ECUADORIAN PERCEPTIONS TOWARDS US FOREIGN POLICY: AN ECONOMETRIC ANALYSIS

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Abstract
The following paper investigates the aptitudes towards the US in Ecuador, a country critical to resolving the Colombian conflict, to fighting the drug trade, and to understanding how development aid can be best distributed. By incorporating an ad hoc database of Ecuadorians’ perceptions towards US foreign policy and Ecuadorian government policy, the study conclusively identifies the variables affecting views of the US, which include ignorance, the IMF, dollarization, remittances, US involvement in the Colombian conflict, and the drug policy. To assure the effectiveness of its foreign policy, the US policies should cultivate a stronger relationship with population demands by addressing the stated needs of the Ecuadorian population and focus on education, health and the fight against corruption.

JEL classification: C51, D71, D74, F02, O54
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1. Introduction
With an escalating war to its north, political instability spreading from rural areas to the capital, and a bleak fiscal outlook, Ecuador

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offers a prime example of a failing state. Despite billions in foreign aid and alignment with US foreign policy, this Andean nation of 13 million perpetually remains on the cusp of disaster. A cartoon in one of the leading newspapers, El Comercio, depicted recently elected president Lucio Gutiérrez standing on a chair atop a tightrope tied between two poles, one of the opposition and the other of his constituents.\footnote{In the seven years prior to Gutiérrez’s administration, five Ecuadorian presidents failed. Since Gutiérrez’s inauguration at the beginning of 2003, he has benefited from high oil prices that have generated large government revenues. These in turn have mitigated the impact on the populace of the fiscal austerity moves demanded by the IMF: in recent years, approximately 40\% of the Ecuadorian government’s budget has been dedicated to foreign debt repayment. Compounding this fiscal problem, the President must cope with the Colombian conflict abutting the northern border. As ‘the weakest country in the area’\footnote{In northern Ecuador’s oil town of Lago Agrio, paramilitaries and guerrillas on leave from their posts in Colombia kill one another in the streets and the bars. “Of all Colombia’s neighbors, Ecuador is perhaps the most vulnerable, least prepared and worst equipped to deal with such developments.”}, the stress of this war has further exacerbated the boiling pot of political instability, social tensions, and weak national markets.} In the seven years prior to Gutiérrez’s administration, five Ecuadorian presidents failed. Since Gutiérrez’s inauguration at the beginning of 2003, he has benefited from high oil prices that have generated large government revenues. These in turn have mitigated the impact on the populace of the fiscal austerity moves demanded by the IMF: in recent years, approximately 40\% of the Ecuadorian government’s budget has been dedicated to foreign debt repayment. Compounding this fiscal problem, the President must cope with the Colombian conflict abutting the northern border. As ‘the weakest country in the area’\footnote{In northern Ecuador’s oil town of Lago Agrio, paramilitaries and guerrillas on leave from their posts in Colombia kill one another in the streets and the bars. “Of all Colombia’s neighbors, Ecuador is perhaps the most vulnerable, least prepared and worst equipped to deal with such developments.”}, the stress of this war has further exacerbated the boiling pot of political instability, social tensions, and weak national markets.\footnote{In northern Ecuador’s oil town of Lago Agrio, paramilitaries and guerrillas on leave from their posts in Colombia kill one another in the streets and the bars. “Of all Colombia’s neighbors, Ecuador is perhaps the most vulnerable, least prepared and worst equipped to deal with such developments.”} In the seven years prior to Gutiérrez’s administration, five Ecuadorian presidents failed. Since Gutiérrez’s inauguration at the beginning of 2003, he has benefited from high oil prices that have generated large government revenues. These in turn have mitigated the impact on the populace of the fiscal austerity moves demanded by the IMF: in recent years, approximately 40\% of the Ecuadorian government’s budget has been dedicated to foreign debt repayment. Compounding this fiscal problem, the President must cope with the Colombian conflict abutting the northern border. As ‘the weakest country in the area’\footnote{In northern Ecuador’s oil town of Lago Agrio, paramilitaries and guerrillas on leave from their posts in Colombia kill one another in the streets and the bars. “Of all Colombia’s neighbors, Ecuador is perhaps the most vulnerable, least prepared and worst equipped to deal with such developments.”}, the stress of this war has further exacerbated the boiling pot of political instability, social tensions, and weak national markets.\footnote{In northern Ecuador’s oil town of Lago Agrio, paramilitaries and guerrillas on leave from their posts in Colombia kill one another in the streets and the bars. “Of all Colombia’s neighbors, Ecuador is perhaps the most vulnerable, least prepared and worst equipped to deal with such developments.”}

Why Ecuador?

