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## Gutierrez's First Year Ends

by LADB Staff

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Ecuadoran President Lucio Gutierrez concluded his first year in office in a vulnerable state, with his political base alienated, his popularity plummeting, and widespread popular organizing against him. Giant protests have hit Gutierrez at home while he travels abroad in an effort to attract investors to Ecuador.

Since Gutierrez took office on Jan. 15, 2003 (see NotiSur, 2003-01-17), he has broken the alliances that first brought him into office and faced demands for his resignation from indigenous groups, teachers, social organizations, and workers. A "narcoscandal" further blemished Gutierrez's credibility at the end of 2003, linking members of his administration, including his vice president, to Mexican and Colombian drug cartels (See NotiSur, 2003-12-15). His authoritarian ruling style further alienated many of his campaign allies from indigenous groups (see NotiSur, 2003-08-01).

By the end of December, 60% of Ecuadorans disapproved of Gutierrez's performance, according to a poll taken in the cities of Quito and Guayaquil by the polling group Informe Confidencial. By contrast, he enjoyed an approval rating of 72% in Quito and 54% in Guayaquil one year ago. Respondents said his failure to "resolve continuous work stoppages" had reduced his popularity, along with his "lies" (as they called his unfulfilled campaign promises) and his failure to "combat corruption."

### *Former allies now worst enemies*

Groups like the Frente Popular (FP), the Confederacion de Nacionalidades Indigenas de Ecuador (CONAIE), and the Frente Unitario de Trabajadores (FUT), made up of constituencies who supported Gutierrez during his campaign, have now turned to organizing large street protests against him and his policies. They have called Gutierrez a "traitor" and a "liar, incapable and incoherent," and they are demanding that he rectify his policies or step down immediately. The protests are mobilizing many parts of the Ecuadoran left against Gutierrez in a general strike.

In November, 120,000 public-school teachers began an indefinite strike, affecting more than two million students of primary and secondary schools. Teachers seeking salary increases have come to the side of social groups, health care workers, indigenous organizations, and union-based "opposition fronts."

Dialogue between the president and protestors has frequently broken down. Unions rejected a 4.4% raise of the minimum average salary on Jan. 17, calling it "a shameful increase." Workers' strikes for salary increases have included tactics like hunger strikes, teachers "crucifying" themselves by being tied to crosses, and the declaration of a "Day of National Mourning" with a symbolic funeral to criticize Gutierrez.

Strikers organized protests for Jan. 21, celebrating the fourth anniversary of the protests that forced former President Jamil Mahuad (1999-2000) out of office. Gutierrez, who was then a colonel, joined that rebellion (see NotiSur, 2000-01-28). Today the midlevel officers who were his comrades during the Jan. 21 revolt are helping lead the opposition against him. CONAIE, the country's largest indigenous organization, decided not to participate in the Jan. 21 marches, but it plans to participate in future uprisings.

The FP, which brings together unions, campesinos, and students, has also decided to lower the tone of the anti-government protests until the most "propitious moment." Violent protests on Jan. 22 injured at least two television journalists and four police officers near the Universidad Central de Ecuador in Quito, where television images showed students carrying firearms and police using abundant amounts of tear gas.

### *Waiting for the economic harvest*

Gutierrez hopes to "harvest" the results of economic stabilization, which he says he planted in 2003. "2003 has been a year of transition, a very hard year, a year of waste, but later the harvest comes, joy and triumph come," he said. In a New Year's message to journalists, he emphasized the good macroeconomic figures that he said his fiscal management had made possible.

In 2003 inflation dropped to 6.07% per year, down from 2002's 9.36%. The country's economic growth came out to about 3%, and 2003 saw an increase in exports. Petroleum sales were up 23.3%, and banana sales (Ecuador is the world's largest banana producer) increased 15.1%, according to Banco Central figures. Together bananas and petroleum make up 57% of the country's exports.

The Banco Central also reported that Ecuadoran trade with the US increased 7.75% to US\$3.5 billion and trade with the European Union (EU) increased 9.61% to reach US\$1.68 billion. These figures are probably not convincing, however, to the 80% of Ecuadorans who live in poverty.

