

# Fieldwork in Ecuador in the Time of “Cholera:” Contagion in National Disasters<sup>1</sup>

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## Abstract:

*Ecuador experienced a great deal of turmoil in 1999 from floods provoked by El Nino (along with several volcanoes threatening eruption, provoking geophysical tremors) and severe economic problems with resultant political tremors. This article is a personal narrative of the human turmoil, mitigating behaviors, and coping strategies that I observed and experienced among middle-class urban residents of Quito and rural indigenous protestors. I draw upon knowledge of similar national economic and political disasters that I gained first-hand in other South American countries. I invoke the sense of immediacy I actually experienced at the time by drawing directly from my journal entries penned daily as events unfolded in Ecuador, followed by analysis and comment.*

## Introduction

Ecuador’s current economic disaster was precipitated by a number of factors, some of which reside in cultural and historic (colonial) origins:

- Incentives were given to landowners in the 1970s to break up their large *haciendas*, allowing peasant organizations to buy land. Landowners received governmental tax breaks, reimbursements, and financial perks. A collusionary economic base built on mismanaged banking systems followed, allowing elites to benefit from agrarian “reforms” at the expense of the rest of the country;
- A huge external debt requiring 66 percent of the Gross Domestic Product (GDP) in 1998 coupled “. . . with the decline in GDP, the *sucre* (unit of Ecuador’s currency) depreciation, and the banking crisis. . . 90 percent of GDP . . . [in 1999]” (Jubilee 2000);
- Loan servicing expenses that are far out of proportion to the country’s ability to pay: “From 1983 to 1998 the country received \$46.2 billion of new finance while paid in interest and amortization more than 49 billion . . . a negative transfer of nearly 3 billion. . . .” Repeated borrowing programs continue to debilitate recovery: “Ecuador [is] the most highly indebted country per-capita in all Latin America . . . .” (CONAIE [Confederation of Indigenous Nations of Ecuador] 2000);
- Flood damage and losses suffered from El Nino;
- Low petroleum prices in international markets;

- Mismanaged banking systems that required bail-outs from the Central Bank of Ecuador as private banks began to collapse;
- General corruption and incompetence of political leaders over a long period.

I have lived at various times for ten years in South America. I lived in Chile in the early 1980s during the troubled years of the Pinochet regime, and in Argentina at the close of the “dirty war,” when runaway hyperinflation changed prices hourly on every commodity including daily essentials such as milk, bread, and other staples. My observations draw from this personal history in situations that are painfully seared into my psyche. Ecuador’s recent economic and political crises thus evoked for me an acute awareness and sometimes a terrifying recall. My analysis, therefore, although detailing reactions to the Ecuadoran crisis, is colored by and benefits from my personal experiences prior to 1999. These background experiences provide material for comparing different emic reactions to these crises by the citizenry, along with my own etic observations of life in the city of Quito and from the footpaths in outlying regions of the Imbabura Province.

## Ecuador’s Crisis from the Streets of Quito

In the first week of March 1999 I spent several days reconnoitering rural areas north of Ecuador’s capitol of Quito to locate a place to conduct my fieldwork. While touring I spent freely, taking advantage of the local color and artisan production. I had indulged, but as I was returning to Quito on Sunday afternoon I thought, “No problem; tomorrow I can get to the bank and recuperate financial solvency.” While walking up Espinoza street carrying two bags to my *residencia* around 5:00 P.M., someone’s hands clamped over my

ears, ripping my earrings right out (luckily the wire hanging kind)! I screamed and turned around to see a guy (white pants, light green jacket, “*pelo castano*” [dark brown hair]: a description that would include thousands) running down the hill. I had walked across Alameda Park, rumored to be unsafe, so perhaps he had followed me from there. The earrings were of no real value, but the fright was very real.

It could have been much worse, though – my two bags contained about \$1000 worth of equipment and archival material – he was obviously a rank amateur in the thievery business! (Later in my stay I had the dubious honor of being pickpocketed by a truly polished, highly skilled, proven professional outstanding in his career – literally outstanding – he was wanted for escaping from jail!) But the sharp increase of “amateur” petty theft indicated Ecuador’s economic woes where teachers, doctors, and public employees had not been paid in months.

“The beginning of 1999 saw the banking sector collapse, which helped precipitate an unprecedented default on external loans later that year. Continued economic instability drove a 70 percent depreciation of the currency throughout 1999 and recuperation from \$2.6 billion in damage by El Nino has left the country near bankruptcy” (Rohter 1999). The average “real” salary (adjusted for inflation) had dropped from 116,100 *suces* at the end of 1998 to 90,700 in March of 1999 (*Banco Central del Ecuador*: figures available from *Diario Hoy, Servidatos* at <http://www.explored.com.ec/archidig.htm>). That figure equals those of January 1993 when the dollar exchange was 2,015 (compared to 10,000 in early March 1999), while inflation for 1998 was 45 percent and reached 60 percent in 1999. It is easy to see why people were having difficulties making ends meet and children were leaving school to work.

The following description is a “blow-by-blow” daily record of reactions and protests in Quito that were sparked by governmental austerity measures imposed as Ecuador attempted to deal with its disastrous insolvency.

#### **A Bank Holiday – Monday, March 8, 1999**

My weekend travels to Ibarra, Zuleta, Olmedo, Cayambe, Otavalo’s artisan textile market, and scenic areas had left me very short of cash, and I urgently needed to change dollars on Monday morning. I bought the paper, but there was no news of bank closings. Around noon I went down to Avenida Amazonas to

change money and found out to my horror (and everyone else’s) that Ecuador’s President Mahuad had declared a ‘bank holiday.’ “Oh well,” I thought, being very experienced in this sort of thing, “No problem. I can make it until Tuesday.”

#### **Another Bank Holiday – Tuesday, March 9, 1999**

I went into the city center from my *residencial*, where rooms are rented on an extended basis, only to find that a bank holiday had been declared again. I get the paper, but there’s no mention of bank closings except for the story on the closing of yesterday – forget explanations! Typical of “news coverage” during problematic regimes, one receives the news only after the fact, highly curtailed and controlled. Upon my return home, the owner of the *residencial* told me that the “holiday” was going to go on until Friday. Panic!! I had spent nearly all of my remaining cash on Monday to eat, and I was left with around 5,000 *suces* (I estimate about \$.50 U.S. – exchange figures were not published during the bank closings), maybe enough for a bus ride somewhere and back again. Looks like crackers and water for supper!

#### **Breakfast? Wednesday, March 10, 1999**

I go for breakfast where normally I always order the full meal, but today I order only bread and coffee. The *duena* (owner) of the cafe, concerned, comes out and says, “*Que le pasa - anda mal del este mago?*” “No,” I said, “*ando mal del bolsillo!*” (“What’s the matter, is your stomach bothering you?” “No, my wallet is bothering me!”) She asks if I want her to keep a running account, and I gratefully agree. Neither of us knew what was coming next, of course.

#### **Things are Getting Serious – Thursday, March 11, 1999**

I’m getting bored – can’t buy anything, not even a worthless newspaper for its minimal diversion; can’t move around anywhere; can’t travel. I’m now walking about a mile and a half daily to FLACSO (*Facultad Latino-Americano de Ciencias Sociales*), where I had a temporary office as home base, but I can still return by trolley. Not to worry, on Friday the banks will be open, right? WRONG – President Jamil Mahuad announces that the banks will stay closed through the weekend. He appears on TV to explain the situation and the measures he is instituting.

“State of Emergency” is declared. “Omigod,” I exclaim to myself, “the last time this happened to me

was in Argentina where there was an attempted coup with tanks in the streets!” In the case of Ecuador it meant that the ‘right of public assembly’ is denied; arrests may be made without due process of law; soldiers or government agents may search private homes or places of business; military could also be used to ‘safeguard the public safety’ in such places as oil pipelines, electric and water installations, and public highways; Congress may be bypassed in urgent decisions (this is key to the IMF/Governmental agreements described below).

State-controlled gasoline prices will nearly triple (170 percent increase) until the Congress approves a 5 percent raise in the value-added tax (IVA), bringing the total IVA to 15 percent “Blackmail? Extortion/coercion? Dictatorship?” all come to my mind.

Bank accounts in sucres will be frozen for three months at 5 *millones de sucres* (about U.S. \$500), and people may access only 50 percent of the ‘surplus’ funds (over \$500). I am not surprised by this action because of my previous experiences, but Ecuadorans seem to have little understanding of what this really means in the long run. I am thinking, “Oh, a rather moderate measure; in Argentina the accounts were totally frozen, inaccessible until the government decided otherwise.”