Ecuador provides a potential sanctuary for terrorists due to its location between guerrilla and paramilitary saturated Colombia and historically rebel laden Peru. Other significant reasons account for why US foreign policy there should be studied. From an economic standpoint, the US has distributed significant aid in Ecuador and its neighbors for both development purposes as well as to stem the drug trade. Despite sizeable investments, however, there has been little tangible progress to date from either a development or counter narcotics perspective. Moreover, the Andean drug trade finances the Colombian guerrillas and paramilitaries as well as the Peruvian rebels, whom the US opposes as counter-democratic forces. The US has committed extensive military resources and money to try to end the Colombian conflict, which effort relies heavily on Ecuadorian cooperation. Finally, analyzing the causes of anti-Americanism in
Ecuador should be insightful given regional US initiatives such as the Free Trade Area of the Americas.

Should highly volatile oil prices dip, the current protests for increased government works in rural areas become a national crisis, or a conflagration of the war along the Colombian border occur, Gutiérrez’s precarious presidency will probably end prematurely and Ecuador will find itself in an even worse financial mess. In light of September 11th, the danger of failed states has become evident as President Bush outlined in his National Security Speech of 2002.

Aside from terrorism, the war on drugs hinges on Ecuadorian help. The US has, in the past 20 years, committed more than $25 billion in aid to the Andean region to battle the drug trade, with little tangible progress. In 1989, President George H.W. Bush “launched the Andean Initiative, which in principle was to be a five-year plan with a budget of US $2.2 billion” to end drug production and associated criminal organizations through economic aid and assistance to Bolivia, Peru, and Colombia and judicial reforms as well as penal changes for drug trafficking. While Ecuador has not traditionally cultivated coca, the crop used to produce cocaine, it continues to serve as a conduit for the drug, its precursors, and drug money, particularly since dollarization in Ecuador in 2000 that facilitated related drug money laundering. Reflecting this concern, the US State Department has earmarked increasing amounts of money in nonmilitary aid. In fiscal year 2003, nonmilitary aid totaled $41 million, up significantly from $18 million in 2000 and the US

2 According to Rivera and Ramírez, the US State Department Bureau of International Narcotics and Law Enforcement fiscal year allotted $37 million in 2003, following $25 million in 2002, $22 million in 2001, and $12 million in 2000. US $20 million should be added to the amount for 2001, from a supplementary fund for Plan Colombia. (pp. 28, 31)
Agency for International Development has raised its contribution to improve professionalism and counter-narcotics capabilities of the Ecuadorian police and military as well as to support economic and social programs to promote alternatives to drug trade from $500,000 in 1998 to $25 million in 2002.45

Despite this considerable investment in economic growth, per capita Ecuadorian income falls below the poverty line. Approximately 30% of children under 5 suffer from malnutritionii and state institutions are so poorly under-funded or undermined by corruption that police often cannot afford bullets.20 Even more disturbing, Ecuador’s recent history offers little reason for hope. The country’s average growth rate in the 1990s was 0%, adding to the misery of the ‘lost decade’ of the 1980s.22

US foreign policy provides a powerful mechanism to improve Ecuador’s prospects. Gutiérrez indicated a willingness to cooperate with the US during a February 2003 meeting with President Bush despite his campaign bluster to the opposite position. At the same time, appearing as America’s yes-man amidst a resurgence of anti-Americanism in Latin America has weakened his political strength among his countrymen.22 The January arrest of a principle FARC leader,3 the preeminent Colombian guerrilla group, by Ecuadorian police demonstrates an increasing internalization by Gutiérrez that Colombia’s problems are also Ecuador’s concerns. US Southern Command Commander General James Hill, who has visited Quito frequently, emphasized this reality on a trip to Ecuador in November 2002. Illustrating the backlash against US foreign policy, the then acting defense minister reiterated his opposition to Ecuador becoming involved in the Colombian conflict.

