



Real
Instituto
Elcano

de Estudios Internacionales y Estratégicos

**BOLIVIA, ECUADOR AND PERU, 2003-04:
A STORM IN THE ANDES?**

Julio Cotler

Working Paper (WP) 51/2005 (Translated from Spanish)

1/12/2005



Bolivia, Ecuador and Peru, 2003-04: A Storm in the Andes?

Julio Cotler *

Summary: After a long period of oligarchic governments and military dictatorships that violently repressed popular demands and systematically violated human rights, almost all countries in the region today have legal mechanisms in place for public participation and political representation, as well as governments elected by popular vote. These accomplishments are a great step forward towards peaceful political cohabitation among Latin Americans.

As *Democracy in Latin America*¹ points out, after a long period of oligarchic governments and military dictatorships that violently repressed popular demands and systematically violated human rights, almost all countries in the region today have legal mechanisms in place for public participation and political representation, as well as governments elected by popular vote. The same document also emphasises that these accomplishments are a great step forward towards peaceful political cohabitation among Latin Americans.

However, twenty-five years after the start of the ‘transitions to democracy’ in Latin America, there has been no end to the criticism of how these political systems are developing, since they not act in ways that meet the high expectations they once raised. They have not been successful in solving the problems dogging the region and the new concerns raised by capitalist globalisation. This is particularly true in Bolivia, Ecuador and Peru, countries that took their first steps towards democracy in the 1980s and now face a number of problems that are putting their accomplishments at risk.

The massive protests and intense mobilisations of various social sectors against the governments of these Andean countries have led to the resignation, removal or threat of removal of heads of state, underlining the public discontent with the functioning of the democratic status quo and the fragility of democratic institutions. In general, citizens reject public institutions and political parties because they lack the will and capacity to channel resources and attend to the popular demands of the poor, while favouring the privileged classes. This contradiction means that the social sectors that have traditionally been excluded and unattended by the state are not familiar with official rules and procedures, and so they put direct, violent pressure on public institutions in an attempt to force recognition of their citizen rights and, sometimes, to throw out those in power.

In the past, these pressures led to classic military coups, but this kind of solution is no longer possible, mainly because of the new international conditions since the end of the Cold War. As a result, these tensions have led to the new situations indicated above and to intermittent crises that exacerbate the historical political instability of Bolivia, Ecuador and Peru, and which may eventually take unexpected turns.

* Instituto de Estudios Peruanos

¹ *Democracy in Latin America: Towards a Citizens’ Democracy*, UNDP, 2004.

Specifically, official institutions are rejected because large sectors of society today challenge the ‘neo-liberal’ reforms aimed at ending state intervention in the economy and corporatist representation structures. These have been cornerstones of national-popular (‘populist’) regimes and vast sectors of society that have survived under state protection are now unprotected in the face of reforms that foster the development of market forces. For this reason, social movements against liberal reforms attack capitalist globalisation while indiscriminately supporting ethnic, regional and nationalist goals.

These conflictive situations are further complicated because the theoretically democratic nature of politics has not helped strengthen state institutions so as to guarantee the universality of civil, political and social rights. In other words, democratic regimes have not progressed in step with the democratisation of the state and society, leading to claims that it has become necessary to ‘democratise democracy’.

In fact, the establishment of elected governments has progressed in step with the persistence of clientelistic, authoritarian practices that go against the demands for a transparent public administration that is accountable to the citizens. Meanwhile, economic reforms have been carried out ignoring the interests and needs of the poor and the rural indigenous people who make up a significant proportion of the population in the Andes. Although the problem of increasing inequality is prevalent throughout Latin America, it is most severe in Bolivia, Ecuador and Peru, where these sectors suffer from low incomes and poor access to education, health care, housing and justice.²

These factors tend to keep democratic forms and procedures from taking firm root in society, and the disparity between democratic regimes and citizens’ rights leads to the persistence of the 19th century figure of the ‘imaginary citizen’³ –a result of frustration with democratic performance, as mentioned above–. This feeling is expressed in the growing social disaffection with institutions and the resulting loss of legitimacy and authority on the part of the state, which favours the participation of ‘independents’ and outsiders in political spaces, characterised by predominantly ‘informal’ activities and behaviour that undermine the precarious foundations of governability in the Andean countries.

For this reason, a group of Latin American analysts suggest that ‘the lack of socio-economic results, combined with the problems encountered by Latin American leaders and elites trying to generate new leadership in times of change, have led to a profound loss of legitimacy and credibility among political players and parties’. They conclude that if these trends continue, ‘Latin Americans will (by 2020) bear a heavy legacy in terms of social problems, weak institutions and ungovernable democracies’.⁴

These problems are at the heart of US concerns in political and academic spheres, as can be seen in the conclusions of a report on the possible impact of these issues on US

² World Bank, *Inequality in Latin America and the Caribbean: Breaking with History?*, Washington, 2003; Inter-American Development Bank, *Building social cohesion in Latin America and the Caribbean*, Washington, 2004; Gillette Hall and Harry Anthony Patrinos, *Indigenous peoples, poverty and human development in Latin America, 1994-2004*, World Bank, Washington, 2005.

³ Fernando Escalante Gonzalbo, *Ciudadanos imaginarios*, El Colegio de México, 1992.

⁴ ‘Latinoamérica 2020: pensando los escenarios de largo plazo’, conclusions of the seminar held in Santiago, Chile, on June 7-8, 2004 in the framework of the Global Trends 2020 Project of the National Intelligence Council of the United States. The final report on this project can be found at *Mapping the Global Future*, National Intelligence Council, December 2004.

security: ‘Democracies in the Andean region are at risk. All the problems that characterize other developing regions are present in the Andes: political instability, economic stagnation, unequal growth and divisions along class, race, ethnic, ideological and urban-rural lines. The most important factor is physical insecurity, due to the rise of continuous violent conflicts in certain countries and the lack of state control over large parts of their territory, as well as the existence of porous borders that allow the movement of drugs, weapons and conflicts.’⁵

As the UNDP report concludes, voter participation is clearly insufficient for headway to be made in consolidating democracy in Latin America –particularly in the Andes– if it is not accompanied by the presence of political actors who can breathe new life into citizen participation and help restructure anachronistic political organisations and public mechanisms. This is a necessary precondition for institutions to effectively channel resources to respond to citizen demands.

During the 1980s, the transitions to democracy coincided with the Latin American foreign debt crisis, leading to a sharp fall in production, employment and income –a phenomenon leading to the eighties being dubbed the ‘lost decade’–. This situation called into question the continuity of socio-political organisation based on state control and political party structures dependent on official action, which Cavarozzi has called the ‘state-centric matrix’.⁶ However, social pressures led most governments to stick to the defence of their domestic markets, which intensified the economic crisis and spurred spiralling inflation, in some cases with significant results on a worldwide scale. These results and the waves of social protest that followed left the ‘traditional’ political parties and the recently-elected democratic governments in a difficult situation.

Faced with the breakdown of the development model and the severe economic crisis, governments were forced to seek the help of multilateral institutions to restore social order. These institutions conditioned their support to the implementation of drastic adjustments and stabilisation measures aimed at balancing the macroeconomic variables and implementing structural reforms (privatisation of public companies, trade liberalisation and economic deregulation) to reduce the role of the state and strengthen private sector integration in the globalised market.

The dual political and economic transition caused profound changes in social and political arrangements, behaviour and expectations. As Marxism underwent its crisis and real socialism fell apart, the hegemony of global market agents, international technocracy and liberal ideology was reinforced. The domestic market lost its leading role, social structures became disorganised and state companies and nationalist ideas were weakened.

The resulting paradox was that as social movements towards democratic transition stimulated political participation, the economic and social changes caused by the economic crisis and/or by the implementation of liberal policies invalidated election pledges and dashed the dreams that came with democracy. Thus, no matter what decisions Latin American governments made, the result was social discontent and protest, ill will and

⁵ *Andes 2020: A New Strategy for the Challenges of Colombia and the Region*, Council on Foreign Relations, 2004.

⁶ Marcelo Cavarozzi, ‘Mas allá de las transiciones a la democracia en América Latina’, *Revista de Estudios Político*, Centro de Estudios Constitucionales, Madrid, October-December 1991, nr 74 (nueva época), p. 85-111.

political hostility.

These circumstances were used by political leaders to put aside agreements made during the political transition. They radicalised their positions and sought conflict in order to unconstitutionally change governments that were incapable of dealing with the crisis and the inflation caused both by the implementation of traditional economic policies and by the unemployment and increased poverty generated by International Monetary Fund policies and the Washington Consensus.

