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## "Narcoscandal" Threatens President Gutierrez

by LADB Staff

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Ecuadoran President Lucio Gutierrez is facing the most serious challenge of his 11-month presidency, with a scandal that reportedly links drug trafficking and members of his administration, including the vice president. The scandal, coming atop widespread discontent with the administration, has analysts questioning how long Gutierrez will be able to hold on to the presidency.

Gutierrez's relations with the Indians, social movements, and leftist parties that were pivotal in his election have ruptured or become seriously strained, and he has spent most of his presidency dealing with accusations of nepotism, arms trafficking, and now alleged drug money in his campaign. The president's credibility rating, already low, dropped even more to barely 15% following the outbreak of this latest scandal.

### *Arrest of former governor unleashes scandal*

The local media reported on Nov. 11 that Ecuadoran businessman Cesar Fernandez Cevallos, arrested in late October in a drug-trafficking case, had supported Gutierrez's campaign for the 2002 election. He was governor of Manabi province during the administration of President Sixto Duran Ballen (1992-1996), and had been considered an upstanding and influential businessman. The police have linked Fernandez to the international drug cartels in Sinaloa, Mexico, and Cali, Colombia. He was captured, along with 13 others, in Operacion Aniversario, during which the police seized a half ton of cocaine.

Vice President Alfredo Palacio admitted that, in the runoff campaign, Fernandez "was present at some functions" for Gutierrez's Partido Sociedad Patriotica 21 de Enero (PSP) in Manabi. But Gutierrez denied that Fernandez had contributed money to his campaign, and he threatened to sue anyone who tried to tie him with drug dealers. "Sr. Cesar Fernandez did not contribute a single cent to the campaign, I never met him," Gutierrez said during a press conference before he left for the Ibero-American summit in Bolivia.

The day before, Izquierda Democratica (ID) Deputy Carlos Gonzalez had asked the legislature to investigate whether Fernandez financed the Gutierrez campaign. He said that, under Ecuadoran law, any government officials whose campaigns were financed with drug money must resign.

The Comision de Fiscalizacion of the legislature has begun an investigation and is supposed to present its findings within a month. The Comision has asked the Tribunal Supremo Electoral (TSE) and the PSP to turn over financial records related to the party's campaign. It also asked the police to turn over a report regarding the possible participation of Fernandez in the campaign.

Gutierrez accused political opponents in the ID of "conspiracy" and "perverse manipulation" against his administration. He said, "It would be hard to find another president as honest, as patriotic, as transparent as Lucio Gutierrez." He said state organisms, including the anti-narcotics police, the armed forces, and the Corte Suprema de Justicia (CSJ) should cooperate fully with the investigation. "They can investigate me to the bitter end," he said.

On Nov. 14, the Quito daily El Comercio quoted an anonymous PSP source who said that "the Fernandez Cevallos family donated US\$30,000 to the campaign of Lucio Gutierrez in Manabi." The source said the donation was not reported to electoral authorities. After Gutierrez threatened to sue El Comercio for not revealing its sources for the report, Congress passed a resolution condemning any attempt to interfere with freedom of expression. Of the 86 deputies, only three one independent and two from the PSP, abstained in the vote.

### *Minister resigns*

The administration's first casualty in this scandal came on Nov. 21 when Tourism Minister Hernan Plaza resigned after he was accused of using a plane belonging to the arrested drug traffickers. Plaza admitted using the plane for a flight from Portoviejo to Quito, but said he did not know that the owners had any link to drugs. The police confiscated the plane in October during Operacion Aniversario.

On Nov. 21, the president accepted the resignation of Plaza and gave a leave of absence to PSP director Napoleon Villa. Villa, Gutierrez's brother-in-law, had attended a dinner hosted by Luis Fernandez Cevallos, brother of Cesar, after Gutierrez took office. In the few statements from Cesar Fernandez since his arrest, he has touted his "friendship" with the vice president. Palacio has downplayed the connection, saying he only knew Fernandez when he was minister of health during the Duran Ballen administration and Fernandez was governor of Manabi. Palacio continued his denials even after the press leaked a document in which Palacio proposed Fernandez for a public position, which he was not given.

On Nov. 28, local media published a statement by Cesar Fernandez made hours before Gutierrez's inauguration Jan. 15 in which he admitted that he supported the campaign because of his friendship with Palacio. Palacio, who was quite laid-back when the scandal first broke, has now changed his approach and begun to criticize the lack of collaboration from other government officials. He said that, if Fernandez was being investigated for drug trafficking, someone should at least have let him know. He said he regretted that no one saw fit to warn him "of the dangers ethical, moral, regarding authority, international image, and even of physical integrity."

