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# Argentina: la Crisis Financiera

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*Argentina: la crisis financiera*

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Argentina es un país localizado en SurAmérica y se encuentra limitado por Chile, Bolivia, Paraguay, Uruguay y Brazil. La mayoría de los ciudadanos de Argentina son de ascendencia Europea pero tienen una fusión de diversos nacionales y grupos étnicos. Argentina es el segundo país más rico en América Latina después de Brazil. También es un país que lleva mucha influencia entre los países de esta región. "Argentina es un país que ha confrontado serios tratos como consolidar la democracia y lograr el desarrollo de una economía en un país devastado por dictaduras militares, violaciones de derechos humanos, una guerra perdida, inflación alta, y una enorme deuda externa.( Tedesco, 13)

Dentro de este resumen hablaré sobre los problemas que están relacionados con la situación económica de Argentina. Lo he dividido y resumido en tres partes. Primeramente hablaré sobre la crisis financiera de Argentina que vino a ser el problema más grande en este país. Segundo hablaré sobre la situación que actualmente afecta a Argentina tanto social como políticamente. Y finalmente hablaré sobre algunas soluciones para este problema para superar la crisis económica.

Argentina es un país que tiene problemas tanto políticos como económicos dentro de su frontera. Pero, ¿qué empezó a ocurrir? ¿Cuáles problemas empezaron a cambiar la situación radicalmente?

"Desde 1991 el peso se fijó a un dólar estadounidense. Bajo la ley de convertibilidad el Banco Central tenía un dólar en reserva por cada peso en circulación. Esto no permitió que el Banco Central imprimiera efectivo e impusiera disciplina monetaria. Y en vez de imprimir dinero, imprimió bonos para financiar su déficit fiscal."(Adelman, 22) Al principio de los 90 la convertibilidad fue exitosa, poniendo la inflación bajo control y adquiriendo millones de dólares en indirectas inversiones extranjeras. Pero después de tiempo fue contraproducente aunque quedó popular hasta el final. Argentina financió el déficit actual por medio de préstamos.

“Al principio cuando el capital internacional fue abundante todo marchó con normalidad pero, después de varias crisis financieras en Asia desde 1997, Rusia en 1998, y Brazil en 1999, comenzó una declinación en un flujo de capital en los mercados.”(Adelman, 24) Adicionalmente, “Argentina perdió el apoyo del Fondo Monetario Internacional porque no podría seguir la regla financiera para disminuir el déficit. La desvaloración se hizo inevitable en diciembre cuando el FMI le negó un plan de préstamo, causándole al Gobierno de Argentina la semana después una deuda pública de \$155 billones de dólares.”(www.FT.com, 3/25/02)

De tantos problemas económicos vino un período de estabilidad política. Consecutivamente el ejemplo de eso son los cinco presidentes que tuvo dentro de dos semanas, la separación del peso y dólar en el mercado y las protestas de la gente por la crisis financiera. “Por caos y por situación de la crisis el banco limita la cantidad de dinero haciendo que se efectúen transacciones limitadas cuando los socios requieren sus ahorros existentes en sus cuentas bancarias.”(4/24/02) Esto significa en cambio, que el subministro de pesos dentro de la economía está limitado, lo cual asegura el valor de la moneda local. “Entonces los dólares están restringidos porque los ahorros domésticos están congelados, los bancos no están en busca de dólares y el peso sigue devaluándose.”(4/22/02) Ellos trataron de cambiar la situación por cortar los fondos que gastaban en el sector público pero no funcionó, sólo resultó en protestas para el sector público. “Siendo así la misma tan fuerte que el ministro de economía renunció por la tensión que adquirió ante este problema.”(www.elcomercio.com) En Argentina, la debilidad fiscal digirió la debilidad de los bancos así como el gobierno usó todas las reservas de todo el sistema bancario.

“En diciembre el Fondo Monetario Internacional suspendió su programa de préstamos para Argentina. La fuerza del congreso de Administración de moneda y el sistema bancario permitió que Argentina quedara derecho por más tiempo que le pareció

posible, pero también significó que la caída de la economía hubiera sido mayor.”(4/21/02)

“El problema fundamental que Argentina tiene es que la mayoría de los préstamos y depósitos, activos del banco y de habilidades son en dólares. Las autoridades ahora quieren cambiar los activos y las debilidades por pesos en proceso conocido como pesificación.”(3/25/02) Pero, al final eso va a resultar en una gran pérdida de dinero y por eso necesita negociar con el Fondo Monetario Internacional y otras multilaterales para compensar a lo perdido. También, los inversionistas realizan una transacción para que una deuda pueda ser recuperada. La situación actual empeora día tras día, cuando el gobierno desea encontrar una solución eficaz para la superación de la crisis, fracasando una y otra vez. Ahora, el presidente actual es Eduardo Duhalde. El aceptó la presidencia después de que el ex-presidente de la República renunció. El presidente Duhalde que está en busca de soluciones para confrontar el problema de la crisis presente en Argentina piensa que no habrá salida si no se efectúan unos cambios radicales. El gobierno está negociando con el FMI para mejorar las condiciones del país. “El Fondo Monetario Internacional dice que Argentina tiene que hacer varios cambios a su sistema financiero antes que ellos le otorguen un nuevo préstamo.”(4/21/02) Porque, la realidad de la crisis es que Argentina está en su cuarto año de recesión y va ser difícil restablecer su economía rápidamente y con eficiencia si no piensa en hacer una reforma total. “Algunos de los acreedores están preocupados que vayan a perder dinero en los bonos Argentinos que tienen y que las acciones vayan a hacer denominadas en pesos porque, el peso desde Enero ha caído 65% y ahora solo vale 1/3 de un dólar. Pero, el negociador de la deuda asegura que aquellos efectuarán de alguna manera algo para recibir las acciones en otras monedas.”(4/20/02)

Muchos Argentinos sienten que van en contra de la corriente global. Porque,

"Europa consiste en 12 diferentes países y ha adoptado una sola moneda y Argentina un sólo país tiene hasta una docena de nuevas formas de dinero que han aparecido en los países recientes. Por ejemplo, en la compra de un artículo o de cualquier necesidad su forma de pago es por medio de pesos, lecopos, patacones (de serie uno), diferentes billetes y documentos de lonche que circulan por restaurantes y supermercados de la ciudad. También aceptan dolares EUA proporcionando a tres pesos cada uno. Las nuevas formas de dinero vienen con todas las seguridades para prevenir falsificaciones."(4/10/02) Casi todas las provincias tienen su moneda local con un nombre que representa su lugar de origen. El FMI quiere eliminar las capacidades de imprimir más bonos en las provincias porque van a crear más caos y será difícil para el Banco Central combatir la subida de la inflación.