From an economic perspective, Ecuador is significant because the US government continues to push for acceptance of the Free Trade

3 Ricardo Palmera was apprehended in Quito in January 2004 (New York Times, “Colombians, With U.S. Aid, Tracked Rebel For Months” 1/5/04, Juan Forero)
Area of the Americas. In addition, Ecuador has adopted much of the Washington Consensus, with relatively open markets, privatization, and fiscal austerity with little economic gain. Ecuador’s moves toward liberalization have failed to produce measurable economic progress. The credibility of US policy lies in its effectiveness and, in this respect, Ecuador constitutes an important case to analyze. From a military perspective Ecuador is significant since resolution of the Colombian conflict and the reduction in drug trafficking clearly hinge on Ecuadorian cooperation. Finally, for the US to play an effective role, its advice cannot be seen as counter to Ecuador’s national interest. Moreover, Gutiérrez must be viewed not as a lackey of the lone superpower, but rather as the adherent of intelligent policy recommendations from a concerned ally.

This confluence of foreign policy considerations explains the importance of the following study on Ecuadorian attitudes toward US government policy. Ecuador reemerged as a democracy in 1979 after military dictatorships failed at import substitute industrialization. Given the bleak economic conditions, it is not inconceivable that Ecuadorians’ de facto loss of social rights could engender further deterioration of society and respect for democracy. This study will explain why Ecuadorians dislike US government policies and, ultimately, how these perceptions can be improved.

Data Collection Description and Methodology

Over the course of several days in late December 2002, two teams of six researchers each traveled throughout northern Ecuador. The teams conducted 3,279 surveys of 809 households, asking locals questions about the Colombian civil war, Colombian refugees in Ecuador, numerous domestic issues, and perceptions of the US and the Ecuadorian governments. Most of the data collection took place in the provinces bordering Colombia; Esmeraldas, Tulcán, Sucumbíos, Orellana, and the cities with the highest concentration of Colombian residents in Ecuador such as Ibarra and Santo Domingo of the Colorados. Of the surveys, 1,800 persons were 18 years or

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4 Henceforth Free Trade Area of the Americas will be referred to as FTAA.
older of which 1,462 were interviewed with 339 absent the day of the survey. A total of 1,441 surveys were included with a margin of error of 5%.\(^5\) Average household size of approximately 4 corresponds to INEC’s, the national Ecuadorian statistical bureau, figure for the area covered. Since minors were not included in the survey, the average age of those interviewed is 39. However, given that multiple generations of the same family often dwell together or near one another and the particularly strong influence elders have on the opinions of children in Latin America, the absence of minors’ perceptions does not invalidate the study’s findings.\(^6\)

Research Context

In October 2002 Free Trade Area of the America protestors descended on Quito. Trade ministers from across the Western Hemisphere had come to Quito to negotiate this massive agreement. The Ecuadorian opposition to the FTAA exemplifies how public perceptions are not exogenous to US foreign policy and the policy initiatives of Gutiérrez and that without popular support they stand little chance of successful implementation. While many of the Ecuadorians shouted against the agreement alongside professional anti-globalization protestors, they were expressing a frustration borne out of continuing poverty despite following international and US economic guidance. Ecuador joined the WTO in 1996 and has had a relatively more open economy than its Andean neighbors and Brazil, comparably more deregulated financial markets since 1994, and liberalization of capital accounts. Yet, these moves have done little to alleviate poverty.\(^22,7\) The majority of those surveyed, 61%, believe the US is a self-interested, but necessary party. The view of US indispensability can be explained by the strong dependence on access to US markets, where the raw material focused economic output of Ecuador that began in 1982, including oil, bananas, shrimp, and cut flowers are exported.\(^22\) However, the critical perception of the US

\(^5\) All survey entries eliminated can be provided upon request.
\(^6\) Unless otherwise specified, data comes from 2002 estimates. This figure can be found at http://www.colombiareport.org/plancolombia_ecuador.htm.
\(^7\) However, it has comparably little tax reform and privatization for Latin America.
government has not improved since President Bush assumed office, with 45% of respondents viewing his actions as maintaining the status quo with only a small number, 7.0%, believing that US actions in Ecuador have improved since January 2001.