On Nov. 27, Palacio said he had nothing to do with the campaign's finances. "The vice presidential candidate never participated, ever, in anything administrative or financial for the campaign," he said in a radio interview. He also complained about a political "ambush" set up against him and against Ecuadoran democracy. Gutierrez's denials of knowing the Fernandez brothers were also countered by a series of photos published by local newspapers showing Cesar at a political rally and Luis in a meeting in Carondelet, the presidential palace.

El Comercio said it had a video showing Luis in another visit to Carondelet. Gutierrez then said that he did not deny knowing the Fernandez brothers, but that being photographed with someone does not imply a relationship of friendship. On Dec. 2, Palacio gave Gutierrez 48 hours to present a coherent plan to correct the problems in the administration.

A communique from the vice president's office said Palacio gave the president the letter with the ultimatum following Palacio's testimony before Congress in which he repeated that he was not a friend of Fernandez. In his presentation to Congress, Palacio called for refocusing on the promises made during the campaign and for "opening the doors once more" to the social movements that participated in the campaign. The following day, speaking on the radio, Gutierrez said that Ecuador has only one chief executive and that the president delegates to the vice president whatever tasks he considers appropriate.

### *Political and social repercussions*

The local press has reported that, because of the scandal, the Partido Social Cristiano (PSC) and the Partido Renovador Institucional Accion Nacional (PRIAN) have withdrawn their support of the administration. This support is crucial for Gutierrez to get his planned economic reforms through Congress. The reforms are essential for International Monetary Fund (IMF) continued support. The head of Congress, Ramiro Rivera, said Gutierrez should not send the legislature his tax proposal until the drug matter is cleared up.

On Nov. 23, the political council of the ID called for the resignation of Gutierrez. The following day, six Cabinet ministers submitted their resignations to Gutierrez, who has as yet not accepted any of them. Those ministers include Mauricio Pozo, economy and finance; Oton Moran, education; Carlos Polit, social welfare; Ernesto Gutierrez, health; Hermel Fiallo, housing; and Martha Vallejo, labor.

Alexei Paez, an analyst with the Facultad Latinoamericana de Ciencias Sociales (FLACSO), said that Gutierrez is also losing support with the armed forces. Paez said the military is unhappy with Gutierrez's security strategy regarding the border with Colombia, the reduction in the money for the armed forces in the budget, and the changes in the military leadership. This scandal has also fueled the simmering social unrest caused by the government's economic policies and adjustments.

The Parlamento de los Pueblos, which includes indigenous and campesino organizations, unions, and social movements, met Nov. 27-28 to plan a major protest for January. The leaders of the Confederacion de Nacionalidades Indigenas del Ecuador (CONAIE) and the Movimiento Pachakutik, both of which were allied with Gutierrez, are calling for similar actions.

Besides the fallout from this latest scandal, analysts attribute the president's drop in popularity to his failure to fulfill campaign promises, the lack of a clear direction in his administration, his political ineptness, and his tendency to nepotism. His administration has, however, managed to lower inflation and make timely payments on the foreign debt, which has earned him support in the international financial community. But, those same policies, accompanied by brutal fiscal adjustments, have caused deep resentments among the working class and poor and even with some in the private- business sector.

On Dec. 1, various civil-society groups formed the Frente de Defensa de la Patria, which plans to call for a revocatory referendum on Gutierrez's presidency. Several unions, political parties, indigenous groups, and ex-military are among those in the Frente. Campesino leader Rodrigo Collahuazo said the Frente was asking that the president "redirect his economic and social policy, to favor the country's poor."

This call was echoed by CONAIE leader Leonidas Iza who said the public is no longer going to put up with the political blunders of the chief executive. "The sovereign Ecuadoran people put Gutierrez in office, and they can also ask for his resignation," said Iza. The CONAIE leader said Gutierrez had proven himself "incapable of governing, but capable of lying, of betraying the people." The various social movements are closely following the unfolding events and most are warning the government of large protests being planned.

Coordinadora de Movimientos Sociales (CMS) leader Napoleon Saltos said the protests would not only call for Gutierrez to step down but would call for his legal prosecution if proof is found that drug money financed the campaign. "Here, there's no plot, as the executive says, but a matter of dignity, sovereignty, and truth" that has to be resolved by punishing "all those responsible" for the scandal.

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