Aunque esto sería una buena idea, sería tan difícil sacar los bonos porque las provincias están en quiebra, el desempleo sigue creciendo y los trabajadores están disgustados porque no reciben sus salarios nunca a tiempo dando como resultado una falta de interés para el trabajador y la falta de mano de obra para los propietarios.

"El Fondo Monetario Internacional aclaró que no dará otro préstamo sin antes haber visto un cambio en la reforma por parte del gobierno nacional de la Republica de Argentina. Porque el Fondo Monetario Internacional dió un paquete de rescate supuestamente para dos anos que era 28 billiones de dólares y no han visto cambio alguno en el sistema de reembolso."(4/15/02)

"Recientemente el ministro de economía Sr. Lenicov renunció en una posición de no recibir apoyo para la ley que había sido convertida iba como los depósitos bancarios en pagarés del gobierno. Él fue el quinto ministro de economía permanente durante más de un año. Consecuentemente el Sr. Lavanga, embajador de la Unión Europea es el nuevo ministro de economía. El dijo que espera la llegada de un acuerdo con el Fondo Monetario Internacional en el lapso de treinta días que permitiría el acceso a los

préstamos internacionales.”(www.lanacion.ar) Recalcando que los gobernantes de las provincias deben apoyar la decisión de elegir al Senior Lavanga, como el nuevo ministro de Economía pero aclaró dejando de ante mano que retiraría su apoyo al presidente Duhalde si no se puede producir resultados en noventa días. Una de las primeras tareas del Señor Lavanga sería la reestructuración del sistema bancario que está al punto de la quiebra.

“El pasado viernes el Banco Central de Argentina declaró un contrato e indefinido suspensión de toda la actividad bancaria en el país, como un signo de su desesperación por falta de dinero, desplegando una congelación en el sistema financiero pero, una semana después de la reapertura de las entidades bancarias anunciaron la apertura de las mismas sólo por un tiempo limitado y a los mercados extranjeros el cierre de sus negocios.”(4/25/02)

Las más profundas reformas estructuradas son necesarias en sí para dejar la dependencia de la ayuda internacional y para salir el país adelante.

“La crisis financiera en Argentina tiene mucho que ver con la política que con la economía. Tan complicadas son nuestras circunstancias de economía y finanzas, que ningún programa puede suceder si no queda firmemente sobre un consenso político. La falta de un común entendimiento político sobre la fundamental dirección económica resultó en el fallo de resolver los problemas que han destruido la riqueza de Argentina.”(Snow, 30)

Durante, “la semana pasada el presidente Duhalde, los gobernadores de provincias claves y líderes legislativos han llegado a un importante acuerdo sobre el género y la dirección de un programa de estabilización y reconstrucción económica para Argentina. Todavía falta mucho trabajo para completar las leyes y regulaciones que se necesitan cumplir.”(www.buenosaires herald.com) Pero, los harían si lleguen al

momento de realizar que sin las leyes y regulaciones en acción, las palabras no ayuden nada.

La crisis financiera de Argentina sigue afectando a América Latina y las economías de los países.

En conclusión, "El fondo monetario internacional tiene que actuar con mayor rapidez y con la flexibilidad que requieren a estas circunstancias para que genere de una vez y definitivamente el retorno de la confianza, la solidez en las entidades financieras y en cualquier programa económico viable en Argentina. Parafraseando la palabras de Wiston Churchill: puede ser que "Argentina" se está acercando al final de un comienzo de la nueva "Argentina". "(5/1/02)



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**Puerto Rico/ Statehood or Independence**

Jennifer L. Roehm  
Uhon 499

Puerto Rico is an island located in the Atlantic Ocean, about 1600 miles from the coast of the United States, with a population of 3.8 million people. It is not considered one of the fifty states, instead it is an "unincorporated territory" of the United States of America. An "unincorporated territory" signifies that Puerto Rico has no independent powers reserved to it by the constitution, unlike the fifty states that make up the U.S. Through this paper I will discuss the political history of the Puerto Rico, give an analysis of its current political makeup and analyze the long standing debate of statehood or independence for Puerto Rico.

Puerto Rico has quite a lengthy political history dating back to the pre-Columbian period. During this particular period of time indigenous people inhabited the island. On November 19, 1493, Christopher Columbus sailed across the Atlantic ocean from Spain and eventually came upon a small island. On the ship he had brought with him a group of soldiers from Spain who later occupied and colonized this area. The Spaniards were interested in all of the riches found on this island, such as precious metals and stones. Thus, the Spaniards gave the island its name Puerto Rico, which means rich port, because of its wealth<sup>1</sup>.

Until 1509, Puerto Rico was governed by the Spaniards. The Spaniards felt superior to the indigenous people of Puerto Rico and treated them the way they were perceived. Most of the time the Puerto Ricans were treated as slaves. Only the Spaniards were allowed to hold a position in the government. Also, the Spaniards refused to do any type of manual labor; and so the majority of Puerto Ricans, worked on the sugar plantations<sup>2</sup>

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<sup>1</sup>. Darwin Porter, Puerto Rico (New York: Simon and Schuster, Inc., 1998) 20-33.

<sup>2</sup> See Porter

At this time in history, the sugar plantation was a vital source to the economy of Puerto Rico. It provided jobs to its people and served as a resource to trade with neighboring countries. The sugar plantation and colonialism have defined the history of Puerto Rico along with other Caribbean islands<sup>3</sup>. These two elements are a distinctive yet important social trait in the country. This social trait is a dependence on the external world for survival. An example of the external world could be Spain when it controlled the area or the United States because it controls the area now.

There were also limits to dependent growth. No effort whatsoever was made to promote indigenous development or even to define a role for local entrepreneurship<sup>4</sup>. Another trait or mechanism that has controlled this territory is fear. This fear comes from slavery, lack of opportunity, and containment. It is against these two social traits that Puerto Ricans have to fight in order to overcome their struggles and find unity among themselves.

The island's political life was born out of the antislavery fight within imperial Spain; and it wasn't until the late 1930s that the citizens of Puerto Rico decided to move toward ending their colonial status<sup>5</sup>.

However, unlike most of their English-speaking neighbors, the Puerto Ricans did not seek independence; but rather a new relationship with the United States that provided for extensive self-government but without breaking association

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<sup>3</sup> Frances Negron-Muntaner and Ramon Grosfoguel, Puerto Rican Jam: Rethinking Colonialism and Nationalism (Minnesota: University of Minnesota, 1997) pp. 39-54.

<sup>4</sup> J. Dominguez, R. Pastor, and R. Worrell, Democracy in the Caribbean (Maryland: The John Hopkins University Press, 1993) pp. 143-180.

<sup>5</sup> Roberta Ann Johnson, Puerto Rico: Commonwealth or Colony? (New York: Praeger Publishers, 1980) pp. 76-87.

with the United States or giving up U.S. citizenship<sup>6</sup>.