While the presidential structure of the regimes led to sharper divisions between the executive and legislative branches, paralysing government action, social protest spilled out from institutional channels into the streets, demanding the resignation of those in power. As a result of this, President Raúl Alfonsín of Argentina resigned in 1989. Accusations of corruption prompted the legislative branch to remove the Brazilian President, Fernando Collor de Mello, from power in 1992, and the Venezuelan president, Carlos Andrés Pérez, in 1993. That same year, the President of Guatemala, Jorge Serrano, was dismissed by Congress after attempting a Fujimori-style ‘self-coup’ in Peru. Joaquín Balaguer of the Dominican Republic had to shorten his presidential term in 1996 due to accusations of electoral fraud. And again in Argentina, Fernando De la Rúa had to step down in 2001.⁷

In the Andean countries, the factors mentioned above have contributed to the appearance of new social, ethnic and regional actors and interests that are challenging the political status quo, questioning the state and reshaping national identities, leading to the sudden interruption of the terms of the presidents of Bolivia, Ecuador and Peru.

Figure 1. Basic Statistics for Bolivia, Ecuador and Peru

	Bolivia	Ecuador	Peru
Total GDP ¹	8	18	54
Per capita GDP ²	900	1,450	2,050
Total population ³	8.8	13.0	27.2
% indigenous population	62	6 ⁴	48
% poor indigenous people ⁵	74	87	63
% extremely poor indigenous people ⁵	52	56	22
Adult literacy rate (%) ⁶	85	92	90
Life expectancy at birth (years) ⁷	64	71	70

(1) Billions of US\$, 2002; (2) US\$, 2002; (3) millions of persons, 2003; (4) information from the National Census of Ecuador. However, the Confederation of Indigenous Nationalities of Ecuador (CONAIE) considers 32% of the total population to be indigenous; (5) Data from the report ‘Indigenous peoples, poverty and human development in Latin America: 1994-2004’, World Bank; (6) 2001; (7) 2002.

Source: Statistics on Peru 2004: ‘Indigenous peoples, poverty and human development in Latin America: 1994-2004’, World Bank (www.worldbank.org/lac); prepared by: IEP.

Bolivia

Since the revolution in 1952, Bolivia has seen political and social unrest accompanied by military dictatorships that reinforced the country’s image as an ungovernable place.⁸ During the 1980s, in the midst of the ‘transition to democracy’, constant disputes over state intervention and the decisions of the governing coalition sparked spiralling

⁷ On responsibility in presidentialist regimes, see Arturo Valenzuela, ‘Latin American Presidencies Interrupted’, *Journal of Democracy*, vol. 5, nr 4, October 2004, p. 5-19; Francis Fukuyama, Björn Dressel and Boo-Seung Chang, ‘Facing the Perils of Presidentialism?’, *Journal of Democracy*, vol. 16, nr 2, April 2005.

⁸ Jean Pierre Lavaud, *El embrollo boliviano. Turbulencias sociales y desplazamientos políticos, 1952-1982*, CESU, IFEA, hisbol, La Paz, 1988.

hyperinflation and such social tension that President Hernán Siles Zuazo was forced to resign in 1985.

Victor Paz Estenssoro was then elected president for the fourth time (1985-89). This former leader of the Revolutionary Nationalist Movement (MNR) and leader of the 1952 revolution suddenly changed direction and decreed economic adjustment measures and the closure of the state-owned mines, putting 23,000 workers out of their jobs in order to defeat inflation, balance the skewed macroeconomic variables and cut the ongoing fiscal haemorrhage. To achieve these goals, the President did not hesitate to declare a state of siege and imprison the political and social leaders who opposed him.

These decisions helped dismantle the grassroots organisation of the combative trade unions and reduce their institutionalised rights, while limiting the influence of radical political parties. At the same time, the leaders of the MNR, the Revolutionary Leftist Movement (MIR) and Nationalist Democratic Action (ADN) established a ‘democratic pact’ that led to the appointment of the next four presidents, resulting in a kind of ‘parliamentarised presidential system’.⁹ These decisions and agreements gave rise to a usual period of relative political stability and moderate economic growth over the next 20 years.

This agreement allowed political party leaders to take on the role of distributors of wealth, organising clientelistic networks and granting official privileges. This was challenged by radical indigenous movements (*‘Kataristas’*) and working class urban sectors with a strong tradition of trade unionism, corporatism and ‘direct action’. To meet these challenges, the first government of Sánchez de Lozada (1994-98) passed legislation aimed at liberalising the economy, increasing social participation and modernising the public administration in order to complete the structural reforms decreed during the vice-presidency of Paz Estenssoro.

Privatisation of public companies was aimed at promoting popular ‘capitalisation’ and providing an essential incentive to foreign investment to increase economic development. With the help of Vice-president Víctor Cárdenas, leader of the indigenous movement, Sánchez de Lozada was successful in having the country declared multicultural and multiethnic. Meanwhile, the law on popular participation encouraged a rise in the number of municipalities from 24 to 316 in the course of the decade, and their share of the budget rose from 3% to 33%. Also, 59% of those holding official positions declared themselves to be indigenous.¹⁰

Resentment against President Banzer (1998-2002) for the bloody acts of repression during his dictatorship in the 1970s, the economic crisis of 1998 and the campaign to eradicate coca cultivation, all fuelled mobilisations by a variety of social groups. During that year, Evo Morales organised the protest by small coca farmers, bringing them into the

⁹ Eduardo A. Gamarra and James M. Malloy, ‘Patrimonial Dynamics of Party Systems in Latin America’, in Scott Mainwaring and Timothy Scully (eds.), *Building Democratic Institutions. Sistema de Partidos en América Latina*, CIEPLAN, Santiago de Chile, 1996, p. 327-354; Rene Mayorga, ‘La crisis del sistema de partidos políticos: causas y consecuencias. Caso Bolivia’, in *Partidos políticos en la Región Andina: entre la crisis y el cambio*, IDEA and Ágora Democrática, Lima, 2004, p. 27-49; Martín Tanaka, *La situación de la democracia en Bolivia, Chile y Ecuador a inicios del siglo*, Comisión Andina de Juristas, Lima, 2003.

¹⁰ One of the conclusions of the works compiled in *Partidos políticos en la Región Andina*, cited above, is that the bases of social representation have been broadened in the three countries; however, this broadening has contributed to political fragmentation. Today, Bolivia has 18 registered parties, Ecuador has 35, Peru has 39 and Colombia has 61 (information communicated personally by Alberto Adrianzén, June 8, 2005).

Movement to Socialism (MAS). Felipe Quispe did the same with the Aymara peasants in the United Trade Confederation of Bolivian Farm Workers (CSUTCB), bringing them into the Pachacuti Indigenous Movement (MIP)¹¹ in 2001 to participate in the elections the following year. This led to competition for the political leadership of society between them and other leaders of social organisations and movements. This competition between leaders, both trained in direct action, meant that each of them backed strikes, marches and highway roadblocks, radicalising their anti-American rhetoric and their condemnation of neo-liberalism and globalisation. The criticism and insults they traded also led to an ‘ethnification’ of politics.¹²

In 2000, the successful mobilisation organised to pressure the government to cancel the concession of water distribution in Cochabamba to a foreign company (the so-called ‘Water War’) marked a political turning point because intense social participation made it clear that society widely rejected the privatisation of public companies and neo-liberal policies in general.¹³ In 2001, Bánzer’s resignation from the presidency for health reasons and his replacement by Vice-president Jorge Quiroga led to instability that was expressed in the form of conflicts in several sectors and in the transformation of the political scenario.

While the municipal elections in 2000 saw the emergence of the MAS, the MIP and new ‘neo-populist’ movements, the general elections of 2002 transformed the political panorama: the ‘democratic pact’ lost their majority, in part because the impertinent intervention of the US ambassador against Evo Morales triggered traditional anti-American feelings, giving Morales 21% of the vote, while Sánchez de Lozada received 22.4% and won office for the second time, with the help of the MNR, the MIR, the ADN (diminished after Banzer’s death) and the Nueva Fuerza Republicana led by Manfredo Reyes, which was taken into the official coalition.¹⁴

The MAS and the MIP formed an anti-government block, but while Evo Morales was firm on facing and defeating the enemy (represented by Sánchez de Lozada) politically – moving towards socialism on the path laid out by Bolivarian activist President Hugo Chavez– Felipe Quispe (‘Mallku’), who had participated in the frustrated uprising of the Tupak Katari guerrilla army and had spent five years in gaol for it from 1992 to 1997, proposed that the proper path was to ‘rise up in arms, hunt down and judge the bosses... burn the houses of the rich and starve out the cities that oppress and exploit us’ in order to found an independent State of Collasuyo, since ‘only that which is native is good; the rest

¹¹ Previously, in 1990, the indigenous organisations in the east were grouped around the Confederación de Indígenas del Oriente Boliviano (Confederation of Indigenous Peoples of Eastern Bolivia – CIDOB) but this organization never achieved the political influence of the others mentioned above.

¹² Jean Pierre Lavaud, ‘Democratie et ethnisation en Bolivie’, Mexico, 2004 (ms). Alvaro García Linares says that ‘the main leaders in the parliamentary political struggle are two indigenous people: Evo Morales and Felipe Quispe, in contrast to what happened in earlier experiences of parliamentary action taken by the old left made up, managed and controlled by the poor sons of the country’s aristocratic elites. Indigenous Bolivians now directly play a leading role in social movements and parliamentary activity’, in Escarzaga and Gutiérrez, *op. cit.*, p. 83.

