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Patricia Hynds

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Ecuador: President Lucio Gutierrez Assesses 100 Days In Office

by Patricia Hynds

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Ecuadoran President Lucio Gutierrez's first 100 days in office have been rocky on several fronts. Despite success in signing an agreement with the International Monetary Fund (IMF), he has come under increasing criticism from indigenous and civic groups for neglecting social problems, and charges of corruption have cost the administration several high-ranking officials. Gutierrez's popularity has dropped from over 60% when he took office to less than 50% now. Gutierrez said on April 15 that, after three months in office, he had made significant advances on the economic front. He said his next priority would be creating new jobs. He listed the IMF agreement as an important achievement. "The country had many urgent needs, which I had to prioritize. The first was the economic," said Gutierrez, adding that one part of his response to that urgency was reaching the deal with the IMF "in record time for Ecuador and Latin America." On March 21, the IMF approved a standby loan for US\$205 million in a 13-month program, of which Ecuador has received US\$30 million (see NotiSur, 2003-03-07). However, the deal called for stiff adjustment measures, and the resulting public anger and frequent protests demanding financial resources collided with Gutierrez's commitment with the IMF for rigid fiscal discipline. The deal also brought increasing disagreements between the president and his ally, the Movimiento de Unidad Plurinacional Pachakutik (MUPP), whose leaders have raised frequent objections to the adjustments already made by Gutierrez and others expected soon. Gutierrez said his next priority is jobs, and he is launching a massive housing construction program called Pueblos Productivos Integrados. After that, Gutierrez said he would concentrate on political reform. Workers demand government attention. In March public-health workers and prison workers both staged protests in Quito demanding that the president pay attention to their economic demands. The health workers were calling for an increase in spending on public health, which is programmed this year at US\$370 million. Patricio Alban, head of the public-health workers, said the sector needs at least US\$582 million. He said the sector lacks the resources to combat dengue, which is reaching epidemic proportions in coastal areas, as well as money to buy vaccines and to repair rundown hospitals. Prison workers were demanding that the Ministry of Economy and Finance pay US\$850,000 that it owes the prison sector. The workers also want the government to support a program to professionalize prison guards. Labor organizations and social movements continued their protests throughout March demanding that Gutierrez change his economic policies. On April 8, the 14,000 public-health workers reached an agreement with the government regarding their salary demands. In the agreement, the government promised to give the workers the back pay they are owed beginning in May. The workers had complained that they had not received the raises promised under a previous agreement signed with the government in the third quarter of 2002. Gutierrez has frequently found himself in a corner, unable to keep campaign promises to put more money into various social sectors because of pressing debt payments and IMF mandates. From the US\$6.7 billion budget for this year, the government must make debt payments of US\$2.4 billion. Meanwhile, on April 7 in Washington, the IMF sounded both supportive and cautious. In its latest evaluation of the Ecuadoran economy, the IMF Executive Board said salary increases threatened excessive inflation, and the suspension of structural adjustments in critical

