

Bush ally on the brink

# Ecuador: Drug scandal rocks Gutiérrez government

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The government of President Lucio Gutiérrez in Ecuador has been rocked by reports exposing links between his January 21st Patriotic Society Party and accused drug traffickers. In the face of ample evidence of wholesale corruption and with growing demands that the Ecuadorian president resign, the Bush administration has solidarized itself with his government. Washington fears that, in the wake of the recent revolt in Bolivia, the entire Andean region will be swept by political upheavals.

The Quito daily *El Comercio* revealed last month that brothers Luis and César Fernández—charged along with a dozen others in October with cocaine trafficking—had contributed \$30,000 to Gutiérrez's 2000 election campaign.

The Ecuadorian president responded with a threat to bring legal action against *El Comercio* unless it revealed the source of the report, while his political supporters seized and burned large quantities of the newspaper.

Fears that the political crisis would produce bloody repression mounted in Quito after three assassins wearing ski masks carried out the execution-style slaying of the chauffeur of César Fernandez's lawyer.

César Fernández is a former governor of the province of Manabi and functioned as Gutiérrez's campaign chief there. He has been jailed for alleged links to an international drug ring based in Mexico. Initially, President Gutiérrez denied ever having met with Fernández, but was forced to backtrack after newspapers published pictures of him with both brothers, including during meetings at the presidential palace.

Virtually all sections of the Ecuadorian political establishment have been implicated in the political scandal, which has only deepened the polarization between the country's ruling elite and the masses of workers, peasants and indigenous peoples. According to one recent poll, Gutiérrez's approval rating has sunk to barely 15 percent.

Luis Fernández, who has gone into hiding and was last seen at a hotel in Switzerland, had extensive links to other political parties. He represented the Ecuadorian Roldosista Party (PRE) of former president Abdala Bucaram and had reportedly lobbied Gutiérrez to allow Bucaram to return from exile in

Panama, where he has resided since his government was toppled by a general strike against economic austerity measures in 1997.

Fernández also served as legal adviser to Luis Chriboga, the head of the Ecuadorian football league and a major figure in the Social Christian Party. In 1988, he served as the treasurer of the presidential campaign of Rodrigo Borja of the Izquierda Democrática party.

Gutiérrez has made repeated declarations that if it were proven he was elected with the aid of drug money he would resign. With the facts that have now been made public, pressure for him to do so is mounting. A clause written into the Ecuadorian constitution demands the removal of any official elected with campaign funds originating in the drug trade.

Half a dozen cabinet members, including Finance Minister Mauricio Pozo, who has been the partner of the International Monetary Fund in crafting austerity policies aimed at meeting payments on Ecuador's \$11.4 billion foreign debt, turned in their resignations on November 24 in response to the escalating crisis.

Ecuador's vice president, Alfredo Palacio, has attempted to distance himself from Gutiérrez in recent weeks, but he too is implicated in the scandal. He also enjoyed the support of César Fernández during the campaign in Manabi, and subsequently appointed him to a key government board, ODEPLAN, or Office of Planning.

Gutiérrez recently defended himself by telling an Ecuadorian television interviewer that "every politician has had to count on the support of Fernández in Manabi." In effect, he was acknowledging that every major politician seeking the presidency of Ecuador for decades has forged close ties with an individual who is himself linked to international drug trafficking. There could be no more damning exposure of the rotten state of the political establishment in Ecuador.

When Gutiérrez came into office at the beginning of this year, he claimed that he was going to lead a campaign against corruption and repudiate the reactionary policies of his predecessors. He was elected president based on a left populist campaign and with the backing of the main indigenous

organization— CONAIE and its political front, Pachakutik—as well as that of the trade union bureaucracy and the principal parties historically identified with the Ecuadorian left—the MPD (Popular Democratic Movement) and the Socialist Party.

The army colonel first rose to national prominence in 2000, when he led a brief military uprising that toppled the government of President Jamil Mahuad. Gutiérrez led troops in the seizure of the presidential palace under conditions of a massive nationwide protest against the Mahuad government's severe economic austerity measures. He briefly formed a junta of "national salvation" with the head of CONAIE, which at the height of the protest had led some 10,000 Ecuadorian Indians into Quito from the surrounding highlands. The army command then intervened, disbanding the junta and installing Mahuad's vice president, Gustavo Noboa, in the presidential palace.