¹³ Roberto Laserna, *La democracia en el ch’enka*, Fundación Milenio, La Paz, 2004.

¹⁴ ‘Since then... two kinds of political organisations exist in Bolivian society: creole-mestizo parties and indigenous parties’ (Felipe Patzi Paco, ‘Las tendencias en el movimiento indígena en Bolivia’, in Fabiola Escarzaga and Raquel Gutiérrez –coord.–, *Movimiento indígena en América Latina: resistencia y proyecto alternativo*, Universidad de Puebla, 2005, p. 69.

is rubbish'. Quispe contemptuously rejected representative liberal democracy.¹⁵

When he took office in 2002, Sánchez de Lozada inherited a fiscal deficit equivalent to 8.6% of GDP. To remedy this situation, he asked the Bush government for a US\$150 million loan. However, Washington gave him only US\$10 million and suggested that its friend follow the International Monetary Fund's instructions to increase tax collection to reduce the deficit. With that in mind, the government decreed the '*impuestazo*' (a kind of 'supertax') of 12.5% on incomes more than five times the minimum wage. This set off a wave of bloody riots in the cities, highway blockades and another police strike that was put down by the military, leaving 33 people dead and hundreds injured.

The MAS and the MIP, the main organisations representing urban and rural workers, miners, public sector employees and students, and the El Alto residents' federation, among others,¹⁶ agreed to force the government to repeal the tax and declare a moratorium on the eradication of coca, and also to hold the President legally responsible for the deaths. These volatile problems were accompanied by the issue of gas extraction and exportation, underlining the fault lines in Bolivian society and politics.

Pacific LNG –made up of REPSOL, British Gas and Pan-American Energy– had invested US\$6 billion to extract gas from the Tarija fields in eastern Bolivia and was preparing to build a gas pipeline to a port in Chile for export to California. This would have increased tax revenue, but the company had to suspend the project due to strong anti-Chilean feeling.¹⁷ Furthermore, given the surprising wealth of gas reserves, a growing number of groups began to call for higher royalty payments and taxes on the energy companies. The idea even spread that the state should nationalise and industrialise the gas sector to stimulate the domestic market, in keeping with deep-rooted nationalist ideas. The MAS and the MIR, which formed part of the government, took up these demands, isolating the MNR and Sánchez de Lozada.

With the repeal of the '*impuestazo*' and public opposition to gas exports through Chile, the government was left with no way to balance the public books. Also, in an attempt to restore public order, the President was forced to satisfy some of the demands made by the El Alto residents, rural workers, the police, teachers, transport workers and students, and agree to a moratorium on the eradication of coca. This last item won criticism from the US embassy, since successful completion of the 'zero coca' programme was a condition for US cooperation with Bolivia.

Nonetheless, the clashes between *cocaleros* and the military continued in Chapare, rural workers on the altiplano continued to blockade the highways so that the government would deal with their demands, and the Sin Tierra (Landless) Movement encouraged the invasions of large landed estates in the east. Meanwhile, business organisations and civil committees in the western departments expressed their frustration over the stoppage of gas production in the region and the invasion of private land, accusing the government of

¹⁵ Quispe's statements have been collected in Lavaud's work on the ethnification of politics, cited above; Collasuyo was part of the Inca Empire, made up of what is now the south of Peru, Bolivia and the north of Chile and Argentina. On the life, work, strategy and ideas of Felipe Quispe, see his version in 'La lucha de los ayllus kataristas hoy', in Fabiola Escárzaga and Raquel Gutiérrez, *op. cit.*, p. 71-75.

¹⁶ There has been a strong tradition of organisation and this list ought to include many other associations that have participated actively in social demands and protests in recent decades.

¹⁷ Bolivia lost its territories after its defeat in the Pacific War (1879-84).

being incapable of stopping it.

Yet again in Bolivian history, the President found himself trapped by social forces and the parliamentary opposition. To end the impasse, the President proposed a ‘national dialogue’ between representatives of the government and social organisations. However, this offer was ignored by Evo Morales and Felipe Quispe, who were literally seeking unconditional surrender.

The protests reached their climax in October 2003 when the people of El Alto marched on La Paz, demanding that Sánchez de Lozada be impeached and tried in court. Once again, confrontation with public security forces caused dozens of deaths and hundreds of injuries, creating general hostility towards the government and leaving the parties of the status quo isolated and in disgrace. The Vice-president, Carlos Mesa, distanced himself from Sánchez de Lozada and the military also withdrew its support, leaving the President with no choice but exile.¹⁸

On October 17, 2003, Congress appointed Carlos Mesa as the sixty-fourth President of Bolivia. He promised not to use public security forces to deal with social problems and, in his eagerness to distance himself from the disgraced traditional political parties, he called on well-known ‘independents’ to enter his government. At the same time, Mesa requested the support of Congress to pass constitutional amendments to allow a referendum in 2004 aimed at reforming the Oil and Gas Act, and electing the Constituent Assembly in 2005 in order to modify political representation and the organisational structure of the state.

These proposals caused raucous debates and social mobilisations. While the discontented coalition of the MNR and the MIR attempted to obstruct the new government, Felipe Quispe demanded that oil and gas be immediately nationalised and Collasuyo be established. At the same time, the political representatives and civic committees of the eastern departments opposed Mesa’s proposals because they hindered gas operations and threatened to grant greater powers to the indigenous peoples.¹⁹

Finally, with Evo Morales’ backing, the President’s request for a referendum to determine the amendments to the Oil and Gas Act was approved. At the same time, the government raised the tax on gas and oil operations. But Morales did not give up social organisation and mobilisation, which extended his grassroots support to a national level, while the Central Obrera Boliviana workers’ organisation demanded that the government raise the minimum monthly wage from US\$58 to US\$128 and reduce the salaries of high civil servants and military officers by 70%.

In June 2004, while the struggle between Evo Morales and Felipe Quispe for the leadership of the peasant movement led to increased highway blockades, the Pro Santa Cruz Committee called for a special demonstration against the nationalisation of the oil and gas sector, and for the first time proposed that the government hold a vote in the eastern departments (the ‘*Media Luna*’ or ‘Half Moon’) on political and administrative

¹⁸ For an analysis of these events, see *Observatorio Social de América Latina no. 12*, Clacso, Buenos Aires, September-December 2003.

¹⁹ In fact, Article 22 of the Constitution was changed to state that ‘the people are represented through political parties and citizen associations’ and Article 61 was changed to state that ‘those aspiring to be legislators must be appointed by a political party or else directly by a citizen association or indigenous peoples association...’, meaning that representative bodies in the future would be of mixed origin.

autonomy, raising the threat of dividing Bolivia.²⁰ Political and social leaders in the Andean region accused those in the eastern region of participating in a conspiracy organised and led by Chile and the United States to split the country up in order to rob Bolivians of their wealth, as they had done before with their silver, saltpetre and tin.

The attacks by the leaders in Santa Cruz on the centralist attitude in La Paz and, in general, of those living in the Andean region, revealed the stereotypes held regarding the *Collas* of the altiplano and the *Cambas* of the eastern regions, as well as their different ‘national projects’. The ‘*andinos*’ (Andeans), Quechuas and Aymaras were considered ‘traditionalists’ for holding on to their Inca roots as a present and future reference point, since they worked in crafts, agriculture and commercial pursuits with low productivity, and were hostile to the markets and globalisation. By contrast, the people in the east were considered ‘modern’ due to the influx of foreigners, the region’s agro-industrial development, industrial activity and oil, and because people there have tended to prefer the free market and globalisation. In addition to the physical contrasts, these social and cultural factors are the cause of regional disputes between the ‘conflictive’ and the ‘productive’ parts of Bolivia.²¹

After the referendum held in July 2004 to reform the Oil and Gas Act, the President proposed to raise the tax on oil and gas production. This project was rejected by parliament because the majority, led by the MAS, demanded that the government cancel its shared-risk oil and gas contracts and threatened that ‘the people will take the streets’. Although President Mesa had a 65% approval rating, he gave in to Morales’ pressure, timidly increasing royalties and taxes on oil and gas production. However, insistent pressure by the MAS led congress to raise these taxes considerably, ignoring statements made by the energy companies to the effect that these increases would make gas operations unviable, and turning a deaf ear to warnings by President Mesa that Bolivia’s international relations would be affected.

As a result of the changes in the electoral system and the appearance of several local independent groups, the municipal election of 2004 significantly helped reduce the importance of the parties that had formed the ‘democratic pact’, while confirming the leading role of the MAS. These results encouraged Morales to present his political initiatives to congress and, at the same time, to turn the streets and highways into war zones, in contrast to the isolationism and low profile maintained by President Mesa.

