

Breakdown in the Andes

Michael Shifter

FIRE ON THE MOUNTAIN

TWICE in recent months, the historically troubled but chronically neglected nations of the “southern crescent” of the Andes—Peru, Ecuador, and Bolivia—have made international headlines. First, in April, an angry mob set on the mayor of Ilave, a small city in Peru’s impoverished highlands, and lynched him for corruption. Two months later, the same fate befell the mayor of a town in the Bolivian high plains: he was publicly lynched and his body set on fire, also for alleged misuse of public funds.

With a drug-fueled armed conflict raging in Colombia and a political crisis plaguing oil-rich Venezuela, developments in the southern Andes fall under the radar of most U.S. policymakers and outside observers. The recent autos-da-fé, however, should serve as reminders of the region’s turbulent past and warnings of a possible return to violence and instability in the near future. Washington has responded to the prospect of renewed turbulence with a mix of indifference and fatalism: indifference because Peru, Ecuador, and Bolivia are considered largely unimportant to U.S. interests; fatalism because all too many view them as hopeless anyway.

And indeed, there is much to worry about in all three cases—broken nations, with imminent political crises and other significant problems in need of urgent attention. They are all still struggling to become coherent, well-functioning states. The social, ethnic, and geographic divides that predate their founding continue to widen, and recent changes have created a profound and unsustainable gulf between the political sphere and the rest of society.

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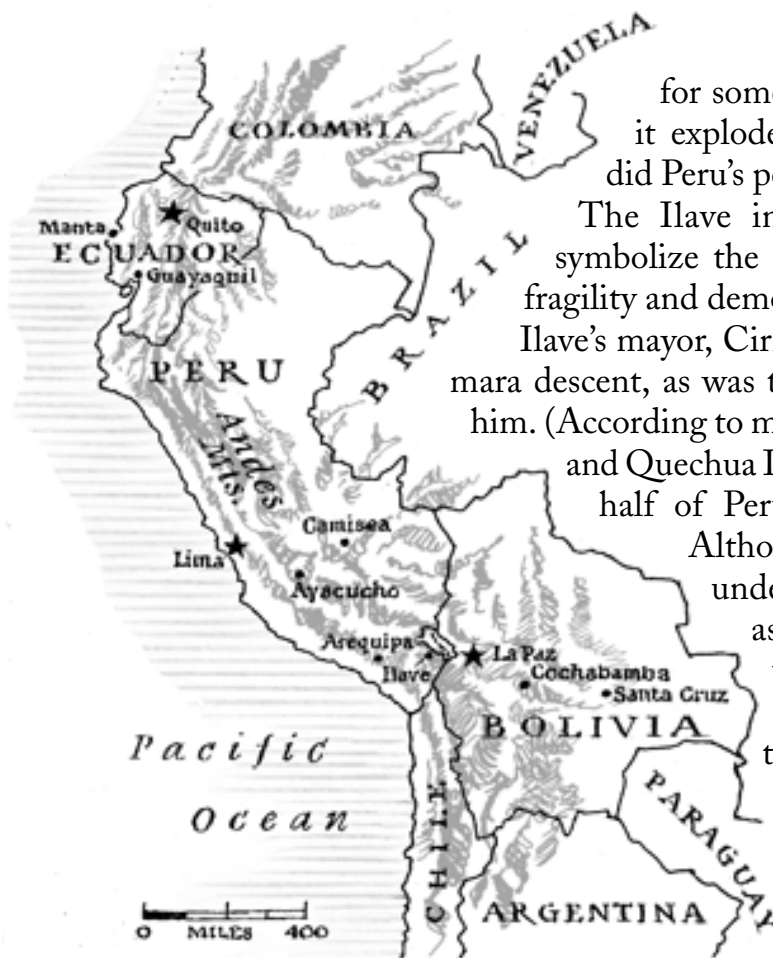
The clearest sign of political instability is the desperation of the region's leaders. In the past five years, public outrage—stemming from some combination of unacceptable corruption, faltering economic reforms, and deepening social distress, and inflamed by opposition demagogues—has unseated a president in each of the three nations. Today, the political survival of Peru's Alejandro Toledo, Ecuador's Lucio Gutiérrez, and Bolivia's Carlos Mesa is similarly in doubt. All three lack any prior experience in elected office, and public mistrust of political leaders and institutions has made governing exceedingly difficult. Toledo and Gutiérrez, in particular, took office with considerable popularity and strong anticorruption platforms. Their approval has since sunk to single digits in public opinion polls, and now, dogged by corruption charges themselves, they appear uncertain about how to go forward. Their destroyed credibility offers a biting commentary on the region's bleak political landscape.

