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Theories of dependent foreign policy and the case of Ecuador during the Hurtado and Febres Cordero administrations, 1981–1988

Hey, Jeanne Anne Klak, Ph.D.
The Ohio State University, 1992
THEORIES OF DEPENDENT FOREIGN POLICY AND THE CASE OF ECUADOR


DISSERTATION

Presented in Partial Fulfillment of the Requirements for
the Degree Doctor of Philosophy in the Graduate
School of The Ohio State University

By

Jeanne Anne Klak Hey, B.A., M.A.

* * * * *

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CHAPTER I
INTRODUCTION

I. INTRODUCTION

What is the relationship between economic dependence and foreign policy? Recent research on this question has failed to identify reliable patterns of dependent foreign policy behavior. Most scholars agree that economic dependence influences foreign policy in some manner, but disagree on the nature and extent of that influence. The theoretical and empirical work treating dependent foreign policy has generated an ambiguous and often contradictory picture of how economically dependent states operate in the international arena. Numerous theories applied to a variety of countries deliver very different explanations of the process through which dependent leaders create foreign policy. In this dissertation, I attempt to simplify this theoretical complexity and to identify the most important forces at work in the dependent foreign policy making process.

This project both evaluates and constructs. It is evaluative in its examination of six foreign policy theories' capacity to explain a series of examples of Ecuador's foreign policy during the 1980s. Its constructive element is its attempt to identify the most valuable elements of those theories and to begin developing a more useful approach to explain dependent foreign policy behavior.

The dissertation is also theoretical as well as empirical. A primary goal is to identify the assets and flaws of six theoretical approaches. However it pursues this objective through a
detailed empirical analysis of Ecuador's foreign policy during the 1980s. Dependent foreign policy analysts often overlook Ecuador. It is therefore useful, before outlining the remainder of the dissertation, to provide a brief overview of Ecuador's foreign policy profile.

II. ECUADORAN FOREIGN POLICY

Ecuador in the 1980s is an attractive setting for the study of dependent foreign policy. The two regimes examined here, the Osvaldo Hurtado Administration (1981-84) and the León Febres Cordero Administration (1984-1988), held very distinct ideological views on foreign policy. Also, as is discussed in chapter three, Ecuador relied heavily on the United States during this period and therefore represents an ideal example of a dependent state. A focus on Ecuador is also attractive because foreign policy scholars have paid this Latin American country little attention. A number of factors account for this inattention. There is a sense in the literature on Latin American politics that Ecuador is an uninteresting or unimportant case. Many edited volumes, for example, eschew chapters on Ecuador in favor of in-depth studies of Argentina, Brazil, Chile, Peru, Colombia, Venezuela and Mexico (see, e.g., Ferris and Lincoln 1981; Lincoln and Ferris 1984; ECLAC 1985; Canak 1989b; Stallings and Kaufman 1989). Former President Osvaldo Hurtado claims that Ecuador has been overlooked because of its small size, its relatively unimportant strategic location, and the absence of severe political problems in its history (Hurtado 1990c). Indeed, Ecuador is a representative Latin American country in that it has experienced the political and economic characteristics common to the region, such as revolutionary movements, military dictatorships, and a large foreign debt. However, it has avoided the excesses of severe political repression and economic collapse that might generate more interest in Ecuador independent of the rest of Latin America (Corkill and Cubitt 1988: 1).

Hurtado also blames Ecuadoran foreign policy leaders for a lack of vision that has kept
the country from gaining foreign policy renown. Ecuadorans are quite "provincial" and "contrary
to what is foreign," Hurtado stated, referring to the deep seated regional disputes within the
country (Hurtado 1990c). Journalist and former aid to Hurtado, Hernán Pérez, echoed these
sentiments, remarking that the country's regional rivalries prevent Ecuadorans from developing
a sense of national interest that would drive foreign policy. He added that members of the
diplomatic corps enjoy "playing the diplomatic games" which include lofty statements in defense
of human rights and against aggression in international fora. However, these same people are
reluctant to implement bold policy that would earn Ecuador a reputation as an international or
regional leader (Pérez 1990).

An important scholar of Ecuadoran politics, John Martz, similarly conveys a sense that
the country's foreign policy is not a theoretically engaging subject. Martz calls for the use of
"traditional analytic lenses" to study Ecuador's foreign policy, claiming that the small country
"may be understood without elaborate displays of intellectualized model-building and conceptual
systematization" (Martz 1990: 1-2). While Ecuador's small size and accessible policy making
community undoubtedly makes it easier to study than a larger country such as Brazil, it does not
necessarily follow that Ecuador's foreign policy processes are less complex or more traditional.
In fact, this dissertation will reveal a wide variety of foreign policy behaviors and processes
operating during a short period of Ecuador's recent history.

Most of the studies that do examine Ecuador's foreign policy have perpetuated the notion
that the country is an unimportant foreign policy maker or case with which to study dependent
foreign policy. Overwhelmingly, books and articles on the subject focus on three aspects of
Ecuadoran foreign relations: the territorial dispute with Peru, the fishing zone dispute with the
United States, and Ecuador's adherence to a set of foreign policy principles (see, e.g., Terry
1972; Martz 1975; Lecaro Bustamante 1988; Carrión Mena 1989; NE 1989; Martz 1990). These
themes have dominated both the content and analysis of Ecuadoran foreign policy.

The content and scope of Ecuador's foreign policy have varied with national leadership changes. One Foreign Ministry official recently complained that Ecuador too often advanced a "governmental policy," when what it needed was "state policy" that remained consistent across time (Urrejola 1991). Despite these fluctuations which too often go unnoticed by researchers, all Ecuadoran leaders have had to address Ecuador's territorial dispute with neighboring Peru. The conflict over approximately 200,000 square kilometers of the Amazon basin dates to colonial era. During most of the first half of this century, Peru maintained effective control over the land, although Ecuador had de jure sovereignty. In 1941, Peru invaded the territory. Ecuador's military, no match for the Peruvians, quickly capitulated. In 1942, under threats of military force, the Ecuadoran Congress ratified the Rio Protocol, ceding half of Ecuador's national territory to Peru. Governments in Quito have since called the Protocol unjust and invalid and have reasserted Ecuadoran sovereignty over the area (Martz 1975: 383-86). Ecuador has never maintained sufficient military superiority to challenge Peru on the battlefield and has instead employed diplomatic channels to contest Peru's control over the territory. Armed border clashes in 1981 rekindled national furor over the matter (Martz 1987: 267). The dispute with Peru is perhaps the single issue that unites Ecuadorans of all classes and from all geographic regions (Terry 1972: 54-55). Accordingly, politicians have exploited the conflict to gain popularity and to divert attention from severe domestic problems.

A second theme of Ecuador's foreign policy concerns its claim to sole rights to fishing and subsoil exploitation within 200 miles of its shores. Since the 1945 unilateral Truman Proclamations on the Continental Shelf and Fisheries, the United States has claimed the right to fish the area. Ecuador began seizing and fining US tuna boats in 1951 and most Administrations have insisted on continuing the practice as long as US boats enter Ecuadoran territory (Martz

A third theme that commonly appears in studies of Ecuador’s foreign policy is its traditional adherence to a set of foreign policy principles. These guiding principles of Foreign Ministry conduct include non-intervention in foreign states’ affairs, equality of states, the rule of law, pacific settlement of international disputes, non-recognition of territorial conquest, self-determination of peoples, promotion of representative democracy, Latin American integration, human rights, and the fostering of international development (Terry 1972: 137; Lecaro Bustamante 1988). The Foreign Ministry remains committed to these standards, and leaders often cite Ecuador's adherence to these principles when explaining a particular foreign policy decision. Nonetheless, Ecuador's loyalty to them has varied with changes at the presidential level.

An understanding and appreciation of these foreign policy themes is important. References to them emerge throughout the present study. However, the literature's overemphasizing these topics has led to an absence of systematic examinations of the domestic and international political machinations behind Ecuador's foreign policy. It has also generated the impression that Ecuador's foreign policy is much more limited in scope that it actually is. I have chosen not to focus on these themes and instead examine a series of individual case studies from a variety of issue areas. In so doing I hope to demonstrate that Ecuadoran foreign policy is not only empirically rich and diverse, but also provides an excellent case with which to examine foreign policy theory.
III. OUTLINE OF THE DISSERTATION

This dissertation devotes considerable attention to both empirical and theoretical concerns. Chapter two begins with a discussion of the case study methodology employed. To date, most studies of dependent foreign policy have used quantitative methods and United Nations voting records to reach conclusions about dependent states' foreign policy outcomes and processes. The composite of these studies has provided very little theoretical and empirical consistency. A comparative case study approach should correct for many of the previous studies' flaws and provide a sound basis on which to derive conclusions. Chapter two continues with a review of the six foreign policy theories evaluated throughout the dissertation: compliance, consensus, counterdependence, realism, leader preferences, and domestic politics. A discussion of the theoretical foundations of each approach precedes a review of their defining conditions that must be present for each theory to explain the different cases.

Chapters three and four examine the political and economic circumstances Ecuador faced during the Hurtado and Febres Cordero Administrations. Chapter three considers the international context. It begins with details of Ecuador's economic dependence on the United States throughout the period under study. It also examines the interests and role of the United States and other core actors such as the International Monetary Fund and the World Bank in Latin America in general, and in Ecuador specifically. Chapter four details the domestic political situation in Ecuador during the 1980s. It profiles both presidents as well as four other domestic political actors: political parties and Congress, the bourgeoisie, labor and other popular groups, and the military. Each actor's role in foreign policy is highlighted. Together, chapters three and four provide crucial contextual information needed to understand the case studies that follow.

Chapters five through ten are case studies of individual examples of Ecuador's foreign policy. Each case study chapter details a foreign policy. Who initiated the policy? What
relevant opponents attempted to influence the policy? Was the policy effective? Following these empirical details is an evaluation of each of the six theories' ability to account for the case. This subsection of each case study chapter seeks the evidence needed to affirm each theory (presented in chapter two). Each case study concludes with a brief analysis of the theories' performances for that case.

Three cases of Hurtado Administration foreign policies are presented in chapters five through seven. Chapter five examines two components of Hurtado's policy towards revolutionary Nicaragua. First, Hurtado strongly opposed US interventionist policy in Nicaragua and elsewhere in Central America. Second, Hurtado did not support the Sandinista government as many expected he would.

Chapter six reviews what is perhaps the most complex case presented here: Ecuador's encouraging increased foreign investment in its petroleum industry. Since the early 1970s when the country began exporting oil, Ecuador has maintained tight state control over the oil industry, relying on foreign investment but keeping considerable restrictions on foreign companies' ability to expand operations and export profits. Under Hurtado, Ecuador eased those restrictions. The case's complexity lies in whether circumstances beyond his control forced Hurtado to implement the policy. This case also contains two components. First is Hurtado's investment reform initiative. Second is the resultant legislation that regulated the new investment. Hurtado had to work closely with Congress to develop new laws on oil investment.

Chapter seven examines what President Hurtado considers his most important foreign policy accomplishment. Late in his tenure, he convened the Conferencia Económica Latinoamericana (Latin American Economic Conference, CEL), a regional meeting of Latin American and Caribbean leaders to discuss the foreign debt. The CEL was the first of a series of regional debt conferences. Three decision points characterized this foreign policy. First is
Hurtado's decision to hold the meeting. Second is the drafting of the documents to be signed by the CEL's participants. Third is the Ecuadoran Government's behind-the-scenes policy promising creditors in the United States and elsewhere that the CEL did not represent a threat to Latin America's willingness to pay its debt. The CEL was thus at once one of Ecuador's boldest foreign policy moves and an example of capitulation to the core.

Chapter eight begins the Febres Cordero case studies with an examination of two policies relating to Ecuador's relations with Nicaragua. First, Ecuador joined the Contadora Support Group, a regional organization that criticized US policy towards Central America and sought a peaceful resolution to the conflicts there. President Febres Cordero almost immediately annulled that decision by breaking diplomatic relations with Nicaragua, the result of a personal feud between Febres Cordero and Nicaragua's President Daniel Ortega.

Chapter nine evaluates Ecuador's participation in a US military operation, code-named Blazing Trails. US troops, mostly reserves, travelled to Ecuador to aid in a road construction project in the Amazon region. President Febres Cordero whole-heartedly advocated the operation which was considered of mutual benefit to both the US, whose troops gained valuable training experience, and to Ecuador, which needed the road. President Febres Cordero did not anticipate, however, that the Ecuadoran Congress and many domestic political groups would vehemently oppose the project. After a special congressional session was devoted to the subject, Febres Cordero agreed to dismiss the troops after six months. The Blazing Trails case is one of the few in which domestic political actors overcame the policy preferences of the executive.

Chapter ten, the final case study, examines the Febres Cordero Administration's signing a foreign investment insurance agreement with the United States government. The Overseas Private Investment Corporation (OPIC) is a US governmental agency that insures private investments in Third World countries against expropriation, revolution and sudden currency
fluctuations. In agreeing to an OPIC treaty, Febres Cordero not only violated the Andean Pact’s restrictions on foreign investment\(^1\), but also angered domestic critics who saw US foreign investment as a tool of neocolonialism.

The concluding chapter surveys the results of the case study chapters and summarizes their theoretical findings. The conditions under which each of the six theories explains foreign policy are identified. In addition, it is demonstrated that Ecuador implemented pro-core policies in those areas most salient to the US and anti-core policies in areas less salient to the US. The final section also discusses how the different theories interact and co-occur within a single policy area. As is summarized in the conclusion, this study reveals that the relationship between economic dependence and foreign policy is multi-faceted. It therefore demands theoretical complexity. While the explanations for dependent foreign policy may be complex, they do reveal reliable patterns of behavior.

\(^1\) Ecuador, along with Colombia, Venezuela, Peru and Bolivia, was a member of the Andean Pact regional trade association. The Pact’s Decision 24 placed restrictions on extra-regional foreign investors’ ownership of local industry and ability to extract profits.
CHAPTER II
METHODOLOGY AND LITERATURE REVIEW

I. INTRODUCTION

A principal purpose of this thesis is to evaluate a series of leading dependent foreign policy theories. The basic research problem is the following: numerous competing theoretical approaches claim to explain dependent foreign policy. Research to date has failed to identify which approach or approaches prevail. The problem is confounded by the fact that many theories differ from each other substantially and anticipate contradictory results. For example, some theorists expect dependent states to generate foreign policies in alignment with core preferences, while others expect anti-core foreign policy behavior. Some theoretical approaches claim that domestic sources of foreign policy are relatively unimportant while others view internal factors as essential. This study seeks to identify the most potent theoretical approach (or combination of approaches) and to identify the conditions under which different explanatory factors will prevail.

This chapter's role in this task is two-fold. First, it introduces and justifies the case study methodology employed throughout the study. Second, it presents six dependent foreign policy theories that are evaluated in ensuing chapters. As such, this chapter acts as both a research design as well as a literature review.

This dual task generates some difficulties concerning the order of presentation in this chapter. I begin with a review of the case study methodology utilized to evaluate a series of
foreign policy theories. The theories to be tested by that method are presented second. I choose this order because the evidence needed to test each theory is best presented immediately after each theory's introduction. However, the need for that evidence is meaningless if the reader has not first learned of the methodology. The logic behind the ordering should become apparent as the chapter unfolds.

Section II discusses problems with traditional quantitative approaches to the study of dependent foreign policy and explains why a case study methodology has been chosen. It also briefly reviews why Ecuador during the 1980s represents an ideal case with which to examine dependent foreign policy. Section III introduces and evaluates the six theories examined throughout the thesis. Each theoretical discussion is followed by a subsection detailing the evidence required to ascertain whether a particular theory applies to a case of Ecuador's foreign policy.

II. COMPARATIVE CASE STUDY METHODOLOGY

A. Problems with quantitative approaches

As is discussed in detail in section III of this chapter, most of the to-date studies that attempt to generalize findings on dependent foreign policy apply statistical analyses to United Nations General Assembly (UNGA) voting data. The reliance on UNGA votes is quite understandable. The data set contains a large number of cases readily observable both longitudinally and across different countries and regions. The disadvantage of this method is of course that the analyst knows nothing of the foreign policy process or of the people behind the decisions. Most scholars have been willing to accept this deficiency in order to perform analyses with a large n and to achieve what are deemed generalizable results. They have been particularly
willing to forgo information on the foreign policy process and policy makers because they hypothesized that structural variables mattered most in determining dependent foreign policy outcomes. They therefore considered subsystem variables relatively unimportant.

I disagree with using the UN voting approach as the sole or even primary manner to study dependent foreign policy. Three reasons substantiate my view. First, as is detailed in section III, studies reliant on UN voting have delivered very mediocre results. The vast majority have hypothesized that economic dependence leads to foreign policy alignment with the core. Numerous inquiries have failed to demonstrate a strong correlation between these two variables. Despite this deficiency, scholars continue to generate many UN voting-based studies (see, e.g., Kegley and Hook 1991). This approach’s staying power may very well be a function of the ease with which UN voting studies are completed. Paraphrasing from Dahl (1971: 206), Arend Lijphart described a similar process in a branch of comparative politics:

(O)ne reason why so much attention has been given to the relationship between regime and socioeconomic level, in spite of the fact that this relationship is far from a perfect one, is simply that reasonably acceptable (if by no means satisfactory) ‘hard’ data are available from which to construct indicators (Lijphart 1975: 173).

The inability of UN voting studies to produce reliable results suggests that the method is inadequate. The structural relationship between core and periphery is an insufficient basis on which to predict dependent foreign policy behavior. This begs researchers to go beyond correlations and to look inside the policy process and the dependent countries’ political systems. A case study approach is at the very least an alternative method that should be explored for its explanatory power.

A second and related flaw of UN voting studies relates to validity. As is explained below, the quantitative analyses of dependent foreign policy make enormous assumptions about policy makers’ motivations and behavior. Even those UN voting-based studies that do identify
a relationship between dependence and foreign policy behavior (e.g., Keohane 1966; Wittkopf 1973; Richardson 1978; Richardson and Kegley 1980) show only correlations. The causal mechanisms behind the correlations are largely derived without empirical examples. The demonstrated relationships may be spurious and have proven unreliable. Case studies should therefore be employed to check whether the foreign policy process described in quantitative studies but not tested by them is present (Russet 1970: 428).

A third problem is that UN voting does not necessarily, or even probably, reflect a country's overall foreign policy. Most foreign policy actions occur outside of the United Nations. Recent foreign policy initiatives that would not have been captured by UN voting studies include the Arias Peace Plan, Argentina's decision to invade the Falklands (Malvinas), and the decisions by Israel, the Palestinians and many Arab states to attend peace talks. A concern with foreign policy behavior in general demands an approach that examines initiatives and decisions occurring outside of the UN forum.

A reasonable rejoinder to this last point is that while the universe of foreign policy decisions do not occur in the UN, at least the behaviors exhibited there reflect the foreign policy orientations and initiatives that governments make elsewhere. The essence of foreign policy, according to this view, is captured in UN voting studies. An important article by Tomlin (1985) strongly indicates that this is not the case. Tomlin demonstrates that states often vote and operate in regional blocs in the United Nations. Their behavior outside that body, however, does not correspond with their behavior inside. Regional cohesion that may appear quite strong in the UN may be absent or weak in bilateral and multilateral relations occurring at home. This means that the UN exerts its own influence on foreign policy behavior and as such should be treated as a variable in itself, rather than merely a forum for universal foreign policy decision making. It should also guide researchers to consider non-UN based foreign policy initiatives directly.
B. Case studies

These flaws and shortcomings of the quantitative methodology have led me to a case study approach. Specifically, I examine a series of like examples of dependent foreign policy. This approach does not specifically address differences between dependent and non-dependent cases. Rather, dependence is used as the contextual basis upon which cases are drawn. Dependence is treated not as a variable, but rather as a *situation*, within which other phenomena such as the foreign policy relationship between Ecuador and the US assumes particular relevance (Duvall 1978: 54). The situation, or context, of dependence determines the types of questions asked of each case and excludes certain types of variables at the outset (Ragin 1987: 47).

Numerous methodologists and foreign policy scholars have advocated variations on this "similar case" approach. A recent "state of the discipline" article encourages empirical case study analysis to increase understanding of foreign policy behavior (Gemer 1992: 9). George (1982: 25) suggests that a focus on similar cases representing a unique, defined set of phenomena reduces the number of critical variables observed and helps to isolate their effects. Ragin (1987: 47) observes that a well constructed comparative case study uses theory to identify the conceptually important defining parameters from which the cases are to be drawn. The case study analysis then tests hypotheses and draws conclusions which are relevant within those parameters. Eckstein (1975: 113) discusses "crucial case studies," useful for theory testing. Crucial cases represent the phenomenon to be explained so closely that the theory being tested should definitely apply (Eckstein 1975: 118). In other words, a theory's failure to explain crucial cases may be grounds for its dismissal. Lijphart (1975: 159) also advocates a case study approach and specifically suggests augmenting single country studies with numerous intra-state observations. Examination of many cases with a single country facilitates conclusions because external variables are more easily controlled (Lijphart 1975: 166-67).
Following from these suggestions, I examine in detail twelve examples of Ecuador's foreign policy during the Osvaldo Hurtado (1981-1984) and León Febres Cordero (1984-1988) Administrations. Ecuador during this period is a crucial case in that it was heavily dependent on the United States. Chapter three details the extent and nature of that dependence. Furthermore, the Reagan Administration supervised US foreign policy throughout the entire period under study. This provides a general control for US interests and behavior. The Ecuadoran example also provides significant variation on a number of critical domestic variables such as leaders' preferences and opposition influence. This variation is necessary to test the theories presented in the next section.

Once I had deemed Ecuador in the 1980s an appropriate setting for a study of dependent foreign policy, specific foreign policies needed to be isolated for study. I selected cases according to three criteria: First, cases should directly tap Ecuador's dependent relationship with the United States. Each case represents an issue relevant to both Ecuadorans and US policy makers. This criterion leads to cases most likely to detect a relationship between dependence and foreign policy if one indeed exists. In other words, this criterion assured crucial cases. Second, cases should represent similar issues under different administrations. For example, foreign policies dealing with foreign investment, revolutionary Nicaragua and regional multilateralism are examined for each administration. This facilitates comparison across administrations. Third, cases should represent diplomatic as well as economic issue areas for each president. This final criterion was chosen in response to the many foreign policy analysts who claim that issue area is an important variable for distinguishing types of foreign policy behavior (see, e.g., Richardson 1976; 1978; Potter 1980; Richardson and Kegley 1980; Armstrong 1981; Ferris 1981; 1984).

These guidelines provided me with a generous set of cases. From them I chose six for which I had collected the most useful data. These six general foreign policies (listed in figure
1) contain a variety of sub-policies, or decisions points, which benefit from individual observation. For this reason, the concluding chapter is based on twelve different foreign policy acts rather than six. Together they illustrate a broad range of dependent foreign policy behaviors and will act as a solid base for comparative conclusions both about the different administrations' foreign policies and the foreign policy theories.

OSVALDO HURTADO

1. Ecuador's policy towards revolutionary Nicaragua.
2. Ecuador's legislative reforms governing foreign investment in the petroleum industry.
3. The *Conferencia Económica Latinoamericana* (CEL), a regional conference designed to alleviate Latin America's foreign debt.

LEON FEBRES CORDERO

4. Ecuador's joining the Contadora Support Group and breaking relations with revolutionary Nicaragua.
5. Operation Blazing Trails, a US military operation in Ecuador aiding in road construction.
6. The Overseas Private Investment Corporation (OPIC) agreement Ecuador signed with the United States.

FIGURE 1: CASE STUDIES OF ECUADOR'S FOREIGN POLICY EXAMINED IN THIS STUDY

A final methodological point concerns the manner in which each case study is carried out. Alexander George (1982: 27) suggests that "structured focused comparisons" contribute to theory building if the researcher asks a series of questions of a number of comparable cases. These questions aim to extract the theoretically important elements of each case. The questions are standardized to ensure that each case is treated equally and to facilitate comparison. Following George, I ask of each case whether particular criteria, or *defining conditions*, needed to confirm each theory are present. These defining conditions determine whether a case is a fair test of a theory. For example, as is discussed below, a defining condition of the domestic politics approach is that some domestic political group hold a position on the issue at hand. If no
domestic political group cares about the foreign policy issue, then the case does not meet the defining condition and should not be treated as a proper test case for that theory. Once the defining conditions are met, I ask whether the policy outcome conformed with the theory’s expectations. Returning to the same example, the theory of domestic politics will only explain a case if indeed the domestic political group’s policy choices were implemented. Each case study chapter thus evolves as an investigation of the applicability of the different theories. Each case is then categorized according to the theory or theories that apply to it. The comparison of the cases presented in the concluding chapter, then, allows for theoretical conclusions to be drawn.

III. DATA COLLECTION

The case study approach requires large amounts of descriptive data of the policy making process. As section IV of this chapter reveals, many of the defining conditions for the different theories examined require information on matters such as leaders’ preferences, the inner workings of the political opposition and the relationship between the executive and his advisers. Collection of these types of data from afar is particularly difficult when examining a country such as Ecuador. Little has been written on its foreign policy process. Very few biographies of modern Ecuadoran politicians are available that would allow a researcher to reconstruct events surrounding particular foreign policy events.

In order to obtain the in-depth information required for this analysis, I collected data from both primary and secondary sources. During two field research trips to Ecuador, one for six weeks in 1990 and the second for three months in 1991, I conducted interviews in Spanish with government officials, interest group representatives and policy analysts in the private sector. I

1 Travel funds for the first field research trip were made available through a grant from the Tinker Foundation. The second trip was largely financed by a Graduate Student Alumni Research Award from The Ohio State University.
obtained a visiting instructor's position at Quito's Facultad Latinoamericana de Ciencias Sociales (FLACSO), which enabled me to meet with many scholars and political figures. The connection with FLACSO, a teaching and research institute with an excellent reputation, also facilitated obtaining interviews.

Key interviewees from the Hurtado Administration included President Hurtado (two interviews), Central Bank Manager Aberlado Pachano, Undersecretary for Economic Affairs Luis Narváez, and adviser on economic affairs Hernán Pérez. Key interviewees from the Febres Cordero Administration included President Febres Cordero, Central Bank Manager Carlos Julio Emanuel, Finance Minister Alberto Dahik, Minister of Foreign Affairs Edgar Terán, Undersecretary of Finance Carlos Juez, Department of Defense Liaison to the Foreign Ministry General Carlos Aguirre, and personal adviser Juan Manrique. I also interviewed other noted foreign policy makers including Horacio Sevilla, who has served in Ecuador's Washington office and acted as adviser on foreign affairs to President Roldós. Two other Roldós Administration members, Minister of Foreign Affairs Alfredo Pareja Diezcanseco and Minister of Finance Fernando Aspiazu, were also interviewed. I spoke twice with a veteran Foreign Ministry official, Leonardo Carrión, and once with Francisco Carrión Mena, adviser on international affairs to current President Borja. In addition, I met with a variety of career Foreign Ministry officials. Finally, I interviewed by telephone the US Ambassador to Ecuador during the Febres Cordero Administration, Fernando Rondón.

Private sector interviewees included Marcelo Pallares, President of Quito's Chamber of Commerce during 1989-1991 and Enrique Macías Chávez, a current officer in Guayaquil's powerful Chamber of Industry. Two brothers known throughout Ecuador's banking community, Jaime Aspiazu and Fernando Aspiazu (a former Finance Minister), were also interviewed in Guayaquil. I also met with numerous scholars and experts on Ecuadorean politics. Foremost
among them are economists Alberto Acosta and Zonia Palán, and political scientist Amparo Menéndez Carrión.

With very few exceptions, interviewees spoke openly and at length about the foreign policy process in general and about particular case studies. The average length of the interviews was approximately one hour. However, many key policy makers spent over two hours with me. Among these were Former Presidents Hurtado and Febres Cordero, Former Foreign Minister Edgar Terán and Former Central Bank Manager Carlos Julio Emanuel. My ability to conduct the interviews in Spanish also greatly enhanced their utility. Had I relied on others’ translations, my confidence in the interpretations of respondents’ answers and comments would diminish. In most cases, interviewees were impressed with my command of the language, my credentials as a North American scholar, and my knowledge on Ecuador’s foreign policy. They accordingly treated me with respect and answered questions straightforwardly.

Interview transcripts proved invaluable in providing details for the case studies that might have not have been available elsewhere. However, I also spent many hours in Ecuador’s Library of Congress reading government documents. Annual reports of the Ministries of Foreign Affairs, Finance, and Industry were very useful. Of particular importance was a classified Congressional file which contained all the documents the Committee on International Affairs had collected on the Blazing Trails military operation. A contact at FLACSO helped me to access the file which provided information unavailable to the general public.

I also used secondary sources to collect data and to confirm details and interpretations derived from the primary sources. Ecuadoran newspapers were very useful for establishing chronologies and for learning the official positions of different political actors on particular foreign policy events. Ironically, it was more difficult to access Ecuadoran newspapers in Ecuador than it was in the United States. Chicago’s Center for Research Libraries has a full
collection of Quito's principal daily, El Comercio. I spent two days at that library reading pertinent articles and obtained many other copies through inter-library loan at Ohio State. I also used Quito's other daily, Hoy, and Guayaquil's principal newspaper, El Universal. Other secondary sources, such as books, articles, and industry reports, also aided in confirming information, filling in gaps and providing contextual information to inform the case studies.

This type of extensive data collection enabled me to write detailed case studies of particular foreign policy events. I know of no other study that has described or analyzed Ecuador's foreign policy with this type of in-depth information. I have relied on multiple sources with different political leanings in an attempt to provide as objective an account as possible.

A brief review of the case study on Febres Cordero's joining the Contadora Support Group and then breaking relations with Nicaragua (chapter eight) provides an illustrate example of the manner in which I collected and relied on data. Newspaper and Foreign Ministry reports supplied necessary chronologies of events as well as the official explanations for and reactions to them. Interviews with Febres Cordero Administration officials provided insight into the reasoning behind both decisions to join the Support Group and to break relations with Nicaragua. Former President Febres Cordero and Foreign Minister Edgar Terán were particularly helpful in discussing in deep detail the politics of the negotiations surrounding the decisions. Both were key players in this case and had access to details not available elsewhere. There is, of course, danger in relying on the accounts of participants. Thus I pursued interviews with Foreign Ministry career officials and Administration outsiders who provided crucial contextual information that would have been difficult to learn from an Administration official. Using data collected from these and other sources allowed me to reconstruct the decisions and to analyze the case from many points of view.

While this approach required great time and effort, it has allowed me to achieve my
purpose: to examine dependent foreign policy not through at-a-distance statistical analyses, but with an informed case study methodology. My understanding of the details of Ecuador's foreign policy process enriches my confidence in the study's conclusions.

IV. THEORIES AND DEFINING CONDITIONS

This chapter reviews six dominant theories of dependent foreign policy: compliance, consensus, counterdependence, realism, leader preferences, and domestic politics. The first three have been developed specifically to explain foreign policy of dependent states. The remainder are more general theories of foreign policy that also claim explanatory power for dependent countries.

Each theory's description is followed by an examination of its treatment in the literature. The criteria needed for the confirmation of each theory are also presented. These defining conditions act as the basis of George's "questions" to be asked of each case study. In other words, if the defining conditions hold, that particular theory should explain the case. Evidence that would falsify each theory is also presented. Ensuing chapters determine whether each theory applies to the different cases based on whether the defining conditions are found.

A. Compliance

Moon (1985: 297) claims that "the conventional wisdom of international relations holds that the foreign policy behavior of weak states is largely determined by external forces" and that this view is "now thought so unexceptional that it no longer requires defense." Moon's statement reflects the notions born in political realism that characterize the compliance model of dependent foreign policy studies. This view argues that Third World states, lacking in the economic and military resources that constitute power in the global system, comply with hegemonic powers'
wishes because to do otherwise would invite economic or military sanctions. Third World foreign policies, then, reflect more the interests of other global powers than of their own national governments. As Richardson (1981: 102) explains, "compliance is a sacrifice, wherein actors abandon their preferences as they conform to another's dissimilar foreign policy wishes". According to compliance, economic dependence affords the United States formidable power to determine the foreign policy of its Latin American dependencies such as Ecuador. Not only can the US force Ecuador to adopt policies the former prefers, it is also assumed that those policies oppose Ecuadoran preferences and national interests. In order to understand Ecuador's foreign policy, then, an examination of its dependent relationship with the US as well as an understanding of US policy preferences are needed.

A compliant foreign policy may respond to overt coercion by the core, or merely to implicit threats. The existence of an asymmetrical trade relationship may suffice to compel weaker states to produce pro-core foreign policies in hopes of attracting economic rewards and avoiding economic punishments (Armstrong 1981: 408). While the compliant view of dependent foreign policy behavior is strongly associated with the power politics characteristic of realist theory, it also relates to branches of dependency theory that see Latin Americans trapped in a global economy in which they are forced to adopt policies against their wills and national interests (Pion-Berlin 1986: 330). Both realist and dependency theory rely on international variables to explain policy outcomes. Accordingly, compliance relies on the distribution of hemispheric power to account for Latin American foreign policy behavior.

Although criticism against it has recently intensified, compliance remains the prevailing explanation of dependent foreign policy behavior. A great number of empirical studies have tested its thesis - that dependent states will develop foreign policies favorable to the core - and have recorded variable results. The vast majority have relied on UN voting data to demonstrate
foreign policy agreement between periphery and core. Keohane recorded a high degree of UN voting agreement between Latin America and the US in the early 1960s, explaining that agreement as a function of the United States' unique ability as a superpower to use threats and promises to achieve foreign policy submission from its dependencies (Keohane 1966: 18).

Wittkopf (1973) produced similar results in a later study. In an ambitious examination of the foreign policies of US dependencies between 1950 and 1972, Richardson (1978) showed that they voted with the US more often than non-dependencies, particularly on Cold War issues. Richardson argued that compliance was higher for Cold War votes because the US valued them highly and was therefore more likely to punish or reward dependencies' voting behavior on Cold War issues. Like Keohane and Wittkopf, Richardson found that Latin America's foreign policy agreement with the US was higher than that of US dependencies from other regions.

In the 1980s, tests of compliance began to yield troublesome results. As one review of this body of theory stated, "it appears the death knell is being sounded" for the bargaining model that expects compliance to result from asymmetrical economic relationships (DeRouen and Mintz 1991: 44-45). Richardson and Kegley (1980) found that the United States' ability to exact compliant behavior was in decline. Other studies that correlated economic dependence with foreign policy compliance by Rai (1980), Armstrong (1981), Ray (1981), and Menkhaus and Kegley (1986) all demonstrated very weak relationships. A critical test of compliance by Kegley and Hook (1991) examined the success of the Reagan Administration's explicit policy linking US aid disbursements to foreign policy compliance as expressed by United Nations votes. Even when the US distinctly threatened to cut off aid, US dependencies failed to comply. Kegley and Hook explained the failed policy partly as a function of the Reagan Administration's inability to implement the policy consistently. A perhaps more important explanation of the weaker states' failure to vote with the US was the fact that pro-US votes in the UN often did not conform with
their national interests (Kegley and Hook 1991).

Despite the weakness of dependence-compliance studies, compliance remains a powerful approach to explaining dependent foreign policy behavior. The notion that weak states consider their economic vulnerability when implementing foreign policy is intuitively quite compelling. Certainly, many instances of compliance have been documented, both in studies relying on UN voting data as well as in individual case studies. Also, the readily available data with which compliance studies are performed (UN voting data and state-level economic indicators), as well as the relative ease of their statistical manipulation, no doubt contribute to compliance studies' staying power.

Compliance theory's difficulty lies in its attempt to be a grand theory accounting for the majority of dependent foreign policy behavior. It is more likely that compliance emerges under particular conditions of dependence, around specific issue areas and by certain types of leaders or regimes. These questions are examined in the ensuing case studies. Case study examinations of compliance are particularly needy given that the vast majority of compliance tests have relied on UN votes. Compliance was confirmed if a dependent state voted in the same way as the US in the UN General Assembly. As is discussed above, this is a weak measure at best. The next section outlines a much more taxing set of criteria needed to identify compliance in an in-depth case study.

1. Defining conditions

Principal among the defining elements of a compliant foreign policy is a conflict of interests between the US (or any other Northern actor such as the IMF, World Bank, or

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2 Menkhaus and Kegley (1988), for example, demonstrate that Somalia complies with its most important trading partner, Saudi Arabia. Also see Ferris (1984a), in which Mexico's compliant behavior in the economic realm is described.
multinational corporation) and Ecuador. The compliance model holds that the US is able to force a dependent country to do what it otherwise would not (Moon 1983: 319-20). The majority of compliance-based studies (e.g., Keohane 1966; Wittkopf 1973; Richardson and Kegley 1980; Armstrong 1981) are not concerned with the preferences of the foreign policy makers in the periphery. They nonetheless assume that dependent states' interests run contrary to those of the core. In other words, there is no need to consider Ecuador's leaders' preferences because it is known that they diverge from those in the US. Ensuing case studies will reveal the danger in that assumption. In many cases, Ecuadoran policy makers' preferences conformed with those from the US. Policy disagreement between core and periphery should not be assumed, but documented. Therefore, a clear outline of the policy preferences of actors within Ecuador and the US is needed to indicate the degree to which interests conflict. Such information can be obtained from a variety of sources: interviews, speeches, and writings of leaders and other policy formulators and analysts. It is important to observe these preferences before the formulation of the policy. A leader who implements a compliant policy follows a course with which he and probably the majority of his constituents disagree. It is possible that a leader will publicize the pressure from the US in order to justify a potentially unpopular foreign policy. However, he may also portray the policy as one of his own choosing or the result of agreeable negotiations. An example of the latter possibility is Osvaldo Hurtado's implementation of austerity measures in 1982 and 1983 (Pachano 1991). The President did not refer to pressure from Northern creditors to justify his actions, but rather relied on arguments for domestic economic responsibility. He could have easily focused attention on the IMF's role, but chose instead to portray himself as fully in charge of the decision. Rhetoric immediately surrounding the selling of the policy at the time of its implementation should thus be avoided, or at least supplemented with other indications of preferences.
Another defining factor of a compliant foreign policy is the issue's salience to Ecuadoran leaders. Richardson (1981: 102) reminds us that if the subject is unimportant to the weaker state, foreign policy entails no sacrifice and thus is not an example of compliance. Measuring importance is difficult as it requires a judgement of a government's priorities. An issue's importance is indicated by the frequency with which it emerges in the speeches and writings of Ecuadoran government officials. An issue that is repeatedly addressed by a variety of government officials in key public fora will be considered important. A second indicator of salience is the degree of commitment an administration shows to the matter at hand. Policy makers will devote a significant amount of time and energy at implementing a policy they consider salient.

Once a conflict of interest and salience are established, a policy will meet the defining conditions for compliance. In order for compliance to explain, it must then be determined that the policy conformed more with US policy preferences than with Ecuador's. This will entail a judgement of the match between the policy and the expressed interests of Ecuador and the US. Evidence of direct pressure from the US in the policy formulation process would also help to confirm a compliant foreign policy. Such pressure could come in many forms: personal contacts, public pronouncements of US policy preferences and threats to withhold economic benefits. However, evidence of such direct pressure is not a requisite for defining a compliant policy. The implicit threat of economic punishment may cause Ecuador to comply with US wishes. The US may never need to exercise its influence in any direct way (Armstrong 1981: 408).

Certain factors could also falsify the theory. A clear coincidence of interests and preferences between leaders in both countries would negate compliance. Also, if the policy question at hand were of little or no consequence to the Ecuadoran administration, the policy could not be compliant. If the matter is clearly not a policy priority of the regime or if the policy
entails few or no political costs to the administration, compliance will not have occurred.

B. Consensus

While dependency theorists are rarely concerned with foreign policy directly, an application of dependency theory to this area finds dependent foreign policy outcomes similar to those expected by political realists. Common versions of dependency theory hold that cooperation among periphery and core elites maintains an international economic system which benefits the core states at the expense of peripheral development (see e.g., Caporaso 1978; Duvall 1978; Cardoso and Faletto 1979; Valenzuela and Valenzuela 1981: 27; Frank 1986). According to this view, Latin America’s *comprador* class consists of an economic elite whose financial interests are inextricably tied to its country’s relationship with foreign capital. This group lobbies for a pro-core foreign policy and the intensification of dependent ties in order to further its parochial interests (Richardson 1978: 73; Ferguson 1987: 155). Because this class usually dominates politics, dependency theorists generally expect that Latin American foreign policies will reflect the interests of the United States and the multinational corporations based there.

This interpretation holds that Latin American elites will develop a pro-core policy for two principal reasons. First, most have grown up in an environment in which ties with the US economy are lauded. In many cases, Latin American elites are educated in the US and maintain business ties with their counterparts in the US and other parts of the industrialized West. Therefore, Latin American elites will hold ideological views similar to economic leaders in the US. These ideological orientations will be reflected in foreign policy. Second, many Latin American political leaders themselves maintain business ventures with Northern investors, or represent local businesspeople with these ties. A pro-US policy will maintain and improve the US-Latin American business environment and serve the specific financial interests of Latin
Bruce Moon (1983; 1985) applies a dependency framework to the study of foreign policy compliance. Moon finds that the bargaining model employed by compliance theorists (e.g., Richardson 1976; Richardson and Kegley 1980; Armstrong 1981; Kegley and Hook 1991) inadequately captures the basis of policy alignment between the US and its dependencies. His studies of UN voting agreement between the US and its dependencies finds a consistency of foreign policy alignment over time for which bargaining processes cannot account. Moon argues that *consensus* among leaders in periphery and core leads to foreign policy alignment. A consensual relationship develops over time and is ingrained in the political and development philosophies among policy and corporate elites in both periphery and core. This is quite different from the bargaining model, which explains any particular compliant behavior as a form of payment for a specific economically dependent relationship in an isolated period of time. Whereas Richardson and Kegley (1980) described the foreign policy agreement process as antagonistic, Moon describes it as collaborative and mutually beneficial, at least for elites.

i. Defining conditions

The cooperation that would confirm consensus in a case of Ecuadoran foreign policy may be difficult to find. The dependency notion relies on a long term relationship in which obvious isolated acts of influence peddling may be missing. It also includes a history of economic relations between elites in both the US and Ecuador (Moon 1983: 320). Finally, dependency theory claims that economic and political leaders in Ecuador will have "interests, values, and perceptions" more in common with elites in the US than with the majority of Ecuadoran people (Moon 1983: 321). None of these indicators can be used as clear evidence for a foreign policy derived through consensus. A history of elite cooperation between Ecuador and the US will be
a constant in all of the foreign policy cases observed in this study. It can be argued that both Presidents Hurtado and Febres Cordero, although to different degrees, have more in common with elites in the US than with the masses in Ecuador. Therefore it is necessary to demonstrate that the cooperative and consensual elements were the determining and operative factors in a particular foreign policy case, rather than simply part of the context and background in which all Ecuadoran politics operate.

The defining condition for consensus is that a clear coincidence of opinion between policy makers in the US and in Ecuador exists on the matter at hand. This will be discerned through methods similar to those described above - a review of policy makers' speeches, writings, policy statements and interviews. These sources must reflect a high degree of concordance on the general ideological approach to an issue as well as agreement on specific policy options preferred. If the policy involved negotiations between the US and Ecuador, these negotiations should occur in an environment which is more relaxed than tense, in which both sides are more accommodating than competitive. It is impossible to expect that there will be no conflicts of interest or points of contention in negotiations between two states. However, participants will consider these areas of conflict less significant than the general agreement, and will be willing to sacrifice a victory on such a point rather than see the negotiations collapse and the policy abandoned.

A second element, that the policy be designed to provide some benefit to the economic and/or political elites in Ecuador, would help to confirm consensus but is not necessary. Its emergence would indicate that a policy conforms strictly to dependency theory. However, a purely diplomatic policy, for example, may be born in ideological consensus through it might not generate any tangible economic benefits for elites. A policy that does serve elite economic interests could also serve other sectors of Ecuadoran society. Indeed, it is likely that an economic
policy, even if in reality serving elite interests, will be advertised as serving the national economic interest. Nor must the policy necessarily deliver those benefits to the elites. Many policies malfunction during implementation or simply fail to work as their designers intended. Evidence for this point includes an explanation of the logic by which the policy would benefit the upper classes in Ecuador. Also necessary is advocacy for the policy by the economic and/or political elites in Ecuador. Particular attention should be paid to policy statements and activities by Ecuador's Chambers of Production, the leaders of the capitalist class.

Core-periphery agreement and elite benefits set up the conditions for a consensus-based policy. In order for consensus to explain, the policy enacted must conform with core preferences.

Evidence of significant disagreement, coercion by the US or defiant behavior by Ecuador would falsify a consensus approach in the foreign policy being observed. Indication that either Ecuador or the US clearly prevails over the other would also negate this theory. Consensus expects that actors in both places cooperate because they expect to benefit. This is not to say that neither actor can benefit more than the other, as equality in distribution of benefits is difficult to achieve. But both must expect to profit from the policy. Finally, it is important to remember that domestic opposition within Ecuador does not play a defining role in this type of policy. Consensus is one of elites and many popular organizations can be expected to oppose policies that benefit the US and the wealthy in Ecuador. However, such domestic opposition is not a necessity to confirm this hypothesis.

C. Counterdependence

Increasingly, foreign policy analysts focusing on Third World countries disagree with the most basic of political realists' and dependency theorists' generalizations. In many cases,
economically dependent states not only fail to follow the core's lead, but in fact pursue foreign policies directly aimed at antagonizing or countering the interests of the hegemon. Most of the works that uncover foreign policy defiance are in-depth case studies of individual states. However at least two studies that rely on UN voting data also reveal a lack of compliance by dependent states. In a comparative study of Eastern European and Latin American foreign policy behavior vis-à-vis the Soviet Union and United States respectively, Ray (1981) finds that Latin American states on the whole do not comply with US foreign policy preferences. Menkhaus and Kegley (1988) demonstrate that despite significant economic dependence on a number of trade and aid partners, Somalia has pursued a foreign policy independent of many of them. Like Richardson (1976), Richardson and Kegley (1980), Armstrong (1981) and Moon (1983; 1985), Ray and Menkhaus and Kegley employ UN voting records but reach opposite conclusions regarding the foreign policy relationship between weak and strong states.

Counterdependence is one explanation of a dependent state's anti-core foreign policy. This theory explains that electorates and policy makers in the Third World, frustrated by the economically negative and politically demeaning effects of a dependent relationship, advocate an anti-core foreign policy to counter the consequences of economic dependence (Richardson 1978: 68). In perhaps the best elaboration of counterdependence, Biddle and Stephens (1989) explain that Jamaican Prime Minister Michael Manley's anti-US foreign policy in the 1970s was "a direct product of the negative and contradictory aspects of dependent development itself" (Biddle and Stephens 1989: 412). Because of an economically dependent relationship, the US had been able to force Jamaica to adopt a development plan that brought uneven economic growth, increased poverty for the poorest Jamaicans, increased levels of unemployment and an inequitable distribution of wealth. Frustrated with such conditions, popular sectors in 1972 elected Manley, a democratic socialist who implemented a foreign policy antagonistic to the Western powers and
in favor of Third World solidarity (Biddle and Stephens 1989: 414-23). Dependence caused resentment among Jamaican voters and leaders which generated a foreign policy designed to counteract that dependence.

A critical component of counterdependence, therefore, is affect. Hermann, Hermann and Hutchins (1982: 208) describe affect as

the actor's current sentiments as manifested in his/her behavior.... In foreign policy affect becomes the discernible current feelings of a government toward another government or other external entity.

Under counterdependence, the adverse economic consequences of dependence cause negative affect which is expressed in foreign policy toward the core. A counterdependent policy may begin with a popular mandate, as was the case in the Jamaican case (Biddle and Stephens 1989: 419-21). A popular mandate is not a defining condition, however. Political elites may design a policy to overcome Ecuador's dependence on the US without necessarily responding to popular demands. As the majority of Ecuadoran people are disenfranchised from the political system, lack of popular mandate is more likely in Ecuador than in Jamaica.

It is important to recognize that while a counterdependent policy is a response to negative affect, it is not necessarily rhetorical. Counterdependent leaders develop policy in accordance with their convictions that economic dependence undermines their countries' national interests. However, given that defiance against the core invites possible retribution, counterdependent policies may emerge more in diplomatic than economic issue areas. In the economic area, counterdependent leaders may face a choice between risking sanctions for defiant action and implementing a compliant policy they feel does not serve their national interests (Karl 1989: 189). Undoubtedly, some counterdependent leaders will choose to avoid sanctions, at least in the short term. Counterdependence in the diplomatic arena may be less hazardous and may therefore emerge more frequently.
i. Defining conditions

The policy must clearly be designed to reduce economic or political dependence. The logic through which the policy would achieve a reduction in dependence must be apparent, with a discernible relationship between Ecuador's dependent circumstances and the content of the policy. Examples include multilateral efforts designed to counteract the regional strength of the US, diversification of economic partners and diplomatic initiatives aimed at asserting Ecuador's independence. It is probable that the leader will make publicly clear that the policy operates independently of and against the US. The United States and or other core actors will probably resist the policy. Such resistance most likely will be consistent with the degree of threat posed by the Ecuadoran policy. If the counterdependent policy is a small measure posing little threat, we would not expect strong core opposition.

Factors that must be missing from a counterdependent policy include cooperation with actors from the US. As the policy is specifically aimed at opposing US influence over Ecuador, it will be enacted independently of the US. There also must be missing a coincidence of interests between Ecuador and the US. We assume that the particular component of economic dependence that causes Ecuador frustration is seen by the US as beneficial and by Ecuador as harmful. Therefore, the two actors will disagree over the need to modify the status quo. However, as stated above, we need not see strong opposition from US actors.

D. Realism

Realists and neorealists claim that states in an anarchic world are similar units which all struggle to advance their "national interests" and to preserve and strengthen the state (Morgenthau and Thompson 1985: 3-17; Waltz 1986b: 110, 116; Dougherty and Pfaltzgraff 1990: 81-127). The term "national interests" is fundamental to realism. This theory expects that Ecuador in its
international relations will implement foreign policies in pursuit of its national interests, most often defined in economic and military terms. Hans Morgenthau also included prestige as a possible goal and often useful instrument in the pursuit of national interests (Morgenthau and Thompson 1985: 86-100). Even though some realist and neorealist authors have provided clues as to its definition, the term "national interest" is replete with definitional problems (Dougherty and Pfaltzgraff 1990: 124-125).

A second fundamental concept is power, which has a dual purpose in realist theory. It is both a means and an ends. States use power to pursue their national interests. However, power is also a national interest in itself, a goal to be pursued in international interaction (Morgenthau and Thompson 1985: 5, 115-83). Morgenthau's classic text, Politics Among Nations, details many elements of power, such as geography, natural resources, industrial capacity, military capabilities, and quality of leadership (Morgenthau and Thompson 1985: 127-179). It is the crucial role of national leaders and policy analysts to evaluate correctly a nation's power relative to its adversaries.

The ideas of national interest and power present particular difficulties when applied to the developing world (Dougherty and Pfaltzgraff 1990: 124-25). Morgenthau's treatment of the national interest and national power focus almost exclusively on concepts and examples pertinent to the industrialized world. For a researcher interested in the foreign policy of dependent states, it provides very few useful insights. For example, Morgenthau explains that states, in their pursuit of increased power, seek three possible objectives: world empire, continental empire or local preponderance (Morgenthau and Thompson 1985: 69-71). Clearly, the first two have little applicability to most of the developing world. The third, local preponderance, is perhaps a foreign policy goal of some Third World countries. However, in discussing local preponderance, Morgenthau cites historical examples such as the experiences of Bismark, Hitler and Louis XIV
(Morgenthau and Thompson 1985: 71). The reader is left with little understanding of the conditions under which a state like Ecuador, suffering acute economic crisis, might seek regional status.

Similarly, the section in *Politics Among Nations* which treats national power evaluation emphasizes the difficulty in determining the relative power of states with comparable military and economic capabilities (Morgenthau and Thompson 1985: 170-83). While the reader learns of France’s power over Germany in Post World War I Europe, he or she is left with few tools to consider power’s role in the relationship between modern day United States and its much weaker Latin American allies. Kenneth Waltz (1986a: 92) justifies the focus on great powers. He claims that a parsimonious realist theory relying on the global distribution of capabilities prohibits researchers from examining the multitude of small and relatively insignificant states. Waltz’s claim certainly makes sense and may not be a problem to international relations theorists. The focus on great powers nonetheless hinders realism’s contribution to students of dependent foreign policy.

Despite the fact that realism rarely addresses weaker states, it is possible to operationalize national interest and power in a dependent context. Economic development has been identified as Latin American states’ primary national interest (Coleman and Quiros-Varela 1981: 40; Ferris 1984b: 275; Van Klaveren 1984: 12). This was particularly true during the economic crisis of the 1980s and especially for Ecuador, which has remained poorer and less industrialized than nearly all of its neighbors. Policies of prestige also develop in dependent states, but rarely to pursue the status of global or regional empire. Instead, Latin American aspirations for prestige are generally limited to regional recognition in a particular issue area. Numerous Latin American leaders such as Oscar Arias of Costa Rica, Belisario Betancur of Colombia and Carlos Andrés Pérez of Venezuela, to name a few, have placed themselves in positions of regional diplomatic
leadership that enhanced their countries' regional reputations. Related to the prestige notion is the more traditional definition of national interest as the maintenance of national territorial integrity. In fact, territorial concerns are quite immediate to Ecuadorans, who lost half of their national territory to Peru in a brief 1941 war. Ecuadoran leaders do not forget the potential of territorial loss and its impacts on development and regional status.

The concept of power also differs for weak states. Whereas strong powers seek and use power to maintain global influence, weak states need power for less ambitious, but no less important, goals. As is discussed in the preceding paragraph, Ecuadoran leaders will likely seek regional recognition rather than the global dominance US leaders pursue. Leaders in both places must consider whether they have sufficient power to achieve their respective goals. Power for a dependent state is measured in the same way it is for a core state: whether it has sufficient resources to achieve policy success. Ecuador's necessary resources will be much more modest than those of the US, but may be equally difficult to acquire because of the former's economic weakness and dependence.

So while realists and neorealists such as Morgenthau and Waltz may not directly speak to weak states, the concepts they derive are nonetheless important to examine in dependent foreign policy behavior. Although Ecuador clearly is not as powerful as the United States or other major global players, researchers must still consider whether Ecuador maintains the capabilities to pursue certain foreign policy goals. Similarly, countries like Ecuador may have national interests defined in terms very different from those outlined in Politics Among Nations. It is still worthy to consider what national interests Ecuador does pursue and how they are modified by the country's limited capabilities.

The central concepts of realism, national interest and power, are defined in this study as they apply to dependent states. Ecuador is considered to pursue its national interest when it
devises a policy aimed at enhancing national development or regional prestige. Power is indicated by Ecuador's maintaining the resources needed to pursue a particular foreign policy goal.

i. Defining conditions

Evidence for a development enhancing policy may be difficult to identify as development is a multi-faceted concept which could be manifest in a number of ways. I identify a development-led policy as one which is specifically aimed at improving Ecuador's economic performance or situation. In all likelihood, such a policy will operate in the economic realm, but a diplomatic initiative aimed to improve economic relations with another country, for example, could also be motivated by development concerns. The policy must also be accompanied by specific and repeated references to its development prospects. As in other cases, a development policy must contain a logical and traceable strategy that would improve Ecuador's development levels.

Because few Latin American states aspire to global power or prestige, we are likely to find evidence of Ecuador's attempts to maintain and improve its status and prestige within Latin America and the Caribbean. Repeated and specific references to Ecuador's desires to improve its regional status would need to accompany this type of policy. The policy would aim to influence the opinions or behavior of actors in the regional or possibly the global sphere. The domestic audience would be of secondary importance. The logic by which the policy would achieve an improvement of regional prestige and power would also need to be evident. A likely realm within which prestige-enhancing policies are to be found is Ecuador's relations with Peru. Ecuador's loss to Peru not only deprived the former of a large mass of territory, but dealt a severe blow to its regional prestige.
Does Ecuador have the resources needed to achieve the foreign policy goal at hand? This is the power-related defining condition of a realist policy. A primary criterion for determining the answer is whether or not the policy failed as a result of Ecuador's inability to follow through on the policy. If there is evidence that Ecuador had insufficient resources to see the policy through, the case will not conform with realism. Resources take many forms. They could be economic funds needed to complete a development project, military resources needed to overcome an armed adversary, diplomatic commitment to a particular foreign policy goal or a host of other resources the country requires to implement a policy goal. In some cases, the judgement of whether Ecuador had sufficient resources to implement a policy goal will be relatively simple. For example, in the case of a development project to which an administration commits funds, it is not difficult to determine whether those funds were available. However, in other cases, such as diplomatic initiatives, the evaluation of whether the country had sufficient diplomatic resources to see the policy through will be more subjective. Careful investigation of actors' motives and commitment, based on interviews and writings, as well as other sources, will reveal the degree to which an Administration devoted itself to a policy.

Falsification evidence includes indications that the policy clearly benefits a single group or follows the leader's idiosyncratic preferences over the will of the majority. Falsification of realism otherwise will be difficult. As different policy makers may define development or regional prestige in many ways, many policies could conceivably be designed to pursue these goals.

E. Leader preferences

Another body of foreign policy theory, not confined to the study of dependent states, considers the role of individual leaders on foreign policy development and outcomes. Stated in
general terms, theories focusing on leaders' preferences claim that an understanding of a state's leader (or other chief of the foreign policy process) will contribute greatly to explaining the country's foreign policy behavior (Hermann 1978; Hermann and Hermann 1989: 365). This relationship is thought to be particularly relevant to Third World foreign policies. In his "Pre-Theories" essay, James Rosenau hypothesized that "idiosyncratic," or leadership, variables would prove most important for explanations of less developed countries' foreign policy behavior (Rosenau 1990: 165, 168). Numerous scholars have identified Latin American leaders as crucial elements of any explanation of the region's foreign policy. Because foreign policy decision making is ordinarily concentrated at the top of government structures, they argue, leaders' personality and style becomes particularly important (Davis 1975: 11-12; Lincoln 1981: 7; Van Klaveren 1984: 15).\footnote{A recent study by Hagan (1989) does not formally address leader preferences as a source of foreign policy change, but indirectly contributes to this literature. Hagan demonstrates that changes in regime, even mild ones such as a change from one party to a similar party or intra-party leadership changes, contribute significantly to explaining shifts in foreign policy behavior as measured by UN voting. In many cases, these modest regime changes are little more than replacements of the people at the top of government structures. In essence, they represent leadership changes. Therefore, Hagan has shown that changes in leaders lead in many instances to foreign policy behavior modifications.} In the language of Hermann and Hermann (1989), predominant leaders, those executives maintaining considerable control over the foreign policy making process, occur frequently in Latin America.

Studies that consider the impact of individual leaders as well as leadership changes on politics and foreign policy are too numerous to review here. They emerge in many fields including political science, history and political psychology. More appropriate is to detail the conditions under which idiosyncratic variables are expected to prevail as explanations of foreign policy behavior. Jensen (1982: 14-16) and Holsti (1976: 30) have outlined these conditions. A summary reveals six situations in which leadership variables should be of particular importance.
A leader's impact on foreign policy is expected to increase when
1) his or her personal interest in foreign policy is high;
2) the degree of decision making latitude afforded the leader is high;
3) foreign policy decisions occur at the higher echelons of government;
4) the foreign policy problem at hand is non-routine;
5) the foreign policy problem at hand is unclear to the decision makers, requiring that the leader act without full information; and
6) long term foreign policy planning is taking place.

This thesis will not specifically address whether leader preferences prevailed under these conditions. However, this list suggests that Ecuador will be an appropriate case with which to test leader preferences against other theories of dependent foreign policy. Foreign policy decision making in Ecuador is concentrated at the top of government. In fact, the most recent Constitution gives the executive exclusive control over foreign policy. Similarly, Ecuadoran leaders have little choice but to be interested in foreign policy questions, as their country is so vulnerable to global economic circumstances. Also, as is described in chapter four, the two leaders examined in this study, Osvaldo Hurtado and León Febres Cordero, differed greatly both in ideology and style. These differences allow for an examination of the degree to which leadership differences contribute to foreign policy behavior variation.

i. Defining conditions

First, the leader must demonstrate interest and concern in international affairs or in the particular foreign policy problem at hand. This can be ascertained from a review of the executive's writings and other communications previous to his arrival to the presidency. Second, the leader must demonstrate an active participation in the foreign policy process under
consideration. Was the policy designed largely in the executive office? Did the leader become personally involved in the policy rather than leaving it to other levels of the bureaucracy? Affirmative responses to these questions indicate that a predominant leader may be at work.

If the ultimate decision rests with the leader and the policy conforms with his preferences, the policy will be explained by leader preferences. This requires that the policy conforms with the leader’s ideology and foreign policy orientation. Again, evidence of the leader’s views on the policy problem as learned from a review of his writings will provide the information necessary to compare the policy with his views. An insensitive leader will probably not meet significant opposition from his advisers. If he does, such opposition will not be heeded.

Evidence that would negate the existence of a predominant leader includes the policy’s failure to meet presidential preferences in any way. Similarly, clear indication that the preferences of an opposition actor, domestic or international, were met would falsify the theory. Absence of leader interest or participation in the policy would also mean that a predominant leader was not acting in the case under consideration. Finally, indication of severe power struggles within the administration over the policy would negate the existence of a predominant leader. The predominant leader will prevail in such squabbles, so they are highly unlikely to arise.

F. Domestic politics

The final theoretical approach evaluated in this study concerns the role of domestic political actors in the foreign policy process. While many Latin American and other dependent states have powerful leaders, they must also maintain legislative, electoral and other types of support to rule effectively or to remain in office. Accordingly, foreign policy is expected to act as a tool with which to gain domestic political favor. Foreign policy will therefore sometimes
reflect the preferences of domestic political groups (Appleton 1975: 56). Barry Ames (1987) explains public policy spending in Latin America as a process through which leaders distribute funds according to political aims. Leaders spend to satisfy the groups that will keep them in power. This study will consider whether leaders act in this fashion in the foreign policy realm, where significant resources are rarely disbursed and about which few Latin American political groups have an intense interest (Cochrane 1978: 463).

A theory of domestic politics necessarily implies that domestic opposition groups are able to influence foreign policy. If the only groups served were those that supported and agreed with the administration in power, there would be little need to look beyond the leader's preference to explain foreign policy. However the notion of opposition is quite vague. Opponents range from those who philosophically oppose a government's choices but nonetheless support its right to govern to those seeking total policy change and even the ouster of the regime (Tuchman 1992: 6-7). Charles Hermann (1987) and Joseph Hagan (1987) have each developed categorizations for thinking about the nature of opposition and its impact on foreign policy. Hermann (1987: 11-12) suggests that observers must ask two critical questions of the opposition to determine its potential impact. First, does the opposition seek to shape foreign policy outcomes or to change the regime itself? This question aims to capture the same notion as Hagan's concept of regime vulnerability. Vulnerability is defined as "the likelihood that the current regime will be removed from political office" (Hagan 1987: 346). Both authors hypothesize that the manner in which policy makers respond to their opponents will change with increased levels of vulnerability. Hermann's second question asks whether the opposition originates inside or outside the regime. Those within the regime have greater access to policy makers. Outsiders may have more maneuverability but less direct impact (Hermann 1987: 11). Hagan's related concept is that of regime fragmentation. Fragmentation increases with the degree to which the political leadership is fraught with
divisions, such as competing personalities and political groups. Hagan expects that increases in both fragmentation and vulnerability will lead to foreign policy confusion and ambiguity (Hagan 1987: 346, 349).*

Domestic political actors active in Ecuador during the 1980s are discussed at length in chapter four. However it is worthy to review the regime vulnerability and fragmentation under Hurtado and Febres Cordero. Regarding vulnerability, these presidents were fortunate that few groups sought their ouster. The military, the group most equipped to effect a coup, was committed to the new constitution. The generals demonstrated no interest in overthrowing either president, even when conflicts arose between the military and the executive branch. While some economic elites reportedly wanted to oust Hurtado, the military refused to participate (Corkill and Cubitt 1988: 91). Most Ecuadoran political actors were pleased that the country had returned to democratic rule and remained committed to its maintenance. Vulnerability was therefore rather low.

Fragmentation was more of a problem. Ecuador operates on a presidential system. As such leaders are not assured of congressional majorities. Both Hurtado and Febres Cordero faced intense opposition from Congress on a number of issues, including foreign policy matters. Additional actors outside of government, such as the Chambers of Production, labor groups, and student organizations, also applied pressure. The degree to which foreign policy makers responded to domestic political groups will be examined in the case study chapters.

* A review of recent studies of domestic political influences on foreign policy is provided in Gerner (1992: 7-9). It reveals a rather scattered set of studies focusing on elites, public opinion and domestic political groups. It also demonstrates that overwhelmingly, the majority of these studies have examined non-dependent states.
i. Defining conditions

The primary defining condition of domestic politics is that an opposition group demonstrates a preference different from the leader's. Once that has been established, domestic politics will explain if 1) there is an indication that the administration's preferences are not being implemented, and 2) there is evidence that domestic opponents' interests are being served. Reviews of domestic actors' policy positions, as indicated in public statements, press releases and other information sources will reveal preferences which can then be compared with the chosen policy. There should also be evidence that the executive clearly designed the policy with opposition interests in mind. The policy should therefore be accompanied by significant publicity aimed at making it clear that the regime is working in the opposition's interests. It is not necessary that the opposition express contentment over the policy. Ecuadoran politics are often too divisive to expect that an opponent would recognize a policy concession.

Falsification of this theory would require that the leader followed a policy aimed at satisfying the interests of his administration over that of domestic actors. A lack of interest or participation in the policy problem from domestic groups would also negate the domestic politics approach. Finally, a covert policy, or one around which the administration attempts to keep publicity at a minimum, would also indicate that domestic politics are not at work. Such secrecy would deny the administration the political points it wants to win from satisfying domestic opponents.

V. SUMMARY

The theoretical diversity that political scientists have generated to explain dependent foreign policy is at once impressive and troubling. It is impressive in that the composite of these theories reflect the complexity of the phenomenon to be explained. There is little reason to
expect that dependent foreign policy should be uni-dimensional, i.e., that it only responds to economic dependence. That a wide range of theories have developed to explain dependent foreign policy indicates its multi-faceted nature. This theoretical diversity is troubling in the different approaches presented here often contradict each other. Their mere existence suggests that foreign policy analysts remain divided over even the essential elements of an adequate explanation of dependent foreign policy.

This study contributes to our understanding of which theories best explain dependent foreign policy. It systematically evaluates each of the six theories through their application to a set of crucial cases of Ecuadoran foreign policy. It is not expected that this analysis will provide conclusive evidence to dismiss any theory or to identify another as the definitive explanation of dependent foreign policy. Rather, it seeks to treat the theories methodically so that their claims may be evaluated and the conditions under which they apply may be specified.
CHAPTER III
ECUADOR IN THE INTERNATIONAL CONTEXT

I. INTRODUCTION

An understanding of Ecuador's foreign policy requires information on the dependent context within which Ecuadoran leaders develop that policy. What is the nature and extent of the country's economic reliance on the United States? What issues do the global centers of economic power, such as the United States Government and the International Monetary Fund (IMF), consider their vital interests in Latin America? What strategies do they pursue to protect those interests? Answers to these questions will help to establish the extent of Ecuador's vulnerability as well as the types of pressures and constraints its leaders face in generating foreign policy.

This chapter considers the international context within which Ecuadoran foreign policy makers operated between 1981 and 1988. Section II presents indicators of Ecuador's economic weakness and dependence on the United States during the Hurtado and Febres Cordero Administrations. Economic dependence should be documented, rather than assumed. This section reviews four critical measures of dependence - trade, aid, investment and debt - during the Hurtado and Febres Cordero years. These indicators reveal that, despite the ideological differences between the two leaders, Ecuador experienced severe economic dependence during both administrations.
After documenting Ecuador's economic vulnerability, the chapter continues in Section III to review the interests of those actors to whom Ecuador is vulnerable. Specifically, this section considers the objectives and strategies of the US Government, the IMF and the World Bank. It finds that these organizations pressured Ecuador and other Latin American debtors to adopt austerity reforms along free-market lines. Such a policy not only increased those states' likelihood of paying their debts, but maintained an international economic order that favored the United States.

II. ECUADOR'S ECONOMIC DEPENDENCE ON THE UNITED STATES

A prominent Guayaquil banker and former Minister of Finance recently said that "Ecuador isn't 100 percent dependent on the US, only 99.5 percent" (Aspiazu 1991). While the banker's assessment is somewhat exaggerated, it reflects Ecuadorans' understanding of the severity and consequences of their country's reliance on the United States. That dependence was perhaps most acutely experienced in Ecuador's economic policy during the 1980s. Austerity measures aimed at reducing Ecuador's debt meant severe economic sacrifices for most Ecuadorans, particularly the working classes (Martz 1987: 321; Acosta 1990a: 15, 25). While the relationship between economic dependence and Ecuador's economic policy and performance is rather direct, dependence's impact on foreign policy, the object of this study, is less clear.

Following chapters examine how Presidents Hurtado and Febres Cordero managed foreign policy within the context of economic dependence. This section details the extent of Ecuador's economic reliance on the United States. A sophisticated debate on which measures of dependence are appropriate for the study of foreign policy currently flourishes in the literature (Richardson 1978; 1981; Richardson and Kegley 1980; Ray 1981; Menkhaus and Kegley 1988). Scholars agree that dependence must be measured with both absolute and relative indicators. In
other words, a dependent country must share a significant volume of economic activity with the more powerful country (absolute values). In addition, it should be demonstrated that the dependent country relies on the core state to a much greater extent than it relies on any other state. If a state’s dependence is diffused among a number of trading partners, for example, that state’s political vulnerability to any single partner will be diminished. If, however, the state’s trade behavior overwhelmingly favors one partner, vulnerability will increase and the state will be an appropriate subject for a dependent foreign policy study.

In the case of Ecuador, it is not necessary to enter into the debate over which measures are appropriate to determine dependence. By all measures, Ecuador during the 1980s was extremely economically dependent on the United States. This section reveals Ecuador’s dependence in both absolute and relative terms on the dimensions most commonly cited in the literature as critical to a dependent relationship: trade, aid and foreign investment (Richardson 1978; Richardson and Kegley 1980: 195; Armstrong 1981: 401-03; Richardson 1981). Owing to its enormous influence over Ecuador’s economic performance and vulnerability during the 1980s, the country’s foreign debt is also reviewed (Cypher 1989; Guillén R. 1989).

A. Trade

Trade is often cited as the single most important dimension of economic dependence when predicting foreign policy compliance (Richardson 1976: 1099; Richardson and Kegley 1980: 195; Armstrong 1981; Menkhaus and Kegley 1988). Ecuador during the 1980s was in many ways the classic example of a weak country, dependent on trade and therefore vulnerable to the uncertainties of the international market. First, Ecuador relies heavily on trade. Its import substitution experiment never experienced the success of Latin American states, particularly in the Southern Cone. An extremely truncated internal market combined with a highly skewed
distribution of wealth has limited Ecuador's ability to develop markets for local industries (Schodt 1987b: 108; Conaghan 1988: 10-11). The discovery of oil exporting opportunities in the 1960s directed the few resources that had been devoted to internal industrialization to the development of the petroleum trade. The national bourgeoisie, mostly wealthy exporters and landowners, did not join in the state's industrial development projects in the 1970s. The government thus developed many state enterprises which were strongly opposed by the private sector (Corkill and Cubitt 1988: 29-30). The result has been that Ecuador generates little income from many unproductive, state-run industries and continues to rely on its export of primary products.