Retirees will be paid half their pension amounts in *bonos*: bogus pieces of paper that usually can be cashed in only after a certain number of years (Mahuad’s original proposal suggested 7-10 years), which of course means that by the time that they may be cashed in, they will be essentially worthless due to inflation and economic instability. People who have worked all their lives will see their lifetime savings disintegrate before their eyes in a matter of months. Accounts in U.S. dollars, savings accounts, and CDs (*plazo fijo*) will be accessible only after a year, at an interest rate frozen by the government.

It looks like things are getting serious. I get the owner of the *residencial* to change a \$10 bill that I finally found in one of my paranoid hiding places reserved for ‘keep this hidden in case of kidnapping’ situations (a real possibility for an American in Chile and Argentina during the 1970s and 1980s), giving me enough money to get around. He gives me 11,000 *sucres* for the exchange rate, but it had been as high as a very erratic 21,000 to the U.S. dollar on Wednesday a week ago, and yesterday it was 15-12,000 *sucres*/dollar on the street. But hey, I’m desperate, and the guy tells me that he had seen it somewhere at

11,000 that day, so I acquiesce. With hyper-frugality, I get through the next four days on that \$10. The cafe owner is still letting me eat there on credit, even though I know that she is having trouble paying her suppliers and employees because she, like everyone, cannot access her money, either. The food stays at a reasonable quality, but some elements become scarce or more precious: drinks that were available before are not now, the spices that were always on the table now have to be requested, same with napkins – little things, but symbolic of austerity measures in the works.

### **Nobody’s Happy – Friday, March 12, 1999**

Reactions to the president’s speech are not good – nobody’s happy. The taxi and bus drivers are especially upset as an immediate tripling of gasoline prices, without any provision for a gradual transition or adjustment of fares, seems grossly unfair. They begin expressing their discontent with their horns, honking constantly. At rush hour on Friday evening, they cause massive traffic jams throughout the city, stranding nearly everyone on their afternoon commute. I tried to ride the trolley, had paid the fare and was waiting, but because of delays due to traffic tie-ups, the trolleys couldn’t follow a regular schedule. They arrived at the stations filled to bursting with a chaotic jumble of passengers squeezed onto the cars worse than the proverbial sardines. People’s hands and bags got caught in the doors because they were contorted by the crunch such that they were unable to move! The doors wouldn’t close, and the trolleys couldn’t move, and few could get on or off where they wanted to! I waited for three, and each was worse. I gave up and walked home in the rain, miffed that my ‘donation’ to the trolley shaved even more off my meager fiscal margin and empathizing with those who refused to concede this loss even at the expense of mangled hands and briefcases chewed by the trolley doors.

### **Plastic Still Works – Saturday and Sunday, March 13-14, 1999**

Bored to death, but I don’t want to spend any money as who knows when this government with its ‘state of emergency,’ will normalize things. I decide go to *Editorial Abya Yala* (a publisher that sells its books with little mark-up), where I had been planning to go for some time. In spite of having no cash, I actually do buy books – on the Visa card, of course – plastic still works here! My card was especially welcome as it would bring dollars. I return home Saturday afternoon with seven books, a prescient move on my part as it turned out.

Sunday I go out because I just can't stand so little activity. I walk all the way to the *Plaza Grande* in the old city (a couple of kilometers), and then walk around the old town, visiting all of the shopping stalls in *La Merced*. This location is a bazaar of about a square mile of narrow streets and mazes of inner galleries that I had always avoided because it is rumored to be a hotbed of thieves. But as I now had no money and no longer wore earrings, I experienced the curious anomaly of being 'free' to explore. Next, I continue to *Plaza Santo Domingo* (usually a vivacious collection of sidewalk performers, hawkers, artists, etc.) to see what's going on there. Little was going on that day, and having walked a great deal, I splurged and took the trolley back up to Alameda – I had books to read. I had forgotten that 'my' cafe closes on Sunday, and having little cash, I had not eaten lunch – oops! Choices were few without funds, and I did not live in an area that had restaurants elegant enough to accept 'plastic,' so for supper I had a yogurt, crackers, a pear, and a piece of cake – nearly the five basic food groups! I managed to finagle these edibles because I could get credit at the residencial's snack array.

#### **Mellow Seige by Yellow Seas – Monday, March 15, 1999**

I go for breakfast, and *Duena Pilar* (the owner – we're now on a first-name basis as I am in her debt) asks me about getting paid, since the banks are open. This is news to me, but as I know she is really hurting for cash, too, we agree to settle up in the afternoon, and I am looking forward to standing in line at the bank for who knows how long – me and everyone else in Quito. I go down the hill from the residencial to the main thoroughfare, and I notice how nicely quiet it is. When I get down to *6 de diciembre* street, I see a multitude of people walking – just walking along, like taking a stroll on a nice day. "How nice," I thought, "people are out strolling with their families and friends." Kids were riding bikes in the street or skipping along with their families, like playing in the park. I was delighted. But – wait a minute – it's Monday, and where are all the cars and buses that are usually packing the street?!?!

Normally, it's literally taking your life in your hands to cross the street there. I'm looking around, and then I realize – there are simply no vehicles anywhere of any kind to be seen. Crowds of people are strolling in the streets *en masse*. They're talking in whispers, not making any noise – there is a pall – and yet, everyone seems relaxed, just out for a morning promenade. The whole scene was something out of a surrealistic movie! The great thing was that the normal pollution – black

smoke from trucks and buses, and the dirt and dust that they kick up – was gone! I was delighted again! Curious, I joined in the throngs who were walking in the street. I bought the paper – waste of money, of course. Oh well, it was a pleasant day, and I had already gotten used to walking to the office, so off I went, along with all of the other strollers. It seemed so very genteel. I get to the main intersection of *6 de diciembre* and *12 de octubre* streets, and I see a yellow sea of parked taxis! Interesting . . .

Slowly I began to get snatches of information and piece it together. The taxi drivers (*taxistas*), extremely upset about the gasoline price hike, were blocking all of the major arteries in and out of the city, and major routes within the city. They were joined by *taxistas* in all of the other major cities in Ecuador. In the outlying (rural) areas, indigenous peoples set up roadblocks by rolling huge boulders or logs onto the highways, and even 'camping' in the middle of the highways, so transport was effectively stopped in the entire country. Passing the Congress building, I notice a tank parked out in front of it. "Great – here we go again," I think, remembering the last military coup I'd experienced, "next will come the helicopters!" I begin to get nervous, but I keep walking.

Passing by *Parque El Ejido*, I see huge (3-4 feet in diameter) trees being cut down and cut into logs. Branches are burning in the park and in the street. Trenches are dug all over the park. It appears that city personell are working on the pipes, redoing plumbing or something, but – why would they open up everything at once, essentially honeycombing the entire park? Somehow, all of this furious activity in the park seems very out of place to me: too frenzied. None of this excavation had been done on Friday – they never work so fast, and usually don't do all of the excavation at once, leaving open trenches and piles of dirt alongside. It just didn't seem normal. My nervousness increased, but I kept on walking.

I get to the office to find the only ones in the entire building, other than the doorman and the cleaning lady, are two 'gringos' (myself and a Canadian) who hadn't the good sense to take it easy and stay out of harm's way. John and I discuss the situation, but as news is curtailed, neither of us really knows how serious the situation is. Alex, the assistant librian, arrives mid-morning. Dedicated soul that he is, he had walked all the way from Los Chilllos – over 15 kilometers! Later in the morning I went down to the library, and poor Alex had fallen asleep on his chair! But I was able to send emails and check the incoming – very quietly, so

as not to wake up poor Alex. That done, the dreaded trip to the bank loomed – after having had all banking activity stopped for 10 days, I knew it would mean long lines at the very least, not to mention thieves on the prowl, the possibility of counterfeit currency, poor exchange rates, etc.

I get in line at *ProduBanco*, one of the largest banking chains with foreign exchange houses. The crowd is very large, spilling out into the street. All are very nervous, all uncertain what to do with their dollars, how much money they'll get from their now partially frozen accounts, etc. The people in front of me, a young woman around 28 and her mother, had \$300 U.S. to exchange, and that seemed to be fairly typical. Given my experience in this situation in Argentina, I felt that I should warn them about the hyper-inflation to come, the instability that the Ecuadoran *sucre* will experience, and that they should hang on to as many dollars as they could for as long as they could, even going to black markets if necessary. But of course propriety forced me to be no more than an eavesdropper as they discussed their decision. From their appearance and the snatches of conversation I caught, they were certainly not wealthy, and likely they would not have the luxury of speculating with their few U.S. dollars. After about two hours standing in stifling heat, they reached the window.