After Puerto Rico was out from under the Spanish rule, many political movements began among the people. At last, people were allowed to have the freedom to form their own political parties and elect the person whom they thought would govern their island the best. Most people think of a person who promotes change as a labor-political leader; and in this situation one of the most famous leaders of change in Puerto Rico was Luis Munoz Marin<sup>7</sup>.

Luis Munoz Marin is the son of Luis Munoz Rivera, who was the island's most influential political leader during the last part of the Spanish dominion. He fought for the independence of Puerto Rico for many years and through his efforts one can begin to see how its governmental system began to evolve<sup>8</sup>.

Marin and his father were heavily involved in politics as members of the Liberal Party. They both served on this political party for many years. But Marin was eventually thrown out of the Liberal Party because of his support of Roosevelt's New Deal. The values that were represented in the New Deal ran against the Liberal Party's point of view. Marin's inspiration and motivation at that time in his life was found in politics, so to think that he would give that up after being thrown out of the Liberal Party is crazy. So, in 1938, Luis Munoz Marin established a new political organization, called the Popular Democratic Party (Partido Popular Democratico--PPD)<sup>9</sup> A few years later the charismatic and able Luis Munoz Marin retired from the political scene; after which, the

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<sup>6</sup> Robert J. Alexander, Presidents, Prime Ministers, and Governors of the English-speaking Caribbean and Puerto Rico (Connecticut: Praeger Publisher, 1997) pp. 245-253.

<sup>7</sup> See Alexander

<sup>8</sup> See Alexander

<sup>9</sup> See Alexander

island began to reevaluate the long-term implications of their decade old accomplishment<sup>10</sup>. Also in the 1930s, the Puerto Rican Nationalist Party began to leave its mark by producing terrorism. The Nationalist Party assassinated political leaders and basically caused a riot in the government because they were unable to get attention any other way.

The Socialist Party during this time was the leader of the island's labor movement. Both during and after the election of 1932, the Socialists formed a coalition with the Republican Party. The Republican Party served as a spokesman for the sugar plantation owners. The Socialist Party and the Republican Party supported Puerto Rico becoming a state of the United States of America.

In 1940, the PPD ran for election and won, thanks to the campaigning efforts of Marin. After the victory of the PPD in the 1940 election in Puerto Rico, President Franklin Roosevelt named a member of his original 'brain trust,' Rexford Guy Tugwell, who a year before had become President of the University of Puerto Rico, to be Governor of Puerto Rico<sup>11</sup>.

Tugwell and Marin worked together in order to carry out the program of the PPD even though their relationship was difficult at times.

In 1948, the Commonwealth was formed. In Spanish it is known as the (Estado Libre Asociado), and in English it is known as the (Free Associated State). Under the

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<sup>10</sup> See Dominguez

<sup>11</sup> See Alexander

Commonwealth, Puerto Rico could establish its own constitution, elect its own government, and have a larger control over internal affairs<sup>12</sup>.

Although hailed as a local invention, the Commonwealth was both directed and ratified by the U.S. Congress within the constraints of the Federal Relations Act, which stipulated the applicability of all federal laws to the island<sup>13</sup>. Therefore, the Commonwealth was constitutionally established in 1952 under Public Law 600. To the outside world, the idea of a Commonwealth signified a new beginning and a breakthrough from nationalism<sup>14</sup>.

Puerto Rico between 1948 and 1968 made several attempts to define a role for itself in the region. One attempt that the government of Puerto Rico made was it joined the Caribbean Commission. The Caribbean Commission was a postwar organization that coordinated the metropolitan powers of the region. In 1961, the government of Puerto Rico assumed the responsibility of this organization and was involved in it until 1964 when they backed out and left it to die<sup>15</sup>.

Secondly, under the government of Roberto Sanchez Vilella, the Corporacion para el Desarrollo del Caribe (CODECA) was organized. In English, this title means the Corporation for the Development of the Caribbean. The 'CODECA' tried to gain admission into the Caribbean Development Bank; however, this too was quickly laid to rest<sup>16</sup>.

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<sup>12</sup> See Johnson

<sup>13</sup> Arlene M. Davila, Sponsored Identities (Philadelphia: Temple University Press, 1997) pp. 29-44.

<sup>14</sup> See Johnson

<sup>15</sup> See Dominguez

<sup>16</sup> See Dominguez



In 1968, Luis Ferre, the first island-born, pro-statehood governor was elected in Puerto Rico. He was a member of the New Progressive Party, which took over as the principal supporter of statehood instead of the Republican Party.

Afterwards, the Populares elected Rafael Hernandez Colon in 1972 as governor of Puerto Rico; then in 1976 the power returned to the New Progressive Party. The power change from one group to another continued for some time. A majority of the Puerto Rican electorate endorsed statehood for the first time in a September 1989 poll and later in the 1992 election<sup>17</sup>.

As one can see, Puerto Rico cannot be classified under the label of Conservative nor Liberal. Instead, the opposition in Puerto Rico is divided between the Independentistas and the Estadistas. The Independentistas, in English, means the Independents. They are the people who want their independence from the United States. Whereas, the Estadistas, in English, means Statesmen. They are the people who want to continue being a part of the United States. In fact, the Estadistas would like to become an actual state instead of just being a territory. If Puerto Rico became a state it would be able to obtain a lot more benefits, but it would end up losing part of its cultural identity. The Independentistas are the most vigorous of the two, and dissidents who break away from the government naturally tend toward the Independentistas<sup>18</sup>. The Independentistas are so vigorous because they do not want to loose their Spanish heritage, and they would like to see their government be able to make independent decisions regarding what is best for their people. They also feel that Washington is not capable of making all the

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<sup>17</sup> See Dominguez

<sup>18</sup> See Alexander

decisions necessary for them because it is not in contact with them everyday on a personal level<sup>19</sup>.

State power has been used to foster the allegiance of many Puerto Ricans. This means that if the United States offers the same type of benefits to Puerto Ricans as it does to its citizens within the fifty states, then it will inevitably gain the support and allegiance of the Puerto Rican people. Also, if the U.S. gives the Puerto Rican people the hope that one day Puerto Rico might be granted the right to become a state, then the people will be obedient<sup>20</sup>.

For administrative purposes, Puerto Rico, unlike the United States, is divided into 78 distinct municipalities instead of counties, and some of the municipalities are just small villages. Each municipality has a mayor and a municipal assembly that is elected every four years. This is somewhat similar to what we have here in the States as far as each town has a mayor and some form of citizen representation that take care of the town's issues. The municipalities in Puerto Rico range in size from Arecibo and Ponce, with more than one-hundred-square-miles each, to six-square-mile Catano, home of the Bacardi rum distillery(14). The largest municipality is San Juan and the smallest is Culbera<sup>21</sup>.

