University of New Mexico
UNM Digital Repository

NotiSur Latin America Digital Beat (LADB)

6-20-2003

Ecuador Hit By More Strikes

LADB Staff

Follow this and additional works at: https://digitalrepository.unm.edu/notisur

Recommended Citation
LADB Staff. "Ecuador Hit By More Strikes." (2003). https://digitalrepository.unm.edu/notisur/13159

This Article is brought to you for free and open access by the Latin America Digital Beat (LADB) at UNM Digital Repository. It has been accepted for inclusion in NotiSur by an authorized administrator of UNM Digital Repository. For more information, please contact amywinter@unm.edu.

LADB Article Id: 52697
ISSN: 1089-1560

Ecuador Hit By More Strikes

by LADB Staff
Category/Department: Ecuador
Published: 2003-06-20

Ecuadoran President Lucio Gutierrez is facing growing distension from those whose support brought him to power five months ago, especially the labor unions and indigenous groups.

On June 17, the Confederacion de Nacionalidades Indigenas del Ecuador (CONAIE) gave the president a list of 82 changes they said needed to be made for their group to continue supporting the administration. Complaints have been growing within CONAIE against Gutierrez's social and economic policies.

In May, CONAIE made public its decision to be politically independent from the government, but they are now saying they will move to the opposition if changes are not forthcoming. CONAIE president Leonidas Iza said the organization had decided to give Gutierrez one final opportunity to change his economic policies and fulfill his campaign promises or face a "popular uprising."

The group is demanding an end to privatizations, removal of Economy and Finance Minister Mauricio Pozo, Energy and Mining Minister Carlos Arboleda, and Banco Central president Mauricio Yepez, a cap on payments on the foreign debt, and a halt to planned price hikes on fuel and domestic gas. Friction between Gutierrez's Partido Sociedad Patriotica 21 de Enero (PSP) and the Movimiento Pachakutik, political arm of CONAIE and part of the governing coalition, has increased in the past week.

On June 13, Vice Minister of Interior Virgilio Hernandez, a prominent Pachakutik member, resigned, citing a lack of leadership in the executive and a lack of transparency in negotiations with oil workers.

The Ecuadoran press reported that Hernandez had accused Presidency Secretary Patricio Acosta of controlling access to the president and blocking that access to Pachakutik. Hernandez also cited the "lack of principles" of the PSP, which has been rocked by various scandals since Gutierrez took office. The departure of Hernandez furthered speculation about how long the PSP-Pachakutik alliance would last.

In another crisis, this one a shake-up in the military leadership, Gens. Oswaldo Jarrin, head of the joint chiefs of staff, and Edgar Vaca, head of the national police, resigned on June 17. The reasons for the resignations were not clear, but some press reports said Gutierrez was unhappy with military and police response during the oil-workers strike.

Gutierrez now finds himself in the same dilemma as many of his predecessors caught between the social demands of the people and the demands for fiscal austerity of the multilateral lenders.

©2011 The University of New Mexico,
Latin American & Iberian Institute
All rights reserved.

LADB Article Id: 52697
ISSN: 1089-1560

Critics say Gutierrez's economic policies have followed neoliberal orthodoxy, implementing fiscal adjustments and restrictions demanded by the International Monetary Fund (IMF).

On May 17, Pachakutik leader Miguel Lluco warned that IMF pressures on the government could destabilize the country. The Indians have considered Gutierrez's decision to follow religiously the demands of the IMF and to ignore the demands of social sectors a betrayal of his commitments to them.

Teachers strike brings wage increase

Also feeling betrayed were the nation's teachers. More than 100,000 teachers went on strike on May 14 to demand more financial resources for education and higher salaries. The Union Nacional de Educadores (UNE) said the president had refused to meet their demands for an increase in the education budget and had only offered to create a committee to study the issue. UNE president Ernesto Castillo said the teachers were also calling for passage of a bill that would guarantee free public education and rejection of a labor reform bill they said would undermine workers rights.

On June 4, Minister Pozo said it was impossible to meet the demands of the teachers. He repeated the government's offer to increase teachers' salaries by US$10 a month. The teachers countered with a proposal for a US$10 increase as of July and an additional US$20 a month in October. The UNE says the average salary of a teacher in Ecuador is US$180 a month, half the cost of the basic basket of goods.

On June 9, scores of teachers around the country began a hunger strike. In response, the government threatened to take legal action to suspend and replace them if they did not return to work. "They should not confuse tolerance with weakness, or confuse this unlimited openness of time and space to dialogue with a lack of firmness," said Gutierrez.