Other developments in the Andes, however, offer a measure of hope for progress toward more open and democratic politics. The tremors in the region have led previously excluded groups, with newfound access to information and technology, to press for a real role in national politics. Especially in Bolivia and Ecuador, indigenous populations are increasingly visible and politically mobilized. Their heightened expectations and demands—entirely legitimate and long overdue—carry profound democratizing potential.

But this promise will be frustrated unless political leaders in these nations are prepared to reform fossilized institutions, including political parties and justice systems—and unless Washington supports such efforts, helping committed reformers and working in concert with other outside actors. Otherwise, potentially positive trends will put unmanageable strains on brittle governance structures. Should they erupt, the social volcanoes in Peru, Ecuador, and Bolivia will spread dislocation, lawlessness, and insecurity in a continent already on edge.

THE REAL LIFE OF ALEJANDRO TOLEDO

PERUVIANS have long pondered a question posed by Mario Vargas Llosa in his 1969 novel *Conversation in the Cathedral*: “When, precisely, did Peru mess up?” Even before last April's lynching in Ilave dramatically revealed the country's volatility, a crisis had been simmering



for some time. Yet only when it exploded into such brutality did Peru's political class take note.

The Ilaue incident has come to symbolize the country's institutional fragility and democratic deficit.

Ilaue's mayor, Cirilo Robles, was of Aymara descent, as was the mob that attacked him. (According to most estimates, Aymara and Quechua Indians make up nearly half of Peru's total population.)

Although it is tempting to understand the lynching as the result of factors unique to indigenous culture, Peruvian anthropologist Carlos Ivan Degregori warns that such an interpretation fundamentally misses the point and could easily lead to

stigmatization of or paternalism toward Peru's indigenous population. Rather, the Ilaue tragedy highlights the absence of a legitimate functioning state—most conspicuously, of local political officials prepared to exercise their proper authority and a minimally effective justice system to resolve disputes.

The current atmosphere of crisis is a long way from the optimism sparked by Alejandro Toledo's election to the presidency in 2001. Toledo was the country's first president of self-identified indigenous descent, a one-time shoeshine boy who had gone on to earn a doctorate in education at Stanford. In his campaign, he frequently invoked the expression of the Peruvian writer José María Arguedas—*todas las sangres* (all the bloods)—to signal appreciation of the country's rich ethnic diversity and to project unity and hope. He promised to restore social harmony to a torn country and take the first steps to construct an effective state presence in neglected regions. It was a message with

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broad resonance and a reflection of Peru's increasingly fluid politics—the first cracks in the traditional dominance of a narrow, privileged elite.

Toledo's election followed more than a decade of rule by Alberto Fujimori, another political neophyte whose surprise election in 1990 coincided with the implosion of Peru's main political parties. Fujimori, now a fugitive in Japan, presided over a highly corrupt, autocratic regime that did significant damage to political institutions and disillusioned most Peruvians. Many believed—unrealistically, it now seems—that Toledo would begin to address the central institutional problems at the heart of Peruvian politics. The lost opportunity of Toledo's "transition government" has led to a renewed repudiation of Peru's political class, of which Toledo, hanging on to office by a thread, is now considered a part. (Fujimori, meanwhile, remains the quintessential antipolitician, with considerable appeal to the cynical electorate; despite his fugitive status, his persistent popularity has led to talk of a possible comeback.)