The average national daily wage of $5.74, places Ecuador well within the ranks of poor nations. More revealing, the Gini coefficient, which measures inequality, has risen substantially over the past decade: in 1990 the top 10% had 19.7 times more per capita income than the lowest 10% and, by 2000, this figure had jumped to 41.2. Compounding this problem, land holding in one of the three major regions of Ecuador has been concentrated in the hands of a wealthy few, falling short of any substantial agrarian reform. Thus, not surprisingly 77% of respondents consider economic inequality severe. Though food production has grown at a faster pace than the population, this does not necessarily imply that malnutrition will decrease. The meager formal and informal employment opportunities in the campo or rural areas force members of rural households to migrate cyclically or temporarily to urban centers to work in the informal sector.

Despite this history, the economic forecast has brightened over the past few years. Only five years earlier, GDP per capita had fallen to levels not seen since the mid 1970s. The plunge in the price of oil and particularly devastating floods had previously contributed to a weakened economy in 1999. In August of 1999, Ecuador became the first country to default on Brady Bonds. The financial meltdown did not begin in earnest until 1999, Ecuador’s worst crisis of the past century, with bank holidays decreed and deposits and investments frozen. Six banks were run by the Deposit Guarantee Agency (AGD), after suffering bankruptcy. Even more troubling, 500,000 Ecuadorians out of a national population of 13 million left between 1999 and 2001. The Economist, explained, “Those who can, vote with their feet” and, thus, this exodus represented “an indictment of

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8 This figure is for 2002, which will be the base year used unless otherwise indicated.
9 This figure approximates the survey monthly mean $132.
the failure of democracy or of economic reform [to some observers of the region]”. At the same time, this emigration “represents lost investment in human capital, as well as lost taxpayers and potential leaders”. The subsequent brain drain lowered economic potential though it contributed to rising remittances, money sent from the developed world to relatives or friends in the home developing country. In 2001, $1.4b was sent to Ecuador, the “2nd largest source of foreign exchange after oil.” In 2000, inflation rose to 91%. To stem what had become hyper-inflation, Ecuador dollarized, removing the sucre, the national currency. This move along with rising oil prices helped Ecuador complete its first IMF loan program in 2001 in fifteen years.

On the political front, Ecuador has had five presidents since 1997 and a junta de salvación that lasted for three hours in 2000. Previously, the country’s citizens expressed their opposition “to the project to modernize the Ecuadorian economy and state...in the debacle suffered by the neoliberal government at that moment (Sixto Durán Ballén, 1992-1996) in the 1995 popular consultation, called mainly to reform strategic areas of the economy by means of privatizations and de-concentration of the state: none of his proposals was accepted.” Throughout the predictable instability of the late 1990s, the indigenous movement began to grow.

The election of Gutiérrez in 2002 highlighted the growing power of Pachakutik, the political arm of the indigenous movement CONAIE (Council of the Indigenous Nations of Ecuador). Prior to the election, it had played a role in the 2000 coup and on several other occasions as Indians forced a state of national emergency by blocking roads to pressure a reversal on a government mandated rise in cooking gas prices. Pachakutik vigorously opposed Jamil Mahuad’s efforts to dollarize, contributing to his downfall and helping Gutiérrez take a position in the brief ruling junta. In recent weeks, Indians have returned to protesting, trying to block highways and convince the president to end fiscal austerity moves that would

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10 The indigenous are commonly referred to as Indians and, thus, the indigenous movement can also be called the Indian movement.
increase the cost of cooking gas. Pachakutik projects both the greatest and the worst fear of a fledgling democracy. As a predominantly poor group, the political mobilization of Indians has improved their access to basic entitlements. At the same time, when protests have not produced tangible benefits, they have led large scale counter-democracy actions such as the coup in 2000, a severe negative shock to the economy. Furthermore, de facto economically disenfranchised citizens more likely cease to respect the law, threatening Ecuador’s democracy and raising its risk coefficient.