Second, Ecuador's exchange rate exhibited a precipitous decline throughout the Hurtado and Febres Cordero years (table 1). In 1982, as part of an emergency economic recovery program, Osvaldo Hurtado devalued the sucre for the first time in 10 years. The sucre has continued to fall since that time, reaching more than 1000 sucres to the dollar in 1991. The devaluations were seen as necessary by Ecuador's creditors and some of its financial planners, particularly in the Febres Cordero Administration. Devaluations increased the value and sometimes the volume of exports necessary for foreign exchange. However, they weakened Ecuador's ability to import goods, services and technology.
### TABLE 1: AVERAGE ANNUAL EXCHANGE RATES (SUCRES: US DOLLAR), 1972-1988

<table>
<thead>
<tr>
<th>Year</th>
<th>Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>1972-1981</td>
<td>25.00</td>
</tr>
<tr>
<td>1982</td>
<td>30.03</td>
</tr>
<tr>
<td>1983</td>
<td>44.12</td>
</tr>
<tr>
<td>1984</td>
<td>62.54</td>
</tr>
<tr>
<td>1985</td>
<td>69.56</td>
</tr>
<tr>
<td>1986</td>
<td>122.78</td>
</tr>
<tr>
<td>1987</td>
<td>170.46</td>
</tr>
<tr>
<td>1988</td>
<td>495.00</td>
</tr>
</tbody>
</table>

Source: Aráuz 1990: 110.

Third, Ecuador's trade profile represents a classic core-periphery relationship. Most exports are primary products that are often low in demand and susceptible to significant fluctuations on the world market. Between 1982 and 1987, a full 89 percent of all exports were primary products (Banco Central 1989a: 114). Throughout the period under examination, crude petroleum was by far Ecuador's most important export, followed by bananas, shrimp, coffee and cacao (Banco Central 1990a). These goods are also more vulnerable to natural and other disasters than are finished goods. For example, floods in late 1982 and early 1983 decreased agricultural output by nearly one third (Corkill and Cubitt 1988: 52). An earthquake in 1987 demolished much of the Trans-Ecuador pipeline, causing the cessation of petroleum exports for six months. Ecuadoran imports, on the other hand, have been concentrated in the higher priced consumer goods and equipment and technology for agriculture and industry (Schodt 1987b: 109; Banco Central 1989a: 132).

This primary product-export/high technology-import trade structure made Ecuador financially vulnerable, particularly during the 1980s when the country needed foreign exchange
to pay its creditors. The fact that Ecuador's trade is highly concentrated with a single country, the US, makes it all the more dependent. Table 2 depicts trade with the US as a proportion of Ecuador's total trade throughout the Hurtado and Febres Cordero Administrations. Ecuador's export dependence is particularly intense and increased throughout the decade, peaking in 1984 when nearly 66 percent of all Ecuador's exports were sent to the United States. The percentage of imports that originated in the US remained at a relatively constant, but significantly high, level throughout the period.

**TABLE 2: PERCENTAGE OF ECUADORAN EXPORTS AND IMPORTS TRADED WITH THE US, 1981-1988***

<table>
<thead>
<tr>
<th>Years</th>
<th>Total value of all exports</th>
<th>Exports to the United States</th>
<th>Percent of total</th>
<th>Total value of all imports</th>
<th>Imports from the United States</th>
<th>Percent of total</th>
</tr>
</thead>
<tbody>
<tr>
<td>1981</td>
<td>2168</td>
<td>768</td>
<td>35.42</td>
<td>1694</td>
<td>611</td>
<td>36.07</td>
</tr>
<tr>
<td>1982</td>
<td>2237</td>
<td>946</td>
<td>42.29</td>
<td>2159</td>
<td>833</td>
<td>38.58</td>
</tr>
<tr>
<td>1983</td>
<td>2226</td>
<td>1163</td>
<td>52.25</td>
<td>1311</td>
<td>487</td>
<td>37.15</td>
</tr>
<tr>
<td>1984</td>
<td>2620</td>
<td>1726</td>
<td>65.88</td>
<td>1396</td>
<td>544</td>
<td>38.97</td>
</tr>
<tr>
<td>1985</td>
<td>2905</td>
<td>1695</td>
<td>57.11</td>
<td>1767</td>
<td>620</td>
<td>35.09</td>
</tr>
<tr>
<td>1986</td>
<td>2186</td>
<td>1333</td>
<td>60.99</td>
<td>1810</td>
<td>547</td>
<td>30.22</td>
</tr>
<tr>
<td>1987</td>
<td>1928</td>
<td>1056</td>
<td>54.77</td>
<td>2158</td>
<td>559</td>
<td>25.90</td>
</tr>
<tr>
<td>1988</td>
<td>2193</td>
<td>1006</td>
<td>45.87</td>
<td>1714</td>
<td>568</td>
<td>33.14</td>
</tr>
</tbody>
</table>

* Figures except for percentages are in millions of US dollars.
Source: Banco Central (1989a: 121, 124, 149, 152; Banco Central 1990a).

The US was by far the most important trading partner in both exports and imports. Table 3 provides figures that allow for a comparison of the influence of Ecuador's trading partners. Together, tables 2 and 3 demonstrate the predominance of the US in both Ecuadoran exports and
imports. In 1985, for example, the US accounted for 57.11 percent of all Ecuador's exports. That same year, all of Latin America, the Caribbean and the entire European continent received only 10.44 percent of Ecuadoran exports. Table 3 also demonstrates the decline in exports to Latin America throughout the 1980s. Exports within the region accounted for a high of 31.57 percent of Ecuador's total exports in 1982. By 1985, that figure had reached a mere 10.44 percent. That Latin American states all suffered economic crises during the decade and were forced to reduce imports account for much of this decline. At the same time, the United States increased its imports from Ecuador, offsetting some of the negative effects of the decline in regional exports, but intensifying Ecuador's reliance on the US as a trading partner. Ecuador's import dependence on the United States during this period was less intense than in exports. Nonetheless, a comparison of the figures in tables 2 and 3 reveals that the United States remained the most important single source of imports during the period under study. Only by 1987 had all of Europe and all of Latin America and the Caribbean each surpassed the United States as importers to Ecuador.
TABLE 3: PERCENTAGE OF TOTAL ECUADORAN EXPORTS AND IMPORTS TRADED WITH LATIN AMERICA AND EUROPE, 1981-1987

<table>
<thead>
<tr>
<th>Years</th>
<th>Percent of total exports to Latin America and the Caribbean</th>
<th>Percent of total exports to Europe*</th>
<th>Percent of total imports from Latin America and the Caribbean</th>
<th>Percent of total imports from Europe*</th>
</tr>
</thead>
<tbody>
<tr>
<td>1981</td>
<td>22.51</td>
<td>0.07</td>
<td>22.82</td>
<td>21.55</td>
</tr>
<tr>
<td>1982</td>
<td>31.57</td>
<td>0.04</td>
<td>17.89</td>
<td>22.96</td>
</tr>
<tr>
<td>1983</td>
<td>26.47</td>
<td>0.04</td>
<td>17.94</td>
<td>28.46</td>
</tr>
<tr>
<td>1984</td>
<td>11.40</td>
<td>0.04</td>
<td>23.97</td>
<td>22.52</td>
</tr>
<tr>
<td>1985</td>
<td>10.44</td>
<td>0.06</td>
<td>24.06</td>
<td>23.54</td>
</tr>
<tr>
<td>1986</td>
<td>11.57</td>
<td>0.10</td>
<td>18.99</td>
<td>29.14</td>
</tr>
<tr>
<td>1987</td>
<td>22.29</td>
<td>0.09</td>
<td>26.51</td>
<td>26.43</td>
</tr>
</tbody>
</table>

Source: Banco Central (1989a: 121, 124, 149, 152)
* Includes members of the European Community, the European Free Trade Association, the Council on Mutual Economic Assistance and other countries on the European Continent

It is appropriate at this point to pay particular attention to Ecuador's most important export since the 1970s, petroleum. Table 4 demonstrates Ecuador's increasing reliance on oil as a source of export revenues. By mid-decade, nearly 70 percent of all exports were crude or petroleum derivatives. Table 4 reveals a significant drop in the petroleum's proportion of exports. This should not be misinterpreted as the result of attempts to diversify exports. Rather the drop is due to a considerable decline in world prices in 1986 and the cessation of oil exports after the 1987 earthquake.
TABLE 4: PETROLEUM EXPORTS AS PERCENTAGE OF TOTAL EXPORTS, 1981-1988*

<table>
<thead>
<tr>
<th>Years</th>
<th>Total value of all exports</th>
<th>Value of crude exports</th>
<th>Percent of total</th>
<th>Value of derivative exports</th>
<th>Percent of total</th>
</tr>
</thead>
<tbody>
<tr>
<td>1981</td>
<td>2,168</td>
<td>1,175</td>
<td>54.20</td>
<td>167</td>
<td>7.68</td>
</tr>
<tr>
<td>1982</td>
<td>2,237</td>
<td>1,390</td>
<td>62.13</td>
<td>136</td>
<td>6.08</td>
</tr>
<tr>
<td>1983</td>
<td>2,226</td>
<td>1,552</td>
<td>69.71</td>
<td>93</td>
<td>4.18</td>
</tr>
<tr>
<td>1984</td>
<td>2,620</td>
<td>1,678</td>
<td>64.04</td>
<td>157</td>
<td>5.97</td>
</tr>
<tr>
<td>1985</td>
<td>2,905</td>
<td>1,825</td>
<td>62.82</td>
<td>102</td>
<td>3.51</td>
</tr>
<tr>
<td>1986</td>
<td>2,166</td>
<td>912</td>
<td>42.13</td>
<td>70</td>
<td>3.24</td>
</tr>
<tr>
<td>1987</td>
<td>1,928</td>
<td>875</td>
<td>39.74</td>
<td>101</td>
<td>4.56</td>
</tr>
</tbody>
</table>

* Figures are in millions of US dollars.
Source: Aráuz (1990: 100).

It is difficult to fathom the extent of petroleum’s impact, both positive and negative, on the Ecuadoran economy. Petroleum revenues were responsible for enormous economic growth rates, averaging over 11 percent a year in the early 1970s. The state received the bulk of oil profits that flowed into Ecuador, permitting it to finance development projects without having to tax heavily the private sector (Schodt 1987b: 105, 107). Nevertheless, economic growth financed by oil revenues in the 1970s fostered a "bonanza mentality that has led to wild spending, speculation, and great waste" (Levy and Mills 1983: 7). As a result, Ecuador is as indebted as many of its non-oil exporting neighbors. Also, petroleum experienced wide price fluctuations throughout the 1980s. For example, in January 1986, Ecuador earned $21 for each barrel of crude exported. By July of the same year the price had dropped to $9.75 per barrel (Aráuz 1990: 103). As stated above, Ecuador’s oil production ceased for six months after the March 1987 earthquakes. So while at times oil has provided Ecuador with unprecedented windfalls, it is also
a very unreliable source. Unforeseeable economic and natural catastrophes have particular impact because Ecuador relies so heavily on petroleum to finance its state budget. During the Hurtado years, an average 43.44 percent of each year’s state budget was financed by petroleum revenues. During the Febres Cordero years, the figure was 44.28 percent and would have been much higher but for low oil revenues in 1986 and 1987 (Aráuz 1990: 95).

Ecuador’s petroleum, ironically, only served to increase the country’s dependence in the 1980s. Not only were Ecuadorans dependent on income from a volatile source, the fact that exports are highly concentrated in the US market increased Ecuador’s dependence on the US. By the mid-1980s, Ecuador was exporting well over half of its crude to the US (SALA 1989: 536). The US has also been Ecuador’s primary customer for oil derivative products (Banco Central 1989b: 72). Hence, the US is the most important buyer for Ecuador’s most important export commodity (El Comercio 1983c). As will be discussed below, Ecuador’s oil industry also depended on the US for vital investment to finance further exploration and extraction of petroleum.

B. Foreign aid

Ecuador also relies heavily on foreign aid transfers from the US Government to finance development projects and, more recently, economic survival. Ecuador ranks 13th on the list of Latin American recipients of US aid in the post World War II era (SALA 1989: 775). While this may appear to indicate that Ecuador is not a high priority beneficiary of US assistance, it should be remembered that Ecuador is among Latin America’s smallest countries in terms of population. The amount of aid received is thus certainly significant in the eyes of Ecuadoran governments. Table 5 provides figures on US economic and military assistance throughout the Hurtado and Febres Cordero years. US aid throughout the period grew, reaching nearly $65 million in 1986.
Table 5 also demonstrates that aid increased significantly when the extremely pro-Reagan Febres Cordero came to power. A 60 percent increase in US bilateral aid occurred in 1985, Febres Cordero's first full year in office.

Added to these figures are US contributions to Ecuador through multilateral institutions such as the World Bank, the Inter-American Development Bank, and the United Nations. As table 5 demonstrates, Ecuador relies even more heavily on these types of multilateral assistance than it does on strict bilateral US aid. However, Ecuadorian reliance on multilateral assistance should not be construed as a significant diversification of its economic dependence. The US is the principal provider of funds to most of these institutions, and thus has considerable power over aid decisions. As table 5 indicates, multilateral aid to Ecuador increased by nearly 150 percent in 1985. A 65 percent increased followed in 1986. Table 5 further reveals Ecuador's increasing dependence on foreign aid. Combined aid from the United States and international institutions accounted for a quite significant 7.4 percent of the state budget in 1981. By 1987, that figure had reached 36.46 percent. These figures point to the acute crisis of economic dependence Ecuador experienced throughout the 1980s. That more than one-third of its state budget derived from foreign assistance, most of it from the United States, meant that Ecuadorian economic survival was directly linked to the US government's willingness to continue that assistance.
TABLE 5: US BILATERAL AID TO ECUADOR, MULTILATERAL AID TO ECUADOR, AND TOTAL AID AS PROPORTION OF ECUADOR'S STATE BUDGET,* 1981-1987**

<table>
<thead>
<tr>
<th>Years</th>
<th>Economic</th>
<th>Military</th>
<th>Total US bilateral aid (a)</th>
<th>Total multilateral aid*** (b)</th>
<th>Total aid (a+b) as percentage of state budget</th>
</tr>
</thead>
<tbody>
<tr>
<td>1981</td>
<td>18.5</td>
<td>4.3</td>
<td>25.5</td>
<td>94.6</td>
<td>7.4</td>
</tr>
<tr>
<td>1982</td>
<td>22.9</td>
<td>5.0</td>
<td>27.9</td>
<td>444.0</td>
<td>29.9</td>
</tr>
<tr>
<td>1983</td>
<td>26.6</td>
<td>4.6</td>
<td>31.2</td>
<td>209.1</td>
<td>17.4</td>
</tr>
<tr>
<td>1984</td>
<td>28.9</td>
<td>6.7</td>
<td>37.1</td>
<td>117.8</td>
<td>9.7</td>
</tr>
<tr>
<td>1985</td>
<td>51.9</td>
<td>6.7</td>
<td>58.6</td>
<td>287.8</td>
<td>12.6</td>
</tr>
<tr>
<td>1986</td>
<td>60.4</td>
<td>4.5</td>
<td>64.9</td>
<td>473.7</td>
<td>34.5</td>
</tr>
<tr>
<td>1987</td>
<td>45.6</td>
<td>4.5</td>
<td>52.0</td>
<td>464.2</td>
<td>36.5</td>
</tr>
</tbody>
</table>

* Includes grants and loans administered by USAID, Peace Corps, other US agencies, and loans administered by the US Export-Import Bank.
** Figures are in millions of US dollars.
Source: Calculated from SALA (1989: 761, 770) and Aráuz (1990: 95, 110).

C. Foreign investment

During the 1980s, curtailed credit and a weak economy combined for a dramatic decline in domestic investment in Ecuadorean industry and agriculture. Whereas gross domestic investment between 1965 and 1980 had averaged 9.5 percent of Ecuador's annual growth rate, that figure plummeted to -3.2 percent between 1980 and 1989 (World Bank 1991: 218). Ecuador looked to foreign investors, principally those in the United States, to compensate for the decline in local investment. Investors in the US and elsewhere failed to pour their money into Ecuador. The country during much of the 1980s, with the possible exception of its petroleum industry, was not an attractive investment market. Its population, approximately eight million in 1982, offered a small market (Schodt 1987b: 2). Andean Pact restrictions on foreign investment, which
included clauses requiring national participation and eventual ownership in all foreign enterprises, were unattractive to the foreign investor. Furthermore, many investors from the industrialized countries were themselves suffering from a global recession which curtailed their ability to invest in risky foreign enterprises.

Despite these obstacles, direct foreign investment remained an important source of income for Ecuador in the 1980s. The US had accounted for much of the investment revenues that flowed into Ecuador during the oil-boom years in the 1970s (Corkill and Cubitt 1988: 31). Between 1982 and 1987, US direct foreign investment in all industries averaged $368.58 million per year. Combined direct foreign investment from all countries accounted for 8.3 percent of Ecuador's GNP in 1985 (SALA 1989: 794, 799). The US has far surpassed other states as the primary source of Ecuador's foreign investment. In 1988, the US accounted for 32.4 percent of all direct foreign investment. All members of the European Community accounted for only 20.7 percent the same year (EIU 1988: 41).

Foreign investment has been particularly crucial in the petroleum industry. A Texaco-Gulf Consortium played a critical role in exploring for and exporting crude throughout the early 1970s, the earliest and most prosperous days of Ecuador's brief oil export history (Aráuz 1990: 74). Between 1973 and 1989, only two of the 17 oil blocks explored and exploited were managed solely by Ecuador's state-run oil company, CEPE. Ten of those investments involved direct participation by US petroleum companies (Banco Central 1990b: 67-68). Considering the vital importance of oil revenues to Ecuador's economic well-being (table 4), the impact of US investment in this area increases Ecuador's dependence all the more. Both Presidents Hurtado and Febres Cordero sought to increase foreign participation in the petroleum industry. Such a policy was expected from the pro-foreign investment Febres Cordero. However, that Hurtado,
an economic nationalist, implemented this policy indicates the severity of the economic crisis and the importance of foreign investment to its resolution.

D. Debt

Like that of most of its neighbors, Ecuador’s debt during the 1980s soared into unimaginable, and unpayable, amounts. The process of indebtedness followed the route common throughout the hemisphere. Considered a good credit risk in the 1970s, Ecuador’s military government borrowed heavily from Northern banks very willing to lend. A collapse in oil prices, a contraction of demand for Ecuador’s exports, and increases in interest rates swelled Ecuador’s debt burden throughout the 1980s (table 6). Service of the debt consistently deprived Ecuadorans of nearly one-third of revenues from their most vital economic activity, export (table 6). Economic policy throughout the decade attempted to manage the debt through a series of austerity measures and renegotiation packages.

Ecuador’s debt profile is of particular importance. In 1987, 15.1 percent of the total foreign debt was owed to foreign governments, 19.91 percent was owed to international organizations, and 60.58 percent was owed to private banks, mostly in the US (Statistical Abstract of the United States 1990: 860). Like most of Latin America, Ecuador owes the vast majority of its debt to private commercial banks. This is in contrast to Africa, for example, where only 29.1 percent of the foreign debt is owed to commercial banks (Bradshaw and Wahl 1991: 252). Private commercial loans are of the most dangerous type. They carry higher and more variable rates of interest than do most loans from governments or multilateral institutions. Furthermore, a commercial bank “typically does not provide funds for projects that enhance physical quality of life. Instead, commercial loans are allocated to business enterprises that emphasize profit and economic expansion” (Bradshaw and Wahl 1991: 254). Ecuador throughout
the Hurtado and Febres Cordero years paid interest when possible on the immense debt, allowing fewer and fewer funds available for quality of life and other development projects.

TABLE 6: ECUADOR'S TOTAL FOREIGN DEBT AND DEBT SERVICE RATIO, 1981-1987*

<table>
<thead>
<tr>
<th>Years</th>
<th>Total debt</th>
<th>Debt Service Ratio**</th>
</tr>
</thead>
<tbody>
<tr>
<td>1981</td>
<td>5868</td>
<td>23</td>
</tr>
<tr>
<td>1982</td>
<td>6633</td>
<td>30</td>
</tr>
<tr>
<td>1983</td>
<td>7381</td>
<td>27</td>
</tr>
<tr>
<td>1984</td>
<td>7596</td>
<td>31</td>
</tr>
<tr>
<td>1985</td>
<td>8111</td>
<td>27</td>
</tr>
<tr>
<td>1986</td>
<td>9076</td>
<td>31</td>
</tr>
<tr>
<td>1987</td>
<td>10,284</td>
<td>31</td>
</tr>
</tbody>
</table>

* Figures are in millions of US dollars.
** Debt payments as percentage of exports.

E. Summary

Ecuadoran economic dependence on the United States throughout the Hurtado and Febres Cordero Administrations remained consistent and severe. Ecuador relied heavily on the US in critical areas of economic vulnerability such as trade and debt. Ecuador's oil trade, by far its most important source of export funds, was concentrated in US markets. The US was also the primary provider of crucial aid and investment funds throughout this period. Policy makers in Quito necessarily considered the US reaction to political and economic decisions they made. A trade embargo or other sanction by the US would have intensified an already severe economic crisis. The historically positive relations between the US and Ecuador made such drastic
measures unlikely. In times of financial crisis, however, Ecuador could little afford even slight punitive measures against its economy. This economic vulnerability must be considered during any analysis of Ecuador's external behavior, whether it emanate from the pro-Febres Cordero Administration or the more nationalist Administration of Osvaldo Hurtado.

III. ECONOMIC POWER CENTERS: THE UNITED STATES, THE IMF, AND THE WORLD BANK

The preceding discussion reveals the extent of Ecuadoran economic dependence on the United States. The remainder of this chapter concerns how the United States and other powerful economic actors in the North attempted to exploit Ecuadoran dependence to their advantage. What was important to these actors? In what manner, if any, did they attempt to exploit their economic superiority? An understanding of the interests and behavior of the powerful actors is necessary to appreciate the types of pressures Ecuadoran leaders met when formulating foreign policy.

This section reviews the interests and activities of the US Government, the IMF and its associate institution, the World Bank. All were major players in Latin American finance and politics during the 1980s. The discussion reveals that Ecuador presented few threats to US strategic interests. Hence, the US and its allies pursued a primarily economic policy towards Ecuador and many of its neighbors. That policy sought to maintain and strengthen a free market economic orientation throughout the region. Such a policy served the interests of the US Government and particularly corporations with investment and banking activities in Ecuador. However, austerity imposed economic hardship on much of the Ecuadoran population.
A. The United States

The role of the United States in Ecuador during both the Hurtado and Febres Cordero Administrations was quite consistent. Both Presidents ruled during the Reagan years in the US (1981-1988). President Reagan's tenure in the White House corresponded to the worst years of economic crisis Latin America had experienced since the 1930s. The region's increased economic weakness and vulnerability enhanced the potential influence of the United States. The Reagan Administration's strict adherence to a neo-liberal economic program for the region allowed the Latin Americans little maneuvering room in economic planning.

What were the Reagan Administration's goals for Latin America, and for Ecuador in particular? Facing a decline in US regional and global hegemony which many Reagan supporters attributed to Jimmy Carter's failed foreign policy, the Reagan Administration sought to reestablish and maintain political and economic influence over Latin America (Insulza 1983; Lagos and Plaza 1985: 68-69; De S.C. Barros 1985: 37). The Administration's most obvious and highly publicized regional interest was strategic: to keep communist and socialist forces from spreading throughout Latin America. This goal was most prominently pursued in Central America where massive amounts of military and economic aid, covert operations and propaganda programs aimed to limit the influence of the Nicaraguan government and prevent insurgent groups from coming to power in El Salvador and Guatemala. Illegal drug cultivation and trafficking was a second issue of increasing concern to Washington throughout the 1980s. The US sponsored a series of programs, most notably in Bolivia, Colombia, Mexico and Peru, aimed at curbing the supply of drugs to the US (Carrera 1990: 95). Less publicized were US objectives in South America, particularly in Ecuador where leftist rebel threats and drug cultivation were relatively meager.¹

¹ The drug issue has increased in importance between the US and Ecuador since the late 1980s. The Febres Cordero Administration signed agreements with the US Government promising to police drug cultivation, processing and trafficking activities in Ecuador (MRE 1985: 35; EIU
The United States' primary ambition in Ecuador during the Hurtado and Febres Cordero Administrations was economic (Lagos and Plaza 1985: 70; White 1988; Carrión 1991; Carrión Mena 1991). Policy makers in Washington sought to steer Ecuador and other Latin American states towards a free market economic model. This policy served US national interests in the short and long term. In the short term, free market-based economies in Latin America meant open channels and immediate opportunities for US corporations involved in international trade and investment. Open economies provided access for US corporations to markets, raw materials, and cheap labor (Lagos and Plaza 1985: 76). The free market model was also considered efficient and the most likely to generate foreign exchange needed to service external debts (Acosta 1990a: 18). In the long term, US hegemony is served by the existence of a liberal international, or at least hemispheric, order in which the United States has disproportional control over markets, productivity and sources of capital and technology (Gilpin 1987: 72-76; Molineu 1990: 107).

The United States' expectation that Latin American states would follow free market guidelines in economic policy manifested itself significantly in two important areas: US prescriptions for Latin American development and the management of the debt. The Reagan Administration promoted development in the region largely through encouraging private capital investment (Molineu 1990: 98). Two US Government agencies fostered this type of development scheme. The Overseas Private Investment Corporation (OPIC) insured private investments in Third World countries against nationalization, drastic currency devaluations, and revolution. The Export-Import Bank assisted US exporters by providing credit to Latin American states so they could purchase US exports. Both of these agencies advanced free market prescriptions in Latin

1985b: 6). The current Borja Administration also cooperates with the US on the drug question (Carrera 1990: 93-102). Nonetheless, the amount and type of US resources committed to the drug war in Ecuador pale next to those devoted to other drug exporting countries.
America while simultaneously serving the particular interests of US investors and trading companies. Similarly, much of US economic assistance to Latin America arrived with the condition that it be used to buy US-produced goods and services (Molineu 1990: 98-101). This strategy, combined with Ecuador's enhanced economic vulnerability during the 1980s, intensified Ecuadoran dependence on the United States in trade.

Washington's approach to the region's debt also had a decidedly neo-liberal economic flavor. That Ecuador and its neighbors were becoming increasingly mired in debt throughout the decade was certainly not lost on US policy makers. However, the US largely failed to advance a comprehensive strategy aimed at solving the problem. Rather, the Reagan Administration encouraged each debtor to manage its problems individually with creditors. This strategy avoided treating the debt as a regional problem in need of a political solution that might favor a large-scale write-off of Latin America's debt (Stallings 1987: 314; Molineu 1990: 107). One exception to this policy was the 1985 Baker Plan, named for the US Treasury Secretary that developed it. While the plan called on private banks and multilateral lending institutions to disburse new loans to the region's debt-ridden countries, it also required those debtors to adopt strict free-market economic policies (Acosta 1990b: 318-19). The Baker Plan thus enticed Ecuador with short term funds to stave off a liquidity crisis, while serving US interests in the long run through the adoption of free market reforms. During his 1985 visit to Ecuador, Secretary of State George Shultz emphasized his host's need to open up its trade barriers and institute other free-market reforms (MRE 1985: 11). Such reforms are difficult to refuse when tied to the disbursements of new loans.
B. The IMF and World Bank

During the 1980s when overt US political and economic pressure on Latin American countries is readily met with cries of "imperialism," the Reagan Administration was fortunate that it rarely had to intervene directly to force free-market reforms in Latin America. Nor did US corporations with investment interests and opportunities in the region have to exert overt pressure to achieve favorable investment climates. The International Monetary Fund (IMF) and the World Bank assumed the role as Latin America's economy police during the 1980s. The recession and debt crisis experienced by Ecuador and most other Latin American countries substantially increased the leverage of the multilateral lenders. In order to qualify for IMF and World Bank low-interest loans, the lender must agree to an economic austerity package. Austerity typically includes reductions in consumption (particularly imports), cuts in government spending, wage freezes, currency devaluations, reduction and elimination of government subsidies, increases in exports, denationalization of industry, and the provision of foreign investment incentives (Canak 1989a: 19; Biersteker 1990: 484-85; Bradshaw and Wahl 1991: 254).

The IMF was able to exact these policy concessions because it held the authority to disburse new loans to Latin American debtors. But IMF influence extended far beyond the conditioning of its own loans. The institution's stamp of approval emerged as the symbol of a country's willingness to play fairly by the rules of a liberal international economy. As such, IMF approval was necessary not only for IMF disbursements, but also for crucial debt renegotiation agreements with private banks. Both the IMF and World Bank became the central global agents

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2 Traditionally the IMF has attended to its members short-term liquidity crises while the World Bank has assumed financing of long-term development projects. During the 1980s, however, and under the direction of the US Government, the World Bank took on much of the responsibility for ensuring that Third World debtors instituted the "proper" economic programs. The policy recommendations of the two have essentially been the same since the early 1980s (Canak 1989a: 21; Biersteker 1990: 483). In this chapter, references to the IMF can also be applied to the World Bank.
for coordinating the renegotiation and collection of Latin America’s debt owed to multilateral and bilateral public bodies as well as to private creditors (Bradshaw and Wahl 1991: 254). Similarly, foreign investors wielding much needed cash were more likely to finance projects in IMF-endorsed countries (Canak 1989a: 220-22; Carridn 1991: Carrión Mena 1991). If a country agreed to IMF austerity, it was rewarded with the emergency cash, as well as some longer-term investments, it needed to weather the crisis. Otherwise the debtor would risk default and isolation from the international financial community.

In this way the IMF and World Bank contributed significantly to US economic interests in the hemisphere. US government loans, both direct and those disbursed through multilateral institutions, were protected by IMF policies. Private creditors and investors in the US were also served by the IMF/World Bank policies of ensuring free-market policies in Latin America. With these institutions pressuring Latin American economies, the US Government per se did not have to act as the regional bully. The US role in the liberalization of Latin American economies during the 1980s should not be depreciated, however. The US controls 19.29 percent, the largest of any member, of IMF votes. The second largest contributor to the Fund is the United Kingdom, which controls only 6.69 percent of IMF votes (Bradshaw and Wahl 1991: 255). US predominance within the Fund allows the US Government considerable decision making power over IMF policies.

Ecuador's adviser to the current President Borja on international affairs, Francisco Carrión Mena, recently described US influence over Ecuador through the IMF and similar institutions. The United States, he said,

does not have to send soldiers here. Instead the United States (achieves certain economic policies) through mechanisms of international credit. It is not always visible, but the United States would like to condition loans... to Ecuador on the requirement that (the recipient) implements this or that measure. The United States doesn’t have to do this. Rather, the IMF simply conditions (the loan), saying ‘Fine, in order to arrive at an agreement for the next renegotiation of the
The IMF requires certain policies in order to obtain credit (Carrión Mena 1991).

Foreign Ministry official Leonardo Carrión echoed similar sentiments. When asked why Presidents Hurtado and Febres Cordero pursued similar debt policies despite their ideological differences, Carrión responded that

you must look at the influence of the United States Government over the decision of the IMF. The IMF is largely controlled by the United States. And the United States attempts to get (Ecuador's) economies to have a certain type of opening, a type of structure that allows foreign investments. ...(T)he Carter era had pressures about human rights. During the Reagan era the pressure was about the liberalization of the economy. There were almost orders from the Government of the United States. (It said to us,) 'You (Ecuador) liberalize your economy, and if you don't do it, you will have nothing (in terms of new loans)' (Carrión 1991).

IV. CONCLUSION

As these government officials demonstrate, Ecuador during the 1980s and today has been in a vulnerable position and without many options. The pursuit of an economic policy that does not conform with the wishes of the US, the IMF and the World Bank risks a cut-off from future loans. Because Ecuador during the 1980s was desperate for funds to pay its debt and fund local development, that risk appeared unwise. It is crucial to point out, however, that the adoption of free-market reforms and austerity policies can be politically disastrous (Acosta 1990a: 15). Throughout Latin America, austerity measures have been met with intense political opposition, often in the form of riots and strikes. This was true in Ecuador where Congress reacted to economic measures by the Febres Cordero Administration by impeaching government ministers. Under both Hurtado and Febres Cordero, nation-wide strikes met austerity programs. Ensuing chapters will consider more closely the extent to which Ecuadoran leaders submitted to the will of foreign economic powers in the face of domestic opposition to austerity. Indeed, the essential challenge to leaders of dependent states may be the management of those competing forces.
However, it can be said here that both Hurtado and Febres Cordero implemented most of the reforms suggested by the IMF (Schodt 1989; Acosta 1990a).

It also necessary to consider the leverage the United States gains from Ecuador’s economic weakness in non-economic areas. To what extent does the United States’ power in the economic realm afford it control over Ecuador’s decisions in other matters? For example, can the United States force Ecuador to support US policy in Central America or to refrain from participating in regional and global organizations such as the Non-Aligned Movement? Again, these questions will be addressed throughout this study. It is important to keep in mind Ecuador’s economic weakness and its potential impact on decisions in other foreign policy areas.

Foreign Ministry official Leonardo Carrión characterized Ecuador’s foreign policy dilemma:

(De)pendence is felt in the following manner: The US Government has a policy which says ‘you do what I want or there will be sanctions.’ The word ‘sanction’ is permanently in the mouth of the US Government. Sanctions on political issues. Sanctions on economic issues. Ecological issues. Issues on every level. ...One vote in the United Nations can cause a suspension of credit, or the suspension of a particular contract. There is always the threat that a vote (that the US doesn’t approve of) can mean that the US will vote against us in the World Bank. ...These pressures are bothersome (Carrión 1991).

Such dependence and pressures from the North are understandably bothersome to Foreign Ministry officials attempting to design and implement Ecuador’s foreign policy in the interests of Ecuador. As this chapter has documented, Ecuadorian economic dependence on the United States during the Hurtado and Febres Cordero Administrations provided the context within which the US and the IMF maintained economic leverage over Ecuadoran policy makers. That dependence was constant, and must be taken into account when considering any of the case studies presented here. The following chapter outlines the domestic situation within which both Presidents operated and considers what policy pressures emanated from the national front. Together, international and domestic forces during the economic crises of the 1980s were severe.
CHAPTER IV

ECUADOR'S DOMESTIC POLITICAL ACTORS, 1981-1988

I. INTRODUCTION

This chapter introduces the principal actors in Ecuador's political system in the 1980s. Each plays a role in some or all of the case studies to be presented in ensuing chapters. This section begins with a review of Presidents Osvaldo Hurtado and León Febres Cordero, reviewing their personal and political histories as well as the political dynamics that characterized their Administrations. Each leader's foreign policy style and content is also presented, revealing extremely disparate personalities and ideologies. Four major domestic political actors are then discussed: political parties and Congress, the industrial and landowning elite, labor and other popular groups, and the military. Subsections review each actor's political history, role during the Hurtado and Febres Cordero Administrations, and historical interest and function in Ecuadoran foreign policy.

In general, these domestic groups have had a small role in foreign policy. Their participation is not systematic or consistent. Rather they inject themselves into the foreign policy making process when their political or economic interests are perceived under threat in a particular foreign policy matter. However, most of the domestic political actors discussed were major political forces during the 1980s. As the economic pie shrank, national political groups actively resisted the reduction in their share. As such, both Presidents Hurtado and Febres Cordero contended with significant domestic political opposition that made difficult the
management of Ecuadoran society and economy. Domestic political actors thus had a less direct, but perhaps no less important, role in curbing the time, energy and maneuvering room allowed to each Administration to develop foreign policy.

II. OSVALDO HURTADO

A. Political background

Unlike most of Ecuador's leading politicians, Osvaldo Hurtado is not a native of either of Ecuador's major urban centers, Quito and Guayaquil. He was born and raised in the highland provincial capital of Riobamba. Educated as a lawyer in Quito's Catholic University, Hurtado dedicated his young adulthood to organizing and later leading Ecuador's Christian Democratic party, Democrazia Popular (DP). The party's platform commits itself to "the fundamental objective of serving the political expression of popular organizations in the countryside and cities" and cites four basic doctrinal principles: humanism, community socialism, democracy and Latin American nationalism (TSE 1989: 91). The party supports redistributive economic and social policies and generally opposes the interests of large scale industrialists and land owners. Hurtado remains today Ecuador's primary spokesperson for the party's principles.

Despite its attraction to popular interests, DP has never enjoyed great popular appeal throughout Ecuador. Always considered a party of the sierra (highlands), DP has failed to gain backing in Ecuador's heavily populated coastal zone. During the late 1970s, when an end to Ecuador's military rule was being negotiated, Hurtado participated in the framing of the new constitution. He was known as a scholar and a teacher in Quito's Catholic University - an important brain for Ecuador's return to constitutional government but hardly a well-known politician himself. As one observer of Ecuadoran politics put it, Hurtado was
very academic, very analytic, well dressed, extremely capable and intelligent. He had genuine social concerns. But as a politician he was cold. (Unlike other politicians), he didn’t give big speeches in the city squares (Carrión Mena 1991).

Hurtado entered the high profile political scene during Ecuador’s most recent transition to constitutional rule. His economic and political savvy was attractive to Jaime Roldós, the 1979 presidential candidate who hand-picked Hurtado as a running mate. Roldós himself had been an unlikely presidential contender. The outgoing military triumvirate had placed a clause in the electoral laws forbidding the candidacy of the country’s leading populist and would-be president, Assad Bucaram. Bucaram chose Roldós, husband of the former’s niece and a loyalist of Bucaram’s Concentración de Fuerzas Populares party (CFP), to be the party’s candidate. Representing the coast and the highlands respectively, Roldós and Hurtado campaigned with a platform for reform in all areas of economic and social policy. Their election in April of 1979, won with 68 percent of the national vote, demonstrated a clear mandate for change. Roldós was only 38 years old. His running mate was a mere 39 (Levy and Mills 1983: 5; Conaghan 1987: 148; Corkill and Cubitt 1988: 44-45).

The new constitution called for the vice president to head the National Development Council. In this capacity, Hurtado directed economic and social policy for the Administration. Comfortable in a policy planning role, Hurtado dedicated his efforts to implementing a social reform package in a hostile political and economic environment. Politically, the Administration was confronted by an unfriendly Congress. When Roldós had refused to act as a proxy president for Bucaram, the elder politician organized a strong opposition Congress against the young executive. Although Roldós had been elected with a strong majority in Congress, all hopes for a productive executive-legislative pact were dashed when the conflict within the CFP overwhelmed government and made almost impossible the passage of legislation. Roldós’ energy was directed more at vetoing bills than towards implementing his promised reforms (Conaghan
Economically, Hurtado realized that Ecuador was living its last days of credit access and that indebtedness would soon become the most critical economic issue facing the poor country. By January 1981, economic straits were forcing consideration of austerity measures (Schodt 1987b: 143). Implementation of reform promises was further complicated by an armed border clash with Peru in early 1981. Then, in May of 1981, as the Administration's popularity was waning, Jaime Roldós was killed in an air crash. The country's shock at the death of their president was matched only by their astonishment that a relatively unknown university professor was now their leader.

B. The Hurtado Presidency

Hurtado assumed command of Ecuador as it was entering its most severe economic crisis in the post-war period. Opposition from Congress, business leaders and organized labor made governing almost impossible. Ecuador's business elites remained Hurtado's most vehement critics, accusing him of extreme leftism in political and economic policy. His successor, León Febres Cordero, claims that "next to Osvaldo Hurtado, Mao Tse Tung is a child" (Febres Cordero 1991). One of Febres Cordero's economic advisers racistly calls Hurtado "half Indian," implying that he is uncultured and stupid (Juez 1991). Febres Cordero's Foreign Minister asserted that Hurtado "hates the private sector. He hates businessmen. He hates everyone that is capable of taking a risk and of generating wealth" (Terán 1991). The most common accusations are that Hurtado acted in the interests of an oversized and inefficient state bureaucracy and debilitated the capacity of free enterprise to flourish in Ecuador (Martz 1987: 254, 377; Emanuel 1991; Pallares 1991). The immediate animosity Hurtado received from the business community made impossible the national unity for which he called to support difficult economic policies (Hurtado 1990a: 133). Rumors that economic elites were urging military
leaders to overthrow Hurtado circulated frequently. Hurtado claimed in an interview with the press that there "wasn't a cocktail party" in which business leaders did not urge the Armed Forces to overthrow the government (SENDIP 1984a: 240). The recency of a bourgeois-supported military dictatorship made fears of a coup very real (Conaghan 1988: 126-27).

The criticism was largely unwarranted. Hurtado was certainly no more a "statist" than had been the military leaders of the preceding decade (Martz 1987: 377; Conaghan 1988: 124). For example, he strongly sought foreign investment, particularly in the oil industry. His economic and social platform guaranteed opportunities for industrialization and a respect for private property (Mills 1984: 92). Hurtado's economic program was quite similar to that of his right-wing successor, Febres Cordero (Levy and Mills 1983). Most important, in 1983 Hurtado instituted a highly controversial economic policy which overwhelmingly benefitted the business community. The policy was called the *sucretización* and called for the state to assume responsibility for the private sector debt, most of which was owed in dollars. Private sector debtors paid off their loans to the state in sucre, not in dollars, thereby freeing them from the tremendous financial burden incurred when the sucre devalued against the dollar. The *sucretización* gave a large subsidy for the private sector debtors and is generally considered a policy coup for the private business sector (Acosta 1990a: 25; 1990b: 306-08; Aspiazu 1991; Macías Chávez 1991; Emanuel 1991; Pallares 1991).

Why did the business community lash out so fervently against Hurtado? Two changes that occurred in elites' operating atmosphere contributed to their hatred for Hurtado. First, the young president excluded economic elites from his policy making circles (Schodt 1987b: 145-46; Conaghan 1988: 52, 127; Schodt 1989: 177; Hurtado 1990a: 131). Economic elites were eager to return to a constitutional democracy led by men who, if not members of their own ranks, at least were open to industrial leaders' influence. When Roldós and his successor failed to act as
economic elites had hoped, the latter were severely disappointed (Conaghan 1987: 147). Hurtado maintained a rather closed circle of policy makers, and maintained more open channels for labor leaders than he did for economic elites. As Hurtado put it, the business leaders "knew they couldn’t pick up the phone and give me orders in a country where the government traditionally ruled in consultation with the Chambers (of Production)" (quoted in Conaghan 1988: 127). Second, Hurtado’s government coincided with the beginning of Ecuador’s economic crisis and the austerity policies that accompanied it. Industrialists that had become accustomed to unreserved credit access and high profit returns during the 1970s found in the 1980s that sound economic policy invariably carried economic costs. The Hurtado Administration bore the heaviest political brunt of the elites’ adjustment process.

C. Foreign policy

In foreign policy, Hurtado was low key but consistent. Roldós had made foreign policy a high profile element of his Administration. He sponsored a regional conference on human rights which earned him a favorable reputation in Latin American diplomatic circles. Roldós had strongly favored regional integrative efforts and publicly opposed US policy in Central America. Hurtado maintained Roldós’ foreign policy principles, but pursued them in a less conspicuous manner. Diplomatically, Hurtado favored open relations with all states. In Roldós’ first year in office, Ecuador had arranged to establish relations with 15 states, including the People’s Republic of China, Cuba, Vietnam and Albania (MRE 1980: 27). Hurtado completed that effort and oversaw Ecuador’s incorporation into the Non-Aligned Movement in September of 1981 (MRE 1983: 77; Hurtado 1990b: 356). Initially, he strongly supported the Andean Pact, which his development plan had targeted as a primary source of markets for Ecuador’s exports (Levy and Mills 1983: 18). However, Hurtado left the presidency rather disgusted with the Pact’s
performance and its members' failure to comply with the regulations (Hurtado 1990a: 152-53). His commitment to the principles of non-intervention, peaceful resolution of conflicts, human rights and national sovereignty was constant, but not highly publicized.

Among his most courageous foreign policy actions was an attempt to reconcile Ecuador's border conflict with Peru. Early in his term, in important speeches and key public appearances, Hurtado called for a "national consensus" on a resolution to the border problem (Martz 1987: 326; Hurtado 1990b: 355-56). Given that Ecuador's recovery of lost territory was a practical impossibility, Hurtado was essentially asking Ecuadorans to accept the status quo and to put the Peruvian question behind them. Political opponents such as Febres Cordero used the opportunity to disparage Hurtado, calling him a traitor "to our most sacred principles." Even members of Hurtado's own Foreign Ministry, who had spent years cultivating the image of Peru as an enemy, balked at the suggestion that the border conflict be resolved (Pérez 1990). "Evidently," Hurtado reflected later, "conditions in the country were not favorable for the success of my initiative." Accordingly, he abandoned attempts to work out the conflict with Peru (Hurtado 1990a: 154-57).

Hurtado appeared somewhat more comfortable dealing with economic foreign policy matters, which he considered in the most desperate straits. He consistently warned domestic and international audiences of the looming economic crisis. In speeches, he frequently referred to inequities between North and South, calling for more fair trade practices to favor the development of Third World economies. His 1983 UN General Assembly speech was dedicated almost exclusively to the need for a global response to Latin America's economic plight (MRE 1984: 95). He emphasized the debt problem, and organized the first major Latin American conference on that theme, in January of 1984 (see chapter seven).

Hurtado's relations with the United States were quiet but sound. In reference to this relationship, Hurtado claims in his memoirs that both the "confrontation and subordination" that
characterize US-Latin American relations are extreme, and that he preferred a relationship based on mutual respect and consideration (Hurtado 1990a: 153). He did not provoke Washington on the critical questions surrounding US policy in Central America at the time. In international fora, his Administration criticized specific elements of US activities in the region, such as mining Nicaraguan harbors and the arming of the Contras. However, Hurtado praised the Kissinger Commission, a team of investigators led by Henry Kissinger whose report on the region was seen by many as a justification for continued US intervention in Central America (MRE 1984: 115). Hurtado's Foreign Ministry was critical of the Reagan Administration's bilateral approach to its relations with Latin America, stating that multilateral efforts were preferable for regional development. US Secretary of State George Shultz personally telephoned Hurtado and counseled him against establishing diplomatic relations with Cuba. According to Hurtado, he responded by telling Shultz that the US policy to isolate Cuba was inappropriate and that Latin American economic instability was a greater threat to US interests than was revolutionary Cuba. Hurtado proceeded to institute diplomatic ties between Quito and Havana (Hurtado 1990a: 153). Nonetheless, the Foreign Ministry made clear in its annual report that maintenance of Ecuador's positive relations with the United States should be prioritized given that the US was Ecuador's principal trading partner (MRE 1982: 113-14). Much of Hurtado's 1983 visit to the US was spent attracting investors and trading partners to Ecuador (MRE 1983: 139). Good relations between the two countries was further aided by Washington's support for Ecuador's fledgling constitutional government. The Reagan Administration publicly denounced military governments and was pleased to see non-revolutionary, democratically elected governments operating within the hemisphere (Martz 1987: 329-30; Conaghan 1988: 127).

Overall, Hurtado's foreign policy was pragmatic, not extraordinary in its successes or limitations. As his time in office was characterized by domestic political and economic crisis,
Hurtado had little time to devote to international affairs. When asked by Venezuelan President Carlos Andrés Pérez why he didn't seek a more active international presence, Hurtado responded, "because I live overwhelmed with domestic problems" (Hurtado 1990a: 149). He maintained a low profile foreign policy dedicated to advancing Third World economic and political interests while always making sure not to incur the wrath of Ecuador's greatest trading partner, the United States. As his term came to an end in August of 1984, Hurtado could express pride in having maintained a consistent foreign policy in a such a challenging domestic political environment.

III. LEON FEBRES CORDERO

A. Political background

León Febres Cordero represents the model of a Latin American right wing industrialist and politician. A self-made millionaire, he was a natural champion of free enterprise (Corkill and Cubitt 1988: 77). His training as an engineer in New Jersey gave his education authenticity in the eyes of many Latin American elites who consider Ecuadoran education inferior to that of the US (Emanuel 1991). He managed the empire of Ecuadoran export magnate Luis Noboa, which provided him with crucial connections to the domestic industrial community. Before becoming president of the republic, he presided over Guayaquil’s Chamber of Industry, the strongest of the country’s Chambers of Production.

He is described by a detractor as a man who "doesn’t discuss what he thinks (to be correct) and doesn’t consider others' opinions. What he thinks is" (Salvador 1991). A supporter characterizes him as "impulsive but brilliant" (Juez 1991). In total contrast to his academic predecessor, Febres Cordero is outspoken and in many ways conforms to the prototype of a macho Latino. In all policy areas, he is an ardent advocate of free market principles and an
equally strong opponent of anything he considers linked to international communism (Martz 1990: 23).

Febres Cordero won his political fame as an opponent first of the military regimes of the 1970s and then of the Roldós/Hurtado Administrations. He led the attack against the military's development model which relied heavily on state enterprises (Conaghan 1988: 88; Conaghan et al. 1990: 12). He was relentless in his attacks against Hurtado. "I was the principal opponent to Hurtado in the Congress," he stated accurately and proudly. "I was personally responsible for many impeachments" (Febres Cordero 1991). Strongly endorsed by the business community both in Guayaquil and Quito, Febres Cordero narrowly won 1984's run-off election with current President, Rodrigo Borja (Menéndez Carrión 1988: 129).

B. The Febres Cordero Presidency

Like his predecessor, Febres Cordero faced dismal economic conditions which made difficult the implementation of campaign promises aimed, somewhat paradoxically, at popular and elite groups alike. Elected by only a 51.9 percent of the vote, Febres Cordero did not have a strong popular mandate. His defeat of Borja was attributed mostly to coastal voters' loyalty to local candidates and to general frustration with the Hurtado Administration's economic performance (Schodt 1989: 182). Febres Cordero was further hindered by the opposition Congress that confronted him throughout most of his term. Immediately after Febres Cordero's presidential victory, opposition parties that had won the vast majority of congressional seats organized into the Bloque Progresista (Progressive Bloc) to oppose executive policies (Conaghan 1987: 151). During his first year, only 16 of 71 Congressional delegates could be counted on to support his policies. In October of 1985, Febres Cordero organized a small majority which allowed him to pass legislation postponing until June Congressional elections scheduled for
February. Febres Cordero claimed the postponement was necessary to allow citizens with expired voting cards to renew their voting eligibility. Most saw it as a move designed to stack the Congress with pro-administration delegates (Zuckerman 1986: 487; Martz 1986: B110). Febres Cordero’s predecessor, Osvaldo Hurtado, called the legislation "the most shocking fraud in the history of Ecuador" (EIU 1986: 5). At the same time, Febres Cordero called a national plebiscite which asked whether independents could run for office "confirming in this way their equality as citizens before the law" (Menéndez Carrión 1988: 132). This was an attempt to reverse the constitutional requirement that candidates belong to a political party. Febres Cordero wanted a larger pro-administration block in Congress without having to negotiate with small parties and their "opportunistic leaders" (Martz 1986: B110; Schodt 1987a: B107). Seventy percent of voters opposed the plebiscite. Despite the delay, Febres Cordero also experienced a net loss of supporters in Congress (Schodt 1987a: B109). The electoral outcome marked the end of his Congressional majority and the beginning of his decline in popularity.

In June 1986, a clear opposition majority ruled Congress. There was some hope that both the executive and legislative branches would reduce their mutual hostilities and cooperate in the interest of Ecuador’s beleaguered economy. However, immediately after the new Congress’ inauguration, Febres Cordero announced a final set of economic reforms designed to complete his free-market model for Ecuador. Congress, reconsolidated into the opposition Bloque Progresista, declared war. Febres Cordero’s opponents set themselves to the task of impeaching members of the executive’s cabinet. Principal among these attempts were the impeachments of Finance Minister Alberto Dahik and Interior Minister Luis Robles Plaza. Charges against Dahik centered on the constitutionality of his economic policy. The hearings lasted nearly a month, during which the Minister was hospitalized twice for nervous breakdowns (Schodt 1987a: B110-B111). Congress charged Robles with human rights abuses, accusing him
of ordering illegal searches and arrests and failing to prevent torture, disappearances and murder of political prisoners (EIU 1987: 3). As he responded to other impeachments, Febres Cordero overruled the action against Robles and maintained him in the cabinet (EIU 1988: 3). Febres Cordero’s attitudes towards Congressional action against him was indicative of his governing style during the last two years of his administration. He increasingly relied on authoritarian tactics to pass his policy proposals. He ignored Congressional resolutions and enacted many economic policies by decree (Menéndez Carrión 1988: 132; Schodt 1989: 172).

C. Foreign policy

In foreign policy, Febres Cordero had little tolerance for the niceties of most diplomatic meetings. In his Foreign Ministry’s first annual report, the Foreign Minister announced that the Administration would follow a "pragmatic" foreign policy. He added that the President had put into place a "political style which consists of doing what he says and saying what he thinks" (MRE 1985: 7-8). When asked to describe his views on foreign policy, Febres Cordero responded that foreign policy "has a primordial end - to better the standard of living of the people that one governs by means of cultural, political, diplomatic and (commercial) exchange" (Febres Cordero 1991). In short, Febres Cordero had a no-frills approach to foreign policy. He spent little time on exhorting the virtues of Ecuador's traditional foreign policy principles of non-intervention and peaceful conflict resolution. Instead he focused his international efforts on serving Ecuador's interests as he defined them. As such, in most cases his foreign policy greatly reflected his personal preferences.

In the diplomatic arena, Febres Cordero was skeptical of regional integrative and other multilateral efforts. He involved himself minimally in the Non-Aligned Movement and spoke little about popular issues in the region such as the New International Economic Order, human
rights, apartheid, and regional debt initiatives. He minimized Ecuador’s participation in and adherence to OPEC and the Andean Pact, many times threatening to withdraw from the organizations (Martz 1990: 24; Carrión Mena 1991; Morejón 1991: 1; Salgado 1991: 2). His Administration’s argument against OPEC was that it failed to provide Ecuador with the preferential quotas it deserved as a modest producer whose exports were too small to affect global prices. Febres Cordero argued that he had a fundamental right to satisfy Ecuador’s needs for export income before considering the collective needs of OPEC members. During the 1986 OPEC crisis, in which global oil prices plummeted and members threatened to violate production quotas, Febres Cordero criticized Arab OPEC members for their involvement in terrorism (Acosta 1990b: 324). The Andean Pact was the target of strong Febres Cordero Administration efforts to modify its restrictions on foreign investment (MRE 1987: 71). Early in his administration, Febres Cordero blatantly violated the Pact’s regulations. There were rumors that Febres Cordero would pull out of the Non-Aligned Movement. Ecuador remained a member but refused to accept many of the resolutions adopted in the Movement’s 1986 meeting in Harare, Zimbabwe. Instead, Ecuador produced its own declaration outlining its disagreement with other members (MRE 1987: 48).

Febres Cordero alienated Ecuador from the regional trend towards united Latin American responses to critical global and regional problems. On the most visible regional question, the wars in Central America and US policy towards them, Febres Cordero’s rhetoric was somewhat ambivalent. In speeches to international audiences, he periodically espoused Ecuador’s traditional virtues of non-intervention. However, these claims were undermined by his more vehement denouncements of communist-inspired regional terrorism in general and of Sandinista Nicaragua specifically (MRE 1987: 45; Pérez 1990).
During his first years in office, Febres Cordero’s economic policy was managed by the executive and three US-educated economic technocrats: Alberto Dahik, Carlos Julio Emanuel, and Francisco Swett. The team aimed to depoliticize economic policy making, a process supported by the new constitution. Febres Cordero, comfortable with and knowledgeable about economics, acted as a mediator between his economic team and the industrialists he represented politically (Conaghan 1988: 42; Conaghan et al. 1990: 12, 19, 23). On the international front, Febres Cordero aimed to build a strong relationship with foreign investors and creditors. He maintained a positive image with the international banking and business community until his last year in office, when his economic policy crumbled due to the departure of his top advisers, and overspending in tough financial times. On debt policy, Febres Cordero maintained an open and constructive relationship with private creditors and international lending institutions. He rejected a multilateral approach to solving Latin America’s debt crisis and pursued instead a close relationship with Ecuador’s biggest creditor, the United States (MRE 1987: 18).

As noted, Febres Cordero shunned multilateralism in all foreign policy areas, focusing instead on bilateral relations. His relationship with the US was the “fundamental keystone” to his foreign policy (Martz 1990: 25). As Ecuador’s greatest source of trade revenues, credit and investment funds, the US naturally attracted much of Febres Cordero’s attention. However, Ecuador’s relationship with the US during the Febres Cordero years went beyond that of the rest of Latin America which also found itself intensely dependent on the US. Febres Cordero’s ideological compatibility with Ronald Reagan made for a relationship that was bound not only by the necessities of economics, but by doctrinal convictions as well. As president-elect, Febres Cordero visited Washington for talks with President Reagan and Secretary of State Shultz, and New York for negotiations with potential investors (Corkill and Cubitt 1988: 2; Martz 1990: 23). During Reagan’s 1986 visit to Quito, he called Febres Cordero a "model debtor" and "an
articulate champion of free enterprise (Zuckerman 1986: 484; Martz 1990: 24). The Reagan Administration was particularly pleased when Febres Cordero announced early in his administration that he would support the US war on terrorism and drug trafficking (EIU 1986: 5). Febres Cordero was rewarded for his strong pro-US position. The Reagan Administration pressured private and public creditors to treat Ecuador leniently. Ecuador was targeted as among the first recipients of Baker Plan funds (EIU 1986: 6; Zuckerman 1986: 484; Corkill and Cubitt 1988: 77; Acosta 1990b: 321). The Plan called for private banks and multilateral lending institutions to pay 15 debtor countries a total of $29 million over three years. In exchange, debtors would institute austerity programs which reduced the state's role in the economy and inserted more market mechanisms into financial planning. As a fellow free-marketeer, Febres Cordero could be counted on to follow the Plan (Acosta 1990b: 318).

Febres Cordero left office with public opinion against him. During his last year, facing an opposition Congress and caring little for the economic conditions his successor would inherit, he spent wildly on popular development programs aimed at improving his national reputation (Conaghan 1989: 139). Candidates from his Social Christian party nonetheless came in third in the January 1988 presidential elections, preventing them from participating in the run-off election (EIU 1988: 3). He has publicly argued with the vast majority of his Administration and his friendship endures with only very few. He remains outspoken on current political events and a visible right wing force in Ecuador.
IV. POLITICAL PARTIES AND CONGRESS

A. History

Since Ecuador's independence in 1830, political parties have represented sectarian, regional interests. Few have attempted to act as unifying bodies of the national polity. Typical in Latin America, Ecuador at the turn of the century was characterized by low social mobilization which allowed caudillo style politics to dominate (Duff 1985: 6-7; Conaghan 1987: 154). The party system developed around individual caudillos, usually wealthy landowners who ruled with the aid of armed supporters. The Conservative and Liberal parties controlled Ecuadoran politics until about 1940. The former's base was among sierra elites and the Catholic Church while the latter represented coastal exporters. The 1940s saw the beginning of tumultuous political times for Ecuador, marked by frequent unconstitutional regime changes, military rule, boom and bust economics, and party proliferation. Of major importance was Ecuador's loss of over half its national territory in a 1942 battle with Peru. On the domestic political scene, one populist, José María Velasco Ibarra, held the presidency five times between 1933 and 1972, but completed his constitutional term only once. Velasco Ibarra's final ouster came in 1972, when the military, distressed at the prospect of a populist governing Ecuador during an oil boom, assumed control of the executive branch.

The 1972-1979 period of military rule strained political parties' strength and effectiveness. Since World War II, many parties had emerged to represent, or at least garner support from, all sectors of society in Ecuador's highland and coastal regions. However, during the military years, parties suffered from factionalism and an inability to participate in politics effectively. The current constitution, accepted by national plebiscite in 1978, in part strengthened parties' political influence by requiring that elected officials be members of officially recognized
parties (Conaghan 1987: 157). The constitution also for the first time permitted illiterates to vote, thereby potentially strengthening parties with popular bases.

B. Modern practices

Since the return to constitutional democracy, Ecuador's political parties have largely maintained their commitment to serving narrow interests. Some of the larger parties have a history of dedication to a particular group, such as the Social Christian's commitment to the Guayaquil business elite. Others act as vehicles for individual candidates. The Roldosista party, for example, exists primarily to advance the candidacy of presidential hopeful Abdalá Bucaram and his supporters. That parties fail to unify constituents from different social groups and different regional zones severely limits their capacity to govern effectively when elected, particularly to national posts.

This ineffectiveness is reflected in the opinions most Ecuadoran political leaders and observers hold towards political parties. Regardless of political ideology, nearly everyone complains about the party system. A leading analyst of Ecuadoran politics captures the essence of most critiques in her description of the political parties as "weak, fragmented and distant from civil society" (Menéndez Carrión 1988: 130). The complaint is that the parties are primarily used as a means to achieve political office, rather than as an ideological basis from which to make policy choices. Therefore, the argument proceeds, once elected, most affiliates divorce themselves from their party's proclaimed ideology and govern by personal whim (Palán 1990; Pallares 1991). The law requiring candidates to belong to a party aggravates the problem by encouraging the creation of parties for the sole purpose of advancing a particular politician's candidacy. Party membership for many ambitious politicians is therefore "a matter of convenience rather than conviction" (Conaghan 1987: 157). The number of parties competing
in recent presidential elections provides evidence of this trend. In 1978, six parties participated. In 1984 the number had increased to nine, and by 1988 a total of 16 parties advanced candidates for president (Grindle and Thoumi 1991: 15). Despite the difficulties presented by the law, it appears popular with Ecuadoran voters who rejected the 1986 plebiscite which would allow independents to run for office. At the very least, voters affirmed that the party system was the most appropriate way for candidates to run for office, even if the parties that sponsor them are considered unrepresentative.

The most obvious institutional difficulty presented by a weak party structure is its inhibition of the coalition-building process. Lack of party loyalty combined with a general mutual distrust among parties creates frequent defections and inherently fragile legislative coalitions. Recurrent breakdowns in executive-legislative coalitions during the Hurtado and Febres Cordero Administrations led to government stalemates, cabinet shake-ups and general paralysis in the legislative process (Conaghan 1987: 157-59). Members of Congress tend to operate in the interests of short term political gains, a process that favors frequent changing of position, rather than working for long term political objectives that would favor compromise and stable coalitions. They are rarely punished for such behavior at the ballot box where voters may be frustrated with parties' behavior, but have no choice but to vote for a party member. As Catherine Conaghan (1987: 159) explains, the political elite "knows that there is no price to be paid on the street" for inconsistent behavior in Congress, so its members continue to pursue short term political objectives at the expense of an efficient legislative process.

In foreign policy, parties play a "brief and transient" role (Martz 1975: 393). All major parties' political platforms support the fundamental principles on which Ecuador has based its foreign policy such as non-intervention and peaceful resolution of disputes (Ayala 1989). With the possible exception of relations with Cuba, parties bicker little on diplomatic questions.
Ideological differences lead to greater disagreement on international economic concerns, such as appropriate trade policy. However, these differences matter little outside of government. Only when party members achieve office can they influence policy. At the national level, parties are most visible in the unicameral Congress, where they create and break coalitions in a constant strategy to increase their power relative to the executive branch. In foreign policy, however, Congress has only a small role given the constitution’s provision that foreign policy is to be designed and implemented solely by the executive. Nonetheless, Congress does have a Special Committee on International Affairs, which cannot legislate, but can investigate and advise on foreign policy matters. The Special Committee ordinarily acts as its members’ role vis-à-vis the executive dictates. For example, if the Committee is controlled by opposition members, it will critically evaluate and at times censure the president’s foreign policy.

C. The Hurtado Administration

One point of agreement between Osvaldo Hurtado and León Febres Cordero is the difficulty Congress placed on their ability to govern. Hurtado suffered significantly from Jaime Roldós’ power struggle with Assad Bucaram, the CFP leader who had launched Roldós’ candidacy but who, as Congressional President, severely opposed the young president. That conflict established an adversarial relationship between the executive and legislative branches that manifested itself shortly after Hurtado took office. The constitution called for Congress to elect the vice president when the post was vacated. Rather than attempting to find a second-in-command who would work with Hurtado to bring the country out of its various crises, the Congress proceeded with "an exemplary case of ambition, opportunism, and indecisive partisan maneuvering for temporary political advantage" (Martz 1987: 306). Members were divided on whether the vice president should be a supporter of Jaime Roldós that would maintain continuity.
in the Administration, or an opponent who would help to change the direction of policy. During the debate, members of the leftist MPD party charged that Hurtado had plotted Jaime Roldós' death. By a single vote in a process which nearly came to physical blows, the Congress elected León Roldós, the former president’s brother and former Monetary Board Chief in the Roldós Administration. Hurtado was displeased with the choice. He and León Roldós did not get along well personally. Furthermore, Roldós was committed to advancing the reformist package while Hurtado was moving towards austerity measures. Finally, Hurtado had hoped to increase the influence of his own DP party through the vice president’s seat. There was nothing Hurtado could do to change the election of Roldós as vice president. Any attempts to do so would have been viewed as a betrayal of Jaime’s legacy (Martz 1987: 305-07).

Raúl Baca Carbo of the Democratic Left party retained the Presidency of the Congress and helped to establish a very fragile pro-government coalition its members named *Convergencia Democrática* (Democratic Convergence). Despite Baca’s hopes that the coalition would create "a true point of programmatic agreement" between the executive and legislative branches, its members began to succumb to political opportunism shortly after its formation. Members supported the executive when it improved their political popularity and influence, and opposed him on unpopular issues. Rarely did their position relate to the degree of ideological agreement with Hurtado (Schodt 1987b: 144-45). Backed by Vice President Roldós, the coalition also directed increasing hostility towards Hurtado's attempts at economic austerity.

The remainder of Hurtado's term was marked by frequent restructuring of his cabinet in order to keep coalition parties content and on his side (Menéndez Carrión 1988: 129). Between August 1979, when Roldós took office, and the Summer of 1983, one year before Hurtado left office, 58 individuals served in 13 cabinet posts (Conaghan 1987: 149). This process not only required significant political energy that might have been directed towards more productive
ventures, but also meant that Hurtado was constantly forced to work with new advisers. Congress was essentially antagonistic to the core of Hurtado’s government program: economic recovery through policies which were fiscally responsible, but financially damaging to Ecuadorans’ standard of living. Hurtado stated later that his most difficult and harsh economic policies had to be implemented when Congress was out of session, because its members would likely have impeached him (Hurtado 1991).

President Hurtado met Congressional hostility with constitutional measures that weakened his ability to implement policy, but kept intact Ecuador’s young democracy. The preservation of constitutional rule became his primary goal during his tenure as an increasingly unpopular president (Conaghan 1987: 150). With a few exceptions that will be outlined in the case study chapters, executive-legislative tension had little direct effect on Hurtado’s foreign policy. However, the constant struggles Hurtado was forced to engage with Congress undoubtedly sapped the leader’s ability to design and implement imaginative or controversial foreign policies.

D. The Febres Cordero Administration

Febres Cordero suffered from an opposition Congress even more vehement than Hurtado faced. With a brief exception in which Febres Cordero achieved a pro-government legislative coalition, his presidency was marked by Congressional adversity. Concurrently elected with the right-wing Febres Cordero was a clear center-left legislative majority. Shocked at the conservative presidential victory, opposition Congressional deputies quickly organized into the Frente Progresista (Progressive Front) to oppose Febres Cordero’s neo-liberal economic and social agenda. The executive and legislative branches collided immediately over Supreme Court appointments. Both Febres Cordero and his opponents in Congress claimed the right to appoint Supreme Court justices. Congress elected 16 new justices, but Febres Cordero ordered the police
to block their entrance to the Court. Congressional debate on the matter was frequently disrupted by fist fights, tear gas bombs, and heckling by supporters of both sides. The conflict raged from August through December 1984, ending with a compromise in which an entirely new set of justices was chosen among representatives of government supporters and opponents (Conaghan 1987: 151; 1988: 130-31; Corkill and Cubitt 1988: 85). The incident foreshadowed the tone of executive-legislative relations for the remainder of Febres Cordero’s term.

Febres Cordero employed a two-tier strategy to weaken the opposition Congress. First, he encouraged members of the coalition to defect with threats that their proposals would be ignored in the executive branch and promises of influence if they agreed to support him. Early in his term, he achieved three key defections from the Democratic Party (PD), the Democratic Left (ID) and Christian Democrats (DP). Second, Febres Cordero employed a "systematic undermining of the powers of Congress," governing by decree and ignoring Congressional resolutions (Schodt 1987a: B103; Conaghan 1987: 152; 1988: 130). Examples from his first year in office included challenges to Congress’ right to make bureaucratic and Supreme Court appointments. The first tactic succeeded in winning Febres Cordero a small Congressional majority in mid-1985. Despite the delay in elections he achieved with that majority, his supporters decidedly lost the 1986 Congressional elections. A hostile opposition majority confronted Febres Cordero for the remainder of his presidency. He increasingly resorted to the second tactic, undermining and ignoring Congress, in order to implement his program (Acosta 1990a: 29). Congress, furious with Febres Cordero’s methods and in opposition to the substance of his proposals, resisted the executive at every opportunity. In January 1987, after Febres Cordero was kidnapped by rebel army soldiers, Congress passed a nonbinding resolution demanding the President’s resignation for mishandling his own kidnapping (Schodt 1987a: B103).
During the last two years of Febres Cordero's term, the executive and legislative branches operated almost independently, each perceiving that working with the other was impossible.

Unlike his predecessor, President Febres Cordero employed extra-constitutional means to avoid dealing with Congressional opposition. These tactics necessarily weakened the legislature vis-a-vis the executive. Although Congress members regularly voiced vehement opposition to Febres Cordero's strategy and even managed to impeach members of his cabinet, they were often helpless to prevent the President from stepping outside his bounds. As Conaghan explains, "the (opposition) had no resources at its disposal to force ... the president to stay definitively within the bounds of constitutional procedure to resolve conflict" (Conaghan 1987: 152). They often chose to allow Febres Cordero his infractions rather than pose a challenge that might invite a coup or other threat to the maintenance of democracy. Also unlike Hurtado, Febres Cordero did not choose to soothe Congress through appointing members of the opposition to his cabinet, further decreasing the opposition's policy impact.

Febres Cordero's attitude towards Congress contributes to an explanation of his disregard for the legislative body during his Administration. He considered the Congress full of "extreme leftists" whose sole mission was to "agitate" and to "infiltrate" Ecuadoran society with international communist ideas. Accordingly, Febres Cordero claimed in a 1991 interview,

Congress opposed me in everything. They opposed my good relations with the United States. They opposed my foreign debt policy. They opposed the OPIC agreement to increase North American foreign investments in Ecuador. They opposed all measures that strengthened ties with Western democracies, because Congress was controlled by the extreme left.... They make life impossible (Febres Cordero 1991).

The only response to such an opposition, the former president stated, was to forge ahead with his policies despite congressional complaints.

That was my problem. Since I didn't allow myself to be controlled by the extreme left of the Congress, they tried to make my life intolerable for four
years. I maintained my positions, and I conducted the country in the manner I proposed during my electoral campaign (Febres Cordero 1991).

Febres Cordero’s approach did little for his reputation as a democrat. However, like Hurtado, Febres Cordero faced congressional opposition strong enough to veto many of his proposals. Hurtado chose to work with Congress, compromising on ministerial posts in order to maintain pro-government coalitions. Febres Cordero, on the other hand, chose to operate outside of constitutional means to advance programs that Congress often did not approve.