Toledo faces stiff challenges on multiple fronts. Not only have remnants of the regime led by Fujimori and Vladimiro Montesinos, Fujimori's now-imprisoned intelligence chief, taken every opportunity to subvert Toledo's struggling administration, but Toledo has also faced a tough opposition led by former populist President Alan García, who heads the American Popular Revolutionary Alliance (APRA), perhaps the country's only strong political party. García will be a serious contender to succeed Toledo in 2006, despite the ruinous legacy of his first presidency. Further complicating the situation, the brothers Antauro and Ollanta Humala have organized a militaristic nationalist movement that seeks to capitalize on Peru's ethnic divisions. Although incipient, this far-from-democratic movement could present a grave threat if public disillusionment with "politics as usual" continues to build.

Peru's coca growers have also become more assertive over the past two years. Embraced by the Humala brothers and encouraged by the success of their better-organized counterparts in neighboring Bolivia, they have applied pressure on Toledo to soften the U.S.-backed eradication policy and provide more social compensation and alternative

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employment opportunities. Their continued activism will further strain Peru's fragile political institutions and could spark wider social unrest.

Unlike Bolivia and Ecuador, Peru has not seen the emergence of indigenous political movements and parties, even though its indigenous population is, in absolute terms, the largest in South America. And given how discredited politics has become in Peru, it is unlikely that indigenous groups will transform into a viable political force in the near future. Such a mobilization, however, would be salutary for Peru's democratization. The indigenous population has long suffered exclusion and profound injustice. In its analysis of human rights abuses and political violence from 1980 to 2000, Peru's Truth and Reconciliation Commission found that three-quarters of the 69,000 victims were of indigenous descent, most of them from Peru's poorest regions. It attributed more than half of the killings to the virulent Maoist Shining Path insurgency, which took advantage of pent-up rage and an ineffective state to unleash its violence.

Shining Path no longer poses a strategic threat, but its ability to reinvent itself and cause problems again should not be dismissed. As the Ilave incident showed, the basic problem that allowed the rise of the insurgency in the first place—a government without authority—remains unsolved. Absent serious efforts to build an effective state and reconcile the country, such upheaval is bound to continue in one form or another.

Paradoxically, Peru's economic performance has been relatively sound in recent years, much stronger than the regional average. Respectable growth rates (projected at 4.5 percent annually through 2007) and the nascent Camisea gas project provide some ballast in a precarious situation. Still, the political mishandling of some privatizations (such as those in Arequipa in 2002) and the still inequitable distribution of economic gains have hardly endeared neoliberalism to Peruvians. Moreover, the depth of public dissatisfaction in the face of a reasonably sound economic outlook serves only to highlight just how dire Peru's political crisis has become. Recent violent protests by teachers' unions (in Ayacucho, the birthplace of Shining Path) reinforce this point. And unfortunately, with support for Toledo eroding—and growing doubts about his ability to finish his term—badly needed reforms seem more elusive than ever.

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FRACTURED FRONT

LIKE TOLEDO, Ecuadorian President Lucio Gutiérrez arrived in office, in January 2003, to much acclaim—in part because Pachakutik, the party that represents Ecuador's mobilized indigenous groups, was a central force in his governing coalition. Also like Toledo, Gutiérrez's political survival is now in serious doubt.

Whatever the actual size of Ecuador's indigenous population—estimates range from 7 percent of the total population (Ecuador's census) to almost 40 percent (World Bank figures)—its political strength is considerable. Hence the political significance of Pachakutik's role in Gutiérrez's administration, and the damage done when, after only nine months, the alliance broke down and Pachakutik pulled out of the government. The party, and the broader movement it represents, felt betrayed by what it regarded as Gutiérrez's neoliberal predilections and his neglect of the country's social agenda.

Ecuador's political sphere is notoriously fragmented. Few other countries have such stark geographic divides—in this case, pitting the highlands against the coast, with Quito, the capital, in fierce competition for economic resources and political influence with the port city Guayaquil. The sheer number of political parties, few of them with national scope, further inhibits the development of coherent policies (and makes the country's Congress virtually unmanageable). In addition to the rise of relatively independent indigenous movements, Ecuador has undergone a successful process of decentralization in recent years. The devolution of authority to local officials has brought some benefits, to be sure, but it has also exacerbated the fractiousness of the country's already chaotic politics.

