

TITLE: United States—Ecuadorian Relations: Problems and Promises

SUMMARY:

This project seeks to raise foreign policy questions that engage the student in two perspectives. All too often students only view foreign policy from their home country's perspective. The reading and activities in these lessons urge the student to view recent and contemporary affairs from both an Ecuadorian and an American (U.S.) point of view. In the process of assessing these differences, students will be exposed to a range of options in policy decisions, and valuable background information concerning Ecuador. Both individual and group activities will be employed in these lessons.

Ecuador is a country often neglected in American (U.S.) schools. It has some of the world's greatest biodiversity, an astounding geography—including majestic Andean mountains, beautiful white sand beaches, superb national parks, and rainforests in the Amazon Basin—the greatest population density in South America, an exciting cultural diffusion, colorful arts, lively music, and much more! Its history reflects the overall sweep of events in Latin America. It possesses great wealth and yet 70% of its population lives below the poverty level. It has aggressive neighbors that have seized land (Peru) and violated its territorial integrity (Peru and Colombia). From the Amazon to the Galapagos, Ecuador is an exciting and dynamic country, worthy of study and closer reflection.

Many of the elements just enumerated play an important role in foreign policy and specifically, in Ecuador's relationship with the United States. Issues ranging from illegal immigration, "Plan Colombia," currency and debt concerns, international law, environmental protection, and more, highlight U.S.-Ecuador relations.

GRADE LEVEL:

High School/ Advanced Placement

ESSENTIAL QUESTIONS:

1. To what extent is it proper for a country to be involved in the internal affairs of another country?
2. How can international problems be solved with bilateral cooperation?
3. What is the proper role of economics in the relationship between economically unequal countries?
4. Can environmental problems be solved in a climate of development pressures?
5. When, if ever, is it justifiable to remove a constitutionally elected leader from a country?

BACKGROUND NOTES/ READINGS

THE EAGLE AND THE CONDOR

U.S. INVOLVEMENT IN ECUADOR: PROBLEMS AND PROMISES

by Paul Dickler

On April 20, 2005, the third president of Ecuador in seven years was removed from office, amid mass evening demonstrations, especially in Quito. Lucio Gutierrez was formerly a colonel who had participated in a military coup to remove President Jamil Muñuzugue in 2000. Prior to Gutierrez' ouster this April, he removed 27 of 31 Supreme Court Justices and was nearly impeached for corruption involving the misuse of government funds. Once the new Supreme Court overturned the charges against former deposed President Abdala Bucaram, who was in exile in Panama, increasingly large demonstrations led to Gutierrez' removal. His vice-president, Alfredo Palacio, who had distanced himself from Gutierrez, took office on April 20, becoming Ecuador's seventh President in just nine years. Let us now examine how these events are important to the U.S., and the role played by the U.S. in them.

The beautiful country of Ecuador straddles the equator (*ecuador* in Spanish) and includes Amazon tributaries, the Andes, the Pacific coast, and the Galapagos Islands—600 miles west of the coast. It has been a mostly peaceful country, best known for Galapagos tortoises and finches (Charles Darwin), “Panama” hats (Ecuadorian-made hats, called Panama hats by Theodore Roosevelt when he saw them in the Canal Zone during his visit), Inca ruins, and colorful markets, such as Otavalo. Its economic exports of bananas, shrimp, and flowers have been overtaken by oil over the past two decades. Unfortunately for Ecuador, it lies between Peru and Colombia, two much larger countries deeply involved in drug trafficking and often wracked by civil wars and terrorist groups. At present FARC (Armed Revolutionary Forces of Colombia) is a major problem for Ecuador, especially at its northeastern border with Colombia. The ELN (National Liberation Army) occasionally is a problem at its northern border with Colombia but not recently. *Sendero Luminoso* (Shining Path) is presently not a problem at its Southern Peruvian border, due to ex-president Alberto Fujimori of Peru, who defeated the Shining Path. Nevertheless, the ineffective post-Fujimori regime of Alejandro Toledo may yet witness a larger resurgence of Shining Path than has already occurred.