They were not wise to change it all, but it wasn't really any of my business – nevertheless I was saddened by their decision, for them and for the country, to see this kind of turmoil and debilitating anxiety rework itself again in yet another manifestation of economic instability, in yet another Latin American country. I could only hope that these two women have a reserve somewhere that will carry them through the coming difficulties, but at the same time I suspect that they will be among hundreds of thousands who do not have that luxury. The discomfort of standing in line for hours became for me a trial of fortitude against succumbing to paralyzing melancholia as I recognized again the human devastation brought upon these hard-working people who would have to deal daily with shifting economic parameters and constant insecurity through no fault of their own. Thousands would lose their entire life savings; nearly all would lose their sense of security on a daily basis. Carlos Lopez summed up the situation this way to a foreign correspondent, "The sky is not falling in Ecuador. . . . It has already fallen" (Faiola 1999a).

This trial by queue took a physical toll as well as an emotional one, as babes in arms shrieked and a woman

fainted – apparently a tourist who, unaccustomed to the rigor necessary for the mere transaction of exchanging currency, had neglected to eat breakfast. As we stood in line, the value of the *sucre* kept going down. I got in line around 10:00 A.M. and the rate was 9,500 *sucre*/dollar. By the time I got to the window I got 7,890 to the dollar. (This was the beginning of a rapid slide in the value of the *sucre* as the national economy shrank 7.5 percent, and the currency lost 67 percent of its value in 1999). Many people had come very early, no doubt before the blockade was fully established, and lines began forming as early as 6:00 A.M. Apparently they were wise to do so, because the money ran out at many banks by around 2 or 3 in the afternoon. The official 'excuse' was that the armored cars could not get through the taxi blockade to bring in more currency – hard to believe. The real story involves eight banks that imploded from the financial strain and many more that were tottering. In Guayaquil, Ecuador's largest city, the *Banco del Progreso* went bankrupt due to questionable banking practices.

Apparently in the early days of March, the *Banco Central* had to extend funds to bail it out, ". . . *el Banco Central acumul un total de credito por 952 mil millones de sucres a favor del Progreso, equivalentes al 100% del patrimonio de cinco de ese banco [pero] . . . no se conoce la propuesta del Banco del Progreso de la forma como procedera la cancelacion del prestamo otorgado por el Banco Central...[E]s decir, los directivos del Banco excedieron en un 200 por ciento los limites legales [que podran extender.]*" ("... the Central Bank extended credit to the Progreso Bank in the amount of 952 thousand million *sucre*s, equivalent to 100 percent of the bank's recorded assets, but without knowing how the *Banco del Progreso* would pay back the loan given by the Central Bank . . . that is to say, the bank directors exceeded their extension of credit by 200 percent of its funds) (El Comercio 1999).

Thousands of people poured into the streets to protest, many hysterical as they waited outside the bank in Guayaquil to claim their funds. Pictures in the paper show crowds of people in the throes of breaking down, crying in agony, or with stupor on their faces as they try to comprehend that all of their savings may be wiped out. Needless to say, the rest of the country's apprehensions skyrocketed as well.

The reason that so many people had walked into the center of Quito was because everybody needed to go to the bank and check on their money. Though rather inconvenient, all in all the protest by the transport and

taxi drivers was successful – they made the point effectively, saying ‘now let’s get things back to normal.’

### **The Blockade – Tuesday, March 16, 1999**

‘Normal’ was not to be. The blockade expanded. Bus drivers, independent contractors who own their own buses, added their force to the blockade throughout the entire country, adamant in their rejection of Mahuad’s unrealistic gasoline price hikes from 6,344 *suces* for ‘extra’ and 5,467 on diesel in February, to 23,250 and 9,670 respectively in March (Servidatos 1999). All traffic of any kind was halted everywhere in the country. I have to say, the organization of this blockade was very impressive! The taxi and transport unions were successful in getting the President to meet with their representatives and the national Congress, as Mahuad called a meeting for 3:00 P.M. with Congress and the Taxi and Transport Unions – just one small problem: there was no transportation, and no routes open for anyone to get to the meeting – OOPS!

Paralysis continued, but now people were getting smarter: bicycles came out of closets; children’s bikes were pressed into service; women eschewed their stylish high-heeled pumps in favor of sensible shoes; three-wheeled pedal-powered delivery carts became ‘shang-hai taxis;’ and anyone with a motorcycle or scooter had the world at his feet. People got creative, innovative, and entrepreneurial. They used roller skates, skate boards, wheelbarrows, and hundreds of bicycles, many with passengers – a good excuse to ride your girlfriend on the cross bar, or practice that challenging trick of standing on the back axle! A few people who had trucks inside the blockade lines were selling rides, but at first they had few takers because the routes were so uncertain. The better choice was the ‘moto-taxi’ as advertised by a hastily handwritten sign on one enterprising young man’s motor-scooter. The vast majority opted for the shoe leather approach and continued to stroll.

It was actually nice – so many people out in the clean (for a change) air, sharing the moment, so to speak. Few complaints were heard; instead, people seemed to make the most of an awkward situation. In some locations, military transport trucks helped to get people to destinations. Newspapers show most of those folks who hitched rides on trucks of any kind to be smiling, in a holiday mood. At one point I observed two *taxistas* in conversation with soldiers (actually, Ecuador’s ‘public forces,’ a non-military entity). The *taxistas* got into their cars, moved out of the way,

allowed the patrol truck through the blockade, and then re-parked their taxis in the same spots, exchanging waves as the soldiers drove on! Having seen crowds turn ugly in Argentina, I marvelled at this good humor and upbeat attitude. I thought, “Don’t these people know what’s in store for them?”

### **Roads Still Blocked – Wednesday, March 17, 1999 (third day of the ‘blockade’)**

The blockade has technically been ‘rescinded,’ that is, *taxistas* and buses are no longer blocking the roads in Quito, but there is also no public transportation of any kind: trolley, bus, taxi, or anything. This morning at *6 de diciembre* and *12 de octubre* I saw the police removing blockade barriers, and there were no taxis in sight. In other areas of Quito, however, roads were still blocked, and demonstrations required tear gas to restore calm. But in many sectors of the city, enterprising folks are bringing their pickup trucks, flat-bed cargo trucks, motorcycles and scooters, and offering rides for five mil (5,000) *suces* and up. Trucks drive by so full of folks standing up in the back that the wheels look like they’re riding on the rims. There’s a campaign to get everyone to honk their horns in support of the transport strike, particularly at ‘distasteful’ offices such as the National Department of Financial Affairs. In general, people lucky enough to find rides, or with a good bicycle, are returning to their offices.

Strangely, there is a festive air – perhaps it’s just the change of pace. Many people are still walking, and families are together because school has not been in session for these several days. Public offices are not really functioning – someone may answer the phone but it may be anyone from the chief to the janitor, one never knows. Without transportation around the city, one does not want to risk walking all the way to an office or library only to find it closed. The Mayor of the city made an appeal on TV for the blockade to allow the normal collection of garbage to continue as it was posing a health hazard, but the appeal fell on deaf ears. (No doubt the rat population will experience a sharp growth in a few months!) Yesterday, someone had burned tires in the street near where I live, but rather than a protest statement, I suspect that it was done to burn the garbage that has been piling up.

### **Things are Normalizing? Thursday, March 18, 1999**

An agreement was reached last night around midnight, so public transportation is beginning to normalize. I had walked very much yesterday to do some errands, so I splurged and took the trolley. I found

that there were two military people at each stop in full dress uniform, as opposed to the 'jungle-print' combat fatigues that had been seen earlier – I'm not sure what this indicates, but the fact that it was noticeable to me is indicative of the hyper-awareness inculcated by situations experienced previously. The protests have not ended, however, as the indigenous peoples called a massive protest in the province of Cuenca. Over 40,000 showed up from all sectors: laborers, farmers, business people, professionals, teachers, and even a university dean, as Gustavo Vega, Rector of the University of Cuenca, was one of the organizers (El Comercio 1999). Public officials and municipal employees who participated received congratulations from the Governor of the Province of Azuay who, in defiance of the National Emergency decree, declined to order police to stop the protest march. There will be a meeting this afternoon of the '*Congreso del Pueblo*' (People's Congress).

In the north of the country, especially in Otavalo, Ibarra, and the Province of Imbabura (where I should be working), the *Panamericana* (the only north-south highway in Ecuador) is cut off, blocked by indigenous groups. Indigenous leaders and organizations take these actions very seriously, attacking a trucker trying to get his fruit to Quito markets. Indigenous protests are also occurring in Ambato, Cuenca, Riobamba, and the Litoral (coastal regions). The indigenous peoples and poorer sectors especially suffer from policies that leave them with little economic margin to deflect hard times and erratic economies. In rural areas with a high percentage of poverty, there seems to be even greater solidarity, as noticed in the Cuenca demonstration.