Gutiérrez, a former military officer whose prior political experience was limited to engineering a coup in 2000, is Ecuador's seventh president in eight years. His administration has thus far prized expediency, striking compromises with various parties on specific issues in order to pursue his main goal: political survival. To this end, he has also made sure that his government stays on good terms with the International Monetary Fund. Still, Gutiérrez has had to rely increasingly on the Ecuadorian institution he knows best: the armed forces. For many analysts, the disproportionate, and growing, influence of the military is a source of significant concern.



AP/WIDE WORLD PHOTOS

Just saying "no":

Protesting the destruction of coca farms, El Chapare, Bolivia

Although Ecuador is not a major producer of coca like Peru, Bolivia, and Colombia, the drug trade still has the potential to sow instability there. The country is a major transit route for both drugs and precursor chemicals used in their production, and this trade has contributed to soaring crime rates. Ecuadorians are also apprehensive about spillover from the Colombian conflict on the country's northern border: drug-fueled violence and uncontrolled refugee flows. They tend to see the U.S.-backed Plan Colombia, an antidrug security aid package, as dragging them deeper and deeper into a nasty situation. As a result, even the relationship between the Ecuadorian and Colombian armed forces—which looked promising at the start of the Gutiérrez government—has grown tense and mistrustful.

The United States impinges on Ecuadorian politics in other important ways. In 1999, after Washington withdrew its military installation

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from Panama, it set up several bases from which to carry out counter-drug operations. The only one in South America is located in the Ecuadorian coastal town of Manta. The U.S. presence has aroused considerable suspicion, especially since the start of U.S. military operations in Iraq in March 2003. Many Ecuadorians suspect that the terms of the Manta agreement are unfavorable, since it was signed when former President Jamil Mahuad was at his weakest.

It was also under Mahuad that Ecuador adopted the U.S. dollar as its currency, becoming the only country in South America to have done so. Although the measure at first stabilized the economy, analysts now emphasize the downsides of dollarization, especially its negative effect on Ecuador's competitiveness. For many Ecuadorians, these problems are closely linked to efforts at liberalization and privatization. Most recently, proposed foreign investment in oil and gas caused a furor, indicating a deepening dissatisfaction with neoliberal measures. The protests set off by the start of trade talks between the United States and Andean countries in May is yet another sign of growing antiglobalization zeal among disaffected groups. And Gutiérrez, already under siege, can hardly afford to face additional challenges to his rule.

FROM RESENTMENT TO RESISTANCE

BOLIVIA'S VOLATILITY was dramatically displayed last October, when the elected government of Gonzalo Sánchez de Lozada collapsed under sustained pressure from indigenous groups, coca growers, and labor associations. The opposition was broadly motivated by the government's inability to attend to acute social distress. But what specifically triggered unrest was the proposed sale of natural gas to foreign interests. (The fact that the gas would be routed through Chile, which many Bolivians blame for their lack of access to the sea, was especially controversial.) Roughly 60 Bolivians died in violent clashes between armed protesters and security forces—gruesome evidence of the inability of political institutions and leaders to manage the extreme tensions in South America's poorest country.

Bolivia's divisions along ethnic lines, mirroring geography, are particularly pronounced. The oil- and industry-rich lowlands region, centered in Santa Cruz, has embraced market-oriented reforms, while

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the indigenous majority concentrated in the highlands has rejected neoliberalism in favor of state-led development. In May, Bolivia's entrant in the Miss Universe contest clumsily evoked this division when she said, "I'm from the other side of the country, and we are tall and we are white people and we know English." Some analysts warn that the prevalence of such attitudes and the divisions they reflect could simply split the country apart.

Like those in Peru and Ecuador, the party system in Bolivia is in a state of crisis. With many small parties vying for influence, governing coalitions such as the one forged under the Sánchez de Lozada gov-

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ernment are hard to sustain. The energized indigenous sector—the voice of which, though only recently noticed, has been growing over decades—further complicates the situation. The indigenous population constitutes a majority in Bolivia, and its engagement in political life is a major democratic advance. But it is also an added stress on Bolivia's outdated

political institutions, especially when combined with the protests of Bolivia's well-organized coca growers, whose livelihoods have suffered considerably as a result of eradication efforts carried out by the Bolivian government and pushed relentlessly by Washington.