Mesa’s indecision and his tendency to put off decision-making –supposedly in the interests of achieving broad-based consensus– frustrated the political leaders and the social organisations working to overthrow the neo-liberal order and ‘re-found’ Bolivia on an ethnic basis, as well as the sectors that repudiated the ‘violent minorities’ in the MAS and the MIP, and who accused Quispe of fanning the flames of ethnic strife in order to regain the leadership of the indigenous movement and work towards the establishment of Collasuyo.

Just in case, the ‘*Asamblea de la Cruceñidad*’ (Santa Cruz Assembly) insisted that the government hold the referendum on autonomy in the eastern departments before a likely

²⁰ Agriculture, livestock and gas production in these departments account for a third of GDP and exports.

²¹ The country’s Miss Universe candidate, who was from Santa Cruz, responded to a reporter’s comments on her facial features by saying ‘It’s because I’m from another part of the country, where we’re tall and white and can speak English’.

Andean majority in the future Constituent Assembly could frustrate eastern aspirations. Otherwise, they said, this decision would be made unilaterally. The ‘*Asamblea de la Paceñidad*’ (La Paz Assembly) wasted no time in angrily rejecting this option.

These social, ethnic and regional conflicts fed fears of civil war, while diplomats, the military, academics, journalists and business people, Bolivians and foreigners alike, expressed their concern that Bolivia seemed destined to go into free fall, with consequences that could affect the unstable Andean region.²²

In these circumstances, Mesa ended up with no room to manoeuvre, given the intransigent parliamentary opposition, the radical social and regional movements, the frustrated business sector in the departments of the ‘*Media Luna*’ and the multinationals, as well as US pressure to eradicate coca cultivation. Instead of making legitimate use of the public security forces to prevent the risk of deaths, President Mesa decided to break the blockade by submitting his resignation to congress in March 2005, admitting that the ‘violent minorities’ were more powerful than the heterogeneous ‘silent’ majority that backed him. His letter of resignation to congress bears witness to the ungovernable state of the country: ‘I cannot continue to govern besieged by a national blockade that is strangling the country; the ultimatums, threats and direct action serve only to destroy the tools of production and destroy our confidence in the future.’

As a result of this criticism, aimed at opposition political and social leaders, the President was accused of blackmailing the country. However, congress rejected his resignation and gave him a short respite. Meanwhile, the same leaders, putting aside their personal rivalries, united to mobilise society to paralyse the government and force Mesa to literally give up. The leader of the Central Obrera Boliviana demanded the formation of a civilian-military government, which he offered to join. Lacking all support except for a fragmented and discredited parliamentary group, President Carlos Mesa submitted his firm resignation on June 5, 2005, after twenty months of trying in vain to reach agreements with the parliamentary opposition and representatives of the various social organisations.

This set the stage for a crisis of succession that was resolved by a combination of direct action and legal wrangling. With Mesa’s resignation, the President of the senate was supposed to succeed him or, failing this, the President of the congress. However, leaders of the main social and political organisations rejected these options, arguing that the former was from Santa Cruz and the latter was an MNR member. After considerable argument, these men stepped aside, leaving the post to the President of the Supreme Court, Eduardo Rodríguez. At the same time, to pave the way to power, these leaders mobilised public opinion and managed to persuade parliamentarians to end their terms two years early – claiming they no longer represented public opinion– thereby enabling President Rodríguez to legally call general elections for December 2005 and elections to the Constituent Assembly for 2006.

Thus, the radicalism of certain sectors of society and the arbitrary way their leaders used the law for their own purposes became the hallmark of Bolivia’s political instability.

²² For example, Michael Shifter, ‘Breakdown in the Andes’, *Foreign Affairs*, Sept-Oct. 2004, p. 126-138. One of the editorials on January 31, 2005 in *El País*, Spain, was titled ‘Ungovernable Bolivia’ and, in the same paper, M.A. Bastenier wrote on April 29, 2005 ‘Intifada in the Andes’.

Ecuador

In April 2005, the continual demonstrations by the population of Quito against the President of Ecuador, Lucio Gutiérrez, came to a head when the congress decided to impeach him for ‘dereliction of duty’ and name the Vice-president, Alfredo Palacio to succeed him as the sixth President since 1996. However, unlike Bolivia, where Carlos Mesa’s resignation was caused by social transformations and political shifts in the past decade, Gutiérrez was removed as a result of longer-standing political trends.

In the 1960s, the reformist policies of the military government and the income derived from oil and gas operations helped bring about a relative modernisation of society. In the following decade, this income and the growth of banana exports allowed Ecuador to escape the foreign debt crisis that affected Latin America as a whole. Social transformation sharpened the regional divide between the mountains and the coastal regions –between Quito and Guayaquil– affecting political identities and public activities in general. In this context, the ‘*levantamientos*’ (uprisings) of indigenous organisations representing the coast, the mountains and the Amazon, working together since 1986 in the National Confederation of Indigenous Peoples of Ecuador (CONAIE), and the appearance of the indigenous movement in 1990, both changed the political map. On the one hand, policies aimed at the indigenous peoples were designed with the support of multilateral organisations and, at the same time, social and political leaders in Guayaquil advocated independence from Quito and the ‘*indios serranos*’ (‘mountain Indians’).

During the nineties, the fall in oil and gas revenue and the increasing foreign debt significantly reduced the state’s capacity to take part in economic activity, redistribute public resources or arbitrate social conflicts. All this led to a crisis in the ‘state-centred matrix’. Under these circumstances, social organisations and leaders pressured the government to guarantee or recover their privileged access to public resources, which deepened the economic crisis and led to social, ethnic and regional polarisation.

In the 1996 elections, Abdalá Bucaram, a populist leader from Guayaquil, echoed popular and indigenous demands and won with the support of centre-left parties and the Movimiento Unidad Plurinacional Pachacutik-Nuevo País (Pachacutik-New Country Multinational Unity Movement), the political branch of the CONAIE. After only a few months in office, the President’s irresponsible economic decisions and the wave of scandals swamping him led his allies to abandon him and join the opposition. The intense social mobilisations ended only when the congress removed the President due to ‘mental incapacity’ and decided to put him on trial on corruption charges. By then, Bucaram had fled to Panama after eight months in government.

Instead of the Vice-president, Rosalía Arteaga, taking over, congress decided to sidestep the law and appointed Fabián Alarcón President. He called elections for 1998 to nominate members of the Constituent Assembly and to appoint new authorities. The Assembly recognised Ecuador’s multicultural and multiethnic nature and made changes to the electoral system to favour indigenous participation in local elections. However, as in Bolivia, opening new spaces for participation tended to favour the fragmentation of political representation.²³

²³ Catherine M. Conaghan, ‘Politicians against Parties: Discord and Disconnection in Ecuador’s Party System’, in Scott Mainwaring and Timothy Scully, *op. cit.*, p. 355-374; Simón Pachano, *La Representación Caótica*, FLACSO, Quito, 1995; and by the same author, ‘El territorio de los partidos. Ecuador 1979-2002’, in *Partidos Políticos en la Región Andina*, *op. cit.*, p. 71-91.

The winning option in the elections called by Alarcón was the one headed by the former mayor of Quito, Jamil Mahuad, who became President, and the dean of the Universidad Católica de Guayaquil, Gustavo Noboa, who was elected Vice-president. This duo was determined to favour integration on the national political scene. In 1998, at the same time that the peace accord was signed with Peru,²⁴ the international crisis and the scandalous bankruptcy of the financial system led to Ecuador's economic collapse. Meanwhile, to rescue the banking system –and the bankers of Guayaquil–, US\$6 billion was spent, equivalent to 23% of GDP. Mahuad drastically cut public spending, froze private savings, increased the price of petrol and replaced the sucre for the US dollar at a time when the exchange rate was 25,000 sucres to the dollar.²⁵

General disapproval of these policies led the CONAIE to hold a 'Parliament of the Peoples', bringing together provincial delegates to protest by blockading highways and carrying out civil disobedience against the authorities. These pressure tactics, led by leftist forces and the CONAIE, coincided with the interests of the Guayaquil business sector, the armed forces and the parliamentary majority, eventually bringing Mahuad down after 17 months of government. He was succeeded by the Vice-president, Gustavo Noboa, in early 2000.

Unlike Mahuad, Noboa had political support from the heads of the Christian Social Party and the Popular Democracy party to change the economic and social model that Ecuador had followed for three decades and adjust it to the new international conditions. In early 2001, he had the Economic Transformation Act passed, continuing and extending economic adjustments, dollarisation and the privatisation of public companies in order to eliminate the distortions caused by state intervention in the economy, favour private sector development and lay the foundations for paying the foreign debt.

To carry all this out, the government declared a state of siege and imprisoned the leaders of the growing social protests. But repression was not sufficient to contain the protests and Noboa was obliged to start negotiations with different social organisations and make concessions that did not compromise the basic lines of the economic stabilisation policy.²⁶

The adjustments and dollarisation drove down inflation and re-established production systems, though at the cost of reducing lower- and middle-class incomes, increasing the number of poor and homeless people and spurring emigration to the United States and Europe.²⁷ However, economic stabilisation gave Noboa the breathing space he needed to hold elections in November 2002 and pass the reins of control on to his successor, while he fled the country to escape accusations of corruption.