The term 'runaway inflation,' popularized in reference to Latin American countries, has a parallel that should be acknowledged at the same time: runaway poverty. CONAIE has brought this parallel to the attention of the Club of Paris recently in their petition for debt forgiveness for Ecuador: ". . . the number of poor . . . has spiralled from 3.9 million to 8.5 million between 1998-1999, while the number of people in extreme poverty has doubled from 2.1 million to 4.2 in the same period . . . 78 percent of the indigenous population live in conditions of poverty. Thus, more than 70 percent of the population has to survive on less than \$2 a day, and 38 percent have an income of less than \$1 a day." (CONAIE 2000). The Jubilee 2000's World Bank Bonds Boycott Campaign adds, "In the mid-1990s, the lowest quintile [in Ecuador] received 5.4 percent of national income, while the highest quintile received 50% of national income. . . . The percentage of school-age children who cannot afford to

attend school has risen from 50 percent in 1998 to 64 percent, while those who cannot afford medical attention is now at 70 percent, up from 50 percent in 1998" (Center for Economic Justice <http://208.55.75.172/cej/ecuador.htm>).<sup>3</sup> People at this level of poverty, the majority of whom are indigenous, thus have everything to gain and not much to lose by continuing their peaceful protests.

Little news comes through the paper or from the radio. I am constantly frustrated by the lack of information as I repeatedly twist my radio dial only to find the ubiquitous *cumbia* or saccarin, melodramatic, romantic ballads, or commentaries on the most recent soccer match come blaring back. I ask people on the street, and in the cafes – nobody knows anything. Not only do they not know anything, they don't seem particularly interested! On the day that the banks closed, I seemed to be the only one overcome by rising panic. For me, it was too close to those days spent in Argentina's economic crisis where hunger loomed as a real possibility for my family and me, and surviving meant working 15 to 18 hours a day at three-plus jobs. But beyond furrowed brows, I saw nothing comparable in the feelings of people on the street in Quito. I wondered, "Did they not get it? Did they have no clue?" I remarked on this seeming lack of interest or concern – complacency, in a word – to an American economist friend of mine who is married to an Ecuadorian and has lived in Ecuador for many years. "People seem to be clueless," I said. She replied, "They are."

The day it was announced that the banks would be closed until Friday, I felt that things would get bad. I began to advise my friends that supplies would probably run low, the currency would take a nosedive, they might want to take preventive measures: stock up on staples, bottled water, etc. But reactions were guarded: wait and see. Meantime, sirens were heard on a regular basis, and helicopters passed overhead every few minutes – helicopters! To me, this was the final sign that a coup was surely in the works. I squinted toward the sky in search of military insignias while other people seemed oblivious. To my chagrin, however, I learned later that most of the helicopters were rented by flower growers who were trying to get their crop, destined for international markets, to the airport! It is more likely that Mahuad, a Harvard-educated economist, would have used military helicopters to assist the producers' efforts, thereby encouraging the influx of foreign currency. It appears that among elites, business found a way to continue as 'normal' – or as normal as possible.

## Protest and Sympathy – Friday, March 19, 1999

The government backed down on the gas prices, putting them back to very near the amount that they were before the banks closed, so the Taxi and Transport Unions have allowed transportation to return to normal. This does not mean that taxis won't ask whatever they please for fares, however, claiming that gas prices are going sky high so they have to charge accordingly. Everyone seems very relieved that 'normalcy' is returning, but few would openly accuse the *taxistas* and transport drivers of inappropriate actions – most are in sympathy with the protest against governmental policies even if they disagree with the methods. It seems that many people felt that something needed to be done, but they had no idea what, so the blockade was as good a protest as any. Congress has not been able to offer alternative solutions to Mahuad's policies either. So, for the moment the country is running again, but essentially on empty.

## An Analysis of the Disaster

The basis of this disaster, although complex, has much to do with the external debt and arrangements with international (IMF-controlled) banks. Servicing such an enormous debt, and the unrealistic, dictatorial impositions that are included in debt service arrangements, have invited the country's vertiginous downhill slide. How realistic is it to expect a country to support its population with basic social needs when 90 percent of its GDP must go to debt service – it seems impossible even to consider the expenses involved in meeting accompanying lender demands for restructuring (structural adjustment in 'economist-speak'). The 2000 interest payments alone on debts was "projected . . . [in 1999 at] \$1.2 billion, more than 10 percent of projected GDP and a projected 54 percent of the government's budget" (Jubilee 2000). The remainder of the current debt (not counting long-term arrangements from previous years), was around \$1.2 million near the beginning of 1999, but had skyrocketed to \$1,189,500 million by October 2000 (the last figures that I found for this article, Servidatos S.A., at <http://www.explored.com.ec/archidig.htm>).

Gustavo Noboa's regime, begun in January 2000 as the result of a coup led by indigenous peoples, has not only continued Mahuad's policies, it has expanded the burdens exponentially. Attempting to make payments on such lopsided debts means that the country must raise taxes, eliminate state subsidies on oil, electricity, and other basic items, privatize utilities, and eliminate social programs for health, education, and poverty

assistance. Thousands of people will not be able to survive with any degree of dignity and good health; it's just that simple.

## The Crisis from the *Chaquñanes* (footpaths) of Imbabura Province

### Early July 1999

The next set of episodes of Ecuador's political and economic disaster of 1999 occurred a few months later while I was in the rural area north of Quito. Actions there contrasted sharply with those I experienced in Quito. My residence at that time (July 1999) was in the small city of Otavalo, a commercial hub for the surrounding rural area, with a population around 25,000. As I was working with Otavalo and Cayambe indigenous peoples, my contacts were primarily among those groups rather than the *blanco-mestizos* in the large city of Quito. My experiential focus thus shifts to an indigenous grassroots frame.

Reactions of the *Otavalos* (the indigenous group, not residents of the city of Otavalo, known as *Otavaleños*) to Ecuador's political and economic disaster of 1999 must be understood within the context of the region. The Canton (county) of Otavalo lies north of Quito about 150 kilometers. The city is small but important as it represents a popular tourist center for international and national travelers who flock to the indigenous textile markets. The city is a commercial hub for outlying rural residents (primarily indigenous peoples), but the entire region is heavily supported by tourism.

Formerly agricultural workers (*huasipungeros*) on the *haciendas* until the 1960s, Otavalo and Cayambe communities were able to purchase some land from the *haciendas* during the first agricultural reforms. Most families were left with very small plots of land, insufficient for generating an income and rarely providing enough even to sustain themselves. Subsistence thus requires other sources, such as wage labor earned in Quito or production or merchandising of textiles for local and external markets. Governmental offices of the region are occupied almost exclusively by *blanco-mestizos*, and racism is problematic. Until the last two decades, the residential pattern generally found the *blanco-mestizos* in the town and city centers, with the indigenous peoples in the marginal urban areas and outlying rural regions. With this very brief description, we will be able to see the part that this demographic structure played in events during the disasters of 1999. By July, President Mahuad was struggling precipitously to remain in control and get the economy in shape,



while the populace was extremely disgruntled by frozen (or reduced accessibility to) assets, skyrocketing prices, loss of real buying power due to inflation, and devastating and erratic exchange rates – not to mention diminishing social programs and threats of tax hikes. Each time that Mahuad attempted to initiate policy changes he was hampered by the Congress, as their power includes the right to impeach cabinet ministers, which they had done on several occasions. The Congress also had a large enough opposition block to make serious challenges to Mahuad's government. The value of the *sucre* continued to slide, chewing away at people's real buying capacity. Several massive protests had been carried out in different provinces as well, but these protests did not lead to substantive changes in the government's neo-liberal policies. The government appeared to be getting shakier by the day, and rumors were flying. Mahuad promised that better times were coming as he was negotiating another bridge loan with the IMF, but the IMF was unwilling to extend more credit without structural adjustment guarantees *a priori*, which the Congress was hesitant to approve. Mahuad had to demonstrate real change to receive IMF assistance, so he announced that taxes would be raised and there would be a 13 percent price hike on gasoline – the perfect spark to the powder keg – resulting in the transport unions calling for more forceful strikes.

### A Cryptic Warning

I had been working with the Otavalo and Cayambi peoples for some time. One day an acquaintance told me rather cryptically that I should be prepared with drinking water and other necessities, (in the event of the very real threat of cholera). The next day there was a 3-day strike by the indigenous population throughout the country. In the city of Otavalo, when a strike is called by indigenous people, the shops and restaurants close up. The majority are non-indigenous and they fear violence (I did not witness any violence by indigenous peoples while I was in that region, although there was a brawl with some *indios* and police in one of the villages). Begun by taxi and transport unions, the strike soon spread to other sectors, as discontent by now was widespread. The strike did not cause serious disruptions in the Otavalo region, but the following weekend another strike was predicted.