With this context in mind, the following analysis will consider why the US is generally viewed poorly.

Model

Perceptions of US$_i = a_i$Dollarization(-) & $b_i$Remittances(+) & $c_i$Ignorance(-) & $d_i$Manta(-) & $e_i$ColombianInvolvement(-) & $f_i$IMF(-) + $c_0$

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Dollarization (-)

In September 2000, the government eliminated the local currency, exchanging 25,000 sucre to the dollar. Less than two years earlier in January 1999, the exchange rate had been 10,000 sucre to the dollar, an enormous transaction cost for those who did not have assets in dollars. The move to dollarization followed a period in which bank accounts were frozen. Rural people, who are predominantly indigenous, were less likely to have diversified assets across currencies and, thus were particularly hurt by this decision. A poll in Quito and Guayaquil, the capital and financial center of Ecuador, respectively, shows 50% of respondents favor returning to the
In line with this finding, 76% of those surveyed for this study view dollarization as unnecessary. Since the research for this paper was conducted far from Quito and Guayaquil in relatively poor areas, which were hurt the most by dollarization, the disparity in perceptions is not surprising.

Views of dollarization should be tied to its effects on Ecuadorians’ standard of living; surveys included a question asking whether respondent’s standard of living has improved, worsened or remained the same subsequent to dollarization. As expected, perceptions of dollarization and standard of living have a high correlation of .74. While dollarization cannot be considered a US foreign policy action, it should nonetheless affect the view of the US. First, the dollar is associated with US economic supremacy. Second, a general sentiment exists that the government serves primarily to make the rich richer. Thus, a move that as previously shown was more likely to be favored by wealthy urbanites, generated some measure of ill will. Survey participants were asked whether the US is an important ally, a harmful foreign presence, necessary but self-interested, corrupt, or irrelevant. The perception of the US as a harmful entity is correlated (.48) with views on dollarization. One should consider that while dollarization did stop the hyperinflation, it has had a significant negative externality. The currency switch facilitates laundering money in Ecuador from Colombian drug traffickers and armed actors, producing a destabilizing effect. Ecuador is particularly susceptible to money laundering due to a weak legal infrastructure.

Remittances (+)

Approximately 250,000 Ecuadorians live in the New York City area alone and significant populations of Ecuadorians are in Spain, Italy, and other parts of the US. Each of these satellite communities sends money home to family and friends, providing a needed source of capital. Moreover, remittances have a multiplier effect, especially

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11 By removing some of the nuance of perception of the US (lumping together views of the US as corrupt, negative foreign presence, necessary but has its own interests) we get a slightly higher correlation of .52.
since transaction costs, while high, are relatively low compared to foreign aid having to pass through sticky government fingers. Susan Martin of Georgetown University estimates $1 of remittances generates $3 or $4 of growth as it works its way through the local economy. Another positive externality for workers includes labor leaving the country, thereby increasing domestic wages.\textsuperscript{36}

Based on these factors, one would expect that those receiving remittances would have a relatively favorable view of the US. However, only 8 out of the 1,441 respondents have relatives in the US sending money to them. Of these 8, 5 view the US as a necessary but self-interested ally and three consider the US as irrelevant. Not surprisingly, the small number of remittance receivers translated into a low correlation of .03. Since this study focused on relatively rural areas, where much of the anti-US sentiment has been brewing, the lack of data can be explained by a decreased likelihood for relatively uneducated peasants to work abroad. This lack of education plays a critical role in perceptions of the US.

\textit{Ignorance(-)}

The Ecuadorian national illiteracy rate rests at roughly 13\%\textsuperscript{34}, but the rural indigenous illiteracy rate hovers at around 43\%. In other words, “today the situation of the indigenous population is comparable to the situation in the country at large in 1950.”\textsuperscript{50} The average person in this study did not attend high school, making for a representative sample. However, education does not necessarily correspond to ignorance. For this reason, the survey included a question about the FTAA to use as a metric for ignorance. The FTAA has been above the fold in all of the country’s newspapers and on the radio and television news programs for some time. Some legwork at the Quito protest revealed that many participants did not even know what the FTAA is; rather, its association with the US drove them against it. For the survey, interviewees were asked whether they knew what the FTAA is (\textit{ALCA} in Spanish) and, if they were aware of it, whether they supported, opposed, or were indifferent to it. Of the 913 (64\%) respondents who did not know what \textit{ALCA} is, 655 (72\%) viewed the US as corrupt or self-interested.
The correlation of .44 confirms this relationship between ignorance and attitudes toward the US.