Island residents are not allowed to vote in U.S. presidential elections; but they are allowed to vote in the primaries for both the Democratic and Republican parties. In past years, presidential candidates have campaigned in Puerto Rico and were able to gain needed support. If you ask the majority of citizens in Puerto Rico how they feel about

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<sup>19</sup> See Alexander

<sup>20</sup> See Negron- Muntaner

<sup>21</sup> Larry Luxner, Insight Pocket Guides: Puerto Rico (New York: Langenscheidt Publishers, Inc., 1999) pp. 14-25.

this issue they would tell you they don't see it as very fair<sup>22</sup>. The reason being is why is their vote good enough for the primaries and not for the election when they will be governed by the exact same person?

Also, Puerto Ricans elect a person to the U.S. House of Representatives known as a resident commissioner. The resident commissioner is elected only once every four years and represents a constituency seven times as large as the average district<sup>23</sup>. This person is able to speak out on legislative matters, but is not allowed to vote. Again, it seems as if the voice of opinion from Puerto Rico is not being heard. There are currently two political parties who are very influential over the citizens of Puerto Rico. These two parties are the New Progressive Party, led by the current Governor Pedro Rossello, and the Puerto Rican Independence Party<sup>24</sup>. The Puerto Rican Independence Party has directed the political philosophy and actions of the Commonwealth by following the socialist democratic development model.

The socialist democratic development model has three main objectives: an increase in production and employment; economic democracy, which includes, among other factors, a just distribution of wealth and more self-reliant growth; and political democracy. The Puerto Rican 'model' led to years of growth but also misdevelopment. Its costs were the ruin of agriculture, great gains for foreign capital, and a dependence on absentee multinational corporations, which were using the island as a tax haven<sup>25</sup>.

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<sup>22</sup> See Davila

<sup>23</sup> Richard J. Bloomfield, Puerto Rico: The Search for a National Policy (London: Westview Press, 1985) pp. 27-47.

<sup>24</sup> See Luxner

<sup>25</sup> See Dominguez

For the most part, the Puerto Rican government is set up just like the one in the United States. It is divided into the executive, legislative and judicial branches. Plus, its governors are elected for a four-year term.

The executive branch is extremely powerful, and governors appoint more than 500 executive and judicial branch officials (32). The bicameral legislature consists of a 27-member Senate (Senado) and a 51-member House of Representatives (Camara de Representantes)<sup>26</sup>.

To keep the power divided equally in the legislature, both houses may be increased by additional party members when any one party gains more than 2/3 of the seats in any given election. The number of seats may be increased by seven in the Senate and seventeen in the House. Spanish is the language used in both houses, as well as throughout the courts<sup>27</sup>. The Supreme Court of Puerto Rico heads the unified judicial system. It is also a part of the Federal District Court System.

Currently, Puerto Rico remains a territory of the United States and even though it is located in the Caribbean, its role there will be decided in Washington, D.C. For a long time Puerto Ricans have searched for their own identity, balancing in between influences from the Caribbean and the United States. They have been accused of thinking of themselves as part of Spanish, then U.S., then insularist history<sup>28</sup>. Puerto Ricans will have to acquire a new understanding of their own roots, by educating children at an early age in the schools, and then and only then, will future generations be able to assume their role.

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<sup>26</sup> See Davila

<sup>27</sup> See Davila

<sup>28</sup> See Dominguez

Puerto Rico, because of the uncertainty of its position, has not played a big role in influencing national politics. Also, because it is considered to be an unincorporated territory and not a state, it is not allowed to vote in national elections. The only election it is allowed to vote in is its own state and local elections.

Puerto Rico has inherited from the late years of Spanish rule, from the United States, and from other related events a strong democratic tradition that has produced twenty-four successive elections in this century. Moreover, the level of electoral participation by Puerto Ricans in Puerto Rico puts to shame the level of electoral participation of U.S. citizens on the mainland<sup>29</sup>.

This high level of participation by Puerto Rico is more representative of Europe than in the mainland of the United States. Also there is more political competition among the principal parties in Puerto Rico than in any other part of the world. An issue that frequently confuses people about Puerto Rico is the language issue. For 90 years, the island had two official languages, Spanish and English<sup>30</sup>. Some people argue that if this is a territory of the U.S., shouldn't the people speak English. However, this is an unrealistic statement because at the beginning of Puerto Rico's history, Spain controlled the island and therefore left the Spanish language. English was the first Germanic language to be introduced into Puerto Rico<sup>31</sup>. Years later in 1898 when the U.S. gained

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<sup>29</sup> See Dominguez

<sup>30</sup> See Luxner

<sup>31</sup> See Porter

this island as a territory, Latin America knew that it would be impossible to convert the island into a place where only English was to be used.

In 1991, former Governor Rafael Hernandez Colon, citing Puerto Rico's "cultural heritage" abolished English as an official language. This was an act that won him Spain's Prince of Asturias Award but sparked an outcry from many local educators and business executives<sup>32</sup>.

But, in January 1993, Governor Rossello took office and quickly repaired the damage done during Colon's term as governor by quickly restoring the official status of English, making Puerto Rico bilingual once again. The linguistic marriage between Spanish and English led to what some scholars call Spanglish. Spanglish is a colloquial dialect, blending English and Spanish into forms not considered classically correct in either linguistic tradition. In the future, Puerto Rico may have to face conflicts over the official language issue with each change of authority within the government<sup>33</sup>.

For quite some time there has been a long standing debate between Puerto Ricans concerning the issue of statehood or independence for Puerto Rico. To begin, lets consider when this relationship began and what events preceded.

The genesis of the present relationship between Puerto Rico and the United States began in 1898. That year Spain called Puerto Rico to the United States in the Treaty of Paris, which put an end to the Spanish American War<sup>34</sup>. The cession of the island was promoted by the jingoists, who argued that the United States had both a right and obligation to dominate the Caribbean and to penetrate the markets of Asia and Latin

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<sup>32</sup> See Luxner

<sup>33</sup> See Porter

<sup>34</sup> Olga Jimenez de Wagenheim, Puerto Rico's Revolt for Independence: El Grito de Lares (London: Westview Press, 1985) pp. 1-28.

America. From this began a process of Americanization, where an implant of the English language was taking place and there was a gradual penetration of foreign capital.

Americanization was resented by some and accepted by others<sup>35</sup>. In light of conflicting trends, Puerto Rican public opinion became increasingly fragmented. The stirrings for independence began to be solidified with the founding of the Nationalist party and the emergence of a new professional and intellectual elite, deeply critical of the prevailing tutelage.