²⁴ The long-standing confrontation between Ecuador and Peru brewed up again in 1995; finally, in 1998, the border between the two countries was definitively established and a peace agreement was signed, thanks to the energetic intervention of the countries that oversaw the armistice concluded in 1941.

²⁵ Wilma Salgado, 'La crisis económica y el gran salto al vacío de la dolarización', *Ecuador Debate*, nr 49, April 2000, p. 7-24.

²⁶ José Antonio Lucero, 'Crisis and Contention in Ecuador', *Journal of Democracy*, April 2001, p. 59-73; Fernando García S., 'La imaginación de lo nacional en tiempos de dolarización y crisis: nuevas estrategias de representación del movimiento indígena ecuatoriano', in Alejandro Grimson (comp.), *La cultura en las crisis latinoamericanas*, Clacso, Buenos Aires, p. 107-122.

²⁷ It is now estimated that 15% of the total population is outside the country and that remittances of foreign currency from abroad is the second largest source of income, after oil.

The manifest weakness of state institutions and the fragmentation of discredited political organisations enabled Colonel Lucio Gutiérrez, leader of the civilian-military coup against Mahuad, to win the presidency by a narrow margin by echoing the nationalist slogans of Venezuelan President Hugo Chávez and gain the support of a coalition of leftist groups centred around the CONAIE and the Pachacutik Movement.

But it was not long before Gutiérrez changed alliances: negotiations with the International Monetary Fund and the conditions offered for a stand-by agreement convinced the flamboyant President to put aside nationalist and populist promises in favour of classic adjustment and stabilisation measures aimed at closing the fiscal gap and negotiating payment of the outstanding foreign debt. In addition to receiving support from the US government²⁸ and the Ecuadorean armed forces as a result of this shift, Gutiérrez also received backing from former President León Febres Cordero, the powerful Guayaquil leader who controls the Christian Social Party (PSC) and the most important parliamentary group.

At the same time as the IMF signed the agreement with the government and praised Gutiérrez's leadership under such difficult circumstances, it believed that the difficulties with cancelling the US\$2.1 billion debt that was then coming due, was due to congressional reluctance to cut costs and speed up fiscal reforms. In fact, while the legislature blocked the adjustment and increased social spending, Gutiérrez's allies threatened to withdraw their support if he continued to follow the recipes dictated by the IMF.

In mid-2003, the government's decision to withdraw fuel subsidies sparked a new wave of protests and demands from various social sectors. Despite government repression, the protests spread and the government was forced to retract the decisions most unfriendly to the poor and to maintain its alliance with leftist groups and the CONAIE, agreeing to put aside neo-liberal policies and return to the nationalist platform. But it was not long before the government once again surprised these groups, when it tried to change the Oil and Gas Act to foment private investment. This proposal was rejected by the legislature and Febres Cordero threatened to topple the President with a simple majority vote, because of his intermittent policy shifts.

Once again, only months after a government had been formed, there was a clear political crisis and the government stood on shaky ground. The military brass suggested that Colonel Gutiérrez carry out a Fujimori-style 'self-coup', dissolving congress and the judiciary to end the political crisis, but the Organisation of American States and the US government intervened to defend democracy and help stop this plan. At the same time, the mobilisation called for by the CONAIE failed due to divisions between the indigenous organisations close to the government, and León Febres Cordero stopped legal proceedings against the President, by virtue of PSC control over the judiciary, in exchange for Lucio Gutiérrez's acknowledgement and acceptance of his political leadership.

After that, Gutiérrez's zigzags and the continuous social protests were accompanied by continuously changing political alliances. These shifts were even greater after the irritated

²⁸ This relationship was due to the fact that the President supported the existence of the US military base in Manta which, according to various commentators, is the most important one the US has in South America. However, the Colombia Plan and its influence on the border with Ecuador have led to friction between the two governments.

opposition accused the President of abusing his power and misusing public funds, and claimed that the Patriotic Society, the organisation he formed to take part in the elections, had received money from drug trafficking. To bring President Gutiérrez to trial, a parliamentary block was formed, made up of a heterogeneous mix of social democrats, social christians and representatives of the Pachacutik indigenous movement. Vice-president Alfredo Palacio indicated he was willing to succeed Gutiérrez.

The municipal and provincial elections in October 2004 confirmed that regional politics had become fragmented: Lucio Gutiérrez's Patriotic Society was defeated, the Democratic Left and Pachacutik obtained the majority of votes in the mountains, while the PSC obtained a similar proportion on the coast, followed by the PRIAN, led by banana producer Alvaro Noboa, who had ended up second to Gutiérrez in the 2002 election campaign, and the Roldosista Ecuadorian Party (PRE), led by former President Abdalá Bucaram, the latter two being declared enemies of Febres Cordero.

While Lucio Gutiérrez worked tirelessly to avoid the threat presented by Febres Cordero (that of dealing him the same fate as previous Presidents), the election results led the President to ally himself with his friend Bucaram and with Noboa in order to form a coalition capable of resisting the power of Febres Cordero and his party.

An essential condition to making this alliance work was to cancel the court trials pending against Bucaram. To do this, it was necessary to dismiss the Supreme Court judges involved in the Social Christian Party, specifically Febres Cordero. Gutiérrez presented a bill aimed at 'depoliticising' the judiciary and threatened to call on the people to protest violently if the legislature did not pass it.

These manoeuvres by Gutiérrez caused the opposition to hurl new accusations against him, but the Social Christian Party, the Democratic Left and Pachacutik failed in their attempt to impeach and throw out Gutiérrez because, through pressure and 'incentives' he encouraged a very diverse collection of small parliamentary groups that had been overlooked in the distribution of privileges to abandon the opposition. In the end, 52 of the 100 members of congress sided with the President.²⁹

In late November 2004, this new pro-government majority went on the counter-offensive, unconstitutionally dismissing seven of the nine judges of the Constitutional Court. On December 8, 27 of the 31 members of the Supreme Court of Justice were removed along with most of the electoral authorities. At the same time, members and friends of the new majority joined these courts and the National Judiciary Council. They took control of the public prosecutor's office, the state auditor's office and the public ombudsman's office, as well as taking the presidency in the congress and the legislative committees, controlling the course of political events and the allocation of public resources.³⁰

²⁹ 'In any case, the positions in Congress are so fragile, so subject to clientelism and the privileges offered by the regime, and so confused even within the ranks of the majority that meddled with the institutional framework, that every morning the country awakens to the announcement of a realignment of political forces', Javier Ponce, 'El movimiento social entre las tenazas de la política', Centro Ecuaméxico de Proyectos, Quito, April 2005.

³⁰ 'The crisis did not arise in December, but rather decades ago, when the partitocracy began to appropriate the entire judicial structure, eventually holding it in a kind of condominium ownership. This gave them the power to persecute their adversaries; amass fortunes; give favors to the companies that finance them; frighten those they do not like; blackmail the authorities; throw out Presidents, Vice-presidents and Ministers; and, along the way, make themselves popular', Hernan Pérez Loose, *Hoy*, April 17, 2005.

Negative reactions to these actions were forthcoming from the UN's rapporteur for judicial affairs, and from the UN Human Rights Commission, the OAS Human Rights Commission, the Inter-American Human Rights Commission, Transparency International and the State Department –but to no avail–.

Suddenly, the political control that León Febres and his party had exercised for 30 years seemed to have vanished with the blessing of a significant part of the population. At the same time, the opposition found itself impotent to counter the President's actions and was dragged down by the growing weight of discredit heaped on the political parties and congress. For this reason, starting in early 2005, the Catholic church and various 'civil society' groups in Quito and Guayaquil jointly denounced Gutiérrez's actions as equivalent to a coup d'état. Over the following months, they took the political struggle to the streets as the slogan spread: '*Que se vayan todos*' ('Out with them all!').

Gutiérrez ignored these protests because of the parliamentary majority he had managed to build. He went forward with a proposal to implement an institutional reform package aimed at changing the framework for economic activities and establishing extraordinary lawmaking powers. However, the President had miscalculated how precarious his parliamentary support actually was. In fact, several of the groups that made up his new government majority split off and directly opposed the presidential projects because they hindered their access to public resources and because they granted the President such a broad scope of action that it could lead to the establishment of an authoritarian regime.

These attempts by the President to concentrate personal power sparked angry social demonstrations in the main cities. In response, pro-government demonstrations were organised by the Patriotic Society and indigenous organisations not linked to the CONAIE, as internal struggles to gain control of anti-government organisations were heating up. Among them, Jaime Nebot, mayor of Guayaquil, competed with the head of the PSC to lead anti-government demonstrations under the banner of 'responsible autonomy' ('*autonomía solidaria*') for Guayaquil.