*Manta(-)*

After the coup d’etat in 2000, former President Jamil Mahuad left Ecuador for the United States. While the US government’s action to support a democratically elected leader ousted illegally seems reasonable, many Ecuadorians’ views of the United States were subsequently tainted or negatively reinforced. The Mahuad era was marked by corruption. Indeed, Gutiérrez, the first elected president since Mahuad, ran a campaign focused almost exclusively on anti-corruption and a pledge not to align Ecuador with the US’s security interests. Mahuad was seen as a puppet of the US and, as such, a reflection of corrupt US dealings. As a president he was so despised that in May 2000, the Ecuadorian government gave amnesty to all coup participants.

Chief among Mahuad’s actions during his brief tenure was the establishment of the Manta Forward Operating Location. With the Howard Air Base lease in Panama expiring, the US needed another air base to monitor Colombia and other countries in the region. Mahuad agreed to the US’s request without requiring a payment to the government. Furthermore, “the United States/Ecuadorian treaty is considered illegal by many constitutional lawyers in Ecuador. All international treaties must be approved by congress, yet the Manta treaty was not passed by the congress but signed by government ministers only.” This questionable means of approval added to anti-US sentiment. Of those surveyed for this study whether they

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12 “According to Isaacson (2001), a Forward Operating Location (FOL) is a base or airport that is part of an agreement whereby permission is given for their use by U.S. aircraft on anti-drug missions to detect and monitor drug crops. These facilities are operated by the host countries, in this case Ecuador, and they house members of the U.S. military forces, the DEA, the Coast Guard, and customs staff, to support and coordinate the communications and intelligence of these flights.”

13 At the time, a great deal of speculation arose that money had been exchanged under the table, only adding to negative views of the US.
supported, opposed, or did not know Manta, 44% opposed the treaty with an alarming 27% ignorant of it.

Gutiérrez stated that he will stand behind agreements signed by his predecessors, but Pachakutik asked him to reconsider the Manta pact.\textsuperscript{21} Perceptions of Manta shape views of the US as evidenced by the correlation between the two (.54). Opposition to Manta also has its roots in the nature of the counter-narcotics work conducted by the US government. The Manta treaty permits reconnaissance flights as part of drug-interdiction efforts, but “prohibits physically interdicting suspicious planes or boats in Ecuadorian territory”.\textsuperscript{21} 60% of those surveyed whether the US drug policy is effective, ineffective, ok, effective but harmful to innocents, or other, considered it harmful to innocents and a high correlation (.5) exists between views of US drug policy and the FOL. For those living along the Colombian border, lagged perceived harmful health effects of fumigations are undoubtedly intertwined with opposition to the reconnaissance flights: “Numerous cases have been brought before human rights mechanisms and the Office of the Human Rights Ombudsman (Defensoría del Pueblo) in border provinces such as Sucumbíos, Esmeraldas, and Orellana” concerning negative health effects of the fumigations.\textsuperscript{22} In addition, Pachakutik seeks an end to fumigations along the northern border.\textsuperscript{21} Though the US government uses experimentally proven innocuous chemical agents, facts do not necessarily shape public opinion.

Moving beyond proven apocryphal health concerns, the drug policy enforced through Manta operations does have negative human rights repercussions, particularly along the Colombian border.\textsuperscript{22} Another explanation for the opposition to drug policy concerns US arm twisting, which creates a sense of impotence and lack of independence of the Ecuadorian state.\textsuperscript{22} US government pressure led in large part to stiff drug trafficking penalties: a conviction of this offense carries a penalty of 25 years whereas a murder conviction carries a relatively light sentence of 16 years. In August 2001, the US Coast Guard boarded a fishing vessel under putatively illegal
authority, adding to the resentment. Then-minister of trade Richard Moss wrote on 8/2/01 to Ecuador’s foreign minister, of the incident, “These types of actions, supposedly within the framework of Plan Colombia, constitute violations of the sovereignty of the republic of Ecuador.” A poll released in November 2002 showed that 65% of those over 18 in Guayaquil and Quito believe that Ecuador should not be involved in helping Colombia fight drug traffickers and guerrillas.