Partisan divisions were accentuated between those who preached statehood and those that wanted to promote a permanent association with the American union<sup>36</sup>. Some believe that benefits of statehood would improve political representation in Puerto Rico economically and allow for better representation in Congress. They would also be allowed to participate in Presidential elections. Puerto Ricans have been statutory United States citizens since 1917. However, they have no voting representation in Congress and are not allowed to vote for President. Those that support the independence of Puerto Rico, argue that if independence is not achieved, Puerto Rico will become dependent on federal aide from the United States. Dependence, on the United States, will worsen Puerto Rico's economy because it will not be able to support and sustain itself. This notion, however, completely ignores the fact that improved economic conditions and increased literacy and self - government are often the fuel for the fire of independence<sup>37</sup>.

Another important reason why independence has not been achieved in Puerto Rico is it has created a psychological system of colonialism. It did this by creating and controlling institutions and legitimizing their control as the natural order. This created a

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<sup>35</sup> See Bloomfield

<sup>36</sup> See Bloomfield

<sup>37</sup> See Johnson

sense of inferiority and resignation . Puerto Ricans receive lower levels of federal benefits than United States citizens. However, they do not have to pay federal income taxes<sup>38</sup>.

A change in Puerto Rico political status will require action by Washington. Puerto Rico has a right to help determine its future status, but only the mainland has power to effect the change. Puerto Rican politicians generally understand this difference between rights and power. Puerto Ricans from all political factions increasingly attack the current legal status of the island, and many, rightly or wrongly, blame their economic troubles on their political inferiority. Puerto Rico has the attributes of a cultural nationality. The population shares a common language, a collective memory of past experiences and traditions, and the subjective belief that it belongs to a distinct cultural group<sup>39</sup>. Puerto Ricans are close to the source of their morals and traditions. Even after eighty five years of association, full assimilation in to the American cultural matrix as not been achieved in the island. Also, there seems to be a feeling of political inferiority because of the distinct cultural identity felt by Puerto Ricans. Political analyst are concerned that if the demand for change is not channeled in to a process that offers the hope of political equality and economic progress, the results will be a full blown crisis<sup>40</sup>. Only time will tell what the eventual outcome of this situation will be.

In conclusion, new terms are going to have to be made between the United States and Puerto Rico in order to improve its relationship. A relationship between Puerto Rico and the United States that meets the needs of both sides must be based on the changed realities of the world at the end of the 20th century. The first step to improving the

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<sup>38</sup> See Negron- Muntaner

<sup>39</sup> See Bloomfield

<sup>40</sup> See Negron- Muntaner



situation is that Puerto Rico should no longer be viewed by the United States as a strategic asset. Instead, it should be seen as a neighbor, someone who shares the same political, economical and social values. Also, Puerto Rico needs to come up with a new development model that focuses on the regions advantages. These advantages are found within its people and is known as "human capital." Also, human capital emphasizes the public's investment in education, health, and technology through policies that promote competitiveness.

Through this paper, I was able to gain a lot of useful information about Puerto Rico. But, the thing that is most prevalent to me is that Puerto Rico is an island in search of its own identity, caught between its Latin American heritage and its political, economical and social ties to the United States.

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# **Ecuador's Economic Reform**

Jennifer L. Roehm  
Uhon 499

Ecuador is a country whose economy has seen its ups and downs throughout the past three decades and the entry into the new millennium was pretty rocky. Naturally, it is difficult to name all of the problems the economy has faced in the past. So, to begin, let's consider the short and long term problems that it has faced over the past few decades. Ecuador's economy was prospering in the 1970's with the oil boom but ever since then it has performed poorly.<sup>1</sup> The economy has been effected by short-term problems such as natural disasters, including earthquakes in the 1980's that plagued the nation by destroying miles of oil pipeline; and hurricanes the most recent being "El Nino", which resulted in millions of dollars in damages. These events only added to the nation's increasing debt.

On the other hand the economy has been affected by long term problems such as petroleum price fluctuation and the administration of several Presidents who seemed to only worsen the debt problem both domestically and internationally.<sup>2</sup> This inevitably encouraged over-consumption and targeted all income groups within the nation. Unfortunately, Ecuador is not a good manager of infrastructure politically or economically and this is best displayed through enterprises. The country has no capacity to finance major investments, and there is default in debt.<sup>3</sup> Today, privatization is seen as a practical requirement for this country.

The banking system in the country has experienced numerous failures, and today most of these are in the hands of the state. The latest incident with the banking system

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<sup>1</sup> George W. Grayson, "Populism, Petroleum, and Politics in Ecuador," Current History Vol. 68, No. 401 (January 1975) 15-19.

<sup>2</sup> Same as reference number 1.

<sup>3</sup> Charles R. Gibson, Foreign Trade in the Economic Development of Small Nations: The Case of Ecuador (New York, NY: Praeger Publishers, 1971) 168-178.

occurred in the latter part of 1999, when the government decided to put a freeze on all loans and limit the amount of money people were allowed to take out of their accounts. They did this because the sucre's value was depreciating and they feared a run on the banks. There are 22 private banks in Ecuador, of which four are foreign banks. The Central Bank of Ecuador, with headquarters in Quito and branches in 11 cities in the country, has its basic function the conduct of the national monetary, credit and foreign exchange policies. This institution manages the mechanism of Financial Funds, established for the purpose of channeling the national and foreign resources through the country's banking and financial system.<sup>4</sup>

Ecuador has poor external debt management as seen at the close of 1987 when foreign debt reached US \$8.660 billion and in 1999 they became the first country to default on their Brady bond.<sup>5</sup> They also lack consistency within macroeconomics. This in turn makes the investment climate unattractive. According to the International Development Bank Ecuador's economy falls below the Latin American average. Some try to blame this on insufficient tax reform and the need to raise the ratio of taxes to the GDP.<sup>6</sup> Also, some say Ecuadorians haven't suffered enough, when it comes to the current stage of the economy. The reason behind this accusation is because of the example the Peruvians set in accepting Fujimori's economic reform plan after years of suffering under Garcia's government.<sup>7</sup>

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<sup>4</sup> Dominique Delavergne, Invest in Ecuador (Boulogne, France: Delroisse, 1977) 42.

<sup>5</sup> World Bank, "Economic Reform among Latin American countries," Washington, DC, March, 2000.

<sup>6</sup> James L. Dietz & James H. Street, Latin America's Economic Development: Institutional and Structuralist Perspectives (London: Lynne Rienner Publishers, 1987) 191-197.