In March 2005, as expected, the new President of the Supreme Court cancelled the legal proceedings pending against his old friend Abdalá Bucaram and against Gustavo Noboa, as well as those that had been pending against former Vice-president Alberto Dahik since 1995. These cancellations of judicial action and Bucaram's triumphal return were part of President Gutiérrez's plan to consolidate the new official alliance to overthrow the 'oligarchy' represented by Febres Cordero. However, against official predictions, these decisions caused a radical turn in the course of events, since the emergence of a social opposition calling for respect for judicial process frustrated Gutiérrez's plans.

In contrast to the impotence of the discredited political parties, Radio La Luna, a radio station run by an NGO, successfully called for social demonstrations in Quito. These spread to other cities, where the government in general and Bucaram in particular were angrily denounced, sharpening divisions in the precarious officialist parliamentary group and eventually leading to a new anti-government majority.

In mid-April, to deal with the angry protests by the '*forajidos*' (outlaws) –as Gutiérrez referred to the demonstrators and as they started to call themselves– the President ordered a state of siege in Quito. However, the population ignored the order and he had to cancel it

the next day, at the same time as he overhauled the Supreme Court that had been appointed in December and offered to establish a dialogue with the opposition so that a group representing civil society could nominate new members to the judiciary. But the President's proposals came late and the people in the streets did not support them.

Indigenous groups that had abandoned the CONAIE and groups of coastal youths were taken to Quito by the government to challenge anti-government demonstrators, but they had to back down when faced with huge crowds banging kitchenware ('*cacerolazos*'), shouting '*Que se vayan todos*' ('Out with them all!') and bent on taking the presidential palace. The direction of national politics was clear.

Although President Gutiérrez had the support of the US embassy, on April 21, 2005 the Director of the national police resigned to protest the repression and, under pressure from the business sector, the military withdrew its support for the President. This led 60 members of parliament to overturn the appointments they had made to the Supreme Court the previous December. They deposed Lucio Gutierrez for 'dereliction of duty' and put Vice-president Alfredo Palacio in his place.

After 27 months of bad government, Lucio Gutiérrez escaped the wrath of the crowds by seeking asylum at the Brazilian embassy. A columnist in a major daily newspaper wrote a moral for this story: 'Hope remains. What votes cannot achieve can be achieved with pots and pans'.³¹

Peru

Unlike in Bolivia and Ecuador, President Alejandro Toledo of Peru has managed to survive social protests, investigations by parliamentary committees and critics in the news media who have suggested removing him from office for betraying his election promises, for his political incapacity and for his influence trafficking and corruption. For these reasons, around 90% of public opinion disapproves of the Toledo administration –and a similar percentage also disapprove of the three branches of state power– making him the most unpopular President in Latin America. Paradoxically, this critical view of the President's performance is accompanied by national stability and economic growth, revealing a clear split between the political and economic spheres.³²

The situation in Peru can be explained by the social changes that have occurred there in recent decades, and also by the quality of its political leadership. During the 1970s, the contradictory results of the reforms carried out by the military government led to intense mobilisation of the lower and middle classes, helping pave the way for a transition to democracy in 1980. With the election of Fernando Belaunde, who had been ousted in 1968 by the same military that put him back in office twelve years later, broad segments of society put their faith in democracy, encouraged that it would satisfy their demands and needs.

However, the economic and social crisis affecting the country since the mid-seventies worsened due to the great number of demands made by different social and political

³¹ Ernesto Alban Gomez, 'Cacerolas y Votos', *Hoy*, Quito, Sunday, April 17, 2005.

³² In 2004, inflation stood at 2.3% and the growth rate was 4%; during the government of President Toledo the value of exports doubled from 7 billion to 14 billion dollars, international reserves rose from 9 billion to 11 billion and country risk became one of the lowest in the region, while poverty dropped from 54% to 51% and extreme poverty fell from 24.4% to 21.6% of the population.

groups, including the international debt crisis in 1982 and the disasters caused by the El Niño phenomenon in 1983, while the government was under intense pressure from Apra and the political and social left. Also, terrorist activities carried out by Sendero Luminoso and the Túpac Amaru Revolutionary Movement, and the expansion of drug production linked to these movements created a state of general anxiety. To deal with these threats, the government delegated political authority to the armed forces in the areas of conflict, leading to systematic human rights violations.

The return to democracy was thus accompanied by levels of economic crisis and political violence that had never been seen before. However, in 1985 Belaunde handed the presidency to the Apra candidate, Alan García, an act of special significance since it was the first time in forty years that one elected government handed power over to another – despite the social, political and governmental crisis–. Also significant was the fact that Apra had finally gained power after 55 years of fruitless attempts, due to the military veto against Víctor Raúl Haya de la Torre, the party's founder and leader, and the fact that the United Left had become the second-strongest political force. This exceptional situation led many to believe that with its strongly populist and leftist history, the new government would be able to deal with the economic crisis and put an end to terrorism and human rights violations.

García cut back on foreign debt payments and adopted 'heterodox' Keynesian-style economic policies that jumpstarted the economy and produced widespread approval of his performance. However, the President went too far and sparked unstoppable hyperinflation and a wave of social conflicts that were made worse when he tried to nationalise the financial system in 1987. Meanwhile, the dangerous growth in insurrectional movements, drug trafficking and human rights violations combined to evaporate the political capital that García had built up at the start, and liberal critics Mario Vargas Llosa and Hernando de Soto succeed in discrediting both the President and nationalist, populist, and Marxist ideologies in general.³³

Apart from their criticisms, these famous authors headed the Democratic Front (Fredemo), winning over an audience of entrepreneurs, technocrats, intellectuals and military officers, as well as a growing number of people working in the 'informal' economy. As a presidential candidate in the 1990 elections, Vargas Llosa sent out a clear message that, if elected, he would implement well-known adjustment measures to end the populist chaos caused by the military government and heightened by the Belaunde and García administrations. However, despite the terrible consequences of García's decisions and the infighting in the United Left that finally led to a split in the party, its attacks on Vargas Llosa convinced broad sectors of society that their liberal attitudes favoured the interests of the rich and of foreigners at the cost of sacrifices on the part of the common people and the nation.

The inability of the Belaunde and García governments to effectively face the dramatic problems that arose in the eighties discredited the political parties. This was made clear by

³³ The crisis in García's populism and in the Peruvian left, as well as the growing discredit of 'real socialism' helped make the book 'El otro sendero' by Hernando de Soto, with a prologue by Mario Vargas Llosa (El Barranco, Lima, 1986), the paradigm of liberalism, influencing broad sectors of Peruvian and Latin American society.

the fact that Peru had the most volatile electorate in Latin America in that decade³⁴ and by the political inroads made by outsiders such as Alberto Fujimori.³⁵ While proclaiming independence from the discredited political parties and rejecting economic adjustments, Fujimori established alliances with ‘informal’ sectors enabling him to reach ‘deepest Peru’ with a hope-filled message.

While Vargas Llosa’s candidature was associated with the ‘white’ *Limeños* (inhabitants of Lima), ‘the rich’ and foreigners, Fujimori was linked with ‘*cholos*’ (Indians), people of the provinces and ‘informal’ workers. These contrasting ethnic, social and regional associations tended to help the discredited Apra and leftist candidates swing the vote against Vargas Llosa, handing Fujimori a surprise presidential victory in the second round of the election.

Through Vladimiro Montesinos, President Alberto Fujimori joined forces with the military and the Peruvian and US security agencies to face the Sendero Luminoso and drug traffickers.³⁶ At the same time, to win the support of multilateral credit institutions, he decreed radical economic adjustments and started the so-called structural reforms, reversing his election promises. This surprising move left Fredemo sympathisers with no choice but to give in to the President who, meanwhile, cast off his former allies. The governments of developed countries and multilateral organisations also supported him firmly. Fujimori thereby built up a coalition based on those in effective power, both domestic and foreign.³⁷

Protests against these surprising measures did not stop the government, since hyperinflation, terrorism and human rights violations had left many rips in the social fabric and weakened the formerly powerful workers’ organisations, while Apra and the United Left were discredited, weakened and divided.

These conditions encouraged Fujimori to implement plans conceived by the National Intelligence Service (SIN), which Montesinos controlled, attacking the discredited ‘traditional parties’, accusing them of having infested the public agencies with their private interests, creating a favourable atmosphere for the development of the terrorist movement and hindering healthy economic development. The efficiency of the economic adjustments and the anti-political campaign was made clear by the majority support the President received when he ordered the ‘self-coup’ in April 1992, arguing that politicians were hindering progress in the fight against terrorism, the reform of the obsolete state administration structure and the implementation of the structural reforms necessary to modernise the Peruvian economy.

Because of the negative reaction of the United States and the OAS, Fujimori decided to hold elections for the Democratic Constituent Congress in November 1992. He won a majority because voters were impressed with the efficiency of the reforms and the fight against terrorism after the capture of the leaders of the Sendero Luminoso and the first

³⁴ Scott Mainwaring and Timothy R. Scully, . *Sistema de partidos en América Latina*, CIEPLAN, Santiago de Chile, 1996, p. 6, Figure 1.1.

³⁵ Julio Cotler, ‘Crisis política, *outsiders* y autoritarismo plebiscitario’, in *Política y Sociedad. Cambios y continuidades*, Instituto de Estudios Peruanos, Lima, 1994, p. 165-228.

