

Ecuadorian workers and police clash in national strike

A reporter
3 October 1998

Street battles between workers and students erupted in several cities throughout Ecuador October 1 during a one-day general strike against the austerity measures of President Jamil Mahuad. In the southern coastal city of Guayaquil one worker was shot dead as strikers burned tires, erected street barricades and armed themselves with clubs. Stores were looted and luxury cars attacked and destroyed. Another worker was killed in the northern coastal city of Esmeraldas, while a policeman was killed in Portoviejo while carrying a small bomb found on a sidewalk to a nearby military base. Another small bomb exploded in front of the US Consulate in Guayaquil.

Highland Indians joined the protest by felling trees to block roads. In the cities, transportation has come to a halt as a majority of taxi and bus drivers honored the strike. Police ringed the government palace in the capital city of Quito. Catholic churches were also surrounded after rumors spread that demonstrators would occupy them.

'The government is obliged to maintain order,' Mahuad announced before leaving for a meeting at the UN General Assembly. 'Those who cause disturbances will be arrested,' The Harvard-educated Mahuad has declared he will not cede ground to protesting workers concerning his austerity policies, which removed subsidies from cooking gas, electricity and diesel oil. Price increases resulting from the changes are expected to have the heaviest impact on the working class.

On September 29 a nun was injured when a bomb exploded in the headquarters of Ecuador's Bishops Conference. The following day a bomb damaged the door of an office of Mahuad's Popular Democracy party in Guayaquil. The government blamed unions for the violence. However, the explosion at the Bishop's Conference came after the Catholic Church agreed to

carry out a census of Ecuador's poor to determine who is eligible for a \$16-a-month welfare payment which was tacked on to Mahuad's austerity package as window dressing. The poor are estimated to make up 82% of Ecuador's population.

Ecuador has been battered by fiscal problems and damage to its coastal regions resulting from El Nino-driven storms. The country is suffering from a \$1.3 billion fiscal deficit, in part, a result from declines in the oil revenues which comprise some 50 percent of the budget.

Mahuad devalued the nation's currency, the sucre, by 15 percent in September. Since then, the nation's Central Bank has been forced to intervene often to support the currency's value. Restrictions on banking reserves for dollar deposits have been reduced. Previously banks had to maintain reserves of 10 percent. Now only 2 percent is required.

In the week preceding the devaluation, the Central Bank's foreign reserves fell by \$70 million. The following week reserves were reduced by another \$35 million. For the year to date the losses total \$380 million. Government projections had been for an increase of \$250 million. As of September 18, total available reserves amounted to only \$1.67 billion.

Mahuad's attack on workers' living standards is driven by his government's need to conclude negotiations with the IMF for a loan in 1999. When a similar austerity package was introduced in 1997 by former President Abdala Bucaram, a wave of strikes erupted and Congress removed him from power. Officials of the main lending agencies and banks have declared they expect Mahuad and Congress to hold the course this time around.



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