<sup>7</sup> Same as reference number 6

President Mahuad in the beginning of January, 2000 sought emergency economic measures, following several weeks of exchange-rate depreciation. The measure that the government proposed which had the largest impact on the country was "dollarization" of the economy. He hoped that the "dollarization" plan would stop the continuous fall of the sucre, bring back foreign investors, and restore confidence in the country's economy. The idea was well received by Ecuador's business sector but not by the political left, unions, or indigenous groups. As a result, there were a number of demonstrations and protests against the Mahuad administration from these groups.<sup>8</sup>

The events of January 2000, were said to be amazing when you consider how non-violent it was. The military is very powerful in Ecuador and is playing a larger institutional role than before. This means that they assume control over the nation's vital resources, promote basic social and economic reform, proclaim independence in foreign affairs and raise their people's sense of nationalism.<sup>9</sup> They proved this to be true in January when they had the say on who would govern the country. The military is there to protect all law abiding citizens, and most of the time they feel that they can do a better job than the national government. Generally, this is the reason why most coup d'etat occurs. In Latin America the military are known for staging a coup d'etat in the face of what they view to be oppositional to their values.<sup>10</sup> During the coup d'etat in January, the military was clearly divided when some of the high-ranking officials formed an alliance with the indigenous group, known as the CONAIE. When you have a divided military it creates

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<sup>8</sup> Department of State, "Western Hemisphere Affairs Press Guidance," Washington, DC, January 11, 2000.

<sup>9</sup> Author unknown, "Ecuador: Oil up for grabs," NACLA's Report on the Americas Vol. 19 No. 8 (November 1975): 2-38.

<sup>10</sup> Same as reference number 9.

problems with political and economic stability.<sup>11</sup> The Indigenous military alliance/coup intent in the events of January 21st was not to take over power of the government but to help solve the economic crisis effecting the country. They viewed "dollarization" as a tactic that would only punish them by making their earnings lower than they already were. They thought it would only make the economy worse and that this was simply an act by the corrupt, self-serving, and wealthy government officials. Identity can be used as a tool to mobilize groups of people and whether their actions will be taken into account with the restructuring of the economy, only time will tell. But at least they were able to see the importance of making their voices heard.

To this day there remain mixed feelings about dollarization. The United States is neutral to the plan of "dollarization". However, they believe that "dollarization" will not solve Ecuador's financial or economic problems without reforms including structural adjustments.<sup>12</sup> Even though dollarization is now in effect people have to realize that it won't be a 100% dollarization as long as the sucre is in circulation and the constitution states it as being the official currency for the country. However, currently there is a bill in Congress that if passed would make the economy one of 100% dollarization.<sup>13</sup> A couple of questions that surface when looking at dollarization is the lack of sufficient foreign exchange reserve, and capital outflows such as those suffered by Argentina in the mid 1980's. The "dollarization" of the economy will require greater economic policy discipline. In mid 1990's the only Latin American countries who were considered to be non-reformers were Ecuador and Haiti. So, even with all of these changes that are

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<sup>11</sup> Same as reference number 6.

<sup>12</sup> Henry Hazlitt, Will Dollars save the world? (New York, NY: Irvington-on-Hudson, 1947) 30-32.

<sup>13</sup> Same as referene number 8.



occurring within the country its hard to believe that they will all of a sudden go from being the least reforming country to the most reforming one.<sup>14</sup> The Department of State issued the following statements regarding Ecuador's decision to dollarize: "We are closely watching the developments in Ecuador following the government's announcement that it will dollarize, and we have been in contact with Ecuadorian authorities and the IMF. Strong underlying economic policies, including policies to ensure a sound banking sector and sound public finances, will be essential for Ecuador to achieve economic and financial confidence and stability going forward."<sup>15</sup>

The International Monetary Fund (IMF) is troubled by Ecuador's decision to dollarize, because of the instability of the economy but they are trying to help them make it work. However, the key to international financial support is the IMF. The IMF is a central reserve fund that was created to provide loan money to nations that needed the funds in order to stabilize their exchange rates. It also focuses on the financial development of underdeveloped countries that receive private capital.<sup>16</sup> The World Bank on the other hand focuses on development of poor countries that do not receive private capital and they help provide technical assistance to these countries.<sup>17</sup> The IMF is not a poverty reduction system, but they do pay attention to those issues. The IMF is an essential part of growing the world's economy and has attempted to adapt to the reality of large and liquid international capital markets, by providing faster, larger, and more heavily front-loaded loans. The loans that the IMF provides to countries come with

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<sup>14</sup> Same as reference number 5.

<sup>15</sup> Same as reference number 8.

<sup>16</sup> Jose De Gregorio, Barry Eichengreen, Takatoshi Ito, and Charles Wyplosz, An Independent and Accountable IMF (unknown: ICMB International Center for Monetary and Banking Studies, 1999) 15-16.

<sup>17</sup> Same as reference number 16.

conditionality on structural policies of the particular country.<sup>18</sup> The IMF, World Bank, Inter-American Development Bank, and the Corporacion Andina de Fomento have helped Ecuador by participating and supporting loan packages initiated by the IMF. These international financial institutions are crucial to solving Ecuador's immediate problem<sup>19</sup>. In fact, on March 1, 2000 a press release from the World Bank issued the following statements: "The management's of the International Monetary Fund (IMF), the World Bank Group, the Inter-American Development Bank (IDB), and the Corporacion Andina de Fomento (CAF) announced today their intention to propose to their Executive Boards a support package of US \$2 billion, which would be made available over the next three years to support the Government of Ecuador's ambitious program of economic and structural reform. The loans are a combination of balance of payments support and investment lending with a strong social content. They are intended to assist the implementation of dollarization, the resolution of the banking crisis, and to strengthen the public finances, including Ecuador's social safety net to minimize the impact on the poor of the nation's difficult economic situation".<sup>20</sup>

For a small developing country, such as Ecuador the external sector must be the primary vehicle of economic growth.<sup>21</sup> The Ecuadorian economy is largely dependent on its foreign trade, similar to other Latin American countries. This dependence began in the 1970's during the oil boom, when Ecuador went from being known as a banana

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<sup>18</sup> Same as reference number 16.

<sup>19</sup> Alejandra Viveros and Lee Morrison, "World Bank approves loans of US \$161.5 million to support the economic recovery of Ecuador," Press Release June 23, 2000, sec. <http://www.worldbank.org/external/lac/lac.nsf>: 1.

<sup>20</sup> Same as reference number 19.

<sup>21</sup> Same as reference number 3.

republic to the second largest producer of oil in South America.<sup>22</sup> But, for them to be able to do this Ecuador's economy had to rely on the international market. Plus, they had to rely on international support particularly from the United States for its policies and the combined expertise and past experience in dealing with foreign companies.<sup>23</sup> There is specific legislation enacted by the Ecuadorian government for development that benefits the investment of foreign capitals and insures fair profits from them.<sup>24</sup> Overall, the Ecuadorian economy is fueled primarily by oil revenues, foreign investment and geared toward capitalist production.

The breakdown of political dialogue has deepened the economic and financial crisis and has strained institutions.<sup>25</sup> The relationship between the Indigenous people and the government has been affected, due to this strain. In most cases the government has to make 'unfavorable' decisions, in order to sustain the economy, both domestic and international. These decisions are sometimes viewed as selfish and irresponsible by the citizens of Ecuador, in particular the Indigenous groups. In order to begin to restore this relationship, the Indigenous leaders must understand the importance of retaining international support so that the impoverished people will not become even more entrenched in poverty. Because, a break with constitutional rule will politically isolate their country leading to a withdrawal of economic assistance both bilaterally, between the United States and Ecuador, and also by international financial institutions, with a

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<sup>22</sup> Same as reference number 1.