³⁶ Julio Cotler, *Drogas y política en el Perú: la conexión norteamericana*, Instituto de Estudios Peruanos, Lima, 1999.

³⁷ Julio Cotler and Romeo Grompone, *El fujimorismo: ascenso y caída de un régimen autoritario*, Instituto de Estudios Peruanos, Lima, 2000.

steps towards dismantling the insurgent organisations. The traditional political parties, meanwhile, were in retreat. These were factors that led the Constituent Congress to draw up a constitution to fit the interests of Fujimori (and Montesinos), granting the executive extraordinary powers and allowing the President to be re-elected.

The re-establishment of public order and the growing control that the SIN under Montesinos came to have over state functions and over the mass media helped Fujimori win re-election in 1995, defeating Javier Pérez de Cuellar, former Secretary General of the United Nations. After the triumph over the famous Vargas Llosa, this victory made it seem clear that the traditional Lima-based ‘partitocracy’ had been replaced by political opportunists who approached or were recruited by the presidential milieu. Their success in this election riddled with fraud led Fujimori and his followers to try to continue in power for an indefinite time, supposedly to consolidate the new organisational structure of the state, taking a page from Pinochet.

To this effect, in 1996 Congress passed a law on the ‘true interpretation’ of the constitution in order to enable Fujimori to be re-elected in 2000; and because three members of the Constitutional Court opposed the legislation, Congress dismissed them. The successful liberation of hostages from the Japanese embassy did little to disguise this abuse, which, combined with continuous abuses against human rights, freedom of expression and clear evidence that Montesinos was the head of a corrupt network, sparked a wave of protests. The effects of the Asian crisis in 1998 put broad sectors of society in the anti-Fujimori camp, as they were convinced that neo-liberal policies were causing unemployment and poverty.

When it was confirmed that the 2000 elections had been rigged, the OAS annulled the results and encouraged negotiations between the government and the opposition in order to channel a peaceful transition to democracy. But when the first of the ‘vladivideos’ were made public, revealing the extent of government corruption, the Fujimori-Montesinos reign ended abruptly. Montesinos was arrested and Fujimori escaped to Japan, from where in November 2000 he sent a fax to Congress resigning from the presidency. The Vice-presidents also resigned and before leaving their posts, the members of Congress elected under the Fujimori regime appointed Valentín Paniagua to act as President of a provisional government that would lead a transition to democracy –the fifth since 1945–.

For eight months, Paniagua’s transitional government was a showpiece of democratic, republican management: it overhauled and reorganised electoral bodies to guarantee fair results in the April 2001 elections and established a judicial system for fighting corruption that brought more than a thousand people to trial, among them Montesinos and his followers: armed forces officers, high civil servants, supreme court judges, media owners and journalists. Paniagua also appointed members of a Truth Commission to look into the causes of the internal war (1980-2000) and report on those responsible for human rights violations.

Despite extremely harsh criticism of the disastrous government of Alan García and despite the accusations of corruption and human rights violations pending against him, when he returned from exile, he reorganised Apra and very quickly became more popular in the polls than Lourdes Flores of the Popular Christian Party (PPC), and was able to compete with Alejandro Toledo for the presidency. Toledo received 36% of the vote in the first round due to his Andean origins, successful personal career and his leading role in the

protest against the Fujimori government. However, the deciding factor in Toledo's second-round victory was that he won the anti-García vote.

Toledo offered a government that would include all the peoples of Peru (*'un gobierno de todas las sangres'*) to overcome the traditional political tension between Apra and its rivals, leading to the political conflict that had characterised the past century. With this purpose, the President called on Roberto Dañino to head a group of prestigious independent professionals to form part of the government, alongside members of his own party, Perú Posible (Possible Peru – PP). Spokespersons of the various parliamentary groups joined the congress guiding committee to formulate the legislative agenda, while the government called on political groups and 'civil society' to prepare and sign a National Agreement based on 'state policies' aimed at overcoming the problems of exclusion and poverty suffered by the majority of the population.

However, the President was opposed to Apra being included in the government, since this would be poorly received both nationally and internationally and out of fear that this cohesive party would take over the public administration. Instead, Toledo allied himself with Fernando Olivera and his Frente Independiente Moralizador (Moral Independent Front – FIM), giving him a very small majority in parliament, with the support of tiny parties. García's bitterest enemies used the alliance to attack him head on and Apra reacted by attacking Olivera and his government just as vehemently, thus renewing the classic political battle lines.

Toledo staunchly defended orthodox implementation of economic policy, despite his social criticism of Fujimori's neo-liberalism. However, the reforms of inefficient and corrupt public institutions were hindered by the President's distrust of the ministers in the social portfolios and by the fact that some government officials with personal ambitions were hostile towards these ministers when they were not compliant. The upright image of the independent ministers contrasted with the political improvisation and the unpredictable, shameful behaviour of the President and his circle, and with that of pro-government civil servants and members of congress interested in controlling the state power structure to use its resources and hand out public posts to friends, family and sympathisers, in the best clientelistic tradition.

For these reasons, PP supporters and leaders were distrustful of the presence of independents in the government. In addition to torpedoing their work, they lobbied the President to give public jobs to party members, especially those from the provinces.³⁸ This relationship characterised the government's internal dynamics and it was said, paradoxically, that its worst enemies were to be found in Perú Posible and the Frente Independiente Moralizador.

³⁸ Unlike Bolivia and Ecuador, Peru has never had a major indigenous movement. See Carlos Ivan Degregori, 'Ethnicity and Democratic Governability in Latin America: Reflections from Two Central Andean Countries', in Felipe Agüero and Jeffrey Stark (eds.), *Fault Lines of Democracy in Post-Transition Latin America*, North South University Press, University of Miami, 1998, p. 203-233; and by the same author, 'Movimientos étnicos, democracia y nación en Perú y Bolivia', in *La construcción de la nación y la representación ciudadana*, FLACSO, Guatemala, 1998, p. 159-225; Martin Tanaka, 'Una digresión sobre el movimiento indígena en Bolivia, Ecuador y Perú', in *La situación de la democracia en Bolivia, Chile y Ecuador*, op cit., p. 74-83; Silvia Rodríguez Maeso, *La política de la representación. sociología de la identificación cultural y escenarios urbanos en el Perú y Ecuador contemporáneos*, Universidad del País Vasco, 2005.

In part, this situation can be explained by Toledo's status as an outsider who surrounded himself with family, friends and compatriots without political experience, for whom he acted as patron; and also by the fact that the PP had its origins in the tumultuous mobilizations against 'Fuji-montesinism', where individuals with very different histories and goals were brought on board –some of whom did not hide the fact that they simply wanted positions of power to get rich–. These factors explain why the PP lacked grassroots, political leadership and plans for government.

After the rejection of Fujimori's corrupt system and on the heels of the exemplary Paniagua government, President Toledo's systematic irregularities and the apparently fraudulent actions of his friends, family and political circle were the object of criticism by the opposition and in the news media, reflecting the disgust of society at large. In general, the continuous accusations against Toledo and his followers led broad sectors of society to take a negative view of government and, by extension, of public institutions. After three months in government, President Toledo's approval rating had fallen to half of the 59% he had received on the day he took office. This figure dropped continuously and reached single digit levels in 2003, where it has remained until today.³⁹

The high expectations raised by the election campaigns of 2000 and 2001, the discredit of the government policy and the weakness of the President (and hence his government) all led to greater pressure at the local, regional and sectoral levels.⁴⁰ Though not interconnected, these pressures, which employed various degrees of violence, did get the government's attention, putting strong social demands on discredited state institutions.

Although Apra took on the leadership of the parliamentary opposition, it did not organise or lead these social movements, because they remembered the disastrous García government and because their leaders were reluctant to associate with the political parties to avoid being contaminated by their disgrace. Unlike in Bolivia and Ecuador, the unconnected social movements in Peru oppose involvement in political activities and organisations.

To wrest the political initiative from Apra and regain provincial sympathies, Toledo proposed that the legislative branch decentralise the public administration and broaden regional spaces for political participation. This was unanimously approved in March 2002 and elections to nominate regional authorities were held in November of that year.

But in June, before elections were held, 70% of the population of Arequipa –the country's second largest city– rose up to demonstrate against the privatisation of the electric company (an episode known as the '*arequipazo*'), putting the brakes on the government's attempts to liberalise the economy and encouraging a new wave of social mobilisations. This forced Toledo to form a new cabinet, led by Luis Solari of the PP and made up of high-profile PP and FIM members. This was criticised by the opposition as a betrayal of the government's supposedly pluralistic attitude. Meanwhile, some sectors of the official

³⁹ Toledo's careless behaviour, his lack of political leadership and his inability to correct his own mistakes has led to comments on his singular ability to 'score in his own net' and 'shoot himself in the foot'. There is speculation regarding his desire for 'political suicide'. As a result of the most recent political crisis created by the President in August 2005, *The Economist* (August 18, 2005) commented that if foot-shooting was an Olympic sport, Alejandro Toledo would win the gold medal.