This time, the indigenous people boycotted the indigenous markets – this was truly radical and innovative, as apparently they had never before shut the indigenous markets down. The attraction of the textile and crafts markets provides the major source of income for everyone in the region, so the lack of that

weekend's income was a blow to the *blanco-mestizos* as much as to the indigenous, and the strike left a mark. Radio stations of the region were occupied, and the water supply to the city of Otavalo was cut off as indigenous peoples occupied the reservoir and control systems. (This time, understanding the rumors, I had not only stocked up on bottled water, I had also warned my neighbor).

### The Next Nine Days

A very cohesive federation of indigenous organizations, coordinated by CONAIE, along with taxi and transport unions, teachers, nurses, doctors, oil workers, and many others, essentially shut down the country. The strike went on for nine days, and finally Mahuad decreed a state of emergency again.

### Ghost Town! July 12, 1999

After the strike had been underway for ten days, the city of Otavalo resembled a ghost town. The indigenous women of Imbabura Province called for a nationwide indigenous women's *Marcha por la Vida y Contra el Hambre* (March for Life and Against Hunger) to the capital. What followed was an incredible display of strength, stamina, solidarity, mobilization, determination, and just plain grit! For over a week, indigenous peoples had cut the major transportation routes very effectively in the following ways:

- Rolling boulders and large trees onto the highways;
- 'Miguelitos' – heavy nails strewn on the highways (Residents tie leafy twigs to the front fenders of their vehicles to brush away the *miguelitos* as they drive. When I first saw vehicles 'decorated' this way, I mistakenly thought it was some sort of festival or ritual!);
- Mounding dirt and rubble to impassible heights;
- Burning tires in the streets;
- Digging large, 8-foot-deep trenches across the roads;
- Posting 'guards' to make sure that no one could pass.

During that week, all national and international communication was cut off as the radio stations were taken over in the outlying areas, and newspapers could

not be delivered. Most people in rural areas do not have a television, as I did not, and news was only gleaned by rumor. I had a small short-wave radio on which I could get BBC news broadcasts, but there was not a word about Ecuador. It seemed that international news neither entered nor exited the country. (Searching for news or details of the strike even now results in virtually no information in the international press; what I find is that nearly all of the news from that time was geared toward worry about the economic situation's impact for the U.S., not about the Ecuadorian people). Supplies of all types began to dwindle, and banks remained closed. The city of Otavalo began to close up like a clam as shop owners pulled down their metal doors and bolted them shut, expecting the worst.

### The Main Square – July 13, 1999

Carmelina Yamberla, President of the *Federación Indígena-Campesino de Imbabura* (FICI) (Indigenous-Campesino Federation of Imbabura), rallied all of the indigenous peoples in the region of Otavalo. They gathered on the morning of July 13 in Otavalo's central plaza in front of the county seat building. The choice of this location in the main square of the city was politically motivated because other plazas are considered by the *blanco-mestizos* to be 'proper' locations for indigenous people. (During the March protests, they had actually occupied the county government building, generally considered a bastion of *blanco-mestizos*). I watched in awe as marchers filed into the city, coming from outlying regions, assembling in columns, and entering the city from the four cardinal directions (a number and spatial orientation that will be recognized by Andean scholars as significant). The columns stretched across the entire width of the street, some eight to ten people deep, and they kept filing by for an incredibly long time.

I remained watching in disbelief for perhaps half an hour before I decided to go to the plaza to see the crowd, which I estimated at 6,000-7,000 (based on the March protests). I had spent a lot of time traversing the region on foot, but I had seldom come across a community with more than a dozen people gathered together except on festival days, and even then the numbers were relatively small, perhaps 200-300 or so at maximum. I had also been to large meetings when many communities came together to discuss issues, but I had no idea that there were so many people living in the countryside surrounding Otavalo—I was astounded! The plaza was packed solid, and people spilled into the streets and beyond the main square into the side streets. Roll call was being taken—all of the communities'

names were called out, and if a designated leader were not present, the community would be fined. The leader, usually the President of the community's *Cabildo* (council), would then sign the roll book to record the community's participation. In some cases, a list of names of the participants was placed in the roll book.

*Compañera* (akin to 'comrade,' used amicably as a respectful form of address) Carmelina addressed the crowd, calling for solidarity to support a proposed women's march to the capital as a massive protest against hunger, and ". . . *con la intención de sensibilizar a los gobernantes y pedir que revengan las medidas adoptadas*" (Coronel 1999) (to sensitize the government leaders, and to request that they reverse the measures taken). The crowd came prepared to march out of Otavalo immediately after the rally. Women formed the front of the line, and were accompanied by the men to the city limits, whereupon the women marched on, ahead of everyone else. A few men accompanied the group, but they stayed respectfully at the back. As by now I was addressed by my indigenous colleagues as '*compañera*,' I felt that I should be with my 'sister *compañeras*' and began to march with them. I quickly discovered, however, that a *gringa* does not make an indigenous! I found it impossible to match the pace of these women who are so accustomed to trekking through the mountains at 11-12,000 feet elevation carrying heavy loads of produce, fodder, supplies, and/or children on their backs! I had to make the ignominious choice of riding in the accompanying ambulance, nursing wounds only to my pride.

We followed the Panamericana (highway) toward Quito, arriving at midday to a site where a lunch of boiled potatoes had been prepared. From this site we could see that a military blockade had been set up on the highway about a kilometer from where we were. There was much consternation, as technically such protests had been forbidden by Mahuad's 60-day 'State of Emergency,' decreed as a cautionary measure when the general strike began. A delegation was sent to speak to the soldiers to 'feel them out.' The women returned to the group with the unwelcome news that we would be risking bloodshed and/or arrest if we tried to get through the military blockade. Discussions ensued among the leadership. Finally, it was decided that the group would continue on, but they would follow the '*chaquiñanes*'—the paths that criss-cross the mountains and are typically used by indigenous peoples when no other route or transportation mode is available. You must know where these paths are, as they are not always readily visible. There was some concern whether the women would be able to find all of the

necessary paths, as they would have to cross unfamiliar areas, since many of the leaders are now more accustomed to driving their own cars or trucks than walking!

Some were also concerned with safety – what if the military would try to intercept them on the paths? But given the contacts with cousins and family members along the way (and apparently in the military), they felt that there would be someone at each juncture to guide the group; they proceeded. At this point I decided not to continue on, and prudently returned to the city of Otavalo on foot with the men who had remained until that point, and some of the women who had also decided to return. We wished our compatriots well, watched them take off on a small trail heading up the mountain, and to be on the safe side, took another *chaquinan* back down the other side of the mountain to loop back to the city.

### **They Made It! July 16, 1999**

It took the women nearly three days to make the 150 kilometer trek, walking all the way – some with babies on their backs (those who were nursing). They camped in the *Parque El Arbolito* (Little Tree Park) and were joined by thousands of other women who had walked from even more distant locations. The travellers had some exciting moments when they were intercepted by police about 15 miles outside of the city of Quito. Police used teargas to disperse the group, so they separated, took different routes, and met up again later. I learned afterward that glass had been strewn on the paths in some places by the military, even though they knew that footwear for the women was minimal or non-existent (women usually wear a thin, locally produced sandal made of canvas cloth with twisted rope for the soles).

Fortunately no one was seriously injured, and afterward Nina Pacari, counselor to CONAIE, indigenous congressional representative, and Second Vice President of the National Congress “...reclamo energicamente a los Ministros de Gobierno y de Defensa, sobre la actuacion de las fuerzas represivas, ante los cual los mencionados Ministros habrian pedido disculpas y mas bien ofrecido garantias para que las mujeres lleguen al Palacio de Gobierno...” (energetically complained to the ministers [of the Government and of Defense] about the use of repressive force, for which the aforementioned ministers apologized and offered guarantees that the women could arrive at the Governmental Palace) (Coronel 1999). They did not carry food with them but

depended on the villagers along the way to provide meals. I gained the utmost respect for their strength and fortitude. The ‘true grit’ prize, however, goes to the woman who undertook the march nine months pregnant and gave birth on July 15th in the park in Quito! (Coronel 1999).

Mahuad and the transport and taxi unions had come to an agreement about the gas prices, and they ended their strike. But this determined group of indigenous women, and the rally staged by thousands of their *compañero/as*, stood their ground on fundamental global issues surrounding Ecuador’s insolvency and its impact on their daily existence. They sought assurances from Mahuad’s government on the following demands:

- Refuse to pay the external debt;
- Do not allow privatization in strategic areas (petroleum, mines, manglares, water, electricity, telephones, health, and education);
- Unfreeze their bank accounts;
- Reject IMF’s neoliberal policies;
- Leave the prices of gas the same, and freeze them at that level;
- Lift the emergency decree;
- Revise the taxation system. (Coronel 1999)

### **Victorious! July 17, 1999**

President Mahuad’s representatives met with indigenous leaders, and on July 17 an agreement was reached in which the government conceded to most of the demands of the groups: lifted the state of emergency; released the bank accounts of indigenous organizations; and rolled back fuel prices to the June 30 level (*Washington Post* 1999).