Colombian Involvement (-)

On another level, the FOL has implications for the deepening involvement of Ecuador in the Colombian conflict. A perception exists that the forward operating location constitutes a threat to Ecuador because Colombian actors might attack. Former foreign minister Heinz Moeller stated in reference to the conflict, ‘Our worry is that the removal of this cancerous tumor will cause it to metastasize into Ecuador’. Beyond the implications of war, the Ecuadorian military has shifted its energies towards the US regional agenda. During the Cold War the military focused more on rural development, environmental protection, fighting crime with the police, citizen insecurity, ‘and, on a priority basis, drug-trafficking.’ Both financial and human resources have been shifted to this effort, changing the military’s traditional development role in the north and, thus, harming Ecuadorians’ views of the US.

Northern communities consider this refocusing of national resources as a cause of “mounting crime, vulnerability, and restrictions on rights, and persistent and widespread citizen insecurity” rather than as an effect. Tensions have existed as a

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14 Fishing vessel was called the Daiki Maru. The Coast Guard detained the crew in a search for drugs that lasted several days. Aside from property damage and lost cargo, interdiction efforts by the US in Ecuadorian territorial waters are not permitted. The same vessel would later be boarded twice in March of the same year (Edwards December 2002, pp. 3-4).

15 One aspect of the deteriorating situation is increasing kidnapping for ransom. Besides Colombian kidnapping and extortion known as boletos or vacunas, criminal groups have increasingly turned to these practices,
result of the coup and are now found between the military, state, and society, undoubtedly further strained by the perception of Ecuadorian governmental kowtowing to US policy interests. While “it is difficult to deny that Ecuador is caught up in the problems stemming from Plan Colombia” either through its support of US policy or its geography alone, public perception has hinged on the former. Public condemnation greeted Gutiérrez’s commitment to support US security interests in the Andean region made during his February 2003 visit to the White House.

A widespread fear exists that Ecuadorian involvement “exposes the country to a sort of cross-fire from the various violent groups that operate in the border areas” The survey, which asked whether US involvement in Colombia will help Ecuador and end the war in Colombia, hurt Ecuador by involving it in the war, not affect Ecuador, or do not know, confirm the previously articulated fear by a substantial majority (74%). Not surprisingly, a majority of those questioned about US involvement in Colombia, 60%, think that it will only raise the level of violence. Pachakutik’s opposition to involvement in US strategy for Colombia confirms the high correlation of .52 between perceptions of US strategy for Colombia and views of the US in general.

**IMF(-)**

Over the past several years, Pachakutik has repeatedly forced the closure of national highways to protest austerity measures demanded by the IMF, including a required increase in cooking gas prices and privatization of electricity distributors. Of those surveyed, 56% and 14% believe privatization measures harm them through higher prices and corruption, respectively. Moreover, such moves contribute to a sense of inequity, where the government acts to the benefit of the rich and to the detriment of the poor. Even if these measures lower electricity costs, former Bolivian President Jorge Quiroga summed particularly in the northern provinces. Many kidnappings fail to be reported because of the perception of police ineptitude (Velez and Gallegos 2003, p. 37). Pachakutik doubts the necessity of negotiating with the IMF (Edwards December 2002, p. 1).
up the difficulty of taking similar steps: “Clearly if you’re poor and have no water, sewage and live in a rural area, having three long distance telephone companies when you have no phone lines doesn’t make a bean of a difference.”

A question in the survey asked whether the IMF (FMI in Spanish) is a political instrument of the US, an organization that hurts Ecuador, a positive organization for Ecuador, an organization that neither helps nor hurts Ecuador, or if the respondent did not know what it is. While 50% of those surveyed did not know what the FMI is, 29% considered it an instrument of the US or an organization that harms Ecuador. Clearly the US has guilt by association even if it is only one of many member countries of the IMF board. The IMF and the US have echoed similar strategies in pushing the Washington consensus, which has not produced tangible gains in Ecuador. Just the opposite, debt service from 1998-2002 accounted for more than 40% of the budget, which is in stark contrast to a figure of 20% for social spending. This fiscal straightjacket has worsened perceptions of the US, with a corresponding correlation of .34.