E. Individual party actors

Before discussing non-governmental domestic political actors in Ecuador, it is useful to review specific political parties, their platforms and roles during the Hurtado and Febres Cordero Administrations. Individual parties and their leaders play an important role throughout the cases examined in this study. This section briefly reviews important parties’ ideologies and base of political support.

i. Conservative Party of Ecuador (Partido Conservador Ecuatoriano, PCE)

The Conservative party, founded in 1855, is Ecuador’s oldest political party. Its traditional base of support rested in the sierra oligarchy and the Catholic Church. During the military dictatorships of the 1970s, the young, progressive element of the Conservatives left to join more leftist-oriented parties. In the 1980s, the Conservative party remained the defender of conservative political interests and principles, advancing presidential and other candidates consistent with conservative ideology. The party won a cabinet seat in Febres Cordero’s government, but experienced low Congressional representation throughout the Hurtado and

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1 Information on parties was collected from Corkill and Cubitt (1988: xii-xvi), Ayala (1989: 47-83), and TSE (1989).
Febres Cordero years. Febres Cordero's finance minister, Alberto Dahik, joined the Conservative party after arguing with the former president. Dahik has brought renewed interest in the Conservatives as a vice presidential hopeful in the 1992 elections.

ii. Radical Liberal Party (Partido Liberal Radical, PLR)

The Liberals dominated Ecuadoran politics from the end of the 19th century until the outbreak of World War II. Historically, the Liberal party represented Guayaquil's business elite, acting as the counterweight to Conservative interests in the highlands. The Liberals also suffered a split during the 1970s. Their former influence has never been recovered. As expected, the Liberals opposed the Roldós and Hurtado governments and even joined their former rivals the Conservatives, in supporting Febres Cordero's candidacy. Their reward was Febres Cordero's choice of Liberal Blasco Peñaherrera as his vice president. Despite Peñaherrera's high visibility, Liberals gained few legislative seats throughout the decade.

iii. Concentration of Popular Forces (Concentración de Fuerzas Populares, CFP)

Populist leaders with little ideological continuity have dominated the CFP since its inception in 1946. Assad Bucaram ascended to the leadership of the party, only to be denied almost assured presidential victory in both 1972 and 1978 by military obstructionism. In 1978 CFP candidate Jaime Roldós was elected along with a substantial number of CFP legislators. However, Bucaram's opposition to Roldós caused a severe split in the party from which it never rebound. The party's political base rests in Guayaquil's popular groups.
iv. Popular Democracy (Democracia Popular, DP)

Among the most ideologically coherent parties is DP, which was originally founded as the Christian Democratic Party of Ecuador in 1964 with links to the international Christian Democratic movement. Its name changed to Popular Democracy in 1978 when break-off Conservatives joined the party. With a technocratic image and a center-left political and economic ideology, its political support originates in the sierra urban and rural middle class. DP reached its height of political visibility when Osvaldo Hurtado unexpectedly became president in 1981. Since that time, the party has maintained a steady, but rather small presence in Congress.

v. Social Christian Party (Partido Social Cristiano, PSC)

The Social Christians broke from the Conservative party in the 1950s. In the 1970s it developed an enduring reputation as the primary defender of coastal business interests. By sponsoring the presidential candidacy of Quito Mayor Sixto Durán in 1978, the PSC also gained a following among highland economic elites. In the 1980s, its most flamboyant member, León Febres Cordero, first acted as the leader of an opposition Congress against Osvaldo Hurtado and then arrived to the presidential palace himself. The party remains the staunchest supporter of capitalist ideology in Ecuadoran politics.

vi. Democratic Left (Izquierda Democrática, ID)

Although a relative newcomer to the political scene (founded in the 1970s), ID has grown to be the most widely represented party in national politics. Since its inception the party has been led by Rodrigo Borja, Ecuador's current president. Affiliated to the Socialist International, ID garner its primary support from Quito's middle class, the highland peasantry, and trade unions. An ID member, Raúl Baca Carbo, gained the presidency of the Congress numerous times
throughout the Hurtado and Febres Cordero Administrations, acting as a moderate supporter of the former and a staunch critic of the latter. In 1988, Borja was elected with a clear Congressional majority, indicating a strong popular mandate for ID’s center left political platform.

vii. People, Change and Democracy (Pueblo, Cambio y Democracia, PCD) and Roldosist Party (Partido Roldosista Ecuatoriano, PRE)

During the early 1980s struggle between Jaime Roldós and the CFP led by Assad Bucaram, two parties emerged as defenders of Roldós. Roldós and his wife, Martha Bucaram de Roldós, formed PCD. After the couple’s death, PCD was taken over by León Roldós, who distanced the party from Hurtado’s political program. In the 1984 elections, PCD allied with ID’s Rodrigo Borja, but later formed a coalition with Febres Cordero. Since that time, PCD’s parliamentary participation has been extremely limited. At the same time PCD was forming, other colleagues of Roldós founded the PRE, dedicating themselves to the principles espoused by Jaime Roldós. The Roldosist party has primarily acted as a vehicle for former Guayaquil mayor and presidential hopeful Abdalá Bucaram. Bucaram advances no particular economic or political philosophy, but obtains significant support from Guayaquil’s popular groups, who were largely responsible for his second-place showing in the 1988 presidential elections.

viii. Other parties

Representing the right wing is the Radical Alfarist Front (Frente Radical Alfarista, FRA). FRA was founded by center-right populist Abdón Calderón Muñoz who was assassinated shortly after the first round of the 1978 elections. Since then the party has maintained a presence in Congress by Calderón’s daughter, Cecilia. The party’s primary base of support is in the coast,
but its candidates fared well in Quito in the 1980 elections, indicating a growing opposition to the Roldós/Hurtado program of reform. Throughout the Febres Cordero Administration, FRA remained one of the lonely supporters of the executive branch.

The remaining political parties represent various positions on the left of center branch of politics. The Socialist Party (Partido Socialista Ecuatoriano, PSE) and the Democratic Party (Partido Demócrata, PD) are visible members of the center left. Their candidates have not obtained the presidency or vice-presidency, but have been appointed to cabinet positions and to prominent posts in the legislature. Both were important opponents of the Febres Cordero Administration. More radical parties include the Ample Front of the Left (Frente Amplio de Izquierda, FADI), National Liberation (Liberación Nacional, LN), Popular Revolutionary Action (Acción Popular Revolucionaria Ecuatoriana, APRE) and the Democratic Popular Movement (Movimiento Popular Democrático, MPD). Together these parties have formed important parts of anti-Febres Cordero voting blocs in Congress. Their support is based in poor communities throughout Ecuador, some trade unions and other organized political groups. MPD, a splinter group which broke from the communists in the late 1970s, represents the most radical of all and gained three Congressional seats in 1984.

V. THE BOURGEOISIE

A. History and modern practices

The politically powerful bourgeoisie of modern Ecuador has its roots in the landed aristocracy. The country's political system was founded by wealthy landowners and exporters who either aspired to government office or desired to influence political outcomes to advance

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2 An excellent treatment of Ecuador's industrial elite is found in Conaghan (1988).
their economic interests. Contemporary industrialists and traders generally exercise their influence from bases in Quito and Guayaquil. All governments, military and civilian, have been forced to contend with the formidable force of Ecuador’s capitalist class. The confrontation at times has not been to the benefit of democracy, as Ecuador’s business elites have not demonstrated a strong adherence to democratic institutions. They sponsored a military coup when they perceived that authoritarianism would serve their interests and campaigned for a return to democracy when the military became too reformist for their tastes (Conaghan 1987: 147; 1988).

Although publicly critical of the 1972-1979 military dictatorship (particularly that of the socially progressive Guillermo Rodríguez Lara), private business benefitted during that period. Business leaders disapproved of state participation in wage and price controls and social development projects, but enjoyed the cheap credit and opportunities to participate in state enterprises the military government provided (Martz 1987: 317-18). Perceiving their interests increasingly jeopardized under the military government, business leaders advocated the 1976 decision to return to democracy specifically because they believed a representative political system would endow them with more control over political outcomes (Mills 1984: 89, 99; Conaghan 1987: 147; 1988).

Since that time, the bourgeoisie has consistently promoted a neo-liberal economic ideology. Conaghan (1988: 62) reminds us that the Ecuadoran private sector has not acted as a "progressive" economic and social force as many had hoped. Rather they remain "deeply conservative and steadfastly reject the notion of a linkage between social reform, market expansion and economic growth."

Business groups’ primary and most visible mechanism of influence are the Chambers of Production, an umbrella group encompassing the major cities’ Chambers of Industry, Commerce and Agriculture. As one high ranking officer in Quito’s Chamber of Commerce (who preferred not to be quoted by name) remarked, "you must not underestimate the power of the Chambers."
The official was correct. The Chambers emerged from the 1970s military dictatorship organized, well funded and with a clear agenda for economic reform (Conaghan et al. 1990: 7). The Chambers had been one of the few sources of organization and influence during the military period. At the same time, political parties had lost cohesiveness. Although they claim to be strictly "apolitical," the Chambers wield significant political influence. In some ways, the Chambers are better suited than the political parties at attracting politicians to their cause. Unlike the parties, the Chambers have an aura of professionalism and are generally not associated with individuals publicly perceived as power-grabbers (Mills 1984: 97).

The Chambers of Production advance both short term and long term goals. In the short term, they develop specific projects that benefit their members and lobby for the passage of favorable legislation and economic policy. In the long term, they maintain an active interest in preserving and defending a socio-economic system of free enterprise and private property (Mills 1984: 83-84). In this second capacity, the Chambers have supported candidates whose philosophy clearly conforms to those of business elites. Their channels of influence are both public and private. Publicly, the Chambers publish policy statements in the press and elsewhere, send delegations to international economic conferences such as the Andean Pact meetings, and participate in an observer’s role on the government’s Monetary Board. In private, Chambers’ members talk directly with politicians, often threatening them with capital flight, in order to assure favorable government action (Mills 1984: 99; Conaghan 1988: 143; Carrión 1990). Although they frequently interact with Congressional deputies, most Chamber members display contempt for the Congress, which they see as an instrument of labor and other leftist groups (CIP 1984: 13). Business leaders’ position and stature in society also affords them enormous influence. They own the newspapers and television stations that influence public opinion. Singlehandedly, a large banana exporter such as Guayaquil’s Noboa Group can alter Ecuador’s trade
balance (Carrión 1991; Carrión Mena 1991). In most cases, the Chambers' customary channels of influence sufficiently carry their message to politicians. However, in times of crisis, the Chambers resort to more drastic measures. These were particularly evident during the Hurtado Administration when the Chambers of Production launched a 48-hour national strike to protest government economic policy. Individual business elites also urged the military to oust Hurtado (Mills 1984: 100; Corkill and Cubitt 1988: 91).

The national bourgeoisie's greatest weakness is its regionally-based factionalism. Quito's business leaders are involved mostly in industry and imports while Guayaquil's private sector focuses on export. Accordingly, Chambers in Quito and Guayaquil sometimes differ on policy recommendations. The former advocate an import-substitution model of industrial development which favors local industry. The latter fully support theories of comparative advantage and believe the national government should promote Ecuador's export as its primary economic motor (Macías Chávez 1991; Grindle and Thoumi 1991: 16). For example, coastal elites oppose regional economic integration while sierra elites favor it. The conflict is not only ideological, but political. Business elites from the coast perceive that those from the highlands gain an unfair share of the national wealth, the majority of which is generated in the coast (Aspiazu 1991). Sierras business leaders feel that coastal exporters are interested only in the growth of their region, and have no interest in national development. Despite these conflicts, Chambers from both regions work together when their most critical interests are threatened. Examples include their opposition to legislation that raises the minimum wage, restricts foreign investment or promotes state participation in enterprise (Palán 1990).

The Chambers exhibit little direct influence or attempts at influence in Ecuadoran foreign policy. Owing to their claim as apolitical organizations, the Chambers attempt to minimize the degree to which they obviously involve themselves in political matters. As most foreign policy
issues do not significantly affect their interests, the Chambers are willing to remain uninvolved. Their participation in policy is therefore limited to economic foreign policy, where they perceive their interests are vulnerable. On matters of trade policy, economic integration, and to a lesser extent debt policy, business leaders make their position known.

B. The Hurtado Administration

The Chambers' influence was felt strongly during the Hurtado and Febres Cordero Administrations. The Roldós/Hurtado victory marked a loss for the right wing's attempt to regain control over Ecuador through constitutional measures (Mills 1984: 89). Business elites were skeptical of the pair's reformist political platform. Despite promises by Roldós and Hurtado that private enterprise would be respected and encouraged, the Chambers of Production saw the new administration as a proponent of state enterprise that would compete with private industry (Mills 1984: 90; Conaghan 1988: 125). The right's opposition was most intense against Hurtado, and culminated in a national strike in early 1983 in which both private business leaders and labor unions participated. The cooperation of these two historical adversaries indicated the harsh effects of Hurtado's austerity programs. The business class, theoretically supportive of Hurtado's fiscal responsibility, abandoned economic philosophy in its total war against the Hurtado Administration (Hurtado 1991). They publicly denied that the economic crisis could be a function of exogenous factors, and laid the blame squarely on the Administration's shoulders (Hurtado 1990a: 127). Some members of the economic elite advocated a coup d'état against Hurtado. One press release from the Federation of Industrialists called for the President to be replaced by "those who are free of suspicion with respect to an affiliation with international forces" (quoted in Mills 1984: 101). This was in reference to Hurtado's suspected associations with international socialism and communism. Frank Vargas, a general in Ecuador's armed
forces, later commented that León Febres Cordero, the bourgeoisie's most ardent supporter in Congress, had personally suggested that the military remove Hurtado from power (Corkill and Cubitt 1988: 91). Hurtado was able to govern despite opposition from Ecuador's economic giants, largely because they were not represented strongly in Congress. Furthermore, his sucreización policy had met the most immediate needs of highly indebted business leaders by relieving them of a huge financial obligation. Despite this concession, business leaders continued to berate Hurtado's economic policies.

C. The Febres Cordero Administration

Febres Cordero's election marked the rise to power of one of Ecuador's private sector's own (Conaghan et al. 1990: 13). The new President "unequivocally opened the doors of the state to business elites," appointing prominent business leaders to government posts (Conaghan 1988: 142). Whereas the annual reports of the Chambers of Production during the Hurtado years had employed severely antagonistic language, they converted their attitude to one of cooperation and understanding of the difficult economic times faced by the Administration (see, e.g., CCQ 1985: 2). However, once faced with managing Ecuador's economic realities, Febres Cordero found that it was difficult to implement an economic program which fully accorded with private interests. The Chambers of Production began to complain about the oversized budget Febres Cordero relied on to implement popular development projects. They similarly complained about the Administration's restrictions on credit and imports which accompanied austerity (LAWR 1986: 5). Again, despite its philosophical agreement with they type of fiscally responsible policies suggested by the IMF and accepted by Febres Cordero, the private sector rejected them because of the financial difficulties they imposed (Conaghan et al. 1990: 19). By Febres Cordero's final year, during which he spent wildly, the private sector was highly factionalized.
So while Febres Cordero certainly did not experience the opposition from private interests that Hurtado had, he was not able to count on their unmitigated support as many had predicted.

VI. LABOR AND POPULAR GROUPS

A. History and modern practices

What role do popular organizations play in Ecuadoran politics and foreign policy? The term "popular" here refers to those organizations that at least purport to represent those socio-economic and political groups that have traditionally remained on the margin of Ecuadoran society, such as the working class and indigenous groups. Included in this discussion are labor unions, university student organizations, native associations, the Catholic Church and women's groups. Practitioners and observers of Ecuadoran politics strongly agree that popular groups are politically weak and usually poorly organized, and as such are usually not strong contenders in the political arena.

i. Popular organizations

Of the popular groups mentioned, labor unions are by far the most visible and influential on the national political scene. Unlike in neighboring Colombia, the Catholic Church in Ecuador has exercised very little political power since the 1897 liberal constitution that created a secular state (Hurtado 1980: 265-66; Schodt 1987b: 44). After the 1965 Vatican II Council meetings, many Church leaders in Ecuador adopted liberation theology, committing themselves to improving the welfare of the poor peasantry and severing ties with the country's oligarchy. While this shift away from traditional power structures has brought many priests closer to Ecuador's poor, it alienated them from centers of political power. The Church's political
influence is further hindered by an internal division between liberation theologians and right wing factions still allied with the nation’s wealthy elite (Hurtado 1980: 267-73). The Church remains a prominent cultural force, but rarely advances strong political positions (Martz 1975: 393).

Recently emergent women’s groups have succeeded in organizing locally, but have yet to generate a national political presence (Corkill and Cubitt 1988: 65; Palán 1990). University associations, particularly at the public Universidad Central in Quito, frequently protest government policies. Strongly influenced by marxist ideology, the student associations advance predictable political positions which are very rarely heeded (Hurtado 1980: 243-54). Organizations representing native Ecuadorans have grown in visibility and influence. Strongest among them is the Confederation of Indigenous Nationalities of Ecuador, known by its Spanish acronym, CONAIE. This group campaigns for reforms in land tenure and agricultural policy, and also fights for cultural integrity through bilingual education and government recognition of native groups as distinct cultural entities (Corkill and Cubitt 1988: 70). While these groups maintain varying degrees of power in their respective areas of concern, none exerts a strong national influence or is considered a formidable force in Ecuador’s foreign policy formulation.

ii. Public opinion and armed insurgents

Before this discussion proceeds to labor unions, two other popular political forces, the public at large and armed insurgents, deserve mention. There is little sense in Ecuador, as in much of Latin America, of “public opinion” and its impact on foreign policy (Ferguson 1987: 156). Ecuadoran masses have only recently begun to participate in politics. Illiterates were denied voting rights until the 1978 constitution legalized universal suffrage. Elitism in politics is perhaps most pronounced in foreign policy. With the exception of country-wide nationalism over Ecuador’s territorial dispute with Peru, there is little public consensus or concern over
foreign policy matters. Widespread disillusionment with politics and politicians contributes to
the undemocratic nature of the policy process. A 1991 survey in Quito and Guayaquil asked
respondents what degree of confidence they had in a number of institutions. 75 percent said they had no confidence in political parties, while 68 percent and 48 percent said they had no confidence in Congress and government respectively (Veritas 1991:2). This widespread alienation from the political process gives politicians little incentive to seek public participation in or approval for policy. This tendency is particularly forceful in foreign policy which rarely has a direct impact on the well being of the electorate. The result is that governments rarely open foreign policy matters to public debate or use foreign policy as a tool of increasing political popularity.

While armed guerrilla forces do operate in Ecuador, they have never achieved the political impact or international visibility of their neighbors in Peru and Colombia. The most important guerrilla force in the 1980s was Alfaro Vive Carajo (AVC), whose emergence coincided with Febres Cordero’s rise to power. AVC arrived to national prominence in April 1985 when four of its members escaped from prison and kidnapped a government official. In August of the same year, the group kidnapped wealthy banker and Guayaquil businessman Nahifm Isafas. The insurgents demanded safe passage from Ecuador, five million dollars and the release from prison of fellow AVC members. Febres Cordero ordered troops to storm the hideout, an action that ended in the deaths of Isafas and many guerrillas (Martz 1986: B114). The President declared war on the terrorists, creating special military and police units to annihilate them (SENDIP 1987a: 16). By the end of 1986, 20 AVC members, including their leader and most of the group’s central command, had been killed and 80 more had been imprisoned (Schodt

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3 Interviews of 404 men and women between the ages 18 and 60 were conducted. Twenty four percent represented the upper-middle income brackets, 34 percent were from the middle class while 42 percent were from the lower-middle class (Veritas 1991).
1987a: B115). In the wake of the offensive, international agencies cited Ecuador for a sharp increase in human rights abuses. Ecuador's Congress impeached Interior Minister Robles for violating human rights in his dogged pursuit of insurgents. Despite much publicity, AVC has never had a strong popular following. It was a minor irritant to the Febres Cordero Administration and commanded resources with which the Administration might otherwise have financed development projects. The guerrillas, however, small in number and very weak in influence, never had a policy impact.

iii. Labor

Ecuador's popular classes' greatest hope for influence in government lies in organized labor. Like other popular organizations, unions have proved disappointing as a catalyst for pro-labor reform. Organized labor increased its proportion of the total workforce during the 1970s. In 1975, the *Frente Unitario de Trabajadores* (United Workers' Front, FUT) united three major unions to represent 67 percent of the total organized workforce (Corkill and Cubitt 1988: 68). Despite these trends, organized labor has never reached even 20 percent of the total workforce, significantly diminishing its potential as an opponent to business interests (Corkill and Cubitt 1988: xviii). Low levels of unionization can be at least partially attributed to Ecuador's small industrial sector. Ecuador remains largely dependent on non-industrial enterprises such as agriculture and artisanry that do not lend themselves to strong unions (Hurtado 1980: 235-36; Schodt 1987b: 89, 108; Conaghan 1988: 10). It is difficult to generate a strong labor movement with an "embryonic proletariat" (Hurtado 1980: 236). Furthermore, Ecuadoran labor is wrought with internal squabbles that keep the unions from presenting the united front necessary to effect change (Corkill and Cubitt 1988: 53). Labor is further debilitated by its very poor national image. The survey cited above found very low popular respect for labor unions, which earned
a 41 percent rating of no confidence and a 47 percent rating of little confidence (Veritas 1991: 2).

As one of Latin America's smallest and weakest organized labor movements, Ecuador's trade unions have also rarely had strong policy impact. They have been largely unable to penetrate an essentially elitist political structure (Acosta 1990a: 22; Palán 1990; Carrión Mena 1991). Labor is highly visible, frequently sponsoring protests and strikes, but rarely causes government to modify its behavior (Martz 1975: 393; Martz 1986: B119; Schodt 1987b: 150; Conaghan 1988: 101; Carrión 1990; Herrera 1991; Juez 1991; Sibaja 1991). In foreign policy, labor has been particularly inactive and weak. Unions concern themselves with regional integration and trade policy, but rarely venture beyond these areas related to workers' immediate interests. Even in these realms, labor exercises little policy influence (Martz 1975: 393; Palán 1990; Carrión Mena 1991).

B. The Hurtado Administration

Labor's most visible political role is as a "disruptive force" in Ecuadoran politics (Martz 1975: 393; Acosta 1990a: 22). This was particularly true during the Hurtado Administration. Organized labor had grown from 10 to 18 percent of the total workforce between 1970 and 1980 (Corkill and Cubitt 1988: 68). The unions had supported Jaime Roldós and Osvaldo Hurtado's reformist platform in 1979. However, the two political parties with strong ties to labor, MPD and FADI, won only two Congressional seats between them in 1979 (Schodt 1987b: 150; 1989: 179). After Roldós' death, Hurtado immediately tried to court labor, meeting with union leaders frequently and restructuring the Labor Ministry (Martz 1987: 304). A weakened economy and looming foreign debt rendered meaningless Hurtado's efforts. Labor became a vehement government critic as Hurtado moved towards austerity. The government-labor dialogue broke
down as Hurtado refused to soften his economic package. FUT took to the streets a number of
times, culminating in a 1983 strike in which the pro-business Chambers of Production
participated. Labor's antagonism certainly made Hurtado's job more difficult. But he remained
committed to the austerity program, evidence of unions' minimal impact over the policy area
most crucial to its members' interests.

C. The Febres Cordero Administration

If labor leaders were disappointed with Hurtado, they were horrified at the policy
prospects of the right-wing Febres Cordero Administration. Febres Cordero had defeated social
democrat Rodrigo Borja by a narrow margin. Support from the country's business leaders had
been instrumental in his victory. As the new President began to implement his economic plan,
FUT organized periodic strikes in opposition. Workers' demands centered on minimum wage
hikes, which Febres Cordero consistently refused to provide. Most strikes were poorly attended
during the first half of Febres Cordero's term. However, as the free-market program grew in
intensity, FUT was joined by other unions and popular groups. The turning point came in
August 1986, when a new opposition Congress had just been inaugurated. Many hoped that the
Administration would compromise with leftist groups in Congress and with labor. These hopes
were dashed when days after the inauguration, Febres Cordero announced a final package of
austerity measures, providing labor with only a 20 percent minimum wage increase when FUT
had demanded an increase of 100 percent. Labor's popularity grew, as evidenced by a well
attended strike in March 1987 that paralyzed the country (Schodt 1987a: B108). However,
labor's apparent rise in influence corresponded with the executive's disregard for the democratic
process. The rule-by-decree method he pursed for the rest of his term excluded workers'
organizations (as well as the rest of his opponents) from influencing policy.
VII. THE MILITARY

A. History and modern practices

The recency of military rule in Ecuador generates particular concern over the armed forces' political influence since the transition to democratic rule in 1979. The military, in control of government since the 1972 coup, played an active role in designing the transition and the new constitution. Military participation in that process assured that the armed forces would not become a discredited and powerless institution in post-transition Ecuador (Conaghan 1987: 146; 1988: 122). The military's success in maintaining a positive and working relationship with ensuing civilian governments was partly a function of the cordial association that existed between military and civilian leaders during the 1970s. Although in clear command of the executive office during the dictatorship, Ecuadoran military leaders never completely isolated themselves from key civilian groups whose support was required for the successful implementation of the military's political and economic programs (Bustamante 1987: 33). The affiliation facilitated the military's maintaining substantial power over the terms of the transition to civilian rule. Included in their demands was the elimination of Assad Bucaram, Ecuador's highly visible populist, as a presidential candidate as well as the maintenance of military control over its own internal affairs (Schodt 1987b: 129). These objectives met, the military allowed for a smooth transition to civilian government.

That the military's exit from politics was not characterized by embarrassment or a severe loss of power made it less of a threat to civilian governments in the 1980s. Since the transition, the armed forces have focused their efforts on concerns directly related to their interests and have otherwise largely kept out of national and international politics. First is Ecuador's territorial dispute with Peru. An armed border conflict in January 1981 reinvigorated the military's and
the nation's concern over the threat to Ecuadoran security. The Peruvian menace has diverted the armed forces' attention away from other political matters and has also given them an excuse for numerous arms purchases and increases in troop numbers (Terry 1972: 35; Bustamante 1987: 1991; Carrión Mena 1991). Indeed the Ecuadoran military is large relative to the country's size and resources. In 1986 combined military forces totalled 42,000 people (EIU 1988: 4). Second, the military has focused on an institutional professionalization that incorporates a retreat away from interference into government towards emphasis on purely military matters such as promotion, national defense and the economic health of military-owned industries (Bustamante 1987: 35; Carrión 1991).

International and domestic political trends have facilitated the military's retreat from direct political participation. Strong international support for civilian and democratically elected regimes, particularly from the United States, provides a strong incentive for the military to remain in the barracks (Martz 1987: 303-04; Conaghan 1988: 127; Fitch and Fontana 1991: 16). At home, the Ecuadoran armed forces' poor performance in the brief 1981 war with Peru damaged the institution's popularity and prestige (Conaghan 1988: 127). More importantly, the worsening economic crisis that dominated most of the country's political and economic debates throughout the 1980s made control over government an unattractive prospect. Military leaders in the 1970s had enjoyed the windfall of oil profits. Leaders in 1980s instead had to manage a debt-ridden economy with austerity programs. Few military leaders sought the opportunity. Finally, as is discussed in more detail below, Ecuador's civilian presidents in the 1980s rarely gave the armed forces cause for concern. With a few exceptions, they did not intervene in military affairs and did not implement policies so outrageous as to arouse military action against them.
The behavioral trends described here of Ecuador’s military in post-transition society has been appropriately characterized as one of "conditional military subordination" (Fitch and Fontana 1991: 3). The military remains subordinate to civilian leaders so long as the latter do not attempt to curtail the military’s autonomy over its own domain. Fitch and Fontana (1991: 3) describe this type of civilian-military relationship:

(Und)er normal circumstances the armed forces abstain from overt intervention in political questions. Still, the military reserves its "right" to intervene to protect national interests and guarantee national security in times of crisis.... Because the military is only conditionally loyal, civilian governments generally defer to military preferences on issues that might provoke military discontent. The armed forces thus exert an indirect political influence -but not an explicit veto- on non-military policies.

Conditional military subordination allows civilian policy makers considerable freedom from military intervention in foreign policy matters. Except for international concerns that directly relate to Ecuador’s security, such as the threat from Peru, Ecuador’s armed forces have rarely played a role in foreign policy since 1979. Civilian policy actors concur that the military has not played an unwelcome role in foreign policy (Carrión 1991; Carrión Mena 1991; Febres Cordero 1991; Hurtado 1991). As the military’s interest in external economic and diplomatic questions is limited, so is its role in those matters. Military actors agree. The Defense Ministry’s liaison to the Ministry of Foreign Affairs under the Febres Cordero Administration, General Carlos Aguirre, confirmed that a relationship of "great cordiality" existed between the two ministries and that mutual respect for each other’s domains meant that policy cooperation, when called for, was readily forthcoming (Aguirre 1991).

B. The Hurtado Administration

The chaos that surrounded President Hurtado’s assumption of power put Ecuador in a precarious political situation that many believed would culminate in a military coup. Many
worried that the young vice-president was not prepared to lead Ecuador in the wake of Roldós' death. Of particular concern was Hurtado’s perceived inexperience in economic matters (Emanuel 1991; Pallares 1991). Complicating matters were the political vacuum created by the Roldós death as well as the fact that his Defense Minister, General Marco Aurelio Subía Martínez, had also died in the air crash that took the President’s life. Some Congress members even accused Hurtado of plotting to kill Roldós (Martz 1987: 307).

Hurtado met immediately with military leaders after Roldós’ death. The new President reaffirmed his commitment not to interfere in military affairs. The military leadership, trusting Hurtado’s promises and also suffering the loss of General Subía, readily agreed to remain loyal to the constitution (Martz 1987: 303). Both Hurtado and Roldós had been leaders in the drafting of the new constitution and in that capacity had worked closely with the military (Conaghan 1988: 123). No doubt this experience expedited the military’s acceptance of Hurtado. The generals were also gratified that Hurtado did not investigate or make public notice of their poor performance in the 1981 border clash with Peru (Conaghan 1988: 127; Carrión 1991). The ensuing civilian-military relationship was characterized by "mutual accommodation" in which the government accepted nearly wholesale military supervision over its own matters while the armed forces refrained from interference in other domains (Fitch and Fontana 1991: 10). "The loyalty of the Armed Forces to democratic institutions was absolute," Hurtado writes in his memoirs. He goes on to concede that the political crisis brought on by his Administration’s economic austerity measures in 1982 and 1983 was severe enough to warrant military intervention. The military’s loyalty nonetheless remained firm. According to Hurtado, the armed forces were at times "the only source of support that I could count on to guarantee the preservation of democratic institutionalization and to dissuade the conspiratorial intentions of some civilians" (Hurtado 1991a: 141-42).
C. The Febres Cordero Administration

León Febres Cordero’s experience with the military was considerably different from Hurtado’s. During most of his presidency, Febres Cordero enjoyed the loyalty of most of the armed forces’ leaders. The military did, however, resent Febres Cordero’s occasional but indiscrete interference in military promotion procedures (Bustamante 1987: 40; Carrión Mena 1991; Fitch and Fontana 1991: 10). For the most part, the military dedicated itself to economic consolidation during the Febres Cordero Administration. In the absence of direct border conflicts with Peru or other policy matters on which military and civilian leaders would clearly disagree, President Febres Cordero was able to formulate and implement foreign and domestic policy without military interference.

An extraordinary exception to the generally cordial, if tense, relationship between the armed forces and the Febres Cordero Administration began in 1986 when Air Force Commander Frank Vargas accused high level civilian and military officials, including the Defense Minister, of corruption and bribe taking in connection with an aircraft purchase. When President Febres Cordero failed to fulfil his promise to investigate the alleged corruption, Vargas and troops loyal to him seized Mariscal Air Force Base in Quito. Army troops loyal to Febres Cordero stormed the base and ended the rebellion in a bloody fight. Vargas was imprisoned. Congress voted for an amnesty for the General and intensified calls for investigations into military and administration corruption. Febres Cordero ignored the amnesty, claiming that Vargas’ crimes were military and not political (Martz 1986: B115; Corkill and Cubitt 1988: 90-92).

In January 1987, shortly after the President had returned from a trip to Washington, D.C., troops loyal to Vargas kidnapped Febres Cordero at Taura Air Force Base. They demanded Vargas’ release. After 12 hours, during which many of the President’s body guards were shot, Febres Cordero signed a release for Vargas and promised not to punish the
kidnappers. The military nonetheless imprisoned Vargas' troops, but the General, supported by the opposition Congress, was set free.\footnote{Today, Vargas heads the APRE party and is a presidential candidate for the 1992 elections.} In the aftermath of the crisis, Congress scathingly critiqued Febres Cordero for having negotiated with the rebels and accused him of having provoked the entire incident by mishandling Vargas' first rebellion. Congress made a formal call for the President's resignation, which the latter readily ignored (EIU 1987: 4; Corkill and Cubitt: 91, 93). Then US ambassador in Quito Fernando Rondón called the Congressional action against the President in the wake of the kidnapping the "lowest point" of his tenure in Ecuador. That Congress would blame the Febres Cordero for his own abduction indicated to Rondón how very low Ecuadoran politicians would sink in their political battles (Rondón 1991).

How much did Febres Cordero suffer politically as a result of the Taura kidnapping? The incident generated fewer problems for the president than might have been expected. Vargas was considered by most Ecuadorans as rather eccentric.\footnote{Febres Cordero's first Foreign Minister, Edgar Terán, who in an unrelated dispute resigned just before the Taura incident, openly calls Vargas "crazy" (Terán 1991).} The vast majority of the military clearly remained loyal to President Febres Cordero (Martz 1986: B116; Fitch and Fontana 1991: 11). Congressional action against the President on this issue subsided after Febres Cordero ignored the call for his resignation. Febres Cordero had promised he would not prosecute the rebel troops, but would not prohibit the military from doing so (Corkill and Cubitt 1988: 93). This move allowed the military to punish the kidnappers as it saw fit and prevented a deep schism between the military and the Administration. Their relationship also improved when later in 1987 the Administration and the military cooperated on a road development project in which US reserve troops participated (see chapter nine). The most enduring effects of the kidnapping were on Febres Cordero's image as a national leader. Febres Cordero's carefully cultivated image as
a commanding leader in full control of the nation was shattered both at home and abroad (Terán 1991). However dramatic the event, it soon took a back seat to more immediate political and economic concerns such as the March 1987 earthquakes that devastated much of the countryside and the preparations for the 1988 presidential campaigns.

VIII. CONCLUSION

This chapter has outlined Ecuador’s major domestic political actors in the 1980s. It reveals two very distinct presidential ideologies and foreign policy styles. Osvaldo Hurtado advocated an anti-imperialist foreign policy that favored multilateralism. León Febres Cordero demonstrated disdain for diplomacy and international multilateral efforts. These differences make for an interesting comparison that will unfold in following chapters. Outside of the executive office, Ecuador’s domestic political actors have generally played a small role in foreign policy. While Congress remains an active domestic political contender, other groups such as the military, labor and popular groups, political parties and the domestic bourgeoisie usually leave foreign policy to the executive. These groups tend to intervene in the Administration’s handling of international affairs when they perceive a direct threat or opportunity in their areas of interest. The 1980s was a time of grave economic crisis, increasing the likelihood that these groups would intervene in policy. The public pie was shrinking, threatening the interests of all social groups. The intensity of Ecuador’s political and economic debate in the 1980s combined with the vastly different styles and philosophies of Hurtado and Febres Cordero makes this a fascinating period for the study of Ecuadoran foreign policy.

The previous chapter documented that the country’s economic dependence remained constant and severe throughout the period under study. The consistency of dependence sets the stage for an effective comparison of foreign policy under dire economic straits. Presidents
Hurtado and Febres Cordero had very distinct foreign policy agendas but had to contend with similar economic constraints. Will economic dependence override the effects of the presidents’ different foreign policy orientations? Or will the individuals’ beliefs and other domestic political factors manifest themselves in foreign policy despite consistent and intense economic pressure? The case studies that follow will provide evidence to answer these questions.
I. INTRODUCTION

Central America earned a spectacular amount of global attention in the early 1980s. The 1979 revolution in Nicaragua, as well as continuous civil strife in El Salvador and Guatemala, forced foreign policy makers around the world to take a stand on these conflicts. This pressure was most pronounced in Latin America, where neighbors of the small Central American states had to choose sides between revolutionaries and counter-revolutionaries, opponents and supporters of US policy in the region.

The principal issue at stake involved, somewhat ironically, not the behavior of the Central American governments themselves, but that of the United States. Washington’s intervention in Central America evolved quickly during the early 1980s to become the most contentious political and security issue facing the region. This was most pronounced in Nicaragua, where in addition to a US-sponsored economic embargo, the Reagan Administration financed a mercenary body, known as the Contras, to fight against the Sandinista revolutionary government. Other matters of intense regional debate included the progress of the Nicaraguan revolutionary government. Were the Sandinistas aligned with Cuba and the Soviet Union? Were they interested in consolidating their own power more than holding democratic elections? The Reagan Administration answered affirmatively to both questions. The US differed with the majority of Latin American governments willing to grant the Sandinistas the right to rule Nicaragua
uninhibited by US military and economic warfare. The most visible opponents of US interventionism in the early to mid-1980s were represented by the Contadora Group. Contadora, comprised of Colombia, Mexico, Venezuela, and Panama, organized in early 1983 to seek peace in Central America. Contadora clearly opposed US policy in Nicaragua (Bagley and Tokatlian 1987; Moreno 1991: 17; Hey and Kuzma 1993). Hence, an additional foreign policy problem facing Latin American leaders was whether to support the Contadora effort and oppose US policy by doing so.

President Osvaldo Hurtado’s response to these issues as manifest in his policy towards Nicaragua is the subject of this chapter. Hurtado came to power in the wake of the death of President Jaime Roldós, a strong supporter of the Sandinistas. Hurtado’s own Democracia Popular Party was a fervent opponent of “imperialist” foreign policies such as that implemented by the United States towards Latin America throughout modern history (Hurtado 1990b: 38-39). Accordingly, the Hurtado Administration publicly and repeatedly criticized US interventionism in Nicaragua. However, a second theme of Hurtado’s Nicaragua policy also emerged. Despite the anti-imperialist elements of his rhetoric, Hurtado failed to advance a supportive policy towards Nicaragua. Privately, President Hurtado was critical of the Sandinista government. The Administration’s Nicaragua policy was thus marked by its consistent adherence to principles of non-intervention and self-determination, but also by its failure to support Nicaragua strongly in its battle against the United States.

This chapter examines the factors leading to Hurtado’s Nicaragua policy. This case contains many elements of a useful test of dependent foreign policy theory. Nicaragua in the early 1980s was a matter salient to US and Latin American leaders alike. It therefore generates the likelihood for confrontation between the two. The question of US intervention addresses directly many of Latin American leaders’ concerns about security, sovereignty and foreign policy
independence. Finally, it is important to remember that throughout the Hurtado Administration, Ecuador suffered from extreme economic weakness and dependence that must be considered when examining foreign policy choices involving issues critical to US security concerns.

Section II reviews President Hurtado's views on US interventionism and Nicaragua prior to his arrival to the presidency. It reveals that Hurtado advanced a decidedly anti-imperialist position. Similarly, Hurtado supported fully Roldós' campaign to aid Nicaragua in its confrontation with the US. Section III details Hurtado's policy towards Nicaragua throughout his administration. It reveals that while Ecuador under Hurtado publicly denounced US policy, it failed to support Nicaragua in its battle with the United States. Section IV examines the policy from three points of view. What were the international pressures on Hurtado in developing this policy? Did domestic political actors and circumstances affect the Nicaragua policy? Finally, what role did Hurtado's personal beliefs about Nicaragua and US intervention play in the formulation of his Administration's position on these issues? Section V then applies six foreign policies theories to each component of Hurtado's Nicaragua policy, while Section VI evaluates the relative significance of each.

II. HURTADO'S BELIEFS

Osvaldo Hurtado's political views before he arrived to the vice-presidency are reflected in the pronouncements of Ecuador's Christian Democratic party he founded and led. Within the hemisphere, Christian Democrats had a strong reputation for global and regional diplomatic activity in favor of Latin American solutions. A party member, Eduardo Frei, had been elected Chile's president in 1964 and had played a major role in the founding the Latin American Free Trade Association (LAFTA) and the Andean Pact. Frei's vision was to foment Latin American
economic cooperation that, excluding the United States, could also act as a counterbalance to the US-dominated Organization of American States (OAS) (Connell-Smith 1974: 241, 248).

In Ecuador, Hurtado maintained the theme of strong Latin American unity in face of domination and even imperialism from the United States. The Christian Democrats' 1971 party platform for which he was primarily responsible identified four clear foreign policy principles. First, it called for a foreign policy that was "independent and open to all peoples of the world," to be used as a means for Ecuador to break from its "international dependence." Second, it advocated strong support for regional and subregional integrative measures. Third, it called for Ecuador's foreign policies and activities to be in accordance with "the Third World, whose interests and problems are related to our own." Finally, the platform rejected "the policies of imperialist blocs, great powers' spheres of influence," and the global tendency to marginalize the influence over formal international organizations (Hurtado 1990b: 38-39). As the author of this document, Hurtado left no doubt as to his proclivities in international affairs. He would advance a pro-Third World and Latin American foreign policy designed to minimize superpower dominance of the current global system. Judging from this position, one would expect that President Hurtado, once in office, would not only tolerate revolutionary Nicaragua within the hemisphere, but endorse its continued success and aid its struggle against the US-backed Contras.

In 1979 Hurtado became Vice President to Jaime Roldós, a strong and vocal opponent of US intervention in Nicaragua. Roldós had made "hands off Nicaragua" a theme of his campaign and his Administration's foreign policy, visiting Nicaragua to offer its government moral and financial support even before he took office (Carrión 1990). At his inauguration, Roldós spoke of Nicaragua's "heroism" (Martz 1987: 248; Villacís 1991: 1). The Roldós Administration provided small amounts of development aid to Nicaragua as part of SELA's Committee of Action and Help for Nicaragua project (MRE 1981: 42).
highly interested in and committed to foreign affairs, Vice President Hurtado intervened little in foreign policy, occupying himself principally with the management of the nation's economy. No public discrepancies arose between them. Hurtado stated in one 1979 interview that he "agreed completely with all of (Roldós') points of view on the economic and political situation of the country" (Hurtado 1990b: 227). Roldós' high profile foreign policy in favor of Third World and human rights was entirely consistent with the stated foreign policy objectives of his Christian Democratic Vice President.

III. THE HURTADO POLICY TOWARDS NICARAGUA

So when Hurtado assumed the presidency with a commitment to continue the political agenda of Jaime Roldós, most observers expected that he would maintain a strong pro-Nicaragua position. Instead, Hurtado scaled back Ecuador's support for Nicaragua both at home and in international fora. John Martz characterized the Hurtado policy:

While there were occasional diplomatic niceties and predictable banalities in praise of peace and the good intentions of the Contadora Group, he avoided the rhetorical commitments which had been common for his predecessor (Martz 1987: 329-330).

The Hurtado Administration's policy toward Nicaragua was consistent, if low-key. In every forum in which reference to US policy in Nicaragua was called for, Hurtado and his representatives reiterated Ecuador's adherence to the principles of self-determination of peoples, and non-intervention in the affairs of sovereign states (MRE 1981: 42; MRE 1983: 91, 154; Lecaro Bustamante 1988: 298-307; Valencia 1989b: 114-15). These statements implicitly criticized US Central American policy. Similarly, Hurtado rejected the Reagan Administration's portrayal of the Central American conflicts as East-West, rather than North-South, issues (El Comercio 1984a). In the United Nations, the OAS and in Ecuador's annual Foreign Ministry reports, the Administration's policy on the conflict between the United States and Nicaragua is
without exception in reference to these general principles. Occasionally, the Administration advanced a more specific policy position, but one that was always in strict adherence to non-intervention and self-determination. For example, Administration representatives stated that the conflicts in Nicaragua and in Central America in general were born not in ideological differences but in socio-economic inequalities (Lecaro Bustamante 1988: 301). Outsiders such as the United States, the Soviet Union and Cuba were therefore encouraged to distance themselves from the conflict (MRE 1983: 155). The Administration also refused to choose sides in the Nicaraguan war, claiming that such an act would violate non-intervention. It did, however, provide strong verbal support for the Contadora Group attempting to mediate a peaceful solution to the wars in Central America (MRE 1983: 154-55).

Individual foreign policy actions towards Nicaragua were very few. The development aid Ecuador had provided Nicaragua through the SELA project was never mentioned in Hurtado’s Foreign Ministry Reports. Hurtado did not travel to Nicaragua, but did meet with Nicaraguan President Daniel Ortega on two occasions, once at a UN General Assembly meeting in New York and again when Ortega stopped in Ecuador on his way to an inauguration in Argentina. In both cases, the Foreign Ministry reported that Hurtado reiterated Ecuador’s commitment to peaceful resolution and to international law (MRE 1984: 148-49). The meetings produced no formal agreements. The strongest public support Hurtado provided Nicaragua was in endorsing a document entitled the "Declaration of Problems of America" in July 1983. The document, signed in Caracas by government officials from Argentina, Bolivia, Ecuador, Peru and Spain, formalized these countries’ support for the Contadora process (Lecaro Bustamante 1988: 303). While it was perhaps a generous gesture towards peace in Central America, the Declaration carried no financial or diplomatic responsibilities.
Hurtado’s policy towards Nicaragua thus differed quite significantly both from what many had expected and from what Roldós’ policy had been. These differences emerged in both style and content. Roldós had implemented a clearly pro-Sandinista policy in a very personal way. He visited Nicaragua and included references to that country’s plight in many speeches both at home and abroad. Hurtado, in contrast, toned down the pro-Nicaragua content of Ecuador’s foreign policy, but also left that policy’s implementation and communication to subordinates. He rarely included Nicaragua as an issue in his speeches. The policy was expressed principally in the Foreign Ministry Reports written by that body’s bureaucrats.

Ecuador under the Hurtado Administration could be counted on to support non-intervention and self-determination. However, it did not advance the kind of pro-Sandinista positions that Nicaragua, suffering an economic embargo and a Contra War sponsored by the US, desired from its Latin American neighbors. President Roldós and the Contadora members had provided that kind of support. It is important to point out here that Hurtado had the opportunity to radicalize his position. He could have continued the Roldós policy, as he had promised to do shortly after the President had died (Hurtado 1990b: 277). He could have joined Contadora, or at least supported it more fervently. He could have publicized Nicaragua’s plight and called for strong measures in international fora such as the UN, the OAS and the Non-Aligned Movement. These apparently low-cost measures would have maintained Jaime Roldós’ policy and conformed with Hurtado’s foreign policy views as expressed before he arrived to government. Instead, in response to opportunities to support Nicaragua, Hurtado chose a policy of inaction. His failure to bolster the Sandinistas is as significant as an actively pro-Nicaragua policy would have been.
IV. EXAMINATION OF THE DECISION

Why did Hurtado pursue a dual policy? While he maintained a consistent commitment to opposing US interventionism, he also failed to support that position with a pro-Nicaragua policy. This second component of the policy, the failure to advocate the Sandinistas, is most puzzling. Hurtado’s commitment to an anti-imperialist and pro-Third World foreign policy as expressed in his statements and writings before he became president suggest that he would have supported Nicaragua in its fight against the United States. His stated rejection of imperialism and superpower spheres of influence would have led observers to expect him to align more closely with the Sandinistas. Hurtado was also a social democrat, whose economic ideology advocated economic nationalism and a redistribution of wealth within an economy still respectful of private property (Molineu 1990: 211). This ideology did not differ drastically from that of the Sandinistas and was certainly no less radical than that espoused by many Contadora leaders such as Belisario Betancur of Colombia and Miguel de la Madrid of Mexico. The conflict between the United States and Nicaragua provided Hurtado with an apparently ideal international issue on which to concentrate his pro-Third World foreign policy. That Hurtado instead pursued a mild and relatively inconspicuous policy towards Nicaragua is a puzzle. This section examines why Hurtado did not develop a more forceful policy. It considers factors at the international, domestic and personal level that influenced Hurtado’s decision to curtail his activities in Nicaragua.

A. International pressures

Compliance theory would explain Hurtado’s failure to pursue a more forceful policy towards Nicaragua as the reaction to US pressure to deradicalize his policy. The Reagan Administration was fully committed to its campaign against the Sandinistas (Hey and Kuzma 1993). The Contra War and the economic embargo, at a minimum, aimed to keep the
Nicaraguan government financially strapped, unable to export its ideology and unpopular with its people. Many have argued that these measures were indeed designed to force the ouster of the Sandinistas (Molineu 1990: 204). Given the Reagan Administration's dedication to its policy against Nicaragua, it is reasonable to expect that Washington would pressure its regional allies to support, or at least to refrain from opposing, the US policy in Central America. Did the Reagan Administration directly or indirectly threaten Hurtado with sanctions or diplomatic isolation to keep him from supporting Nicaragua?

"I wouldn't dare say what (compliance theory) suggests. There was absolutely never any direct pressure," stated Luis Narváez, a principal Foreign Ministry aid to President Hurtado on regional diplomatic affairs (Narváez 1991). This full rejection of the notion that Washington influenced Ecuador's behavior towards Nicaragua is echoed by others participating in the management of Ecuador's relations with Nicaragua (Carrión 1990; Pérez 1990; Terán 1991). President Hurtado remembers no attempts by the Reagan Administration to influence Ecuador's behavior towards Nicaragua. According to Hurtado, President Reagan mentioned the Nicaraguan question during Hurtado's 1983 visit to the White House. Hurtado reminded the US Executive of Ecuador's commitment to non-intervention and the matter was dropped. Hurtado also denies that Ecuador's economic vulnerability to the United States was a factor in determining the strength of his Nicaragua policy (Hurtado 1991). There is no evidence that the Reagan Administration linked Hurtado's policy towards Nicaragua to US economic or diplomatic relations with Ecuador.

It is intriguing that the United States did not pressure Ecuador and other regional allies more to support its anti-Nicaragua campaign. The US was certainly in a position to assert its will in the region. In the mid-1980s, most of Latin America was suffering an economic crisis, characterized by its debt owed to US banks. Had the US chosen to condition economic assistance
or debt renegotiation on Latin Americans' policy towards Central America, Latin American leaders could have been forced to choose between economic survival and solidarity with neighboring Nicaragua.

Two factors contribute to an explanation of the Reagan Administration's failure to pressure Ecuador and others to support US Central American policy. First, the United States, while committed to the military and economic battle against the Sandinistas, maintained the pretense that diplomatic channels were the most appropriate manner to resolve disputes among countries in the region. Although the United States' participation in negotiations with Nicaragua and other countries in the region was "characterized by uncertain terms, shifting conditions, ideological rhetoric, and charges of bad faith and deceit," the Reagan Administration never relented in its self-portrayal as an international actor committed to diplomacy (Molineu 1990: 210). Direct pressure on Latin American states to isolate Nicaragua would have undermined this commitment to diplomacy. This was particularly true given the Reagan Administration's support of numerous newly democratic regimes in Latin America, including Ecuador's (Martz 1987: 329-30; Conaghan 1988: 127; Molineu 1990: 159). The Reagan commitment to diplomacy and democracy made any interference in Ecuador's foreign policy decisions a direct violation of those very principles. The Reagan Administration clearly believed that the existence of the Sandinista government threatened US interests enough to warrant direct intervention in Nicaragua's affairs. However, Ecuador presented no similar threats that could justify interference in Hurtado's diplomatic decisions.

Second and more importantly, the US did not need Latin American support for its policies in Nicaragua. Washington approached the conflicts in Central America in a primarily bilateral manner. The Reagan Administration considered regional integrative efforts at peace such as the Contadora Group and the Arias Peace Plan more as interventionist nuisances than as viable
options for regional conflict resolution (Bagley and Tokatlian 1987: 47; Lewis 1987; Moreno 1991: 17; Hey and Kuzma 1993). Had the Administration considered Latin American support for its Central American policies crucial, it would have treated Contadora members, for example, quite differently. Contadora advanced a decidedly pro-Sandinista peace package (Bagley and Tokatlian 1987: 47; Moreno, 1991: 17; Hey and Kuzma 1993). The Reagan Administration did not utilize its leverage over the Contadora states, all of which suffered weak and dependent economies in the mid-1980s, to force a softening of either Contadora’s rhetoric or the content of its peace proposals. Instead, the US rhetorically supported both Contadora and the Arias Peace Plan when it was politically expedient to do so. At the same time it maintained support for the Contras and the economic embargo against Nicaragua despite their clear violation of both Latin American peace proposals. This behavior reveals the Reagan Administration’s calculation that Latin American support was not sufficiently important to the success of US policy in Central America to warrant intervention in Latin American states’ foreign policies.

If the threats posed by Contadora and Arias were not strong enough to draw US action against them, Ecuador’s bilateral policy towards Nicaragua certainly did not warrant a reaction from Washington. Regardless of Ecuador’s policy towards Nicaragua, the Reagan Administration would continue its own policy uninhibited. Edgar Terán, Ecuador’s Foreign Minister under the Febres Cordero Administration, reflected on this failure by the US to consider Latin America an important partner in its strategic policy. "Geopolitically, Latin America doesn't interest (the United States) practically at all. Latin America is not a great danger" (Terán 1991). Terán’s statement captures the essence of the Reagan Administration’s attitude towards Latin America’s participation in the Central American conflicts. It did not matter what Latin American governments did or felt about US policy in Nicaragua. It was therefore unnecessary to influence Latin American opinions on the matter.
B. Domestic pressures

The international pressure on Hurtado to avoid a strong pro-Sandinista policy did not exist as many may have expected. Was there domestic pressure, then, steering the President away from a more forceful policy towards Nicaragua? Domestic political actors made few attempts to influence Hurtado’s policy towards Nicaragua in either direction. The debate on the Nicaraguan revolution and the US policy response to it has been more muted in Ecuador than in the United States. Since Ecuador was not a principal actor in the conflict, few domestic groups had an interest in influencing the Hurtado Administration’s policy (Pérez 1990). Upon assuming office, Hurtado conveyed no intentions to radicalize Ecuador’s policy towards Nicaragua beyond that pursued by Jaime Roldós. Domestic actors, perceiving little threat or opportunity in Hurtado’s Nicaragua policy, essentially allowed Hurtado to deal with the issue as he chose.

The primary forum for discussion of Nicaragua was Ecuador’s universities, principally the Central University in Quito. Student and faculty groups frequently denounced US intervention in Central America, but did not overtly criticize Hurtado for not supporting Nicaragua more strongly. University organizations are typically ineffective in modifying government foreign policy behavior. However, had this been a case in which student and faculty groups been able to exert influence, they would have pressured Hurtado to intensify his opposition to US policy, rather than to subdue it. Hurtado’s mild policy towards Nicaragua is evidence of the university groups’ weakness as a foreign policy actor. In Congress, the policy was essentially a non-issue. That Hurtado’s approach to Nicaragua did not violate Ecuador’s foreign policy traditions or endanger the country’s diplomatic reputation was sufficient reason to permit the executive branch to assume full responsibility for the policy. Similarly, labor groups and the Chambers of Production were too occupied with advancing their interests in an economy of
austerity to intervene in a policy question that did not directly affect their interests (Pallares 1991).

A potential source of influence was the military, the support of which Hurtado needed to maintain his fragile control over government (Martz 1987: 303). It could be argued that the military, just recently returned to its barracks, would want Hurtado to abstain from a pro-Sandinista policy so as not to stir revolutionary fervor at home. This logic fails to apply to the Ecuadoran case. The military governments that ruled from 1972 to 1976 themselves advanced a revolutionary, redistributive domestic economic program and a pro-Third World, anti-imperialist foreign policy (Hurtado 1980: 258; Conaghan 1988: 9; Corkill and Cubitt 1988: 25; Schodt 1987b: 121). Also, no revolutionary threat existed in Ecuador to warrant concern about Ecuador’s diplomatic position vis-à-vis Nicaragua.

There is no evidence that the armed forces considered Ecuador’s policy towards Nicaragua an issue worthy of military intervention in civilian executive affairs. Recall Fitch and Fontana’s classification of the Ecuadoran military as one of "conditional military subordination," under which "the armed forces abstain from intervention in political questions" except during extraordinary circumstances (Fitch and Fontana 1991: 3). The prospects of Hurtado’s Nicaragua policy could hardly be identified as extraordinary. Hurtado’s predecessor, Roldós, had pursued a highly visible and pro-Nicaragua policy to which the military never objected. During the Hurtado Administration, the military was occupied consolidating its control over distinctly military matters and establishing itself as an independent economic body (Aguirre 1991; Bustamante 1987: 35-36; Carrión 1991; Carrión Mena 1991). Furthermore, non-intervention in the civilian government’s political affairs, including Hurtado’s foreign policy, was an important component of the military’s return to constitutional rule.
The most important domestic factor to influence Hurtado’s policy towards Nicaragua was not an actor but an economic and political situation. Hurtado governed a country that was economically and politically very fragile. The weak economy forced Hurtado to implement austerity programs which were extremely unpopular. Politically, the government was fragile. Roldós’ death had not only been a national shock, it created a political vacuum within government. Congress feuded over the appointment of a Vice President. Some called for Hurtado’s resignation, accusing him of plotting to kill Roldós. Even though the military supported Hurtado, his *Democracia Popular* party was almost without representation in Congress. Hurtado thus had to struggle to pass every piece of legislation. Additionally, the young President was forced to contend with national fury over the border war with Peru that had caused numerous Ecuadoran casualties in early 1981. Similarly, the floods that destroyed much of 1983’s agricultural exports dealt a harsh blow to the export-based economy already suffering from low oil prices and depletions of international reserves. The tremendously difficult domestic political and economic challenges Hurtado faced made it difficult for him to advance an active and controversial foreign policy towards Nicaragua. Crises at home necessarily diverted his attention from international issues (Carrión 1991; Carrión Mena 1991; Terán 1991). It wasn’t until his last year in office, when the pressures of executive responsibility began to decrease, that he sponsored the regional *Conferencia Económica Latinoamericana* (CEL), which he considers his most enduring foreign policy act (Hurtado 1991: 149).

C. Hurtado’s views on Nicaragua

Even at the end of his administration, however, Hurtado did not radicalize his Nicaragua policy. This suggests that domestic constraints played only a minor role in restraining his behavior towards Managua. That he was preoccupied with politics and the economy at home can
account in part for his failure to be more bold. But other Latin American leaders, such as the participants in Contadora, overcame similar domestic obstacles to produce very bold policies toward Nicaragua that directly confronted the United States. As domestic and international factors account only very slightly for the policy, we must turn to President Hurtado’s own views on Nicaragua to find a fuller explanation.

Recall that President Hurtado demonstrated a firm commitment to non-intervention and self-determination early in his political career. These beliefs are manifest in the component of the Nicaragua policy that denounced US interventionism. The principles on which this part of the policy is based are firmly established in Ecuador’s foreign policy traditions and remain standards of conduct guiding Foreign Ministry behavior (Lecaro Bustamante 1988). Hurtado understandably allowed his Foreign Ministry bureaucrats to manage the public component of the policy, as their principles matched his own in regard to US interventionism.

What accounts, then, for the second part of the policy? Why did Hurtado not support Nicaragua more strongly? Hurtado’s views towards revolutionary Nicaragua and the US policy towards it provide some answers. Before arriving in government, Hurtado had advocated a strong pro-Third World and anti-imperialist foreign policy. He had not, however, specifically expounded on the situation in Nicaragua since the 1979 revolution. One manner by which to gauge Hurtado’s views towards US intervention in Nicaragua is to observe his attitude towards the larger question of Central American conflicts and US participation in them. The principal debates about Central America centered on Nicaragua and El Salvador. A civil war raged in El Salvador in the mid-1980s. The US provided substantial military aid to the Salvadoran government to fight the war against the FMLN rebel force. Most Latin American leaders in opposition to US funding of the Nicaraguan Contras also contested US policy in El Salvador. In both cases, Contadora members and many individual Latin American leaders opposed US
intervention in both Central American countries, as well as in Guatemala and Honduras, calling for a demilitarization of the conflicts and a strict adherence to non-intervention (Purcell 1987: 113; McNeil 1988: 191). A consistent policy called for withdrawal of US participation in all of Central America, not just Nicaragua.

Hurtado’s policy towards El Salvador was not particularly anti-imperialist. He supported neither the Salvadoran government nor the FMLN, blaming both sides for a failure to reach a negotiated settlement. The Hurtado Administration did advocate non-intervention in El Salvador, but was careful to condemn the United States, the Soviet Union and Cuba for internationalizing the conflict (MRE 1984: 142). Hurtado advanced a similarly equivocal position in a 1983 speech in Caracas in which he blamed the breakdown of talks between US and FMLN officials on "the intransigence of the guerrillas, the Salvadoran government and the representatives of the United States" (MRE 1984: 115).

Hurtado’s policy stance on El Salvador, or lack thereof, can be explained in part by his lofty position in the International Christian Democratic Party. Hurtado had not only founded Ecuador’s branch of the Christian Democrats, but had maintained a strong presence in the Party’s regional and global debates. The Western Hemisphere’s branch of the Party, the Christian Democrats of America, elected Hurtado as their president in 1985, just over one year after he left government (El Comercio 1985g). In the 1980s, among the world’s most famous Christian Democratic presidents was José Napoleón Duarte of El Salvador. The Reagan Administration had identified Duarte as the best hope for US policy success in El Salvador for two reasons. First, as a political moderate, Duarte was appealing to the international community. Reagan’s support for Duarte would draw less criticism than would support for a more right wing leader, such as Roberto D’Aubisson. Second, Duarte would work with the United States and allow the Reagan Administration to continue its preferred policies in El Salvador (Molineu 1991: 220-21).
If Hurtado had wanted to act as a strong opponent to US policy in El Salvador, he would have had to criticize his fellow party member Duarte as well. Hurtado’s strong party affiliation worked to minimize his antagonism towards the Duarte-Reagan alliance (Carrión 1991). This limitation may also have acted to constrain his policy towards Nicaragua. The lack of consistency between a policy that failed to criticize US intervention in El Salvador and one that strongly opposed similar intervention in Nicaragua may have invited criticism from domestic and international observers. Hurtado instead advanced low profile policies in both countries, policies that allowed him to maintain favor among the world’s Christian Democrats and avoid accusations of inconsistency in his Central American policy.

A second way to assess Hurtado’s personal views toward Nicaragua is to observe his opinion towards the Contadora Group. Group members began to form in 1982 and officially established themselves as Contadora in early 1983. One would have expected Osvaldo Hurtado, who had so clearly enunciated his views in favor of Latin American regional solutions and organizations, to support strongly the Group’s activities and even to seek membership in Contadora. However, when asked directly about his feelings on Contadora, Hurtado revealed that he was much less enthusiastic about the Group than one would have expected. In a 1991 interview, Hurtado explained that he did not join Contadora because he was not invited, but concedes that he could have lobbied for and achieved Ecuadoran membership in the Group. He did not do so for two reasons:

First because Contadora was already filled with a large number of countries. Why add another? ...I am not a politician that has to be present in every scene, especially in those to which I have not been invited. If there is an initiative underway, I don’t like to complicate things. (Second), Ecuador has not traditionally been very involved in Central American politics (Hurtado 1991).

Hurtado’s grounds for not involving himself or Ecuador in Contadora appear reasonable. But they are weak explanations for his behavior. First, Contadora hardly comprised “a large
number of countries." Only four members, Colombia, Mexico, Panama and Venezuela, participated. Furthermore, Hurtado had demonstrated throughout his administration an eagerness to take part in multilateral associations much larger than Contadora. Primary among these is Hurtado's noteworthy participation in the Andean Pact and his leadership of the CEL (MRE 1984: 144). His avoidance of Contadora cannot so easily be accounted for by the fact that others were already taking care of the Central American situation and that the did not want to "complicate things."

Second, his observation that Ecuador had not acted as a principal actor in Central American politics is true but irrelevant. Neither Hurtado nor his predecessor and running mate Jaime Roldós relied on tradition in foreign policy. Before Roldós, Ecuador's relations with Nicaragua had been "episodic," and subject to the whims of individual leaders in both countries (Ontaneda 1990). Roldós had broken with Ecuador's relatively isolationist diplomatic history to promote a pro-Sandinista and pro-human rights foreign policy. Hurtado had also broken with tradition in attempting to resolve the border conflict with Peru, joining the Non-Aligned Movement and convening the CEL. Hurtado was more of an internationalist than most of Ecuador's former presidents. Ecuador's diplomatic convention had not kept him from pursuing the foreign policies of his choice before. If Hurtado were to follow any foreign policy tradition in Nicaragua, it should have been that established by Jaime Roldós, whose foreign policy Hurtado promised to continue. Hurtado's recognition that Ecuador had not customarily acted in Central America is a convenient justification, but not an explanation for his failure to pursue a strong policy in Nicaragua.

A better explanation for Hurtado's mild policy is born in the President's personal sentiments about the Sandinistas in Nicaragua. While Hurtado is committed to Third World nationalism, he is not a revolutionary. This critical difference put him at odds with the
Sandinistas. He did not travel to Nicaragua, despite his promise to uphold Roldós' foreign policy. Hurtado felt that the Nicaraguan government's domestic and international agendas were too radical. These sentiments are evident in Hurtado's own description of his meetings with Ortega:

Yes, I met with Ortega various times and had long conversations with him. I insistently asked him to hold elections. I told him that it was absolutely necessary that he have elections in Nicaragua. (But) he insisted on delaying. He never accepted me. I insisted many times. The other thing I told Ortega was that he would be smart to develop an effectively non-aligned foreign policy, because his alignment with the Soviet Union and with Cuba created a conflict in the region and particularly with the US. I told him that my hypothesis was that the US would not try to overthrow Ortega if he would establish a regime that was effectively non-aligned and not dependent on the USSR and one that held free elections. ‘You (Sandinistas) say that you are popular,’ I told him. ‘Why don’t you hold elections?’ He delayed. (He said the delays were due to) the war, and that they had to consolidate the revolutionary process (Hurtado 1991).

A number of revealing and intriguing indicators of Hurtado's views towards Sandinista Nicaragua are found in this quote. First, Hurtado was clearly suspicious of the Nicaraguan government. He questioned the Sandinistas' commitment to revolutionary democracy. The last sentence in his quote was stated with particular incredulity, as if Ortega's reference to the war and the consolidation of the revolutionary process were insufficient excuses for a failure to hold elections. Hurtado's disbelief in the Nicaraguan government's dedication to democratic reform made him unlikely to support that government strongly in its battle with the United States.

Second, Hurtado revealed a clear antagonism between the Nicaraguan and Ecuadoran presidents. Despite his oft-repeated commitment to non-intervention in the internal affairs of other states, Hurtado apparently felt quite comfortable pressuring Ortega for reform in domestic as well as foreign policy. The Nicaraguan leader responded with justifications for not holding elections, which incidentally were not held until November 1984, three months after Hurtado left office. Many other Latin American leaders, such as participants in the Contadora Group, were willing to allow the Sandinistas a few years to consolidate the revolution before elections were
Dismantling the bureaucracy established during decades of Somoza dictatorship coupled with the implementation of the progressive social reforms were sufficiently massive tasks to justify a delay in elections. Hurtado disagreed, believing that Nicaragua was moving towards Soviet-aligned totalitarianism. Hurtado’s concern manifested itself in a reserved foreign policy towards Nicaragua.

Finally, Hurtado’s quote demonstrates his sympathies with the Reagan Administration’s policy towards Nicaragua. Hurtado’s comments to Ortega that the US would stop its intervention if Nicaragua pursued a non-aligned foreign policy and democratic processes at home are very generous to the Reagan Administration. Many critics of Washington’s policy in Nicaragua argued that the Reagan Administration was motivated not by a desire for democracy and independence in foreign policy in Nicaragua, but by an ambition to destroy Nicaragua’s experiment with socialist development (see, e.g., Chomsky 1985: 128-37). In contrast, Hurtado believed that so long as Nicaragua did not represent a security threat, as indicated by its alignment with the Soviet Union, the US would leave the Sandinistas alone. Hurtado reveals the similarities between his own views towards Nicaragua and those of the Reagan Administration. Keeping Hurtado’s understanding of Washington’s motives in mind, it is plain why he did not develop a more strongly anti-US policy towards Nicaragua. Hurtado opposed Washington’s methods in Nicaragua, principally the interventionist aspect of US policy. He repeatedly stated his disagreement with the United States’ military approach to Nicaragua. However, Hurtado agreed with many of the Reagan Administration’s goals for Nicaragua. These views explain why the Ecuadoran president did not advance a policy more strongly supportive of the Sandinistas in their battle against the Reagan Administration.
D. Summary

This section has examined the international, domestic and personal factors influencing the Hurtado Administration’s policy towards revolutionary Nicaragua. International factors played a small role. The US government did not pressure Ecuador to refrain from a pro-Nicaragua foreign policy as might have been expected. The Reagan Administration did not need Ecuador’s support for its policies in Central America. In addition, policy makers in Washington wanted to maintain the image that dialogue and non-interference were important principles of US regional diplomatic behavior. Hurtado also received little pressure from domestic political actors on his Nicaragua policy. Student associations demanding support for revolutionary Nicaragua were placated with Hurtado’s commitment to principles of non-intervention and self-determination. Other domestic groups showed little or no interest in Hurtado’s Nicaragua policy, which was considerably less radical than that of his predecessor, Jaime Roldós. More important domestic factors included the tremendous economic and political difficulties Hurtado faced in governing Ecuador. Hurtado assumed control in the country’s recent post-transition period, characterized by war with Peru and severe economic crisis. The president had little time or energy to devote to a strong Central American policy.

The strongest determinants of Hurtado’s mild policy towards Nicaragua are found in the President’s own views towards the Sandinista government and the motivation behind the Reagan Administration’s Nicaragua policy. Hurtado’s distrust for Daniel Ortega’s commitment to democratization and foreign policy non-alignment led the former to curb his support for the Nicaraguan revolution. Similarly, Hurtado displayed a moderate position towards US policy, believing that the Reagan Administration was motivated principally by security concerns in the region, and not by a desire to destroy Nicaragua’s revolutionary experiment. These sympathies
with Washington and antagonism towards Managua account for the content of Hurtado's policy towards Sandinista Nicaragua.

V. THEORETICAL APPLICATION

This section applies six theories of foreign policy to the two-fold policy the Hurtado Administration developed towards Nicaragua. The first and most visible component was Ecuador's oft-repeated dedication to the principles of non-intervention and self-determination. This commitment implied Ecuador's rejection of the US government's policy of military intervention in Central America in general, and of the arming of the Contras specifically. Second, Hurtado's policy towards Nicaragua was mild, and much less supportive of the Sandinistas than many may have anticipated from the Christian Democrat President. Hurtado's rejection of the Reagan Administration's policy did not entail an embracing of the Nicaraguan government's management of domestic or international affairs. As such, the Hurtado Administration failed to provide Nicaragua the type of support it received from the Contadora members and from other states within the region and around the globe.

A. Compliance

This case appears to contain all the defining conditions of compliance. Ecuador was a weak and dependent country vulnerable to US pressure. The Reagan Administration placed a high priority on its Nicaragua policy. One would anticipate, therefore, that the US government would succeed in pressuring Ecuador and other Latin American states to support Washington's policy towards Nicaragua. The evidence, however, demonstrates that compliance did not apply.

Hurtado's rejection of Reagan Administration tactics in Nicaragua clearly does not conform to compliance's policy output criterion that Ecuador develop a pro-US policy.
Ecuador's repeated insistence that the principles of non-intervention and self-determination be respected in Central America was not in accordance with US preferences, and as such does not exhibit the primary defining characteristic of a compliant foreign policy. Hurtado's failure to support the Sandinistas is a more likely candidate for compliance. To what degree was his Administration's inaction in this area a reaction to US pressure or fear of reprisals? This is difficult to answer, as US preferences on this matter are somewhat ambiguous. Certainly, the Reagan Administration would have preferred Latin American leaders not to support the Sandinistas. Reagan suggested this to Hurtado during their White House meeting. Furthermore, Reagan and his aides made very clear in domestic and international fora their antagonism towards the Sandinistas. What is difficult to judge is how strongly US policy makers felt about Latin American acquiescence on this issue. The record in the Ecuadoran case suggests that the US did not advance a significant effort aimed at exacting Hurtado's compliance. Furthermore, the element of Hurtado's policy that the US would have appreciated, Hurtado's pressure on Daniel Ortega to democratize and pursue a non-aligned foreign policy, was not publicized either at home or abroad. Hurtado kept quiet the most pro-US ingredient of his behavior towards Nicaragua.

A compliant policy is most effective when its pro-US impact is known on an international scale. In the international arena, Hurtado strictly adhered to non-intervention and self-determination, behavior widely perceived as antagonist to US policy in Central America.

Other necessary elements of compliance theory do not exist in Hurtado's failure to support the Sandinistas. There was no obvious conflict of interest between the Hurtado and Reagan Administrations. While the two clearly argued over the methods by which the US government pursued its goals, their objectives for Nicaragua were not so dissimilar. Hurtado's reference to the Sandinistas' lack of democracy and pro-Soviet foreign policy echoes the concerns
voiced repeatedly by President Reagan. Hurtado's failure to support the Sandinistas is more a product of his disapproval of the Nicaraguan government than of pressure from the United States.

Indeed, there is no evidence that the US government pressured Hurtado towards any particular type of policy. The Ecuadoran president certainly knew that Nicaragua was a highly salient issue to the Reagan Administration, and that Ecuador was economically vulnerable to potential US pressure. President Reagan, however, did not push the issue when he met with Hurtado. Furthermore, US economic activities in Ecuador did not change as a result of Hurtado's Central American policy. Other countries in the region continued to harass the US on this issue, without suffering economic backlash. This was particularly true of Mexico, a leader of the Contadora Group and a primary recipient of US emergency financial assistance (Hey and Kuzma 1993). The US government understood that it could pursue its own Nicaragua policy regardless of Latin American support, and apparently concluded that intervention in regional foreign policies would be more costly than necessary.

