

# Ecuador begins to shatter, while its neighbors are not far behind

by Gretchen Small

In the space of 24 hours on Jan. 21-22, four governments, in succession, were proclaimed in the nation of Ecuador, the culmination of a week of mass demonstrations triggered by now-ousted President Jamil Mahuad's Jan. 9 announcement that Ecuador would abandon all rights to a national currency, and would adopt the U.S. dollar (and, consequently, international price levels) in its stead. In a country where 20 out of 100 citizens earn less than one dollar a day, where unemployment is officially 17% of the labor force, and where the nation's productive capacity collapsed by 40% in 1999 alone, rebellion of some sort against "dollarization" was foreseeable, and inevitable.

"Ecuador is now being destroyed . . . by the United Nations, the International Monetary Fund [IMF]. It's being destroyed by the State Department of the United States . . . deliberately," Democratic Presidential pre-candidate Lyndon LaRouche charged on Jan. 23. Dollarization is "the imposition of slavery. . . . This is genocide. We've created chaos," and it can "spread in a chain-reaction effect throughout the whole subcontinent." (See accompanying box.)

The calculated intent of those pushing dollarization, LaRouche emphasized, is not to impose this or that conditionality, but to destroy the nation-states which are forced to adopt it. A country which has no currency of its own, has neither economic sovereignty, nor means to protect and assure the progress of its people. The policy goes hand-in-hand with the global drive for the "demilitarization" of the developing countries: the weakening, and eventual elimination, of national armed forces. It is not irrelevant that Panama, with no currency—and, after George Bush ordered the invasion in 1989, no armed forces—is proclaimed as the model for "dollarization."

This is the program being readied by these lunatics, to reshape the financial system worldwide. Ecuador today is being used by international financiers as a "guinea pig"—the *Wall Street Journal's* term—for the planned dollarization of other, much larger countries—Mexico and Russia prominently among them, as *EIR* reported in its Jan. 21 issue. International Monetary Fund and World Bank experts directed Mahuad's dollarization program which brought down his government, and the IMF is reported to already have readied a four- or five-man team to oversee its continuation by the new Ecuadorean government.

## Heading toward narco-terrorist states

Ecuador today provides a sobering case study of how this works: It is disintegrating as a nation.

Like other countries, Ecuador has been bankrupted by decades of IMF-imposed policies, in the speculative post-1971 global financial system. Submission to the rules of the international financial system is the cause of the bankruptcy, a system which stole far more from Ecuador than the most corrupt local banker and politician ever could manage. Backed by nothing, and repeatedly hit by foreign speculators, during the Mahuad Presidency the currency, the sucre, went into free-fall, losing more than 200% of its value since August 1998. As the financial disintegration spun out of control, much of Ecuador's people and national elite, driven into pessimism, went mad.

Among the leadership of the opposition to this destruction, are the same, familiar, financier-deployed agents promoting the politics of race and existentialist rage, which are running nation-busting operations from Chiapas, Mexico to Amapá, Brazil (see "Terrorist International At Work: The Chiapas Model," *EIR*, March 31, 1995):

- Ecuador's Armed Forces are now openly divided, with a significant section of its middle ranks looking to Venezuela's radical President, narco-terrorist-allied Col. Hugo Chávez as their model.
- The largest indigenous movement in the country, the Ecuador Federation of Indian Nationalities (Conaie), promises that they will overthrow any government that insists on imposing dollarization, and warns that a "great social explosion," possibly even civil war, is likely within the next three to six months. Conaie was key to the rebellion by the Chavistas in the military, calling an "Indian uprising" and setting up a "Popular Parliament of the Peoples of Ecuador," backed by similiar provincial parliaments, as a parallel government structure. Trained by radical anthropologists (most of them decidedly non-native), Conaie, from its founding, has been financed by and coordinated with the top agencies of finance and the British Crown: Prince Philip's World Wildlife Fund, the Inter-American Dialogue, etc. Seeking to break up Ecuador along race lines (they call for a "plurinational" state), Conaie's outlook is profoundly anti-human, viewing Indians as a species apart, who live, in the words of one of their anthropological sponsors, Cultural Survival, "in co-exis-

tence” with humankind.

- Ecuador’s would-be “Samuel Ruiz” (the Catholic Bishop who set up the Zapatista movement in Chiapas), is Msgr. Luis Alberto Luna Tobar, the Archbishop of Ecuador’s third-largest city, Cuenca. Luna presided over the opening of the “People’s Parliament” on Jan. 10, joining Conaie shamans leading those present in a “Pachamama” (Mother Nature) ritual. He went on to lead demonstrations of 30,000 or more in Cuenca, the week before the uprising. Theology of Liberation networks are deeply entrenched in Ecuador; many of the original Liberation Theology shock troops in Central America, were trained in Ecuador in the late 1960s.