These opposition forces have come together in the figure of Evo Morales, a leader in Congress who heads the Movement Toward Socialism (MAS). Morales enjoys strong backing, especially among coca growers and indigenous groups, and embodies the growing resentment toward and defiance of Bolivia's established order. He was barely edged out for president by Sánchez de Lozada in the 2002 elections—Morales' success was in part the unintended consequence of critical comments by the U.S. ambassador—and will likely be a contender in the next election as well.

Despite his electoral success, Washington has denied Morales a visa to visit the United States because of his controversial stance on the drug question. Whether or not this decision is wise, it at least makes sense in terms of U.S. policy goals. Less understandable was Washington's treatment of Sánchez de Lozada when his government started to collapse last year. He had vigorously pursued the economic reforms

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and antidrug policies long advocated by U.S. advisers, yet in 2002, when he requested \$150 million in development assistance to head off a fiscal crisis that was sure to exacerbate unrest, the Bush administration rebuffed him, providing a meager \$10 million. Sánchez de Lozada, of course, was prescient: without the aid, he was unable to survive in office. If Bolivia's experience is any indication of how Washington treats its "models" and "success stories," some Latin Americans have quipped, they would prefer to decline such a status.

Carlos Mesa, Sánchez de Lozada's vice president, took over in October 2003 and has exceeded expectations simply by surviving politically in the face of enormous pressure. He has shown some communication skills and political deftness—especially regarding Bolivia's long-standing aspiration to regain access to the sea. But he owes his survival in large part to the widespread belief that his premature departure from office would do much damage to the prospects of Bolivian democracy. Morales has seemed to agree, but a strong indigenous force headed by Felipe Quispe has been much less pliant, and that group and others could pose serious problems for Mesa in the near future.

Mesa gained some political breathing space on July 18 from the approval of a national referendum on Bolivia's oil and gas industries. The referendum clearly presages an expanded role for the state and higher taxes on multinational corporations, but its wording was ambiguous enough to be acceptable to both foreign corporate interests and more moderate nationalist domestic sectors. Still, even with Mesa's political acumen, the country's social restiveness—the "gas war" of 2003 built on the "water wars" of 1999–2000 in Cochabamba—will not subside any time soon.

FORGOTTEN NEIGHBORS

ALTHOUGH the three cases have clear differences, there is a common element to the political crises of Peru, Ecuador, and Bolivia: with discredited and bankrupt parties, ineffectual leadership, corrupt institutions, and societies buffeted by unrelieved poverty and the fallout from the drug trade, each is experiencing a measure of disintegration. Instead of coalescing into coherent, functioning states, they are at risk of breaking apart.

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To be sure, the social and economic problems afflicting these nations are acute, but the current crisis is at root a political one, and progress will not come without serious reform. The countries' institutions are ill equipped to deal with such developments as increased pressure from marginalized groups. Social movements are unable to channel demands in an orderly, coherent fashion. Political parties have lost credibility or are simply absent. Government agencies are largely unresponsive and rarely coordinate among themselves. Trust in political institutions is historically low. The relentless denigration of "politics"—though fashionable and perhaps justified—only worsens the problem, doing nothing to help attract reform-minded leaders to government or to reinvigorate calcified institutions. And the election of political neophytes, these countries are learning, does not provide any easy solutions.

Under these circumstances, even positive steps toward stronger democracy have had a destabilizing effect. Peru, Ecuador, and Bolivia have all made noteworthy efforts to decentralize authority, but in the absence of effective national institutions and leadership, these reforms have tended to accentuate fragmentation rather than improve governance. Indigenous political movements present their own problems for weak institutions and national leaders: however legitimate their demands, they usually cannot be met.

To some degree, the prospects for greater cohesion and democratic stability in the countries of the southern crescent depend on what happens in other Latin American countries, especially Colombia and Venezuela. Ecuador is particularly sensitive to violence in Colombia—as antidrug and anti-insurgent activities intensify along their porous border—but a deterioration of the Colombian situation would create tension in Peru and Bolivia as well. Venezuela's President Hugo Chávez, meanwhile, fancies himself a major player on the regional stage. Although there is little sign that Latin Americans in general see him as an attractive role model, he has inspired figures such as Morales in Bolivia and the Humala brothers in Peru and delved into explosive regional politics by openly siding with Bolivia in its long-standing border controversy with Chile. In addition, regional powers Argentina, Brazil, Chile, and Mexico have a keen interest in Bolivian gas, as well as a strong role in shaping the region's broader political and economic context.