Finally, compliance requires that the issue be salient to the Ecuadoran Administration. Otherwise, submission to US preferences entails no sacrifice. Nicaragua, as well as Central America in general, were not highly salient to the Hurtado Administration. A marked change in the emphasis of Ecuadoran foreign policy towards the region appeared with Hurtado's rise to power. Whereas Jaime Roldós had exerted significant energy towards his Nicaragua policy, Hurtado left the matter primarily to his Foreign Ministry. While other regional actors such as Contadora and later, President Oscar Arias of Costa Rica, played a highly visible role in Central American conflict resolution, Ecuador under Hurtado was most notable for its lack of activity.
B. Consensus

It has been determined that Hurtado's rejection of US intervention was not consistent with US preferences. To that extent, the primary criterion of the consensus model is also absent in this component of the policy. But consensus does ring true to the extent that Hurtado's failure to develop a stronger anti-US policy was the result of agreement between Hurtado and Reagan that the Sandinistas were undemocratic and aligned with the Soviets. Hurtado was sympathetic to the substance, if not the methods, of US policy.

The Reagan Administration's commitment to opposing the Sandinistas far outweighed that of the Hurtado Administration. It is important to remember that Hurtado's antagonism towards the Sandinistas was a relatively minor and unpublicized component of his policy. Hurtado's suspicions about Daniel Ortega were mild compared to those of the Reagan Administration. Repeatedly, in domestic and international speeches and policy statements, the Reagan Administration condemned Nicaragua for its ties with the Communist world, its military shipments to rebels in El Salvador, its Soviet-aided military build-up, and its move towards totalitarianism (Kenworthy 1985; Walker 1985: 159-62; Molineu 1990: 195-204). These charges, claimed the Reagan Administration, justified Washington's harsh reaction. The extreme threat Nicaragua posed to hemispheric security and democracy merited the Sandinistas' ouster through economic and military warfare. The intensity of these sentiments emanating from Washington far exceeded President Hurtado's. While Hurtado worried about the Sandinistas' democratization and foreign policy alignment, he did not accuse Nicaragua of shipping arms to the Salvadoran

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1 This claim was particularly difficult to prove. Despite repeated allegations, beginning in February 1981, that Nicaragua sent Salvadoran rebels weapons, the Reagan Administration was never able to verify its claims. Not until November 1989, when President Bush was in office, did the government of El Salvador find a weapons shipment it was able to trace to Nicaragua. After years of unsubstantiated accusations against the Sandinistas, many remain skeptical of the origin of the 1989 find (Walker 1985: 160-61; Molineu 1990: 195-96).
rebels, instituting a "totalitarian" state, or assembling a pro-Soviet armed forces. Despite these significantly different points of view, Hurtado made clear his agreement with President Reagan on two important counts. First, he felt that US policy motivations were essentially innocuous, aimed only at preserving US security and not designed to oust the Sandinistas from a position of power within the hemisphere. Second, Hurtado concurred with Reagan's opinions on the Sandinista government's threats to democracy in Nicaragua and Central America. Hurtado's insistence that Nicaragua hold free elections was very similar to demands made by the White House at the same time. Both presidents advanced, through to varying degrees, notions of democracy and anti-communism for Nicaragua. Finally, Hurtado also demonstrated a sincere dislike for Daniel Ortega, a sentiment shared widely by President Reagan and his key foreign policy advisers such as Jeane Kirkpatrick and Alexander Haig. The Reagan Administration considered Ortega the leader of the "Marxist Sandinista takeover" in Nicaragua (Kenworthy 1985; Molineu 1990: 195).

That Hurtado's antagonism towards Nicaragua was weaker than Reagan's is understandable given that the former's available resources were very low. The Reagan Administration could afford to back up its views towards the Sandinistas with a heavily funded program. Hurtado had little more than diplomatic energy to devote to his Nicaragua policy. Similarly, whereas the Reagan Administration considered Nicaragua a highly salient issue worthy of significant attention and resources, Hurtado had much less at stake. Nicaragua presented a potential threat to US dominance in the region. As a tiny power, Ecuador did not share these concerns. Accordingly, Hurtado's policy was less fervent than Reagan's. It is nonetheless important to remember that the views driving the US and Ecuadoran policies were consensual.

Consensus can account for Hurtado's failure to support the Sandinistas. Leaders in Ecuador and the US agreed that the Sandinistas were a threat to democracy in the hemisphere and
thus did not deserve support. One relatively minor expectation of consensus, that the policy be aimed to benefit elites in Ecuador, does not emerge. Recall that domestic business leaders disassociated themselves wholly from Hurtado’s Central America policy. However, given that this was a purely diplomatic policy, the lack of impact on domestic economic elites is not unusual and does not negate the applicability of the consensus model of dependent foreign policy behavior.

C. Counterdependence

Hurtado’s repeated insistence that the US respect non-intervention and self-determination is counterdependent. A review of the development of Hurtado’s commitment to these principles finds that he advocated them at an early stage in his political career. Recall that in the early 1970s, Hurtado developed his party’s foreign policy platform to include a rupture with "international dependence," alignment with the Third World and a rejection of the interventionism of "imperialist blocs" (Hurtado 1990b: 38-39). These clearly counterdependent tenets partially survived and reappeared in a diluted form in Hurtado’s Nicaragua policy. Hurtado’s opposition to US interventionism in Nicaragua is consistent with his beliefs that superpower imperialism kept the Third World from experiencing true sovereignty. The policy is counterdependent in that Hurtado’s opposition to US interventionism in Nicaragua would not have developed in the absence of a general condition of dependence. Furthermore, the US opposition expected of a counterdependent policy was present, but not strong.

In contrast, counterdependence cannot account for Hurtado’s failure to support the Sandinistas. If Hurtado had been motivated wholly by a desire to counteract the dependence of Ecuador and the rest of Latin America on the US, he would have developed a more strongly pro-Nicaragua position. The Sandinistas’ revolution, development model and foreign policy were all
extremely counterdependent in their rejection of the historical arrangement between Nicaragua and the United States. That arrangement, according to the Sandinistas, maintained the majority of Nicaragua's people impoverished and oppressed. A government program that broke with that tradition, counterdependence, was necessary for true development. For Hurtado's policy to conform with counterdependence, it would have allied more strongly with this Sandinista position. Instead, Hurtado conspicuously rejected providing the Sandinistas with the public international support they wanted and even chastised their leader in private.

D. Realism

Realist theory is a poor predictor of both components of Hurtado's foreign policy towards Nicaragua. They meet the criterion that Ecuador maintain the necessary resources to implement the policy. Both components required only minimal diplomatic resources, as the possible consequences of these actions involved few risks. The resources needed to reject US interventionism were little more than diplomatic pronouncements which carried no threat for the US. The failure to support the Sandinistas essentially meant that no resources were expended.

However, these cases fail to pass the other tests of realism. First, Hurtado did not seek regional status with this policy. Had he joined Contadora, or been more fervent in his opposition to US policy, Hurtado may have gained recognition as a regional leader on the Nicaraguan problem. Instead, Hurtado advanced a very low-key policy, noted by its lack of ambition, that reinforced regional opinions about Ecuador as a non-active regional diplomatic actor. He might have gained regional prominence had he chosen to admonish Ortega publicly. Rather than pursuing such recognition, the Ecuadoran President kept his anti-Sandinista views very quiet.

Did Hurtado's policy advance Ecuador's development, as realism would also expect? There is nothing to suggest that Hurtado's criticism of either US interventionism or Nicaraguan
domestic policy had anything to do with promoting Ecuador's development. It could be argued that Hurtado restricted his anti-US rhetoric so as to assure the maintenance of US development aid. In a 1991 interview, Hurtado absolutely rejected this suggestion (Hurtado 1991). Furthermore and as mentioned above, other states advanced policies that were much more antagonistic to the US and were not punished economically. This was purely a diplomatic policy for which realist theory cannot account.

E. Leader preferences

Was Hurtado’s Nicaragua policy consistent with his own preferences? Most of the evidence suggests that it was. One indicator of leader preferences is the qualitative change in Ecuador’s Nicaragua policy that accompanied a change in leadership. During the Roldós Administration, Ecuador was among the region’s most vocal proponents of Nicaragua. Once Hurtado came to office, Ecuador's participation in matters related to Nicaragua decreased substantially. Similarly, the force behind the anti-US rhetoric weakened. This shift demonstrates that policy was directed from the executive office.

While it is difficult to say that Hurtado was actively involved in a policy noted for its inactivity, Ecuador’s Nicaragua policy during the Hurtado years conformed to the president’s own views on the subject. Leader preferences most wholly accounts for the dual nature of Ecuador’s policy in Nicaragua. First, Ecuador denounced US interventionism and adhered strictly to policies of non-intervention and self-determination. Hurtado had developed and advocated these positions since the early days of his political career. Second, Hurtado failed to support Sandinista Nicaragua and pressured Daniel Ortega to modify his domestic and international behavior. This component of the policy is consistent with Hurtado’s skepticism towards Nicaragua’s domestic and foreign policy.
F. Domestic politics

Neither of the components of Hurtado’s policy towards Nicaragua can be explained as a function of domestic politics. His opposition on this issue was very limited. The most vehement political opinions within Ecuador came from the university groups promoting a pro-Nicaragua position. These student groups were not a relevant opposition group that Hurtado had to fear. Accordingly, Hurtado did not respond, and instead advanced a less radical policy than had his predecessor, Jaime Roldós. It could be argued that Hurtado refrained from an active role in Nicaragua because problems at home were so severe that domestic actors would have criticized an active foreign policy. While a severe domestic economic and political crisis no doubt damaged Hurtado’s abilities to pursue a more dynamic policy in Nicaragua, it is improbable that this was a major factor.

Two arguments justify this claim. First, Jaime Roldós had experienced similar and arguably more severe domestic problems. As the first elected president after nearly a decade of military dictatorship, Roldós necessarily presided over a fragile political system during an era of increasing economic woes. This did not inhibit him from proceeding with an active and controversial policy in Nicaragua. Domestic opposition to Roldós’ activism was minimal and certainly insufficient to force a change in his policy. Hurtado, then, could have maintained the Roldós approach to Nicaragua with little domestic opposition. Such a policy would have received little or no criticism as Hurtado could easily have advanced it in the name of the dead former president.

Second, Hurtado did exhibit activism in other areas of foreign policy with little domestic backlash. In 1983, Hurtado organized the Conferencia Económica Latinoamericana (CEL), a summit meeting attended by 27 regional leaders that addressed Latin America’s debt crisis (see chapter seven). The CEL consumed a considerable amount of time and energy during a year of
extreme economic crisis. In 1983, Ecuador experienced severe flooding that destroyed much of the year's would-be agricultural exports (Corkill and Cubitt 1988: 52). Despite economic woes at home, Hurtado was able to pursue an active foreign policy. It is unlikely that a stronger policy towards Nicaragua would have been received with significant opposition.

VI. CONCLUSION

The difficulty this case presents is in Hurtado's apparently contradictory policy in Nicaragua. Ecuador under his leadership adhered steadfastly to the principles of non-intervention and self-determination, a position which required Ecuadoran foreign policy to reject US intervention in Nicaragua. On the other hand, Hurtado did not proceed to include what many may have anticipated a corollary of a anti-interventionist foreign policy - active support for Nicaragua in the consolidation of its revolution and its battle with the United States. That Hurtado included the first component but not the second in his policy provides a challenge for existing foreign policy approaches.

TABLE 7: DO THESE THEORIES EXPLAIN HURTADO’S NICARAGUA POLICY?

<table>
<thead>
<tr>
<th></th>
<th>Compliance</th>
<th>Consensus</th>
<th>Counter-dependence</th>
<th>Realism</th>
<th>Leader Preferences</th>
<th>Domestic Politics</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rejection of US</td>
<td>no</td>
<td>no</td>
<td>yes</td>
<td>no</td>
<td>yes</td>
<td>no</td>
</tr>
<tr>
<td>intervention</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Failure to support</td>
<td>no</td>
<td>yes</td>
<td>no</td>
<td>no</td>
<td>yes</td>
<td>no</td>
</tr>
<tr>
<td>Sandinistas</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Table 7 depicts the general applicability of the six foreign policy theories to Hurtado’s policies in Nicaragua. It reveals that both leader preferences as well as counterdependence account for the anti-US component of the policy. Leader preferences combines with consensus to explain Hurtado’s failure to support the Sandinistas. Recalling the discussion of these theories in Section V, leader preferences explains the entire policy most fully. Osvaldo Hurtado’s views on US interventionism and Sandinista practices accorded fully with the positions his country advanced on those issues. Counterdependence provides insight into the motivations behind Hurtado’s anti-interventionist posture towards the US, while consensus best explains the motivation behind the anti-Sandinista position. As is true in other cases examined in this study, counterdependence and consensus co-occur with leader preferences to provide a full account of a policy.

That Hurtado pursued both pro-US and anti-US policies demonstrates the complexity of his views. While he is generally and appropriately considered a counterdependent leader, particularly when contrasted with his successor, Febres Cordero, Hurtado is not a revolutionary leader. His counterdependent tendencies are not strong enough to sway him from his commitment to anti-communism and democracy. Hurtado adhered to these sentiments even when they guided him towards a policy that aligned with US preferences. Of course, his concomitant policy of denouncing US interventionism in Central America allowed him to maintain a public image of counterdependence.

Hurtado’s simultaneous pursuit of a counterdependent and consensual policy also reveals the Ecuadoran president’s foreign policy flexibility in this area. Hurtado was able to implement his preferences both in the rejection of US activities in the region and his failure to support Nicaragua. By pursuing such a dual policy, Hurtado put himself in the position of potentially offending all of his critics and pleasing none. The United States was no doubt displeased by
Ecuador's constant denunciation of its tactics in Nicaragua. Similarly, by failing to advocate the Sandinistas, Hurtado jeopardized his popularity with leftist groups in Ecuador. Hurtado in actuality received few complaints and was able to proceed with the dual policy as he saw fit. This appears to be a function of the low salience of Ecuador's Nicaragua policy for most of the international and domestic actors interested in this area. Ecuador's behavior towards Nicaragua, so long as it did not become too extreme in either ideological direction, was of little consequence to political actors in the US and Ecuador. In this sense, the dual policy actually shielded Hurtado from criticism. The Reagan Administration was willing to withstand some criticism from Ecuador's Foreign Ministry because Ecuador did not advance a strong pro-Sandinista policy. Domestic leftists were placated with frequent denouncements of US tactics in Nicaragua, even if Hurtado did not support the Nicaraguan government more strongly. Because neither set of potential opponents perceived Hurtado's policy as too extreme, he was able to pursue a policy conforming with his own preferences.

Perhaps most interesting is the failure of compliance to account for Ecuador's behavior in this case. Despite the Reagan Administration's strong commitment to its Nicaragua policy as well as Ecuador's economic dependence, the US applied little pressure on Ecuador to advance an anti-Sandinista foreign policy. Also, the mere threat of economic retaliation did not discourage Hurtado from consistently opposing US military and economic actions in Nicaragua. While this case appeared to be an ideal candidate for compliance, it emerged as an example of leader preferences, in many ways the opposite of compliance.

Also of interest is the failure of realist and domestic politics theories to account for this initiative. Realism's deficiency in this case is two-fold. Recall that realist theory when applied to a Latin American state expects leaders to pursue either regional or global visibility and power, or to advance Ecuadoran development. By the first set of criteria, realism predicted Hurtado's
behavior in the wrong direction. Rather than aligning himself with the Contadora Group which gained considerable hemispheric prestige through its efforts for peace in Central America, Hurtado pursued a decidedly low-key policy that failed to win him any regional recognition. On the second criterion, realism’s failure to explain Hurtado’s behavior is born in the fact that the policy problem at hand had little to do with Ecuadoran development. Ecuadoran development would have been little, if at all, affected by Hurtado’s decisions towards Nicaragua. This case illustrates the limitations of realism’s expectations that Latin American states will pursue pro-development policies. It cannot account for diplomatic questions that may carry no foreseeable development consequences. For this reason, realism also expects states to implement policies designed to further regional status and influence. However, on this point, realism clearly failed in this case.

That domestic political actors had little influence in determining Hurtado’s Nicaragua policy is primarily a function of their lack of interest on this question. With so many critical economic and social questions facing domestic interest groups at home, few were concerned with employing their bargaining power towards an issue that held little direct impact on their interests. The failure of groups such as the Chambers of Production, the military, labor and Congress to intervene in Hurtado’s policy was also the product of their respect in his authority over foreign policy, as well as a impression that his actions would have little consequence on the domestic scene. Former President Roldós had implemented a quite radical policy towards Sandinista Nicaragua, a policy few domestic actors perceived as threatening. The one group strongly committed to this case, university associations, had little influence in the executive office.
CHAPTER VI

FOREIGN INVESTMENT REFORM IN PETROLEUM POLICY

I. INTRODUCTION

In August 1982, Osvaldo Hurtado signed into law two bills that opened Ecuador’s oil industry to increased foreign investment. Hurtado had been convinced since he was vice president that current exploration rates would not produce sufficient oil revenues for the decade ahead (Martz 1987: 336). By the time he reached the presidency, the economic crisis was fully evident even to the most reluctant observers. Hurtado worked diligently to achieve Congressional approval of his reform package. The laws’ passage was facilitated by a nation-wide consensus that the existing petroleum investment laws required reform. It was nonetheless difficult to work out a compromise between an executive eager to reform the legislation and a Congress wary of losing Ecuadorian autonomy over the oil industry.

This case appears an ideal example of a compliant foreign policy. Hurtado changed his views and adopted a pro-core position after his country entered an economic crisis. As is discussed below, however, the link between Ecuadoran dependence and Hurtado’s policy is quite difficult to discern. Hurtado appears to have reacted less in response to dependence per se than to the economic crisis in general. US investors did not receive preferential treatment in Ecuador’s reforms. Nonetheless, Ecuador did implement a policy that accorded with the Reagan Administration’s general policy prescriptions for Latin America. This outcome suggests that US
power over Ecuador is less direct than is often assumed, but that the US is able to benefit from policies developed in Latin America under crisis.

Section II of this chapter reviews Ecuador's recent petroleum history and the events that led up to the need for legislative reform. Section III examines the views on reform of the pertinent social and political actors within Ecuador and in the international arena. Section IV describes the process by which the legislative and executive branches compromised over the final legislation, while section V discusses the effects of the reforms. Section VI theoretically analyzes two distinct decision points in the reform process. First is Hurtado's decision that reform was necessary. Second is the process by which Congress and the executive branch agreed on the laws to be put into practice.

II. THE NEED FOR REFORM

In 1972, Ecuador experienced sweeping changes in both its political and economic orientation. President José Velasco Ibarra was ousted from his fifth and final presidency in a military coup. The new leader, General Guillermo Rodríguez Lara, instituted a military dictatorship characterized by a strongly nationalistic economic policy. During the same year, Ecuador entered the affluent ranks of global petroleum exporters. The combination of tremendous wealth potential and a non-democratic policy making structure allowed the government to control the oil industry. While the state-led petroleum policy worked during the oil boom of the 1970s, by the 1980s, nearly all sectors of Ecuador's society agreed it had to be changed.

1 Except where otherwise noted, information on actors' beliefs and behaviors, as well as the political maneuverings that led to the policy outcome are found in Martz (1987: 346-55).
Rodríguez Lara managed the country’s oil wealth as was expected from a nationalistic leader in command of a valuable resource. He appointed a highly nationalistic Minister of Natural Resources, former Navy Captain Gustavo Jarrín Ampudía. Under Jarrín’s guidance, Ecuador joined OPEC in 1973, just before oil prices soared and most of the organization’s members placed an embargo on sales to the West. Jarrín instantly assumed leadership within OPEC, exercising a role far out of proportion with Ecuador’s petroleum production (Ecuador is OPEC’s second smallest producer). Jarrín was elected president of OPEC in 1974, only a year after his country had joined the organization and in spite of the fact that OPEC’s Arab members were far more powerful financially than Ecuador. Although neither Ecuador nor Venezuela, the only other Latin American OPEC member, participated in the embargo, both countries were sanctioned by the US Congress in 1974. Along with other OPEC members, the two Latin American states were excluded from the Generalized System of Preferences. The sanctions were lifted during the Carter Administration, but the image of Ecuador as a country hostile to foreign interests remained for some time (MRE 1980: 21; Schodt 1987b: 116-119).

On the domestic front, Rodríguez Lara incorporated oil revenues into his designs for economic growth. The military leader made state investment the cornerstone of his nationalist economic program. He chose petroleum, both for its huge income-generating potential and because it was a nascent enterprise, as the leading state industry (Schodt 1987b: 116). The Ecuadoran State Petroleum Company (Corporación Estatal Petrolera Ecuatoriana, CEPE) was activated in 1972 to manage exploration and extraction of petroleum reserves. CEPE’s revenues financed impressive economic growth throughout the rest of the decade.

The military government’s plans necessarily clashed with the expectations of foreign oil companies which had explored Ecuador’s oil potential since the turn of the century. After years of costly and mostly disappointing drilling, Texaco-Gulf discovered a large field of high-quality
petroleum in Ecuador's Oriente region in 1967 (Schodt 1987b: 104). The Rodríguez Lara Administration took power just as oil exports were to begin, and immediately set to the task of maintaining Ecuadoran control over oil production and profits. Under Jarrín's guidance, the government instituted laws which required foreign firms to renegotiate contracts signed under the previous Administration. Many smaller firms abandoned their activities in Ecuador, rather than deal with the new government. Exploration activities all but ceased during the early 1970s while the contracts were renegotiated in terms more suitable to the new government (Schodt 1987b: 118-19). Jarrín's main objective was for CEPE to acquire a greater percentage of the foreign firms' holdings in the country. Under his leadership, Ecuador obtained a 25 percent share of Texaco-Gulf, which controlled the most valuable oil fields. Once that was achieved, Jarrín set his sights on obtaining a 51 percent share of all foreign holdings in Ecuador, a move that was considered too bold by both foreign and domestic private interests.

His appointment as president of OPEC and his formal proposal for the 51 percent share marked the pinnacle of Jarrín's career in Ecuador's oil industry. Five months after he was elected leader of OPEC, Jarrín was ousted from his ministerial post in Ecuador. Pressure from national and international actors and circumstances led to Jarrín's downfall. The national private sector worried that Jarrín's policies would scare away foreign investors in the petroleum sector. The Chambers of Production, the organized and powerful interest group serving Ecuador's private sector, also feared that capital flight would expand to other parts of the economy and lobbied for Jarrín's removal (Schodt 1987b: 119). Internationally, Ecuador, and by extension, Jarrín, lost bargaining power vis-à-vis foreign oil investors as world oil production increased during 1974. The US government was also displeased with Jarrín's nationalist posture within Ecuador and on an international scale. Rumors circulated within the Ecuadoran leadership that
the US would cut off military aid unless Jarrín were removed (Schodt 1987b: 119; Martz 1990: 16).

The military government's oil policy moderated somewhat after Jarrín's dismissal. Nonetheless, Rodríguez Lara and the military triumvirate that succeeded him in 1976 maintained laws that promoted CEPE's participation in oil production. Ecuador's reputation as unfriendly to foreign investors resulted in Gulf's exodus from the country. Gulf managers demanded that CEPE purchase Gulf's operations in Ecuador, arguing that the government's policies made it impossible to earn "a reasonable profit on its large unrecovered capital investment" (quoted in Schodt 1987b: 120). Ecuador's international image and investment policies caused a decline in foreign investment in the oil industry, leaving much of the responsibility for petroleum exploration and production to CEPE (Martz 1987: 104-05, 124, 202). Costly exploratory drilling and significant industry inefficiency left CEPE in financial straits by the end of the 1970s.

Ecuador entered the new decade in a precarious economic and political position. A new government, headed by President Jaime Roldós and Vice President Osvaldo Hurtado, had been elected in 1979. The Roldós/Hurtado team assumed command not only of a fragile constitutional democracy, but of a crumbling economy as well. Heavy debts and an extreme reliance on oil exports intensified the country's vulnerability to international economic conditions. Furthermore, Ecuador could not rely on OPEC's strength to keep oil prices high. OPEC in the early 1980s was fragmented, its members unable to agree on the distribution of production or prices (El Comercio 1982e). Despite Jarrín's moment of glory in OPEC, Ecuador remained a tiny producer, clearly unable to influence the international market or buyers' behavior. Reductions in prices and the volume of Ecuador's oil exports led to a severe decrease in oil income. Oil revenues during the first five months of 1982 were $100 million below what they had been for the same period in 1981 (El Comercio 1982e). Other Third World oil producers were also
suffering the global recessionary effects. The tremendous costs of oil production could not be sustained by poor states with little cash and large debts. Many, particularly in Africa, turned to foreign investors to exploit their oil fields (OGJ 1982a). Third World petroleum exporters that might have acted as OPEC partners to Ecuador in more stable times, now became competitors in a buyers' oil market. Additionally, CEPE could not afford to assume the risk involved in the exploratory drilling. Without further exploration, Ecuador could not continue to export at rates required to meet its debt payments and to finance development. Reserves from already tapped wells were depleting, expected to dry up as sources of export crude by the mid-1980s (Corkill and Cubitt 1988: 52; Salvador 1991).

These conditions generated a national consensus that the laws restricting foreign investment in Ecuador's petroleum industry had to be changed (Martz 1987: 348). As an editorial in Quito's leading daily, *El Comercio* put it, "lacking the financial and technological resources, as in the case of Ecuador, the most basic advice is to avoid risky investment and to invite foreign capital" (quoted in Martz 1987: 345). Vice President Hurtado was among the Roldós Administration's strongest advocates for the legislative reform. Under his guidance, the Administration developed legislation that modified both the tax code for oil profits and the rules by which risk contracts for oil exploration and exploitation would be awarded. President Roldós was less enthusiastic about the reforms, and managed to send the proposed legislation to Congress only one month before his death in May 1981. Once in office, Osvaldo Hurtado placed a high priority on the passage of the proposals. The oil bonanza, during which Ecuador could afford a highly nationalist policy on foreign investment, was over. The country was severely indebted, running out of known oil reserves, and unable to finance further exploration on its own. It was left to Osvaldo Hurtado to attract foreign investment to his country's most precious industry.
III. VIEWS ON THE LEGISLATION

The broad national and international agreement on Ecuador’s need to attract foreign investment did not translate into a similar consensus on the specific measures and changes to be enacted. Any reform proposal was bound to be seen by some as insufficiently strong to attract investment and by others as an affront to Ecuador’s national sovereignty. This section considers that diversity of opinion, examining the pertinent national and international actors’ views on the proposals for greater incentives to foreign investment in Ecuador’s petroleum industry. Details on how discrepancies were worked out in the legislation are discussed in section IV.

A. The executive

Osvaldo Hurtado’s views on foreign investment in the oil industry changed over time. During his emergence as a political figure in the 1970s, Hurtado’s political and economic ideology adhered to nationalist principles in foreign and economic policy. Before arriving to an elected political office, he had consistently advocated a nationalist approach to foreign investment policy. *Democracia Popular*, the Christian Democratic party that he founded and directed, counted Latin American nationalism among its four fundamental principles (TSE 1989: 91). His speeches and writings in the 1970s praised the state’s participation in economic and social development and applauded the military government’s attempts to maintain Ecuadoran sovereignty over its oil industry (Hurtado 1980: 283, 288). In a 1977 speech, he applauded the military junta’s policies that "guard national sovereignty, (and) protect our natural resources." He specified that "natural resources are the property of the Nation and should be exploited by the State, if it is capable of doing so" (Hurtado 1990b: 141). He further blamed Gulf Corporation for taking advantage of CEPE, a reference to Gulf’s request for nationalization with lofty compensation. In his highly regarded text on Ecuadorian politics, *Political Power in Ecuador*, 
Hurtado decried the neocolonial ties that keep Ecuador dependent on and vulnerable to multinational corporations (Hurtado 1980: 281). These indicators of Hurtado's views towards foreign investment, particularly in Ecuador's precious petroleum industry, lead one to expect that the President would have promoted restrictions on foreign investment and a strengthening of CEPE.

However, the responsibility of national political office and the severity of the Ecuadoran economic crisis tempered his nationalist aspirations. During the campaign, Hurtado authored the Roldós/Hurtado ticket's 21 Point Program for economic reform. The new Vice President, who became director of the National Development Agency and the principal economic spokesperson for the Administration, personally presented the Program to the public in a televised address shortly after the election (Schodt 1987b: 138). The 21 Points was a critical stage in Hurtado's conversion. The plan called for broad economic and social reforms designed to generate a more equitable distribution of wealth. Accordingly, it advocated increased spending in areas of education and agrarian reform. However, Ecuador entered the 1980s in economic decline.

Realizing that success of the 21 points required new funds, Vice President Hurtado sought to generate foreign exchange through increased exports, particularly of petroleum (Martz 1987: 271; Schodt 1987b: 136-139). As a result, the national development plan, touted as a highly nationalistic program, contained some very non-nationalistic measures for increasing foreign investment in oil exploration and exploitation. The ambiguity in Hurtado's proposals for the oil industry was apparent. On one hand, the Administration called for funds to finance new well drilling by CEPE, still referred to as "the principal instrument for the State to defend its sovereignty over its national resources." On the other hand, it also called for $300 million new investments to the oil industry, many of which were anticipated to derive from private foreign companies. The Administration assured the public that foreign investment would not impair
Ecuador's sovereignty over its oil industry (Martz 1987: 271, 275). Hurtado's strong endorsement of this approach signalled a distinct change in his attitude towards multinational corporations that he had before identified as the instruments of neocolonial domination.

As Vice President, Hurtado had attempted to maintain a balance between advocating socially progressive reforms and liberalizing the economy in order to attract foreign funds and bring down budget deficits. As President, the policy ambiguity this approach produced all but disappeared. In his first presidential address, Hurtado made a strong case for national financial belt tightening (Martz 1987: 303-04). Regular implementation of austerity packages followed. He almost instantly intensified pressure on Congress to pass the legislative reforms aimed at increasing foreign investment in the petroleum industry. As he explained later, "I supported that law totally, completely" (Hurtado 1991).

A strong mandate from the president was necessary to pass the investment legislation. Hurtado relied on technocratic advisers and emphasized professionalism within his Administration (Martz 1987: 380). The President's strategy to obtain legislative reform in Congress was straightforward and centered on two tactics. First, Hurtado publicized widely figures on the depleting petroleum reserves in existing wells, claiming that Ecuador would soon be an importer of oil if new exploration were not forthcoming. Second, the Administration lobbied Congress heavily, but in a non-confrontational manner. Hurtado called on his closest and most prestigious advisers, the Ministers of Finance, Jaime Morillo Batlle, and Natural Resources, Eduardo Ortega, to keep the pressure on Congress to address the legislation favorably and quickly (El Comercio 1982c; Hurtado 1991). Together with his willingness to accept some changes in his proposed legislation (see below), this strategy awarded Hurtado a suitable petroleum policy reform package.
Hurtado’s transformation from foreign investment critic to supporter paralleled two changes in his political career. First, he rapidly acquired political office and the responsibility for the country’s economic well being. During the 1970s, as leader of the small party, Democracia Popular, Hurtado was able to advocate state control over the petroleum industry without assuming the responsibility for the policy’s consequences. This is not to say that Hurtado did not believe in his nationalist view. Rather, his arm chair policy advocacy was not hindered by the political and economic realities that faced policy makers in office. As he assumed more responsibility in government, first as Vice President and then as Chief Executive, Hurtado moderated his position. As second in command to President Roldós, Hurtado understood that promised social reforms required money that could not be obtained within Ecuador. He accordingly advocated increases in foreign investment to help finance the national development plan he had designed. As President, Hurtado was personally responsible for the country’s economic, social and political health. A failure to acquire funds would damage him politically. These types of considerations were not at the fore of his thinking when he was out of office, but became major concerns once he was in control of government.

A second and related factor was Ecuador’s worsening economic status as Hurtado advanced through the ranks. During the 1970s when Hurtado favored state control over the oil industry, Ecuador experienced an economic boom. Cash from oil exports and foreign loans flowed into Ecuador. Growth rates reached record levels (Hurtado 1980: 286). World petroleum prices were on the rise. Ecuador’s ability to manage its oil industry alone appeared both likely and attractive. The economic picture began to transform shortly after Ecuador returned to constitutional rule in 1979. Roldós was fortunate to rule during years of relatively high world oil prices. In January of 1981, Ecuador received about $40 per barrel of petroleum sold. By May of the same year, the month Hurtado took office, the price had fallen to $32 per barrel. It
remained in the $30-$34 range through the end of 1982. During 1983 and 1984, the price averaged roughly $27 per barrel (Aráuz 1990: 102-03). The world oil price was critical. As was discussed in chapter three, during 1983 and 1984, oil exports reached nearly 70% of all exports and were a crucial source of budgetary revenue. The drop in export income meant increased indebtedness. Politically more damaging for Hurtado was the fact that decreased oil revenues made it impossible for him to finance the national development plan, which had been budgeted on an expected $36 per barrel global oil price (Martz 1987: 294; 304).

Other economic indicators also declined. The country’s economic growth had started its downfall at the turn of the decade. GNP annual growth in 1979 was 5.1%. By 1981 it had fallen to 4.3% and plummeted to less than 2% for 1982 (Martz 1987: 312). The foreign debt expanded throughout the period, jumping from $5.9 billion the year Hurtado took office to $7.9 billion the year he left (Corkill and Cubitt 1988: 79; Aráuz 1990: 111). Ecuador’s woeful economic circumstances during the Hurtado years were also exacerbated by Roldós’ heavy spending before his death. By all accounts, the 1980 budget was immense and based on overly optimistic revenue projections. Similarly, Roldós had been unable to prevent Congress’ passage of minimum wage and public salary increases that further depleted government coffers (Martz 1987: 312).

The Osvaldo Hurtado that had advocated state control over Ecuador’s oil industry during the boom years of the 1970s could hardly have imagined an economic crisis of the proportions he faced in the 1980s. A purely nationalistic position towards oil investment was no longer feasible if he wanted to keep the country financially afloat. He managed the country’s economic situation as best he could under the circumstances. Strict adherence to a nationalist petroleum policy would have meant a sharp reduction in Ecuador’s export revenues. This, in turn, would likely have led to a default on Ecuador’s foreign debt and economic isolation within the
hemisphere. Hurtado chose to risk Ecuadoran control over the oil industry in order to avoid these economic disasters. While critics on the left (e.g., Acosta 1990a; 1990b) accuse Hurtado of abandoning his principles, he is best seen as a pragmatic leader, committed to Ecuador's economic development, but willing to adjust his methods to the situation at hand.

A final point that helps to explain Hurtado's commitment to increasing foreign participation in the oil industry concerns the policy's domestic appeal. The easing of restrictions on foreign investment paled in comparison to many other harsh austerity measures he implemented. Currency devaluations, subsidy cuts and restrictions on imports had a direct impact on the lives of many Ecuadorans and therefore elicited much stronger opposition than did legislation aimed at increasing foreign investment. For example, in October 1982 Hurtado implemented the first full austerity package. Opposition was so intense, he explained, that he had to wait until Congress was out of session to announce the measures (Hurtado 1991). In a 1984 interview, Hurtado explained that

(when I was going to make the decisions of October 1982, all my collaborators from the political sector asked me not to do it, because they believed that it would produce the fall of the government (quoted in Martz 1987: 331).

That changes in oil investment laws were comparably mild and received widespread support from many sectors of Ecuadoran society (see below) meant that Hurtado had some political maneuverability to pursue them. Whereas he waited nearly a year and one half to implement austerity measures, he called for oil investment reform immediately after his inauguration. The domestic political climate favored those reforms much more than it did the austerity packages.

B. The legislature

Nearly all members of Congress agreed that Ecuador needed to increase foreign investment in the petroleum industry. Prospects for executive-legislative cooperation were marred
by the eruption of a political crisis between the two branches in the summer of 1982, the period
during which the petroleum legislation was debated. Hurtado’s Minister of Natural Resources,
Eduardo Ortega Gómez, was impeached and ousted by Congress. The interpellation was led by
two men who were ordinarily political adversaries: the Democratic Left’s (ID) Hugo Caicedo and
the Social Christian’s León Febres Cordero. The former’s complaints centered on a drilling
contract signed under Ortega’s direction between Ecuador and the Mexican-based Pemargo
Corporation the previous year. Caicedo criticized the terms of the contract as overly favorable
to Pemargo. He claimed that Ortega had violated Ecuador’s national autonomy and had broken
numerous laws designed to defend the country’s interests in oil contracting. Furthermore, the
Congressional investigation led by Caicedo disclosed several instances of incompetence by
Ecuadoran officials involved in the contracting procedure. Ortega refused to resign when the
charges were made public, deciding instead to subject himself to Congressional questioning and
a possible ouster. Congressional right-wing leader Febres Cordero unexpectedly joined the attack
against Ortega months after Caicedo publicized his charges. "The Right, scenting a political kill,
had belatedly added to ID charges wholly unrelated complaints over the handling of electricity
rates," which were also the Ministry of Natural Resource’s responsibility (Martz 1987: 343).
Ortega was unable to defend himself against a coalition of left and right forces in Congress, and
was forced to leave office in September 1982 (Martz 1987: 342-45).

The process by which Caicedo, and later Febres Cordero, developed, advertised and
presented their charges to the government occurred simultaneously with the Administration’s
lobbying efforts for legislative reform on foreign investment. Ortega, the subject of the
Congressional investigation, was one of Hurtado’s principal lobbyists. To their credit, few
Congress members attempted to exploit the Ortega controversy to sabotage Hurtado’s quest for
legislative reform. Nonetheless, the Ortega censure revealed how fragile Hurtado’s support in
Congress was. Throughout the summer of 1982, a pro-government coalition operated in Congress. However, the two most important members of that coalition, *Izquierda Democrática* (ID) and *Concentración de Fuerzas Populares* (CFP), quickly abandoned the President on the Ortega issue. Only two parties, his own DP and the Roldosista party, committed to advancing the former president's political and economic agenda, voted against Ortega's ouster (*El Comercio* 1982)). Congress' willingness to pass legislation that conformed with Hurtado's policy preferences was more a product of substantive agreement than of political loyalty to the President. Fortunately for Hurtado, Ortega's ouster occurred after the signing of the reform legislation. In the end however, it muted national celebration over achieving the reforms (Martz 1987: 356).

That Congress passed the legislation in the wake of the Ortega censure demonstrated its members commitment to the reforms. The popularity of the reform issue also pushed Congress to support it. Hugo Caicedo, chair of Congress' Economic, Agrarian, Industrial, and Commercial Committee, took the lead in testing public opinion on petroleum legislation. Shortly after Roldós had developed the reform proposals, Caicedo distributed a survey to 180 individuals and institutions. Respondents included representatives from the petroleum industry, political groups, labor unions, the Chambers of Production, universities, and government economic and development agencies. The response overwhelmingly favored reform. Ninety-three percent felt that current reserves were insufficient to meet growing economic demands. Eighty-four percent agreed that Ecuador had insufficient economic capacity to finance the needed exploration. Ninety-two percent believed that investors would respect Ecuador's sovereignty, while 85 percent were comfortable that new laws allowing for increased investment would not prove unconstitutional (Martz 1987: 347-48). These responses provided Caicedo and the rest of Congress with an incentive and justification for supporting the Administration in its campaign for reform legislation.
Caicedo's agreement on the need for reform ensured that some type of legislation would be passed. He spoke in the press about the need to "avoid the errors of the past decade," a reference to the military government's strongly nationalistic, but failed, oil policy in the 1970s. Furthermore, when he was criticized for delaying the legislation in committee, Caicedo responded that he was reforming the Administration's proposals to make the investment climate more favorable to foreign investors than Hurtado would have liked (El Comercio 1982a). While the executive would have disagreed with Caicedo's portrayal of the situation, the Committee Chair's public statements make clear his commitment to reform. His view that Ecuador's oil industry required increased foreign investment paved the way for a successful, if compromise, law that eased the restrictions on foreign investors.

Congress' right wing members, particularly Febres Cordero and his adherents, had favored changes in the investment legislation for years (Martz 1987: 367-68, 381; Pallares 1991). The right wing, ordinarily Hurtado's most vehement critics, acted as his allies on the oil investment reform issue. Hurtado's main concern was whether the left, particularly ID, would support him. Under Caicedo's leadership, ID agreed that it was vital to attract additional foreign investment to the petroleum industry, but warned that legislation must protect Ecuadoran sovereignty and the state's control over production and investment. As is discussed in Section IV, the legislative amendments that ID proposed did not alter the essential elements of the reforms, namely incentives to foreign investors. President Hurtado was willing to compromise to ID because such a compromise did not entail a substantial change in the new laws (Martz 1987: 351-52). Flexibility on the part of the president led to the drafting of laws acceptable to the legislative and executive branches.
C. Business leaders in Ecuador

The issue of foreign investment unites Ecuador's private sector leaders (Pallares 1991). While their representatives, the Chambers of Production on the coast and in the highlands, regularly disagree on specific policy matters, they remain totally committed to the advancement of legislation attracting investors from the industrialized countries to Ecuador. This agreement is born in the almost universal adherence among Ecuador's business leaders to a free market ideology which rejects restrictions on foreign investment. Therefore, his campaign for increased foreign investment was a rare example of a policy in which Hurtado received the support from Ecuador's business elites. Conservative Comercio columnist Santiago Jervis echoed the sentiments of the business class when he wrote that

(1)he taboo which says that it is patriotic to isolate ourselves and that the flow of transnational capital and technology is an imperialistic act per se, is disappearing so that now even the most extreme preachers in this respect have lost credibility in face of the fact that Communist powers like the Soviet Union and China have not hesitated to resort to this type of organization in order to develop their resources...(Jervis 1982).

Shortly before Congress' vote on the proposed legislation, Quito's Chamber of Commerce released a report criticizing the existing investment laws as "mercantilist" and oppressive to foreign oil interests (El Comercio 1982i). The capital's Chamber of Industry similarly released statements favoring the passage of reform legislation. The Chamber stressed that Ecuador would soon become an importer of oil if new exploration were not begun soon. Claiming that Ecuador had suffered "the grave consequences of policies of questionable nationalism," a reference to the military government's petroleum program, the industrialists specifically proposed that 20 exploration plots, ten in the Amazon region and ten off Guayaquil's coast, be opened to foreign investment (CIP 1982: 18).

Usually Hurtado's most vehement critics, Ecuador's private business leaders appreciated the President's attempts at reform and largely left him alone. Even Febres Cordero, the right's
strongest representative in Congress, did not oppose the executive on this issue. Although they certainly claimed that Hurtado could have done more to promote foreign investment, they muted their criticism to facilitate swift passage of the bill. Today, business leaders remember Hurtado’s initiative in reforming petroleum investment legislation as one of the few things he did right. However, they are quick to remind anyone who will listen that the investment itself did not arrive until Hurtado was out of office (Pallares 1991; Terán 1991).

D. Popular groups

The strongest opposition to the opening of Ecuadoran oil fields to increased foreign investment came from the weakest political actors. However, even the anticipated opposition from university, peasant and labor groups was moderate. Popular groups had focused their protests during the Hurtado years on economic austerity policies. Widespread strikes accompanied most currency devaluations, price hikes and other measures aimed at tightening Ecuador’s financial belt. As popular organizations concentrated their efforts on these immediate threats to their standard of living, unrest as a reaction to investment policy in the petroleum industry was mild (Martz 1987: 280). Foreign investment was too distant an issue to merit this group’s sustained attention and commitment, at least during the early 1980s. As a result, no popular mobilization whatsoever occurred with regard to the proposed investment legislation (Martz 1987: 368). A few leftists in academic and political circles spoke out against Hurtado’s selling out to multinational corporate interests. These messages did not reflect the national mood and carried little weight in government.
E. The United States Government

The US Government played no visible role in the petroleum legislation reform process. Hurtado remembers the reform as an entirely national operation, free of interference from international entities (Hurtado 1991). The lack of participation by the US is somewhat surprising for two interrelated reasons. First, US oil companies, particularly Texaco, are principal investors in Ecuador's oil industry. One would expect Washington to exert pressure in their interests. Second, the US Government had a history of intervening, at least indirectly, in the oil companies' behalf. In 1974, the US had pressured General Rodríguez Lara's Administration to fire Natural Resources Minister Gustavo Jarrín when his policies became too nationalist and were perceived as intolerant of US investment.

The conditions that had precipitated US intervention in Ecuadoran oil policy in 1974 were not present in 1982. The threat to multinational opportunities in Ecuadoran petroleum fields were improving, not disappearing as was feared during the military years. Ecuador in 1982 was moving away from its nationalist stance. It was politically preferable for the US to allow Ecuador to develop a more pro-investment stance on its own, rather than as a result of US pressure. This was particularly true given that in 1982 a democratically-elected government supported by Washington ruled Ecuador. The combination of electoral democracy and pro-foreign investment policies in Ecuador provided the US Government with a public relations bonanza that would have been damaged by evidence of US intervention in Ecuador's domestic affairs. Furthermore, OPEC's decline and falling oil prices were sending Third World oil producers from all parts of the world to Western investors. Direct intervention on those investors' behalf was never needed less.
F. Foreign oil companies

The US also had reason to believe that the potential investors could take care of themselves. As the global supply of oil increased, world petroleum prices decreased and OPEC, many members of which were less developed countries, fell into disarray (Martz 1987: 357). This situation improved the bargaining power of private foreign oil companies within Ecuador and other oil producing states (OGJ 1982a; Schodt 1987b: 120; Martz 1987: 381). This was evidenced by the fact that Hurtado, an economic nationalist, so strongly sought increases in foreign investment for Ecuador’s most important industry. Their increased leverage diminished the need for their direct participation in the reform campaign. Falling oil prices and an ineffective OPEC created a need within Ecuador to pursue foreign investment. There was no need for overt pressure on Ecuadoran political officials. “For the multinationals, pressure or overt conflict with the government were superfluous. The realities of the situation were apparent for all to see” (Martz 1987: 381). Other factors also contributed to foreign oil companies’ less than fervent pursuit of favorable investment terms in Ecuador. The country remained a tiny producer. Few companies’ holdings in Ecuador are of primary importance. This was clear in Gulf’s willingness to leave the country when the investment climate became somewhat inhospitable. All investors in Ecuador have larger and more profitable wells in other areas of the world. Their commitment to lobbying for favorable terms in Ecuador is therefore less than what it is in other areas. Furthermore, the multinational firms that remained interested in Ecuador in the 1980s were less concerned with the details of profit levels, than with access to future reserves. As political uncertainties in the Middle East intensified, multinational oil companies sought to gain holdings in alternative sources of petroleum such as Ecuador. That the Ecuadoran government was allowing them to explore and produce oil was more important than the technicalities of profit levels agreed to in the legislation.
IV. GENERATING THE LAW

President Hurtado was fortunate to have so little dissent on the general principles of increased foreign investment in the oil industry. Generating a bill that Congress would agree to sign was nonetheless difficult (Martz 1987: 348). Representatives of the executive and legislative branches worked to achieve a compromise piece of legislation that would attract foreign investment while not sacrificing all of Ecuador's autonomy over its oil production. Congressional responses and criticism of the Administration's proposals were led by ID's Hugo Caicedo, an oil policy nationalist and the same Congressional leader that headed Eduardo Ortega's impeachment. As the right wing was happy that this type of legislation was being advanced, it was the left wing majority in Congress, headed by Caicedo, that Hurtado had to please.

One month before President Roldós' death, the Administration advanced two bills. They were sent to the Economic, Agrarian, Industrial, and Commercial Committee, chaired by Hugo Caicedo, for review and modification. A major frustration for the Hurtado Administration was the bills' delay in committee. The Committee had failed to respond to the bills a full fourteen months after they had been introduced (El Comercio 1982a). Administration pressure and the country's deteriorating oil export performance combined to focus the Committee's attention on oil investment reforms during June and July of 1982.

The first bill considered a revised tax scale on foreign profits. The proposed tax scale was applied to the volume of reserves discovered by foreign enterprises. With the tax scale tied to the amount of reserves expected, profits would be taxed at a rate fixed before drilling began. Caicedo and his supporters responded that reserves were difficult to predict, adding that it would be safer to tax the amount of crude actually produced. Caicedo worried that CEPE, which

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2 Details found in Martz (1987: 348-53) and in a series of El Comercio articles spanning June and July 1982. Specific references to El Comercio are found in the text.
participated jointly in all production ventures, would absorb a loss if reserves had been overestimated. More important was the possibility of underestimating the amount of reserves. It was possible that the company would produce much more crude than at first anticipated, but would be taxed at a rate commensurate with the initial reserves predictions (El Comercio 1982c).

The second bill proposed changes to the types of contracts foreign firms would sign. The executive proposed a system by which CEPE could contract for a foreign firm's services, with the risk assumed by the latter. Payment terms were to be negotiated in individual contracts. In the event of a find, foreign firms would be reimbursed for expenses and paid for services. The bill called for the multinationals to decide whether payment would be in cash or in kind. Beyond such service contracts, the Administration also proposed that exploration blocs (of 200,000 hectares in the Oriente and 400,000 offshore) be rented out for four year terms, with a two-year extension option. No single firm would be awarded more than two blocs, and only one in the Oriente. Hurtado envisioned that CEPE would sign these exploration agreements with both private and public petroleum corporations. If no petroleum were found, the property would revert to Ecuador.

Members of the Committee again felt that the terms were too favorable to the foreign firms and left Ecuador unnecessarily vulnerable. They considered the option of payment in cash or in kind as needlessly generous. Caicedo clashed strongly with Natural Resources Minister Ortega over the manner in which contracts would be awarded. The Congressional leader pushed for a legislative role in the awarding of contracts. Furthermore, Caicedo disagreed with the informality of the awards process. He proposed a formal call for bids on the exploration blocs, arguing that a competitive process would more likely prove favorable to Ecuador (El Comercio 1982c).
Throughout June and July, Administration and Congressional leaders designed legislation acceptable to both. In early June, the Committee announced its modifications to the bills and sent it to the full Congress for debate. Caicedo explained that his committee had not purposefully avoided consideration of the bills. The delay, he claimed, was a function of the bills' complexity and the Committee's desire to give them the extensive attention they deserved (*El Comercio* 1982b). The full Congress approved the majority of the Committee's version of the bills, but sent them back for further review, requesting that modifications favoring the Administration's objectives be made (*El Comercio* 1982d). One month later, in mid-July, the Economic, Agrarian, Industrial, and Commercial Committee had ready the reform bills' revisions for a second debate in the full Congress (*El Comercio* 1982f). President Hurtado sent a personal representative, René Sánchez, to advocate the bills' passage (*El Comercio* 1982h). By the end of the month, the Congress had approved the legislation and sent them to the executive office.

On 6 August 1982, Hurtado signed two bills that encouraged foreign investment while incorporating nearly all of Congress' demands. In both cases, terms in the new laws were more precise than they had been in the Administration's proposals. It was agreed that the tax scale would apply not to the volume of reserves, but to the amount of crude produced. Foreign firms would pay income tax at the same level as other firms, to a maximum of 44 percent. Additional taxes were imposed if production exceeded 30,000 barrels per day (*El Comercio* 1982g). On exploration contracts, foreign firms contracted for service were allowed to be reimbursed for their expenses in crude. However CEPE was given the choice of paying for services in cash or in kind. A streamlined system of bidding was implemented, that increased competition for Ecuadoran oil but also avoided the delays often associated with a formal bidding process. Bids were reviewed by a committee made up of the Ministers of Natural Resources and Industry and Trade, and Ecuador's Inspector General. CEPE's General Manager acted as secretary (*OGJ
Furthermore, firms that rented exploration blocs were not allowed to transfer their rights to other companies without CEPE approval.

With the exception of a legislative role in the contracts awarding process, the resultant legislation incorporated all of Congress’ wishes. The laws improved the terms under which foreign firms could operate in Ecuador’s oil industry, but nonetheless left the state with "considerable authority" (Martz 1987: 352). While the Administration had allowed numerous revisions to its initial drafts, the essence of its proposals remained unchanged. The new laws were sufficiently attractive to foreign investors to please the Administration, but also adequately protective of CEPE’s control over the industry to satisfy more leftist members of Congress. Because Congress, particularly the ID party, agreed with the proposals’ general principles, it did not propose modifications which would undermine the objectives of the law. Hurtado’s greatest frustration with Caicedo’s participation in the reforms was aimed less at the legislator’s substantive critiques than at the delays his involvement entailed (Hurtado 1991).

V. CONSEQUENCES

The Hurtado Administration experienced virtually no deleterious effects as a result of the new legislation. Nearly all domestic and international actors approved of his intent to increase foreign investment in the oil industry. The few members of the left in Ecuador that did oppose the policy carried practically no political weight, and were therefore unable to affect Hurtado’s reputation or ability to govern. Congress, the domestic actor most equipped to sabotage Hurtado’s plans for reform, agreed with the executive’s intentions and was pleased with his willingness to compromise on the details of the legislation. Business leaders, ordinarily the President’s strongest critics, were happy to see him advocating free market reforms. Similarly, the US and multinational firms applauded the liberalization of investment restrictions in Ecuador.
This unique expression of national and international policy consensus provided Hurtado with a relatively cost-free legislative process.

It is more appropriate, then, to consider the effectiveness of the policy. Hurtado was as committed to selling the new reforms as he had been to implementing them. Even before the laws were signed, an optimistic CEPE general manager, Jorge Pareja, promised potential investors that they could expect a 20-30 percent rate of return on their investments in Ecuador, commensurate with what they would receive in other countries (OGJ 1982b). Congress also sent a special commission to attract foreign participants. By October 1982 Administration representatives were attracting bidders from around the world. Eleven blocs were put up for bids. The bidding application process, during which potential investors purchase information required to develop their bids, was open from June through October 1983. A total of 25 foreign companies from nine countries bought the materials which cost $50,000 a piece for blocs in the Gulf of Guayaquil and the Oriente. This favorable response left Ecuadorans highly optimistic over future investments.

The actual bids were disappointing. Seven companies placed six bids on a total of four blocs in the Amazon and Gulf of Guayaquil. Optimists in Ecuador had not fully considered the possibility that foreign firms would buy the bidding materials without necessarily planning to bid. Experiencing the strains of the global recession, many oil companies were cautious in deciding where to invest in risky ventures. Ecuador entered into negotiations and eventually signed exploration contracts with Texaco, Occidental, Esso-Hispanoil and Belco. Although the Hurtado Administration worked feverishly to sign the contracts before it left office, numerous administrative difficulties delayed the signing until the Febres Cordero Administration had come to office. The postponement damaged Hurtado's image as the leader of the reform process. Private sector critics claimed that the delay proved Hurtado was not truly committed to the
petroleum legislation reform, and that only a strong free-marketeer such as Febres Cordero could enact the new legislation (Pallares 1991; Terán 1991).

VI. THEORETICAL APPLICATION

This section applies six theories to two of Ecuador's foreign policy decisions. First, Hurtado's decision that the existent petroleum legislation required reform to attract greater foreign investment is considered. This initiative set the stage for the Congressional debate that followed. Second, the compromise laws to which the executive and legislative branches agreed are examined. Congress called for numerous revisions to the Administration's reform proposals. For the most part, Hurtado was willing to accept those revisions so long as the essence of the bills remained intact.

A. Compliance

The reform initiative appears to be a case readily explained by compliance. Hurtado, as leader of an economically vulnerable country developed an initiative that accorded with the preferences of the US and financial institutions in the North. It might be assumed that Hurtado responded to pressure or fear of reprisals from these Northern actors in developing the reforms to investment in the oil industry. Careful scrutiny of this case, however, reveals that the process by which Hurtado called for reform did not follow that compliance theorists expect.

First, a critical element of compliance is that policy makers in Ecuador act in opposition to their own preferences. Hurtado did not oppose the investment reforms, but instead acted as their primary supporter on Ecuador's political stage during the early 1980s. While he may have preferred that Ecuador was not in such desperate economic straits so as to require increased foreign investment, he clearly advocated the reforms as a response to a crisis economy. Since
the time he was vice president, he assumed command of Ecuador's economic policy and advocated oil investment reforms as a necessary element of the country's road out of debt. As Hurtado himself stated, he supported the reforms, "totally, completely" (Hurtado 1991).

Second and in a similar vein, compliance expects that the adopted policy will diverge from Ecuador's national interest and as such receive a considerable amount of domestic opposition. Again, this was not the case. Although small leftist groups criticized Hurtado's opening of Ecuador's oil fields to foreign interests, on the whole the policy was unique in the amount of domestic political support it received. While many Congress members strove to maintain some Ecuadoran control over oil production and profits, nearly all agreed that foreign investment in the industry had to be increased. If Ecuadoran leaders were forced to adopt the reforms, as compliance suggests, such domestic policy consensus would not have existed.

Third, there is no evidence that the US Government or other Northern actors pressured Hurtado to adopt the reforms. Hurtado remembers the political process that led to the reforms as one in national hands. (External actors) didn't influence us because it was a national initiative. And they knew that I agreed, that I was the party most interested in seeing that law approved (Hurtado 1991)

Northern actors did not need to pressure a government that already saw increases in foreign investment as a necessary economic measure.

Finally, Hurtado's reform initiative, although in general agreement with US preferences, did not specifically favor US investors. The reforms aimed to attract foreign investors from all corners of the globe, not simply from the United States. Administration and Congressional representatives travelled extensively to advertise Ecuador's new reforms. Their trips took them to many countries including the Soviet Union, Bulgaria and Britain (Martz 1987: 353). This behavior does not conform with compliance which anticipates that Ecuador, heavily dependent
on the United States, would develop specifically pro-US policies. While the Reagan Administration did advocate the opening of Latin American economies to foreign investment, it did not receive in Ecuador’s reforms any preferential treatment for North American investors.

Compliance has even less applicability to the debate between the executive and legislative branches or to the laws’ final form. For the most part, Hurtado acceded to Congressional demands that he protect Ecuador’s oil industry autonomy. This action opposed the interests of Northern actors such as the US Government and foreign investors, who preferred open access to foreign investment. It is true that overall, investment regulation did ease up as a result of this legislation. However, given that Caicedo and his colleagues sought to minimize Ecuador’s sacrifices to foreign investors, the law would have been more favorable to foreign investors had the Congress not participated in its development. The component of this case in which Congress participated, the laws’ generation, therefore does not conform with compliance.

In sum, although Hurtado and other policy makers in Ecuador did develop reforms aimed at decreasing their own control over the oil industry, this process did not follow compliance. Ecuador during this period was heavily dependent on the United States. But the reforms were less a reaction to dependence per se, than to the mere fact that the country was experiencing a financial crisis and desperately needed funds to finance proposed development projects and to pay interest on the foreign debt. Hurtado developed a policy aimed at increasing revenue, but not in a way that ingratiated him to the United States. The link between dependence and policy expected by compliance theory is missing.

It is nonetheless important to recognize that Ecuador, when under financial hardship, developed policies that accorded with general US preferences. Hurtado largely abandoned his 1970s economic nationalism in favor of free market reforms during his presidency. These reforms largely matched what the US and other Northern actors prescribed for Latin America.
While Hurtado did not act in direct response to US demands, the fact that his general policy path followed US preferences demonstrates the power of the United States over the regional economy. Ecuador's poverty was sufficient to move its economic program towards free market reforms, an event that suggests that mere economic weakness is sufficient to exact general policy concessions from Latin American states. Indeed, while a high degree of economic dependence on the US did not elicit specifically pro-US policies from the Ecuadoran government, economic crisis was sufficient to produce general pro-US policies.

This suggests that the notion of US hegemony implicit in compliance theory is inappropriate. Policy concessions in this case were not the result of pressure or dependence. Bruce Russet's (1985) conception of hegemony as control over outcomes is perhaps a better model for this case. Russet describes a global economy operating by rules that continue to favor the US and other advanced industrialized economies. The continuation of global economic outcomes favoring the US, such as Latin America's adoption of pro-investment policies, is an indicator of hegemony which is more difficult to identify, but no less favorable to the United States. Joseph Nye advances a similar thesis. Arguing that the traditional conceptions of power as control over resources have lost their analytical utility, Nye contends that "it is just as important to set the agenda and structure the situations in world politics as it is to get others to change in particular situations" (Nye 1990: 181; see also Cox 1987). In this sense, the US remains quite powerful over Latin America.

B. Consensus

Ample surface evidence exists in Hurtado's reform initiative to support a consensus interpretation of foreign policy. There appears to be a coincidence of opinion in core and periphery. Policy makers in both places agreed that restrictions on foreign investment in
Ecuador's petroleum industry should be eased. Even before the legislation was signed, CEPE's chief Jorge Pareja was advertising Ecuador's new openness to foreign investors. Hurtado and his advisers emphasized these reforms' mutual benefit to both Ecuador and foreign investors. He abandoned nationalist rhetoric in order to demonstrate to international actors his eagerness to receive their capital and treat it in a favorable manner. As is expected of a consensus-based policy, Ecuador's Chambers of Production supported the reform while leftist and popular groups largely opposed it.

Missing, however, is the philosophical concordance between the Ecuadoran President and foreign leaders that characterizes a consensual relationship. Consensus theorists claim that peripheral leaders will develop pro-core policies because they share values and ideologies with economic and political elites in the core. No such ideological concordance existed between Osvaldo Hurtado and Ronald Reagan. Hurtado's political maturation was characterized by a heavy emphasis on economic nationalism, redistribution of wealth and state control over many aspects of the national economy. Once in office and experiencing a dire economic crisis, Hurtado modified his position to accept foreign investment and other free market reforms. Changes in Ecuador's economic circumstances affected greatly Hurtado's policy conversion. Towards the end of his presidential term, Hurtado sponsored a region-wide conference which attacked the US Government and other actors in the North for advancing policies which kept Latin America impoverished and dependent (see chapter seven). Such a stance is not characteristic of a consensual leader whose personal upbringing and ideology conform with free market capitalists in the North. To the extent that the reform initiative matched the wishes of the United States, Hurtado's agreement with Northern leaders was a result more of economic circumstances and Hurtado's own flexibility than of ideological consensus with US elites.
Consensus cannot account for the legislative outcome. The laws were less favorable to foreign interests than the Administration had originally proposed. Congress worked to maintain in the new laws a sufficient degree of autonomy and earning power for Ecuador, confronting the foreign companies' preferences. Throughout the entire episode, Congress, led by Hugo Caicedo, remained the most counterdependent of all the involved political actors.

C. Counterdependence

Counterdependence does not apply to either Hurtado's initiative or to the laws developed. The key to a counterdependent policy is that it is designed to reduce dependence. Although there were debates as to how much the laws should favor foreign interests, the reforms were always designed to increase the level of foreign participation in Ecuador's oil industry. Though in many arenas a counterdependent leader, Hurtado was not able to act defiantly in this economic policy. Similarly, while Congressional deputies sought to maintain Ecuador's control over the oil industry, they still liberalized the policy in a direction more favorable to foreign investment. Congress acted in a more counterdependent manner than did the President. However, its overall behavior was to increase foreign investment and probable dependence on foreign investors.

D. Realism

The legislative reforms were not designed to increase Ecuador's regional prestige. The fact that Ecuador had to resort to foreign capital to exploit its most precious resource was more a source of embarrassment than prestige. It is more appropriate to ask to what degree the policy fed development, the objective that realist theory expects dependent leaders to pursue.

Hurtado's initiative was designed to foster development, which during his Administration was defined principally as economic survival. The president saw increased foreign investment
as the only way to acquire oil revenues necessary to maintain the levels of development reached during the 1970s. That development had been financed largely by oil exports. Faced with depleting reserves and CEPE's inability to pay for more exploration, Hurtado's logical reaction was to promote drilling by foreign companies. Hurtado sold the policy as essential for financing the national development plan, and later, to avoid an economic collapse. Concerns for development, then, explain the executive initiative well.

Development also motivated the legislative outcome. Although Congressional leaders, particularly Hugo Caicedo, differed with the Administration on the specifics of the reforms, they were no less concerned with Ecuadoran development. There is little evidence that political rivalries motivated Congress's differences with the President on this issue. Rather, the leftist coalition in Congress was genuinely concerned that the Administration's proposals provided the multinationals with unnecessary profit levels and that Ecuador's development prospects would suffer as a result. The compromise legislation signed in August 1982 represented a mix of the Administration's and Congress' beliefs. Although different, both sets of views were born in a desire to heighten Ecuador's development.

Both components of this case also meet the condition that Ecuador not overcommit its resources. The initiative required much of President Hurtado's own ability to sell a policy to a reluctant public. However he was more than willing to perform this task because he felt it so crucial to the economy. The legislation required few resources beyond Congress' and the executive's willingness to cooperate. These policies did not require that Ecuador advance any financial, military or even diplomatic resources beyond its own borders that were not directly designed to earn more funds in the long run. As such, any resources committed to attract foreign investors were seen as a small price to pay for a hopefully large future payoff.
E. Leader preferences

The reform initiative conforms to the leader preferences approach to foreign policy. First, Hurtado clearly demonstrated an interest in this policy. During the campaign and then as vice president, Hurtado was the leader of the Administration’s call for reforms in oil industry investment. He also remained committed to and in control of the policy through its development and implementation. His willingness to allow Congress to modify certain aspects of the legislation indicates Hurtado’s dedication to its passage. That Congress did not attempt to change the essence of the reforms meant Hurtado did not have to sacrifice too much.

Second, the reforms conformed to Hurtado’s views. His position on foreign investment in the oil industry is difficult to gauge, as it changed with the passage of time and the deterioration of the country’s economic situation. However, Hurtado’s behavior in this case reveals him to be not a steadfast ideologue, but a flexible pragmatist willing to adapt his policy prescriptions according to the exigencies of the current circumstances. He responded to economic crisis as he saw best. In this case, that meant increasing foreign revenues through an expansion of foreign participation in the oil industry.

As was discussed in the compliance section (VIA), it is important to point out that leaders of poor and dependent countries such as Ecuador are likely to be called upon to be adaptive more often than leaders of wealthy states. Ecuador’s economic vulnerability increases the likelihood of its experiencing financial conditions beyond its control. Its leaders therefore are called on more frequently to make difficult adjustments to their beliefs. While Hurtado could have maintained a hard-line nationalist position, this would have invited economic isolation and catastrophe for Ecuador. Hurtado was not afforded the same luxury of ideological purity that leaders of wealthy states had.
Leader preferences does not apply to the executive-legislative compromises which led to the laws. Hurtado demonstrated his willingness to compromise. The final outcome reflected Congress’ preferences as much as Hurtado’s.

F. Domestic politics

Domestic support for the reform initiative no doubt facilitated Hurtado’s decision. A relevant domestic political actor, the business elite, continually supported increased foreign investment in the oil and other industries. However, there is no clear indication that Hurtado’s desire to increase foreign investment was a product of pressure from that group. To an extent, domestic political factors explain the timing of the reforms. Upon entering office, Hurtado immediately worked to achieve oil investment reforms, whereas he waited until late 1982 to implement more difficult austerity measures. Overall, however, domestic politics does not explain Hurtado’s initiative. The president never publicized the reforms as a policy for which the Administration should receive political points. Had domestic political considerations motivated Hurtado’s reforms, he would have attempted to reap the political benefits of the policy.

Furthermore, there is no evidence indicating that Hurtado’s decision to enact the reforms was a reaction to domestic pressure. The strongest domestic pressure emanated from the country’s industrial elites. These business leaders would like to take credit for Hurtado’s petroleum reform initiative. However, the relationship between the country’s capitalist elite and the Roldós and Hurtado Administrations worsened throughout the early 1980s. Hurtado had isolated the Chambers from his decision making circles. His decision to reform the legislation resulted in his calculations that oil revenues would decrease drastically if new exploration projects were not instigated. The Chambers had advocated increased foreign investment throughout the 1970s, when the military government pursued a nationalist oil policy. Hurtado supported the
junta's decision in the 1970s, conflicting with the Chambers. That his position later moved closer to that of the Chambers does not reflect his submission to them, but rather was an independent move in reaction to economic necessity.

It might also be argued that Congressional support for the reforms prompted Hurtado's call for reform. The flaw in this reasoning lies in the fact that Hurtado could not have known that Congress would support the initiative. Indeed he had many reasons to believe that Congress would oppose him. The reform bills sat in committee for over a year, an apparent indicator of Congressional opposition, or at least, apathy. More importantly, Hurtado suffered through the Congressional censure and ouster of his trusted Minister of Natural Resources, Eduardo Ortega. If a coalition of left and right forces had joined against Hurtado to oust the minister, they could easily have opposed the investment reforms, which had great potential for political volatility. In the political climate of the time, Hurtado could not have anticipated Congressional support.

The legislative outcome, in the form of new laws on taxes and contracts, is explained well by domestic politics. Hurtado's strongest and most powerful opponents on this reform was the legislative bloc headed by ID's Hugo Caicedo. Caicedo worried that the Administration's proposals left too little opportunity for Ecuador to benefit from the profits. Also, Caicedo insisted that the laws protect Ecuador's autonomy over its oil industry. Hurtado's willingness to modify the bills to meet Congressional demands indicates his sensitivity to Congress' preferences and power on this issue. Congressional agreement with the thrust of the bills, that foreign investment needed to be encouraged, eased the pain of the Administration's compromise. The agreed-upon laws maintained intact the essence of Hurtado's proposals. Nonetheless, the Administration gave in to nearly all of Caicedo's demands for change in the terms of the bills, evidence of the role of domestic political actors in the formulation of this foreign policy.
VII. CONCLUSION

Table 8 details the theories' applicability to the two cases presented and reveals that realism is the only single theory that explains both the reform initiative and the legislative outcome. Realism accounts for both the initiative and the legislative outcome, but in very gross terms. It tells us that policymakers in Ecuador were concerned with development and acted accordingly. As we have seen in other cases, realism alone cannot explain the content of the policies. In both cases, additional theories, leader preferences and domestic politics respectively, are required to explain Ecuador's behavior fully.

**TABLE 8: DO THESE THEORIES EXPLAIN THE TWO REFORM DECISIONS?**

<table>
<thead>
<tr>
<th></th>
<th>Compliance</th>
<th>Consensus</th>
<th>Counter-dependence</th>
<th>Realism</th>
<th>Leader Preferences</th>
<th>Domestic Politics</th>
</tr>
</thead>
<tbody>
<tr>
<td>Initiative</td>
<td>no</td>
<td>no</td>
<td>no</td>
<td>yes</td>
<td>yes</td>
<td>no</td>
</tr>
<tr>
<td>Legislative Outcome</td>
<td>no</td>
<td>no</td>
<td>no</td>
<td>yes</td>
<td>no</td>
<td>yes</td>
</tr>
</tbody>
</table>

Hurtado's reform initiative presents an intriguing theoretical challenge. He developed an essentially pro-core foreign policy in increasing foreign investment, but neither of the dependent foreign policy theories (compliance and consensus) that anticipate pro-core behavior explains his position. Neither theory describes the process through which Hurtado changed his views as the economic situation worsened. Realism can explain the general policy approach, but leader preferences best accounts for Hurtado's initiative. His behavior mirrored his evolving views on how best to manage the economy. However it is important to remember that his preferences were under pressure. He was not able to implement the perhaps idealistic nationalist
economic program he had advocated as a party leader during the 1970s economic boom. The intensification of Ecuadoran economic dependence and vulnerability forced Hurtado to make difficult choices. He concluded that the adoption of measures that weakened Ecuador’s autonomy over its natural resources was preferable to risking the country’s financial collapse. While Hurtado’s decision was his own, it is better seen as a choice between evils than a reflection of his pure ideological preference.

Realism can account for the legislative outcome, inasmuch as it expects that governments in poor countries will generate laws that foster development. However, it tells us little about what specific processes led to those laws. A theory of domestic politics expects that the executive will bend to domestic opposition in foreign policy. While this was the case, the theory does not provide information on the policy’s substance. Under what conditions will the executive be willing to give in to domestic political pressure? This is impossible to determine with a single case, but the compromise legislation on petroleum investment provides some tentative answers. Hurtado gave in to Congress on this piece of legislation for two primary reasons. First, he needed Congressional approval of the bills. The reforms could not have been passed by executive decree. The necessity of Congressional approval led to Hurtado’s compromise. Second, the demands from Congress were not very threatening to the Administration’s proposals. While Congress wanted to place greater restrictions on foreign investment, it remained committed to the broader national goal of increasing investor participation in the oil industry. This general policy consensus combined with Hurtado’s urgency to pass the reforms further explain his willingness to compromise with Congress.