sectors could jeopardize competitiveness. "Under these circumstances, Directors considered that Ecuador faces major economic challenges. They, therefore, welcomed the bold measures taken swiftly by the new government...", said the IMF communique. The directors said that "a wage freeze is essential for 2003," while they supported "steps to strengthen the social safety net to compensate the poor for the effects of some of the revenue measures." They cautioned that, "while Ecuador's medium-term growth potential is high, it can only be realized by sustained program implementation and strengthening competitiveness of the non-oil economy." The IMF's continued emphasis on measures that further hurt the poor, including a raise in cooking oil prices, will put additional strain on the indigenous communities' alliance with Gutierrez. Indians participation in government remains shaky. Several hundred members of Ecuadoran indigenous groups gathered recently outside the presidential palace to demand that Gutierrez fulfill his election campaign pledges. Gutierrez took office with the support of Pachakutik, which represents many of the country's Indians, who make up between 25% and 40% of the population. The victory was seen as a historic event in a country where the white elite has dominated since colonial times. Now, however, many indigenous people are unhappy with this administration's decisions, especially economic decisions. "Regarding the general policy of the government of Col. Gutierrez, there are many aspects that we see in a different light," said Pachakutik leader Miguel Lluco in a recent interview. During his campaign Gutierrez pledged to pay "the social debt" and improve the well-being of the poor. However, facing a dollarized economy with heavy debt, he quickly implemented similar measures to those of his predecessors. Within days, he had increased gasoline prices and electricity rates to help balance the budget (see NotiSur, 2003-02-14). The indigenous movements opposed the fuel and utility increases because of their impact on the poor, and they see the IMF as an enemy of social progress. "This is a totally different government [from] the one that Gutierrez originally offered and which the indigenous movement supported, which was a leftist government," said Simon Pachano, a sociologist at the Facultad Latinoamericana de Ciencias Sociales (FLACSO) in Quito. Gutierrez's foreign policy has also angered his indigenous backers. During a trip to the US, Gutierrez met with President George W. Bush and told him he wanted Ecuador to be the "best ally and friend" of the US in the fight against drug trafficking and terrorism. "We don't want to be the ally of a superpower that wants to bring order to the world with war and death," Lluco said. Despite the tensions, the indigenous movement has much to gain from staying in the government, since it is the first time they have actively participated in government. "It is important for Pachakutik to stay in the government because this reflects a political responsibility," Pachano said. "It would look very bad if, having won power, the Indians immediately decided to leave the administration." Still, the alliance is in danger, and Pachakutik has said it would withdraw its support for the government if the Gutierrez administration raises the price of cooking gas. Deputy Antonio Posso, head of the Pachakutik bloc in Congress, warned on April 10 that the party's continued alliance with the administration depends on whether the president drops his plan to raise the price of cooking gas. The president has said that the price of US\$1.60 for a cylinder of gas will be reviewed, although he said no firm decision on an increase had been made. However, Economy Minister Mauricio Pozo said that it costs Ecuador US\$5.60 to produce the 15-kg cylinder and that his ministry is weighing eliminating the subsidy, which the IMF is calling for. Corruption takes its toll In a poll by the firm Informe Confidencial, 56% of respondents in Quito and 43% of those in Guayaquil said the present government was more corrupt than its predecessors. In his assessment of his first 100 days, Gutierrez said his administration had focused on combating corruption, and he said evidence of his commitment to that was his acceptance of the resignations of members of the administration. Five high-level members of the administration have been forced to step down, including former

Housing Minister Nelson Alvarez and the president's brother-in-law, Napoleon Villa, who headed a social works fund. Alvarez resigned on March 12, after local media reported that he was accused in 1996 of having written a check on an account that had been closed a year earlier. He was also accused by a former business associate of having withdrawn US\$34,000 from a joint bank account by falsifying the associate's signature. Media reports accused Villa of illicit enrichment when he was a police colonel in 1994. Both men denied the allegations, saying that courts had long since cleared them of the charges. Ximena Bohorquez, Gutierrez's wife, was elected to Congress representing Gutierrez's Sociedad Patriotica 21 de Enero (SP). The couple does not share the same residence, and recent comments by the first lady regarding the president's corruption-prone appointees have indicated that their differences are political as well as personal. On April 8, the newspaper El Universo of Guayaquil interviewed the first lady shortly before she left for the US to attend a meeting of the World Health Organization (WHO). In the interview, Bohorquez said that one error of the administration was not making better choices in its representatives. "I think nothing would be better than to undertake a healthy process of housecleaning," she said, "so that the best Ecuadoran men and women could assume public posts, as was offered during the campaign." Gutierrez told reporters that the comments were unethical and that the party's disciplinary committee would likely take action against the first lady. "When one leaves the government, then you can criticize it," he said. "This sounds like cheap politics." On April 10, SP Deputy Gilmar Gutierrez, a brother of the president, said the party would ask Bohorquez to explain her remarks before making a recommendation to the party's executive committee. [Sources: The Miami Herald, 03/13/03; Associated Press, 04/07/03; El Nuevo Herald (Miami), 04/08/03, 04/10/03; Notimex, 03/06/03, 03/10/03, 03/12/03, 03/15/03, 04/07/03, 04/08/03, 04/15/03, 04/17/03, 04/22/03]

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