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Bolivia Briefs: Cabinet Changes, President's Ties to Gangster, Development Grant

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Resignation of interior minister sets off Cabinet changes

President Hugo Banzer replaced nine of the 15 members of his Cabinet, following the surprise resignation of Interior Minister Guido Nayar. Nayar's resignation took Banzer by surprise, as did the lengthy resignation letter in which he described the magnitude of the national problems and urged Banzer to "change course" to correct them. Nayar said his resignation was aimed at "supporting the urgently needed redirection of the government that should have as its goals a struggle for honesty in the state apparatus and efficiency in applying social policies." He warned that corruption harms the administration and causes a lack of confidence both within the country and abroad.

Nayar was replaced by Senate president Walter Guiteras. Banzer also replaced the ministers of the presidency, defense, economic development, labor, housing, justice, and foreign trade (who moved to defense). He replaced his press secretary, creating the Ministry of Government Information, headed by Jorge Landivar.

The Cabinet changes did not alter the balance of power in Banzer's four-party coalition government, led by the Accion Democratica Nacionalista (ADN). In the new Cabinet, eight ministers are from Banzer's ADN, four are from the Movimiento de la Izquierda Revolucionaria (MIR), two from the Unidad Civica Solidaridad (UCS), and one from the Nueva Fuerza Republicana (NFR).

On June 22, Banzer said that with the replacement of more than half his Cabinet he could overcome the worst crisis his administration has faced, and he said the new Cabinet will fight corruption and other problems that affect Bolivia. A joint study by the government and Transparency International (TI) found that customs, the police, and the judiciary are the most corrupt institutions in Bolivia, which TI ranked the second-most corrupt nation in 1998.

Despite Banzer's declared war on corruption, little improvement is evident. Police implicated in death of Peruvian businessman Nayar's resignation following a difficult week that included labor protests, corruption scandals, and charges of police abuse. Nayar was in the difficult position of trying to explain the death of Peruvian businessman Freddy Cano Lopez from third-degree burns he suffered May 22 in a cell at the Policia Internacional (Interpol) headquarters in La Paz. He had been detained after a taxi driver complained to police that Cano had refused to pay him. Cano died in Lima June 9, where he was taken six days after the incident.

Before he died, Cano spoke to the media from his hospital bed, saying that he was tortured by the Bolivian police and set on fire. The police at first claimed Cano's burns resulted from an attempted suicide. The press and human rights organizations, as well as the Peruvian government which filed an official protest demanded an investigation into the circumstances of Cano's death. Peruvian

legislators claim Bolivian authorities routinely discriminate against Peruvians. Calling the incident "isolated," Banzer said the government would investigate and punish those responsible.

The national director of Interpol in Bolivia, Guido Teran Arevalo, and two other police were suspended on May 26, pending the outcome of the investigation. On June 14, a report presented to president of the congressional human rights committee Deputy Roberto Moscoso by Bolivian public defender Ana Maria de Campero said that Cano was intentionally set on fire. The report said the police violated Cano's constitutional rights and guarantees, the Universal Human Rights Declaration, and police regulations covering arrests and detentions.

President Banzer accused of ties to gangster

On June 23, President Banzer ordered an investigation into alleged ties between the Italian Mafia and the country's armed forces. Information Minister Landivar said the investigation centers on seven Italians, an Argentine, and eight Bolivians who were detained in mid-June for alleged involvement in drug and arms trafficking, cellular phone piracy, managing illegal gambling casinos, espionage, and ties to a neo-Nazi group. One of the Italians, Marco Marino Diodato, an alleged leader of the Italian Mafia in Bolivia, is married to Ginz Banzer, the president's niece.

Some Bolivian newspapers published photographs taken of Diodato during the 1997 election campaign with ADN party flags and campaign posters reading "Banzer for President." Minister of Government Guiteras said Banzer's election campaign received no money from Diodato, but Landivar said that Diodato had participated in the president's campaign on a "contractual" basis. Diodato denies all charges, saying that the accusations are unsubstantiated and that all his casinos are legal. Diodato has lived in Bolivia for decades. He joined the Bolivian army nearly twenty years ago and also was linked to dictator Luis Garcia Meza (1980-1981).

Funding awarded for development programs

In June, the UN International Drug Control Program (UNDCP) said it would donate US\$57 million to Banzer's five-year development plan, one pillar of which, dignidad, is aimed at stopping drug trafficking. And, on June 25, the Consultative Group of donor countries in Paris approved US\$980 million, mostly on concessional terms, for development programs during the present year, an amount that exceeded what Bolivia had asked for.

The "remarkable success in Bolivia's macroeconomic stabilization" was cited as the reason for granting a greater amount. Participants said that, while most countries in Latin America were registering negative affects from the Brazil crisis, Bolivia is expected to show economic growth of between 3% and 4% this year. Nevertheless, the most recent Social Outlook report by the Santiago-based UN Economic Commission for Latin America and the Caribbean (ECLAC) said even if the most optimistic expectations are fulfilled, it will take Bolivia two generations to escape the poverty that currently afflicts 70% of its population.

Structural adjustment has not been able to raise Bolivia out of the world's Heavily Indebted Poor Countries (HIPC) category, said the ECLAC report. But ECLAC also cited positive indicators. It said the distribution of wealth in Bolivia has improved since 1979, and the average per capita income has grown from US\$798 in 1979 to US\$1,070 currently. Life expectancy at the time of birth

improved from 59.3 to 61.4 years from 1990 to 1997. Infant mortality fell from 151 per thousand births in 1976 to 67 per thousand in 1994. Maternal mortality rates decreased from 416 per thousand births in 1989 to 390 per thousand in 1994. [Sources: Latinamerica Press (Peru), 05/31/99; Inter Press Service, 06/03/99; Spanish news service EFE, 06/22/99; Reuters, 06/21/99, 06/23/99; Notimex, 06/09/99, 06/14/99, 06/21-23/99, 06/25/99; The Miami Herald, 06/27/99; El Nuevo Herald (Miami), 06/27/99, 06/28/99

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