Into this picture is an uneven and inconsistent U.S. presence. For the U.S. today, its Ecuadorian agenda includes the following:

1. The leasing of the Manta base for better coping with FARC and drug trafficking, and overall cooperation with “Plan Colombia;”
2. Passage of Article 98, giving U.S. soldiers and personnel immunity from prosecution;
3. Passage of the Free Trade Agreement (*Tratado de Libre Comercio*, or TLC);
4. General economic cooperation—Oil, albeit low grade, is Ecuador's leading export, and since Ecuador's dollarization in 2000, its currency is the U.S. dollar. (The Sacajewea gold coin dollar is getting use outside the U.S.) There are more than 500,000 Ecuadorian immigrants in the U.S., mainly in the past ten years.

Agenda item 1, the Manta base, has been more than accomplished. The 1999 leasing deal was to specifically focus on drug trafficking—some 40% of the cocaine trade allegedly passes through Ecuador, by some estimates—and some defensive issues associated with terrorism from Colombia. In practice, it is believed that the U.S. has done much more at Manta base. Ecuadorian immigrants have been stopped at sea, in an effort to reduce illegal Ecuadorian immigration to the U.S. Since the late 1990s, with annual inflation of approximately 70%, followed by dollarization that wiped out some 75% of Ecuadorian people's savings, nearly 3 million emigrants left Ecuador. Spain, Italy, and the U.S. received the largest numbers. What city has the most Ecuadorians after Guayaquil (3 million) and Quito (2 million)? New York—over 350,000 in the metropolitan area. Joint U.S.-Ecuadorian patrols have policed some Colombian border areas from March 2004 to April 2005. This close cooperation with U.S. South Com. had led to rivalries within the Ecuadorian military, since only the Colombian border area's troops are receiving the best perks. It is also suspected that FARC insurgents have been captured and brought to Manta base.

Agenda item 2, Article 98—a form of "extraterritoriality"—has not passed. Gutierrez was trying to get this accomplished at the time of the April 20 protests in Quito that removed him from office. U.S. Ambassador Christie Kenney kept a very high profile, meeting openly with Gutierrez until his downfall. Since Gutierrez had approval ratings between 5% and 8%, this placed the U.S. government in an unpopular position. The U.S. was seen as Gutierrez' main benefactor and even director.

It is believed in Quito that the U.S. ambassador tried to provide a plan to keep Gutierrez in power.

The framework may have been to meet with the opposition, bring in the O.A.S., and try to salvage Gutierrez' regime. The U.S. may have offered safe haven, as well. Gutierrez fled to Brazil initially, but is now in the U.S. where he may be able to tell his story better. Gutierrez, it should be remembered, helped to remove Harvard educated, elected President Jamil Mahuad in 2000, and gained power by using a variety of factions including indigenous groups. The U.S. embassy was surprisingly quiet when Mahuad was deposed. Perhaps Mahuad's tendency to call President Bill Clinton directly, rather than working through the embassy, cost him support. Nevertheless, due to corruption, nepotism, close cooperation with the U.S., violation of Ecuador's nineteenth Constitution (he tried to dismiss most of the Ecuadorian Supreme Court and disrupted Congress), and permitting Abdala Bucaram ("El Loco," or Madman) back into Ecuador from Panama (Gutierrez had served under Bucaram in the 1990s), Gutierrez was EXTREMELY unpopular—5% to 8% in the polls. Ironically, when Abdala Bucaram was deposed after just seven months, in 1996, the U.S. government was seen by Ecuadorians as supporting his removal, and was admired for this. Bucaram had quickly damaged the economy, and led a personal life perceived as "loco". U.S. Ambassador Leslie Alexander was popular as was Peter Romero, Under-Secretary of State for Latin American Affairs, for expressing opposition to Bucaram. There are some Ecuadorians who feel Bucaram might have been a capable leader, but he wasn't given a real chance. His style was offensive and corruption at the port city of Guayaquil even affected some U.S. shipments, including a large one from IBM.

The third agenda item, passage of the Free Trade Agreement, TLC, is really a "done deal." Gutierrez eased the way for this and angered small farmers and small businesses for his lack of bargaining. In the long run, the agreement is really inevitable and may help Ecuador, but there will be many losers in the short run. With dollarization in Ecuador, and devaluation in Colombia and Peru, Ecuador loses competitiveness.