Amid jubilant, cheering crowds – even larger than at their send-off – the victorious women returned in three buses to Otavalo. They had achieved astounding concessions from President Mahuad, especially the release of bank accounts of indigenous organizations. This represented the only group in the entire country that was so privileged. It is a sizable amount of people, as indigenous organizations, particularly the *Confederación de Nacionalidades Indígenas del Ecuador* (CONAIE) that serves as a voice for all indigenous peoples of the country, represents as many

as 5 million people. This concession thus places Mahuad in an even shakier position.

### **An Analysis of the Footpaths Victory**

The Information Services of Latin America (ISLA) reported their successes in glowing terms:

The most successful demonstration appears to have been the march to Quito by approximately 10,000 indigenous people in mid-July, followed by a peaceful occupation of the capital.

A truce was signed with the government, ending the state of emergency imposed on July 5, and freezing oil and gas prices until June 2000. President Mahuad finally established a development fund for indigenous people, which was to have been instituted in March.

So it was that the *compañeras* were hailed and lauded upon their return as the heroines that they truly were. Rousing speeches abounded, a school choir performed, applause and cheers were unending, and tears were flowing in many eyes, with pride for their sacrifices, joy at their successes, and relief that they all – including one brand new member of the community – had returned safely. It was indeed a moving ceremony of well-deserved recognition.

But the basic reality of Ecuador's disastrous economic situation, encouraged by IMF-driven policies, was not significantly improved nor its path altered by this impressive effort – it hardly missed a beat. Sadly, in terms of the national disaster, they had achieved little more for all of their valiant sacrifices than the somnambulant strollers during the blockade in Quito. Once again I found myself overcome with melancholy, and my tears flowed, not with the joy of those around me, but rather with a deep sense of foreboding and concern for their future.

### **Comments**

#### **On Economics**

Unrest continued for the rest of the time that I was in Ecuador. Two days after I left a similar march on a massive scale took place. Five months later on January 21, 2000, they succeeded in ousting the President, only to have their *junta* usurped by Mahuad's Vice President, Gustavo Noboa, who continued all of Mahuad's policies. I believe that Mahuad's efforts were undertaken within the best principles of capitalism and

economic growth through international trade, as it has been defined by U.S. and international banking policies. Mahuad is an extremely intelligent, highly educated person who was very dedicated to achieving growth and prosperity for the country – in the mode that has been proffered by the structures of international aid and 'development,' popularly known as 'neoliberalism.'

I do not wish to undertake a political analysis, and I can provide only a fragment of the economic context here. Nevertheless, it must be stated that the disaster that I witnessed was certainly exacerbated by the legendary corruption in government shared by many Latin American countries, supported by – if not actually created by – misplaced or mismanged arrangements and impositions of U.S. sanctioned IMF-style economics. As mentioned above, press coverage from the U.S. focussed almost entirely on the possibility of Ecuador upsetting the status quo of the global economy in general and of the U.S. in particular (see an extensive list of such articles on Stephen Grimley's web page).

As the threat of default on U.S.-sponsored Brady Bonds loomed, U.S. headlines consistently expressed concern over the damage that could result from that eventuality, with little or no mention of the damage suffered by Ecuador's poor. Reports of the protests were couched in terms of "leftists" making trouble (*U.S. Embassy Weekly Report*, May 2, 2000: ". . . left wing groups have decided to increase rallies . . . and other forms of protest. . ."). Jubilee (2000) reports, "Prior to the default in the fall of 1999, bondholders pressured the IMF to ensure they were paid. They wanted the IMF to give its "seal of approval" to the Government of Ecuador's policies, so that the GOE could pay them off and avert a default . . . [I]t is bad policy for the IMF (or other creditors) to use public (taxpayer) money to pay off private creditors [as was the case for the *Banco del Progreso*, and later 15 other banks] . . . [T]he IMF should have pressed bondholders to accept a temporary standstill in debt service. . . ." (Jubilee June 4, 2000). Essentially, Jubilee 2000 continues, ". . . the State is socializing the debt of private companies. That is, the forfeited revenues place a burden on Ecuadoran taxpayers and contribute to a regressive tax structure."

Clearly the U.S. plays a major role in this structure. Charles Calomiris, Professor of Finance at Columbia University, and a member of the Meltzer Commission appointed by the U.S. Congress's International Financial Institutions Advisory Commission said, "the IMF loan to Ecuador is 'best understood as a means of sending political payrole to the Ecuadorian government

at a time when the United States wishes to ensure continuing use of its military bases there for monitoring drug traffic” (Jubilee 2000). Other U.S. politicians, analysts, and commentators seem unable to recognize, or do not know how to deal with, the economic and resulting social disaster that they have helped to create.

For example, Scott MacDonald, Director of Research at Aladdin Capital Holdings with “considerable experience in working on Latin American issues,” and consultant to the Center for Strategic and International Studies (CSIS), “a private, tax-exempt institution . . . [whose] research is nonpartisan and nonproprietary [chaired by Sam Nunn], . . . committed to strategic analysis and making recommendations” offered this analysis in May 2000 in a section of his article titled, “Glimmers of Hope . . . (CSIS Series VII:9 5/10/2000):” “Despite the grim nature of the economic situation in Ecuador, not all is lost...the country began the process of adopting the U.S. dollar as its currency. . . . Noboa signed a 12-month stand-by with the ...[IMF] which provides about U.S. \$304 million, and clears the way for U.S. \$2 billion in further loans from the World Bank, the Inter-American Development Bank, and the Andean Development Corp.” I have to ask what seems SO obvious – is this a solution? And I must wonder how MacDonald can see this ‘solution’ as offering hope to those people who are going to suffer its impact so severely?

Jubilee 2000 suggests that “The power of the IMF is not displayed by the amounts of money it lends [but] . . . from: a) its position as a “preferred creditor,” meaning that borrowing governments are obligated to give higher priority to servicing IMF debt than other debt (the World Bank is also a preferred creditor); b) conditionality attached to IMF lending arrangements; and c) IMF capacity to mobilize resources from a range of creditors.” This last item is key because it means that “[U]nless the IMF gives its ‘seal of approval,’ signifying that a government’s policies are ‘adequate,’ the government may be unable to access credit [from other sources]. The IMF’s ‘seal of approval’ sends a . . . ‘green light’ . . . to creditor governments and institutions indicating the ‘adequacy’ of a government’s monetary and financial policies . . . Performance of this ‘signaling’ function gives the IMF inordinate and inappropriate levels of power in the international financial system” [emphasis added] (Jubilee 2000).

This puts Ecuador, and most developing countries, in a gargantuan “Catch 22” situation where they are obligated to spiral into increasing, overwhelming debt at the expense of their working population if they are to participate in the global economy – and if they don’t

play ball, what chance for economic growth do they have? ‘Deals’ are made by leaders – even if with the best of intentions to advance their country – in order to gain international market participation, or as MacDonald states so well, “. . . the tight fiscal situation the Noboa administration faces, [and] demands for greater social spending put the government between a rock (CONAIE) and a hard place (the IMF).” But MacDonald and official sources assume that the way to deal with this “. . . will require firm resolve on the part of the [Ecuadorian] authorities and the support of the Congress and the public at large” (Stanley Fischer, quoted in MacDonald).

### **On Imposing Power Structures**

Excessive power over Ecuador’s internal decisions is demonstrated by Fischer’s statement, as decisions were made by Noboa without Congressional approval, a characteristic of IMF-imposed ‘structural adjustment’ requirements: “Public debate and citizen participation in important economic policy decisions is seriously impeded by this policy of secrecy on the part of the IMF, the World Bank and borrowing governments . . . [who do not make proposed loan document drafts available to the public until after the loan is signed by the government]” (Jubilee 2000). It becomes an easy matter for wealthy countries to insure (coerce?) their own best interests: “[U.S.] . . . foreign policy interests are driving the IMF involvement in Ecuador. Some say that the Government of Ecuador demanded the IMF loan in exchange for allowing the U.S. to maintain its military bases in the country” (Jubilee 2000).

Officially, Washington repeatedly sided with Ecuador’s leaders, sending a letter of support to Mahuad during the March 1999 strikes described here, “As tough as the needed steps may be, I encourage you to keep working with the IMF to reach an agreement” (Faiola 1999a). Washington also moved quickly to support Noboa’s takeover of the January 2000 coup lead by CONAIE and a faction of the military. MacDonald, who suggests that “. . . while the IMF program spells short-term pain, it will bring benefits in the long term – if it is successfully implemented and not derailed by political and social discontent” [emphasis added], is apparently relieved to see leadership return to Mahuad’s policies: “. . . the U.S. response was rapid and the Junta of National Salvation was quickly dismantled and Noboa installed...” (MacDonald 2000).