Two conclusions emerge from this case. First, it is apparent that, contrary to what compliance theories expect, Ecuador was not forced to adopt specifically pro-US behavior, even during a time of extreme dependence and economic crisis. However, dire economic straits did
push Ecuador’s leaders towards a generally pro-US position in the adoption of foreign investment reforms. This provides evidence that the United States exerts strong influence over policy outcomes in Latin America even when it does not directly use dependent ties to lobby the region’s governments (Russet 1985).

Second, Ecuador displayed two contradictory types of behavior. On one hand, the country was pulled in a pro-core direction by economic circumstances largely outside of leaders’ control. The severity of the liquidity crisis and the few options for escaping it urged Ecuador’s policy makers to increase foreign investment. At the same time, however, domestic actors, principally in Congress, worked to maintain Ecuadoran control over the oil industry. Externally-produced pro-core forces combined with internally-generated anti-core forces to produce a reform legislation that increased foreign investment but maintained a high degree of local jurisdiction over the terms of oil investment contracts. That the Ecuadoran government responded to both pressures may be regarded as policy confusion. However, Hurtado’s willingness to call for increased investment while at the same time permitting Congress to check the expansion of foreign investment is better judged as adaptability than ambiguity. As a leader of a highly dependent country, Hurtado simultaneously faced demands from external sources calling for economic liberalization and internal sources seeking to maintain Ecuador’s control over its own economy. The resultant response to these forces was legislation that incorporated both of their demands.
CHAPTER VII

LA CONFERENCIA ECONOMICA LATINOAMERICANA

I. INTRODUCTION

In January of 1984, the Ecuadoran government under the leadership of Osvaldo Hurtado sponsored the Conferencia Económica Latinoamericana (Latin American Economic Conference, CEL). Presidents, foreign ministers and their representatives from all corners of Latin America and the Caribbean attended the two day conference which convened to create a united solution to the region's foreign debt crisis. The CEL may appear to the casual observer as just one of many regional diplomatic efforts that quickly fade into obscurity for all but the immediate participants. However, the conference has had a sustained influence on the debt debate in the hemisphere. The CEL was the first in a series of regional debt conferences. Hurtado is responsible for the birth of a movement in Latin America that maintains pressure on the North for structural change in creditor-debtor relationships.

The Conferencia also presents a considerable challenge to dependent foreign policy theorists. Hurtado's initiative was much more complex than it first appears. At the same time that the Ecuadoran leader implemented a strongly anti-creditor policy, he privately and bilaterally negotiated with creditors, promising them that the CEL would not threaten debt servicing. This dual policy makes difficult both the implementation of the CEL's declarations and the

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1 Information on the background and chronology of the CEL process, the content of the documents and the participation of different actors is outlined in SENDIP (1984a), and Martz (1987: 327-30).
classification of the policy into a single theoretical category. This case illustrates the competing demands placed on a Latin American leader. He simultaneously must appease powerful economic centers in the industrialized bloc and implement policies at home that will reduce his country’s economic dependence. These competing demands often lead to contradictory policies such as the one examined in this chapter.

The following discussion analyzes three components of the entire CEL process. In section II, Hurtado’s decision to hold the conference is considered. This is followed by an examination in section III of the document drafting process that preceded the conference. Their decision to include many regional actors in the design of the documents proved important to the conference’s success. Hurtado’s private policy of appeasing creditors is also analyzed in this section. Sections IV and V consider these decisions’s contradictions and consequences. The final section evaluates each decision’s applicability to the different foreign policy theories explored in this study.

II. INITIATION OF THE CONFERENCE

The CEL was conceived in a February 1983 letter from Osvaldo Hurtado to the executive secretaries of the UN Economic Commission on Latin America (Comisión Económica para América Latina, CEPAL) and the Latin American Economic System (Sistema Latinoamericano Económico, SELA) (SENDIP 1984b: 45; Martz 1987: 327). Hurtado later sent the letter to all heads of state in Latin America and the Caribbean, calling for "a renewed economic mindset" to confront the regional economic crisis (Hurtado 1990a: 149). Nearly a year later, from 12-14 January 1984, the CEL convened in Quito. This section evaluates the global, regional and domestic political and economic environments that facilitated the conference’s taking place.
These environments were crucial to the CEL’s success. However, as is also discussed, without Hurtado’s personal motivation and initiative, the CEL would not have occurred.

A. The international environment

On the global front, an increasingly hostile confrontation between North and South was brewing. The South was suffering the economic repercussions of the North’s recession and correspondingly called for changes in the global economic structure. Such appeals were not new, but arrived with greater intensity in the early 1980s as Third World states found themselves mired in debt and facing a contracted global economy. Numerous groupings of Southern states convened throughout 1983 to address the global economic crisis. Most notable was a Group of 77 meeting in Buenos Aires in March. The Southern Bloc called for a constructive dialogue between the poor and rich nations of the world. The industrialized world, led by the United States and also suffering the effects of a global recession, responded by entrenching its opposition to calls for reform. At the May 1983 Group of Seven meeting in Williamsburg, Virginia, the US vehemently opposed both reductions in interest rates on loans to the developing world and a cutback on protectionist measures against Third World imports (SENDIP 1984b: 138). The confrontation climaxed at the June 1983 UNCTAD meetings in Belgrade. The industrialized bloc rejected flatly nearly all of the Third World’s requests for structural change (SENDIP 1984b: 51-52, 139). While the reaction of an industrialized group led by Ronald Reagan and Margaret Thatcher was perhaps not unexpected, it solidified the confrontation that characterized North-South relations in the mid 1980s. From Osvaldo Hurtado’s point of view, the North’s reaction intensified the need for Latin American unity to manage the economic crisis. The increasingly visible friction between North and South also provided him an opportunity to make his mark on a highly publicized concern among other Third World states.
B. The regional environment

The regional environment was highly conducive to the debt conference's success. Latin America had become the showcase for the foreign debt problem. By 1983, the total Latin American debt had exceeded US$350 billion (SALA 1989: 74). CEPAL labeled 1983 the worst year Latin America had experienced economically in half a century (El Comercio 1983k). Third World leaders, particularly in Latin America, realized they were facing more than a short term liquidity crisis that could be managed with new loans or shuffled off to future administrations. Rather, the problem's resolution necessitated systemic and long term measures. The CEL was the beginning of Latin America's united effort to manage the region's economic disaster. Some leaders remained reluctant to endorse drastic measures, but nearly all agreed that the economic situation required integrated regional action. Thus, the economic and political environment in Latin America and the Caribbean favored the acceptance of Hurtado's initiative.

That Hurtado chose to work with SELA and CEPAL leaders on the conference is indicative of the tone the CEL would take. Both organizations were strong proponents of regional and radical strategies to hemispheric problem solving. CEPAL, in particular, had developed into the region's strongest supporter of Latin American economic nationalism. In 1948, the United Nations formed CEPAL to oversee and advise on Latin American development. CEPAL's agenda became equated with that of its executive secretary, Argentine economist Raúl Prebisch. Prebisch adhered to dependency theory's thesis that Latin American underdevelopment was caused by a global trading structure which continually undermined the interests of the region's primary product exporters. The solution to chronic Latin American underdevelopment included international commodity agreements that would protect Latin American exporters from price deterioration and fluctuation. Leaders of advanced industrial states have consistently rejected Prebisch's views, considering them statist, harmful to private enterprise, Marxist, and
too demanding of Western industrial economies (Klarén 1986: 15; Skidmore and Smith 1989: 354). Hurtado’s cooperation with CEPAL and SELA leaders meant that the Quito conference would be influenced by dependency-based thinkers, who largely blamed Northern actors for Latin American economic difficulties. This approach was endorsed by most of the region’s debtors, and increased Hurtado’s ability to win wide regional participation in his conference. Prebisch himself participated in the CEL as part of Argentina’s delegation, further reinforcing CEL’s image as a meeting designed to confront Northern banks and governments (El Comercio 1984c).

Latin America had united on issues of importance before. Examples include the founding of regional free trade agreements and the acceptance of John F. Kennedy’s Alliance for Progress scheme of development and anti-communism for the Western Hemisphere. Ecuador had never acted as a leader in these or other regional efforts. Why did Ecuador assume responsibility for allying its neighbors in a foreign debt strategy? The success of Hurtado’s CEL would undoubtedly prove more difficult than either the Alliance for Progress or the free trade agreements. In those instances, Latin Americans had negotiated and united from positions of strength. In 1983, Latin America was clearly an economic subordinate (SENDIP 1984b: 49-50).

The answer lies in Ecuador’s status as a "typical" Latin American country and as one that did not suffer from extreme political chaos at the time. First, Ecuador was attractive to outside governments as a nascent, yet firmly established, constitutional democracy (Martz 1987: 329-30; Conaghan 1988: 127; Fitch and Fontana 1991: 16). The CEL came at the end of Hurtado’s Administration, nearly five years after the military ceded power. As an example of the region’s move towards electoral democracy, Ecuador assumed a legitimacy in international fora that many of its neighbors could not have attained. Second, Ecuador has no reputation, regionally or globally, for extremism on either side of the political spectrum (Corkill and Cubitt 1988: 1). It would therefore not present a threatening image to regional participants or international
observers. Third, Ecuador's own economic and political history reflected reasonably well the
time's recent experiences. Politically, it had suffered through military dictatorship but was able
to build a strong democratic foundation. Transition to democracy was among Latin America's
strongest political themes during the late 1970s and early 1980s. Economically, the country had
accumulated a tremendous debt, but was not considered a "basket case" with no prospect for
survival. Ecuador's experiences not only illustrated Latin America's problems at the time, but
also offered an example of hope for their resolution. Finally, other regional presidents that might
have assumed leadership for the continent's debt crisis were consumed with problems at home
that inhibited their ability to sponsor such an initiative or damaged their international legitimacy.
Argentina still reeled in the wake of its loss in the 1983 Falklands/Malvinas war and was working
to consolidate its transition to constitutional rule. Chile, Brazil and Uruguay, among the most
cosmopolitan of the Latin American states, all remained under military dictatorship. Besides the
fact that their leaders were not highly favorable to multilateral approaches to regional economic
problems, their status as military dictatorships severely undermined their legitimacy on the local
and global scene. Venezuela and Colombia, which at the time could have launched an initiative
similar to the CEL, dedicated their diplomatic efforts to the Contadora process for peace in
Central America. Mexico, ordinarily famous for its regional leadership, suffered from an
economic crisis of such proportions that prevented its exercising much influence in the debt area
(Lernoux 1987: 712). It was Mexico's near default in 1982 that had triggered the regional debt
crisis (Atkins 1989: 261; Spero 1990: 180). To a large extent, then, there was a regional
leadership vacuum in which, according to a principal aid to Hurtado on the CEL, "it was easy
for Ecuador to take leadership" (Narváez 1991).
C. The domestic environment

The best Hurtado could hope for from Ecuador’s domestic political environment was that it did not oppose his initiative. The fact that Ecuador’s domestic political actors rarely involve themselves in foreign policy matters not immediately related to their interests facilitated Hurtado’s initiation of the Quito conference. Hurtado developed the idea for the conference towards the end of his administration when most of his opponents were dedicating their efforts to the 1984 presidential elections rather than to opposing Hurtado on matters of little consequence in their view. At a November 1983 meeting of Latin America’s Chambers of Industry in Santiago, Quito’s representative agreed with the organization’s declaration that debt renegotiation should be performed on a bilateral basis. The statement was an apparent warning to CEL leaders against the radicalization of the conference. However, there was no specific reference to the Quito conference (El Comercio 1983a). Furthermore, Ecuador’s industrial leaders, Hurtado’s most likely opponents on this issue, did not feud with the President over the CEL.

The conference was clearly designed to appeal to a regional and global audience. Hurtado exerted very little energy selling it on the domestic scene. Except for grumbling from his most fervent opponents in the private sector, Hurtado was unhindered by opposition to develop the conference in the way he chose (Aspiazu 1991; Hurtado 1991; Terán 1991). The Ecuadoran press was somewhat skeptical of the conference’s potential for success, but praised Hurtado for his pursuit of a regional initiative on a critical economic problem (El Comercio 1983f; Jervis 1983; Larrea 1983). Congress, labor groups and the military all remained uninvolved and uncritical.
D. Hurtado’s views

That Hurtado’s most enduring foreign policy legacy is an attempt to resolve the region’s debt crisis reflects his priorities. During his days as vice president, and even more strongly as president, Osvaldo Hurtado had made clear his concern about the debt crisis. The gravity of the country’s economic situation had been the principal theme of his first national speech as president. Despite fierce opposition from business and labor groups, Hurtado instituted austerity packages aimed, at least in part, to diminishing the country’s debt burden. Hurtado had always advocated a two-tiered approach to the country’s economic woes. On one hand he believed that Ecuador and other individual Latin American states needed to enact more economically responsible policies that diminished waste and fostered a healthy balance of payments. Accordingly, he enacted an economic program which included currency devaluations, restrictions on imports, and a curtailing of state enterprise (Schodt 1987b: 144-53; Corkill and Cubitt 1988: 51-54; Hurtado 1990a: 126-44). These measures were welcomed by creditors who simply asked for more. On the other hand, Hurtado consistently maintained that the international sector was much to blame for the crisis. In a January 1984 interview, Hurtado said that it was absurd to think that since 1980 all the Latin American countries fell into the hands of incompetent governments. There must be some international factor, common to all of the continent’s states, that is causing the (economic) crisis (El Comercio 1984a: a1).

Heavily dependent on export markets and credit sources in the North, he argued, Latin America necessarily suffered from the recession in the industrialized states. Furthermore, it was wrong for creditors to demand foreign debt payments without considering the harsh repercussions it implied for the Latin American people. Hurtado claimed that both creditors and debtors were accountable for the region’s economic troubles and therefore were both responsible for its resolution (SENDIP 1984b: 7-9; Martz 1987: 328; Hurtado 1990a: 149-50). While this approach appears reasonable, it earned the president criticism from popular groups that claimed he was
submitting to the imperialist creditor states as well as from creditors who opposed his blaming actors in the core for problems the Latin Americans brought on themselves (Martz 1987: 316-19).

In addition to Hurtado's sense of co-responsibility for periphery and core is his belief in integration as a necessary means to regional economic health. The combination of these pieces of economic philosophy is the *Conferencia Económica Latinoamericana*. As Hurtado envisioned it in early 1983, the conference would be an attempt by Latin American and Caribbean states to coordinate their efforts at resolving the debt crisis. While he pointed out the many areas in which the industrialized world should modify its policies, there was never any mention of a moratorium on debt payments or other measures a more radical leader might have suggested. The CEL, particularly at its inception, was a very clear reflection of President Hurtado's views on appropriate responses to the debt crisis.

E. Debt renegotiation

Regional and global political and economic conditions facilitated Hurtado's call for a regional conference. Lack of domestic opposition also made the incorporation of his own beliefs into a foreign policy reasonably simple. However, one event which coincided with the development of the CEL could have damaged the conference's success and Hurtado's image as its leader. In December 1983, less than one month before delegates from across the region arrived to the Quito conference, Hurtado's economic advisers travelled to New York City to renegotiate Ecuador's $600 million debt with private creditors for the following year. Three key members of Hurtado's economic team made the trip: Central Bank Chief Aberlado Pachano, Minister of Finance Pedro Pinto, and Monetary Board President José Antonio Correa. Their agenda included requests for an extended payment scheme, grace periods and more favorable interests rates on Ecuador's debt, as well as $500 million in fresh loans (*El Comercio* 1983g; *El
Comercio 1983h). They returned to Quito with a refinancing package for the first half of 1984. Refinancing for the second half of the year was conditioned on an IMF stand-by loan, left to be negotiated by a new administration which would assume power in August 1984. Creditors refused to discuss the request for $500 million, claiming that progress should be made on the refinancing before new disbursements were discussed (El Comercio 1983j).

It is somewhat ironic that the leader of a multilateral debt convention would bilaterally renegotiate his country’s debt so shortly before the conference convened. Ecuador’s renegotiation with creditors can be interpreted in two ways. It could be argued that Ecuador was confronting the banks at a crucial juncture. That Hurtado chose to hold the conference at a time when his own debt problem was publicly evident could be seen as a bold move, an act of defiance in a time of weakness. By meeting with bank leaders at a time when Ecuador was making news as a regional leader on debt, the banks’ insistence on bilateral negotiations and their refusal to provide fresh loans would be revealed as unfair and indicative of a need for structural change. On the other hand, it could act as a message to the banks that, despite regional proclamations to the contrary, Latin America’s debt would remain a bilateral matter until the banks chose to handle it in a different manner. According to this logic, the banks would have little reason to worry about the conference’s repercussions.

The first interpretation falters under scrutiny. The renegotiation was kept quiet in the news. Hurtado and his ministers made absolutely no mention of it during the conference. Had Hurtado intended to use the bilateral talks with creditors as a means to embarrass them or expose their unfairness, he would have publicized it during the conference and afterwards. To the extent that the second argument views Ecuador’s renegotiation as a planned message to world bankers, it also fails. That the debt negotiations occurred so shortly before the conference appears to be more of a coincidence than a planned event. As 1983 came to a close, the Hurtado
Administration became aware that it could not pay 1984's debt as it was currently financed. Short of announcing that Ecuador would not pay, which Hurtado never considered, only a renegotiation could ease the country's debt burden. Those talks had to occur before the end of 1983. Hurtado had originally scheduled the CEL for mid-1983, but could not arrange for the participation of important regional actors until January 1984 (Hurtado 1991). That the bilateral renegotiation occurred nearly at the same time as the multilateral conference is indeed a fluke. But it underscored the weakness of the debtors. Although Hurtado did not intend the bilateral negotiations to act as a message to creditors, it contributed to assuaging creditors' fears that Latin Americans would refuse to pay.

III. ELABORATION OF THE CEL AND THE DRAFTING OF THE DOCUMENTS

A. Pre-conference positions

i. Conference participants

Once President Hurtado had made the initiative for the regional conference, his aids and other regional actors prepared for it. In August 1983 Quito was officially chosen as the CEL's site at a meeting with CEPAL and SELA leaders in the Dominican Republic (SENDIP 1984b: 140; Martz 1987: 328). A "Follow-Up Committee" (Comité de Seguimiento) was established to organize the conference. The following months saw a concerted effort to attract as many high-level participants to the conference as possible. The effort was led by Hurtado, his special envoy, Eduardo Santos, CEPAL's executive secretary Enrique Iglesias, and SELA's executive

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2 Iglesias assumed a particularly prominent position in the Latin American debt scene in 1987 when he was elected as President of the Inter-American Development Bank (IDB). His election was conditioned on, and tempered by, the simultaneous appointment of James Conrow, former undersecretary of the US Treasury, as the IDB's vice president (Cypher 1989: 71-72).
secretary Sebastián Alegrett (*El Comercio* 1983d; SENDIP 1984b: 53-54). Facing these men was the task of organizing the participation of all the region’s leaders, from Cuba’s Castro to Chile’s Pinochet (Hurtado 1990a: 150).

The region was essentially divided into two ideological camps (SENDIP 1984b: 85; Narváez 1991). The majority, following the strong leadership of CEPAL and SELA, advocated a united front against creditors in the North (*El Comercio* 1984b). They considered the debt a North-South issue, brought on by the structural inequalities controlled by power centers in the North. Their solution, therefore, lay in policy changes in the industrialized world. Specifically, this group called for longer payment plans, debt forgiveness, lowering of interest rates, an end to protectionist policies in the North and an increase in financial flows to Latin America. Hurtado and Ecuador’s delegation philosophically belonged to this group.

It is important to note here that Hurtado’s debt rhetoric was more radical in regional fora than it was in domestic speeches. Ecuadorans that knew Hurtado as a strict adherent to domestic fiscal responsibility and austerity may not have recognized the Hurtado that blamed the debt crisis almost entirely on actors in the North. In bilateral negotiations with Ecuador’s creditors, Hurtado benefitted from cooperating with the North and advocating austerity. Such an approach pleased creditors, facilitated renegotiation efforts and maintained open channels to future loans. Hurtado strategically engineered his shift to the left when he entered the regional debate. He had little to gain by calling for a greater share of the debt burden to be carried by Latin America. It was unrealistic given the severe hardship the debt crisis had already caused the Latin American people. Furthermore, the Southern audience he hoped to attract would only respond to a program which called for greater Northern responsibility. By placing nearly all the blame on the North, the Quito conference increased its likelihood of exacting some change in creditors’ behavior. Hurtado therefore became one of the strongest advocates of the blame-the-North position.
Opponents to this view included Brazil, and to a lesser extent Mexico, which was financing its economic recovery through a large aid package from the United States. These states, the region's largest debtors, worried that the CEL would take on the image of a "debtors' club" and that creditors might punish them for participating (Pérez 1990). A debtors' club could demand that member countries' debts be renegotiated as a group, depriving creditors of their significant leverage over individual debtors. The North also viewed a debtors' club as a threat for its potential of instituting a payment moratorium (*Wall Street Journal* 1983a). Not only creditors wanted to prevent a debtors' club. The most vulnerable debtors in Latin America wanted to ensure that the CEL did not take on the debtors' club image. This second group voiced its opinions in two important regional conferences that preceded the CEL. At the Inter-American Development Bank (IDB) meetings in Panama City in March 1983 and at the OAS conference in Caracas that convened in September of the same year, Hurtado and his supporters advertised the Quito conference (SENDIP 1984b: 141). Opponents to a radical position on debt intensely resisted the idea of a debtors' club that would threaten creditors with a payment moratorium. IDB President Antonio Ortiz Mena called the notion of a debtors' club "suicidal" (*Wall Street Journal* 1983a).

Important to recall is that neither Hurtado nor his allies in the conference's development ever sought to produce a debtors' club (*El Comercio* 1983d; *El Comercio* 1983i; Tussie 1988: 282; Hurtado 1991). Their proposals called on creditor states and institutions to bear a larger share of the regions' debt burden. They did not propose the measure that would have defined a debtors' club: that renegotiation efforts with creditors proceed on a multilateral basis. Rather, Hurtado suggested that Latin American debtors construct a set of common guidelines to employ in their individual renegotiation procedures. This important distinction meant that each debtor still faced its powerful creditors alone, without its neighboring debtor nations to boost its
confidence and bargaining power. Most delegates to the Panama City and Caracas meetings did not support the debtors' club idea. The difference between supporters of the CEL and those originally reluctant to endorse it was that the latter group demonstrated intense concern that the conference would be perceived as a debtors' club by the North. The outcome of the IDB and OAS meetings eased their fears significantly. If the more radical supporters of the CEL, such as CEPAL and SELA leaders, held any hopes that the conference would develop into a debtors' club, those hopes were extinguished during the meetings in Panama and Venezuela (Wall Street Journal 1983a; 1983b; 1983c; 1983d).

It is also necessary to recognize that 1983 was still an early point in what now is clearly a chronic debt problem. The Quito conference was the first in what became a series of regional debt conventions. Debtors in 1983, however, had no experience by which to gauge how their participation would be accepted in the international community. Individual countries had been approaching their mounting debts as short term liquidity deficits. Creditors had been content to manage the cash flow problems with "rescue packages" (Tussie 1988: 283). When Osvaldo Hurtado proposed that a more long term and coordinated solution be sought, Latin American leaders had to reevaluate their strategy quite significantly. Most states were willing to couch their discourse in the language of Third World unity, comfortable that they would find security in numbers. The region's two largest debtors, however, were wary of incurring the wrath of creditors in the United States and Europe. This was particularly true of Mexico which had maintained a strict bilateral approach to renegotiation since its near-default in 1982 (Tussie 1988: 284). Brazil's military government was wary of multilateral strategies to regional problem-solving (El Comercio 1983d; Kuczynski 1988: 151). Like Mexico, Brazil had been saved by an IMF package and emergency loans from the US in 1982 (Tussie 1988: 283). Bilateral financing to these states had kept them from bankruptcy and made them wary of participating in regional
debt initiatives that creditors might perceive as hostile. Furthermore, the biggest debtors were aware that the sheer enormity of their debts gave them leverage over creditors that smaller debtors such as Ecuador did not have. As Hurtado’s financial adviser Alfredo Bergara stated at the 1983 IDB meetings in Panama, "big shots" such as Brazil "knew banks had to support them" and as such were likely to receive reasonably favorable treatment from creditors (Wall Street Journal 1983a). This reality made the largest debtors even less likely to support a debtors’ club which might incur the wrath of creditors and jeopardize their expected preferential treatment. As it happened, creditors had little or no reaction to the conference. However, the Latin American debtors could not have predicted this at the time they were contemplating their participation in the meetings.

In his original letter, Hurtado encouraged all the region’s leaders to participate regardless of their ideological, political, and territorial differences (SENDIP 1984b: 48). Santos, Iglesias and Alegrett travelled extensively, persuading reluctant leaders to attend. Brazil was the most intransigent. Brazil’s military government asserted that each state’s debt was unique, and therefore should be treated in a bilateral manner. Brazilian leaders agreed to send the Foreign Minister after the three diplomats assured them the CEL would not constitute a debtors’ club (El Comercio 1983d; El Comercio 1983e) By the close of 1983, Hurtado and his aids had secured the participation of all the major Latin American states and most of the remaining countries.³ Foreign Minister Luis Valencia Rodríguez was instrumental in the final stages of this effort. At the November OAS General Assembly convention in Washington, DC, Valencia successfully lobbied the region’s foreign ministers to send representatives of the “highest political level” to the CEL (El Comercio 1983b).

³ A list of the participant countries and their representatives is provided in SENDIP (1984b: 205-06).
ii. Creditors

One would expect that the region's private creditors would be Hurtado's greatest opponent in this endeavor. The US government and the IMF, frequent defenders of creditors' interests, were also anticipated antagonists. Hurtado and his advisers on the CEL were aware that these powerful financial actors were not pleased about the prospects of a regional debt conference (Salvador 1991). Power centers in the North never directly communicated their displeasure to Ecuador's executive office (Pérez 1990). "It was never documented," Hurtado commented, "it was just known" (Hurtado 1991). Luis Narváez, a undersecretary of foreign affairs for economic issues and principal aid to the president on the CEL stated that "there are always subtle ways of doing things," a reference to the method by which the US government and creditor banks communicated their disapproval. There was little need for actors in the North to speak directly about the issue. They had made known their views against multilateral approaches to debt negotiations frequently in international fora such as the recent UNCTAD conference in Belgrade (SENDIP 1984: 139). The presence of a US delegation at the 1983 OAS meetings in Caracas made a strong statement. Creditor banks, the US government and the IMF had remained on the margins of the regional debt debate in an effort to depoliticize the issue. The Reagan Administration remained adamant that the debt was a technical and financial, but not political, problem (Roett 1989: 63). The US government had originally decided not to send a delegation to the Caracas meetings in which a united approach to the debt was on the agenda, claiming that the OAS meetings were to be misused for "political or speculative purposes." But the Reagan Administration changed its decision when rumors of a debtors' cartel and a payments moratorium circulated. Representatives of international creditor banks also made their first appearance at a regional economic convention to ensure that the Latin Americans' discussions on debt did not become too radical (Wall Street Journal 1983d). These types of activities conveyed the North's
opposition to a Latin American front on debt. It was unnecessary for the US and other actors to risk the political fallout that would result from a direct intervention in Ecuador's foreign policy affairs.

Furthermore, actors in the North had little reason to worry about the CEL's prospects. The South's failure at the recent UNCTAD conference to create a cohesive and effective trading bloc against the North was indicative of the Third World's inability to effect global economic change. The Latin Americans were less organized in 1983 than were the UNCTAD leaders. The North therefore had little reason to fear that the CEL would formulate an impenetrable position on debt. The recent renegotiation with Ecuador was an ideal example of creditors' ability to demand that the debt be managed bilaterally. Additionally, key Latin American states such as Brazil and Mexico were hesitant to participate in the conference or to endorse strong anti-creditor language. This indicated that the Latin Americans were insufficiently united to produce any real policy change that would significantly threaten the North's economic interests. The mainstream press in the North also hindered the CEL's chance for success. Most major US newspapers failed even to mention the conference. The Wall Street Journal, a primary source of information for global creditors, did not report on the conference itself. Its coverage was limited to the pre-CEL meetings in which the debtors' club idea was suppressed. The Journal portrayed the organizers of the conference, particularly the Ecuadoran government, as weak adversaries of the creditor states. Articles covering the early stages of the CEL's development used the words "debtors' club" in the title, even though Hurtado had consistently rejected that terminology (Wall Street Journal 1983a; 1983b; 1983c; 1983d). This type of press coverage denied the Latin

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4 The only notable coverage of the conference by a major US newspaper were two brief articles in the Los Angeles Times (1984a; 1984b).
Americans favorable access to the financially powerful audience in the North. Furthermore, it portrayed Hurtado’s plans as significantly more ambitious and radical than they were.

A final measure which weakened the CEL’s ability to generate significant change was Ecuador’s quiet assurance to the US government, the IMF and private banks that the CEL was not intended as a debtors’ club that would institute a payment moratorium. Immediately after sending his February 1983 letter proposing the conference, Hurtado travelled to the US to explain his initiative to government and bank officials. According to a Ministry of Foreign Affairs’ annual report, Hurtado told creditors that the CEL “was not about a united front against any country in particular, but (an attempt to find) a favorable solution to the problems of the region, which is in the interest of all and not only in the interest of the Latin American states” (MRE 1984: 53). Hurtado and his aids had to keep their communication with creditors relatively quiet, as publicity over these conversations would have undermined his reputation as leader of the CEL. "Nothing was ever written down," explained one of Hurtado’s chief aids in the CEL planning stages, "but we told (the creditors and their representatives) verbally that (the conference) was not about not paying the debt, but rather it was about finding a solution to making (the debt payments) possible" (Narváez 1991). Some of Hurtado’s public statements also served to allay creditors’ fears. For example, in a television interview two weeks before the CEL convened, Hurtado described the conference as political rather than economic, pointing out that it was heads of state, not ministers of finance, that were invited. The distinction meant that Hurtado intended few concrete economic decisions relating to debt payments to be made at the conference. Rather, Hurtado said, the conference was intended to "seek a consensus among Latin American countries that we have common problems, that are more or less equivalent. Upon this foundation we can later establish a North-South dialogue (emphasis added)" (El Comercio 1984a: a8). These
assurances further eased creditors' concerns about the CEL and made unnecessary a significant effort to oppose it.

iii. Summary

The Quito conference's preparatory stages were therefore characterized by two distinct policy positions on the part of the Ecuadoran government. The high-profile policy was to work with Latin American and Caribbean leaders to acquire significant regional participation. Hurtado was very committed to this part of the policy; that 27 states attended the CEL is evidence of that commitment. However, he simultaneously enacted a second policy of appeasing creditors and their government leaders. Hurtado was fearful that the CEL would not go forward without these assurances and probably worried that Ecuador might receive punitive treatment for its leadership. Hurtado's willingness to ally creditors' fears contributed to their rather sedate response to the conference.

B. Drafting the documents

The government of Ecuador assumed responsibility for drafting two documents to be signed at the CEL. The "Declaration of Quito" stated the participants' views on the debt crisis' origin and resolution. The "Plan of Action" outlined the measures required to resolve it. Hurtado was willing to include all regional actors who wanted to participate in the drafting process. His success in generating documents that all participants agreed to sign was largely a function of the fact that this crucial stage was open to a free exchange of ideas. Representatives from numerous countries arrived in Quito to take part in two formal meetings that preceded the conference. First, delegates of the "Follow-Up Committee", which had existed since the August 1983 Santo Domingo meetings, convened in the first week of January 1984 to establish the
convention's procedural rules. They agreed to establish two special committees that would debate the trade and financial aspects of the Plan of Action draft. These committees met the following week at the "Technical Level Meeting" (Reunión a Nivel Técnico). Furthermore, the Follow-Up Committee agreed that during the two day general conference, the first day would be dedicated to debate in which only heads of each delegation would speak, while the second day would be spent adopting and signing the documents. The Technical Level Meetings were devoted specifically to the modification of Hurtado's draft documents. Few changes were made (SENDIP 1984b: 204-05). Hurtado had designed the documents with sufficient sensitivity that all agreed to sign with little protest. However, the fact that all delegates were welcome to participate in the pre-conference meetings was probably the most significant facilitator of the process.

The conference went smoothly. Twenty-seven countries were represented, nine by heads of state. The region's four largest debtors, Argentina, Brazil, Mexico and Venezuela all sent foreign ministers (SENDIP 1984b: 206). The Secretary General of the Organization of American States and the President of the UN General Assembly also attended. Hurtado's opening speech set the tone for the conference. He situated the region's debt crisis firmly within the context of the international recession and placed primary responsibility for the problem's resolution on banks and governments in the North. In order for Latin America to emerge from the crisis, Hurtado claimed that the North must change its financial, trade, and investment policies (SENDIP 1984b: 207). Subsequent speeches by other delegates echoed Hurtado's sentiments. Even Brazil's foreign minister, whose participation had been under question, used the opportunity to remind the world that "the weight of adjustment should not fall exclusively on the debtor countries," and that the primary cause of the crisis was recession in the North (SENDIP 1984b: 221-22).

The Declaration of Quito and the Plan of Action, signed during the second day, spoke of an economic crisis of immense proportions (SENDIP 1984b: 264-91). The Latin American
signatories relegated a series of tasks to their creditors. First, lenders were told to lower their interest rates and to extend debtors' payment periods. The documents made particular mention of the significant increase in interest rates, and the extent to which interest payments cut into funds that could otherwise be used for development and economic recovery. Second, the debtors called for fresh financial resources to ease the pain of austerity programs, which were considered extremely harsh and unrealistic. Third, they asked for a linkage between debt payment and receipt of development financing from the North. Fourth, they called for the industrialized world to reduce its protectionist trade barriers so that Latin American exports would be more readily received. Increases in trade revenues, the participants argued, would improve the debtors' ability to pay. Fifth, they called for an increase in the lending resources of the International Monetary Fund and greater accessibility for Latin America to that institution. Finally, the industrialized world was called upon to provide more funds to the United Nations and the Inter-American Development Bank. These lending institutions accept the South's economic and political arguments more readily than do the IMF and the World Bank, and are therefore more likely to be generous with troubled Latin American economies (Payer 1986).

For their part, the Latin American leaders agreed to strengthen regional economic cooperation, hardly a measure likely to impress or please their creditors. They promised not to increase intra-regional trade barriers and developed a list of products to which Latin American

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5 Indeed, in April 1986 the Reagan Administration called for modifications in the IDB's loan-granting structure. The US called for an increased role for the US government and demanded that loans be granted on terms similar to those used by the IMF and World Bank, namely that the recipient countries institute pro-market economic reforms and liberalize their trade policies (Payer 1986). This pressure peaked in 1987 when the Reagan Administration's failure to support the IDB led to a cut in the bank's loans by $700 million from the previous year. At the same time the US promised new funds to the IDB if the bank agreed to condition its loans on recipients' structural adjustment. After an administrative restructuring which included the acceptance of former US Secretary of Treasury official James Conrow as IDB vice-president, the Bank decided in 1988 to condition 25 per cent of its loans in the manner desired by the US (Cypher 1989: 71-72).
commercial partners would receive preferential tariff treatment. They also committed themselves to reviving already existent regional trade institutions such as the Andean Pact and the Latin American Free Trade Association (LAFTA). In light of these rather modest and sacrifice-free measures, it could be argued that the Latin Americans made no concessions to their creditors. They merely demanded better treatment from the North while agreeing to unite their efforts at home. But the reality remained that each delegate returned home to a country which was still under the obligation to pay its debts, mostly according to the terms established in bilateral talks with lenders in the North (Fishlow 1985: 136).

C. Post conference negotiations

During the CEL it was agreed that President Hurtado would assume responsibility for ensuring that the documents were distributed to "those that have high-level international decision making ability" worldwide (SENDIP 1984b: 315; Martz 1987: 329). Hurtado took this task very seriously. He dispatched his Foreign Relations Minister, Luis Valencia Rodriguez, to European capitals to announce and sell the CEL proposals. The more important trip to Washington, Ottawa and the United Nations was made by former Ecuadoran President, Ambassador to the United States and OAS General Secretary Galo Plaza Lasso. Plaza was born into a very wealthy sierra land owning family. His own presidency was noted for its strong relations with the United States. As a diplomat educated in the US and with a pro-US reputation, Plaza was a non-threatening messenger, a person with whom Northern leaders could negotiate (Carrera 1990: 51). Plaza delivered the documents calling for radical change in creditor behavior. His speeches, however, couched the harsh message in rather acquiescent terms. Above all, he communicated, the CEL was not born in a spirit of confrontation with industrialized countries. Rather, its developers hoped to generate a constructive dialogue between creditor and debtor states. Plaza
did not back down from the language of the CEL documents. He reiterated the need for creditors
to ease their interest rates and terms of payment. But the atmosphere surrounding his discussions
with leaders in the US was significantly less conflictual and accusatory than conversations during
the CEL had been (MRE 1984: 336-37).

The response to Plaza in Washington was cool. President Reagan refused to meet with
him; Secretary of State Shultz received him instead. Osvaldo Hurtado attributes the brush-off
from Reagan as a response to Hurtado's insistence on reestablishing relations with Cuba in 1981.
Hurtado had disregarded a personal telephone call from George Shultz urging him not to reinstate
diplomatic ties with Havana. Hurtado ignored Shultz's appeal, an action he believes spurred
Reagan's rejection of Plaza (Hurtado 1990a: 153; 1991). Shultz diplomatically called the CEL
useful and productive, but failed to agree to any policy changes. Plaza's reception in Canada was
more favorable. Prime Minister Trudeau agreed that the debt problem required a global effort,
as opposed to the strictly bilateral approach favored by the US. Foreign Minister Valencia
received a warm, but non-committal response from leaders in industrialized Europe. As
expected, the response from Eastern Europeans and Third World leaders was positive (Martz
1987: 329). This most enthusiastic group, of course, had no power to change the structural
relationship between Latin America and its creditors.

IV. EXAMINATION OF THE DECISION

The extent to which the CEL both failed and succeeded was a function of Hurtado's
simultaneous catering to the initiative's supporters and opponents. From beginning to end,
Hurtado attempted to please most Latin Americans with strong North-South and anti-creditor
language. At the same time, he made sure that those same creditors did not feel threatened. The
strong pro-South language in the CEL documents was permitted because Hurtado had already
assured creditors that Ecuador would not encourage its neighbors to cease their debt payments. Once the creditors were placated with this assurance, Hurtado was free to proceed with a political line that would gain wide popularity throughout the region.

The positive consequences of such an approach were that the conference took place with little interference from outsiders. Hurtado was commended for his ability to unite the region on a question of such sensitivity and great importance. He displayed regional leadership during a time when multilateral approaches were gaining favor as a means to confront the United States on crucial hemispheric matters. The Contadora Group had organized a front against the Reagan Administration's policies in Central America. Hurtado began a similar movement to weaken the power of creditors in his debt-ridden region. The very fact that he united the region in its first effort to pressure for structural modification in the hemisphere's financing was worthy of considerable recognition.

However, placating both creditors and debtors also had its negative repercussions. By letting the North know that Latin America would not create a debtors' club or threaten a payment moratorium, Hurtado essentially precluded any real success for the CEL's proposals. The conference's participants clearly indicated that creditors and their representative governments bore responsibility for the crisis and its resolution. Their willingness to modify their behavior and expectations was a requisite for the Latin Americans to achieve the structural change demanded. Such behavior modification was highly unlikely by creditors who were promised beforehand that they would be paid, regardless of what was decided at the CEL. Hurtado's assurance to actors in the North that the conference was not a threat denied the Latin Americans any leverage over their creditors. The behind-the-scenes negotiating may have helped the CEL to run smoothly, but it essentially relieved creditors of any responsibility and guaranteed that the CEL documents have little more than rhetorical impact.
The contradictory policy was necessary for the CEL to convene. However it was also an expression of Hurtado's somewhat contradictory beliefs on the debt question. He consistently maintained that the industrialized world holds significant responsibility for the economic outcomes in the less developed countries. The conference's North-South language was more than mere acquiescence on Hurtado's part to the more radical leaders of Latin America. He clearly agreed with all that the documents stated. However, Hurtado also rejected a confrontational posture towards the US and other powerful states. A policy aimed at threatening creditors with a moratorium on debt payments would have been very distasteful to Hurtado, who thrives on international diplomacy. Hurtado was undoubtedly displeased with having to negotiate privately with creditors on the CEL. However, if this had not been necessary, it is unlikely that he would have called for a payments moratorium or other measures that would have outraged lenders in the North.

His willingness to undermine the CEL by privately appeasing creditors points to an apparent cynicism on Hurtado's part about the conference's potential success. If he were committed to the conference's precepts, how could he have made such promises to the North? Hurtado was simultaneously committed to and pessimistic about the CEL. He believed in the necessity of the proposals, but had little reason to believe that the North would enact the recommended changes. His appeasement policy was therefore a recognition of the North's intransigence as well as an insurance policy against reprisals. It did not indicate a lack of commitment by Hurtado, but rather an acceptance of what he could realistically expect from the conference.

The contradictions in the way Hurtado approached the CEL are also illustrative of Ecuador's status as a dependent state. In order to remain economically viable, at least in the short term, Ecuador could not alienate the United States or its private creditors. To do so would
risk a cutting off of financial resources or preferential trade treatment, leaving Ecuador vulnerable to potential economic ruin. As a person who considered himself a responsible leader, Hurtado would not have imagined such an approach. On the other hand, as a leader of a dependent state, Hurtado was also responsible for diminishing that dependence whenever possible. The CEL was an attempt to unite regional actors so that together they would comprise a more powerful negotiating bloc. In the long term, this policy would serve Ecuador's interests. Hurtado's simultaneous pursuit of his country's short and long term interests generated a debt policy that contradicted itself.

V. CONSEQUENCES

A. Direct consequences

The Quito conference brought about very little direct and noticeable change. Concrete results in the form of modifications in the industrialized world's behavior were non-existent. Nor did creditors enact any punitive measures against Ecuador or other participants. Latin America's debt continues to be negotiated on a bilateral basis (Fishlow 1985: 136; Payer 1986; Tangeman 1988). There was some strengthening of intra-regional economic cooperation and trade barrier reduction, but for the most part, the CEL achieved little beyond the fact that it occurred.

A primary reason for the lackluster performance is related to the conference's timing with respect to Ecuadoran domestic politics. The CEL took place less than a month prior to Ecuador's first round of presidential elections and only seven months before Hurtado left the presidency. The new president, León Febres Cordero and his Foreign Minister, Edgar Terán, were among Hurtado's staunchest detractors and political rivals. Both were wary of multilateral activity and objected to the Quito meeting since its inception. The success of the CEL proposals required an
extended commitment from its participants, particularly its leader. Not only did Febres Cordero fail to follow-up on the CEL, he disallowed any mention of the conference in Foreign Ministry meetings and documents (Hurtado 1990a: 152; Pérez 1990). Without any mention of it in the press and lacking continued leadership from Ecuador, the CEL fell relatively quickly into national and regional obscurity.

B. Subsequent debt meetings

The most important of the CEL’s accomplishments was that it began a process by which Latin American leaders conferred and cooperated on debt questions. Shortly after the Quito conference and in response to its minimal impact on creditor behavior, the leaders of Argentina, Brazil, Colombia and Mexico called for a second conference to discuss the region’s debt. Additional participants included Bolivia, Chile, the Dominican Republic, Ecuador, Peru, Uruguay and Venezuela (Atkins 1989: 262). The conference was held in Cartagena, Colombia and occurred simultaneously with the June 1984 Group of Seven meeting in London. Most noteworthy of the meeting’s accomplishments was a letter sent to the leaders of the industrialized countries in London in which the Latin American leaders called for a summit meeting to establish a "constructive dialogue" between debtor and creditor states (Roett 1989: 60). Leaders in London responded that they would under no circumstances enter into such negotiations. Undaunted, the Latin leaders formed the Cartagena Group (also referred to as the Cartagena Consensus) and agreed to meet regularly to treat the region’s debt in a multilateral manner.

A mere two months remained of Hurtado’s presidential term when the Cartagena meeting was held. Ecuador’s delegate participated in the formation of the Cartagena Group and signed the documents calling for modifications in creditor behavior. The language of the Cartagena Consensus was nearly identical to that of the CEL. With the CEL as a base, the participants in
Cartagena specified further the actions that needed to be taken by both core and periphery in order to solve the debt issue. During the meetings, Ecuador’s delegates worked to keep the CEL fresh in participants’ minds and reminded them that Hurtado’s initiative began the process of regional cooperation on debt. The CEL certainly facilitated the Cartagena process and to that extent was successful in fostering continued regional cooperation on foreign debt matters. Hurtado, however, was angered and frustrated by the Cartagena meetings. He felt that Cartagena happened too quickly after the Quito conference, robbing his own initiative of its deserved regional impact. Hurtado claimed that the Cartagena Consensus began as a "simple meeting about financing," which its formulators turned into a debt conference because it would enhance their regional reputations and political careers (Hurtado 1990a: 151-52; 1991). The Ecuadoran President complained that the Cartagena leaders, two of which were Contadora Group members (Mexico and Colombia), were not truly committed to the Consensus, but rather wanted to call global attention to the Contadora process. Hurtado’s ego and desire to be remembered as the region’s foremost leader on the debt question denied him the capacity to champion the CEL as a successful beginning to a series of regional debt conferences. Hurtado continues to take credit for the Cartagena Consensus and subsequent similar initiatives, but he remains bitter at the Cartagena group’s usurping his position in the regional spotlight. Ecuador’s commitment to the Cartagena Group waned significantly once León Febres Cordero took office.

Hurtado’s distrust of its members motives notwithstanding, the Cartagena Group demonstrated commitment and creativity towards improving Latin America’s bargaining position on the debt throughout 1984 and 1985. Ostensibly, the Cartagena Consensus called for a unified approach to the region’s debt. However, members were clear, as participants to the CEL had been in Quito, that their intent was not to generate a debtors’ cartel. The original Cartagena communique asserted debtors’ commitment to honoring their debts and rescheduling them on a
case by case basis. This generous concession made clear, leaders in Cartagena made specific proposals for improving the outcome for individual debtor negotiators (Tussie 1988: 288-91). Subsequent meetings were held in Argentina in September 1984, in the Dominican Republic in February 1985, and in Uruguay in December 1985. A February 1986 meeting developed increasingly precise proposals to creditors. Lukewarm responses from the industrialized world periodically caused the Cartagena Group to soften its language. Perceiving no possibility for its fruition, the Group abandoned its call for a creditor-debtor summit at the Santo Domingo meetings (Tussie 1988: 293). At the December 1985 meetings in Montevideo, the Group for the first time proposed a specific interest rate reduction figure. A draft proposal called for a three percent rate reduction on the entire region's debt. The proposal was dropped out of fear that creditors and international development agencies would perceive it as an ultimatum (Chicago Tribune 1985). These setbacks were offset by the Group's successes in articulating and achieving modest objectives, namely that creditors would accept the Group's demand that debt service not unconditionally be prioritized over economic growth (Tussie 1988: 294).

The Cartagena Consensus faded away in 1986 and was replaced by the Group of Eight.\footnote{The Group of Eight's members include Argentina, Brazil, Colombia, Mexico, Panama, Peru, Uruguay, and Venezuela.} The group, which first met in Acapulco in November 1987, comprised Latin America's "big three" (Argentina, Brazil, and Mexico) but conspicuously did not include Ecuador. Outside observers who considered Ecuador the leader of the united movement on debt may have been surprised at Ecuador's absence. However, those familiar with President Febres Cordero's disdain for multilateral action knew not to expect Ecuador's participation in the Group of Eight. Like the CEL and the Cartagena Consensus before it, the Group of Eight failed to unite in a demand for multilateral debt rescheduling, but it did agree to advance a common set of objectives to be
followed in individual negotiations (Tangeman 1988; Roett 1989: 61). The Group has met on a yearly basis since its inception.

As this discussion reveals, Hurtado’s *Conferencia Económica Latinoamericana* was the forerunner of an impressive regional movement to unify around debt policy. To evaluate the impact of Hurtado’s initiative, then, it is necessary to consider the effectiveness of the Cartagena Consensus and the Group of Eight. The overwhelming academic response is that such multilateral initiatives have had little or no impact on the share of the burden between creditors and debtors in debt negotiations (see, e.g., Feinberg 1988: 60; Kuczynski 1988; Roett 1989; Schmitter 1989; Golub 1991: 200). Numerous books, edited volumes and articles covering the Latin American debt crisis fail to mention these efforts. The almost universal critique is that Latin American debt initiatives have rarely moved beyond rhetoric to meaningful proposals that creditors would sincerely consider. Worried about angering creditors and reluctant to subordinate national interests to regional concerns, the debtors have been unwilling and unable to effect real change (Kuczynski 1988: 151). Under this interpretation, it is difficult to commend the multilateral initiatives or Hurtado for starting the process.

This type of sweeping dismissal of Latin American debt initiatives is inappropriate. A closer look at Latin American debt politics in the 1980s reveals that the CEL and its successors did have an impact on rescheduling outcomes and on the nature of the debt debate in three important areas. First, Hurtado deserves credit for adding a new player to the regional debt cast. When Mexico chose not to rely on its neighboring debtors during its crisis in 1982, a strong precedent was established by which debtors would reschedule individually (Feinberg 1988: 59). This contrasted with the creditors, who joined together in steering committees and international

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organizations such as the Paris Club during negotiations (Tussie 1988: 285). The CEL brought a new player to the game - regional debtor associations that proposed pro-debtor negotiation terms (Walton and Ragin 1989: 216). Their mere existence shifted the balance of power towards a more equal distribution between creditors and debtors.

Second, the Quito conference for the first time made an unequivocal statement that the region’s debt was a political problem. Before 1984, creditors had succeeded in maintaining that the debt was a financial and technical problem to be handled by bankers and economists, not political leaders (Griffith-Jones and Sunkel 1986: 113; Tussie 1988: 286). That the CEL, the Cartagena Consensus and the Group of Eight were attended by high-level political leaders strongly communicated Latin America’s message that technocratic approaches would no longer suffice. The groups maintained constant pressure on creditors and their governments and maintained the debt question active in the political hemispheric agenda (Van Klaveren 1990: 114).

Finally and most important, the various debt conferences led to some distinguishable changes in individual countries’ debt rescheduling. The Cartagena Consensus is credited for making it difficult for creditors to provide favorable rescheduling terms to one debtor and not the others (Griffith-Jones and Sunkel 1986: 113; Tussie 1988: 296). Diana Tussie convincingly argues that debtors used the multilateral initiatives as a back-up threat to extract favorable concessions from creditors during negotiations. Worried that a debtor might resort to a debtors' cartel if rescheduling terms were not generous, creditors were more likely to sweeten their offers to keep individual debtors from resorting to a moratorium (Tussie 1988: 297; see also Feinberg 1988: 59). Pedro-Pablo Kuczynski, a former World Bank official, disagrees with Tussie, arguing that the threat of a debtors’ club made creditor concessions less likely. Kuczynski contends that creditors would not extend special concessions to an individual debtor for fear they would have to do the same for the rest of the region (Kuczynski 1988: 151). That creditors softened the
terms of rescheduling in the mid-1980s provides evidence in support of Tussie’s argument. The most visible effect of the multilateral initiatives was US Secretary of Treasury James Baker’s debt plan. The Baker Plan, instituted in 1985, called for commercial banks and international development organizations to disburse a total of $29 billion in new loans to the world’s 15 largest debtors, most in Latin America. Loans were conditioned on economic adjustment policies by recipient states. However, Baker’s plan differed from previous IMF-sponsored packages in that it acknowledged that economic policy should promote economic growth, not merely austerity aimed at maximizing debt service (Payer 1986; Roett 1989: 61; Tussie 1988: 295). This concession was seen as a direct response to the Cartagena Consensus’ emphasis on the need for growth and development within the region.

Osvaldo Hurtado deserves credit for beginning a process that led to these significant achievements. The Ecuadoran president, at an early stage in the debt crisis, realized that the debtors’ financial crises would worsen dramatically if no joint action were taken. The timing of the CEL demonstrated Hurtado’s vision. While other states had organized diplomatically in the Contadora group to treat the Central American wars, no other leader saw the value in uniting on the equally pressing issue of regional debt. Today, groups such as the Cartagena Consensus and the Group of Eight are accepted as legitimate players in the regional debt game. While these organizations have not formulated debtor clubs or instituted payments moratoria, they do maintain constant pressure on creditors to treat debtors fairly and in a way that does not jeopardize economic growth in the region.

* Creditors appeared to have heard the calls of the CEL and the Cartagena Consensus in 1985. Rescheduling agreements in that year were characterized by a decrease in interest rate spreads, a reduction in the cost of credit, a significant drop and in some cases the elimination of costly rescheduling commissions, and longer amortization periods (Tussie 1988: 293).
C. Summary

The CEL's directly tangible consequences, positive and negative, were few because few immediate changes resulted from the conference. Few analysts or regional leaders remember to mention that the Quito conference preceded the Cartagena Consensus and the Group of Eight. President Hurtado continues to contradict himself on the conference's success. On the one hand, he states that it was very important, the innovative agreements reached yielding wide-ranging implications. On the other hand, he concedes that the conference achieved very little, given that his successor refused to support the policy (Hurtado 1991). Nonetheless, the CEL was the first in a series of regional meetings that have contributed to keeping Latin America financially afloat. It also remains a rare example of Ecuadoran leadership in Latin American integrative efforts. As such it continues to be a source of pride within the Foreign Ministry and by former president Hurtado, who called the conference "perhaps the sole foreign policy initiative in Ecuador's diplomatic history that has been successful" (Hurtado 1990a: 149).

VI. THEORETICAL APPLICATION

What appears to be a straightforward and uncomplicated regional conference emerges as the result of a series of complex foreign policy decisions. This section examines three distinct policy choices that resulted in the Conferencia Económica Latinoamericana. First is Hurtado's initiative to hold the conference. Second is the method he used to design the documents that were signed at the conference. Finally, this section considers the quiet policy of appeasement to creditors and their representative governments in the North. This element of the policy makes the CEL as a whole impossible to classify as a single type of dependent foreign policy. At the same time Hurtado was pursuing a bold regional initiative which decried the unfair practices of lenders, he promised those same lenders that the CEL would not generate a payment moratorium.
A. Compliance

Hurtado's decision to hold the *Conferencia Económica Latinoamericana* does not conform with compliance theory. While there was a clear conflict of interests between Hurtado and creditor states, the decision to hold the conference did not favor creditors or their representative governments. Similarly, the CEL's outcome as expressed in the documents leaders signed in Quito does not conform with compliance. The region's leaders expressed solidarity in confrontation with the North. Hurtado allowed all Latin American and Caribbean delegates to participate in the document drafting, but did not invite representatives from the North. He clearly sent a message that this was a regional initiative designed to challenge the creditor states, not to include them.

The fact that Ecuador privately promised creditors no drastic action would be taken maintains a number of elements that accord with the compliance interpretation of dependent foreign policy. First, the issue was salient to both parties. Hurtado felt strongly about the debt problem as evidenced in his many public addresses and his policy priorities throughout his administration. The US Government and creditors were becoming increasingly concerned with the prospects of a Latin American debtors' club, as evidenced primarily in their attitudes at the 1983 UNCTAD meeting in Belgrade and the OAS meetings in Caracas. Furthermore, Latin America's foreign debt is unquestionably salient to creditor banks who together have billions of dollars at stake. There is also some evidence of indirect pressure from creditors to keep the CEL leaders from becoming too radical in their pronouncements. Leaders in Ecuador knew what the US position was without the latter having to proclaim it publicly. The Ecuadoran government's quiet assurances to creditors can be interpreted as a reaction to this pressure.

But for compliance to apply, Hurtado's promises not to threaten the North must have been *against his own wishes*. Compliance can only occur if a leader is forced to do what he
otherwise would not have done. Hurtado’s insistence that his aims never included a generation of a debtors’ club, a suggestion for a moratorium on payments, or to threaten the creditors undermines this theory’s applicability. It is necessary, however, to investigate Hurtado’s motives in this regard. To a large extent, his determination not to anger creditors is a function of his vulnerability to them. Were Ecuador not subject to the North’s economic decisions, Hurtado would have had little reason to make sure that he did not approach creditor nations in a non-confrontational manner. He undoubtedly would have preferred to move ahead with the CEL without having to placate creditors on the side. To the extent that his policy of appeasement was born in fear of the financial repercussions of angering creditors with his leadership of the CEL, Hurtado indeed complied with those creditors’ wishes. The lender-placating element of the CEL is explained well by compliance.

B. Consensus

Consensus cannot account for any of the stages of the CEL process. The CEL initiative, as well as the elaboration of the documents and the language used in those documents do not exhibit any of the indicators of North-South elite cooperation. Most importantly, the conference diverged from core preferences. These phases of the CEL were clearly oriented to fomenting South-South cooperation, a concept inconsistent with the consensus approach to foreign policy.

Nor do the Ecuadoran government’s promises to creditors that the CEL would not constitute a debtors’ club illustrate consensus. These promises were not made from within a context of mutually beneficial economic collaboration. Rather, the Ecuadoran government had to placate lenders to insure against attempts to sabotage the CEL or to punish Ecuador for sponsoring the conference. The relationship between debtors and creditors remained antagonistic.
throughout the process, and therefore cannot be categorized as an example of the elite accommodation that typifies dependency theory's portrayal of US-Latin American relations.

A possible argument in favor of the applicability of the consensus model to the appeasement is the policy's potential for favoring local economic elites. It could be argued that Ecuador's bourgeoisie favored a policy of appeasement so that they would not be cut off from international credit. According to this argument, domestic elites would lobby the Administration to execute the appeasement policy to please creditors and maintain open lines of credit for Ecuadoran business. A brief review of the evidence undermines this notion. There is no indication that domestic economic elites lobbied the Administration for the appeasement policy. Furthermore, the business sector, particularly importers concentrated in Quito, suffered from the country's debt burden and the austerity imposed by creditors and the IMF. No consensus existed among the country's economic elite that Hurtado's CEL proposals were inappropriate. Only a very unified business sector could have influenced Hurtado so late in his administration. Consensus fails to account for all three phases of the CEL.

C. Counterdependence

Hurtado's decision to sponsor a region-wide conference on foreign debt conforms well to the counterdependent interpretation of dependent foreign policy. There would have been no need for the conference had Latin America not been dependent and economically vulnerable. Hurtado conceived this policy with the reduction of that vulnerability in mind. His intent was to unite the region so that debtor nations would possess greater bargaining power vis-à-vis creditors. Hurtado publicized the conference as a purely Latin American initiative, one designed to reduce the region's dependence. He made clear that representatives from creditor banks or governments were not invited. Also, there is evidence that actors in the industrialized states
resisted the policy in a manner commensurate with the threat posed by the CEL. The US government and many creditor banks communicated their disapproval of the conference in a myriad of ways, including proclamations at global economic conferences. However, bank and government leaders did not forbid the conference, which they perceived as little more than a rhetorical seminar with little power to change the terms of the debtor-creditor relationship.

The manner in which Hurtado constructed the CEL documents was also quite counterdependent. By excluding Northern participation while at the same time including all members of the Latin American and Caribbean community in the drafting process, Hurtado communicated a message of independence and defiance. The exclusion of Northern actors also increased the likelihood that the documents would carry a strong anti-creditor theme. Similarly, regional actors were more likely to acquire a sense of unity and strength as a regional group under the drafting conditions Hurtado established. Had Northern actors participated, they could have influenced individual Latin American states to curtail the CEL's objectives and weaken the documents' language. By including only regional representatives, Hurtado increased the probability that the participants would acquire a sense of solidarity and defiance against creditors. In the end, the strategy worked. Even those actors such as Brazil and Argentina, originally reluctant to participate and endorse anti-creditor language, approved the documents which placed the majority of the blame and responsibility for the debt crisis on Northern governments and private banks.

The appeasement component of the policy contradicts counterdependence. Rather than a public act of independence, Hurtado's assurances to creditors privately displayed the economic dependence that tied Ecuador to Northern banks. These assurances provide evidence that the Ecuadoran government needed to submit to actors in the core precisely because of their dependent relationship. That Hurtado felt it was necessary to inform and placate creditors indicates his
understanding that Ecuador's dependence made it impossible to confront the industrialized world on this issue without risking reprisals.

D. Realism

It would at first appear that realism accounts well for Hurtado's decision to hold the CEL. The policy would benefit Ecuador's regional leadership status and, to a lesser extent, foster development. Closer scrutiny, however, reveals that the CEL was motivated more by Hurtado's personal desire to establish himself as a regional leader, than by a concern for Ecuador's national reputation or status. Hurtado has consistently called attention to the fact that the CEL was the product of his personal initiative, rather than publicizing the conference as the result of Ecuador's rightful status as a regional leader. As the forerunner to the Cartagena Consensus and the Group of Eight, the CEL could be considered and promoted as a highly influential regional event. That an Ecuadoran president began that process is a significant achievement for the state that so rarely features in regional and global negotiations. However, Hurtado remains mostly dissatisfied with the outcome of the Quito conference, largely because he perceives his own role is underappreciated.

Nor did Hurtado sell the CEL to his domestic audience as a measure which would directly enhance Ecuador's development. Surely, any resolution to the debt would eventually free up funds for development projects. The CEL language did refer to the fact that debt service constituted an unfair portion of Latin America's financial resources, resulting in a neglect of critical development concerns. However, Hurtado and his aids never stated specifically which development goals the CEL would serve. They also failed to pursue domestic political points by portraying the CEL as a necessary component of Ecuador's development process. Though
development was certainly a long term benefit if the CEL were successful, it was not a primary motivator of the policy.

Hurtado did not commit resources beyond his means in initiating the CEL. As a diplomatic initiative, the CEL did not require financial or other resources that Ecuador lacked. Instead, the initiative went forward specifically because the Ecuadoran president was willing to commit his Administration's diplomatic resources.

The drafting process similarly did not require resources that Hurtado was unable or unwilling to commit. This is the only realist criterion that the document drafting process adheres to. As a united regional effort, the CEL could not advance Ecuador's development more than its neighbors'. Hurtado's pursuit of a multilateral initiative denied his ability to serve Ecuador's interests solely. He deliberately included all the region's leaders in the drafting of the documents, thereby diminishing the possibility that the document would be catered to Ecuador's specific needs in the debt problem. The document procedure also did little to improve Ecuador's regional status. If Hurtado felt that a policy of inclusion would facilitate the CEL's success, it was because he was concerned with his own regional reputation rather than that of his country. Hurtado, not Ecuador, was praised for being flexible and creative. Hurtado's successor, Febres Cordero, quickly erased that image from the executive office.

The policy of appeasing creditors does not conform to a realist interpretation of dependent foreign policy. The appeasement entailed essentially no resource commitment and thus conforms to this criterion of realism. However, Hurtado's relieving creditors of responsibility for instituting structural changes denied the success of the conference's resolutions. A failed CEL could only damage Ecuador's opportunities for rising as a regional leader or improving its level of development. It could be argued that the appeasement policy was necessary for the CEL to go forward, thereby creating the possibility for Hurtado to achieve regional status. Two
arguments reject this reasoning. First, as explained above, such a policy would be aimed at improving the personal reputation of a leader rather than the regional prestige of a nation. Second, Hurtado faced the risk of exposure of his private appeasement policy. Had it been publicized, his stature as leader of the CEL undoubtedly would have been undermined. Furthermore, Hurtado's promises to creditors subverted any chances for real pro-debtor change in the region, and therefore damaged Ecuador's long term development prospects.

E. Leader preferences

Hurtado's CEL initiative strongly reflected his personal beliefs. The CEL conformed to his advocacy of multilateral cooperation on an issue which was of central personal concern to him, the foreign debt. Moreover, the President was in control of the policy from beginning to end. Once he formulated the idea for the conference, he and close advisers contacted interest parties throughout the hemisphere. Hurtado personally travelled to the United States to ensure that policy makers there understood his initiative and its implications. He did not leave the CEL to members of the bureaucracy. One aid to Hurtado on the CEL claimed that most members of the Ecuadoran foreign affairs bureaucracy, accustomed to thinking of their country as a "tiny power," were overwhelmed by the CEL's ambition (Pérez 1991). The leadership vacuum within the Foreign Ministry increased Hurtado's personal influence over the policy. In addition, the nearly total lack of domestic opposition to the CEL and the fact that the initiative came late in his administration helped to generate a policy which clearly reflected his personal beliefs.

Determining whether the document drafting process conformed to the leader's preferences is somewhat more difficult. On the one hand, all the region's leaders were allowed to modify the document, thereby diminishing the personal impact of the Ecuadoran President on the final draft. However, Hurtado defined the method by which the documents were to be drafted. It was
his choice to include all regional actors in the pre-conference meetings. That choice conformed with his beliefs advocating regional cooperation on critical issues. The policy of inclusion therefore did not detract from Hurtado’s influence on the CEL, but rather reflected his leadership style. Furthermore, he and his advisers composed the original drafts to be modified during the Follow-Up and Technical meetings in the days before the official CEL. That authorship gave Hurtado considerable influence over the language and resolutions used in the CEL documents. That the drafting process was open calmed regional leaders who originally feared that the CEL language might be too strong and antagonistic towards creditors. The result was that the documents were modified only slightly, resulting in pro-South declarations that conformed to Hurtado’s preferences.

Leader preferences accounts well for the CEL’s initiative and drafting process. However, they fail on the appeasement element of the policy. The ultimate decision to appease creditors was in Hurtado’s hands. Similarly, Hurtado saw this as necessary for the CEL to proceed without difficulty. Despite these indicators in favor of the theory, the decision lacks the vital component of leader preferences. It did not conform with his preferences. His need to placate creditors was a function of his economic vulnerability. In the absence of that vulnerability, he would not have made such promises to lenders. His ideology on North-South relations rejects the subordination that characterized his behavior in appeasing the North. This element of the policy was an unwanted necessity dictated by a power structure Hurtado did not appreciate.

F. Domestic politics

Neither Hurtado’s initiative to hold the CEL nor his decision to include regional leaders in the drafting of the documents were influenced by domestic opposition groups. The CEL was unique in its nearly total independence from domestic political pressure. Hurtado did not seek
to cater to, confront or receive the blessing of his political opponents. As they perceived little threat from the CEL and their efforts were dedicated to the upcoming presidential campaign, opposition groups essentially left Hurtado alone on this policy. The conference was designed for and required the cooperation from an international audience, not a domestic one.

It is possible to argue that Hurtado’s appeasing creditors aimed at pacifying the domestic bourgeoisie that so continually harassed the Administration. To the extent that Hurtado promised that the CEL would not grow into a debtors’ club, he eased fears the Ecuadoran business community might have held about the CEL. However, by 1984, Hurtado was finding it impossible to please Ecuador’s private sector. Business leaders would interpret each presidential action, no matter if it was born in the spirit of reconciliation or cooperation, in the most malicious terms. The way in which Edgar Terán, Febres Cordero’s foreign minister, depicted the CEL is indicative of the business community’s approach to Hurtado. When questioned on Hurtado’s motives on the CEL, Terán responded,

> the conference was, politically speaking, of the most malicious nature, because it occurred in the days right before the election.... Hurtado’s motive was total propaganda. He wanted subliminally to swing the vote towards Borja (Terán 1991).

Terán refers to the upcoming election which pitted León Febres Cordero against Rodrigo Borja, a Social Democrat. Terán claims that Hurtado waited until late in his term to hold the CEL so that the voting public, impressed with the conference, would elect Borja, whose philosophies accorded more with Hurtado’s than with Febres Cordero’s. Terán’s argument is unsubstantiated. Hurtado had originally attempted to hold the conference in 1983. Scheduling difficulties postponed it until 1984, Hurtado’s final year in office. Furthermore, Hurtado is hardly a political supporter of Borja and promoted his own party’s candidate, Julio César Trujillo, in the election’s first round (Ayala 1989: 88). Finally, it is difficult to argue that domestic political concerns
motivated Hurtado when he committed so little energy to selling his policy to the Ecuadoran population.

The point is that by the time the CEL occurred, Hurtado had very little commitment to appeasing domestic political opponents. The Quito conference was his opportunity to make a mark on the regional political scene. His policy of appeasement was not publicized to local economic elites. If they learned of it and their fears were allayed, this was an unintended result of a policy which first aimed to mollify the fears of actors in the North.

VII. CONCLUSION

Table 9 depicts the applicability of each theory to the three decisions examined. A number of observations and tentative conclusions can be drawn. First, only three of the theories discussed come into play in the CEL case: compliance, counterdependence and leader preferences. Both realism and consensus, perhaps the leading theories of North-South international relations, performed poorly. The rational behavior by a unitary actor expected by realists was as absent as the elite consensus anticipated by dependency theorists. To the extent that realist and dependency theories have often been juxtaposed as the two principal competing approaches to international relations, the CEL case provides one example of their mutual deficiencies in explaining dependent foreign policy.

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9 An example of this juxtaposition is in Bradshaw and Wahl's (1991) study of Third World debt. While the authors do not explicitly address realism, their view of "monetarist" approaches to the debt involves the type of power relations and outcomes expected of realists who focus on global distributions of power. The authors then contrast this view with a dependency-based analysis. Other studies that pit dependency against realism include Moon (1983; 1985) and Gilpin (1987: 25-64).
TABLE 9: DO THESE THEORIES EXPLAIN THE THREE CEL DECISIONS?

<table>
<thead>
<tr>
<th></th>
<th>Compliance</th>
<th>Consensus</th>
<th>Counter-dependence</th>
<th>Realism</th>
<th>Leader Preferences</th>
<th>Domestic Politics</th>
</tr>
</thead>
<tbody>
<tr>
<td>Initiative</td>
<td>no</td>
<td>no</td>
<td>yes</td>
<td>no</td>
<td>yes</td>
<td>no</td>
</tr>
<tr>
<td>Drafting</td>
<td>no</td>
<td>no</td>
<td>yes</td>
<td>no</td>
<td>yes</td>
<td>no</td>
</tr>
<tr>
<td>Appeasement</td>
<td>yes</td>
<td>no</td>
<td>no</td>
<td>no</td>
<td>no</td>
<td>no</td>
</tr>
</tbody>
</table>

Second, with regard to each theory tested, both Hurtado's initiative for the conference and the manner in which he drafted the documents were explained by the same theories, counterdependence and leader preferences. This indicates that Hurtado was in control of the policy from its inception through its conclusion. Although the drafting process involved actors from all corners of the region, the Ecuadoran President did not submit his authority or influence over the CEL. Unlike other cases examined in this study, the CEL does not require different theoretical approaches to explain its inception and implementation.

Third, these decisions demonstrate that counterdependence and leader preferences co-occur. In this instance, both were necessary for the CEL initiative and processing. Without the leadership and motivation of Osvaldo Hurtado, the conference would not have taken place. However, in the absence of a dependent environment, Hurtado would have had no purpose in designing such a policy. The Ecuadoran leader implemented a counterdependent policy because his personal motivations and dependent conditions combined to warrant that action. Mere dependence alone will rarely necessitate counterdependence. The initiative of a leader inclined to manage that dependent relationship in a confrontational manner is also required. Together, Hurtado's personal motivation and Latin America's dependent status generated the necessary and sufficient conditions for the CEL initiative.
Finally, table 9 reveals that the appeasement component of the policy conforms to an entirely different theoretical process from the rest of the policy. Theories of leader preferences and counterdependence that accounted so well for the initiative and the document drafting cannot explain why Hurtado promised creditors they need not fear the conference’s outcome. Counterdependence is the theoretical opposite of compliance, which explains this part of the policy. That such contradictory theories are needed to explain different elements of the same policy is consistent with the highly contradictory substance of the CEL’s different components. Hurtado chose not to risk his own counterdependent policy preferences without also complying, if quietly, with the creditors’ wishes. He was able to implement the highly visible and combative CEL only because he had complied with creditors’ most important objectives, that they continue to be paid. The CEL is an ideal example of a Latin American leader’s managing the two competing demands of dependence: the need to counteract dependence, and the responsibility not to increase one’s vulnerability to powerful economic actors. Explanation of this substantive duality requires the use of at least two theoretical approaches, counterdependence and compliance.