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The United States also has a critical role to play, especially given its already deep involvement in Peru, Ecuador, and Bolivia. In light of current priorities in the war on terrorism and in Iraq, it is unrealistic to expect major U.S. initiatives aimed at the southern Andes any time soon. And given the rigidity and myopia of some U.S. policies in the past, it is important to keep in mind that U.S. policies themselves can cause problems. It would be a mistake, however, for Washington to let these situations fester. Even without making the troubled region a priority, Washington can contribute significantly to the region's efforts to pursue a more stable course.

Most significant, of course, is the issue of drugs. To date, U.S. policy—aimed at eradicating coca production and interdicting its transit—has been disappointing at best. In its 2004 National Drug Strategy, the Office of National Drug Control Policy (ONDCP) contended that, after a generation of effort, its supply-control activities are finally yielding results and countering the “balloon effect”: the tendency for drug production, when it is suppressed in one place, to pop up in another. The ONDCP reports that progress in eradicating coca in Colombia “has not been offset in traditional growing areas in Peru. Nor have regular increases in cultivation in Bolivia come close to offsetting the drop in Colombia.” Despite these claims, there is no evidence of a change in the availability or price of cocaine in the United States. Nor have the rampant criminality and corruption that accompany the drug trade shown any sign of abating.

U.S. drug policy currently operates as a “hub and spoke” system, with Washington dealing with each individual country separately. This approach is flawed. Instead, the United States should institute a genuinely multilateral strategy, with multilateral cooperation on all key tasks. Washington can build on the impressive multilateral evaluation mechanism developed by the Organization of American States and on the Andean drug summits held under the George H.W. Bush administration. Of course, as long as demand persists, the logic of the market will prevail over any attempt at eradication. But a more cooperative approach would be welcomed by Andean governments, make the drug war more acceptable to Andean populations, and lead to progress toward alleviating the problem.

The United States is also the region's principal trading partner, and trade benefits and preferences are a crucial component of any effort to

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assist the region economically and socially. The Andean Trade Promotion and Drug Eradication Act—first passed in 1991 and extended and upgraded in 2002—gives Peru, Ecuador, Bolivia, and Colombia preferences for certain exports. It is currently scheduled to end in 2006. Washington can now show its commitment to embattled Andean governments by reaching bilateral trade agreements. U.S. negotiators are working on such agreements with Peru, Ecuador, and Colombia (with Bolivia as an observer at the talks); given these countries' political fragility, Washington should be as flexible as possible in negotiating such agreements. Agricultural subsidies in the United States, however, will likely continue to represent a major barrier to Andean cooperation.

Washington should also marshal international support to undertake more ambitious development efforts in the region. Latin America has suffered a dramatic reduction in aid in recent years, especially compared to other regions that have become greater foreign policy priorities. The Millennium Challenge Account created by the Bush administration will not benefit much of Latin America, particularly the troubled nations of the southern Andes (with the possible exception of Bolivia). Accordingly, a program focused specifically on the region, such as the \$2.5 billion social investment fund for Latin America proposed by Representative Robert Menéndez (D-N.J.), is needed to signal Washington's engagement with the region. Given the turbulence there and the potential benefits of such aid, the cost would be low. At a minimum, the United States should try to mobilize more resources for the Inter-American Development Bank and for World Bank projects in Latin America.

Of course, underlying contemporary manifestations of instability in Peru, Ecuador, and Bolivia—drugs and violence, battles over oil and economic reform, heightened demands by previously excluded actors—are the fissures that have haunted these countries since their founding. In his 1934 book *Fire on the Andes*, the American journalist Carleton Beals wrote of Peru, “the uncut umbilical cord of South America's future,” that its “duality ... is still the secret of political turmoil and national frustration. Until this duality is reconciled, Peru can know no enduring peace, can achieve no real affirmation of its national life.” Seventy years later, this duality has not been reconciled in Peru or its neighbors—and political turmoil and national frustration have persisted as a result. 🌐