UNE vice president Teresa Bolanos said the president "should remember that he was elected with the support of social groups," among them the teachers, and that he pledged to lead a government committed to the poor. She said the president was also violating the Constitution, which calls for 30% of the budget to go to education, but only 10.7% is allocated for that purpose. With no indication that the teachers would back down, a preliminary agreement between the government and the UNE was reached on June 12, which provided for a US$20 a month wage increase, an additional bonus, and US$11 million more for the education budget. Later that day, the teachers ratified the agreement, ending the strike.

Oil workers strike is suspended, not ended

Just as the teachers strike was being resolved, a labor conflict between the government and oil workers at the state- run oil company Petroecuador, which had begun June 9, heated up. The oil workers demanded the removal of Energy Minister Arboleda, who favors greater private-sector participation in the oil sector and whom they accuse of being ignorant of fundamental aspects of the oil industry. The issue has been simmering since mid-April.

©2011 The University of New Mexico,
Latin American & Iberian Institute
All rights reserved.

LADB Article Id: 52697
ISSN: 1089-1560

Despite strong opposition, especially from oil workers and indigenous groups, to oil-industry privatization, on April 24, the government opened international bidding for private concessions to operate major oil fields Shushufindi, Sacha, Libertador, Auca, and Cononaco in the Amazon region and currently operated by Petroecuador. Arboleda's energy plan includes ceding other oil fields in concession for exploration and exploitation, updating the refineries and building terminals for storing petroleum derivatives and liquefied gas, and constructing new oil and gas pipelines.

One commitment in the letter of intent that the Gutierrez administration signed with the IMF in February was to cut US$200 million in state investment in Petroecuador this year.

The decline of Petroecuador, says oil expert and Petroecuador auditor Henry Llanes, began in 1993, when former President Sixto Duran Ballen (1992-1996) pushed through the fossil-fuel reform law, which allowed for the "transfer to private capital, national or foreign, of the entire petroleum industry, beginning with exploration and exploitation, transport and storage, refining and marketing."

All of the oil wells in the Ecuadoran Amazon are now run by foreign firms, through contracts for partnerships or joint management implemented by interim president Fabian Alarcon (1997-1998).

If private participation in the oil industry is to benefit the country, Llanes said, "It is essential to define the percentage of participation for these private firms and for the state, the amount of royalties that should be paid, and require the payment of export taxes and tariffs."

The oil workers began their work stoppage June 9. It came after Petroecuador president Guillermo Rosero and three members of the administrative council that represents workers and Indians were fired. Rosero was one of the army officers who participated with Gutierrez in the protests that forced former President Jamil Mahuad (1999-2000) out of office on Jan. 21, 2000 (see NotiSur, 2000-01-28).

After being fired, Rosero said, "Where are all the officers of Jan. 21, and why is the president surrounded by the oligarchy?" Gutierrez responded to the strike by militarizing the oil sector. He said any action damaging the oil sector would be considered treason.

On June 11, the military took over the fuel-distribution center that had been occupied by the striking workers. Presidential press secretary Marcelo Cevallos said the decision was made "to remove the 19 union leaders who are in the Petroecuador headquarters, because of their attitude of promoting acts of violence and sabotage against the installations and equipment of the national oil industry."

Faustin Valencia, president of the Federacion de Trabajadores Petroleros, said a solution would only come from a direct dialogue with the president because they considered Arboleda incompetent.

Union leader Mario Escobar said the president had refused to sign a preliminary agreement that had been reached between the government and the union, which included an agreement not to issue contracts for private participation in exploitation of the oil fields where the state company is working.

©2011 The University of New Mexico,
Latin American & Iberian Institute
All rights reserved.

LADB Article Id: 52697
ISSN: 1089-1560

On June 17, union leader Diego Cano said the union was suspending the strike on the condition that a commission be set up that would include Congress president Guillermo Landazuri and Interior Minister Mario Canessa. The commission would continue to study the situation of the oil workers and the oil policies of the country. Cano said they were returning to work because they had achieved the fundamental objective of impeding privatization of the oil sector.

However, labor leaders, some of whom are in hiding fearing government retribution, said on June 18 that workers are still awaiting a definitive agreement with the government that includes assurances that the government will not fire employees for their role in the strike or take legal action against them.

Arboleda has asked federal prosecutors to file criminal charges against 52 oil workers for causing damage to pumping stations at the Sistema del Oleoducto Transecuatoriano (Sote) pipeline. In addition, the Labor Ministry has moved to dismiss 12 workers for their roles in organizing the strike.

Oil-sector analyst and former energy minister Jorge Pareja said the decision to suspend the strike was a good sign, but the fundamental disagreement between the government and Petroecuador remained unresolved. "This could be an ongoing problem, because it is about two completely different ways of seeing oil policy: a leftist nationalist approach and a private capital approach," he said.

-- End --

©2011 The University of New Mexico,
Latin American & Iberian Institute
All rights reserved.