It is useful, nonetheless, to ask whether one of these two countervailing forces prevailed over the other. Overall, was the CEL more counterdependent or compliant? Some may claim that Hurtado’s promise to continue debt payments and not to institute a debtor’s club indicate a victory for compliance. Creditors were awarded what was most important to them and debtors lost their only bargaining tool. However, the wave of debt conferences that the CEL commenced may also indicate a victory for counterdependence. Contrary to core wishes, the politicization of the debt has not ceased. Latin American and other debtors have maintained pressure on creditors for better rescheduling terms and debt forgiveness. That pressure has at times translated into more favorable renegotiation terms for Third World debtors. Hence, while Ecuador’s capitulation on some important issues surrounding the CEL is crucial, it is not necessarily clear
that compliance was more powerful than counterdependence in this case.
CHAPTER VIII
THE CONTADORA SUPPORT GROUP AND FEBRES CORDERO'S RELATIONS WITH NICARAGUA

I. INTRODUCTION

In October 1985 Ecuador became the only Latin American country to rupture diplomatic relations with revolutionary Nicaragua. The break was made all the more dramatic by the fact that earlier the same week, Ecuador had joined the Contadora Support Group. The Support Group, originally comprised of Argentina, Brazil, Peru and Uruguay, combined efforts with the Contadora Group (Colombia, Mexico, Panama and Venezuela) to mediate a peaceful resolution of the conflicts in Central America. Contadora and the Support Group clearly accepted revolutionary Nicaragua as a welcome member of Latin America (Bagley 1987: 182). The Reagan Administration consistently scolded Contadora for failing to criticize Nicaragua's Sandinista government (Bagley and Tokatlian 1987). Thus Febres Cordero's breaking relations with Nicaragua contradicts greatly with his joining the Contadora Support Group.

This chapter examines the decisions to join the Support Group and to break relations with Nicaragua. The decisions are considered together in a single chapter because they are highly interrelated and also because one immediately followed the other. Nonetheless, they are distinct decisions and are therefore analyzed as separate entities at the end of the chapter. Although relations with Nicaragua and the Support Group are related diplomatic concerns, this chapter reveals that the two policies were entirely distinct in their evolution.
II. THE CONTADORA SUPPORT GROUP

Ecuador’s incorporation into the Support Group began with talks at the United Nations (El Comercio 1985b). According to Febres Cordero’s Foreign Minister, Edgar Terán, the Foreign Ministers of Costa Rica, Honduras and El Salvador approached him in New York regarding their desire to "amplify" the Contadora Support Group. Terán agreed and spoke with the Dominican Republic’s President, Jorge Salvador Blanco, about the prospect of joining the mediation group Terán sarcastically refers to as "famous":

I suggested to the leader of the Dominican Republic, that Ecuador as well as his own country had no reason not to participate in this famous group, (especially) since international mediation, according to international law, is a voluntary act (Terán 1991).

Although Costa Rica, Honduras and El Salvador were not members, they extended a formal invitation to Ecuador and the Dominican Republic to join the Support Group. Officially, the Central Americans' invitation was extended because Ecuador and the Dominican Republic were 1) committed to democracy, 2) wanted to participate in the resolution process and 3) could exert a "great political weight" within Latin America that would contribute to the success of the Contadora process (El Comercio 1985a). These motivations were undoubtedly supplemented by another reason for inviting Ecuador. The three inviting governments represented the right wing bloc in Central America (Lincoln 1985; Whitehead 1988: 457-58; Hey and Kuzma 1993: 15). In Febres Cordero, they could find an ally in their attempt to isolate Nicaragua and to keep the Sandinistas from winning too much international recognition, respect and support (Carrión 1991). Febres Cordero’s strongly anti-Marxist sentiments nearly guaranteed that a voice of anti-Sandinismo would be heard within the Support Group. That voice would serve the interests of the right-wing governments in Central America.

Terán’s account of the process conforms with this analysis. He claims that the four original Contadora Support Group members, Argentina, Brazil, Peru and Uruguay, "curiously
were all from the so-called social democratic tendency" (Terán 1991). He is especially suspicious of Alán García, the Peruvian president who first initiated the Support Group.¹ Terán portrays Ecuadoran and Dominican participation in the Group as a counterweight to the leftists that controlled it. He describes the then Foreign Minister of the Dominican Republic as "very neutral, very central, a person who, like me, would not participate in any (of the) political games" in which the Social Democrats so often engaged (Terán 1991). The Foreign Ministers of Ecuador and the Dominican Republic, as well as diplomats from three Central American states that invited them to join, all had in mind the deradicalization of the Contadora process. Table 10 details the different groups of countries participated in Contadora and the extension of the Support Group.

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¹ Terán is suspicious of the entire Support Group process, portraying it almost as a Social Democrats' plot: "It's obviously strange that a 'support group' would exist, the language itself is mysterious. This meant that these eight Contadora and Support Group countries would meet very frequently" (Terán 1991). Given that they were all in the Social Democratic "orbit", they would undoubtedly frame the mediation of the Central American conflicts in a pro-Sandinista manner, according to Terán.
### TABLE 10: PLAYERS IN THE CONTADORA AND SUPPORT GROUP PROCESS

<table>
<thead>
<tr>
<th></th>
<th>CONTADORA</th>
<th>SUPPORT GROUP</th>
<th>AMPLIFIERS OF THE SUPPORT GROUP*</th>
</tr>
</thead>
<tbody>
<tr>
<td>MEMBERS</td>
<td>Colombia, Panama, Mexico, Venezuela</td>
<td>Argentina, Brazil, Peru, Uruguay</td>
<td>Costa Rica, Honduras, El Salvador</td>
</tr>
<tr>
<td>OBJECTIVE</td>
<td>Peace in Central America;</td>
<td>Same as Contadora</td>
<td>Obtain more right-wing participation in the Support Group</td>
</tr>
<tr>
<td></td>
<td>demilitarization of conflict</td>
<td></td>
<td></td>
</tr>
<tr>
<td>POLITICAL</td>
<td>Varied</td>
<td>Social Democrat</td>
<td>Right-wing</td>
</tr>
<tr>
<td>TENDENCY</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

* This was not a formal political group, but the states that joined in the UN to encourage Ecuador and the Dominican Republic to join the Support Group.

Although the Support Group members' view on the Central American conflicts was very different from Febres Cordero's, they also had an interest in including Ecuador under Febres Cordero and Terán in their efforts. Many in the US and in Latin America believed that Contadora was too accepting of revolutionary Nicaragua and made insufficient demands on its democratization process. Despite rhetorical support for the Contadora process which called specifically for the demilitarization of the Central American conflicts, the Reagan Administration maintained military support for the Contra army and for the government in El Salvador. Thus one would expect that the Support Group, committed to the Contadora principles of demilitarization and non-intervention, would reject the participation of Ecuador governed by a very pro-US president. Despite the assurance that he would be antagonistic to many of Contadora's goals, Febres Cordero could provide the Support Group with a significant advantage. As a respected friend of the Reagan Administration, Febres Cordero could act as a source of information and influence that governments less friendly to the US could not achieve (Carrión 1991). Contadora and its Support Group necessarily attempted to influence US policy in their
quest to demilitarize the region. Having a friend of Ronald Reagan among them could only enhance their stature and leverage in Washington.

While Contadora and Support Group members may have been aware of the advantages of Ecuadoran participation, convincing Febres Cordero to join was another matter. Given his disinterest in and distrust of multilateral diplomatic efforts, one would not have expected Febres Cordero to join the Support Group. His Administration was marked by antagonism towards the Andean Pact, OPEC and other such institutions. In fact, during the same week that negotiations for Ecuador’s incorporation in the Support Group were taking place, Ecuador’s delegation to the annual OPEC meetings in Vienna departed early in protest of OPEC’s refusal to increase Ecuador’s production quota. Rumors circulated that Ecuador would quit the organization (El Comercio 1985c). Nor had Febres Cordero personally shown any interest in facilitating revolutionary Nicaragua’s maintenance within the inter-American system. While many other Latin American executives were expressing their solidarity with Nicaragua during its battle against US economic, diplomatic and military assaults, Febres Cordero maintained a strained and somewhat antagonistic relationship with Nicaragua throughout his administration. Febres Cordero sent a low level Foreign Ministry official to Ortega’s 1984 inauguration and delayed until May 1985 to appoint an ambassador to Nicaragua. In December 1984, Febres Cordero expelled the Nicaraguan consulate for having delivered a speech advocating revolution in Latin America. The Ecuadoran Government charged that the Consulate had intervened in its "internal political activities" (MRE 1985: 24; Rivadeneira 1985: a3; Villacfs 1991: 2). During the March 1985 inauguration festivities in Brazil, Febres Cordero met with Daniel Ortega. While publicly the meeting is characterized as "cordial" and "reserved" (Rivadeneira 1985: a3), Febres Cordero and Terán describe a "harsh" confrontation in which Febres Cordero attacked Ortega for infiltrating
Ecuadoran society with leftist activities (Terán 1991). Finally, Febres Cordero’s anti-Communist and free market ideologies made him an unlikely supporter of the Contadora process.

Why, then, would Febres Cordero, so uncommitted to multilateral efforts and so suspicious of Nicaragua, join the Support Group? It must first be understood that Ecuador’s participation in the Support Group was not an initiative of the President, but of the Ministry of Foreign Relations. Foreign Minister Terán acted as the primary instigator of the activity as well as the primary defender of the decision to leave the Support Group after the break with Nicaragua. Febres Cordero’s brief incorporation into the Support Group must also be understood within the context of Ecuador’s historical struggle with Peru. The Ministry of Foreign Relations maintained an ongoing policy of "balancing Peru’s foreign policy" (Carrión 1991). Bureaucrats within the Ministry of Foreign Relations advised the President to join the Support Group so as not to lose regional prestige and influence relative to Peru. As one diplomat put it,

It wasn’t because (the Foreign Ministry officials) were interested in the Central American problems. No, instead it was to balance the Peruvian presence within the Latin American context (Carrión 1991).

Bureaucrats in the Foreign Ministry, aware of Peru’s presence in the Support Group advised Febres Cordero to join. As career diplomats, the members of the Foreign Ministry also wanted to ensure that they did not "remain outside of the international current" (Carrión 1991). The executive was essentially disinterested and considered the Contadora Group unimportant and ineffectual. In his mind, the decision to follow the advice of his advisers did not carry significant costs, risks or responsibilities.

Lack of domestic opposition further facilitated the decision to join the Support Group. Quito newspaper editorials, although doubtful of Contadora’s eventual success, supported Ecuador’s incorporation into the Support Group as an extension of the country’s historical adherence to the principles of nonintervention, self determination and peaceful resolution of
conflict (Carrión 1985; El Comercio 1985f). As a low cost foreign policy item, the Support Group provided political parties with an opportunity to support Latin American unity with little effort beyond verbal pronouncements. The military was the only domestic actor, other than the President, at all likely to oppose an effort that could be construed as supportive of the Sandinistas. By 1985, however, the military was sufficiently depoliticized in international matters, focusing on economic consolidation and leaving diplomatic matters to the executive and the Ministry of Foreign Affairs (Aguirre 1991; Carrión 1991).

The remaining potential opponent was the Reagan Administration, which did not display the opposition that one might have expected. First, the Administration had always rhetorically supported the Contadora effort. Such verbal endorsement was used to counterbalance the effects of military and economic aid packages for Central America which specifically violated the Contadora accords. As a diplomatic endeavor of high visibility but little authority to impose changes on US policy, Contadora allowed Washington to make the appearance of supporting peaceful resolutions in Central America while continuing a military strategy. Second, Contadora by late 1985 was struggling to survive. Despite the concerted effort of the Contadora members, continued violence in Central America weakened the credibility of the effort. By the time Ecuador joined the Support Group, it was clear that, despite tremendous international support, the purely diplomatic effort would have little impact. Ecuador’s participation was unlikely to revitalize the moribund organization. Third, Febres Cordero’s influence over the Support Group could only weaken the Group’s endorsement of the Sandinistas (Narváez 1991). Hence, the Reagan Administration had little reason to risk the diplomatic outcry that would accompany its opposition to Ecuador’s joining the Support Group.

The decision to join the Support Group remained at high policy making levels within Ecuador. It flowed through the Foreign Ministry channels and to the President’s office without
being subject to national debate. Observers and Foreign Ministry officials hoped that, despite the President’s anti-multilateralism, Ecuador was beginning its path towards greater regional diplomatic presence. These hopes were dashed very promptly when Febres Cordero broke diplomatic ties with Nicaragua.

III. FEBRES CORDERO BREAKS RELATIONS

The news that Febres Cordero severed relations with Managua only days after he had joined the Contadora Support Group was both dramatic and puzzling. Word of the break in relations understandably came as a surprise to all Ecuadorans, including members of the Foreign Ministry (Carrión 1991). Febres Cordero severed relations with Nicaragua on a whim, without consulting any advisers and without consideration of the effect such a startling action would have on Ecuador’s standing within the Contadora Support Group. No negotiations with Congressional leaders or international actors preceded the decision. Debate over the propriety of the rupture could occur only in its aftermath.

Events leading up to the break in relations developed quickly. On Wednesday October 9, the same day Ecuador officially became a member of the Contadora Support Group, Febres Cordero delivered a speech which included attacks against the Nicaraguan government. That Febres Cordero would so openly attack Nicaragua, the country on which the Contadora effort focused, demonstrates his very superficial commitment to the Support Group. One diplomat suggests that Febres Cordero essentially forgot about the Support Group and went ahead with an anti-Sandinista speech that conformed with his political and economic ideologies (Carrión 1991). Febres Cordero’s Undersecretary of Finance explains that "Febres Cordero didn’t give a damn about Nicaragua or the Sandinista Government because he has contempt for mediocre governments" (Juez 1991).
The President claimed that the conflict in Central America could only be resolved when Nicaragua held "legitimate popular elections" in which "clubs, sticks and violence" were not used (Rivadeneira 1985: 3). Daniel Ortega responded the next day with accusations that Febres Cordero was "an instrument of the United States, which wants to divide the Latin American community and obstruct its efforts for peace in Central America" (El Comercio 1985). He further claimed that "the US wants to occupy the Government of Ecuador so that it can be the rotten apple... in the Support Group." Ortega also stated that Febres Cordero had no legitimacy to discuss Nicaraguan democracy, given that Febres Cordero had violated the Ecuadoran constitution by postponing elections2 (El Comercio 1985k). Febres Cordero, apparently forgetting the Foreign Ministry's efforts in achieving Ecuador's membership in the Contadora Support Group, responded to Ortega's verbal assaults with a break in diplomatic relations on Friday, October 11.

There is some discrepancy as to who provoked whom in the exchange between the two presidents. Most commonly, Febres Cordero is portrayed as the instigator and Ortega's remarks are considered a reaction to the former's provocations. Chronologically the exchange did begin with Febres Cordero. However, Foreign Minister Terán, perhaps not unexpectedly, claims that Ortega, still angry about the exchange in Brazil earlier that year, purposefully provoked Febres Cordero so that Ecuador would leave the Support Group:

(In Brazil) Febres Cordero was tremendously hard on Ortega. Febres Cordero has a much more dominant personality than Ortega. Ortega was overwhelmed. He had what was probably personal hatred for Febres Cordero. I think that (Ecuador's incorporation into the Support Group) was unpopular to the Sandinista Government. The Sandinista leader deliberately made public insults against León Febres Cordero so that he would leave the Support Group (Terán 1991).

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2 This latter accusation was in apparent reference to Febres Cordero's attempts to postpone provincial elections, a move designed to boost representation of FC supporters in Congress. At the time, the request had yet to be approved by Congress.
In response to the fact that Febres Cordero's statement's predated Ortega's, Terán explains:

I'm sure that Febres Cordero said something critical about the lack of democracy in Nicaragua. He continually said that. But Ortega's response was insulting. If what Febres Cordero said measured a ten, what Ortega said was 100 (Terán 1991).

Terán dismisses Febres Cordero's statements as components of his everyday discourse, whereas Ortega's accusations were clearly inflammatory and designed to subvert Ecuador's participation in the Support Group.

Febres Cordero himself dates Ortega's anger against him to his denial of a Nicaraguan request for Ecuadoran oil at a favorable price. According to Febres Cordero, Ortega publicly claimed that Ecuador's refusal to sell oil below market rates was in response to orders from the US Government. In Brazil, Febres Cordero told Ortega that any discussion between them was contingent on Ortega's rescinding "the barbaric statements" he had made against Ecuador's independence in oil sales. Ortega agreed but never forgot the humiliation he had experienced (Febres Cordero 1991). Predictably, Febres Cordero's account, like Terán's, places all the blame on Daniel Ortega, presumably overwhelmed with shame for not having stood up to Febres Cordero in Brazil and waiting for an ideal opportunity to punish the Ecuadoran leader.

These representations of the event are undermined somewhat by their failure to mention that Daniel Ortega was as accustomed to making inflammatory statements against the US and against those he considered US puppets as Febres Cordero was to criticizing Nicaragua. Thus, Ortega's statements seem no more provocative than Febres Cordero's. At the very least, Febres Cordero could have remained uncritical of Nicaragua for a few days after his incorporation into the Support Group. While Febres Cordero knew that Ortega was generally critical of the US and its followers, once that criticism was aimed directly at Ecuador, the President could not tolerate it.
After Ortega had accused him of acting as "an instrument of the United States," Febres Cordero, still in Guayaquil and far from his foreign policy advisers, reacted quickly. He called Terán and informed him of the need to respond immediately to the offense with a break of diplomatic relations. Terán disagreed and scheduled an immediate flight to Guayaquil, asking Febres Cordero to delay any official action until Terán arrived. Terán reached Guayaquil to find Febres Cordero completely decided on the decision to break relations. "He had been influenced and advised by his friends in Guayaquil. There were absolutely no members of the Foreign Ministry there," Terán later reflected (Terán 1991). These "friends" were, according to Terán, Febres Cordero's business and party colleagues such as current Social Christian (Febres Cordero's party) presidential candidate Jaime Nebot. Other sources state that Febres Cordero was intoxicated when he decided that a break in relations was the only just response to Ortega's offense against him.³ Although the Minister of Foreign Relations as well as the diplomatic corps of the Ministry were in total disagreement with the decision, Febres Cordero refused to be dissuaded (Carrión 1991; Terán 1991).

Once the decision to break relations was made, Foreign Minister Terán was faced with two alternatives: to resign or to support the President's decision. He decided to support the decision publicly, although personally he felt it was a "drastic and entirely inappropriate action that gave Ortega exactly what he wanted" (Terán 1991). Febres Cordero could not have hoped for a better spokesperson than Terán. The Foreign Minister immediately went on the offensive, trying to justify what a Foreign Ministry official described as "an illogical event, impossible to explain" (Carrión 1991).

³ Three sources in Ecuador, including one from the Ministry of Foreign Relations, claim that FC was drunk when he broke relations with Nicaragua. Terán, who was not in Guayaquil at the time the decision was made, denies it.
Through the press, Terán explained to the domestic and international communities that the break in relations was necessary to "safeguard the dignity and the sovereignty of the nation," in face of such a "grotesque and provocative" offense as Ortega’s. He accused Ortega of trying to keep Ecuador’s voice of democracy from being heard in Central America. He announced that obviously Ecuador would leave the Support Group as a consequence of the break in relations but that Ecuador would continue its solidarity with the Nicaraguan people and its concern for a peaceful solution to the conflicts in Central America (El Comercio 1985h; El Comercio 1985n). Observers would not have guessed that Terán personally opposed the break in relations. As Terán explained later, despite sincere reservations about the policy, "I looked totally convinced" (Terán 1991). Despite his efforts, Terán’s explanations remained obviously full of rhetoric and clearly weak defenses for a policy that was very difficult to justify.

IV. THE POLITICAL DEBATE

What followed was a heated debate among national and international actors over the propriety of Ecuador’s rupture of relations with Nicaragua. Initially, Febres Cordero allowed his cabinet members, particularly Terán, to speak for him. Terán made it clear that there would be no effort to reestablish relations and that Nicaragua would be given no opportunity to apologize (El Comercio 1985v). The break was portrayed as permanent, and in fact remained so until the end of Febres Cordero’s term. Terán and Government Minister Luis Robles Plaza were at pains to assure the public that this was not a political or ideological decision, enacted because Febres Cordero disagreed philosophically with the Sandinistas, but instead a necessary action to maintain intact Ecuador’s "dignity" (El Comercio 1985s; El Comercio 1985w). Domestically, the government was supported by Febres Cordero’s Social Christian Party and by the editors of Quito’s principal newspaper, El Comercio (El Comercio 1985l). These actors
accepted the fundamental bases on which Febres Cordero had justified the break: that the 1984 elections in Nicaragua through which Ortega had remained in power were not legitimate, and that Ortega’s offense to Ecuador was sufficiently strong to warrant a break in diplomatic relations.

Febres Cordero benefitted slightly from a fragile majority coalition backing him in the legislature in October, 1985. This majority was not very vocal in its support for the policy, but its existence probably kept the opposition from utilizing the break in relations as a basis for the President’s impeachment. Febres Cordero was vehemently confronted by opposition Congress members. Members of the ID, FADI, PCE, APRE, PSE, and DP parties all opposed the policy. The more leftist groups such as the Communists and Socialists criticized the policy for breaking solidarity with the Nicaraguan people and accusing the Social Christians of complicity during the Somoza years (El Comercio 1985m; El Comercio 1985y). More centrist parties, particularly Hurtado’s Democracia Popular, used the occasion to disparage Febres Cordero’s foreign policy in general. DP’s national chairman Jamil Mahuad claimed that the

foreign policy of the current government is a blend of improvisations, mistakes and contradictory and visceral actions. Breaking relations with Nicaragua was just one link in this failed foreign policy chain (El Comercio 1985y).

Furious at Congressional reaction to his policy towards Nicaragua, Febres Cordero personally responded to the domestic opposition. He claimed that his detractors formed part of an international alliance of leftist forces aiming to keep Daniel Ortega in power against the Nicaraguan people’s will. A communique from the presidential office ravaged Febres Cordero’s political opponents:

When the national government, in defense of Ecuador’s sovereignty and dignity, severed relations with the government of Nicaragua, it knew that it would create an opportunity for a minuscule group of traitors who work for known international political groups, against Ecuador and in favor of Comandante Ortega, who unlawfully holds power in Nicaragua. While those who fight for freedom in Nicaragua... applaud the position of President Febres Cordero, who called for free elections in Nicaragua, in our own country, paradoxically, the leaders of creole communism, ...(the party) leaders of ID and DP, cross swords
against Ecuador's dignity in order to further their stingy, sectarian, shameful interests (*El Comercio* 1985x).

During the public debate in October of 1985, Febres Cordero referred primarily to Ortega's offense against Ecuador as justification for his action. While Febres Cordero did accuse Ortega of dictatorship and denying the Nicaraguan people their freedom, these references were not employed as direct reasons for the break in relations. Nor did he directly accuse the Nicaraguan leader of interference in Ecuador's affairs. In more recent conversations about the incident, Febres Cordero cites Sandinista attempts to subvert Ecuadoran democracy as an additional justification for the diplomatic break. Febres Cordero claims that Ecuadoran military intelligence had proof that leftist guerrillas in Ecuador were financed and trained by the Nicaraguans. This, Febres Cordero explains, in conjunction with Ortega's offense, motivated him to break relations (Febres Cordero 1991). Febres Cordero's claim that Nicaragua financed the AVC guerrillas is rather shaky in the absence of public evidence. It is likely that, if there were even the slightest evidence that such training and financing were being carried out, the Reagan and Febres Cordero Administrations would have publicized it extensively.

Political altercations between the executive and legislative branches continued throughout October. Few other domestic actors expressed their concern over the policy. The Chambers of Industry did not publicly announce their position on the issue owing to their function as "nonpolitical" bodies. Labor unions were silent, focusing their efforts at the time on domestic policy. The military adhered to its policy of leaving matters of diplomacy to the executive (Aguirre 1991; Carrión 1991). The strongest anti-Administration cry outside of the Congress came from faculty and students from the Central University. Claiming that Febres Cordero's policy was inconsistent with public opinion, the University Council called for a national plebiscite in which the voters could reinstate relations with Nicaragua (*El Comercio* 1985aa). Backed by his constitutional power to implement foreign policy single-handedly and consistent with his disdain for political
opponents, Febres Cordero did not respond. As one of the president’s advisers and strongest supporters put it, Febres Cordero simply "ignored them all" (Manrique 1991).

Internationally, Febres Cordero received the most support from the expected actors within Nicaragua. Nicaragua’s Christian Democrats, opposed to the Sandinistas, claimed that Ecuador’s position reflected all of Latin America’s concern about the lack of democracy in Nicaragua (El Comercio 1985n). Nicaragua’s opposition newspaper, La Prensa, also took advantage of the opportunity to criticize the government for believing it could insult any other country with impunity (El Comercio 1985u). Other Latin American states were less hesitant to applaud Febres Cordero’s action. Unexpectedly, the Foreign Minister of Venezuela reacted favorably, stating that other countries in the region also were concerned about elections in Nicaragua (El Comercio 1985t). Venezuela nonetheless supported a reestablishment of relations. Its defense of Febres Cordero appears born less in a true support for the rupture in relations than with the opportunity to bring its concern about Nicaraguan democracy to a regional audience. In general, Latin American states, including all the Contadora members, called for a resumption in relations between Ecuador and Nicaragua (El Comercio 1985p).

More interesting is the unanticipated reaction, or lack thereof, from the United States. There was much speculation about the pressure Washington had placed on Febres Cordero to break relations with the Sandinistas. Certainly many after-the-fact observers portrayed the policy as part of Febres Cordero’s strategy to ingratiate himself to Washington (Zuckerman 1986: 386; Corkill and Cubitt 1988: 80-81; Martz 1990: 24; Villacañas 1991: 2). There is absolutely no evidence that Febres Cordero ever discussed the option of breaking relations with anyone in the US. Febres Cordero made no time for consultation with his own Foreign Minister, much less international actors. The US, like all others, was left to react to the policy, rather than influence it. While the Reagan Administration expressed reserved contentment over the rupture, it never
publicly applauded Febres Cordero or rewarded him financially or otherwise for expelling revolutionary Nicaragua from the Ecuadoran political scene.

The Reagan Administration did state the diplomatic rupture was "the inevitable result" of Sandinista politics "exemplified by the absence of democracy in the country." A State Department communique stated that Ecuador's decision "didn't surprise us" but explicitly asserted that the US had in no way encouraged the break nor had any previous knowledge of Febres Cordero's intentions (El Comercio 1985o). The Febres Cordero Administration joined the US in affirming the independence of its decision. In a document distributed in the United Nations, Ecuador stated that its break in relations with Nicaragua was the decision "of a free state, never subject to tyranny or any imperialism" (El Comercio 1985z). United States Assistant Secretary of State Elliot Abrams visited Ecuador two weeks after Ecuador had severed relations with Nicaragua. Abrams failed even to mention the break in his prepared speeches, claiming he had no authority in this area because it was "a sovereign act adopted by Ecuador" (El Comercio 1985dd).

So while Febres Cordero could be assured that Washington approved of his breaking relations with Nicaragua, the vocal support and recognition one would have expected from the anti-Sandinista Reagan Administration was never forthcoming. Indeed, Abrams' behavior in Ecuador reveals that Reagan's team was especially concerned about making clear that the US had not influenced the Ecuadoran decision. Careful not to appear the foreign policy bully in Latin America, Washington could win more negative publicity against Nicaragua if it appeared that Ecuador had taken the decision wholly independently of the US. Ecuador's isolation of Nicaragua was more powerful as an independent decision than if it had been the result of US pressure.
V. CONSEQUENCES

The most obvious consequence of the rupture was Ecuador’s need to withdraw from the Contadora Support Group. Outside of this, the consequences for the involved parties were few. Despite the heated national debate in Ecuador, Febres Cordero never considered reestablishing relations (Carrión 1991; Febres Cordero 1991; Manrique 1991; Terán 1991). Febres Cordero’s Finance Minister, Alberto Dahik, reflected the opinion of most political observers in Ecuador when he later described the President’s intransigence on this point as part of the typical obstinacy that characterized Febres Cordero’s political style (Dahik 1991). Indeed, Congressional opposition only intensified Febres Cordero’s determination to maintain the policy intact. Rather than focusing his public statements on his own government’s action, he called attention to the Sandinista’s “betrayal of their own revolution” and to the treason of his political opponents that would take Nicaragua’s side over their own country’s dignity (El Comercio 1985bb). “It’s not matter of (my) apologizing,” Febres Cordero stated, “but of giving liberty and democracy to (the Nicaraguan) people that deserve it (El Comercio 1985cc). Many Congressional members publicly denounced the policy, but were without the constitutional power to overturn the executive’s decision.

The furious exchange between supporters and detractors of the policy within Ecuador acted as another chapter in the ongoing political squabbles among Ecuadoran politicians. Public attention on the matter subsided a few weeks after the break. Opponents of the policy were aware of the few tangible repercussions the rupture could bring. No economic embargo against Nicaragua was ever mentioned. It would have been of little consequence as less than 0.5% of Ecuador’s total trade was with Nicaragua (Benalcázar 1989: 370, 384). The inability of opponents to change the policy and the relative insignificance the break meant for most Ecuadorans combined to reduce the policy’s impact on national politics.
Shortly after the rupture, Uruguay assumed responsibility for Nicaragua's business in Quito while Venezuela did the same for Ecuador in Managua (*El Comercio* 1985r). As if to remind the world of his persistence, Febres Cordero refused to allow Daniel Ortega to attend the inauguration of Febres Cordero’s successor, Rodrigo Borja. Once president, Borja immediately invited Ortega to attend the next day’s festivities and reestablished relations with Nicaragua (Conaghan 1990: B129).

The two areas which experienced the rupture’s most enduring effects were the Febres Cordero Administration’s foreign policy reputation and Ecuador’s Foreign Ministry’s operating procedures. The incident earned Febres Cordero an even stronger reputation for regional and global isolationism than he already had. Since 1988, the Borja Administration has consistently called for the need to "reinsert" Ecuador into global and regional politics after four years of the Febres Cordero Administration’s isolationism. The break with Nicaragua is always considered foremost among Febres Cordero’s isolationist tendencies (Borge 1991: 19). However, even this effect is more a political tool of Febres Cordero’s domestic opponents than a concrete negative result of the policy itself. Ecuador has never had a reputation as a strong regional diplomatic actor. Therefore its breaking relations with Nicaragua had very little impact on inter-American affairs. The incident was as much consistent with Ecuador’s diplomatic track record as it was a strong deviation from it. To this day, Febres Cordero discards the "reinserting" language as pure leftist propaganda and continues to express great pride in his decision to break relations with the Sandinistas while disparaging the efforts of others:

If we look realistically at the results of the Contadora group, what do we see? Zero! If we look realistically at the results of the Support Group? Zero! What was achieved by breaking relations with Nicaragua? That the world became aware that Nicaragua had to have elections. My break in relations spurred the necessity of the democratic process in Nicaragua and that brought peace to Central America (Febres Cordero 1991).
A more enduring effect is on the future of Ecuador's foreign relations. With the exception of Febres Cordero and perhaps a handful of extremely loyal supporters, Ecuadorans consider the rupture of relations with Nicaragua an embarrassment to their foreign policy. No one feels this sentiment more strongly than the Foreign Relations Ministry employees who were completely left out of the decision. As one scholar who has conducted interviews with numerous Foreign Ministry officials has commented, the incident has left the Ministry all the more determined to maintain relations with all states, no matter how tense those relations may become (Carrera 1991). As one bitter Ministry official remarked, "the whole thing was stupid. Of course nobody won. Ecuador didn't win, the United States didn't win, and Nicaragua didn't lose" (Carrión 1991).

VI. THEORETICAL APPLICATION

This section examines both the decision to join the Support Group and the decision to break relations with Nicaragua for their applicability to the six theories analyzed in this study. The Support Group example presents some difficulty because it involved three distinct policymakers in Ecuador: 1) officials in the Ministry of Foreign Relations who pushed for the policy, 2) Foreign Minister Terán who first spoke with other leaders in the UN and proposed the policy in Quito, and 3) the President who agreed to join. The force behind Ecuador's incorporation into the Group emanated from the Ministry of Foreign Relations. Bureaucrats there were interested in offsetting Peruvian influence in the Group and increasing Ecuador's regional presence through participation in a highly visible diplomatic effort. Terán was in the center. He agreed with the goals of his bureaucrats, but also shared the executive's concerns of counteracting Social Democratic influence in the Group and weakening the pro-Sandinista position in Contadora. Throughout this section, the Support Group case will be analyzed with the participation of both
the Ministry and the executive in mind. The Ministry and its chief, Terán, were the principal policy makers. Their initiative allowed the policy to develop. However, it was necessary for Febres Cordero to agree to it. He also maintained veto power over the policy. His participation is therefore equally worthy of examination.

A. Compliance

Compliance theory requires a conflict of interest between policy makers in periphery and core. There was clearly no conflict of interest between Febres Cordero and the Reagan Administration. Both would have appreciated Ecuador's right wing influence in the Support Group. It could be argued that there was a conflict of interest between the Foreign Ministry and the US. To the extent that the Ministry used the Support Group to increase its regional power through the Contadora process, its objectives opposed those of the US, which never supported Contadora in anything other than a rhetorical manner. However, the issue was not salient for either party. While the US undermined the Contadora process, it never attempted to keep states from joining the Support Group. Similarly, Ecuadoran Foreign Ministry officials were mostly interested in joining the Support Group in order to keep diplomatic pace with Peru. They were mostly disinterested in the one component of Contadora, its pro-Nicaragua position, that the US would have most opposed (Carrión 1991). Compliance theory is not applicable because the US never opposed Ecuador's policy to join the Group.

A casual observer might conclude that Ecuador's decision to break diplomatic relations with Nicaragua was a case of compliance. It appears to be an example of a Latin American state (Ecuador) betraying its sister (Nicaragua) because the US, at the height of its anti-Sandinista campaign, ordered it. Scrutiny of the case reveals that although Washington agreed with the
policy, it had no participation in it. Febres Cordero was in complete control of his decision to sever relations and was in no way coerced by the US.

B. Consensus

The coincidence of opinion between core and periphery policy makers required of the consensus interpretation of foreign policy did not exist between officials in the Foreign Ministry and the US on the Support Group question. Ecuador's Foreign Ministry favored Latin American cooperative efforts much more than did the Reagan Administration. Also, the US had little interest in Ecuador's joining the Support Group to counterbalance Peru's regional status. However, there was consensus between Ecuador's executive and US policy makers. Both favored the participation of a right-wing, anti-Sandinista administration in the Support Group, which at the time was comprised of Social Democrats. Recall that Edgar Terán, the Foreign Minister who would have been Ecuador's primary spokesperson in the Support Group had the country not withdrawn, had contempt for the Group's members and mission. The fact that Febres Cordero did not initiate the activity weakens the argument in favor of a consensus between policy makers in the US and Ecuador.

Did Ecuador's participation in the Support Group financially benefit Ecuadoran elites? Certainly no immediate benefits would have come from the diplomatic activity. The Chambers of Production did not involve themselves in the decision whatsoever. Their lack of support for the policy is evidence against consensus in this case. The impact of Ecuador's incorporation into the Support Group can be argued as both favorable and unfavorable to economic elites. The Support Group was committed to aiding the Nicaraguan government, at least diplomatically, in its struggle for survival. Success in this mission would have meant an acceptance of some form of socialism on the continent. From this perspective, the policy clearly would not have benefitted
Ecuadoran entrepreneurs interested in a regional free market. However, if we consider that Febres Cordero's participation in the Support Group was truly designed to undermine the Support Group’s success, elites would have benefitted from a more secure environment for capitalism in the region. However, this latter interpretation is farfetched. Febres Cordero was not strong enough to change completely the agenda of the Support Group. Neither elites in Ecuador nor policy makers in Washington could have expected that the Support Group would become weak as a result of Ecuador's participation. The criterion that economic elites should expect to benefit from the policy is therefore very weakly present in this case.

At first glance, the break in relations with Nicaragua appears to conform rather well with the consensus interpretation of foreign policy. There was general ideological concordance between Febres Cordero and policy makers in Washington about the evils of the Sandinista government. Both repeatedly stated publicly that Nicaragua lacked economic and political democracy. There were no short term gains for elites in Ecuador, however. What little trade Ecuadorans had with Nicaragua was jeopardized by the diplomatic rupture. More importantly, this case does not confirm consensus because it did not follow the process outlined by consensus theorists. Consensus expects that foreign policy alignment will result from an ideological compatibility between leaders in periphery and core. Febres Cordero did not break relations because it conformed with his ideology about Nicaraguan socialism. Had that been the case, the rupture would have occurred in a more formal, less arbitrary manner. It would have been the result of deliberation among, at the very least, members of his Administration. Furthermore, despite its covert war against Nicaragua, the US never broke relations. Ecuador's doing so conflicted with stated US policy at the time which encouraged regional dialogue. The break lacked the planning and consistency that characterizes interactions among core and peripheral states operating in a dependency-based relationship (Moon 1983; 1985). It was instead an action
taken by an impatient, and perhaps intoxicated, Febres Cordero who felt offended by Daniel Ortega’s remarks against him.

C. Counterdependence

The Contadora movement is easily interpreted within the counterdependent tradition. The Contadora states directly confronted the Reagan Administration in Central America, attempting to end US military assistance in the region (Hey and Kuzma 1993). However, Ecuador’s participation in the Support Group had little to do with opposing US policy in Central America. The Foreign Minister was interested in countering the strength not of the US, but of the Social Democratic Administrations that made up the Support Group. Foreign Ministry bureaucrats were specifically interested in countering Peru’s power and were less interested in the Central American conflict (Carrión 1991). Febres Cordero would have opposed immediately any policy that aimed to alienate the US.

Interestingly, the break with Nicaragua was instigated by Daniel Ortega’s accusation that Febres Cordero was a puppet of the United States. The Ecuadoran leader portrayed that offense as so great as to merit a break in relations. Febres Cordero’s actions could thus be interpreted as counterdependent in that they sought to reaffirm Ecuador’s sovereignty. However, the policy is not counterdependent because it did not counter US policy preferences. On the contrary, the policy pleased the US and illustrated the ideological bond between the Reagan and Febres Cordero Administrations.

D. Realism

The policy-for-power and prestige view of foreign policy explains well the decision to join the Support Group. All participants in the decision enhanced their view of regional prestige
by joining the group. The Foreign Ministry could not publicly acknowledge that its goals were anything less than a desire to give "permanent support to all means of peaceful conflict resolution" (MRE 1988: 90). The fact that Ecuador later pulled out of the Support Group meant that the Ministry's annual report could not, without embarrassment, elaborate on its decision to join the Group. At the time of the decision to join the Group, Foreign Ministry bureaucrats were privately pleased at having achieved their goal of checking the advantage gained by Peru's participation in the Group. Joining the high-visibility Support Group also enhanced Ecuador's regional prestige, a constant goal of the Foreign Ministry. The Foreign Minister and the President, to the degree that they were interested in offsetting the regional influence of Social Democrats, saw an opportunity in the policy as well. Joining the Support Group increased Ecuador's regional prestige from all policy makers' points of view.

The decision to join the Support Group also holds to realism's condition that Ecuador not overcommit its resources. Joining the Group was a diplomatic decision which cost Ecuador little more than diplomatic energy which foreign ministry officials were willing to exert. That Febres Cordero annulled the policy is not an indicator of lack of resources, but of policy inconsistency within the Administration. Had the president not removed Ecuador from the Support Group, the Foreign Ministry would not have had difficulty finding the resources necessary to participate.

The realist approach to foreign policy cannot account for Ecuador's break in relations with Nicaragua. The break, despite Febres Cordero's attempts to justify it as an instigator of Nicaraguan democracy, had a drastically negative impact on Ecuador's regional reputation. All Latin American neighbors, including Venezuela which criticized Ortega, called for a reestablishment of relations. The 1980s were a time of birth and revival for Latin American integrative efforts. That Ecuador would break relations with its neighbor in Central America was seen as backward step in the necessary process of regional cooperation. Nor can it be argued that
breaking relations with Nicaragua fostered development within Ecuador. Although the policy did not require resources the Administration was unable to commit, it does not conform to the realist criterion that it serve either development or regional prestige.

E. Leader preferences

The Support Group case does not conform well with the leader preferences view of foreign policy. Febres Cordero did maintain veto power over the policy, which he exercised shortly after Ecuador had joined the group. However, other criteria needed for this theory's confirmation were not present. Participation in the group was not Febres Cordero’s initiative. He remained disassociated with the policy and appears to have forgotten that he had just joined the Group when he broke relations with Nicaragua. He clearly left the policy making up to lower level bureaucrats. Finally, the decision to join the Support Group did not conform with the executive’s views on multilateral diplomatic organizations. While most members of the Foreign Ministry felt them important, Febres Cordero disdained them.

The decision to break relations with Nicaragua, on the other hand, is perhaps the best example of leadership preferences examined in this entire study. Febres Cordero made the decision alone, without even his Foreign Minister to advise him. The decision accorded with his views of Nicaragua in general, and of Daniel Ortega in particular. Febres Cordero and Foreign Minister Terán remained actively involved in the policy throughout the ensuing debate. When he was attacked by Congress and other groups, Febres Cordero personally responded with even more vehement charges. The rest of the bureaucracy, with the exception of cabinet ministers, was too stunned and excluded from the policy to participate in its defense very effectively. Febres Cordero ignored all domestic opposition to the policy, even that originating within his
own Administration. He flatly refused to reverse his decision. From beginning to end, the
decision to break relations with Nicaragua was his alone.

F. Domestic politics

No domestic groups, public or private, participated in the decision to join the Contadora Support Group. It was considered a diplomatic action, appropriately left to the executive branch. As the policy carried few costs, interest groups had little reason to oppose it. Even Congress, ordinarily a strong opponent of Febres Cordero’s initiatives, was quiet on the subject. This can be attributed to the fact that the decision to join the Group was not an executive decision. Had it been one which Febres Cordero strongly supported and publicized, Congress may well have found something unsuitable about it.

Similarly, domestic groups did not participate in the decision to break relations with Nicaragua. Febres Cordero acted too quickly for even his closest advisers to counsel him. The fact that Febres Cordero acted before any domestic groups had an opportunity to express an opinion on the issue essentially precludes domestic politics from explaining this case. Domestic opposition in the aftermath of the rupture was significant, but not heeded. In the face of protests from all segments of society, Febres Cordero refused to change his policy. The domestic politics view of foreign policy is thus not confirmed in this case.

VII. CONCLUSION

The two decisions examined in this chapter represent two ends of a policy making continuum. The decision to join the Contadora Support group is an example of a policy which flows through the appropriate channels. Foreign Ministry bureaucrats and the Foreign Minister participated in the development of a policy which served numerous interests. The President, at
the top of the policy process, signed on. Interestingly, perhaps the best foreign policy model to account for that decision is bureaucratic politics, a theory rarely applied to dependent foreign policy behavior (Van Klaveren 1984: 14; Ferguson 1987: 150-51. The break in diplomatic relations with Nicaragua, on the other hand, is an example of foreign policy as made by a single individual, serving his interests alone.

**TABLE 11: DO THESE THEORIES EXPLAIN THE DECISIONS TO JOIN THE SUPPORT GROUP AND BREAK WITH NICARAGUA?**

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<th>Compliance</th>
<th>Consensus</th>
<th>Counter-dependence</th>
<th>Realism</th>
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<tr>
<td>Join Support Group</td>
<td>no</td>
<td>no</td>
<td>no</td>
<td>yes</td>
<td>no</td>
<td>no</td>
</tr>
<tr>
<td>Break with Nicaragua</td>
<td>no</td>
<td>no</td>
<td>no</td>
<td>no</td>
<td>yes</td>
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As Table 11 illustrates, realist theory best explains Ecuador's entry into the Support Group. All actors involved in the policy were motivated by a desire to improve Ecuador's regional status, as defined by each actor. The policy did not depend on a visionary leader on a mission to expand Ecuador's regional influence. Instead it was born in a bureaucratic body, the Foreign Ministry, which has a perpetual interest in obtaining and preserving Ecuador's regional status. The Foreign Ministry, led by Terán, took advantage of the offer to join the Support Group as an opportunity to take part in a highly visible diplomatic effort. The executive, perhaps initially reluctant to join a regional diplomatic group, could not deny the regional status benefits derived from Ecuador's participation in the Support Group. It also held the promise of political benefits, in the form of counteracting the influence of Latin American left wing parties in Central
America, an area crucial to Febres Cordero’s friend, Ronald Reagan. Policy makers acted rationally. The Support Group incurred no costs and brought Ecuador heightened prestige.

This case also supports realist theory in that it is not necessary to know about individual actors to predict the outcome. Realists reject the type of analysis performed here. They claim that it is unnecessary and futile to enter the “black box” of domestic politics and decision making because we can assume that all states seek to increase global power and status. Knowledge of the situation confronting Ecuador at the time is sufficient to explain its response. Ecuador was faced with an opportunity to join a regional group. There were no costs, but the benefits included heightened diplomatic visibility and an opportunity to influence regional events. The logical decision was to join the Support Group. An understanding of Febres Cordero’s personality or the dynamics of Ecuadoran politics is not needed to explain the policy outcome.

Febres Cordero’s decision to rupture diplomatic relations with Nicaragua is an extreme example of a leader’s having his own way in foreign policy. No one in Ecuador, save Febres Cordero’s personal friends, agreed with the policy. Even advisers within his Administration were not heeded. This case demonstrates the power of the leader in Ecuadoran foreign policy. Not only could he implement a very unpopular foreign policy and stick to it, he was able to reverse the Support Group policy that had evolved through the normal foreign policy channels. With one action, the executive reversed all the work that his Foreign Ministry officers had performed in the preceding weeks. In the end of the entire saga which began with the Support Group and ended with the break in relations, Febres Cordero’s personal will prevailed.
CHAPTER IX

BLAZING TRAILS

I. INTRODUCTION

In May of 1987, US troops arrived in Ecuador to participate in a road construction project in the country's eastern jungle province of Napo. Code-named Blazing Trails, the operation was designed to repair earthquake damage to current roads as well as to provide quality access routes to the remote jungle area. The troops accomplished very little in the road construction project, but their presence spurred a public controversy that led to a tense confrontation between the Administration and Congress. This case sheds light on the relations between the Reagan and Febres Cordero Administrations as well as the dynamics of Ecuadoran domestic politics during the Febres Cordero years.

The following discussion focuses on two decisions. First, the decision to bring the US troops to Ecuador is considered. That action was greeted by a demand from Congress and other domestic political actors for the troops' immediate withdrawal. The second decision considered is Febres Cordero's response to his critics. Febres Cordero insisted that the troops remain until the original contract expired in November 1987. He added, however, that there would be no extension of the troops' stay, even if the road were not completed. Because the road was far from completion in November and because the Febres Cordero Administration and the US Ambassador wanted to extend Blazing Trails, this action essentially meant a dismissal of the
troops. An application of this case to the six foreign policy theories follows a detailed description of the two decisions.

II. THE BLAZING TRAILS OPERATION

Before the March 1987 earthquakes, Ecuador and the United States had designed a plan through which US military personnel would travel to Ecuador to aid in the upgrade of an existing road in Manabí Province, on Ecuador’s coast. In a February 1987 document signed by Ecuador’s Minister of Defense, General Medardo Salazar Navas and US Commander in Ecuador, Colonel Paul Scharf, the two militaries agreed to a six month exercise in which US troops would construct a 12 kilometer section of road connecting the coastal populations of San Vicente and San José de Chamanga. The US agreed to send 600-man teams, each on two week rotations, amounting to a total of 6000 troops. The forces consisted of unarmed National Guard and Army Reserve troops. Also included were approximately 150 active troops from all branches of the US military and 100 Ecuadoran troops which remained throughout the six month period. Blazing Trails was significant from a US military standpoint in that it was the first major operation on the South American continent to employ US National Guard troops (Little 1988: 12).

While the road construction itself was a joint venture between Ecuador’s Ministry of Defense and the Pentagon, the initiative came from non-military sources. US ambassador in Quito, Fernando Rondón, who would remain an active player throughout the Blazing Trails saga, offered President Febres Cordero the services of the US military in road construction. It made

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1 Most of the information on the Blazing Trails operation, as well as the debate among Congress and executive branch members, was collected from a classified file in Ecuador’s Congressional Archives. The file was compiled by Congress and includes documents signed between the US and Ecuador establishing Blazing Trails, transcripts of Congressional debate, correspondence between Administration officials and Congress members, and international Congressional memos. Given the sensitive nature of the source, reference to specific documents is omitted.
sense for US reserves to work in Ecuador, argued US officials, because the troops could fulfill their annual two week training requirement, while aiding in Ecuadoran development (Aguirre 1991). Febres Cordero, who was "absolutely in agreement" with the proposed road construction plans and who saw in this project a unique opportunity for Ecuador to build a low cost road, was delighted to have the North American troops in his country (Febres Cordero 1991). The Ministry of Foreign Relations did not participate in the agreement (Valencia Rodríguez 1989a: 140).

The agreement signed in February was not a formal treaty, but rather a "memorandum of understanding" between the military bodies in both countries. It called for the United States to provide labor and some heavy equipment free of charge. It was later revealed that included in the heavy equipment were six Black Hawk military helicopters. The US also provided, but with compensation from the Ecuadoran government, medical assistance, food and supplies, repair parts, and explosives. Ecuador provided construction materials, some construction equipment, and fuel for vehicles and equipment. In addition, the Ecuadoran government managed all landowner conflicts and exempted US forces from customs, duties and other charges normally associated with foreign travel. The exemption meant that the US soldiers travelled without passports, an issue that became a significant point of contention in the political debate that ensued after the troops arrived. In addition to the road, the Ecuadoran government expected to benefit from a transfer of construction technology as well as the troops’ aid in local health projects, school development and repair and the opening of a new area to agricultural and forest production.

In early March, a series of earthquakes decimated much of the Ecuadoran countryside, destroyed the national pipeline that transported oil to the coast for export, and changed the fate of Blazing Trails. The damage incurred by the quakes was extensive. An estimated 1000 individuals died (Los Angeles Times 1987; Ribadeneira 1987). Repairs and losses were estimated
at $926 million (Corkill and Cubitt 1988: 94). For six months, Ecuador ceased to export petroleum, the greatest source of revenue for national development and debt payments. International emergency assistance arrived in numerous forms. Among them was a modification in the Blazing Trails proposal. Vice President George Bush, during a very brief visit to Ecuador shortly after the earthquake, suggested that Blazing Trails move its operations to Ecuador's Oriente, or eastern jungle zone, where the damage was most extensive (Little 1988: 12). Approximately 100,000 inhabitants of the region's Napo Province had been cut off from supply routes as a result of the earthquake. The Oriente is also the source of most of Ecuador's petroleum. Febres Cordero, concerned about the damage in the Oriente, and not one to argue with an offer from the Reagan Administration, agreed. In April, the same signatories of the original Blazing Trails agreement signed an amendment which called for the road to connect the towns of Hollín, Loreto and Coca, in Napo Province. The troops began construction in May, 1987. In addition, they provided local residents with school desks and other educational supplies donated by the Governor of Tennessee. US troops also administered vaccinations to local residents and provided air transport for supplies to isolated communities.

III. THE POLITICAL DEBATE

Opposition to the presence of US troops on Ecuadoran soil began instantly. Numerous observers (e.g., Little 1988: 12; Morejón 1991: 1; Carrión 1991; Carrión Mena 1991) cite general public discontent with the policy. No public opinion surveys were administered on the issue. Evidence of public dissatisfaction includes an increase in "Yankee Go Home" graffiti on the nation's streets and university walls (Little 1988: 13; Primack 1988). However, university activities do not necessarily reflect national public opinion. Opponents also cite discontent on the part of residents of the area in which the road was being built. Napo residents were concerned
about the increase in prostitution that arrived with the US troops. They also publicly worried about the spread of sexually transmitted diseases in their region (Little 1988: 13). However, Congressional members that visited the construction site in May concluded from their interviews that, while the local people weren’t necessarily happy with the presence of the troops, they cared little about whether they stayed or left. US Ambassador Rondón and Former President Febres Cordero insist that the local population adored the troops and highly appreciated their work (Febres Cordero 1991; Rondón 1991).

Stronger opposition came from more organized political groups. More than 20 youth, Christian and women’s organizations formed the Committee for National Sovereignty. The Committee organized a petition drive and a protest march calling for immediate withdrawal of troops (Little 1988: 13). Leaders of Ecuador’s principal indigenous organization, CONAIE, sent a letter to Congressional President Andrés Vallejo in which they claimed that the presence of US soldiers was a form of "neocolonialism" and a "violation of our dignity and national sovereignty." They further complained that the sole beneficiaries of projects such as Blazing Trails were multinational corporations representing petroleum, forestry and agroindustrial interests. The Ecuadoran Federation of Indians called for the troops’ ouster on constitutional grounds. An emerging women’s group, "Women for Democracy" labeled the US presence anti-democratic because the agreement had been designed outside of public debate. These sentiments were supported by the more radical of Quito’s two principal newspapers, Hoy (Hoy 1987a).

But it was Congress with its opposition majority, that led the campaign to expel the US troops from the Oriente. In May, members of the Special Committee on International Affairs travelled to the construction site. Their ensuing report, citing previous Reagan Administration attempts to use Ecuador as a base from which to prepare for invasions in Nicaragua and Panama, called for the immediate withdrawal of the Blazing Trails troops. The Special Committee,
however, cannot legislate; its powers are limited to recommendation. So opponents of the policy within the Committee, as well as in Congress and in Ecuadoran society pressured Congressional President Vallejo to call an extraordinary session of the entire Congress, to debate and decide upon Blazing Trails' legality. An extraordinary session was required because a standard legislative session could not constitutionally address matters of inspection and control of executive programs. However, the Constitution did allow the legislature to meet in special sessions to engage in non-legislative activities such as an examination of Blazing Trails.

As an opposition bloc controlled Congress, there was little doubt that the extraordinary session would be called. Members of the Administration and their supporters within Congress argued that the extraordinary session was unnecessary and unconstitutional, citing among other reasons the executive's constitutional privilege to create and implement foreign policy. Opponents countered that the US troops' presence had never been subject to popular debate and had not been sufficiently explained to the Ecuadoran people (El Comercio 1987a). Rather than whole-heartedly supporting the opposition's call for an extraordinary session, Vallejo approached his decision with caution and calm. He considered the matter for a number of days, looking for a Congressional consensus on the issue and reminding all interested parties that any matter concerning US-Ecuadoran relations was delicate and in need of extremely careful decision making (El Universo 1987). When he did decide to call the extraordinary session, he emphasized his desire that the session not last more than a single day. Congressional blocs agreed that only their leaders would speak during the session, thereby minimizing the time spent on debate. Vallejo's restraint in establishing the terms and mood of the extraordinary session belies his image among Ecuadoran conservatives as a leftist instigator who would have done anything to undermine Febres Cordero's authority.
Despite Vallejo’s efforts, the extraordinary session held on 15 July lasted 13 hours. While Febres Cordero’s partisans defended the policy eloquently, the majority remained in opposition. Congress passed a resolution that called for the immediate withdrawal of the US troops based on the following considerations and arguments:

1. That the presence of the US forces had caused severe concern among ample sectors of the Ecuadoran population;

2. that the “Memorandum of Understanding” on which this presence was based was in violation of Ecuador’s Constitution and Administrative Code;

3. that no Ecuadoran law allowed for the presence of foreign troops on Ecuadoran soil under any circumstances, and that even foreign aircraft were disallowed from flying over Ecuadoran territory without the express permission of the Ministry of Foreign Relations;

4. that it was unacceptable that foreign troops could enter and leave Ecuador freely, without submitting to immigration procedures;

5. that it was detrimental to international relations that the foreign assistance to a country devastated by a natural disaster would take the form of military exercises;

6. that the presence of foreign military troops added elements of tension to the current domestic political situation, particularly given that the country was on the verge of beginning an electoral campaign; and

7. that the Corp of Engineers of Ecuador’s Armed Forces was sufficiently capable of constructing this type of road.

The document added that the work completed in the two months since the May arrival of the troops was insignificant and that no transfer of technology to Ecuador had occurred. Indeed, the document stated, Ecuador’s military had supplied the US troops with valuable experience in construction in jungle terrain. The Congress further reminded the Administration
that the US could not be trusted to uphold its treaty commitments with Latin America, citing particularly Washington's failure to support Argentina during the Malvinas War. In other fora, including Congressional debate, internal Congressional documents and public pronouncements, members cited more serious concerns. Included were references to Washington's desire to open a School for the Americas in Ecuador to replace the one which had closed in Panama. There were also accusations that the US was using this opportunity to train its troops in anti-narcotic and counterinsurgency tactics (Hoy 1987c). Opposition bloc member Rene Vargas spoke extensively during the extraordinary session on the excessive cost of Ecuador's supplying fuel and other supplies to such an ill conceived project. Vargas is a former high ranking officer in the Ecuadoran military and brother of Frank Vargas, who led the military coup attempt and kidnapping of Febres Cordero earlier the same year. As such, his message carried particular impact.

An internal Congressional document further articulated Congress' fears that the proposed road project was merely a front for a training mission in which US troops would prepare themselves for warfare throughout the Andes. Evidence cited included the fact that the proposed road site had specifically been rejected by Ecuador's Ministry of Public Works as too soft terrain. Also, the road connected rather small towns. If the US troops were sincerely concerned with aiding Ecuador, why, the document asked, did they not build a road to connect larger population centers that had been left isolated by the earthquake? The Black Hawk helicopters incited particular consternation. The document concluded in accusing the US of using the operation to establish a base in Ecuador from which, in case of a leftist presidential victory the following year, the US could initiate battles if necessary. These more radical explanations of the US presence were largely left out of the Congressional resolution, but maintained high visibility in public debate.
Febres Cordero did have supporters in the Congress. The vote to expel the US troops was not overwhelming, with 35 votes in favor and 28 opposed. Dissenters included FRA, CFP, and of course the President's own Social Christian party (El Comercio 1987h). Guayas Provincial deputy and member of the Committee on International Affairs, Nicolas Lapentty, had argued strongly that the Committee's report was illegal, given that some Committee members had not participated in its formulation. As such, Lapentty argued, the Congressional resolution based on information from the Committee report was also void. His arguments were not heeded, but gained significant publicity in Quito's most widely read newspaper, El Comercio. The newspaper consistently supported Blazing Trails and accused Vallejo of bending to pressure from "communists and pro-communists" when he agreed to call the extraordinary session (El Comercio 1987f).

This limited support was not enough to turn the tide of Congressional or public sentiment in favor of Blazing Trails, however. The problem was further complicated for the President when the Tribunal of Constitutional Guarantees (TGC) met the day after the Congressional session to look into the constitutional status of the presence of the troops and the decision to allow their stay in Ecuador. The TGC censured Febres Cordero and Foreign Minister Rafael García Velasco for having violated the Constitution in allowing foreign troops on Ecuadoran territory. The Tribunal did not censure the Defense Minster, citing the executive's responsibility to oversee this type of operation (El Comercio 1987j).

Facing a national mandate for the troops' expulsion, US ambassador Fernando Rondón stated that, out of respect for democracy, they would leave when their contract expired in November if that was what the Ecuadoran people truly desired (El Comercio 1987d; Hoy 1987b). Rondón did not offer to dismiss the troops immediately, which was what the Congress, the TGC, and organized opposition groups had specifically stated was their desire. Rondón also added that
the troops would have liked to remain beyond November in order to complete a larger section of road and would be willing to return if the political climate were more favorable to their presence the following year (Little 1988: 12).

Charges that the troops’ mission was to build a School for the Americas, train for jungle warfare, and establish a military presence in the Andes were never verified. In the absence of US military documents, it is difficult to ascertain if the Pentagon secretly used Blazing Trails for other than the expressed purposes. There is no mention of any suspicious proposals or plans in the agreement signed between the US and Ecuadoran military officials. Ambassador Rondón concedes that "from a training and logistical point of view, (Blazing Trails) was invaluable for the US military." The harsh conditions in the Ecuadoran jungle were difficult to replicate in the United States and therefore provided the soldiers with unique challenges and experience. He nonetheless describes claims that US troops were performing secret projects as "so ridiculous" that they do not merit a response (Rondón 1991).

However, placing the operation in historical context does lend credence to theories suggesting Blazing Trails was more than a construction project. Given the history of US covert and overt intervention in Latin America, as well as the more immediate circumstances surrounding the Blazing Trails operation, it is not unreasonable for Ecuadorans to believe that Blazing Trails was a front for a strategic or intelligence operation. At least two interrelated and plausible scenarios regarding US intentions emerge. First, Blazing Trails, although officially established as a six month operation, could have been conceived as the initiation of a long term US presence in the Andes. Geographically, Ecuador lies between Colombia and Peru. Colombia throughout the 1980s was besieged by leftist guerrillas and increasingly violent and powerful drug cartels. The Peruvian military, despite significant exertion and fire power, was losing its battle with the Shining Path and Tupac Amaru insurgents. Ecuador itself was experiencing a rise in
guerrilla activity with the recent arrival of the Alfaro Vive Carajo (AVC) insurgent force. The Ecuadorian jungle provided the US military with a strategically critical location from which to examine the Andean situation, train troops in counterinsurgency tactics, or prepare for intervention (Little 1988: 12). Blazing Trails could operate as a testing ground by which US planners analyzed the environmental and political climate for an extended US military presence in Ecuador.

Second, Blazing Trails formed part of a historical trend by which the US established a low level military presence in Latin America. A similar road project had taken place in Honduras three years before. The Blazing Trails code name had been used in a US war games operation in Panama in 1985. Like Ecuador's Blazing Trails, the Honduras and Panama ventures employed US National Guard troops. Road construction and other "humanitarian" projects, also form part of the Pentagon's low intensity conflict strategy. Cognizant that conventional military confrontations in Latin America were improbable, US military planners developed the low intensity conflict strategy to defeat the more likely and less visible opponent of leftist guerrillas (Salmon 1990). Included in the political, economic, psychological and military strategies employed in low intensity conflict are development projects aimed at winning "the hearts and minds" of local populations. The Alliance for Progress employed a similar tactic in the 1960s. US aid had funded development projects, the primary objective of which was to improve Latin Americans' standard of living and thereby weaken their vulnerability to communist influence. The construction project in Ecuador conforms with the "humanitarian" assistance component of low intensity conflict strategy. It is essential to remember, however, that the primary goal of the strategy is not development, but the enemy's defeat. A US Army Colonel describes low intensity conflict as "total war at the grassroots level" (quoted in Salmon 1990: 2). A Coordinator of Missouri's National Guard Clearinghouse, echoed that sentiment in 1988, reminding us that "the
real business of the guard troops in Central America is counterinsurgency and the US
militarization of the region" (quoted in Little 1988: 12). Central America was the focus of much
public attention in the US throughout the 1980s. However, the US military was also acutely
aware of leftist movements throughout the South American continent, particularly in the Andes
where AVC had recently surfaced and Colombian and Peruvian guerrillas already flourished.
Blazing Trails could have been part of a US low intensity conflict strategy to confront these
groups.

National Guard and Reserve troops were especially well suited to these types of projects.
Because these troops' mission in Ecuador was defined in the US as "training," the Reagan
Administration did not need specific Congressional approval for their deployment. Furthermore,
in August 1986, Congress passed the Montgomery Amendment which revoked the power of state
governors to deny federal requests for National Guard deployments overseas (Little 1988: 12).

If it is difficult to know the Pentagon's plans in Ecuador, it is similarly difficult to gauge
the extent of its commitment to the project. On one hand, the US did not comply with the
Ecuadoran Congressional call for an immediate withdrawal. On the other hand, US Ambassador
Rondón did not insist on the troops' remaining in Ecuador beyond November, although he had
expressed his wish that they would. This limited commitment could be a sign either that the
operation was designed solely as a construction project and nothing more, or that the US had
learned that Ecuador's jungle zone was an inhospitable territory in which to carry out strategic
operations.2 Blazing Trails was a failure from any standpoint. As road builders, the troops
completed only six kilometers, spending most of their time stuck in the mud. As initiators of an

2 Rondón was clearly the most visible and vocal advocate for the United States throughout Blazing
Trails. However, if the US had been using the operation for purposes other than road
construction, it is possible that Rondón was unaware of it. The US Ambassador is not always told
about covert operations. For an example in the Ecuadoran case, see Agee (1975: 106-316) and
extended US military presence, they failed, having established no training center or regional listening post. Their short stay and limited success also made it impossible to win the hearts and minds of the local population.

Rondón made it clear he would not press for the troops to stay without support from Ecuador’s executive branch. By the middle of July, Febres Cordero was faced with a Congressional resolution and TGC censure. Both bodies demanded the immediate withdrawal of the Blazing Trails troops. The President was faced with three options: call for the troops’ withdrawal; allow the troops to remain until the contract expired in November; or arrange with the US an agreement allowing the troops to remain beyond November. Febres Cordero chose the second option, announcing that the troops would leave by the designated date, 16 November 1987. Not once, of course, did the President make it appear that this was any type of concession. He publicly criticized Congress, declaring that the legislative body had no constitutional basis for action in this area (El Comercio 1987i). This claim was made in spite of the Constitutional Tribunal’s ruling against Febres Cordero. Since July 1987, Febres Cordero has called his Congressional opponents on this issue "communists" who would undermine the development of Ecuador to further their wicked interests. He denies that his decision against extending the stay of the troops was a submission to domestic pressure. It was exactly because he would not bend to his Congressional opponents on issues such as this, Febres Cordero claims, that they made his life miserable throughout his administration (Febres Cordero 1991).

His cabinet fully supported Febres Cordero. Foreign Minister García acted as an eloquent and persistent Administration spokesperson in Congress and the TGC. García sent numerous letters to Congress reminding its members of the executive’s right to design and implement foreign policy. He gave a detailed speech to the TGC, in which he argued that Blazing Trails was neither illegal nor an offense to national sovereignty according to the
Constitution (El Comercio 1987e). The Defense Ministry did its part when called upon, but otherwise participated little in the defense of its own project. When requested by Congress, Defense Minister Salazar Navas wrote a letter of justification for the US troops’ presence. He cited the military’s constitutional role in national development as well as treaties of mutual assistance and cooperation Ecuador had signed with the US. For the most part, however, the Defense Ministry, consistent with its recent tendency to stay out of visible political debates, was willing to allow the executive and the Foreign Ministry to lobby for Blazing Trails. Because Febres Cordero was committed to the program and in full agreement with the Defense Ministry on this issue, the Generals had little to gain by directly intervening in the controversy. Key players in the Administration were so united on their position that the US troops should not be expelled, that Congressional President Vallejo appealed directly to the US government for their dismissal. Vallejo explained that Congress fully expected Febres Cordero to ignore its order and it was therefore necessary to take it upon himself to see that the US understood Congressional opinion (El Comercio 1987b).

IV. EXAMINATION OF THE DECISION

There is no obvious victor in the battle over Blazing Trails. Opponents of the Administration claim they forced Febres Cordero to expel the troops. Febres Cordero counters that he remained committed to the original agreement and did not submit to domestic pressure. The executive decision to allow the troops to stay until, but not beyond, November 1987 was somewhat of a compromise. It reflected a balance of power between a strong executive and a very vocal opposition Congress. Febres Cordero’s strength was born in his constitutional privilege to foreign policy design and implementation and his willingness to disregard Congressional votes against him. Congress, on the other hand, was able to stir significant
amounts of anti-Administration publicity. During the same month Congress called for the troops' dismissal, Congressional Vice President Enrique Ayala went on an anti-Febres Cordero campaign throughout Europe. Ayala warned his European hosts that Febres Cordero was an autocrat and leader of the "most corrupt regime in history." He added that Febres Cordero was unlikely to cede power if the victorious candidate in the following year's presidential elections were not to his liking (El Comercio 1987c).

A. Febres Cordero's victory

Febres Cordero's victory was in his defiance of the immediate-withdrawal order. Even in facing the Congressional and TGC resolutions, this decision was not as difficult as it appeared, for three reasons. First, as is discussed in more detail below, the relationship between Febres Cordero and Congress was extremely strained by 1987. Congressional condemnation of the executive's policies was as expected as Febres Cordero’s disregard of it (Corkill and Cubitt 1988: 94-95). Febres Cordero had learned that he could ignore Congressional resolutions with little or no consequence. Later the same year, for example, Congress impeached Febres Cordero's Interior Minister and voted to dismiss him. Febres Cordero simply ignored the procedure and vetoed the act to expel the minister (EIU 1987: 3; Conaghan et al. 1990: 21). Thus Febres Cordero was reasonably confident that he could defy the Congressional order with impunity.

Second, few Congressional members were sufficiently committed to the troops' immediate expulsion to pursue the issue. Once satisfied that the troops would leave in November, most legislators turned to other projects. The only remaining political actors strongly committed to

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3 Ayala was proved wrong. Ecuador in 1988 experienced a peaceful transition of executive power. Rodrigo Borja, the incoming President, is intensely hated and mistrusted by Febres Cordero. While Febres Cordero did not disrupt the transition, it is widely believed that his irresponsible economic behavior in the last year of his administration was done in part out of a desire to make governing difficult for his successor.
the troops' withdrawal were leftist groups operating outside of Congress. These groups carry little influence in Ecuadoran politics in general, and were particularly weak during the Febres Cordero Administration. As a Ministry of Foreign Relations official explains, the left in Ecuador has a great capacity to mobilize around issues concerning national sovereignty and US imperialism. However, policies on these politically charged issues have little impact on the more critical matters of economic development and survival. The Febres Cordero Administration was therefore willing to allow leftist protest against Blazing Trails. The opposition could be readily ignored and even served the purpose of distracting attention away from the dismal economic conditions Ecuador suffered throughout 1987 (Carrión 1991).

Finally, Febres Cordero's decision not to expel the troops was facilitated by Congress' failure to provide any concrete evidence for its accusations. Charges that the troops were planning a School for the Americas and training in jungle tactics lost force in the absence of proof. When Rene Vargas, perhaps Febres Cordero's most forceful opponent on Blazing Trails in Congress, was asked to provide evidence for his accusations, he resorted to shaky reasoning. The evidence, Vargas asserted, lay in the fact that the troops had achieved so little in the two months they had been working in Napo Province. They were therefore obviously spending their time on other projects (El Comercio 1987). The simple counter argument was that the working conditions were so poor and the US troops so unaccustomed to the jungle heat and rain, that their work progressed very slowly. The Administration had also allowed members of the press and of Congress to visit the work site. That they could travel freely to the area denied opponents the opportunity to claim Febres Cordero was hiding a covert operation from them. They also returned without a shred of evidence that would support their claims. The lack of evidence equipped Febres Cordero with strong ammunition with which to combat his opponents on Blazing Trails.
B. Congress' victory

Despite Febres Cordero's achievements, Congress accomplished a great deal as well. Indeed, Febres Cordero agreed to dismiss the troops in November despite the factors bolstering his position described in the preceding section. The victory of Congress and other opponents on this issue was Febres Cordero's failure to extend the US troops' stay. Despite the road's unfinished status and an offer from the US for the troops to remain, Febres Cordero announced in July of 1987 that the troops would leave in November. The President's compromise on this point should not be underestimated. Ambassador Rondón explains that the limited success on the road was a function of the troops' needing to adjust to difficult working conditions. Ecuadoran and US military planners both felt the project was improving with time and should be extended. An extension beyond November would also allow the project to be undertaken during Ecuador's dry season, significantly increasing its chances for completion. Rondón admits that "because of the political controversy," the US decided to leave in November and that he was very disappointed that the mission was not extended (Rondón 1991). That Congressional opposition to Blazing Trails ceased once Febres Cordero had promised the troops would leave in November indicates that Congress' primary concern was that the US not establish an extended presence in Ecuador. Congress achieved a significant victory in creating a hostile political environment to US military operations. That victory denied that Blazing Trails could act as the precursor to future US military maneuvers. Congress thus achieved its strongest objective even though it had no proof to back up its claims that Blazing Trails was more than a construction project.