After his election, Gutiérrez brought representatives of Pachakutik into his cabinet. They resigned in August, however, in the face of growing unrest triggered by the government's acceptance of draconian new austerity measures in exchange for a \$205 million loan from the International Monetary Fund. The IMF deal, reached last March, was merely part of the sharp rightward trajectory taken by the former army colonel from the moment he took office. As the letter of intent signed by the government made clear, Gutiérrez had embraced the very same policies that had led to the uprising that catapulted him to prominence in 2000.

Gutiérrez repudiated his pre-election promise to reconsider the dollarization of the Ecuadorian economy, which has led to a drastic decline in living standards among the country's 13 million people, 70 percent of whom live in poverty. More recently, he has advanced a proposal to lengthen the workweek in Ecuador to 48 hours as a means of boosting profitability for foreign investors and domestic capitalists.

Shortly after he assumed the presidency, Gutiérrez flew to Washington to meet George W. Bush. The US president declared the former colonel "the best ally and friend of the US in the fight against drug trafficking and terrorism." What this meant was that the Ecuadorian president had aligned himself with the US counterinsurgency campaign against anti-government guerrillas in neighboring Colombia, providing active military support in the strife-torn border, while agreeing to allow US forces increased use of bases in Ecuador. He likewise had bowed to the demands of both foreign financiers and US-based oil conglomerates looking to exploit Ecuador's significant petroleum reserves.

Given the revelations concerning Gutiérrez's ties to the country's top drug traffickers, one might expect the US administration to back off of Bush's statement about his "best ally and friend" in Ecuador. On the contrary, it has intervened aggressively in an attempt to bolster the tottering regime.

Otto Reich, Bush's envoy to Latin America, flew to Quito this week to declare Washington's support for Gutiérrez. Pressed by the local media about the swirling scandal over drug

money, Reich said only, "In a democracy any kind of situation can come up, in which everyone can and should express their opinions." He said that the Ecuadorian government remained a "close friend of the United States," and that the Bush administration's aim was to assist Gutiérrez in assuring that Ecuadorian "democracy" "will remain vibrant."

Reich's comments stand in sharp contrast to the Bush administration's denunciations of the Colombian guerrillas on the grounds that they collect funds from those involved in the coca trade. Indeed, in 1996, the Clinton administration revoked the US visa of then-Colombian president Ernesto Samper because of evidence that he had received campaign funds from the cocaine cartel. Like the "war on terrorism," the "war on drugs" is a pretext invoked when it serves US interests and ignored when it does not.

No such retribution is contemplated for Gutiérrez, who is seen by Washington as one of its most faithful Latin American clients. It is unlikely that Reich himself was fazed by the charges against the Ecuadorian president. A right-wing Cuban exile, he has had ample experience with military men connected to the drug trade. In the 1980s, he headed an office that was part of the illegal operation to fund, arm and train the CIA-backed "contra" mercenary force formed to topple the Sandinista regime in Nicaragua. A significant part of the funding for the contras came from cocaine trafficking in which the CIA was complicit.

While the Bush administration's foreign policy remains focused on the military quagmire in Iraq, it has largely ignored the increasing tensions in Latin America. Yet its dominance of the continent that it has historically regarded as its "own backyard" remains of crucial strategic importance, particularly in the Andean region, with its substantial petroleum and natural gas reserves.

Reich's mission to Quito reflects growing concerns in Washington that this entire region could erupt in social revolution. The bloody mass revolt that toppled the pro-US president of Bolivia, Gonzalo Sanchez de Lozada, has been followed by a mounting political crisis for Colombia's right-wing President Alvaro Uribe, whose government has suffered stunning electoral setbacks and has been plagued by a series of cabinet resignations triggered by corruption scandals and severe internal disputes. Peru's President Alejandro Toledo, meanwhile, has seen his popularity rate plummet to barely 16 percent as protests against privatization and austerity policies have swept the country.



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