<sup>23</sup> Antonio Jorge, Jorge Salazar-Carrillo, and Frank Diaz-Pou, External Debt and Development Strategy in Latin America (New York: Pergamon Press, 1985) 233-235.

<sup>24</sup> Same as reference number 4.

<sup>25</sup> Same as reference number 23.

reduction in foreign investment. This will inevitably lead to the further impoverishment of their people.<sup>26</sup>

In conclusion, Ecuador is going to have to realize that persons and institutions, such as the military and the church, have a very important part to play not only in basic character formation but also in economic development. Even though loans from the IMF and other institutions will provide short term benefits the long term benefits for the economy will inevitably come from sound policies and structural reform. As a result of changes in attitudes and customs, along with changes in the social, economic, and political structure, policies and practices will be adopted which will enable the country to follow the path most conducive to economic growth.

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<sup>26</sup> Same as reference number 23.

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## **Colombia's Internal Conflict**

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Uhon 499

The conflict I have chosen for my paper is Colombia's internal conflict between the left- wing insurgents and right- wing militias. These two groups are well armed, well financed and hold a lot of territory. Paramilitary forces are now estimated to number in the thousands and seek to counter advances from the nation's security forces. Paramilitaries are spread out over a wide area and are often fueled by the drug economy. Roughly ten Colombians are killed everyday in political violence. The groups that are involved in this internal conflict are the paramilitaries, the FARC and the ELN. These groups involved in internal conflict are mainly in conflict over the issue of illegal drugs and human rights abuses.

In this paper I will use the second image of war and the interstate conflict, which explains the state level failures that resulted in the causes of this conflict. Interstate conflict looks at the offense, defense and deterrence in warfare. Also, it discusses the integration of military organizations and civilian authority; and the innovation of the military into various doctrines. The second image of war, the state level explains how the characteristics and policies of distinct nation's can explain the occurrence of conflict. By looking at the motives behind the internal conflict such as a failed national security, drug control, and human rights abuses, one is able to see how these theories can be applied.

Under these theories, Colombia's internal conflict is seen as a state failure in that a state failure generally leads to other subsequent failures. This is evident when you consider how Colombia's government being unable to efficiently lead its country as the authoritative power has resulted in the submergence of several guerrilla groups, an increase in the drug supply, and violations of human rights. Also, poorer less established democracies are said to be more likely to fail. This tends to be the case in Colombia since they are a poor, under established democracy who has a difficult time because of its

vulnerability to guerrilla groups. Through this paper I will examine two reasons why this internal conflict is occurring in Colombia, 1) is because of human rights abuses and 2) is the sale and cultivation of illegal drugs.

"Colombia is a profoundly troubled country, beset by crime and violence. Roughly 25,000 Colombians die each year, from diverse acts of violence. Armed conflict has killed more than 35,000 Colombians in the past decade. Colombia's 1.5 million displaced population is the third largest in the world, following Sudan and Angola."(Council on Foreign Ministries, p.4)

More than half of the world's kidnappings take place in Colombia. Human rights abuses are among the most dire in the hemisphere. The country's flourishing illegal narcotics industry is a major source of violence and, in addition, fuels the guerrilla insurgents and paramilitary forces. The Colombian government lacks effective control of nearly half of its territory. And Colombians are leaving the country in droves. Weak government institutions of government have made it impossible for Colombia to resolve these multiple problems and deal with their cumulative, long-term effect. So far, the institutions have not been able to prevent the problems from growing worse and pushing the nation into a continuing downward spiral. The country's armed forces, for example, are poorly trained and organized. "They have never had the resources they need (equipment, intelligence, or training) to respond in a professional and sustained way to the insurgent and paramilitary forces. Colombia's weak justice system has made it difficult to prosecute criminals. Many who violate the law in Colombia have virtual impunity."(Oquist, p. 34) "Colombia was for years one of the most democratic and prosperous countries in the Western Hemisphere, but is today the most troubled."(Department of State, p.2)

"A forty year civil war has been pursued by leftist insurgencies, rightist paramilitary bands, and a healthy criminal drug trafficking enterprise, all of which leave Colombia with one of today's worst records for violations of human rights."(Payne, p.56)

An example of human rights abuses that have occurred because of Colombia's internal conflict are assassinations, kidnappings, social cleansing, tortures, etc. The country's current human rights situation is grave and disturbing. Human rights abuses are usually reported by the media and personal testimonies.

One of the reasons for " guerrilla conflict through the years has been the unfulfilled desire for the right to participate in the writing of a more democratic constitution."(Kline, p.85) "There are four distinct guerrilla groups the FARC, (Revolutionary Armed Forces of Colombia), the ELN, (National Liberation Army), the EPL, (People's Liberation Army) and the M-19" (W.O.L.A, p.141). The most predominant and influential of these groups is the FARC and the ELN. However, the FARC is considered the largest and best organized of all of the Colombia's guerrilla groups. "The FARC, established in 1965, was born out of the agrarian defense movements during the period known as 'La Violencia' where many displaced peasants turned to armed rebel groups for support" (W.O.L.A, p.138). Since then this group's members has grown immensely.

"The ELN, established in 1964, was inspired by the Cuban revolution where many peasant communities became anti-government and anti-imperialist because of claims that big foreign and national companies had impoverished them" (W.O.L.A, p.140). Today, the ELN is known for its stand against international oil companies. "The government and armed forces consider the ELN the most "terrorist" of the rebel groups." (W.O.L.A, p.140).

"The EPL, established in 1968, came about because of a division from the left - wing. This group is involved with the banana export industry in the Uraba Peninsula. Many conflicts and even deaths have occurred there because of clashes between the EPL and union activities" (W.O.L.A, p.142)

" The M-19, established in 1974, is comprised of activists of Rojas' ANAPO movement and former FARC militants. This group is concentrated in the cities where it has gained popular support through public relations" (W.O.L.A p.142).

"Many Colombians have fled the country, they see no future for themselves if the government is rendered ineffective and paralyzed by competing paramilitary bands. Well over a million others are internally displaced. An additional threat to human rights is the alarming proliferation of illegal weaponry in the country" (Oquist, p.78). Many illegal weapons are said to have entered Colombia within the last year increasing the number of killings.