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Former President Febres Cordero claims that a US military officer working in the jungle told him that the conditions in Ecuador were worse than he had faced in Vietnam (Febres Cordero 1991).
V. CONSEQUENCES

The political consequences were minor for all parties involved. The Blazing Trails controversy was one scene in the tense confrontation between the executive and legislative branches. By mid-1987, that confrontation was public and active. Ambassador Rondón described the political climate a "ballistic" (Rondón 1991). Thus it was expected that Congress would oppose Febres Cordero, particularly on a subject related to his strong relationship with the Reagan Administration. As he neared the end of his term, Febres Cordero demonstrated an increasing tendency to ignore Congressional opposition, exemplified in his direct defiance of the resolution calling for the troops' expulsion. Congress, reasonably satisfied in having publicly embarrassed the president and reassured that the troops would not remain beyond November, saw little political profit to be gained by continuing the debate. The matter was essentially abandoned two weeks after the Congressional resolution had been signed. Fernando Guerrero, chair of the Special Committee on International Affairs and a leader of the opposition to the policy, publicly agreed on 23 July that the matter was "concluded" (El Comercio 1987m). The incident had few observable effects beyond increased hostility between the executive and legislative branches.

The episode also produced no discernible damage to US-Ecuadoran military or diplomatic relations. There is no evidence that the US punished Ecuador in any way. Beyond Ambassador Rondón's expressions of discouragement and frustration, the US expressed no public disappointment or anger over the Congressional decision to expel the troops. This perhaps is attributed to the fact that the jungle road construction was an extremely difficult and laborious task to which the troops were not accustomed (Carrión 1991). Also helpful was Congress' express assertions that its actions were not directed at insulting or undermining the US in any way. Juan Pablo Moncagatta, DP's national Vice President and leader in the anti-Blazing Trails campaign, made clear in his speeches that the Congress' desire to expel the troops had nothing
to do with Ecuador’s relations with the US. It was simply a matter of maintaining national sovereignty. Moncagatta went so far as to liken the situation to the Thirteen Colonies’ attempts to expel British troops from American soil in 1774 (El Comercio 1987g). Given that the Colonies, not a sovereign state at the time, deliberately acted with hostility towards Britain makes Moncagatta’s analogy rather weak. Nonetheless, while Moncagatta’s interpretation is perhaps farfetched, his desire not to inflame US wrath cannot be questioned.

The most significant consequence of the Blazing Trails debate is the improbability that US troops will return to Ecuadoran soil. The political difficulties associated with the road construction project were sufficient to convince future administrations that the costs of hosting US troops in Ecuador outweigh the benefits. US military assistance will most likely remain in the form of financial aid and limited participation of military advisers. Ecuadoran laws guard against extensive presence of foreign troops. For example, when the US lends aircraft, they must be piloted by Ecuadorans (Carrión 1991). The Blazing Trails experience has increased the resolve of all but the most right-wing political parties to prevent direct US military intervention in Ecuador. Even as US efforts against drug trafficking in South America become increasingly militarized (Wiarda 1990: 4), Ecuadoran political leaders remain determined that only national forces will operate on national territory.

VI. THEORETICAL APPLICATION

This section applies two distinct decisions to the six theories reviewed in this study. First, the decision to bring the US troops to Ecuador to work on the road is considered. This was a primarily elite decision made by high-ranking official in the US and Ecuador. Second, Febres Cordero’s decision that the troops would remain until, but not beyond November 1987
is applied. This second decision reveals a different theoretical profile because it was subject to intense domestic political debate.

A. Compliance

Neither the decision to allow the Blazing Trails troops into Ecuador nor the decision to permit them to remain until the contract expired in November resembles the compliance model of dependent foreign policy. The conflict of interest required of this theoretical approach did not exist between the Febres Cordero and Reagan Administrations on the Blazing Trails initiative. While the project was salient to both parties, there was no need for pressure from the United States to initiate the project because the Ecuadoran government fully agreed with the idea.

There was, however, a conflict of interest on the troops' dismissal. Fernando Rondón made clear to Congress his desire that the troops remain to finish the project. Nonetheless, there is no evidence that he pressured Febres Cordero to keep the troops beyond November. Most importantly, the US position was not implemented.

B. Consensus

Consensus explains well the Blazing Trails initiative. The policy was overwhelmingly marked by a sense of mutual benefit and cooperation. There was a coincidence of opinion between policy makers in the US and in Ecuador on the desirability of Blazing Trails. Members of the Febres Cordero Administration as well as US military commanders and Ambassador Rondón agreed that US military participation in a development project in Ecuador was appropriate and mutually beneficial. Febres Cordero was delighted to have US aid in the road construction project. He remains angry and frustrated with those that would reject such aid simply because it involved a presence of US troops (Febres Cordero 1991). Febres Cordero's
approach to insurgency in Ecuador also concurred with the LIC strategy employed by the US. Febres Cordero had announced a total war on the emergent guerrilla force, AVC (Martz 1986: B115). In a 1985 speech, the president linked the guerrillas to drug trafficking activities and urged the country to work with "countries like the United States, of whose leadership in this battle we should take advantage". He then publicly thanked the US Drug Enforcement Agency for pursuing joint activities with Ecuador that would eliminate drug trafficking and related illegal activities (SENDIP 1987a: 197-98). Febres Cordero appreciated and encouraged any contribution the US military presence could make to the anti-insurgent effort.

Did the Blazing Trails initiative benefit Ecuadoran economic elites as consensus would predict? It is somewhat difficult to ascertain the views and influence of the capitalist class. There is no evidence that economic elites influenced the decision making process in any direct way. The Chambers of Production, owing to their claims as apolitical organizations, did not involve themselves, at least publicly, in the decision or the national debate. There is little reason to believe that a road in a poor section of Napo Province would materially benefit elites in the short term. Ecuador’s Ministry of Public Works, sometimes accused of corruption in designing its development projects, had not recommended the site chosen by the US (Little 1988: 12). The proposed road connected poor and isolated communities. In the long term, however, elites could have expected to prosper from the development project. The road opened up oil rich Oriente territory to further agricultural and petroleum exploitation which could provide considerable profits for Ecuadoran investors at a future date. Most economic elites, anti-communist and very suspicious of leftist organizations, also would have supported counterinsurgency activities in the jungle, particularly when funded by the US. That popular groups opposed the project provides some evidence of its elitism. Even Indians’ rights organizations believed that the road’s intended
beneficiaries were multinational corporations, rather than local populations. Such opposition from popular groups is expected of a consensus-based policy designed by elites.

Consensus does not explain the President's decision to dismiss the troops in November. True, there was agreement between the US, as represented by Ambassador Rondón, and Ecuador, as represented by Febres Cordero, that the troops should not remain beyond November. However, this decision did not reflect their policy preferences, but instead was a joint decision made out of their sensitivities to the domestic political situation. Furthermore, the decision to dismiss the troops made impossible the road's completion, erasing any benefits that Ecuadoran elites hoped to derive from the project.

C. Counterdependence

The Blazing Trails initiative did not fulfill the most important criterion of a counterdependent foreign policy: that it be designed to reduce Ecuador's dependence on the US. Febres Cordero's opponents who called for the immediate withdrawal of the troops in the name of Ecuadoran sovereignty certainly wished for a more counterdependent policy. Febres Cordero's initiative directly defied those wishes.

On the other hand, Febres Cordero's failure to extend the troops' stay is an example of counterdependence. The President yielded to the intense domestic opposition calling for a more counterdependent foreign policy. Repeatedly, opponents of Blazing Trails criticized the operation for undermining Ecuadoran sovereignty and strengthening the country's dependence on the US (Carrión 1991; Morejón 1991: 1). The Congressional resolution calling for the troops' immediate withdrawal was replete with references to Ecuador's diminished sovereignty and autonomy resulting from the presence of foreign troops on Ecuadoran soil. Administration opponents' prioritized the restoration of Ecuadoran sovereignty over any development benefits the Blazing
Trails operation might have produced. The decision against extending the troops' stay was counterdependent in that Febres Cordero implemented the policy to placate those who sought a more independent and anti-imperialist foreign policy.

D. Realism

As conceived by the US and Ecuadoran Governments, Blazing Trails was a development project. It was originally designed to develop the coastal region, and then modified to restore and develop the Orienté region damaged by the earthquakes. The operation conformed with the road construction plans Febres Cordero had emphasized since the early days of his administration. Speaking in the Orienté region in November of 1984, Febres Cordero announced a detailed and extensive development project for Napo Province, including a network of roads and railways (SENDIP 1987a: 16). In his annual address to the nation in 1985, Febres Cordero spent considerable time on the details of road construction successes and plans. He also pointed out the military's role in national development projects (SENDIP 1987b: 36-38; 61-62). The fact that the designers of the road worked in conjunction with Ecuador's Ministry of Public Works further adds to its credibility as a development operation. Once the policy came under public criticism, members of the Administration repeatedly reminded their opponents that one of the constitutional duties of the Ecuadoran military is to participate in development projects. Hence, Febres Cordero could not be criticized for fabricating a commitment to road construction in Napo, having demonstrated that commitment throughout his years as president. There is therefore ample evidence supporting the theory that the Blazing Trails initiative was designed to further Ecuador's development.

Does the decision to invite the troops fit the condition that Ecuador not commit resources it does not have? This is more difficult to determine. The fact that Congress and other domestic
groups were able to force Febres Cordero to dismiss the troops suggests that Febres Cordero overcommitted his own Administration's resources in initiating Blazing Trails. Important to remember, however, is that the initial operation was planned for six months, and was completed. Febres Cordero was able to carry out the mission with the resources he committed. The initiative therefore conforms with this realist condition.

The resource commitment criterion also holds for the decision to dismiss the troops. The Administration had to commit no resources towards the troops' dismissal other than to explain the situation to US officials. However, Febres Cordero's decision to dismiss the troops in November is not supported by references to development. Caught up in political polemics, Febres Cordero referred more to his resolve to see the policy to its end, than to its development prospects. The troops' dismissal guaranteed that Blazing Trails would achieve very little in the way of development. The President's failure to extend their stay demonstrates that he was motivated not by development but by a concern for domestic politics. Nor can realism explain the domestic opposition's motives. Congress members and other critics of the policy made no reference to enhanced regional prestige that might result from the troops' ouster. Rather, the opposition sought the troops' dismissal in order to win a political victory against the Administration and to reassert Ecuador's foreign policy autonomy.

E. Leader preferences

The Blazing Trails initiative certainly conforms with the theory linking leader preferences to foreign policy behavior. Febres Cordero had demonstrated a commitment to development and anti-insurgency in the region. He had also previously reminded the nation that those projects should involve both Ecuador's military and representatives from US organizations. The means and ends of Blazing Trails clearly corresponded with Febres Cordero's views on development
projects and international assistance. He also remained actively involved in the issue once it began to stir controversy. Febres Cordero personally and vehemently responded to his critics throughout the heated debate and stood firm in his decision that the troops would remain until the contract expired. His cabinet's loyalty provides further evidence that Febres Cordero remained in control of the policy. Members of the Administration, particularly the Foreign Minister, joined the executive in defending the troops' presence in Ecuador. Finally, Febres Cordero firmly resisted the opposition's call for the troops' immediate withdrawal. This last point is particularly important given the weight of that opposition. Not only did the executive withstand demands from private political groups, he blatantly defied motions from the Congress and the Constitutional Tribunal.

The only weak point in this case's applicability to the leader preferences theory is that Febres Cordero most likely did not originally initiate Blazing Trails. It is somewhat unclear in which camp the proposal for the project began. The Memorandum signed by both militaries makes no reference to the initiator. Febres Cordero's critics claim that he "invited" the US troops (Hurtado 1991; Salvador 1991). However, Febres Cordero explains that it was a North American initiative with which he completely agreed and in which he had total confidence (Febres Cordero 1991). The Congress' internal documents claim that Ambassador Rondón was the first to present the proposal. It was George Bush who officially suggested that the project move to the Oriente after the March earthquakes. Other evidence supports the view that the US first proposed Blazing Trails. Febres Cordero's opponents have consistently criticized him as too close to the Reagan Administration. In the absence of any clear information on who initiated the project, the opposition would tend to assume it was Febres Cordero. However, it is unlikely that Febres Cordero would have thought of inviting US military personnel to participate in a development project. US troops had not before been involved in development projects in South
America. Although a similar project had taken place in Honduras three years earlier, that operation was easily explained as part of the US commitment to fighting insurgency and communism in Central America. There was little reason for Febres Cordero to believe the US would have sent troops to fight insurgency in Ecuador when no US forces had arrived in Colombia or Peru to battle insurgents that were clearly a greater threat than those recently emerged in Ecuador. Additionally, had the initiative come from Febres Cordero, he would assuredly acknowledge it. Never one to be coy about his political ventures, Febres Cordero assumed full responsibility for supporting the policy. He undoubtedly would be delighted to claim the idea for Blazing Trails had it originated in his office.

The fact that the policy initiative came from the United States damages only slightly this case’s applicability to the leader preference-based theory. An understanding of President Febres Cordero is crucial to explain the Blazing Trails initiative. Once the US had proposed the operation, Febres Cordero became an active and committed participant in the policy because it so clearly conformed with his ideology and style. Furthermore, the policy could not have gone forward without his approval.

The President’s decision to keep the troops until November did not conform with his preferences. Febres Cordero’s refusal to expel the US forces in July 1987 as his opponents demanded appears to be an indication that the policy remained under the executive’s control despite widespread opposition. However, Febres Cordero did submit to domestic rivals in not extending Blazing Trails beyond November. That the troops were required to leave denied Febres Cordero the fulfillment of his goal of completing the project. Leader preferences fails to account for the President’s significant compromise.
F. Domestic politics

It is difficult to determine whether a relevant domestic political actor maintained a policy preference in the Blazing Trails initiative. Because the policy was conceived behind closed doors, domestic groups had no opportunity to develop or to express an opinion. There is clearly no evidence that the regime, in designing the operation, considered potential criticism from domestic opponents. The fact that the agreement between the Pentagon and Ecuador's Ministry of Defense was never subject to public debate became one of the opposition's primary complaints against the policy. The question, then, is whether Febres Cordero submitted to opposition in his decision not to extend the troops' stay. There is significant evidence that he did. First, Ambassador Rondón stated clearly that the disappointing decision against extending the project was a response to the "political controversy." Rondón remains extremely bitter over the Congress' handling of Blazing Trails, stating that Congressional members "demonstrated so much immaturity" and prevented the US from helping Ecuador (Rondón 1991). Second, the opposition significantly subdued its barrage against Febres Cordero on Blazing Trails once the President promised the troops would leave in November. This demonstrated that Congress was most concerned that the US not establish an extended presence in Ecuador, a presence Febres Cordero would happily have accepted. Febres Cordero's dismissal of the troops therefore subordinated his own desire to that of his opponents. That the president refused to dismiss the troops immediately allowed him to camouflage his compromise on the more important issue to Congress. The most enduring effect of the Blazing Trails experience is that US troops will almost assuredly not return to Ecuador. Hence, Febres Cordero's opponents achieved a great deal.
VII. CONCLUSION

Table 12 details the applicability of the six theories to Blazing Trails initiative and the decision to dismiss the troops at the end of their six-month contract. Which of the theories reviewed best explains the Blazing Trails initiative? Table 12 demonstrates that three of the six can account for the foreign policy behavior exhibited: consensus, realism, and leader preferences. The reason that three interpretations simultaneously explain the initiative lies in the fact that their defining components do not conflict. Ecuador developed a policy, which concurrently served the interests of the executive, the US and development. Febres Cordero fits ideally with the consensus description of most Latin American elites as confidants in a North-South agreement. In this case, he could serve that agreement while also implementing his own preferences and furthering national development.

TABLE 12: DO THESE THEORIES EXPLAIN THE TWO BLAZING TRAILS DECISIONS?

<table>
<thead>
<tr>
<th></th>
<th>Compliance</th>
<th>Consensus</th>
<th>Counter-dependence</th>
<th>Realism</th>
<th>Leader Preferences</th>
<th>Domestic Politics</th>
</tr>
</thead>
<tbody>
<tr>
<td>Initiative</td>
<td>no</td>
<td>yes</td>
<td>no</td>
<td>yes</td>
<td>yes</td>
<td>no</td>
</tr>
<tr>
<td>Dismiss in November</td>
<td>no</td>
<td>no</td>
<td>yes</td>
<td>no</td>
<td>no</td>
<td>yes</td>
</tr>
</tbody>
</table>

Consensus performs best in that it alone can account for the initiative. Consensus theorists concerned with foreign policy expect that core and peripheral leaders will agree on foreign policy principles and therefore develop similar and cooperative policies. Blazing Trails conforms to this description well. Military and civilian leaders in the US and Ecuador saw this project as an ideal opportunity for both countries to benefit. Febres Cordero, with his personal ties to US culture and business, is an ideal-typical leader according to consensus. Unlike many
of his contemporaries in Latin America, Febres Cordero did not oppose US military presence in his country. His ideology and policy preferences conformed much more with those of US leaders. Policies like Blazing Trails are expected to emerge under the pro-US administrations that play a crucial role in dependency theory's vision of US-Latin American relations.

Leader preferences also accounts well for the initiative. Febres Cordero's philosophy was necessary for Blazing Trails to occur. US actors could propose Blazing Trails specifically because they knew that Febres Cordero would accept the idea wholeheartedly. Once the troops were in Ecuador, the President assumed personal responsibility for the policy and defended it forcefully. Leader preferences is subordinate to consensus here only because Febres Cordero did not make the first initiative and because he could not have implemented the policy alone. Blazing Trails required significant activity from the United States. However, had Febres Cordero not been president, it is very unlikely the operation would have been initiated.

Blazing Trails can certainly be interpreted as a policy-for-development, as realist theory expects leaders of an economically weak country to implement. The theory only works, however, if one focuses solely on the executive branch. While Febres Cordero appeared fully committed to development in Napo Province, numerous actors within Ecuador fiercely opposed him. Ecuador was not a unitary actor in this case. Furthermore, Febres Cordero failed to cite development as the primary reason for which he wanted to maintain the policy. Once it came under fire, his references to development goals all but disappeared. Instead, he insisted that he personally would not submit to his opponents in Congress and elsewhere in society. Even today he cites the incident as one about which he is proud for defying such intense opposition. This "personalization" of the policy undermines the realist approach. Also, a focus on development alone cannot explain the Blazing Trails initiative. Without an understanding of the Ecuadoran
leader and his relationship with the United States, realism cannot predict what type of
development policy Ecuador would have designed.

Table 12 reveals that there is no theoretical competition for explaining Febres Cordero’s
decision to allow the troops to remain only until November. Domestic political considerations
were the only force that caused the President to operate against his will. A number of factors
contributed to Febres Cordero’s willingness to dismiss the troops. Congress made Blazing Trails
a high-profile national issue. The extraordinary session and the call for the troops’ dismissal
damaged the President politically. That pressure was sufficient to make him dismiss the troops
in November, even though his friends in the US wanted them to stay. Congress was willing to
accept the troops until November because of Febres Cordero’s promise they would not remain
past that date. Having achieved its primary goal of preventing an extended US military presence
in Ecuador, the opposition eased its campaign against the Administration. Febres Cordero was
able to keep Blazing Trails alive until the end of the original contract’s terms, thereby allowing
him to save face, claiming that he had fulfilled his policy and not submitted to the opposition.
Nonetheless, the final outcome favored the opposition’s preferences over the President’s. That
the troops were not allowed to stay and are prohibited from returning is a substantial victory for
the opposition.
CHAPTER X

FEBRES CORDERO SIGNS THE OPIC AGREEMENT WITH THE UNITED STATES

I. INTRODUCTION

In November 1984, only three and one half months after assuming power, the Febres Cordero Administration signed an investment agreement with the Overseas Private Investment Corporation (OPIC). OPIC, an agency of the US government, insures private investors against investment losses in participating countries. The agreement played an important role in the Febres Cordero Administration's aggressive neo-liberal economic plan. In generating the accord with OPIC, Febres Cordero communicated to investors around the world and particularly in the United States, that Ecuador's doors were open to foreign investment.

OPIC provides risk insurance to US firms operating in less developed countries. For a modest fee, investors are protected against revolution, expropriation, nationalization and sudden shifts in currency values that could jeopardize profit returns. OPIC was ostensibly designed to generate both development in the Third World as well as growth for US-based multinational corporations. However, by the 1970s, OPIC had gained a reputation for protecting investments in well-established and low-risk industries in countries enjoying relative political stability. The Reagan Administration revived the US Government's commitment to promoting foreign investment and targeted OPIC as a primary vehicle for attaining that goal. Under Reagan, numerous OPIC agreements were signed with Third World governments. In addition to insuring
private investments, OPIC funds were also invested directly (EIU 1985a: 8; Martz 1986: B117; Molineu 1990: 99).

The agency's relationship with Ecuador began in 1955. OPIC's contracts with Ecuador and other members of the Andean Pact were nullified when in 1970 the subregional economic association implemented its controversial Statute on the Common Treatment of Foreign Capital and Technology, most commonly known as Decision 24 (Ferris 1979: 45). Among Decision 24's most restrictive regulations were the requirement that foreign enterprises become "mixed" companies (i.e., more than 51 percent controlled by local capital) and the 20 percent limit on repatriation of profits (Ferris 1979: 51-52; Cherol and Nuñez del Arco 1983: 411). Decision 24 made the investment climate sufficiently hostile to warrant OPIC's withdrawal and eventually led to Chile's departure from the Andean Pact in 1976 (Ferris 1979: 55). Febres Cordero's reinstatement of Ecuador's relationship with OPIC required that he violate Decision 24's conditions on foreign investment, an infringement the Ecuadoran president was more than willing to commit (EIU 1985a: 8; Martz 1986: B117; Molineu 1990: 99).

This chapter considers the Febres Cordero Administration's agreement with OPIC as a foreign policy event. It reveals a high degree of consensus between policy makers in the United States and Ecuador that was sufficiently strong to withstand domestic opposition. Section II reviews the policy positions of the Ecuadoran president and his key advisers involved in the OPIC agreement. This section also compares these convictions with those of policy makers in Washington. Section III reviews Ecuadoran domestic political actors' positions on the OPIC agreement. The Administration was strongly supported by the business community on this issue. Some popular groups opposed the easing of restrictions on foreign investment. However, the Administration, supported by the economic elite and strengthened by a constitutional clause providing the executive control over economic policy, was able to overcome the opposition.
Section IV details the cooperative mood that surrounded the OPIC negotiations, while Section V appraises the effects of the agreement on the Ecuadoran economy. It is demonstrated that few direct benefits can be attributed to Febres Cordero’s signing of the OPIC agreement, but that it forms part of an overall economic policy that earned him favorable treatment by the Reagan Administration. Finally, Sections VI and VII review this case in light of the foreign policy theories and explores their relative explanatory impact respectively.

II. THE FEBRES CORDERO AND REAGAN ADMINISTRATIONS

The signing of the OPIC agreement was among the first manifestations of a strong and cooperative economic and political relationship between the Reagan and Febres Cordero Administrations. That relationship was characterized by ideological concordance and mutual admiration. This section details the Reagan and Febres Cordero Administration officials’s positions on foreign investment in general, and on the OPIC agreement specifically. It reveals that leaders in both countries supported fully the OPIC signing, a consensus that led to a smooth negotiation process.

A. León Febres Cordero

President Febres Cordero’s clear support for the OPIC agreement greatly facilitated its smooth passage. This section reviews two important components of the President’s beliefs that contributed to his prioritizing an OPIC agreement: 1) his nearly unrestricted support for foreign investment in the Ecuadoran economy, and 2) his antipathy towards the Andean Pact and other multilateral efforts at economic integration.

Febres Cordero has championed foreign investment as a necessary element of economic growth for Ecuador since he entered public life. As a Congressional Deputy and leader of
Guayaquil's Chamber of Industry, Febres Cordero consistently called for the easing of restrictions on foreign investment, claiming that such investment was a more appropriate means than foreign credit for financing development (EIU 1985a: 8). In his 1984 inaugural address, the new President promised to open Ecuador's doors to foreign investment (SENDIP 1987a: 17). His 1985 Foreign Ministry report captures the Administration's policy position on foreign investment:

The policy of the Ecuadoran Government with respect to foreign investments is clear: it seeks to channel foreign investments towards Ecuador in all those areas where it is considered useful. In petroleum, mining, agro-industry, (and in) certain branches of services, (foreign investment) is considered indispensable (MRE 1985: 35).

Febres Cordero's embracing of foreign investment has been accompanied by a distrust for multilateral institutions that would seek to restrict international corporations' ability to earn and repatriate profits. Foremost among his objects of disdain was the Andean Pact, particularly its Decision 24 (Corkill and Cubitt 1988: 78; Martz 1990: 24-25). For many policy makers and analysts in the Andean region, the Andean Pact is as much a political body as an economic one. Economically, the Pact has sought to plan development and industrial projects, as well as to encourage intra-subregional trade. However, the Pact has also advanced the notion that political unity is necessary for the Andean countries to gain visibility on regional and global stages. Former Presidents Roldós and Hurtado, as well as current President Borja have often treated the Pact as a political matter, worthy of loyalty even when the economic benefits it generates are impossible to detect (Carrión 1990). For example, Roldós' Foreign Minister, Alfredo Pareja, took advantage of a 1979 Pact meeting to gain support for Roldós' human rights policy (MRE 1980: 148).

In direct contrast to his contemporaries, Febres Cordero saw the Andean Pact as merely an economic organization. He accordingly evaluated its progress solely in economic terms and
deemed that it failed miserably. He explained his frustration with the organization’s Decision 24 in a 1991 interview:

If we don’t have sufficient national funds (for investment), we have to seek out foreign capital. But the subregion was isolated by this famous leftist idea. The Decision 24 turned us into an island where nobody wanted to invest because they weren’t allowed to extract their own profits!

Febres Cordero went on to claim personal responsibility for ridding the subregion of the absurd Decision 24 ruling (Febres Cordero 1991). Indeed, the Febres Cordero Administration did lead the Andean effort at modifying the Decision 24. Ecuador under Febres Cordero signed bilateral trade agreements with Colombia, Peru and Venezuela, all members of the Andean Pact (EIU 1986: 19). Such agreements should have been unnecessary had the Andean Pact been functioning properly as a subregional trade organization. Febres Cordero’s hostility towards the Andean Pact made it quite easy for him to violate Decision 24 in signing the OPIC accords.

B. Presidential advisers

The President’s position on foreign investment was bolstered by the strong agreement of his economic and foreign policy making team. Since 1980, Febres Cordero had consulted with three members of Guayaquil’s business community who were to become the core of his future economic team and negotiators in the OPIC agreement: Carlos Julio Emanuel, Francisco Swett, and Alberto Dahik. All were trained in the US. Swett and Dahik studied at Princeton in public policy and economics respectively. Emanuel earned a Ph.D. in economics at the University of South Carolina, taught college economics in the US, and held an IMF post before returning to Ecuador (Conaghan 1989: 5; Conaghan et al. 1990; Emanuel 1991). Foreign Minister Edgar Terán, an ardent advocate of neo-liberal economic policies, also participated in the OPIC negotiations. This ideological conformity on the foreign investment issue assured President Febres Cordero that there would be no intra-Administration dissent on the OPIC matter.
Central Bank President Carlos Julio Emanuel explained the position of the Administration's economic team towards OPIC:

OPIC was a clear idea of ours. We wanted to attract foreign investment, particularly US investment, into the country. In order to do that an agreement with OPIC was necessary. The violation of Decision 24 is simply something that has to come along with that decision. We had to give special treatment to this foreign investment (Emanuel 1991).

Edgar Terán, Febres Cordero’s first Foreign Minister and a key member of the negotiation team, fully committed himself to opening Ecuador to foreign investment. As such, he opposed Decision 24, which in a 1991 interview he characterized as viciously restricting foreign investment in the following manner:

If you had to take your child to Moscow to see a medical specialist that lived only there, then you would submit yourself to all the bureaucracy of the Soviet Union in order to treat your child. But we are talking about an international market of money and investments, and if an investor can choose among Indonesia, Spain, Togo, Argentina, and Ecuador, then these countries must compete. Unfortunately, an investor won't go to the place that cries against foreign investment, that is, the place that says ‘Come, come, come, but in order to invest here you have to place 18 special requests’ (Terán 1991).

Given his commitment to a free market economy, Terán's frustration with Decision 24's constraints on foreign investment is understandable. However, his likening the Andean Pact's restrictions to the Soviet bureaucracy reflects his deep-seated resentment against the "leftists" he feels are responsible for the Decision 24. In the same interview, the former Foreign Minister expressed extreme disdain for Ecuador’s leaders in the 1970s that committed the country to the Andean Pact, referring to them as a "nucleus of Indian, dirty, sick, and ignorant integrationists who were enemies of foreign investment" (Terán 1991). Terán’s resorting to racist and other excessive adjectives again reveals what appears to be as much a personal as an ideological opposition to proponents of the Pact. Whatever the nature of his opposition to Decision 24, it is clear he was fully committed to dismantling it with measures such as the OPIC agreement.
Febres Cordero assembled a competent and ideologically consistent team of economic and diplomatic advisers that strengthened the Administration’s pro-foreign investment position. As is discussed below, this consensus generated a climate in which the OPIC negotiations proceeded efficiently.

C. The Reagan Administration

Fortunately for members of the Reagan Administration, the newly elected government in Quito proposed an economic plan that closely adhered to policy preferences advanced in 1980s Washington. The Reagan Administration had reinvigorated the concept of foreign investment as a means to economic growth and development in Latin America. During the 1970s, OPIC had suffered from a reputation of a US tax-payer subsidized insurance agency that too often covered relatively risk-free investments in the more stable countries of the Third World. Furthermore, critics cited instances in which OPIC insured luxury projects and industries that did not enhance development in the host country (Molineu 1990: 99). This reputation combined with host country restrictions on foreign investments, such as the Andean Pact’s Decision 24, to debilitate OPIC.

Determined to modify this negative image and to stimulate foreign investment in the Third World, the Reagan Administration released its "Statement of Governmental Policy on International Investment" in 1983. The document stated that direct foreign investment should be targeted as the primary source of new resources for development in the Third World and that host countries should liberalize their restrictions on such investments. OPIC was targeted as the principal means through which US foreign investment would be encouraged. OPIC required the signing of bilateral agreements with Third World governments, which were obliged to accept international arbitration in instances of disputes between investors and the host countries (White 1988: 154-55). International financial institutions such as the World Bank, the IMF and the Inter-
American Development Bank strongly supported the policy statement and implemented similar strategies themselves (White 1988: 156-57).

The Reagan Administration found in President Febres Cordero a strong supporter of its pro-foreign investment policies. The consensus between the executives in Ecuador and the US led to the signing of an OPIC agreement shortly after the new Ecuadoran President came to office. Before detailing these negotiations, a consideration of the domestic political forces influencing the OPIC policy must be considered.

III. DOMESTIC ACTORS

The Febres Cordero Administration’s ability to sign the OPIC agreement with the United States was facilitated by the domestic political atmosphere in Ecuador. The Administration’s position was strong and united, whereas domestic political opponents were relatively weak and not sufficiently committed to opposing Febres Cordero on the OPIC issue.

Febres Cordero’s most important base of support came from the country’s business community. This group had been the President’s most ardent supporter during the campaign and expected him to implement foreign investment reform. Furthermore, the business community appropriately saw León Febres Cordero "as one of their own" (Conaghan et al. 1990: 13). Both as a Congressional Deputy and as a private citizen leading Guayaquil’s Chamber of Industry, Febres Cordero had directed the business community’s opposition to the Andean Pact (Hurtado 1990; Pérez 1990; Salgado 1990). Business elites’ skepticism towards subregional economic integration was two-fold and somewhat contradictory. On one hand, they criticized the Pact’s restrictions on the flow of international funds, citing free enterprise as the guiding principle of an efficient economy. On the other hand, many individuals worried that reductions in protectionist measures within the Andean community would damage particular economic interests
(Salgado 1990). Clearly, the business community’s most fervent opposition to the Andean Pact centered on Decision 24’s restrictions on foreign investment. Ecuador’s most important negotiator in the Pact, Germánico Salgado, claims that the notion that Decision 24 prohibited foreign investors from financing projects in Ecuador is "mythology". Salgado can recall only one foreign company, Coca-Cola, that decided against investment as a result of Decision 24’s restrictions. Otherwise, Salgado adds, Decision 24 was much stronger in words than in deeds (Salgado 1990). Although in practice the restrictions may have been more diluted than they appeared on paper, Decision 24 nonetheless solidified the business community’s opposition to the Andean Pact (Conaghan 1988: 91-93). This group was therefore delighted when Febres Cordero was elected to the presidency. The Chambers of Production, the primary vehicles of communication for Ecuador’s business community, repeatedly stressed their support for the Administration’s pro-investment policy positions (see, e.g., CIG 1985; CIP 1987: 13-15; Pallares 1991).

Ecuador’s student and labor groups were Febres Cordero’s most vocal non-governmental opponents to foreign investment. However, these groups’ ability to effect policy changes was "stunted by a combination of internal weaknesses within the movements and the enormous institutional and political powers accrued by the neoliberal teams" (Conaghan et al. 1990: 24). As has been argued elsewhere in this study, student groups rarely garnered the authority or organization to achieve policy modification. Labor groups’ protests in the early months of the Febres Cordero Administration were met with harsh measures by the Administration. The Frente Unitario de Trabajadores (FUT), the largest and most visible labor organization, was already weakened by internal divisions when it launched its offensive against various aspects of the Febres Cordero Administration’s neoliberal economic program. Febres Cordero successfully
used the National Police as well as Army troops to put down FUT protests (Conaghan et al. 1990: 25).

Febres Cordero was also opposed by Congress’ Bloque Progresista (BP), a coalition of anti-Administration forces that vowed to oppose the President’s economic restructuring (Conaghan 1989: 6). Despite its majority in Congress, BP was unable to halt the OPIC signing. A number of factors explain Febres Cordero’s successful resistance to pressure against his signing the OPIC agreement from Congressional and other sources. First, Febres Cordero and his team negotiated and signed the OPIC agreement so swiftly that the opposition forces had little time to organize against it. Second, the force behind the Administration’s desire to sign the agreement, combined with strong support from economic elites, increased its ability to resist opponents. As Febres Cordero’s Central Bank President Chief, Carlos Julio Emanuel explained,

(Congress and other leftists) criticized the agreement with OPIC, but that didn’t influence our decision because Febres Cordero was clear on what he wanted to do. He wanted to open up the country to foreign investment (Emanuel 1991).

Former President Febres Cordero explained his Administration’s ability to proceed with the policy in the face of opposition in a similar way:

The opposition reacted to the OPIC signing with the typical reactions of the left. These we all know from memory. They are responses that are prefabricated in the communist centers of the world. But the government has to assume its responsibilities, and it must confront its problems and resolve them in the face of such opposition (Febres Cordero 1991).

The Administration’s strong sense of mission and disdain for the opposition decreased its vulnerability to detractors’ criticisms.

A third factor that contributed to Febres Cordero’s ability to implement the policy is the opposition’s relatively weak commitment to opposing the OPIC agreement specifically. Labor, student groups and the Bloque Progresista made general commitments to opposing the Administration’s general economic program, but did not target its foreign investment component.
In fact, the country had become accustomed to the idea that foreign investment was a perhaps unfortunate necessity to help Ecuador recover from its economic crisis (White 1988). Even President Hurtado, an economic nationalist, had promoted foreign investment in the country's most precious petroleum industry (see chapter six). Febres Cordero's opponents focused on aspects of the economic plan more likely to affect Ecuadorans' standard of living most directly, namely currency devaluations and the lifting of subsidies on basic consumer goods and services. The OPIC agreement was comparably less threatening.

Finally, the Febres Cordero Administration skillfully employed constitutional measures to insulate its economic policy from Congressional scrutiny. The 1978 constitution allowed the executive to implement economic policy by decree. If Congress did not revoke the decree within 15 days, it became law (Conaghan 1989: 8; Conaghan et al. 1990: 20). Furthermore, although Congress repeatedly attempted to legislate economic policy, the Administration refused to submit any authority in this area. As Finance Minister Swett explained, "the President vetoed every decision of the Congress that ran contrary to the aim of reordering the economy" (quoted in Conaghan 1989: 9). Within this hostile executive-legislative climate, Congressional Deputies did not deem it worthy of their efforts to attempt to block the OPIC agreement. Febres Cordero's non-compromising approach earned him a reputation as a "civilian dictator" and the leader of a "Rambocracy," but succeeded in enabling the implementation of his economic program (Conaghan 1989: 7).

IV. THE NEGOTIATIONS

The regional atmosphere towards investment facilitated the Reagan Administration's fostering of foreign investment in Latin America. The 1980s economic crisis forced Latin American leaders to reevaluate restrictions on foreign investment. As new loans became
increasingly difficult to obtain and the debt crisis worsened, foreign investment became a necessary source of fresh capital and development funds. Talk of foreign investment as a threat to national sovereignty gave way to its being lauded as a solution to capital flow troubles (EIU 1985a: 8; White 1988). Similarly, the Andean Pact suffered a legitimacy crisis in the 1980s as a result of its inability to foster development and intra-subregional trade. During the economic boom of the 1970s, Andean Pact members had agreed to restrict foreign investment in favor of locally-owned industry. However, as economic necessity forced Latin American leaders to seek funds from abroad, the Pact’s work focused more on diplomatic, rather than economic, questions. This shift was evidenced in the numerous violations of Andean Pact economic rules by all member states during the 1980s (MICIP 1984: 47; Pareja Diezcanseco 1990; Salgado 1990).

Within this regional trend favoring the acceptance of foreign investment, the US was particularly favored with the presence of León Febres Cordero, a pro-investment conservative. The Febres Cordero Administration’s clear advocacy of the OPIC signing made the agreement with the United States a smooth process. Foreign Minister Terán describes the meetings as one of the most conflict-free negotiations he had experienced during his career as a lawyer:

It was in absolutely no way difficult for me to work with (the OPIC officials). As I am a lawyer, I have negotiated with many businesses, and this was really simple (Terán 1991).

Terán also stated that the few sources of conflict that did arise were easily resolved. He failed, however, to mention that Ecuador ended in compromising on those issues. The most important concession involved OPIC’s requirement that disputes between US companies and Ecuador be subject to international, rather than local, arbitration. The Andean Pact rulings to which Ecuador had been abiding required that disputes be managed in national judicial bodies and that national sovereignty should be a guiding principle in dispute resolution. The Febres Cordero Administration hoped to maintain national arbitration of disputes. The US agreed to submit
disputes first to arbitration in Ecuador, but if the procedure resulted in a "denial of justice," to be determined by US investors, the dispute would be advanced to international arbitration (EIU 1985a: 8). This was a clear compromise on the part of the Ecuadorans, but one Febres Cordero and his team were quite willing to make. According to negotiator Alberto Dahik, "these were very minor discrepancies" (Dahik 1991).

Ecuadoran participants in the negotiations describe the talks as upbeat. Alberto Dahik describes a "mood" in which both sides clearly wanted to sign the agreement. Febres Cordero and Carlos Julio Emanuel agree, citing OPIC as one of the shining moments of the early days of the Administration’s economic reforms. Edgar Terán explains that opponents of OPIC highly exaggerated the conflicts between the US and Ecuadoran negotiators.

While there is a high degree of consistency in the description of the negotiations by former Febres Cordero Administration officials, it is worthwhile to investigate to what degree they were forced to accept US conditions in order to achieve an OPIC agreement. White (1988: 170) claims that the US Government had a "unilateral strategy, aimed at imposing changes or ties by means of reprisals or diplomatic protection, as well as the manipulation of multilateral programs" to achieve its economic goals in Latin America. While the Reagan Administration may have implemented this aggressive strategy elsewhere, it was unnecessary in Ecuador, where the Febres Cordero Government actively sought an OPIC agreement. Furthermore, the Reagan Administration was unable to force most Latin American countries to sign bilateral OPIC agreements. Only Colombia and Ecuador agreed. Others were unwilling to accept the conditions that disputes be subject to international arbitration (Bitar 1988: 178). It appears, therefore, that Washington's strategy worked only where it was least needed.
V. CONSEQUENCES AND EFFECTS

The OPIC agreement provoked a flurry of business activity. US investors travelled to Ecuador while Ecuadoran business owners in search of joint ventures visited the US in the months following the agreement (Martz 1986: B117-18). The Ecuadoran Chambers of Production also sponsored numerous investment missions in the US (El Comercio 1985j; CCQ 1986: 56-57). In 1985, the Ecuadoran government officially nullified its commitment to Decision 24 and announced new regulations by which foreign companies exporting more than 80 percent of materials produced in Ecuador were no longer obliged to seek local partners. All limits on repatriation of profits were also removed (EIU 1985c: 1; CCQ 1986: 31). The OPIC agreement initiated the process by which Ecuador's business community and government fiercely courted foreign investors.

Did the OPIC agreement lead to increased foreign investment in the Ecuadoran economy? The Febres Cordero Administration was able to release impressive investment figures in 1984 that appeared to demonstrate that OPIC had indeed generated increased foreign investment. Total direct foreign investment in the Ecuadoran economy increased from $674.8 million in 1983 to $752.3 million in 1984 (EIU 1985c: 1). It is misleading to attribute this improvement to the OPIC agreement which, signed in November 1984, could not account for new investment in 1984.

It is more appropriate to evaluate US investments, those covered by OPIC, throughout the entire Febres Cordero Administration. Table 13 provides figures for total US direct investment in Ecuador during those years. It reveals that during 1985, the first year after the OPIC agreement was signed, there was in fact a $10 million decrease in US investment in Ecuador. In 1986 and 1987, however, Ecuador did enjoy an expansion of US investments.
Those investments began to decline during Febres Cordero’s final year in office (Acosta 1990a: 31).

**TABLE 13: TOTAL US INVESTMENTS IN ECUADOR, 1984-1988***

<table>
<thead>
<tr>
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<tbody>
<tr>
<td>Total US Investments:</td>
<td>371</td>
<td>361</td>
<td>413</td>
<td>466</td>
<td>448</td>
</tr>
</tbody>
</table>

*Figures are in $US millions
Source: United States Statistical Abstracts (1990: 797)

Former President Febres Cordero boasts that his Administration’s efforts caused huge increases in foreign investment. While the 1985 and 1986 figures are impressive, it is necessary to examine their relationship to the OPIC agreement. The majority of these investments financed Ecuador’s petroleum industry. According to Febres Cordero’s Central Bank Manager, Carlos Julio Emanuel, US investors would have been attracted to the oil industry whether OPIC was operating in Ecuador or not. Legislation enacted in the Hurtado Administration encouraged foreign investments in the petroleum industry through the liberalization of restrictions on those investments (Martz 1987: 346-55; also see chapter six). Investment in non-petroleum areas remained weak. Former Finance Minister Alberto Dahik explains that structural economic reforms needed to complement the OPIC agreement were not enacted swiftly enough to attract investors to non-petroleum industries (Dahik 1991). Perhaps the most important factor contributing to low foreign investment in Ecuador was the general trend against foreign investment in Latin America. Latin America’s political and economic profile during the 1980’s was unattractive to most investors in non-mineral industries. Latin American economies suffered huge debt burdens and deep recessions. Accompanying the austerity measures designed to
rejuvenate the economies was political and social discontent, often reflected in hostile relationships between executive branches committed to austerity and legislatures resisting difficult economic restructuring packages. Ecuador during the Febres Cordero Administration exemplified this executive-legislative tension. OPIC agreements were insufficient to overcome foreign investors’ concerns that investments in Latin America would be unwelcome and unprofitable (Schodt 1989: 187).

Disappointing foreign investment was more a reaction to the general financial climate than a lack of commitment on the Febres Cordero Administration’s part to attract investment. Febres Cordero signed the agreement with OPIC, but it was up to private investors to decide whether to take advantage of the OPIC insurance. However, private investors’ response to OPIC opportunities is not the sole measure of the benefits of the agreement. It is also appropriate to examine the US Government’s reaction to the Febres Cordero Administration’s signing the OPIC agreement. Did the Reagan Administration use the means at its disposal to reward Febres Cordero for inviting US investors into his country?

There is a general consensus among policy analysts that the US Government and Ecuador’s creditors reacted favorably to Febres Cordero’s overall economic liberalization program (Zuckerman 1986; Schodt 1989: 187; Martz 1990: 23; Grindle and Thoumi 1991: 56; Morejón 1991). The most obvious reward came in the 1985 debt rescheduling package, the terms of which gave Ecuador a three year grace period on payments and extended repayment over 12 years beyond that. By all accounts, the package was quite favorable to Ecuador (Martz 1986: 116; Schodt 1989: 187). Similarly, President Reagan called Febres Cordero a "model" of leadership in implementing the necessary economic reforms to pull Latin America out of its debt crisis during the Ecuadoran President’s trip to Washington in January 1986 (Grindle and Thoumi 1991: 56). Finally, Ecuador was targeted as a primary recipient of Baker Plan funds. The Plan,
designed by US Secretary of the Treasury James Baker, called for private banks and international
lending institutions to disburse new loans to Latin American debtors, who in turn promised
austerity measures and a reduction in the state's role in the economy (EIU 1986: 6; Zuckerman
remodel the Ecuadoran economy, including inviting foreign investment and abandoning the
Andean Pact's Decision 24, awarded his country a special place in the Baker Plan.

Rewards directly traceable to Febres Cordero's signing the OPIC agreement are few. Instead, OPIC formed part of an overall economic policy that earned the Febres Cordero Administration favorable treatment by economic actors in the United States. President Febres Cordero was one of the pioneers of Latin America's distancing from economic nationalism, particularly in the realm of foreign investment. As one of the first to open his country to foreign investment and to implement other liberalization measures, Febres Cordero earned a positive reputation among economic actors in the North who lauded his economic policies and rewarded him with favorable terms on debt repayments.

VI. THEORETICAL APPLICATION

A. Compliance

As is the case with other instances of Febres Cordero's foreign policy alignment with US
preferences, a casual observation of the OPIC case might lead one to conclude it to be an
example of compliance. However, a crucial defining element of a compliant foreign policy, a
conflict of interests between periphery and core, is not present here. There is no evidence that
US policy makers pressured their counterparts in Ecuador on this issue. Such pressure was
entirely unnecessary. Members of the Febres Cordero Administration were as eager to sign the OPIC accords as were members of the Reagan Administration.

Interestingly, in other Latin American states whose leaders did not view OPIC favorably, the US was largely unsuccessful in producing an OPIC agreement (Bitar 1988: 178). It appears that despite Reagan Administration efforts, the OPIC issue does not lend itself to the successful imposition of pressure to produce a compliant foreign policy.

B. Consensus

The consensus model of dependent foreign policy much more adequately captures the OPIC agreement between Ecuador and the United States. This model anticipates that ideological agreement between policy makers in the US and Ecuador will lead to policy alignment. The OPIC accords emerged from just such a process. This is a clear example of ideological concordance between political leaders in North and South. Both Febres Cordero and Reagan, hard-core free marketeers, had targeted foreign investment as a necessary and appropriate means to stimulate growth in Latin America. Another element of a consensus foreign policy, the expectation of mutual benefit, characterized the mood of the OPIC negotiations. The OPIC policy also conforms to the expectation that a consensus-based foreign policy will benefit economic elites in Ecuador. The Chambers of Production, the primary political vehicle for the business sector, fully supported OPIC in the anticipation that new funds would be channeled through existing corporations in Ecuador.

C. Counterdependence

Febres Cordero's signing of the OPIC agreement in no way corresponds to the counterdependence model of foreign policy. This model requires that leaders seek to diminish
a state's dependence on the United States. Arguably, the OPIC agreement increased Ecuador's dependence on US sources of foreign investment. Furthermore, the United States is expected to resist a counterdependent foreign policy. Clearly, the US was a primary supporter of the agreement. As a strongly pro-US leader, Febres Cordero would not willfully design a counterdependent policy.

D. Realism

In its expectation that states will design policies to promote regional status, realism fails to explain the OPIC policy. Breaking with the Andean Pact and aligning with US investors did more to damage than to improve Febres Cordero's reputation in Latin America. However, the OPIC accords do conform with realism's expectations that Third World leaders will advance development concerns. The Febres Cordero Administration targeted foreign investment as the best means of attracting needed development funds to Ecuador. The economic team's entire development strategy centered on a free market system relying on private sector growth, a fundamental basis of which was increased foreign investment. To the extent that OPIC formed part of Febres Cordero's development strategy, realism can explain the policy.

The OPIC initiative also conforms with realism's expectation that leaders will not embark on policies for which they have insufficient resources to implement. Signing OPIC did require that Febres Cordero meet criticism from domestic and regional actors who opposed violating the Andean Pact's Decision 24 and who feared loss of local economic autonomy. Febres Cordero's confrontational style and belief in the need for investment equipped him with more than sufficient diplomatic and political resources to manage that opposition. This was particularly true during an economic crisis when most Latin American political actors realized the need for increased foreign investment.
E. Leader preferences

Leader preferences can also account for Febres Cordero's signing of the OPIC agreement. The policy clearly conformed with the President's personal views towards the role of foreign investment in the Ecuadoran economy. He demonstrated an active interest in pursuing the agreement, evidenced by the fact that the accord was signed less than four months after he took office. The President also remained an active participant and observer of the policy and negotiations. He gave only his very top economic and foreign policy advisers authority over the OPIC negotiations, allowing no dissent on this policy within his staff. Had Foreign Ministry bureaucrats participated in this policy, for example, many would have opposed the violation of the Andean Pact's Decision 24. The Ministry had been involved in Andean Pact operations since the late 1960s and viewed the organization favorably (Salgado 1990; Carridn 1990). Febres Cordero's hand-picked negotiators on OPIC, Dahik, Emanuel, Swett, and Terán, were all government outsiders with no allegiance to the Andean Pact that might weaken their commitment to OPIC. These men assured that the President's preferences were fully implemented.

F. Domestic politics

What domestic political opposition there was to OPIC was largely ignored by the Febres Cordero Administration. Domestic opponents, such as labor and student groups, were weak and not steadfastly committed to criticizing the OPIC agreement in particular. These opponents can be considered a relevant opposition group, paving the way for domestic politics to explain this case. However, other conditions allowed the executive to disregard his domestic detractors on this issue. Febres Cordero's dedication to OPIC, combined with the weakness of his opponents, enabled him to dismiss domestic critics in pursuit of the OPIC agreement. The only domestic actors whose interests were favored by OPIC were those that fully supported Febres Cordero on
this issue. The Chambers of Production, representing the national business elite, provided the Febres Cordero Administration strong domestic political backing on OPIC. However, the President in no way had to alter his own preferences to satisfy this group.

VI. CONCLUSION

The OPIC agreement between Ecuador and the United States is an example of a policy in which leaders in both countries were able to implement their preferences. This ideological consensus produced a smooth negotiating process and an outcome favorable to both parties. It also negated any policy impact by domestic opponents who were too weak to stand up against a Reagan-Febres Cordero coalition favoring foreign investment.

Table 14 demonstrates that three dependent foreign policy approaches, consensus, realism, and leader preferences, can account for the OPIC agreement. Of these, consensus explains the policy most fully. The policy conforms exactly with the consensus model's explanation of dependent foreign policy development (Moon 1983; 1985). Ideological agreement among elites in the US and Ecuador led to policy alignment characterized by an expectation of mutual benefit. That the US continued to treat Ecuador favorably throughout the Febres Cordero Administration is further evidence that the two Administrations shared common views and goals.
TABLE 14: DO THESE THEORIES EXPLAIN FEBRES CORDERO'S OPIC POLICY?

<table>
<thead>
<tr>
<th></th>
<th>Compliance</th>
<th>Consensus</th>
<th>Counter-dependence</th>
<th>Realism</th>
<th>Leader Preferences</th>
<th>Domestic Politics</th>
</tr>
</thead>
<tbody>
<tr>
<td>Signing of OPIC</td>
<td>no</td>
<td>yes</td>
<td>no</td>
<td>yes</td>
<td>yes</td>
<td>no</td>
</tr>
</tbody>
</table>

Consensus explains the policy slightly better than leader preferences because the Febres Cordero Administration did have to compromise on an important point in the negotiations. The US succeeded in acquiring international arbitration of disputes. Febres Cordero himself nonetheless describes this as a minor concession, and one he was perfectly willing to make in order to achieve the OPIC agreement (Febres Cordero 1991). Otherwise, the President's preferences were implemented. An understanding of Febres Cordero's views on foreign investment and development explains well his pursuit of an OPIC accord.

As in other cases examined in this study, realism can explain this policy, but only in gross terms. Alone it cannot predict that Febres Cordero would have chosen to advance development through foreign investment channels. Realism expects that Third World leaders will pursue development, but an understanding of a regime's ideological orientation is needed to explain what type of development policy will emerge. Indeed, many other contemporary Ecuadoran leaders would have shunned foreign investment as counterproductive to true development. Realism can account for the OPIC agreement, but only in a retrospective analysis informed with an understanding of Febres Cordero's preferences.

The two theoretical approaches that expect Latin American leaders to have anti-US preferences cannot explain the OPIC agreement. Compliance and counterdependence both assume antagonism of interests between the US and Ecuador, and as such cannot account for a policy designed by a pro-US leader such as Febres Cordero. Domestic politics fails in this case because
the opposition was weak and did not place a high priority on the foreign investment issue. As such, a united Administration easily overcame domestic criticism.

Consensus clearly explains the OPIC policy most adequately. The conditions that facilitated its presence exist in this case. First, the Febres Cordero Administration clearly aligned ideologically with the Reagan Administration on this issue. Second, both were operating in an area of authority and importance. OPIC was considered a crucial agreement to leaders in Washington as well as Quito. Finally, that commitment and unity allowed the Febres Cordero Administration to ignore the relatively weak domestic opposition.
CHAPTER XI
CONCLUSION

I. INTRODUCTION

The preceding chapters have provided abundant details on twelve of Ecuador's foreign policy cases during the 1980s. This concluding chapter aims to extract the theoretically relevant material from the case studies' mass of information. It also seeks to condense the detail into a series of conclusions about the nature of dependence and its impact on foreign policy.

Table 15 summarizes the six theories' applicability to the case studies. A first glance at table 15 reveals that no single theory accounts for all the cases. Leader preferences and realism perform well, explaining 67 percent and 42 percent of the cases respectively. Still, the majority of the theories failed to command impressive explanatory power. A number of potential explanations for the distribution of explanatory capacity detailed in table 15 should be outlined. It is important to remember, for example, that while great care was taken in selecting cases that represented key aspects of a dependent relationship and its impact on foreign policy, the study only examines twelve cases. Therefore, sample bias cannot be ruled out. It is possible that a similar study of another dependent country would deliver dissimilar results. This possibility does not negate this study's findings, however. Ecuador during the Hurtado and Febres Cordero Administrations was a heavily dependent country and the theories evaluated here should therefore account for these cases. The fact remains that the small set of cases studied here limits my ability to generalize significantly the findings presented.

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### TABLE 15: THEORIES' APPLICATION TO THE CASES AND ISSUE AREA BREAKDOWN

<table>
<thead>
<tr>
<th>Theories:</th>
<th>Compliance</th>
<th>Consensus</th>
<th>Counter-dependence</th>
<th>Realism</th>
<th>Leader Preferences</th>
<th>Domestic Politics</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Cases:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>OSVALDO HURTADO</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1a. Rejection of US intervention in Nicaragua (D)*</td>
<td>no</td>
<td>no</td>
<td>yes</td>
<td>no</td>
<td>yes</td>
<td>no</td>
</tr>
<tr>
<td>1b. Failure to support Sandinistas (D)</td>
<td>no</td>
<td>yes</td>
<td>no</td>
<td>no</td>
<td>yes</td>
<td>no</td>
</tr>
<tr>
<td>2a. Invite foreign investment to oil industry (E)+</td>
<td>no</td>
<td>no</td>
<td>no</td>
<td>yes</td>
<td>yes</td>
<td>no</td>
</tr>
<tr>
<td>2b. Investment reform law (E)</td>
<td>no</td>
<td>no</td>
<td>no</td>
<td>yes</td>
<td>no</td>
<td>yes</td>
</tr>
<tr>
<td>3a. Initiate debt summit (D)</td>
<td>no</td>
<td>no</td>
<td>yes</td>
<td>no</td>
<td>yes</td>
<td>no</td>
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<tr>
<td>3b. Summit document generation (D)</td>
<td>no</td>
<td>no</td>
<td>yes</td>
<td>no</td>
<td>yes</td>
<td>no</td>
</tr>
<tr>
<td>3c. Appease USG and creditors (E)</td>
<td>yes</td>
<td>no</td>
<td>no</td>
<td>no</td>
<td>no</td>
<td>no</td>
</tr>
<tr>
<td>Number and percentage of Hurtado Administration cases explained (n=7)</td>
<td>1 (14%)</td>
<td>1 (14%)</td>
<td>3 (43%)</td>
<td>2 (29%)</td>
<td>5 (71%)</td>
<td>1 (14%)</td>
</tr>
<tr>
<td><strong>LEON FEBRES CORDERO</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1. Join Contadora Support Group (D)</td>
<td>no</td>
<td>no</td>
<td>no</td>
<td>yes</td>
<td>no</td>
<td>no</td>
</tr>
<tr>
<td>2. Break relations with Nicaragua (D)</td>
<td>no</td>
<td>no</td>
<td>no</td>
<td>yes</td>
<td>no</td>
<td>no</td>
</tr>
<tr>
<td>3a. Invite Blazing Trails (E)</td>
<td>no</td>
<td>yes</td>
<td>no</td>
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<td>no</td>
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<td>3b. Dismis troops (D)</td>
<td>no</td>
<td>no</td>
<td>yes</td>
<td>no</td>
<td>no</td>
<td>yes</td>
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<tr>
<td>4. Sign OPIC agreement with United States (E)</td>
<td>no</td>
<td>yes</td>
<td>no</td>
<td>yes</td>
<td>yes</td>
<td>no</td>
</tr>
<tr>
<td>Number and percentage of Febres Cordero Administration cases explained (n=5)</td>
<td>0 (0%)</td>
<td>2 (40%)</td>
<td>1 (20%)</td>
<td>3 (60%)</td>
<td>3 (60%)</td>
<td>1 (20%)</td>
</tr>
<tr>
<td>Number and percentage of total cases explained (n=12)</td>
<td>1 (8%)</td>
<td>3 (25%)</td>
<td>4 (33%)</td>
<td>5 (42%)</td>
<td>8 (67%)</td>
<td>2 (17%)</td>
</tr>
<tr>
<td>Number and percentage of economic/development cases explained (n=5)</td>
<td>1 (20%)</td>
<td>2 (40%)</td>
<td>0 (0%)</td>
<td>4 (80%)</td>
<td>3 (60%)</td>
<td>1 (20%)</td>
</tr>
<tr>
<td>Number and percentage of diplomatic cases explained (n=7)</td>
<td>0 (0%)</td>
<td>1 (14%)</td>
<td>4 (57%)</td>
<td>1 (14%)</td>
<td>5 (71%)</td>
<td>1 (14%)</td>
</tr>
</tbody>
</table>

* (D) indicates diplomatic issue area. (E) indicates economic/development issue area.
The failure of any single theory to explain all or the great majority of the cases might also suggest that the search for a grand theory of dependent foreign policy is inappropriate. Perhaps no single theory should be expected to explain this universe. Rather we should seek middle range theories that explain under specific conditions. Recall that many of the cases detailed in this study failed to meet the defining conditions (outlined in chapter two) of many theories. For example, a defining condition of compliance was that the policy maker in Ecuador disagree with the policy preferences of the US. President Febres Cordero rarely disagreed with the Reagan Administration, nullifying the possibility that compliance will explain most examples of Febres Cordero Administration policies. They can therefore not act as critical cases, or worthy tests, of compliance. It is appropriate then, to ask first whether the defining conditions of different theories hold for a set of cases, and then to identify the conditions under which potentially competing theories explain.

Bruce Russet (1983) argues that such conditional theories are needed to explain dependency-based relations in general. Russet demonstrates that analyses of dependence cannot find universal truths across states. Rather, state-level factors such as size, colonial history, and the nature of foreign penetration, condition dependence’s effects on economic growth and inequality within the dependent state (Russet 1983: 561). Russet thus concludes that different theoretical approaches are needed to explain dependence in different countries.

If dependence’s effects on growth and inequality vary from country to country, it follows that dependence’s effects on foreign policy may also vary. Russet’s point can be taken a step further. The high degree of foreign policy variation in 1980s Ecuador suggests that dependence’s effects vary within countries as well as across them. Conditional theories may therefore be needed to explain the foreign policy within a single dependent state. The fact that no theory
explains all of the cases while each theory explains some of the cases lends credence to the idea that middle range theories are more appropriate than grand theories.

An additional possibility that Russet (1983) also discusses is that interaction of two or more theories will best explain dependent foreign policy. Table 15 reveals that only three of the cases are explained by a single theory. The remainder are explained by two or three different theories. This suggests that no single approach can tell the entire story, but that together some theories may be able to provide a fuller account. Interactive theories, then, may be the most fruitful for explaining dependent foreign policy.

The ensuing discussion considers these possibilities. Section II evaluates how well each theory explained the cases. It is worthwhile here to review the manner in which it was determined whether a particular theory explained a case. Chapter two outlined the defining conditions of each theory. These are the elements that must be present before a theory can be expected to explain a case. The defining conditions do not alone predict whether a theory does in fact explain. The policy output must conform to the theory's expectations in order for a theory to account for a case. For example, the defining conditions of compliance are that the policy makers in core and periphery disagree on the issue at hand, and that the policy be salient to peripheral leaders. In order for compliance to be a potential contender, these conditions must hold. However, the policy output, that peripheral policy makers implement a pro-core policy, is necessary to determine whether compliance in fact explains the case. This distinction between defining conditions and policy output will prove essential in the evaluation of the theories. As will be seen, for example, while many cases displayed the defining conditions for compliance, the theory explained only one case.
Because the defining conditions alone cannot predict whether a policy will explain, I identify contextual conditions and types of issue areas under which each theory emerges. The contextual conditions, combined with the defining conditions, more fully explain when a theory will account for a case. The strength of these conditions is then scrutinized in both a positive and negative manner. First, do the conditions hold for those cases explained by the theory? Second, do the conditions fail to hold for the cases not explained by the theory under consideration? My assessment of whether the conditions hold is based on the detailed information provided in the case study chapters. If there are insufficient data to decide whether a condition holds, I reserve judgement. This scrutinized analysis of the theoretical conditions increases the likelihood that they can be generalized to other examples of dependent foreign policy.

Section III proceeds with a cross-theory analysis. It examines when theories co-occur and considers the propriety of interactive and middle-range theoretical approach to dependent foreign policy. Section IV treats whole policies, rather than individual components or decision points within the cases. Whereas Sections II and III consider the twelve different policy points identified in the case studies, Section IV looks at the six general foreign policy areas developed in the case study chapters. Finally, Section V summarizes the conclusions developed throughout this chapter.

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1 This dissertation's case studies fall exclusively into two issue area categories: economic/development and diplomatic. Its issue area-based conclusions will therefore relate directly to these realms. Examples of foreign policies in the military/security issue area were not examined here. It is of course possible that their inclusion would produce different issue-based results.
II. EVALUATION OF INDIVIDUAL THEORIES

A. Compliance

An examination of the compliance column reveals perhaps the most striking element in Table 15. Compliance fails to explain all but one of the cases. Recall from chapter two that compliance has been the prevailing theoretical approach to the study of dependent foreign policy. The intuitive basis of compliance, that dependent states would forfeit their own foreign policy preferences to gratify the core, is found here to be too simplistic to account for the complex phenomenon that was Ecuador’s foreign policy during the 1980s. That compliance explained only one of twelve dependent foreign policy examples in Ecuador parallels this theory’s decline in the literature (DeRouen and Mintz 1991).

Table 16 shows that six of the case studies did display compliance’s defining conditions: 1) a policy discrepancy between core and periphery and 2) on an issue that was salient to the periphery. However, only one of these six cases also displayed compliance’s necessary foreign policy output - that the policy be pro-core. It is therefore necessary to consider what other contextual conditions lead to compliance’s success in explaining a case. Contextual conditions are criteria beyond the defining conditions that correspond with a particular theory’s ability to explain.

It is difficult to base conclusions about compliance on a single case. However, some observations are possible. Compliance’s one example in this study emerged in an economic issue area. Hurtado complied with core wishes in the realm of his greatest vulnerability. His behavior in the Conferencia Económica Latinoamericana (CEL) suggests that he worried creditors would punish Ecuador for his convening the Conference. That retribution could have taken the form of halted loans or more difficult debt renegotiations. Ecuador in the early 1980s faced severe
financial conditions and could little afford difficult renegotiation terms. This was also the area
where core actors were most able to influence or punish Hurtado. The US government and
creditor banks controlled the access to credit on which Ecuador depended. They possessed the
instruments to damage Ecuador’s economy if they so chose. Furthermore, economic policy was
the area the Reagan Administration considered most important in Latin America (see chapter
three). The US was therefore most likely to react to defiant behavior by Ecuador in this realm.
It appears that Hurtado understood his country’s economic vulnerability and complied in order
to avoid retribution from actors who were clearly powerful and interested enough to punish him.

Contrast Hurtado’s behavior in this case with that in the diplomatic realm where he defied
the United States repeatedly. In his criticism of US policy in Central America and in his holding
of the CEL, Hurtado distinctly did not comply. This contrast suggests that compliance is more
likely to emerge in the area of Ecuador’s greatest vulnerability and where the core was most able
and willing to exact retribution for defiant behavior. These conditions in the 1980s emerged most
frequently in the economic area, where US interests were well defined and Latin American states
were extremely weak. The diplomatic realm, on the other hand, did not demonstrate these
characteristics. While the Reagan Administration was clearly committed to its objectives in
Central America, it did not exert much effort at gaining regional support of its policies.
Similarly, Latin Americans united frequently on diplomatic questions such as US regional policy
and the debt. These movements provided Hurtado and other Latin American leaders with some
protection against bilaterally-imposed penalties from the US. The US rarely opposed these
efforts, deciding instead simply to ignore or to circumvent them. Similarly, the US did not have
obvious policy instruments at its disposal to punish Latin Americans in the diplomatic realm.
Because the US publicly supported new democracies in the region, overt intervention in
diplomatic affairs was undesirable to US policy makers.
It is worthy here to make explicit a theme that develops throughout this chapter. In the cases examined in this study, the US prioritized the economic issue area and was therefore more likely to intervene in Ecuador's policy in economic matters. Diplomatic questions were less salient to the US, allowing Ecuador greater latitude. This pattern relates less to economic and diplomatic issue areas per se than it does to US priorities and Ecuadoran vulnerability. Because Ecuador was financially imperiled and the US considered Ecuador's behavior in the economic realm salient, the economic realm became that in which Ecuador's pro-US behavior was most likely. A different pair of core-periphery actors operating in a different time or place might demonstrate this behavior in another realm. Similarly, because the US did not prioritize diplomatic issues in its relations with Ecuador in the 1980s, Ecuador displayed a high degree of foreign policy autonomy. Under different historical circumstances, the core might not tolerate high degrees of foreign policy variation in the diplomatic arena. Economic issue areas were very critical between the US and Latin America during the 1980s while diplomatic issues were less so. These issue areas could exchange positions under a different core-periphery relationship. Military/security issue areas could also assume high salience under certain conditions. The key factor is not the content of the issue area, but its salience to the core and the periphery's vulnerability in that realm.

A consideration of Hurtado's example of compliance leads to the tentative conclusion that compliance will explain when, in addition to the defining conditions (policy discrepancy between core and periphery in an issue that is salient to the periphery), two additional contextual conditions arise: 1) the case involves an issue area in which the core is able and willing to punish the periphery, and 2) the case involves an issue area in which the periphery cannot afford such punishment. Ecuador's appeasing creditors on the CEL conforms with each of these conditions.
The conditions' strength is bolstered by evidence in table 16 which demonstrates that these contextual conditions did not hold for any other case.

**TABLE 16: CONDITIONS OF COMPLIANCE**

<table>
<thead>
<tr>
<th>Conditions:</th>
<th>DEFINING CONDITIONS</th>
<th>CONTEXTUAL CONDITIONS</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Cases:</strong></td>
<td>Policy discrepancy between core &amp; periphery</td>
<td>Salient to periphery</td>
</tr>
<tr>
<td><strong>OSVALDO HURTADO</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1a. Rejection of US intervention in Nicaragua</td>
<td>yes</td>
<td>yes</td>
</tr>
<tr>
<td>1b. Failure to support Sandinistas</td>
<td>no</td>
<td>no</td>
</tr>
<tr>
<td>2a. Invite foreign investment to oil industry</td>
<td>no</td>
<td>yes</td>
</tr>
<tr>
<td>2b. Investment reform law</td>
<td>no</td>
<td>yes</td>
</tr>
<tr>
<td>3a. Initiate debt summit</td>
<td>yes</td>
<td>yes</td>
</tr>
<tr>
<td>3b. Summit document generation</td>
<td>yes</td>
<td>yes</td>
</tr>
<tr>
<td>3c. Appease USG and creditors</td>
<td>yes</td>
<td>yes</td>
</tr>
<tr>
<td><strong>LEON FEBRES CORDERO</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2. Break relations with Nicaragua</td>
<td>no</td>
<td>yes</td>
</tr>
<tr>
<td>3a. Invite Blazing Trails</td>
<td>no</td>
<td>yes</td>
</tr>
<tr>
<td>3b. Dismiss troops</td>
<td>yes</td>
<td>yes</td>
</tr>
<tr>
<td>4. Sign OPIC agreement with United States</td>
<td>no</td>
<td>yes</td>
</tr>
</tbody>
</table>

- This case was explained by compliance.
- Insufficient data to determine.
B. Consensus

Consensus explains three of the cases, performing significantly better than compliance. This lends credence to Bruce Moon's (1985) assertion that consensus is a better description than compliance of the process through which pro-core foreign policies develop. Although it performs better than compliance, consensus still accounts for only 24 percent of the cases, suggesting that pro-core foreign policies do not emerge with the frequency that most dependent foreign policy scholars expect.

Recall that the principal defining condition of consensus was agreement between core and periphery leaders on the policy matter at hand. As table 17 demonstrates, five of the twelve cases display that defining condition. In Ecuador during the 1980s, such agreement was more likely to occur under Febres Cordero than under Hurtado. This challenges dependency theory's expectation that Latin American leaders share educational and social backgrounds with their US counterparts and that they conspire to develop policy favoring their particular economic interests (Moon 1985: 306, 308). While León Febres Cordero provides perhaps one of the best modern examples of this phenomenon, Osvaldo Hurtado clearly does not fit the pattern dependency theorists expect. Hurtado was not educated in the US, does not speak English, and does not maintain business contacts with North Americans. That he arrived to Ecuador's top office counters the contention that pro-US economic elites always or even usually gain control over the policy process.

As table 17 also demonstrates, the fact that a case conforms to the defining condition did not necessarily lead to a pro-core policy and its being explained by consensus. Other contextual conditions can be identified that further specify when consensus will explain. First is that consensus tends to emerge when the leader is in command of the policy. Hurtado's personal animosity towards Daniel Ortega and his belief that the Sandinistas were undemocratic were
reflected in his Nicaragua policy. With no domestic opposition on this low-profile issue, the President could direct policy with little hindrance. Similarly in the OPIC case, Febres Cordero and his economic team assumed command of the policy and saw it through until the end. In Blazing Trails, Febres Cordero and his Defense Minister launched the initiative before domestic opponents learned of their plans and could react. In all three cases, control over policy remained largely within the executive branch. A contrasting example is the Febres Cordero Administration's joining the Contadora Support Group. There was ideological agreement between the executive and the US Government, but Febres Cordero did not assume command of that policy, leaving it instead to his Foreign Ministry.

Does consensus develop within a particular issue area? Hurtado's one example of consensus emerged in the diplomatic realm while both of Febres Cordero's consensus policies were in the economic/development area. Few generalizable conclusions can be based on Hurtado's failure to support the Sandinistas diplomatically. It is important to remember that this non-policy coincided with the anti-US policy that blatantly rejected US methods in Central America. Hurtado's failure to proceed with support for the Nicaraguan government, while motivated by concerns about the Sandinistas similar to the Reagan Administration's, is more a product of the Ecuadoran President's personal views on this specific issue than of ideological alignment between Hurtado and Reagan. The overall policy remained anti-US.