Gutierrez admits that the fiscal crisis he inherited when he took power has kept him from fulfilling the promises of social spending he made during his campaign. He promises to attend to those proposals in 2004, when he hopes to reach an economic growth rate of 6% and a drop in inflation to 4%. Popular anger has forced Gutierrez to make concessions in his apparently pro-International Monetary Fund (IMF) policies.

His economic policies oriented toward minimizing Ecuador's burdensome debt led former supporters to say he had been "kidnapped by the IMF" (see NotiSur, 2003-03-07). To pacify the mobilizations against it, the government signaled that it would not apply a system of austere fiscal adjustments, dubbed the "paquetazo," and it would not increase the price of domestic-use gas, combustibles, or rates for electric and telephone service. Gutierrez says a program to reduce electric rates will begin in April, along with a 30% lowering of the cost of international telephone calls.

Economy Minister Mauricio Pozo has announced, however, that the government is looking into ways to increase the amount wealthier consumers pay for gas. He said that the state presently

subsidizes domestic-gas prices to the tune of US\$200 million per year. The subsidy covers the difference between the US\$4 to US\$6 dollars that, according to different studies, it costs to produce a cylinder of gas, and the US\$1.60 that is charged. Pozo says the government has ceased looking for ways to raise the general price of gas.

With discontent at home, Lucio woos elites abroad

### *With discontent at home, Lucio woos elites abroad*

While the crisis of governability deepened at home, Gutierrez spent parts of January abroad, trying to build relationships with international leaders and businesspeople. The president made the rounds at the Special Summit of the Americas in Monterrey, Mexico, in mid-January and later headed for Davos, Switzerland, to woo corporate executives at the World Economic Forum (WEF).

In Davos he met with directors of multinational corporations like Holcim, Novartis, Nestle, SGS, and Syngenta. Gutierrez courted US President George W. Bush's favor at the Monterrey summit. He is hoping to sign a bilateral free-trade treaty with the US, even though critics and former supporters would prefer that Ecuador join the Southern Cone trade bloc MERCOSUR and strengthen the Andean community (Comunidad Andina de Naciones, CAN).

Congressman Ricardo Ulcuango of the indigenous movement Pachakutik has called for a report from the Interior Ministry on the free-trade negotiations with the US, saying it is "urgent" for the indigenous movement to oppose the negotiations because of the imbalance between the two countries. Another focal point for discontent with Gutierrez is his about-face on dollarization of the Ecuadoran economy, a policy put in place by Mahuad. As a candidate he expressed doubts about the system, but as a president he has defended it.

Many experts complain that the dollarized system has virtually collapsed. Tourism industry spokespeople, for example, say that the growth rate in tourism is slowed by high prices and that hotel occupancy rates declined steeply in 2003. Cabinet changes won't change neoliberal character of administration In mid-December Gutierrez replaced half of his Cabinet.

The new ministers are:

Governance (Interior): Raul Baca

Labor: Raul Izurieta Health: Teofilo Lama

Education: Roberto Pasallaigue

Housing : Jose Repetto

Social Welfare: Patricio Acosta (former Secretary of Administration in the Ministry of the Presidency)

Environment: Yolanda Kakabadze

Secretary of Administration: Javier Ledesma

Former minister of social welfare Carlos Polit became the personal secretary for Gutierrez.

Gutierrez also named television anchor Yolanda Torres as secretary of communication for the presidency, replacing Marcelo Cevallos. This Cabinet reshuffle is unlikely to placate Gutierrez's opponents in the streets, who are calling for his immediate resignation. One such group is the Coordinadora de Movimientos Sociales (CSM).

CSM spokesman Napoleon Saltos said the Cabinet "maintains its neoliberal character," pointing out that several controversial ministers remained in their posts, including Mauricio Pozo in economy, Ivonne Baki in foreign commerce, Sergio Seminario in agriculture, and Carlos Arboleda in energy. The day after the reshuffle, the FUT, which gathers together the largest unions of Ecuador, broke off dialogue with Gutierrez when he froze salaries for state workers.

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