⁴⁰ According to the Ministry of the Interior, there were 1,826 demonstrations in 2001; the following year this rose to 6,240, with 8,532 in 2003 and nearly 9,000 in 2004.

alliance felt they had been shunted out of power and, in addition to sabotaging the government's plans, they began to leave the PP and the FIM to form tiny new political groupings.⁴¹

This all affected the results of the regional elections aimed at decentralisation, and also the municipal elections held simultaneously in November 2002. On the one hand, Apra won 12 of the 25 regional governments, while all the others went to various other parties, and only one to the PP. On the other hand, the results of these elections highlighted Peru's high volatility at the polls and the country's extreme fragmentation –the most severe in all Latin America–.⁴²

While the new regional authorities demanded that the government immediately hand over powers and funds, Alan García used the transformation of the political landscape to insist on the need to hold a Constituent Assembly and early elections to resolve the political and social crisis surrounding the Toledo government. In response, government spokespersons accused Apra of blocking constitutional reforms and of being behind the mobilisations aimed at destabilising the government and democracy, alongside the Maoist groups and Sendero Luminoso.

In 2003, amidst continuous accusations against Toledo and his circle, a wave of violent social protests challenged state authority all around the country. While institutional reforms were sabotaged by attacks on the Solari cabinet from the ranks of the official coalition and by Toledo's indecision, the fight against corruption was abandoned and the report from the Truth and Reconciliation Commission was not fully accepted by the government. This led Fujimori loyalists to challenge and mock the defenders of human rights ('*los cívicos*'), who felt Toledo had betrayed them.

In order to avoid interrupting the constitutional period and to compensate for Toledo's lack of political leadership, public opinion makers and political leaders –among them Alan García, former President Valentín Paniagua and Lourdes Flores– proposed that the President take 'a step sideways' and transfer his duties to an independent Prime Minister. This formula, creating something close to a parliamentary regime, was aimed at reaching political agreements to guarantee governability. In mid-2003 Beatriz Merino was chosen to head an interim cabinet to take on these duties. This move was supported by a surprising 65% of the population, while Toledo's popularity stood at 15%. However, as had been the case with Dañino, when members and friends of the official alliance were shunted out of the top government posts, agents of the alliance, with the tacit consent of Toledo and Olivera, sabotaged Merino's work and accused him of influence peddling. He resigned and this led to a widespread negative reaction to the President and his political partner.

In February 2004, Carlos Ferrero was named as his replacement, presiding over a council of ministers 'agreed to' by the various political organisations. The appointment of this

⁴¹ Of 120 members of Congress, 20 have so far left the original group and have joined new but ephemeral alliances.

⁴² Christopher Sabatini, 'Decentralization and Political Parties', *Journal of Democracy*, vol. 14, nr 2, April 2003, p. 139-150; Mark Payne *et al.*, *Politics Matters. Democracy and Development in Latin America*, Inter-American Development Bank and IDEA International, Washington, 2003; UNDP, *La democracia en América Latina. Hacia una democracia de ciudadanas y ciudadanos*, 2004; Martin Tanaka, *Los dilemas de una democracia sin partidos y las propuestas de reforma política en el Perú*, 2005 (at the press). To deal with these situations, various NGOs, political leaders and electoral authorities discussed and prepared a draft bill on political parties which was passed in 2004; later, they proposed setting a threshold of 5% of votes.

former President of the Congress, considered Toledo's 'last chance', received the support of the OAS and the Rio Group to guarantee the continuity of democracy at a time when rumours were circulating that the President would soon be forced out if he did not 'step aside' to let the Prime Minister govern.⁴³

Ferrero tried to overcome this difficult situation by re-launching the National Agreement and, jointly with certain political parties and 'civil society', designing a 'roadmap' to give the government a 'new starting point'. But his efforts were undermined by repeated misconduct by the President and those around him, and by accusations of nepotism and corruption against public figures such as Vice-president Díez Canseco, who was forced to resign, and Cesar Almeyda, Toledo's personal lawyer, who had held high bureaucratic posts. His efforts were also disturbed by continuous social and political criticism of the public administration and by incessant social protest echoed and amplified by the news media, stiffening disapproval of Toledo and his government. These situations have also helped give Peru's democracy one of the lowest approval ratings in Latin America.⁴⁴

Indications of the erosion of institutional authority and the growing precariousness of governability include: the march on Lima by the cocaleros to demand the legalisation of the coca leaf, while its production has spread and illegal drug traffic has intensified; protests in the south of the country demanding that the government begin construction of a highway to connect the region with Brazil; the prolonged and repeated strikes by teachers, judicial workers and public health workers to obtain salary hikes; the blockades by farmers aimed at obtaining loans and subsidies; the confrontations between peasant communities and mining companies over the environmental pollution caused by mines, and over royalty payments; the intermittent conflicts between the population and regional authorities; and, finally, the lynching of local authorities.⁴⁵ These demonstrations also demonstrated the historical 'weakness' of the state and the widespread social demand for the state to be present and take effective action towards national integration.⁴⁶

To express their protest and bring about social change, in July 2004 the General Confederation of Peruvian Workers (CGTP) held a national strike demanding an end to neo-liberal economic policy, state reform and greater decentralisation, as well as Toledo's resignation, a call for a Constituent Assembly and early general elections.⁴⁷ After presenting himself as a 'third way' social democrat at the annual conference of entrepreneurs, Alan García gave in to the strike, disappointing those who believed he had changed from his old ways of thinking and acting.

However, the national strike did not achieve the desired goals because the CGTP had lost the leadership it had achieved in the eighties, while social and political fragmentation encouraged specific demands and discouraged ambitious proposals from unqualified trade union leaders. Apparently, recognition of these facts led to a decisive change in Apra's

⁴³ 93% disapproved of Toledo's performance, but more than half of those polled disagreed that he should be removed from the presidency.

⁴⁴ UNDP, *op. cit.*

⁴⁵ Ramón Pajuelo Teves, 'Peru: crisis política permanente y nuevas protestas sociales', *Observatorio Social de América Latina* (OSAL), CLACSO, Buenos Aires, May-August 2004, nr 14, p. 51-68; Carlos Iván Degregori, Ilave, *Desafío de la gobernabilidad, la democracia participativa y la descentralización*, Propuesta Ciudadana, Lima, 2004.

⁴⁶ Julio Cotler, *Clases, estado y nación en el Perú*, Instituto de Estudios Peruanos, Lima, 1978 (third edition, 2005).

⁴⁷ Eduardo Toche, 'Perú: el paro cívico', *Observatorio Social de América Latina*, p. 37-50.

strategy, leading in turn to a change in the political situation.

Although the scandals and protests continued, Alan García and Apra stopped attacking Toledo –‘since he doesn’t need any help with discrediting himself’– and no longer demanded his removal from office, since there was legal opposition to the idea of a vacant presidency, in light of the negative effects this would have on economic recovery and because it could deal a final blow to the state’s precarious institutions, satisfying only ‘Fujimorists’ and the disperse groups representing the remains of the Sendero Luminoso.

Thus, while still criticising the government and justifying the growing social demands, Alan García and Apra seek to position themselves as bastions of governability and are attempting to garnish an image of respectable political maturity in preparation for the general elections in April 2006. To do so, García is working to build a ‘social front’ made up of groups representing social interests in order to re-establish connections with sectors that were traditionally the party’s grassroots. At the same time, he is trying to establish alliances with groups in the political ‘centre’ in order to shake off the ‘populist’ label he has been stuck with and to beat Lourdes Flores and former President Valentín Paniagua in the race to occupy that political space.

The precariousness of state institutions, combined with economic growth and a ‘trickle down’ to the middle and lower classes have helped diminish the likelihood that Toledo will be removed from office, although social demands and criticism of the government continue apace. These conditions will encourage political and social leaders to participate fully in the election campaign and to establish alliances with diverse players. However, the fact that they are so discredited, and that half of voters are undecided and the political scene is so fragmented leads to fears that, yet again, the winner may not be able to govern; or, in the worst case scenario, an outsider may suddenly appear, capturing the imagination of voters and dealing the final blow to the country’s shaky institutions. Such is the case of Ollanta Humala, who has brought together some mountain sectors with an indigenist, racist and xenophobic (specifically anti-Chilean) platform. About 15% of voters are ready to vote for him.

Conclusions

Given the state of things, we will likely see more of the same in Bolivia, Ecuador and Peru. There is no good reason to imagine that the coming elections in these countries will contribute to the appearance of actors interested in conciliating their differences to repair the extreme fragility of state institutions and deal with urgent social problems. This is so because extreme social, political, ethnic and regional fragmentation encourages the leaders of social movements and political organisations to pretend to be the only valid representatives of collective interests and to try to impose their goals on the others, their ‘enemies’. These factors exacerbate fragmentation and intensify the state’s longstanding weaknesses. In the context of globalisation, these conditions may lead to unpredictable situations.