The fourth agenda item, general economic cooperation, has been accomplished in part, but with some resentment as well. Ecuadorians are still adjusting to dollarization. 65% of all Ecuadorians live below the poverty line. Per capita income among the poor is approximately \$365 per year. Per capita income for the country is \$3,500 per year, showing the dramatic imbalance of income distribution. GDP

per capita growth over the last 25 years has been nearly 0. Employment (i.e., full employment at living wages) stood at 46% in 2004. “Disguised unemployment,” similar to “underemployment” in U.S. statistical terms, was also 46% in Ecuador in 2004. These figures are for the three largest cities—Guayaquil, Quito, and Cuenca. Ecuador is over 70% urban today, the highest urban concentration in Latin America. Ecuador needs to earn dollars in international trade to survive. Since 1972 Ecuador's services and income annual account balances have been negative. Standard and Poor's index ranks Ecuador only "CCC" as of July 2005. Private debt is \$7 billion and public debt is \$5 billion, as of July, 2005. Debt service averages 40% per year and has ranged from 25% to 70% per annum!

Food costs in Quito or Guayaquil supermarkets are quite similar to those in the U.S. Consider this when most people earn less than \$400 per year. The three million Ecuadorian emigrants send money home. This constitutes the second largest source of income for the country after oil.

Other economic issues include Colombian counterfeiting, and oil development and exports. \$50 U.S. bills are often not accepted in Ecuador due to the proliferation of counterfeit Colombian U.S. dollars. Since U.S. currency IS the currency of Ecuador (separate Ecuadorian pennies, nickels, dimes, quarters, and 50 cent pieces are coined with U.S. supervision), this counterfeiting is a real problem.

U.S. oil companies have become skittish about further investments in the Ecuadorian sphere of the Amazon Basin. Conoco sold its interests to Repsol YFP, an Argentine oil company. Texaco is in U.S. and Ecuadorian courts being sued by Ecuadorians with the help of a variety of NGOs for irresponsible oil drilling and distribution practices. Texaco, in fact, did not break Ecuadorian laws, but it employed technology discredited after the 1920s in the U.S. The result is serious land and water pollution in the Oriente (Amazon rainforest basin of Ecuador). Texaco's roads led to further colonization and destruction of sensitive habitats. Much of the rain forest land bordering this was lost to Peru in a war during 1942 under cover of the Second World War. Further fighting was instigated in 1995 with Ecuador not doing badly. Nevertheless, the 1998 agreement between Peru's Fujimori and Ecuador's Mahuad, cost Ecuador officially almost 45% of their original land area from before the 1942 war, and assured political trouble for Mahuad.

Additional words need to be added about the role of the “indigenous population” in Ecuador. Unlike Bolivia, which is perhaps 60% indigenous (Indian) Ecuador's indigenous population is a minority. Population figures suggest 25% to 35%. The recent 2001 census, however, showed that only 8% of Ecuadorians considered themselves to be indigenous. This latter figure may be the more important one, since an indigenous movement would need great support--not 8%. The agenda for CONAIE (Confederation of Indigenous Nationalities of Ecuador), which also tried to represent the poor in general as well as the indigenous, includes land ownership and political autonomy at a minimum. Other indigenous groups have much less clout than they. However, as an ally of ex-president Gutierrez, CONAIE ceased to be a real political force in light of recent events. It remains a cultural force but nothing more than that, as of July 2005. Vargas, a CONAIE leader at the time of the overthrow of Mahuad, became a corrupt minister under Gutierrez, accelerated factional splits in CONAIE, and his whereabouts today are unknown.

NGOs, including many from the U.S., often try to help the indigenous, although they often do not ask the natives what they really want. It may be hard to keep some of the indigenous “down on the (farm)” or rain forest, after they've seen Quito or DirecTV (as some have).

Thus, we see that much of the U.S. agenda has been implemented in Ecuador, but at the cost of alienating many people. Supporting the unpopular Gutierrez regime gave the U.S. greater power at the Manta base, huge economic influence, advanced Plan Colombia, and will lead to passage of the TLC. However, the U.S. is more widely perceived as a political meddler and an economic imperialist. One notable exception to this is the support that locals give to the Manta base. The base has brought economic benefits locally.