In order to take care of human rights abuses a natural human rights policy needs to be developed, since currently there is no such thing. Also, the training and support for a human rights task force is lacking. The leaders of Colombia lack proper training and security to enforce a human rights policy " President Pastrana has stated repeatedly that he will not tolerate collaboration, by commission or omission, between security force members and paramilitaries. He reinforced this last year by removing four generals and numerous mid-level officers for having links to the paramilitaries or failure to confront them aggressively" (Department of State, p.2). Paramilitaries, the FARC guerrilla group, and the ELN guerrilla group have been asked to respect international human rights norms and to cease the practice of any other type of activity that invades human rights. However, up until now this has not been completely achieved because of the continued links between security force members and the paramilitary.

"Paramilitary forces are now estimated to number 4,000 to 5,000 combatants and, they seek to counter advances from the nations security forces. However, direct confrontations between the two are rare. Paramilitaries are blamed for three-quarters of all Colombia's political killings over the past few years" (Department of State, p.2). Most victims have tended to be poor noncombatants. Many human rights abuses occur because of Colombian officials not being unable to fully protect its citizens. Possibly, a

more capable and professional military would change the impact of the current conflict by strengthening the government and making the guerrillas more inclined to negotiate in good faith. Also, it would eventually help counter and reduce the paramilitary forces which have become stronger as the military has weakened. "Training is particularly crucial to upgrade the military capability of the armed forces and improve their human rights performance. " Professionalization would also enhance the Colombian government's moves toward a political solution to the conflict, and reinforce efforts to deal more successfully with both insurgent and paramilitary forces" (Payne, 25).

Another problem that exists when considering human rights violations is that "legislation designed to protect judges and witnesses and enable the justice system to deal with guerrilla groups and organizations, has weakened procedural guarantees and safeguards against abuse by state forces. In addition, the branches of the security forces allowed to investigate crimes, including human rights violations are precisely those units implicated in most political killings and "disappearances"(Amnesty, p.34) This leaves the citizens of Colombia feeling insecure of their government's judicial systems capability of protecting their basic rights.

Also, anyone who takes an active interest in defending human rights, or investigating massacres, "disappearances", or torture can be susceptible to torture and death themselves eventhough what they are doing is perfectly legal. "Human rights activists, people who campaign for better conditions in the shanty towns, lawyers conducting independent inquiries victims' relatives seeking the truth and perhaps some redress, judges, trade unionists, teachers, and Indian leaders have all been singled out and deliberately killed because they were perceived in some way as a threat" (Amnesty, p.3).

An overwhelmingly number of people that were killed for political reasons were either unarmed civilians who had no active role in the conflict, peasant farmers living in areas of guerrilla activity and operations where the paramilitaries were confronted.

"Some influential sectors of Colombian society have attempted to justify human rights

violations as an inevitable and justifiable consequence of the civil conflict" (Oquist, p.27).

Colombia's internal problem with human rights abuses has stretched into neighboring countries. Colombian paramilitaries and insurgents have gone into neighboring countries and have kidnapped civilians. Also, these groups are known to kidnap foreigners in both Colombia and neighboring countries as a way of obtaining money for ransom.

"Successive Colombian governments have largely escaped international criticism because of a skillful mix of political initiatives, public relations, campaigns, and the support in the international arena, of powerful allies for whom Colombia's strategic and economic significance is of far more importance than its human rights record" (Amnesty, p.3)

Second, Colombia's internal conflict has caused it to be stereo-typed by other countries as being corrupt and drug ridden. "This Andean country is the source of 80 percent of the cocaine and much of the heroin used in the United States. Most of Colombia's cocaine comes from the highlands and is estimated to have increased 140% in the past five years. In Colombia drugs beget violence. About 35,000 people have been killed in drug-related violence in the past decade, and more than a million have been driven from their homes"(Oquist, p. 63). Colombia has been one of the main engines driving the international drug trade. Narcotics have penetrated nearly all spheres of Colombian society. Drug- related activities fuel crime, corruption and social problems throughout Colombia.

Colombian government has faced the problem of drug- organized crime over the past decade. In the beginning, "the simple appearance of drug trafficking, and even the organized crime that accompanied it, at first was not considered a threat to Colombian democracy. However, it became so when drug groups became so powerful that any politician, judge, or journalist opposing them was either bought off or killed" (Kline,



p.21). Also, many people of the elite class, although they had no direct ties did not oppose this illegal commerce because it brought hard money into the country.

Paramilitaries are spread out over a wide area and are often fueled by the drug economy. The crisis in Colombian civil society is, in good measure, due to illegal drug use in the United States. Poor farmers have been cultivating coca and poppy fields to earn a living. These farmers grow coca and poppy in order to support their families and convincing them to stop this cultivation is difficult. However a transition from coca to commercial crops is beginning to occur.

"Fewer than 5% of the Colombian people support the FARC guerrilla group, the principal protectors of narcotics production and trafficking organizations" (Kline, p.14). Inevitably this is a prime source of instability for the country. These are people funneling funds to insurgents and vigilante-like paramilitaries for protection and other services. "Meanwhile, the traffickers relentless intimidation and corrupting influence is a serious threat to the rule of law and free market democratic institutions in Colombia. The erosion of these institutions in Colombia will make effective narcotics control increasingly difficult and will jeopardize other important economic and political interests" (Payne, p.38).

Another problem effecting Colombia's illegal drug problem is the lack of authority to enforce the rules. "The Colombian national police are not able to eradicate coca and poppy fields, promote alternative employment nor the development of programs for Colombian farmers because of the pressure put on them by the paramilitaries"(Payne, 40). There is a level of fear that exists among the people of Colombia, both civilians and officials, because of the threat of violence imposed by the paramilitaries.

Colombian officials lack equipment such as aircraft, radars, and proper ways of obtaining anti-narcotics intelligence information. The state's enforcement and coercive capacity needs to be improved if change is going to occur within the internal conflict.

Attempts are being made at peace negotiations. An example of this is in February of 2000 the commanders of Colombia's largest guerrilla army and the top leaders of the government left together on a trip to Europe. They went to Europe so that the guerrillas could see a variety of modern social democratic countries and also to establish mutual trust. When they returned it was evident that even though they were not friends they were fellow Colombian's who are interested in ending the 35 year old civil war.

In conclusion, no one can anticipate a speedy arrival at a political settlement. A conflict that has been years in the making will take more years still to conclude. But, a negotiated and just peace agreement may be the key in ending civil conflict and solving Colombia's problems. Also, "improving the justice system would provide sustainable results by reducing violence and drug trade, and by attracting foreign investors who favor a stable, orderly environment" (Kline, p.24). Until the country's civil conflict is resolved, sustained progress will be more difficult on all fronts: such as in protecting human rights and reducing the supply of illegal drugs.

"Ultimately, if peace can be negotiated, many of the guerrillas can be brought into civil society, the government, aided by the FARC leaders, can gravely weaken the drug trafficker, and the rule of law can be spread into areas previously dominated by the rule of brute force" (Payne, p.45).

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*thesis & intro are on target, some problems throughout*

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