he did not mean that "the country is a large pie to be divided," nor did he intend to share power.

At the same time, other business leaders were already pressing Bucaram to enact policies that would boost national production to pull the country out of recession. Business leaders made it clear that their cooperation with the new administration would depend on Bucaram's keeping his campaign promises, such as setting up new sectoral banks and attracting foreign investment. "The business community insists that for a government to fulfill its social obligations, it is necessary to create wealth so that there are resources to finance such works," said Luis Trujillo of the Chamber of Commerce. "The new president ought to give priority to the productive sectors to generate the employment that is necessary to end the recession."

In addition, grassroots sectors have also already begun clamoring for Bucaram to fulfill his promises. One very specific promise was to provide low-cost housing to 200,000 poor families, a commitment that would cost US\$580 million. Two days after the elections, large crowds gathered outside the PRE headquarters in Guayaquil to "put their names on the list" for a house. Bucaram's ability to carry out any of his promises in the short to medium term will depend on his relationship with Ecuador's volatile Congress, which characteristically has been marked by polemic partisanship and energy devoted almost totally to blocking the executive from carrying out its programs (see NotiSur, 08/26/94, 11/18/94, 01/13/95). The PRE will hold a minority in the 82-seat unicameral Congress. It will have 19 deputies, while the PSC will have 27.

Bucaram will most likely have the support of the indigenous movement Pachacutik Nuevo Pais, which won seven congressional seats, and possibly the Frente Radical Alfarista (FRA), party of last session's Congress president Fabian Alarcon who supported Bucaram in the runoff. Both Bucaram

and the PSC are enlisting support from the 12 deputies of Democracia Popular (DP), whose first-round presidential candidate, Rodrigo Paz, gave his support to Bucaram. An alliance with the DP and the smaller parties and independent deputies will be key for Bucaram's agenda. In conceding his defeat, Nebot indicated that Bucaram will be given little breathing room as he begins his term. He said the PSC would carry out "constructive opposition" within the Congress, "opposing that with which it could never agree."

Nebot's campaign manager and former president of Congress Heinz Moeller said the party "had no interest" in negotiating with Bucaram, and PSC deputy Rafael Cuesta vowed to spearhead a "fierce opposition" to Bucaram in the legislature. Cuesta called on the DP and the Izquierda Democratica (ID), with four seats, to join the PSC in forming a unified opposition. The ID, headed by former president Rodrigo Borja (1988-1992), is likely to oppose many of Bucaram's proposals. Analyst and professor of political science at the Universidad San Francisco Raul Gangotena said that Bucaram will face even greater difficulties governing than those encountered by his predecessor. Outgoing President Duran Ballen saw his vice president, Alberto Dahik, at least seven high-ranking members of his administration, and three judges including the president of the Supreme Court fired by Congress (see NotiSur, 09/01/95, 10/13/95, 04/26/96).

Meanwhile, Bucaram has begun to line up his cabinet and the team of advisors who will draft and try to implement his policies, but so far the only known cabinet member of the new administration is current Foreign Minister Galo Leoro, who has been asked and agreed to stay on. Bucaram has also moved quickly to demonstrate his commitment to work out a lasting peace with neighboring Peru, with whom Ecuador fought a costly two-month undeclared war in 1995. He has already made overtures to Peruvian officials and has visited the border, still suffering economically despite relative peace. [Sources: Notimex, 07/08/96; Agence France-Presse, 07/06-09/96; Hoy (Quito), 07/08-11/96; Reuter, 07/07/96, 07/08/96; Spanish news service EFE, 07/09-11/96]

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