- The Conaie’s political allies in the uprising, the “Patriotic Front” and the “Coordinator of Social Movements,” and others, are participants of the São Paulo Forum, the continent-wide narco-terrorist umbrella set up by Fidel Castro’s Cuba in 1990.

- Joining the Conaie in demanding the break-up of the central government, are much of the “right-wing” Mont Pelerin Society-oriented private sector and political elite, who agree with the Conaie, that now—in the midst of national social, political, and economic breakdown—is the time to change Ecuador’s constitution, so as to grant the provinces autonomy. This “every man for himself” outlook will ensure the country flies apart even more rapidly, splitting into “republicquettes,” fighting for crumbs upon which to subsist—unless policies are changed.

Ecuador may be a small nation of 12.5 million people, but its dismemberment has strategic consequences for all the nations of the Americas. The drug trade and narco-terrorists in the region have already been strengthened by what happened the morning of Jan. 21, when middle-level Army officers supported the Conaie uprising of Indians and jacobins, seized the National Assembly, and declared the formation of a “National Salvation Junta.”

In his first statement as head of that junta, Col. Lucio Gutiérrez called upon Venezuela’s President Hugo Chávez to support them in their mission of “refounding” the corrupt institutions of Ecuador, and he announced that his government would adopt a “neutral” position on the “conflict” in Colombia, Ecuador’s neighbor to the north.

To be “neutral” as to whether the government, or the narco-terrorist forces of the FARC and the ELN, control Colombia, is tantamount to outright support for the FARC and ELN. After all, Chávez, too, is “neutral” on Colombia. Had such a Chávez- and FARC-allied government become consolidated, the strategic balance throughout the Andean countries—Venezuela, Colombia, Ecuador, Bolivia, Peru, and Chile—would have tipped toward the narco-terrorists, perhaps decisively.

## **A crisis foretold**

The relationship between Venezuela’s Chávez and many leaders of short-lived Ecuadorean junta, does not mean that

all the forces who backed the Gutiérrez coup were Chavistas, or favorable to narco-terrorism. Many nationalist Ecuadoreans, both within and outside the Armed Forces, joined the coup, for no other reason than that they opposed the destruction of their country, and could not tolerate seeing the military reduced to shooting down their own people, in the name of dollarization.

In October 1999, then-Defense Minister Gen. José Gallardo revealed, in a dramatic speech on Air Force Day, that “desperate . . . terrified” people, rich and poor, some “on the verge of a nervous breakdown” were pressing the military to take some action, to stop “the growing unemployment brought about by the ruin of large, medium, and small productive companies,” and the “dizzying” collapse of the sucre, “which is precipitating, as in a chain reaction, greater economic deterioration and poverty.” Nevertheless, Gallardo was one of those who insisted that Ecuador had no recourse but to stick to IMF policies.

Military commanders warned in November, that the Colombian FARC was carrying out terrorist acts within Ecuador, including bombing the trans-Ecuador pipeline. On Nov. 20, Gen. Carlos Mendoza, the head of the Joint Chiefs of Staff of the Armed Forces who would play a central role in the Jan. 21 events, told a seminar in Quito, that Ecuador faced such an “infinity” of threats, that it was difficult to define which was of greater immediacy and danger. These “internal and external” threats are attacking “the essential elements of the Ecuadorean state, with a power of such magnitude that they put at risk its very survival,” he said. As an Ecuadorean and as a military officer, he added, he could not accept this as the reality to which the country was doomed.

It was during this period, that the group of middle-level officers around Colonel Gutiérrez reportedly entered into discussions with the Conaie leadership, on coordinating actions to overthrow the government.

The Gutiérrez Junta itself lasted only a few hours, but some 300 officers are said to have participated in the rebellion, a significant portion of the Army’s middle ranks. The military high command’s first response was to demand that Mahuad resign, as a precondition to restoring order. Some discussed the possibility of resolving the crisis, by direct military rule. Along with other members of the high command, General Mendoza, at that time Defense Minister and thus the most senior military officer, negotiated with the Junta, to have himself replace Gutiérrez at its head, thus maintaining institutional hierarchy and avoiding a bloodbath among differing military factions.

Three hours later, Mendoza resigned from the Junta, when the military decided that Mahuad’s Vice President Gustavo Noboa should assume the Presidency—and continue Mahuad’s economic policy.

The decision to install Noboa was taken at the point of a foreign gun. The U.S. State Department and British Foreign Office issued public and private threats that, should any mili-