Febres Cordero's consensus policies are more fruitful for issue-area conclusions, if only tentative ones. That both of Febres Cordero's consensus cases emerged in the economic realm signifies that a generally pro-US leader will be able to implement pro-US policies in the economic realm. Nationalistically-minded political actors in Ecuador regularly oppose pro-US economic policies, arguing that they undermine Ecuadoran sovereignty and increase economic misery among the majority of the population. Pro-US economic policies are very politically difficult.
Under consensus, the leader's pro-US tendencies combine with the support of external forces to overcome the domestic opposition that arises towards pro-core policies. Core support may be overt, as was the case in Blazing Trails and OPIC, or implicit. This support helped shield Febres Cordero from domestic opponents to the policies. This was particularly true under OPIC, where domestic opponents were entirely unable to prevent or modify the Administration's policy. In the Blazing Trails example, domestic opposition emerged only after the Administration had invited and prepared the site for US troops. External support gave Febres Cordero maneuvering room to develop Blazing Trails outside of normal domestic political channels. Furthermore, the Administration was able to keep the troops in Ecuador until November despite tremendous domestic opposition. Support from the Pentagon, the Reagan Administration and the US Ambassador in Quito helped Febres Cordero to disregard domestic opponents for a significant period of time. These types of policies are further facilitated by the support, albeit often implicit, of the domestic economic elites. The Chambers of Production failed to join the opposition to Blazing Trails, lending tacit support to the development project. In OPIC, the Chambers' support was overt. Outside the Administration, they acted as OPIC's primary domestic champion. This coalition of supporting forces, consisting of the Administration, the US Government and other core actors, and the local economic leaders, provide a pro-US Administration with the backing needed to implement often unpopular pro-US economic policies. A leader lacking in this alliance would find the implementation of such policies much more difficult.

In summary, in addition to the defining condition (policy agreement between core and periphery) consensus tends to emerge under two additional contextual conditions: 1) when the leader is in command of the policy, and 2) when the leader receives explicit or implicit support from the core and domestic economic elites. Core-peripheral elite consensus lends the dependent state leader enough support to withstand domestic opposition to pro-US economic policies.
1980s Ecuador, these conditions were more likely to develop in economic, rather than diplomatic, issue areas. These conditions are further verified by the fact they do not hold for those cases that were not explained by consensus (table 17).

**TABLE 17: CONDITIONS OF CONSENSUS**

<table>
<thead>
<tr>
<th>Conditions:</th>
<th>DEFINING CONDITION</th>
<th>CONTEXTUAL CONDITIONS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cases:</td>
<td>Ideological agreement among core &amp; periphery leaders</td>
<td>Periphery leader in command of policy</td>
</tr>
<tr>
<td><strong>OSVALDO HURTADO</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1a. Rejection of US intervention in Nicaragua</td>
<td>no</td>
<td>yes</td>
</tr>
<tr>
<td>1b. Failure to support Sandinistas</td>
<td>yes</td>
<td>yes</td>
</tr>
<tr>
<td>2a. Invite foreign investment to oil industry</td>
<td>no</td>
<td>yes</td>
</tr>
<tr>
<td>2b. Investment reform law</td>
<td>no</td>
<td>no</td>
</tr>
<tr>
<td>3a. Initiate debt summit</td>
<td>no</td>
<td>yes</td>
</tr>
<tr>
<td>3b. Summit document generation</td>
<td>no</td>
<td>yes</td>
</tr>
<tr>
<td>3c. Appease USG and creditors</td>
<td>no</td>
<td>no</td>
</tr>
<tr>
<td><strong>LEON FEBRES CORDERO</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1. Join Contadora Support Group</td>
<td>yes</td>
<td>no</td>
</tr>
<tr>
<td>2. Break relations with Nicaragua</td>
<td>yes</td>
<td>yes</td>
</tr>
<tr>
<td>3a. Invite Blazing Trails</td>
<td>yes</td>
<td>yes</td>
</tr>
<tr>
<td>3b. Dismiss troops</td>
<td>no</td>
<td>no</td>
</tr>
<tr>
<td>4. Sign OPIC agreement with United States</td>
<td>yes</td>
<td>yes</td>
</tr>
</tbody>
</table>

* These cases were explained by consensus.

? Insufficient data to determine.
C. Counterdependence

As Table 15 illustrates, counterdependence accounts for four cases. This alone is significant in that counterdependence performs better than either compliance or consensus, the predominant theoretical approaches that expect dependent states to develop pro-core foreign policies. This study has found that counterdependence, which expects anti-core policies, alone explains the same number (four) of cases that compliance and consensus explain together. At least for the foreign policy cases examined here, the supposition that dependent states will usually follow the foreign policy guidance of the core is inaccurate. Counterdependence's fairly good showing here undermines compliance and consensus theorists' assumptions.

Counterdependence's defining condition, that the policy be designed to reduce dependence, holds for four of the case studies. Interestingly, in every case in which the defining condition was present, counterdependence went on to explain the case. This provides evidence that perhaps that single defining condition is sufficient to predict counterdependence's ability to explain. However, such a strong conclusion cannot be based on the small number of cases in this study. It is therefore useful to identify what other contextual conditions emerged in the counterdependence cases.

There are three other identifiable conditions under which counterdependence emerges. First, the actor in control of the policy tends to oppose US interests and preferences. Under Osvaldo Hurtado (in whose Administration three of the four counterdependence cases are found), that actor was the President himself. Hurtado expressed primarily economic nationalist and anti-imperialist convictions, views that were difficult to implement during a time of severe economic crisis. Nonetheless, three out of the five times that Hurtado was able to implement his preferences, he developed a counterdependent policy. This behavior is consistent with his ideological orientation advocating Ecuador's political and economic autonomy from the United
States. Under Febres Cordero, the actor in control of the single example of counterdependence was the Congress, whose members severely opposed Febres Cordero's foreign policy of strong alignment with the Reagan Administration. Congress, together with other political actors in Ecuador, pressured the Febres Cordero Administration so strongly on Blazing Trails that the President defied his own wishes and ousted the troops. The driving force behind the policy was the reattainment of Ecuador's sovereignty, a highly counterdependent motivation. Counterdependence, then, will develop when the policy leader within Ecuador or other dependent state opposes US economic and/or political domination.

The second condition of counterdependence is that the policy leader confront little opposition from domestic political groups. It is important to remember that a counterdependent policy challenges the core and thus is expected to meet opposition from core leaders. However, there is only one example in this study of a successful counterdependent policy that received significant opposition from domestic actors. The Febres Cordero Administration strongly opposed the dismissal of the troops but was unable to extend their stay. The troops' dismissal is the single case in which an actor other than the president implemented a counterdependent policy. When the executive is in command of a counterdependent policy, domestic opposition is inactive. For example, Osvaldo Hurtado's rejection of US policy in Central America and his initiation of the CEL did not appear to upset potential opponents within Ecuador.

A third condition is the core's willingness to tolerate counterdependence in the policy. In all four examples of counterdependence, the US demonstrated that the policy was of little importance. In the CEL, for example, US and other core leaders indicated that debt conferences could be held so long as no debtors' club that might threaten payments was established. Hurtado had complied on that point and was free to proceed with the CEL. Hurtado's rejection of US interventionism in Nicaragua was similarly unimportant to the Reagan Administration, which
pursued its policy in the region despite harsh criticism from Latin American neighbors. A lack of US opposition is slightly less true for Febres Cordero’s dismissal of the troops. US Ambassador Rondón advocated the Blazing Trails troops’ staying in Ecuador. However, he advanced no effort beyond talks with Congressional leaders in order to achieve that goal. Because the operation was going poorly, the US did not prioritize the operation’s continuance. Furthermore, domestic opposition to Blazing Trails was powerful enough to withstand Rondón’s pressure. These examples appear to indicate that counterdependence will succeed on those issues where potential opponents remain relatively weak or disinterested.

Issue area is also important. As the final two rows of table 15 illustrate, each time that counterdependence emerged in this study, it did so in the diplomatic issue area. This integrates with the above findings that compliance and consensus, in many ways the antitheses of counterdependence, developed primarily in economic issue areas. The finding suggests that policy makers perceive that counterdependent, or anti-US, policies will be tolerated more in the diplomatic arena than in the economic. They therefore sense more maneuvering room to oppose the US in diplomatic matters. Indeed, there is significant evidence suggesting that the US and other actors in the North allow counterdependence in diplomatic areas more often than they do in economic areas. I will not repeat chapter three’s discussion of US economic interests in Latin America. It is worthy to reiterate, however, that the US was quite willing to permit Latin American neighbors to participate in a multitude of regional multilateral initiatives aimed at rejecting US policy in Central America, restructuring the region’s debt and other noble causes. US policy makers reacted mildly to these types of policies, providing rhetorical support or merely ignoring them. However, the US, the IMF and the World Bank did not allow Latin Americans such maneuvering room on economic policy, where new loans were directly tied to dependent states’ willingness to adopt the policies preferred by the lenders.
The emergence of counterdependence in solely diplomatic issue areas supports the notion that anti-core behavior can occur only in those matters about which the core cares little. It also contrasts sharply with a series of compliance studies which expected dependent states to comply most frequently on Cold War issues, which were defined as those most salient to the US (Richardson and Kegley 1980, Armstrong 1981; Ray 1981). This study finds that the Cold War issue of the decade, Central America, was twice the object of anti-US behavior on Ecuador's part (Hurtado's rejection of US policy and Febres Cordero's joining the Support Group). Dependence on the US failed to produce compliance from Ecuador on one of the Reagan Administration's most important policy areas.

What accounts for the United States' failure to sanction counterdependence in diplomatic areas? The answers are too complex to answer in a study that does not focus on US foreign policy behavior. However, a preliminary explanation is merited. It appears that the Reagan Administration understood that its Central America policies depended very little on regional support. Even in the face of significant Latin American opposition, the US was able to proceed with its policy. Opposition to Latin American counterdependence in this area was therefore unnecessary. Furthermore, policy instruments would have been difficult to identify. Any direct sanctions against Ecuador for counterdependence in the diplomatic area would have been met with cries of neocolonialism and intervention in other states' affairs. The US had little reason to risk such an outcry, particularly because Ecuador's counterdependent behavior had very little impact on US policy success in Central America and elsewhere.

In the economic realm, the situation is quite different. The stakes for the US were much higher. Latin Americans owed Northern banks large sums of money. That alone justified and necessitated the North's intervention into Latin American economic decision making. Furthermore, the policy instruments available to Northern actors are more easily identified and
used in the economic arena. The primary instrument, new loans, can be used as a carrot to encourage pro-core behavior or as a stick (when denied) as punishment for incorrect economic policy. Because the economic well being of the region and the financial stability of the banks depended on particular actions by Latin America, Northern actors were much more likely to intervene in Latin America’s decisions.

In sum, counterdependence explains dependent foreign policy under four conditions. First is the defining condition that the policy be designed to reduce dependence. In addition, there are three contextual conditions: 1) the periphery’s policy maker opposes core preferences on this issue; 2) the relevant domestic opposition is inactive; and 3) the core is willing to tolerate counterdependence on this matter. As this section has shown, these conditions, particularly the third, are more likely to emerge in diplomatic issues in US-Latin American relations. However, they could develop in different issue areas under another core-periphery relationship. Table 18 reveals that all four conditions do not hold for any cases not explained by counterdependence. One case, Ecuador’s joining the Contadora Support Group, comes close to meeting the criteria. The first two conditions, that the policy be designed to reduce dependence and that the periphery policy maker oppose core preferences, are difficult to determine in this case. The Foreign Ministry may have wanted to reduce its dependence on the US in joining Contadora. However, the desire to counterbalance Peru’s power was stronger. The preferences of both the Reagan Administration and Ecuadoran Foreign Ministry officials are ambiguous. Had the US clearly opposed Ecuador’s entry into the Support Group, its doing so would have been explained by counterdependence.
TABLE 18: CONDITIONS OF COUNTERDEPENDENCE

<table>
<thead>
<tr>
<th>Conditions: Policy designed to reduce dependence</th>
<th>Defining Condition</th>
<th>Contextual Conditions</th>
<th>Cases:</th>
<th>Periphery policy maker opposes core preferences</th>
<th>Relevant opposition is inactive</th>
<th>Core willing to tolerate periphery's dissent on this policy</th>
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<tbody>
<tr>
<td>OSVALDO HURTADO</td>
<td></td>
<td></td>
<td></td>
<td>yes</td>
<td>yes</td>
<td>yes</td>
</tr>
<tr>
<td>1a. Rejection of US intervention in Nicaragua</td>
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<td>yes</td>
<td></td>
<td>yes</td>
<td>yes</td>
<td>yes</td>
</tr>
<tr>
<td>1b. Failure to support Sandinistas</td>
<td>no</td>
<td>no</td>
<td></td>
<td>yes</td>
<td>yes</td>
<td>yes</td>
</tr>
<tr>
<td>2a. Invite foreign investment to oil industry</td>
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<td>no</td>
<td></td>
<td>no</td>
<td>?</td>
<td>?</td>
</tr>
<tr>
<td>2b. Investment reform law</td>
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<td></td>
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<td>?</td>
<td>?</td>
</tr>
<tr>
<td>3a. Initiate debt summit</td>
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<td>yes</td>
<td></td>
<td>yes</td>
<td>yes</td>
<td>yes</td>
</tr>
<tr>
<td>3b. Summit document generation</td>
<td>yes</td>
<td>yes</td>
<td></td>
<td>yes</td>
<td>yes</td>
<td>yes</td>
</tr>
<tr>
<td>3c. Appease USG and creditors</td>
<td>no</td>
<td>yes</td>
<td></td>
<td>yes</td>
<td>?</td>
<td>?</td>
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<tr>
<td>LEON FEBRES CORDERO</td>
<td></td>
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<td></td>
<td></td>
<td></td>
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</tr>
<tr>
<td>2. Break relations with Nicaragua</td>
<td>no</td>
<td>no</td>
<td></td>
<td>yes</td>
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<tr>
<td>3a. Invite Blazing Trails</td>
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<td>yes</td>
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<td>yes</td>
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<tr>
<td>3b. Dismiss troops</td>
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<td>4. Sign OPIC agreement with United States</td>
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<td>yes</td>
<td>yes</td>
<td>yes</td>
</tr>
</tbody>
</table>

* These cases were explained by counterdependence.
? Insufficient data to determine.

D. Realism

Table 15 reveals that realism explained better than counterdependence, accounting for just under half (five) of the cases examined. Recall that realism's defining conditions were very broadly defined as 1) a policy seeking regional prestige or national development and 2) a policy to which a government had sufficient resources to commit. As table 19 reveals, this second criterion held true for every case examined in the entire study. There was no example of
Ecuador's overcommitting its resources and meeting a failed policy as a result. This alone is significant. The vast majority of foreign policies reviewed here required only diplomatic resources. During economic crisis, Ecuador avoided pursuing ambitious or risky foreign policy goals that required financial or military resources the return on which was not assured. Dependence appears to have curtailed significantly Ecuador's willingness to commit resources to foreign policy. Examples of economically weak states' implementing costly foreign policies do exist. Argentina's invasion of the Malvinas Islands during a severe economic crisis is perhaps the most impressive modern example. Facing popular opposition and pursuing a failing economic strategy, Argentine President General Leopoldo Galtieri opted for a military occupation of the Malvinas. The regime had sufficient resources to overtake the islands, but did not anticipate that the British would respond. In a war with the British, the Argentines were woefully underequipped (Pion-Berlin 1985: 68-70).

Such acts of desperation are probably more the exception than the rule in Latin American foreign policy behavior. Ecuador's record during the 1980s shows two regimes that were cautious in committing financial or military resources to foreign policy goals. They dedicated expensive resources to domestic development projects while foreign policy earned the Administrations' diplomatic energy. Realism's expectation that regimes will unlikely commit themselves to foreign policy goals for which they have insufficient resources held true for every case in this study. This is both a positive and a negative for the theory. It demonstrates that realism's concept of power is useful for understanding Ecuador's foreign policy. The country did not commit resources it did not have. However, this criterion cannot indicate when realism, or any other theory, will explain a case. Since it universally applied, it does not aid in determining when other critical conditions may also hold.
Realism’s other defining condition, that a policy aim to improve development or enhance regional prestige, also demonstrates strengths and weakness. These indicators of the national interest are sufficiently vague that one might expect realism to explain more than five of the twelve cases of Ecuador’s foreign policy. Policy makers in Ecuador frequently develop policy aimed to improve the country’s development levels and, less often, its regional prestige. Hence, realism accounts for five cases, most of which are directed at improving Ecuador’s development. Realism could apply to these cases without their displaying a specific content, as was a criterion for compliance, consensus and counterdependence. In other words, a realist policy designed to enhance Ecuador’s development or prestige can be pro-core or anti-core, whereas the other theories thus far evaluated required that the policy be one or the other. For this reason realism accounted for development-related policies ranging from Hurtado’s investment reform law to Febres Cordero’s inviting US troops to build roads in Ecuador’s Oriente region.

Realism’s failure to explain more cases is also a function of its very broad use of national interests as the motivation behind dependent foreign policy. Realism eschews domestic political sources of foreign policy in favor of national interests that can presumably be identified from afar and without an examination of the specific political circumstances of the country under study. For example, realism could not account for Ecuador’s dismissal of the Blazing Trails troops from Ecuador. Expecting Ecuador to serve its national interest, realism would have anticipated the troops to remain and help in road construction and other development projects. Only an understanding of the intense domestic opposition to US troops on Ecuadoran soil can explain Congress’ success in ousting the soldiers. Realism similarly ignores the sometimes parochial or idiosyncratic preferences of leaders in command of the foreign policy process. For this reason realism could not account for a number of critical policies such as the entirety of Hurtado’s debt summit and Febres Cordero’s breaking relations with Nicaragua. Both of these policies depended
largely on executive preferences. Hence, an understanding of these presidents' peculiar perceptions of the situation at hand is needed to explain the policy outcomes.

Under what conditions does realism explain? Realism accounts for those cases containing the defining elements of the theory. In this study, a policy was said to be explained by realism if it was designed with development or prestige in mind. However, a number of policies with potential benefits to Ecuador's prestige and development were not explained by realism. The CEL is perhaps the best example. The conference could have led to a reduction in Ecuador's debt and to improved development levels as a result. However, as chapter seven demonstrates, that conference was more the product of Hurtado's personal desires than of a sense of the country's national interest. Similarly, it could be argued that Ecuador's dismissing the Blazing Trails troops was designed to impress regional leaders and to increase Ecuador's regional status. As is discussed in chapter nine, Congressional leaders that forced the dismissal concerned themselves almost exclusively with domestic political considerations and never sought to portray the policy as one that would gain them regional praise. These examples lead to a tentative conclusion that a policy-based condition for realism is difficult to identify. Realist policies pursue development and prestige, but all policies that achieve these goals do not conform with realism.

Nor can it be said that realism develops under a particular type of leader. Both Hurtado and Febres Cordero implemented policies explained by realism. Similarly, the role of domestic politics varies under realism. In some cases, domestic political actors were important (the investment reform initiative and law and joining the Contadora Support Group) while in others domestic actors played a very minor role (Blazing Trails initiative and OPIC).

Realism cannot alone determine whether domestic political actors will overcome the influence of the leader or of outside actors. It is important to remember here that realism claims that information on these internal political dynamics is not necessary to predict or explain policy.
This study suggests that this claim is erroneous. Saying that dependent states will seek regional prestige and development is essentially meaningless if the content of those policies cannot be determined. It is necessary to obtain additional information identifying the actors in charge of policy and the manner in which they define the country’s national interests. For example, we may need to know the leader’s ideological preference or the opposition’s prescriptions for development to explain policy content. This need is evidenced in table 15 which demonstrates that in all but one of the cases, realism co-occurs with another theory that provides some understanding of the policy content. Joining the Contadora Support Group is the only example of a case explained by realism for which another theory does not also apply. Recalling the discussion in chapter eight, a theory of bureaucratic politics, focusing on the role of the Foreign Ministry, would have explained Ecuador’s decision to enter the Support Group well. However, bureaucratic politics is an approach very rarely applied to dependent foreign policy and for this reason was not included in this study (Van Klaveren 1984: 14; Ferguson 1987: 150-51). The point is that realism alone can rarely adequately explain a policy’s content and must therefore be supplemented with other theoretical approaches.

A related problem is that those cases explained by realism did not necessarily exhibit the types of behavior realists expect, namely that a "unitary actor" exhibits "rational behavior." In many of the cases explained by realism, such as the oil investment reforms, joining Contadora, Blazing Trails, and OPIC, Ecuador did not act as a unified body. Domestic disagreement characterized all these cases. The notion that the nation-state acts as a single and united entity

2 Ferguson (1987: 150-51) explains the literature’s failure to apply bureaucratic politics to studies of Latin American foreign policy. First, foreign policy making power is ordinarily concentrated at high levels of government. Second, it is difficult to identify which of the multitude of bureaucratic agencies require attention in the often fragmented foreign policy making process. Finally, agencies frequently appear and disappear under Latin American political systems, making it difficult to focus on this unit of analysis.
in foreign policy is not supported by this study's empirical evidence. It could be said that Ecuador acted "rationally" in these examples. That is to say that its leaders did not embark on policies for which they had insufficient resources. However, this criterion holds for every case examined, even those not explained by realism.

Despite these problems, realism does demonstrate consistency regarding issue area. Table 15 provides information with which to salvage some conclusions about realism. Four out of the five examples of realism emerge in the economic/development issue area. In general, realism argues that Ecuador will implement policies that maximize Ecuador's utility. In other words, Ecuador's leaders will make rational choices regarding their country's economic and diplomatic interests. These are choices that outside observers can anticipate with little knowledge about Ecuador's political leaders. These types of policies occurred more frequently in the economic realm, where Ecuador's options were more limited. Similarly, the economic arena is one in which Ecuador's interests, the prevention of financial collapse, are more objective in nature. Ecuador's economic objectives during the 1980s were less tied to the idiosyncrasies of the policy makers in power at any particular time. Despite differing ideologies, both Hurtado and Febres Cordero felt the need to increase revenues to stave off bankruptcy. For example, both sought increased foreign investment. Hurtado developed new laws for foreign investment in the oil industry and Febres Cordero signed an agreement with OPIC. This contrasts sharply with their diplomatic goals which varied significantly with their ideological orientations. In essence, there is less policy variation on the economic issues than on diplomatic issues, providing evidence for realism's claim that an understanding of local political and personal dynamics is relatively unimportant.

This point coincides with the above discussions on compliance and counterdependence. It was argued that the US and other Northern financial actors had more power and interest in
modifying Ecuador's economic policy than its diplomatic behavior. Also, Ecuador's economic vulnerability made it extremely difficult for its leaders to defy the North on economic issues. Since the hegemon's position throughout the period under study remained relatively constant, we would expect less variation in Ecuador's economic policy behavior than in the diplomatic realm. This conforms with realism which considers the global distribution of power as a primary source of dependent states' foreign policy behavior. So while realism remains a rather poor predictor of specific policies, it does lend some explanation to Ecuador's limited ability to develop economic policy autonomously.

Looking solely at those cases which realism explains, two conditions beyond the defining conditions appear. 1) When a realist policy exhibits pro-core content, it does so in an issue area of high salience to the core. The reverse also appears to be true. 2) When a realist policy exhibits anti-core content, it does so in issues not salient to the core. This holds true for all of the cases explained by realism except the Blazing Trails initiative, in which the salience of the issue to the core is not clear. However, as table 19 indicates, these conditions do not hold up under scrutiny of other cases. There are five examples of cases in which these conditions held and realism could not explain the policy. Therefore, while there is evidence that pro-core realist policies will develop in areas salient to the core and anti-core realist policies will develop in areas not salient to the core, there is not evidence to conclude that realism usually explains when these conditions hold.
TABLE 19: CONDITIONS OF REALISM

<table>
<thead>
<tr>
<th>Cases:</th>
<th>DEFINING CONDITIONS</th>
<th>CONTEXTUAL CONDITIONS</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Policy pursues</td>
<td>Periphery has</td>
</tr>
<tr>
<td></td>
<td>development or</td>
<td>resources needed to</td>
</tr>
<tr>
<td></td>
<td>prestige</td>
<td>achieve policy</td>
</tr>
<tr>
<td></td>
<td></td>
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<td></td>
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</tbody>
</table>

OSVALDO HURTADO

1a. Rejection of US intervention in Nicaragua | no | yes | * | yes |
1b. Failure to support Sandinistas | no | yes | no | * |
2a. Invite foreign investment to oil industry | yes | yes | yes | * |
2b. Investment reform law | yes | yes | yes | * |
3a. Initiate debt summit | no | yes | * | yes |
3b. Summit document generation | no | yes | * | yes |
3c. Appease USG and creditors | no | yes | yes | * |

LEON FEBRES CORDERO

1. Join Contadora Support Group | yes | yes | * | yes |
2. Break relations with Nicaragua | no | yes | no | * |
3a. Invite Blazing Trails | yes | yes | ? | * |
3b. Dismiss troops | no | yes | * | ? |
4. Sign OPIC agreement with United States | yes | yes | yes | yes |

- These cases were explained by realism.
? Insufficient data to determine.
* Not applicable.

Realism's highly general defining conditions helped it to explain a significant number of cases. However, its explanatory ability appears to be randomly distributed. Its central tenets, that countries are unitary actors implementing rational choices, also did not hold in these cases.

E. Leader preferences

Leader preferences performs better than any other theory, explaining eight, or two thirds, of the cases. The first point to be made relates to the significance of this performance. Leader
preferences is in many ways the opposite of compliance, the prevailing theory. Recall that compliance theorists argued that dependent leaders would implement pro-core foreign policies against their wishes. This study has found that quite the reverse is true. In most cases, leaders were able to do what they wanted and in many instances their objectives opposed US interests. That Ecuador's leaders during the severe economic crisis of the 1980s were still able to implement their preferences is evidence that the dependence/compliance relationship described by many theorists is at the very least more complex than has often been described.

The principal defining condition for leader preferences was that the leader be interested in or actively involved in the policy matter. Table 20 indicates that in all but one of the cases, this condition held true. Only in joining the Contadora Support Group was the executive essentially disinterested in and removed from the policy process. In all other instances, the leader was interested and involved. However, leader commitment was insufficient to predict whether the policy output would conform with the leader's preferences. What additional contextual conditions, then, determine when this theory will prevail?

Based on these cases, two contextual conditions under which leader preferences emerges can be identified. First, domestic opposition to the leader is absent, weak, or preempted. In all the examples of leader preferences under President Hurtado, domestic opposition was very slight. It is important to remember that Hurtado did confront intense general opposition to his Administration, both from Ecuador's popular sectors angry at austerity programs and from the country's economic elites who labeled him a statist hostile to entrepreneurial interests. However, the opposition did not mobilize on most foreign policy issues, enabling him to implement his personal choices. Similarly, President Febres Cordero met little domestic opposition to his OPIC policy. In the other two examples of leader preferences under Febres Cordero, conditions were slightly different. Febres Cordero faced potentially significant opposition to both his Blazing
Trails initiative and his breaking relations with Nicaragua. The executive successfully preempted the opposition in both of these cases, implementing the policies before opponents were able to voice their outrage.

A second and related condition appears to be the absence of core opposition to the policy. For Febres Cordero, this was quite easy to achieve. The US agreed with the majority of Febres Cordero’s foreign policy proposals. The ideological concordance between the Febres Cordero and Reagan Administrations usually assured support from the United States. Under Hurtado, US support was not so automatic. In all of the cases in which Hurtado was able to implement his preferences, the US government, the IMF, World Bank and other core actors either cared little about the policy or agreed with it. For example, the core supported Hurtado’s foreign investment reforms and his failure to back the Sandinistas. On the diplomatic components of the CEL, the US and other creditors demonstrated little concern, confident that Latin American payments would not cease.

These conditions signify that, at least in the cases reviewed here, the leader was able to implement his own preferences when domestic and international actors did not strongly oppose him. When the leader was vulnerable, he tended to give in to opponents. Leader preferences thus emerges as weaker than table 15 would indicate. While leader preferences did explain more cases than any other theory, it only explained in those instances when the leader went essentially unchallenged. Two factors combine to explain why potential opponents rarely challenged Ecuador’s leaders on foreign policy matters during the 1980s. First, during this era of economic austerity, Ecuador rarely embarked on risky or ambitious foreign policy initiatives that potential opponents would view as a major threat. Second, in many instances, the leader’s preference conformed with that of important domestic or international actors, largely eliminating conflict. Under Hurtado that agreement existed mostly with domestic political actors. Congress rarely
challenged Hurtado’s foreign policy, particularly in the diplomatic sphere, because it conformed with Ecuador’s foreign policy traditions and was not viewed as a threat. Under Febres Cordero, the agreement existed with core actors, who were happy to have a pro-US Administration in Ecuador and were unlikely to challenge his foreign policy decisions.

An interesting pattern relating to issue area also surfaces under leader preferences. Four fifths of Hurtado’s examples of this theory emerge in the diplomatic arena while two thirds of Febres Cordero’s leader preference examples are in economic/development matters. This suggests that a leader who tends towards counterdependence (Hurtado) will be able to implement his preferences in diplomatic arenas. His anti-core proclivities will be less tolerated and therefore more difficult in the economic realm. In contrast, a pro-core leader (Febres Cordero) will not experience these same restraints and will be able to develop economic policies that favor the US. However, he will be less able to do so in the diplomatic area, where domestic actors pressure him to soften his pro-US tendencies.

In sum, the conditions under which leader preferences explains include 1) that domestic opponents are inactive or preempted, and 2) that the core either supports the policy or does not oppose it. Furthermore, 3) pro-core policies tend to emerge in issue areas salient to the core, while 4) anti-core policies tend to emerge in issues not salient to the core. These conditions are listed in table 20. It reveals that the first two contextual conditions hold for all the cases explained by leader preferences. The third and fourth conditions are more problematic. Two pro-core policies towards Nicaragua, Hurtado’s failure to support the Sandinistas and Febres Cordero’s breaking relations with Nicaragua, did not occur in an area salient to the US. However, no anti-core policies explained by leader preferences occurred in an area salient to the core. It therefore appears that salience becomes important only when a peripheral state attempts
counterdependence. If the issue is salient to the core, the leader is unlikely to implement an anti-core policy.

TABLE 20: CONDITIONS OF LEADER PREFERENCES

<table>
<thead>
<tr>
<th>Conditions: Cases:</th>
<th>DEFINING CONDITION</th>
<th>CONTEXTUAL CONDITIONS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Conditions: Leader active in the policy process</td>
<td>Domestic opposition inactive or preempted</td>
<td>Core supports or does not oppose</td>
</tr>
<tr>
<td>OSVALDO HURTADO</td>
<td>yes</td>
<td>yes</td>
</tr>
<tr>
<td>1a. Rejection of US intervention in Nicaragua</td>
<td>yes</td>
<td>yes</td>
</tr>
<tr>
<td>1b. Failure to support Sandinistas</td>
<td>yes</td>
<td>yes</td>
</tr>
<tr>
<td>2a. Invite foreign investment to oil industry</td>
<td>yes</td>
<td>no</td>
</tr>
<tr>
<td>2b. Investment reform law</td>
<td>yes</td>
<td>yes</td>
</tr>
<tr>
<td>3a. Initiate debt summit</td>
<td>yes</td>
<td>yes</td>
</tr>
<tr>
<td>3b. Summit document generation</td>
<td>yes</td>
<td>yes</td>
</tr>
<tr>
<td>3c. Appease USG and creditors</td>
<td>yes</td>
<td>yes</td>
</tr>
<tr>
<td>LEON FEBRES CORDERO</td>
<td>no</td>
<td>no</td>
</tr>
<tr>
<td>1. Join Contadora Support Group</td>
<td>yes</td>
<td>yes</td>
</tr>
<tr>
<td>2. Break relations with Nicaragua</td>
<td>yes</td>
<td>yes</td>
</tr>
<tr>
<td>3a. Invite Blazing Trails</td>
<td>yes</td>
<td>yes</td>
</tr>
<tr>
<td>3b. Dismiss troops</td>
<td>yes</td>
<td>no</td>
</tr>
<tr>
<td>4. Sign OPIC agreement with United States</td>
<td>yes</td>
<td>yes</td>
</tr>
</tbody>
</table>

* These cases were explained by leader preferences.
? Insufficient data to determine.
* Not applicable.
An additional point requires attention here. This thesis has not addressed leaders' agendas and the constraints that affect their ambitions. To what extent are dependent leaders' preferences developed and pursued within a limited number of choices, constrained by dependence or other factors? Recalling from the above discussion on realism, in no case did a leader embark on a policy for which resources were not clearly available. This suggests that indeed dependence does limit leader's foreign policy ambitions. For example, it has been determined that Hurtado's initiating the CEL conformed with his preferences. What is not known is whether in the absence of an economic crisis Hurtado's regional diplomatic ambitions would have been more lofty. Similarly, Febres Cordero certainly agreed with the signing of the OPIC agreement with the US. Recalling his antipathy towards multilateral regional organizations, it is worthwhile to consider that he might have preferred to abandon the Andean Pact altogether. It is possible that the domestic political environment nullified that possibility. The signing of OPIC and the violation of the Pact that the agreement entailed would under this scenario conform with his preferences only mildly. Understanding a leader's preference is difficult enough. Investigating the degree to which his agenda truly corresponds to his preferences requires additional study. However it is important to remember when evaluating this theory's performance that leader preferences are subject to external constraints. The extent to which dependence, for example, constrains agenda setting may be as important as its effect on a leader's stated preferences within a dependent environment.

F. Domestic politics

Domestic political dynamics explain only two of the twelve cases examined, a finding that conforms with the dependent foreign policy literature that generally does not stress the role of domestic political forces in foreign policy. But the two cases in which domestic politics did
explain, the investment reform laws and the dismissal of the Blazing Trails troops, involved policy matters highly salient to the president as well as actors outside Ecuador. In other words, domestic political actors did not influence policy only in those relatively unimportant or inconsequential cases. The ouster of Blazing Trails troops and the details of the investment reform had significant impacts on Ecuador's economic and political situation.

The defining condition of this theory, that a relevant domestic opposition group express a preference, holds true for five of the cases examined. In only two of those five cases did the opposition proceed to have its preferences implemented. It is therefore necessary to consider what other conditions explain the opposition's success.

It is difficult to extract generalizations from two examples. However these two cases share conditions that are important to recognize. First, in both of the domestic politics examples, the relevant opposition was united. During consideration of the oil investment reforms, the majority in Congress, led by Hugo Caicedo, remained committed to assuring that Ecuadoran autonomy over the oil industry was not completely lost. The absence of Congressional ambiguity over this issue aided Congress in achieving the legislative reforms it sought. Blazing Trails provides perhaps the strongest example of a nation-wide united opposition to President Febres Cordero. Congress joined with a variety of non-governmental political groups to oppose fiercely the presence of US troops on Ecuador's soil. The strength of the opposing front was too great for Febres Cordero to resist, even though he was personally committed to the operation and was backed by the US. Had the opposition been weaker or more diffuse, the President would most likely have continued the Blazing Trails operation.

Second, the opposition perceives a threat or opportunity in this policy area. In the oil legislation case, the Congress perceived a threat to Ecuador's control over its highly valued oil industry. The reform bills as advanced by the Administration strongly favored foreign interests.
Hugo Caicedo and other Congress members worked to maintain significant decision-making power and profit opportunities in Ecuador. Congress also perceived a political opportunity in the reform bills. They provided Congress with a chance to influence a very high profile policy of significant national concern.

A third apparent condition for domestic politics is that the opposition operate in an area under its authority. This is most clear in the oil investment case. Hurtado’s proposed reforms required Congressional approval. This proviso strengthened Congress’ ability to effect modifications. In other areas of economic policy, such as management of the foreign debt, Congress had no constitutional role and therefore was less likely to effect policy change. In the Blazing Trails example, Febres Cordero ostensibly had the final say as to whether the Blazing Trails troops stayed or left. However, Congress made this foreign policy issue one of its own. The Special Committee on Foreign Affairs quickly called hearings on the issue. Its members also succeeded in convening an extraordinary session of the entire Congress. Although the Committee and the Plenary constitutionally had only an advisory role, they exploited that role to its fullest. In essence, they moved Blazing Trails out of the executive arena and into the legislative realm. In so doing they succeeded in changing the executive’s policy quite significantly.

A final condition is that the opposition is willing and able to commit resources to extend its influence. In both of the examples here, these resources were comprised primarily of legislative energy. The Economic, Agrarian, Industrial, and Commercial Committee, chaired by Hugo Caicedo, studied the oil investment reform bills for over a year, making significant modifications and negotiating with Administration officials. The full Congress, too, debated the bills heatedly and offered its own changes to the Committee’s recommendations. This Congressional commitment made it impossible for Hurtado to disregard Congress’ wishes. Similarly, Congress quickly mobilized its resources to oust the Blazing Trails troops. In addition
to calling the extraordinary session to discuss Blazing Trails, Congress members frequently denounced the operation in the press and successfully called for the Tribunal of Constitutional Guarantees to censure the policy. Other opposition groups also responded immediately and forcefully to the policy.

Outside of these conditions, little more can be ascertained from these two examples of domestic politics. For example, it cannot be said that domestic politics prevailed in cases where the leader was relatively uncommitted. Both Hurtado and Febres Cordero were strongly dedicated to these policy areas. Similarly, the international position to these policies shows no pattern. The US did not become involved in the oil investment reforms but was directly interested in the Blazing Trails outcome. Issue area also differed. The oil investment reform was economic while the ouster of the troops was diplomatic.

Nonetheless, a point about the policy content can be made. Unlike compliance, consensus, and counterdependence, under which policy content (pro-core or anti-core) is known, domestic politics entails no a priori determination of the substance of policy. Domestic political actors could conceivably pressure an Administration's decision making in either direction. It is interesting to note that in both of this study's examples of domestic opposition, policy was directed against the core's interests. In the investment reforms, Congress maintained constant pressure on the Hurtado Administration to make sure that the policy did not provide foreign investors with too much control over Ecuador's oil industry. In Blazing Trails, the opposition fiercely rejected the intensification of dependent ties with the US that the troops signified. There is no example in this study of the opposition's exacting pro-core policy concessions from the Administration. This pattern suggests that politically powerful domestic groups capable of swaying a leader away from his preferences tend to oppose pro-US policies. This also conforms with the finding that in every instance in which Febres Cordero did not implement his
preferences, domestic forces directed him away from a pro-core position. Of course, not all anti-core policies are explained by domestic politics. But it is important to note that domestic groups have most influence in those areas not salient to the core.

Four conditions lead to an expectation that domestic politics will explain foreign policy: 1) the relevant opposition is united; 2) the opposition perceives a threat or opportunity in this policy area; 3) the opposition operates in an area of authority; and 4) the opposition is willing and able to commit resources to influence the policy. Table 21 reveals that all of these conditions hold for the two examples of domestic politics and do not hold for the other cases. These specific conditions do not often hold in the foreign policy realm, particularly in countries such as Ecuador where foreign policy is largely under executive control. However, when they do hold, the opposition has achieved sufficient political legitimacy to force the foreign policy option of its choice, often with regard to critical policies.
TABLE 21: CONDITIONS OF DOMESTIC POLITICS

<table>
<thead>
<tr>
<th>Conditions:</th>
<th>DEFINING CONDITION</th>
<th>CONTEXTUAL CONDITIONS</th>
</tr>
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<tr>
<td>Cases:</td>
<td>Relevant opposition has a policy preference</td>
<td>Relevant opposition is united</td>
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<table>
<thead>
<tr>
<th>OSVALDO HURTADO</th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>1a. Rejection of US intervention in Nicaragua</td>
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<td>no</td>
<td>no</td>
<td>no</td>
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<tr>
<td>1b. Failure to support Sandinistas</td>
<td>no</td>
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<tr>
<td>2a. Invite foreign investment to oil industry</td>
<td>yes</td>
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</tr>
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<td>2b. Investment reform law</td>
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<td>yes</td>
</tr>
<tr>
<td>3a. Initiate debt summit</td>
<td>no</td>
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<td>no</td>
<td>no</td>
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</tr>
<tr>
<td>3b. Summit document generation</td>
<td>no</td>
<td>no</td>
<td>no</td>
<td>no</td>
<td>no</td>
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<td>3c. Appease USG and creditors</td>
<td>yes</td>
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<td>no</td>
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<tr>
<th>LEON FEBRES CORDERO</th>
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</tr>
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<tbody>
<tr>
<td>1. Join Contadora Support Group</td>
<td>no</td>
<td>no</td>
<td>no</td>
<td>no</td>
<td>no</td>
</tr>
<tr>
<td>2. Break relations with Nicaragua</td>
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<td>no</td>
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<tr>
<td>3a. Invite Blazing Trails</td>
<td>no</td>
<td>no</td>
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<tr>
<td>3b. Dismiss troops</td>
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<td>yes</td>
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</tr>
<tr>
<td>4. Sign OPIC agreement with United States</td>
<td>yes</td>
<td>no</td>
<td>no</td>
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</tr>
</tbody>
</table>

* These cases were explained by domestic politics.

G. Summary

Tables 16 through 21 together summarize the conditions under which the different theories explained this study's cases. It is important to stress that these findings are tentative, in some cases based on a single or a pair of examples. Nonetheless, there is information for two important general conclusions. First, domestic political factors such as the leader's orientation
and the strength of domestic opposition frequently weigh heavily in determining whether a theory applies. This indicates that the foreign policy of a dependent state like Ecuador is clearly not determined solely or even primarily through external considerations, as compliance and realism imply. Second, pro-core policies occur more frequently in the economic realm while anti-core policies develop more often in the diplomatic realm. As discussed above, this tendency appears to be a function of the United States’ desire, willingness and capacity to pressure Ecuador’s policy in the economic realm. This combines with Ecuador’s limited options in this area to generate pro-US economic policies with greater frequency.

This pattern may evidence a stronger relationship between economic dependence and foreign policy behavior than table 15 first appears to indicate. The United States and other core actors achieve their policy preferences and goals in Ecuador in the area most salient to them. Even when a dependent leader tends towards counterdependence (Hurtado), the core is able to exact economic policy concessions. When the dependent leader tends to consensus (Febres Cordero), the US can anticipate good behavior on economic questions. In both examples, the core largely achieved its desired economic policy results in Ecuador.

In the diplomatic realm this model works in the reverse. The proclivities of a counterdependent leader will direct him to enact defiant policies in the diplomatic realm. Domestic sources desirous of national autonomy will tend to support him in these endeavors. Since the US has found that Ecuadorian antagonism on diplomatic questions has little impact on Washington’s ability to continue with its preferred regional policies and also does not endanger its capacity to achieve economic results in the region, defiant diplomatic policies will be tolerated. However, a pro-US leader will meet strong opposition from local forces attempting to counteract the Administration’s inclination to favor the United States.
The result is that the core generally achieves its desired policy outcomes in Ecuador. However, the process is not one described by compliance theorists. At times, pressure towards a pro-core economic policy is overt, as was somewhat the case in the CEL appeasement example. However, other manners through which pro-US policies are achieved occurred more frequently. Sometimes, the mere existence of an economic crisis was sufficient to steer Ecuador towards pro-core policies such as increasing foreign investment. In other cases, the fact that a consensual leader, Febres Cordero, presided over the country was the primary factor.

Two important summary points should be clarified here. First, dependence does not directly lead to pro-core policies, particularly in the diplomatic realm where dependence is in most cases correlated with anti-core policies. Second, the US need not implement the instruments of compliance, such as threats and sanctions, in order to achieve its desired economic results.

III. INTERACTIVE AND CONDITIONAL THEORIES

A. Interactive theories

The frequency with which different theories explain a single case suggests that a consideration of the interaction among theories will also prove fruitful to understanding Ecuador's foreign policy during the 1980s. As was mentioned in the introduction to this chapter, while no single theory can explain dependent foreign policy, the combination of two or more theories may explain quite well. It has been demonstrated, for example, that leader preferences and realism can alone account for eight and five cases respectively. However, the problem with these two theories is that alone they provide little information on the motivation behind policy, the process through which it emerged or, perhaps most importantly, its content. When combined with other theories a fuller explanation is derived.
Referring again to table 15, it is clear that while leader preferences performs better than any other single theory, it co-occurs with either consensus or counterdependence in all but one case. This is not surprising because the tenets of consensus and counterdependence do not compete with those of leader preferences. Leader preferences guides the observer to the source of the policy - the leader. However, this alone provides no information on the content of the policy. Consensus explains that a leader whose ideological orientation accords with leaders in the US will develop generally pro-US policies. In contrast, a leader who espouses neocolonial explanations of Ecuadoran underdevelopment will implement counterdependent policies aimed at diminishing North-South dependent ties. Consensus and counterdependence provide the substance behind the leaders' preferences. Leader preferences combined with consensus or counterdependence provides a fuller understanding of many policies than either of the theories can alone.

This pattern somewhat undermines the force of either consensus or counterdependence as a single explanatory theory of dependent foreign policy. For example, Moon (1985) sought to demonstrate that consensus explained policy better than compliance. Biddle and Stephens (1989) suggest that dependency will lead to counterdependence. Although sometimes implicitly, these authors attempt to capture the single most important operative force behind dependent foreign policy. This study has demonstrated, in contrast, that both consensus and counterdependence can explain dependent foreign policy, but that leader preferences is needed to predict which of the two will apply.

Ecuador in the 1980s illustrates this point well. During the 1980s Ecuador produced two leaders with very different ideological orientations. Hurtado, a social democrat, viewed dependent relationships as obstacles to real and redistributive development. Accordingly, he advocated a reduction in dependence and a foreign policy reflecting that view. Febres Cordero,
on the other hand, conforms to the ideal of a consensus leader. He was educated in the US, maintained business ties with the North and valued a free market system. Accordingly, he often agreed with US policy and developed foreign policy that merged with US interests. The fact that both of these leaders emerged in Ecuador during an economic crisis damages the ability of either consensus or counterdependence to act as a single theory of dependent foreign policy. A dependent economy does not generate a single type of leader, either consensual or counterdependent. Once the type of leader is known, however, consensus and counterdependence explain the process behind policy quite well.

Similarly, if domestic actors other than the executive generate the policy, they too may reflect either consensus or counterdependence. The best example from this study is the dismissal of the Blazing Trails troops. Congress took control of that policy, indicating that domestic politics were at work. However, the essence of that policy was counterdependent. Congress, like Hurtado in other cases, was frustrated with Ecuador's heavy reliance on the United States and sought a foreign policy to weaken dependent ties. Equally possible is that domestic actors favorable to the US, such as local industrial elites, would assume command of a policy reflecting consensus between them and economic and political leaders in the US. Domestic politics, then, can also coincide with consensus and counterdependence.

A similar point can be made, though less strongly, regarding realism's occurrence in table 15. In four of the five cases realism explained, it co-occurred with another theory. In three of those instances, realism emerged with a theory other than leader preferences (two examples of consensus and one of domestic politics). Like leader preferences, the tenets of realism do not exclude the applicability of other theoretical approaches. The search for development and prestige (realism) can follow the processes outlined by consensus or counterdependence. Also, it could be implemented by a leader whose preferences are being served or by domestic political
actors. Realism and these other theories are not mutually exclusive and need not compete. As has been argued throughout this study, theories other than realism generally provide more specific information on the policy's content.

The fact that leader preferences and realism co-occur with other theories provides evidence that interactive theorizing is a fruitful way to approach dependent foreign policy. No single theory has obviously captured the essence of Ecuador's foreign policy during the period under study, but combinations of theories provide a rather satisfactory account of the cases. However, no single combination of two theories explains a majority of the cases. Three combinations, leader preferences and counterdependence, leader preferences and consensus, and realism and leader preferences, each explain three cases. So while there is evidence that interactive theories explain Ecuador's foreign policy better, there is no set of theories which clearly performs best.

B. Conditional theories

This identifies a need to consider a different, or additional, approach. Thus far, it has been demonstrated that leader preferences and realism account for many of the cases, but that these theories alone provide only a partial account of the policy under question. When combined with other theories, such as consensus or counterdependence, a fuller account of the policy's content and the process through which it develops emerges. However, the failure of any pair of theories to explain a majority of the cases suggests that interactive theorizing alone does a rather poor job of explaining dependent foreign policy. Interactive theories provide an ample explanation of different cases, but do not develop with sufficient frequency to generalize their applicability. This indicates that middle range theories, explanations that emerge under specific conditions, may be more helpful.
Consider the theories other than leader preferences and realism, which together can account for ten of the twelve cases. Nine of these ten cases also can be explained by theories other than the predominant two. In each of these examples, there is only one theory other than leader preferences and/or realism that accounts for the case. There is no obvious winner among these extra theories. Counterdependence accounts for three cases, consensus for three, and domestic politics for one. If we accept that leader preferences and realism benefit from combining with other theoretical approaches that help to explain the content and process behind policy, there is evidence to support a conditional or middle range theoretical approach to explaining the entire set of cases. In other words, under certain conditions, consensus, counterdependence and domestic politics will combine with realism or leader preferences to explain.

Those conditions are outlined in Section II and summarized in tables 16 through 21 of this chapter. The conditions for the interactive theories can be derived by combining the conditions under which individual theories develop. For example, leader preferences will combine with consensus to explain policy when a pro-US leader is in command of policy and meets little opposition. This combination will also tend to explain policy more often in policy areas salient to the core. Leader preferences will combine with counterdependence when an anti-core leader meets little opposition, usually in realms less salient to the core. Realism will combine with consensus and counterdependence in those policy areas dealing with development or prestige under the conditions of consensus and counterdependence respectively. Realism, it is important to note, explains more frequently consensus policies than counterdependent ones.
IV. WITHIN-POLICY PATTERNS

A. Pro-core and anti-core elements

An important observation of cross-theoretical analysis then is that theories co-occur and that leader preferences and realism tend to combine with a variety of other theories under distinct conditions. A second way to analyze table 15 is to consider the theoretical application to whole policies. An analysis of which theories explain individual policy components, such as the appeasement component of the CEL or the dismissal of the troops, has already been performed. It is also fruitful to consider what patterns emerge when examining the entire CEL, Febres Cordero’s policy towards Nicaragua in general, the oil investment reform from start to finish, etc.

An examination of whole policies (each has been presented in a different case study chapter) reveals two general tendencies, one pro-core, the other anti-core. Most of the policies contain different components representing these two distinct interests. Perhaps the most obvious illustration of this interplay of pro-core and anti-core forces is Hurtado’s *Conferencia Económica Latinoamericana*. The anti-core interest originated largely in the executive office. President Hurtado called a regional debt meeting with the goal of lessening Latin America’s dependence on foreign creditors. The pro-core component of the policy was born largely in Hurtado’s understanding of Ecuador’s economic crisis and its vulnerability to potential sanctions from the North. In order to avoid this possible punishment, Hurtado promised creditors that Ecuador would not cease its loans and that the Conference would not institute a debtors’ club. These conditions severely undermined the potential and real impact of the CEL. Because creditors understood the CEL would not damage their vital economic interests, they had little incentive to
modify their behavior as the Latin American delegates to the CEL requested. Hurtado’s dual approach produced an essentially self-annulling policy.

A similar pattern emerges in the oil investment reform chapter. The counterdependent component of this policy developed at two different points. First, early in his career Osvaldo Hurtado advocated national control over Ecuador’s petroleum, claiming that multinational participation in the industry damaged Ecuadoran development potential. This same view, although in a somewhat diluted form, was expressed in Congress during the debates over the proposed investment reforms in 1982. Hugo Caicedo led the Congressional campaign to insure Ecuador against a total foreign takeover of the oil fields. Once president, Hurtado became a primary advocate of the pro-core position. Responsible for Ecuador’s financial survival under economic crisis, he sought foreign investment as an important and relatively short-term method to increase revenues. Unlike in the CEL, these two divergent forces did not necessarily cancel each other out. The resulting reforms represented a compromise between those who sought a tremendous increase in incentives for foreign investors and those who wanted to maintain significant local control. The compromise legislation generally pleased most of the actors participating in its development. Nonetheless, the policy did emerge out of the interplay of pro-core and anti-core forces.

A third example of this pattern under the Hurtado Administration is its policy towards revolutionary Nicaragua. In this case, the anti-US component was the Administration’s rejection of US policy towards Nicaragua. Pressures came from a variety of sources: Hurtado’s own personal antipathy towards US interventionism, Ecuador’s foreign policy tradition to oppose such intervention, the political expediency of Hurtado’s continuance of Roldós’ rejection of US methods, and insistence from a variety of domestic political groups that Ecuador not support US regional policy. The pro-US element of the Nicaragua policy was Hurtado’s quiet failure to
support the Sandinistas. This policy was partly born in the President's own distaste for Daniel Ortega and the Sandinistas, whom he considered non-democratic. However, his failure to be more active in Nicaragua in general is also explained as a function of Hurtado's being overwhelmed with economic and political problems at home.

This same combination of conflicting tendencies are evident under the Febres Cordero Administration. It is most pronounced in the Blazing Trails case where the President and his close advisers agreed with Pentagon officials to a US military operation in Ecuador. Febres Cordero arranged Blazing Trails seemingly without considering the intense domestic opposition that would arise to the presence of US troops in the Ecuadoran countryside. The efficiency and potency with which opponents responded to Blazing Trails forced the Febres Cordero Administration to see that the troops withdrew. Again, the interplay of pro-US and anti-US forces caused the policy to cancel itself out.

A similar situation occurred in Ecuador's approach to revolutionary Nicaragua under Febres Cordero. The anti-core element of this policy was the Foreign Ministry's decision to join the Contadora Support Group, a body that quite overtly supported the Sandinistas in their battle against the Reagan Administration. Febres Cordero immediately annulled that act with his unilateral decision to break relations with Nicaragua. While Febres Cordero may not have taken this action in order to please the US, the policy had a distinctly pro-Reagan Administration flavor.

Five of the six case study chapters demonstrate a mix of counteracting forces. Table 22 summarizes these five examples' pro-core and anti-core components and indicates the issue area of each. Consistent with conclusions discussed Sections II and III above, table 22 demonstrates that most (four of five) anti-core policies emerged in the diplomatic realm while most (three of five) pro-core elements emerged in the economic realm. The point to be made here is that these
disparate policy forces will occur simultaneously within a single policy area. In some instances, such as the oil investment reforms, this resulted in a compromise reasonably attractive to most participants. More frequently, this interplay generated a contradictory and self-annulling policy.

**TABLE 22: PRO-CORE AND ANTI-CORE ELEMENTS OF FIVE POLICY AREAS**

<table>
<thead>
<tr>
<th></th>
<th>Pro-core component</th>
<th>Anti-core component</th>
</tr>
</thead>
<tbody>
<tr>
<td>CEL (Hurtado)</td>
<td>appeasement of creditors (E)</td>
<td>CEL initiative and language (D)</td>
</tr>
<tr>
<td>Nicaragua (Hurtado)</td>
<td>failure to support Sandinistas (D)</td>
<td>rejection of US methods in Nicaragua (D)</td>
</tr>
<tr>
<td>Oil investment reform (Hurtado)</td>
<td>increase foreign investment (E)</td>
<td>limit loss of national control over oil industry (E)</td>
</tr>
<tr>
<td>Blazing Trails (Febres Cordero)</td>
<td>invite US troops (E)</td>
<td>dismiss US troops (D)</td>
</tr>
<tr>
<td>Nicaragua (Febres Cordero)</td>
<td>break relations with Nicaragua (D)</td>
<td>join Contadora Support Group (D)</td>
</tr>
</tbody>
</table>

(D) indicates diplomatic issue area. (E) indicates economic/development issue area.

An additional point that also conforms with the above discussion relates to the source of these different policy thrusts. All of the anti-core behavior in table 22 served a domestic audience or resulted from domestic pressure. The CEL, for example, was born principally in President Hurtado’s own ambitions. Rejection of US methods in Nicaragua not only served Hurtado’s personal interests but also conformed with Ecuador’s foreign policy traditions. Congress clearly was the principal actor forcing changes in the oil investment laws and the ouster of the Blazing Trails troops. Finally, Ecuador’s Foreign Ministry generated the Contadora Support Group policy. This pattern provides strong evidence that domestic actors, within or without the executive office, will pressure for anti-core foreign policies.

The reverse of this point, that pro-core policies originated in the exterior, cannot necessarily be made. An examination of the pro-core policies in table 22 reveals that two under Febres Cordero were essentially the initiatives of his own Administration. Neither Blazing Trails
nor the break in relations with Nicaragua can be described as externally imposed policies, although they did serve US interests to some degree. However, external interests did have a greater impact in generating Hurtado’s examples of pro-core policies. The appeasement of creditors under the CEL was a direct response to external pressure and fear of retribution for the Conference. Similarly, Hurtado’s commitment to increasing investment in the petroleum industry developed largely as a response to an intense economic crisis. This crisis is external in that it was not unique to Ecuador and was caused in large part by a global economic recession. Finally, Hurtado’s failure to support the Sandinistas was at least partially a function of the President’s inability to extend himself diplomatically during an intense financial emergency. Hence, it appears that the pro-core components of a policy will develop externally when the leader tends to be counterdependent.

Though the pattern is less clear for the pro-core policies than it is for the anti-core policies, it can be said that pro-core policies more frequently respond to external pressures while anti-core policies more frequently develop from domestic pressures. The tentative conclusion emerging from this discussion is that, contrary to what both compliance and counterdependence theorists expect, dependence does not lead to a single type of foreign policy. Rather, dependence produces both anti-core and pro-core tendencies. Domestic groups frustrated with dependence will pressure leaders to adopt anti-core policies while external actors and conditions direct dependent leaders to implement policies favorable to the core.

B. Leaders and internal or external opposition

A second pattern evident in within-case analysis concerns policy battles between the executive and either internal opponents or core actors. In four of the six case study chapters, the executive was able to implement his preference in one or two components of the policy, while
an opponent within or without Ecuador had control over the remaining components. For example, in the oil investment case, President Hurtado achieved significant influence at the initiative level, but had to compromise with Congress at the legislative stage. The CEL case demonstrates the same pattern, but with external actors. While Hurtado was very powerful in initiating the conference and drafting its documents, core actors prevailed in the appeasement component of the policy.

Febres Cordero’s opponents were essentially domestic. His Foreign Ministry bureaucracy was able to join the Contadora Support Group even though the President opposed multilateral action. However, Febres Cordero had the final say when he alone broke diplomatic relations with Nicaragua. Similarly, in the Blazing Trails case, the executive implemented his preferences at the initiative stage but gave in to opponents and agreed to dismiss the troops.

This demonstrates that in addition to pro-core and anti-core elements co-occurring within a single policy area, both the executive and his opponents may prove victorious over different elements of the same policy. As was the case with the interplay of pro-core and anti-core forces, this interplay may lead to contradictory and self-annulling policies. However, it may also result in working compromises.

V. SUMMARY AND CONCLUSION

This final section condenses this chapter’s discussion into three principal conclusions. The first is directly theoretical while the remainder are more substantive. The substantive conclusions, however, will contribute to better theorizing on dependent foreign policy. These conclusions, though based on the Ecuadoran case, are expected to generalize to other cases within Latin America, and with some modifications, to dependent foreign policy in general. At the very
least, future studies can examine their applicability to other dependent states' foreign policy behavior.

A. Interactive theories explain dependent foreign policy under certain conditions.

This study has found that both interactive and conditional theories apply to explaining Ecuador's foreign policy. The most successful theory was leader preferences which combined with either consensus or counterdependence to explain half of the cases. Realism, and less frequently domestic politics, also combined with consensus and counterdependence under certain conditions to explain dependent foreign policy.

I have found that no single theory can fully explain the content and process behind policy. Consensus and counterdependence each could provide this service. However, neither emerges by itself with reliable frequency. Instead, leader preferences, and to a lesser extent realism and domestic politics, co-occur with the other theories. No combination of theories develops with sufficient regularity to identify it as the best explanation of the phenomenon. Instead, interactive theories, emergent under specific conditions, best account for the set of cases examined here. Contrary to what much of the previous literature on dependent foreign policy suggested, this study proposes that dependent foreign policy is highly complex and impossible to predict with any single set of variables.

That different and conditional theories are needed to explain dependent foreign policy should not dampen dependent foreign policy analysts' spirits. This finding parallels conclusions stated by Alker (1966) and reiterated by Russet in his examination of dependency and arms races. "To be sure, we find patterns of behavior that are complex, interactive and heavily conditioned.... (A) good theorist does not expect most relationships to be simple...." (Russet 1983: 561). Nor should the theoretical complexity that explains the Ecuadoran cases generate
fears that these findings are not generalizable. Complex explanation can be replicated and is demanded of complex phenomena. When considering other dependent foreign policy cases, the same types of questions and variables that have been addressed here will need to be examined. Observers will have to consider the role of the leader, domestic political groups and the core in each dependent foreign policy case. This study has begun to identify the conditions under which those variables combine to produce patterned foreign policy outcomes. Additional studies will contribute to specifying these patterns further.

B. Pro-core behavior develops more frequently in the economic realm while anti-core behavior develops more frequently in the diplomatic realm.

This conclusion relates not only to dependent states’ foreign policy, but to core foreign policy as well. It has been argued that two related forces combine to produce pro-core policies in the economic realm. First, the core (in this case the US and creditor institutions) was interested in and willing to modify its dependencies’ economic policy. It also held the policy instruments with which to exercise that influence. Second, Ecuador was particularly weak and vulnerable economically during the financial crisis of the 1980s. This severely limited its policy options. Desperately in need of cash, the country’s leaders rarely saw many alternatives to policies that would facilitate new loans and investment. The combination of these forces led to pro-core policies in all but one of the economic policies examined in this study.

This point is theoretically important. It suggests that in the economic realm, analysts need little specific information on the country at hand to predict policy. Recalling the discussion above, those theories that require little or no information on Ecuador’s domestic situation, compliance and realism, pertained almost exclusively to policies in the economic realm. In other words, the distribution of global resources can predict this dependent state’s foreign policy.
behavior in general terms. Regardless of the leader and domestic political situations, Ecuador usually implemented pro-core economic policies.

The reverse holds for the diplomatic arena. While the core may be little interested in Ecuador's diplomatic behavior, domestic actors are. National political groups paid strong attention to the Administrations' diplomatic behavior. Because Hurtado's diplomatic proclivities generally adhered to Ecuador's foreign policy traditions and to the Congress' diplomatic preferences, domestic groups allowed him to develop diplomatic policy as he saw fit. Febres Cordero, on the other hand, met significant opposition in the two instances in which he tried to implement his own pro-core preferences (keeping the Blazing Trails troops in Ecuador and breaking relations with Nicaragua). The point is that domestic groups do consider diplomatic concerns salient and are therefore likely to try to influence government behavior on them.

Similarly, domestic groups have some instruments of policy influence available to them. Certainly, the constitutional provision that the executive has control over foreign policy can prevent Congress and other groups from modifying policy, as was the case in Febres Cordero's breaking relations with Nicaragua. All domestic political actors, including Congress and even the Foreign Ministry, were helpless to change that decision. However, that same Foreign Ministry did mobilize its bureaucracy to join the Contadora Support Group even though the executive was not particularly interested in such an action. Similarly, Congress and other groups used all the available means to void Febres Cordero's Blazing Trails operation.

A very critical point that must be taken into consideration is the core's role in diplomatic questions. It appears that domestic groups are able to influence diplomatic policy largely because the core is content to disregard the diplomatic arena. Remember that domestic groups are arguably more interested in economic policy than in diplomatic policy, particularly during a financial crisis. Even though domestic actors were highly concerned with economics, they were
less able to influence decisions in that area. Core interest, then, appears to determine what was left over for domestic actors to influence. Nothing indicates, for instance, that had the United States prioritized the diplomatic arena it would not have succeeded in modifying Ecuador's diplomatic policy. Thus, it appears that Ecuadoran domestic leaders are able to influence policy largely on those issues the core has not deemed salient. While this finding is by no means without variation, it has significant implications concerning core power over dependent foreign policy behavior.

This pattern is also important for an understanding of leader preferences. A trend has developed by which pro-core leaders will be able to implement their preferences in economic areas while anti-core leaders will be able to do so in the diplomatic arena. In both instances, the core has achieved its desired results. A leader such as Febres Cordero has the good fortune that the core condones his economic policies, while a leader like Hurtado must bend his economic policies to conform with core preferences. Again, it is important to remember that these policies do not necessarily develop through a process of coercion. The mere existence of the economic crisis steered leaders towards pro-core economic behavior.

This discussion also helps to specify the conditions under which leader preferences will prevail. Knowledge of a leader's orientation can help to predict his policies. If the leader tends to counterdependence, we can expect that he will develop generally successful policies in the diplomatic realm. Most domestic forces, frustrated with pro-US economic policies and other aspects of dependence, will support his counterdependent diplomatic policies. On the other hand, a pro-core leader can be expected to implement successful economic policies with the support of the core. However, domestic groups will be doubly committed to counteracting that behavior in the diplomatic realm, where the core provides little or no support.
Finally, it is important to remember that economic and diplomatic issue areas assumed particular roles in the relationship between Latin America and the United States during the 1980s. In different historical circumstances or in a different geographical context, another set of issue areas could take on these roles. Core salience appears to be the critical variable determining which issue areas will experience a high degree of pro-core foreign policy by the peripheral country.

C. Pro-core and anti-core elements develop simultaneously within individual policy areas.

A final and related conclusion also develops from this study of Ecuador's foreign policy. The interaction of externally and internally-derived policy pressures often occur within a single policy area. Dependence subjects Ecuador to pressures that direct its foreign policy in both pro-core and anti-core directions. Dependent foreign policy can be viewed as a balancing act in which policy makers attempt to respond to these divergent forces. The sometimes unfortunate response is a contradictory policy the components of which cancel themselves out. This was evident in the CEL case, in which Hurtado nullified the opportunity for a powerful and effective debt conference by promising creditors they did not have to modify their behavior in order to avoid debtors' nonpayment. A similar example is Blazing Trails. Domestic actors succeeded in annulling the policy before the troops were able to complete the road construction. As a result, the entire Blazing Trails operation has the national reputation as a disaster and an embarrassment (Carrión 1991). The interplay of pro-core and anti-core forces can also result in an acceptable and working compromise. This was the case in the oil investment reform example in which Congress and the executive achieved legislation that increased foreign investment but not to a degree unacceptable to domestic actors.
This is certainly not the first study to reveal contradictory foreign policies. Graham Allison (1969; 1971) demonstrated two decades ago that the United States, at the height of its global power, generated a sometimes confused and disjointed policy during the Cuban Missile Crisis. This study’s contribution is not so much to point out that dependent states at times will produce self-annulling foreign policies, but instead to identify the source of that phenomenon. In developed countries contradictory policies may develop in large bureaucracies whose units compete and employ standard operating procedures (Allison 1969; 1971). The origin of policy contradictions are inherent to the foreign policy making body. In dependent states, the source of policy confusion is more structural. It is born in the economic relationship between periphery and core and is therefore largely beyond dependent states’ leaders’ control. This is not to say that dependent states may not have bureaucracy-related policy confusion as well, although they will be less likely to as their foreign policy decision making tends to be concentrated at high levels of government. But the bureaucracy will not be the sole source. Ecuadoran leaders cannot single-handedly alter their country’s dependent status. They therefore cannot eliminate a principal source of their contradictory foreign policy behavior. This differs significantly from the United States and other core states whose leaders could conceivably make more efficient their foreign policy bureaucracy. The means to eliminating their policy confusion lie exclusively within the bounds of their own jurisdiction.

Dependent policy makers’ need to respond to anti-core domestic forces and well as pro-core forces emanating from the exterior perhaps points to the essential element of dependent foreign policy. It is as much (or more) reactive as it is creative. The condition of dependence generates economic vulnerability directing policy towards the core. However that same dependence also creates a foreign policy pressure to overcome itself. Leaders find themselves simultaneously developing foreign policy to please the core on whom they rely or to sever the
dependent ties they or their constituencies find so distasteful. Developing policy to achieve this balance may leave little room for dependent leaders to design policy in other areas or to pursue the national interest as they choose to define it. This necessity of responding to dependence severely limits what dependent leaders may add to their foreign policy agendas. They are restricted in the range of foreign policy questions they may address.

D. Implications for dependency theory

A final issue to be addressed is to what degree do this study’s conclusions conform with dependency theory? Although it has many harsh critics, dependency remains a leading competitor to neo-classical economics in the study of core-periphery relations. Given dependency’s fragile status in social science, it is worthwhile to examine explicitly whether this study substantiates the theory’s central tenets.

Dependency theory was not developed to explain the foreign policy of dependent states. Rather, its main purpose is to explain development, or its absence, in the less developed world. In what Biersteker (1987) labels the "vulgar dependista" tradition, true development in the periphery is impossible within the modern capitalist system which favors core-based multinational corporations in their extraction of profits from the periphery. Independent decision-making to foster development within peripheral societies is impossible because peripheral economies are inextricably tied to the core and to decisions made there. The name most associated with the vulgar dependista tradition is Andre Gunder Frank, whose writings of the late 1960s provided the basis for critics to claim that dependency was empirically weak and overly deterministic in its expectation that Latin American countries tied to the capitalist world could under no circumstances achieve industrial development (Moran 1974; Kaufman, et al. 1975; Evans 1979; Muñoz 1981; Becker 1983; Kay 1989: 174-75).
Foreign policy's analog to the vulgar dependista in development theory is the "vulgar" compliance theorist who might claim that Latin American foreign policy makers can under no circumstances develop foreign policy independently or in their countries' true national interest. While even the most strict compliance theorists did not make such broad statements, they can be criticized for overgeneralizing and failing to substantiate their views with rigorous empirical analysis. This study provides evidence to criticize an overly deterministic analysis of the relationship between dependence and foreign policy compliance. In many cases, Ecuador operated independently of the United States and even developed policies directly contrasting the core's interest. The direct links between dependence and foreign policy compliance that a vulgar dependista might expect have not been found.

Few development scholars or foreign policy analysts cling to such deterministic views. As Frank's universalism has been discredited (and often exaggerated), so too have the simplistic compliance models developed in the late 1960s and early 1970s (Kay 1989: 174). Dependency critics too frequently ignore the more sophisticated versions of dependency, particularly those allowing for industrial development within dependency and those expecting significant cross-case variation. In their classic, *Dependency and Development in Latin America*, Cardoso and Faletto (1979: 173) explicitly reject the notion that a dependent relationship will always produce the same outcome. They accordingly call for an examination of variation across dependent states. Numerous other scholars have outlined the conditions under which some types of development can occur within a situation of dependency (see, e.g., Cardoso 1973; Gereffi 1978; Evans 1979; Muñoz 1981; Russet 1983). As Duvall (1978: 56-57) explains, dependence for many sophisticated dependency theorists is less a variable than it is a situation or a context within which particular variables become important. Sophisticated dependistas do not abandon the relationship between core and periphery. They in fact emphasize dependent states' vulnerability to external
economies (Biersteker 1987: 36). However, they agree that historical and structural differences will lead to varied degrees and forms of development (Biersteker 1987: 33-34).

This study reaches similar conclusions about dependent foreign policy. Researchers of the foreign policy process in Ecuador cannot abandon the impact of dependence. However, a wide range of possible foreign policy behaviors emerges within that context. Dependence serves to constrain Ecuador's policy makers' options, to circumscribe their foreign policy ambitions, and at times to determine what behavior they follow. Indeed, it has been discovered that on those issues most critical to core actors, Ecuador's foreign policy decision making was most constrained. Overall, this study provides empirical evidence to support the more sophisticated versions of dependency theory. The dependent relationship proved critical to Ecuador's foreign policy process, but did not lead to a single set of foreign policy outcomes. Dependence is a critical variable, but not the exclusive one needed to understand Ecuador's foreign policy outcomes. Other factors, such as leader preferences, the nature of the opposition, and issue area, carry heavy explanatory weight within the dependent foreign policy-making context.

E. Future research

Future empirical research should examine whether the patterns described here are replicated in other dependent countries. Are these findings unique to Latin America or to US dependencies in general? Do they represent patterned relationships among other cores and their respective peripheries? Historical research could also consider whether differences in core's interests have an impact on dependent foreign policy behavior. For example, during the height of the Cold War, were dependent states more able to implement autonomous economic policy and less able to design diplomatic/security policy without the interference of the superpowers?
Further empirical research on these types of questions will contribute to the elaborating and strengthening conclusions derived in this study.

Future theoretical research should distance itself from past efforts to identify a single or dominant explanation of dependent foreign policy. Instead it should accept the complexity of this phenomenon and seek to explain with interactive theories that apply under specified conditions. This study also suggests that future theories of dependent foreign policy should incorporate both the anti-core and pro-core elements of foreign policy behavior that arise from a state’s dependent status. Theories that anticipate a single type of foreign policy behavior from dependent states should be replaced with more complex approaches that recognize divergent foreign policy forces facing dependent leaders.

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