Regression
Perceptions of US\textsubscript{i} = a\textsubscript{i}Dollarization(-) & b\textsubscript{i}Remittances(+) & c\textsubscript{i}Ignorance(-) & d\textsubscript{i}Manta(-) & e\textsubscript{i}Colombian Involvement(-) & f\textsubscript{i}IMF(-) + c\textsubscript{0}

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<td>e\textsubscript{i}</td>
<td>.18</td>
<td>1%</td>
</tr>
<tr>
<td>IMF</td>
<td>f\textsubscript{i}</td>
<td>.023</td>
<td>10%</td>
</tr>
<tr>
<td>Constant</td>
<td>c\textsubscript{0}</td>
<td>1.54</td>
<td>1%</td>
</tr>
</tbody>
</table>

\textsuperscript{17} The US, however, wields the lone veto vote at the IMF.
*Remittances were converted into a binary variable to circumvent problems of varying remittance amounts. Further, given the small sample size relationship with magnitude of remittance would not have been calculable.

A robust regression was used to eliminate issues of heteroskedasticity (please refer to the Appendix for a more complete table of results). Furthermore, the F-Statistic $F(6, 1434) = 244$ demonstrates that we can reject the null hypothesis at the 1% level. The model offers a new way to determine public sentiment.

**Policy Solutions**

Ivonne A-Baki, former Ecuadorian ambassador to the United States, explained ‘Everything comes back to the issue of poverty’. To burnish America’s image among Ecuadorians, the US must be seen as a catalyst for development. As President Bush noted in a National Security Speech, “development aid [in general] has often served to prop up failed policies, relieving the pressure for reform and perpetuating misery”.

Fortunately, the US does have a mechanism already in place to deliver development aid. USAID, the United States Agency for International Development, has an office in the Quito Embassy. Nonetheless, in responding to the survey, 30 times the number of people said no organization helped versus choosing USAID as the most helpful organization. As the ignorance variable demonstrated, the US has failed to convey its message. On the other hand, the cause of this perception may be a dearth of development aid to overcome the shift of government and military resources from northern Ecuador to involvement in the Colombian strategy. The majority of respondents picked education as one of two areas on which the government should spend more money.

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18 344 people to 11 people or 24% to 1%, respectively.
<table>
<thead>
<tr>
<th>Areas on which the Government Should Spend More Money</th>
<th>Percentage of Respondents</th>
</tr>
</thead>
<tbody>
<tr>
<td>Education</td>
<td>8%</td>
</tr>
<tr>
<td>Education and Healthcare</td>
<td>39%</td>
</tr>
<tr>
<td>Education and Fight Against Corruption</td>
<td>10%</td>
</tr>
<tr>
<td>Healthcare</td>
<td>6%</td>
</tr>
<tr>
<td>Fight Against Corruption</td>
<td>5%</td>
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Given this data, the United States has an opportunity to win the goodwill of Ecuadorians critical to a successful foreign policy for the Colombian conflict and drug policy. The opportunity cost of not expanding education and health efforts will likely be much higher due to the costs of a cycle of political instability and economic weakness. The data demonstrate that perceptions of the US are tied to views on where Ecuador needs the most help with a correlation of .54. The US should rethink its aid strategy in the context of the Millennium Challenge Account format. Moreover, the US should speak directly to members of Gutiérrez’s government associated with Pachakutik to try to determine how development aid can be marginally allocated more efficiently to the communities most affected by the Colombian conflict. US foreign policy has faced a rising tide of anti-Americanism in Ecuador. To achieve US regional objectives, American policymakers must more precisely craft development strategies to alter public perception by addressing the stated needs of the Ecuadorian population. To assure the most bang for its development aid buck and the effectiveness of its foreign policy, the US government should focus on education, health, and the fight against corruption while cultivating a stronger relationship with the leading indigenous movement.

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