Jane Bussey, reporter for the Miami Herald, describes the structural adjustment program as “backed

by Washington and the IMF” (Bussey 2000), and Guillermo Delgado asks, “Did the U.S. play an indirect interventionist strategy by not endorsing the triumvirate [coup], but instead pressing the OAS to call for a reestablishment of ‘democratic’ rule in Ecuador?” He answers his own question by saying, “The U.S. and the OAS’s indirect interventionism is a well-known story, and their January [2000] recommendation appeared to be concerned with protecting Ecuador’s privileged sectors. . . . Moreover, the U.S. has geopolitical interests to maintain, since on November 12, 1999, Ecuador and the U.S. signed a ten-year agreement that allows the U.S. to build and command the Manta air base.” Delgado suggests that only one brand of democracy is acceptable to these powerful elite entities, and CONAIE and the indigenous peoples of Ecuador have had the audacity to “redefine” democracy, as their protest actions “reflect . . . a desperate need to redefine a state perceived as reaching a level of absolute corruption, undemocratic practice, and lack of accountability . . . Ecuador’s indigenous peoples articulate a critique of conventional democracy . . . [H]owever, [the U.S. and OAS] have not endorsed transformative proposals by new participants, such as indigenous peoples, interested in redefining democracy from new positions of power” (Delgado 2000).

In short, the indigenous protests occupy a voiceless position in the power structure of international finance and global marketing, and other voices that might reach the ears of power, such as Scott MacDonald’s, seem to gloss over questionable practices and obviously disastrous results, even while describing the plight of the populace. (Bodley 1999). The U.S. State Department’s Country Report for 1999 also details Ecuador’s impoverishment and popular needs: “With few exceptions, indigenous people are at the lowest end of the socioeconomic scale . . . 62.5 percent of citizens live in poverty and 15 percent are indigent, with an almost total lack of resources. . . the Government . . . limit[ed] freedom of assembly . . . [V]iolence and pervasive discrimination against women, indigenous people, and Afro-Ecuadorians . . . [C]hild labor is a problem . . . police injured scores of protesters . . . high infant mortality, malnutrition. . . epidemic disease are also common . . . electricity and potable water are often unavailable. . . .” (U.S. State Department Country Description Ecuador 1999).

With this picture of the economic and political situation elaborated, I will address its aftermath – the actual disaster – resulting from those structures described above. I endeavor here to compare the two sets of reactions that I experienced in Quito and

Otavalo, and in so doing reach an understanding of their differences.

### **On An Anthropology of the Disaster**

In the urban metropolis of Quito we see an unwillingness by most of the populace to openly demonstrate against the status quo even though many subsist only on the margins of the modernization that surrounds them. The people in my neighborhood, although not destitute, were not very well off. They are the lower middle-class who have enough – but just barely. Once or twice some of the acquaintances that I had made actually asked me for a ‘loan’ of a few dollars. Knowing that they would most likely not be able to repay it, I nevertheless played along with the notion and ‘loaned’ them the money. These were marginally middle-class people who genuinely appeared to need the help. They felt the economic pinch as severely as did the Indians of Otavalo – perhaps more so, since some of the indigenous leaders in Otavalo are very well off as suppliers of textile products to long-established connections in international markets. But none of them overtly joined in any demonstrations.

Suggesting that the degree of protest parallels economic success would be too simplistic. Those who were financially well off in the city did not overtly join in the protests, either, but many did not acquiesce to Mahuad’s austerity measures. Conversations with members of the upper class brought forth a great deal of worry about exchange rates and being strapped for dollars to purchase the materials or imported articles that they need for their businesses. They did not allow themselves the ‘luxury’ of taking time for a protest, as the goal was to move quickly to cover their assets and find new or ‘better’ ways to get dollars – usually black markets or, euphemistically, ‘parallel’ markets. Reactions by the economic upper classes were muted in the public domain also because in a small country, one must take care not to strain any ties that may later hinder paperwork, permits, visas, etc.

Their protests transpired silently in the background, behind the privacy screens of money changers who opened ‘shop’ anywhere they could find a location. I recall exchanging dollars at a computer-teaching institute, for example. Many ambulatory entrepreneurs openly played with huge stacks of bills, rippling them like Vegas card sharks under the noses of passersby in the more elegant parts of the city – dozens of them at major intersections! I did not dare to exchange with them, however, as it was rumored that many of the bills

were from counterfeiters, another trade that was booming.

What I found sad and disconcerting about the middle-class urban Ecuadorans was their seeming innocence (or ignorance) and passivity about the gravity of the situation. They have, fortunately, not had such a serious problem for about 50 years (Faiola 1999a), so there is little collective memory for coping strategies. In Argentina and Chile, people were highly adept at massaging and manipulating their assets to keep as much of them as possible. One strategy in Argentina at the worst times was, SPEND! I had been taught to save money when times are difficult, but I learned that when hyper-inflation means that your money would lose half its value in a few weeks, buy big-ticket items such as cars, televisions, or refrigerators – on credit if possible – because those items hold their value far longer than the currency. I suggest that the relative prosperity of a large middle-class sector in Ecuador contributed to their inability to respond with urgency, and even less, to anticipate the crisis. The nonchalant attitude I encountered was something like, “[G]overnments come, governments go – they’re all corrupt anyway, so why get excited about the demise of another one?”

At the same time, the financially marginal have proportionately more to lose if the status quo is upset. For example, hourly workers, such as Alex in the library and the janitor at the office building, felt compelled to get to work. The janitor had walked for four hours, starting out in the wee hours of the morning to arrive at work on time because she was convinced that she would be fired if she were late. I discussed with her the probability that, due to the extenuating circumstances leniency, was to be expected, but she insisted that there was no leniency at all, and she needed the job. Any job, however little the actual earnings, is still better than no job. (Unemployment reached 16 percent while I was there). The *blanco-mestizos* who cleaned the office where I worked in Otavalo also made sacrifices to insure keeping their jobs, with one fellow bicycling at night for several hours to arrive from Cayambe, and several more hours to return.

Even when the gasoline prices were increased drastically, people in Quito seemed unable to grasp the larger picture. They rushed to gas stations to fill their tanks before the price took effect. I suspect that many of them spent more while waiting in line with the motor running than they saved by filling up ahead of the price rise – that is, if there was any gas left by the time they

got to the pump! Shortages meant that people would leave their cars parked near a gas station, in a line of cars that may stretch for several kilometers, and go to their office. Then they would have someone move it for them during the day if gasoline became available. If they were lucky, the car would be waiting for them with gas in it when they returned. If they were not lucky, they would repeat the process the next day. A friend of mine was spending most of her days driving around to various gas stations and waiting in lines for minimal amounts at each place to eventually fill the tank. Most people felt that the shortage was manipulated by State-owned oil producers, and it is a distinct possibility, as low international oil prices may have forced Ecuador to increase its exports. State oil workers also slowed down their work in sympathy with the March strike.

Regarding the reactions of Otavalo’s indigenous peoples, a facile analysis is tempting: they have little to lose, so they are more likely to demonstrate. But this belies the complexity of the Otavalo region. As mentioned above, some Otavalos are very prosperous, and many are very well educated. In the last decade, particularly in the 1996 national elections, indigenous organizations have coalesced to form a strong and successful national political presence (Dwiggins 1999).

The example given here was but one moderate-sized demonstration of the cohesiveness and strength that indigenous groups can muster in short order. They are adept at activating the best of both of their worlds: drawing from traditional social and kinship structures such as the *ayllu* for their collaborative strength, and from the principles and operative mode of western democracy for their activism at seats of power. It would be convenient if we could pinpoint an ideology that carried the women marchers through the mountains, but again, I believe a single ideology would be elusive. Rather, it is a matter of common sense coupled with compiled frustrations. Educated leaders will not accept second best for the next generation, nor do they wish to fully embrace a western, capitalist international ‘development’ mode: “*El movimiento indígena se convirtió, en el mes de julio, en el interlocutor válido que . . . provocó una seria ruptura dentro del modelo neoliberal que ha obligado al FMI a considerar por vez primera una cláusula social dentro de un programa de ajuste económico . . . [y] una seria ruptura en el modelo político de dominación. . .*” (The indigenous movement in the month of July became a valid interlocutor that provoked a serious rupture of the neoliberal model imposed by the IMF, and a serious rupture of the model of political domination) (*Boletín ICCI* 1:5, agosto 1999). A syncretic mode of activism

has emerged among Ecuadaro's indigenous groups that appears to be very effective for as far as it goes. But confronting, and then solving, such disastrous woes of the country will require a good deal more.