As for Ecuador's future and U.S. relations with it, much is speculative. Christie Kenney's term as U.S. ambassador ended on July 1, 2005. Leading potential candidates for the 2006 elections include the following:

1. Alvaro Noboa of PRIAN (Partido Revolucionario Institucional) is also Ecuador's richest citizen, with assets estimated to be more than \$5 billion.
2. Jaime Nebot of the Social Christian Party, is the current mayor of Guayaquil.
3. Paco Moncayo of ID (Social Democratic Party) is mayor of Quito.

4. A "Dark Horse"—such as the former Minister of Finance, Rafael Correa (resigned August 4, 2005).

In a real sense, the field is still open. Remember also that the military is still quite active behind the scenes, as they have been for decades. Relations with the U.S. will remain both close but volatile, beyond agreements already reached.

STANDARDS:

National Standards for History:

World History Standards: Standard 3—Major global trends since World War II.

United States History Standards: Standard 1—Recent developments in foreign policy.

National Council for the Social Studies –Curriculum Standards for Social Studies

Culture:

I.b. Predict how data and experiences may be interpreted by people from diverse cultural perspectives and frames of reference.

Time, Continuity, and Change:

II. e. Investigate, interpret, and analyze multiple historical and contemporary viewpoints within and across cultures related to important events, recurring dilemmas, and persistent issues, while employing empathy, skepticism, and critical judgment.

People, Places, and Environments:

III.a.,c.,g, i.

Individual Development and Identity

IV. e.

Individuals, Groups, and Institutions:

V. f.

Power, Authority, and Governance:

VI. b.,c.,e.,f.,h.,i.

Production, Distribution, and Consumption:

VII. h.

Global Connections:

IX. c.,e.

OBJECTIVES:

1. Students will become more knowledgeable about Ecuador including its geography, history, politics, environmental issues, and current political issues.
2. Students will understand the difference in perspectives in analyzing foreign policy.
3. Students will encounter the complexity of the negotiation process and diplomacy in general.

4. Students will be able to describe the areas of contention and agreement between the United States and Ecuador.

MATERIALS:

Maps of the Western Hemisphere, The United States, and Ecuador

Reading: The Eagle and The Condor

Country Overview: websites—

Lesson descriptions and activities

STRATEGIES:

1. Students will be divided into two teams, one representing the United States and one representing Ecuador. Each team's members will include a range of representation. Thus, Ecuador's team will include mestizo and indigenous members, as well as members from the Andes, the coast, the Oriente, and the Galapagos. The U.S. team will reflect different regions, professions, and ethnic groupings.
2. Each team will propose agreements on trade, military affairs, the environment, political relations, immigration, drug trafficking, and terrorism.
3. After library and Internet research, as well as the lesson reading above, students will meet in a conference-like format and negotiate agreements, if possible.

ASSESSMENT:

1. Evaluate students' debate/discussion performances and written support.
2. Collect student bibliographies on their debate/discussion topics.
3. Pose a hypothetical scenario involving U.S.-Ecuador relations and then brainstorm possible reactions to the scenario.

FOLLOW-UP ACTIVITIES:

1. Review current Internet postings on Ecuador's political scene.
2. Review current Internet postings on U.S.-Ecuador relations.
3. Visit Google Earth to locate a range of cities in Ecuador.

ADDITIONAL RESOURCES and REFERENCES

Rachowiecki, Rob and Danny Palmerlee. *Ecuador & the Galápagos Islands*. 6th ed. Oakland, CA: Lonely Planet Publications, 2003.

National Council for the Social Studies: www.socialstudies.org

The World Factbook (CIA): www.cia.gov/cia/publications/factbook

Embassy of Ecuador: www.ecuador.org/main.htm

Ecuador Explorer, Map of Ecuador: www.ecuadorexplorer.com

Ecuador Geographia: www.geographia.com/ecuador/

Latin American Studies: www.latinamericanstudies.org/ecuador-politics.htm

EIU Viewswire: www.viewswire.com/index.asp?layout=display

Google Earth: www.googleearth.com