The flexibility characteristic of the indigenous groups of the Otavalo region is a trait that appears to be crucial in dealing with disasters. It is a trait that Argentines show in abundance as well. In contrast, I spoke with the White, middle-class woman who was cleaning the office where I worked in Otavalo during the July 'uprising.' She revealed a sad tale of the struggles they were enduring just to meet basic needs. As I was soon going to leave the country, I offered to leave some of my clothing for their family. She was lukewarm to the idea because she said that the things wouldn't fit her or the women in their family, so I suggested that she simply alter them a little. She surprised me by saying that they didn't know how to do that sort of thing, and she didn't seem to envision any use for the clothing.

I found this odd, because if she herself could not use the items, even though she had clearly expressed to me their desperate situation, then why wouldn't she either sell or trade the clothing? Here was an instance where she seemed unable to grasp the possibility of taking advantage of the situation, for whatever reason; her framework seemed to allow for less flexibility – perhaps poverty was still too new to her. In contrast, shortly after that conversation two of my Otavalo (indigenous) friends offered to help me clean my apartment in preparation for leaving, expressly (it seemed to me) to take advantage of any little item I might wish to leave behind.

There appears to be a degree of coincidence among the indigenous and the Argentines in this respect, as they are always on the lookout for such opportunities. Flexibility has also become habitualized in Argentina due to rolling blackouts, non-working phones, sudden wildcat strikes, violent demonstrations, and occasional tanks in the city streets. One develops extra-alert antennae that respond to changes in traffic patterns, lines at banks, exchange offices, gas stations, or sudden changes in music on the radio. You come to know that if you suddenly hear Strauss waltzes for example, most likely a coup is underway, and it will shortly be confirmed by helicopters overhead!

Networks also figure prominently in coping with this type of disaster. Many Otavalos and Cayambes can fall back on their family gardens for at least minimal subsistence in extremely difficult times, and others may

draw upon networks of relatives and fictive kin (*compadres*) without shame or embarrassment. In Quito, networks certainly exist, but often people's familial networks are not located in the city itself. I did not have the opportunity for lengthy contact with Ecuador's urban networkers, but my experiences in Argentina showed very impressive networks in action, as I witnessed in schools where I taught. Friendships form at an early age, are rarely broken, and usually continue for a lifetime. These friendships become networks that contain the persons with whom you will do business, find a mate, socialize, find professional services, and most importantly, fall back on when disasters arise, because it is a given that everyone will encounter such disasters at some point. Strong networks are the best way to function in Argentina, but at the same time, they result in problematic governments filled with nepotistic connections and the acceptance of cover-ups – corruption and worse – which brings us full circle to some of the root causes of Ecuador's disaster.

We have seen two very different reactions within one country to political and economic disaster. What stands out from these limited examples is that cultural differences seem to promote different styles of coping, whereas economic status appears to have less influence on coping styles. Affluent and minimally solvent Otavalos participated equally in protests and political activism, assembling because their community was called upon to do so by their leaders. All the communities were present, regardless of religion, education, wealth, or status among the surrounding communities. Further, the pattern was repeated in other regions among indigenous peoples. Flexibility also played a key role in the ability to cope with the disaster: women were able to leave their families to make their needs known in the Capital; and families automatically closed ranks to help cover the responsibilities of the women while they were away. Men were able to allot time to occupy radio stations and take other actions of civil disobedience in spite of marginal incomes and loss of hourly wages. This dedication was possible for them only because of the strong family and community support systems in place.

In contrast, non-indigenous peoples allotted little or no time to demonstrate, preferring to tolerate the inconveniences and make the best of it, or defy governmental decrees covertly for self-preservation. The exceptions were the *taxistas* and transport unions whose protests benefitted the general public but may be seen as undertaken in their own self interest. Means of coping with the disaster were focussed first on personal comfort, as witnessed by the long vigil for gasoline, and



the immediate concern for economic protection and recuperation.

Ecuador and all of the rest of the countries in Latin America have faced similar disasters throughout their histories. Coping strategies are particular to each cultural group, region, etc. But what is common to all is the human toll taken by such repeated disasters. Some of the problems emerge from characteristics endemic in the society, such as corruption, nepotism, and '*caudillismo*' (patronage), but others are brought about by the imposition of a rigidly defined set of criteria for such modernist concepts as 'development,' 'progress,' 'democracy,' and 'modern' itself. Having personally experienced several renditions of 'structural adjustment' and seen the resulting human devastation, I can attest to its ugliness and debilitating damage: severe anxiety takes over what was once a kind, thoughtful husband or father; children are abandoned – or worse, must work themselves – as mothers have no choice but to work outside the home; grandparents become totally dependent on their children as their lifetime savings turn to dust.

But the daily grind is the worst: two jobs are not enough, and with three one manages to pay the bills, eat adequately – and nothing more. Sound houses become run-down because there is no money for maintenance; marginal houses become hovels; children wear used shoes; there is no money for school – nevermind that there are State schools that are free, because those have no desks, no teachers, no books, and possibly no light bulb! (I refer here to one of the most 'elegant' suburbs of Buenos Aires, where as an economy measure I attempted to place my children; it was not worth the savings.)

Anxiety rises in your throat every morning as you worry how you will find enough money that day to put food on the table in the evening, and oh yes, it will take two hours of standing in lines to deposit your paycheck from one of your jobs in a CD for this week so that you can almost have the same amount left at the end of the week before inflation snatches it away. And if you find a bank that gives a better interest rate (say, 42.5 percent instead of 42.3 percent for the week) you run to take out the money that you have just deposited, standing again in a two-hour line to deposit in the other place, with again, one more two-hour line. This means, of course, you have lost six hours of possible wages that day. (I exaggerate slightly, but not much – I remember losing four hours this way, and then stood another two hours in line just to pay my electric bill on the same day). It is a constant, frantic merry-go-round, referred

to by the Argentines as '*bicicleteando*' (bicycling) your money from place to place to try to keep its value. You were going to buy eggs that morning but the price was more than you had on you, so you return with more money in the afternoon, and then – the price has gone up again to where you cannot afford it. You don't buy eggs (true story). Then you don't buy sugar. Then coffee. Then . . . you wonder how it will all end. In short, you go slowly mad. There is a reason that Argentina is rumored to have one of the highest rates of psychiatrists per-capita in the world!

## Conclusion

Disasters such as earthquakes, floods, hurricanes, landslides, even Chernobyls are indeed devastating, with thousands of lives lost or ruined and survivors traumatized for many years afterward. But the disaster described here is equally devastating – it's just slower, like water torture, or a wet leather strap around the neck, as you're left in the desert slowly choking you to death. Thousands end up equally traumatized, neurotic, or with severe anxiety attacks from a constant insecurity; there is never enough money to provide a safe margin, which means that one can never fully relax, and the future is always uncertain. The real tragedy is that these are preventable disasters – unlike geophysical hiccups and violent climatic events – as they are human-made.

For some reason, 'development' planning has seldom considered this type of disaster – inflicted upon a population as a result of 'structural adjustments.' The repercussions of this arbitrarily imposed (or worse, purposely constructed) neoliberal style of economics and political structures result in uprooted peoples, unstable families, disease and malnutrition, lack of educational possibilities, children who must work, and general misery. Anthropologists are uniquely situated to interpret and report such situations with our considerable skills, and we represent the best possibility to channel 'voiceless' knowledge in forms and to locations that may benefit other victims of this type of disaster. Laura Nader's keynote address at the American Anthropological Association's Annual Meeting in 2000 in San Francisco challenges us to become involved in places where policymakers and constituents need our information to make meaningful changes – I agree; I begin here.

## Notes

1. Note from my journal: "This country in general reacts and handles things very differently than any

place I've been before. There is an amazing façade of calm, not much overt evidence of anxiety, in spite of the fact that businesses are going under, people are having their debts in dollars nearly doubled, the small comerciantes (street sellers) cannot make enough to bother leaving their homes, agricultural products are not profitable, people are hungry, and there is every reason to despair or to explode in frustration or desperation. If this were Argentina, the military would probably have taken over by now, and perhaps there'd be civil war, or at least open demonstrations, perhaps violence. If it were Chile, women would be in the streets banging their pots and pans, joined by union leaders, students and others – making serious noise and protests, perhaps with some violence resulting. Nothing on a large populous scale, except the taxi and transport folks, has made much noise here – until now with the action in Cuenca, which was begun and supported largely by indigenous peoples.”

2. Donna Dwiggin is a Ph.D. candidate at Washington State University. She has recently completed fieldwork in highland Ecuador on Cosmology and its manifestations in attitudes toward the natural environment among Otavalo Indians.

3. The Jubilee 2000 is an ecumenical NGO based in Canada and partially supported by the Canadian International Development Agency (CIDA). I have not verified all of their figures from other sources, so I include them here on good faith that they are accurate. I did find one error in another section of their document, but the ratios that they give here on poverty appear to be within the correct range. This estimate does not seem to reflect the actual numbers, based on my observation in Otavalo.

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