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The growing danger of narco-states in the Andes

Ecuador, Bolivia and Peru are drowning in the aftermath of the pandemic with no lifeline in sight — the result is political instability

At first glance, Guillermo Lasso in Ecuador, Pedro Castillo in Peru and Luis Arce in Bolivia – the three Andean heads of state – could hardly be more different: Lasso is a liberal-conservative elite banker, Castillo a Marxist and political newcomer, Arce a technocrat at the head of a left-wing populist mass movement. But the three also have much in common: They all came to power during the pandemic in countries battered by Covid-19. And today all three have to struggle with its repercussions – disrupted supply chains, inflation, joblessness and impoverishment. And in the slipstream of the economic crisis, another of the region's old evils has returned — political instability. Voters fighting off social decline have little patience for politicians.

In April 2020, when very little was known about Covid-19, the Ecuadorian port city of Guayaquil was just as heavily impacted and almost at the same time as Italy. Its healthcare system collapsed, the deceased were laid out on park benches for days and undertakers had to make do with cardboard coffins. Similarly dramatic scenes were seen in Peru, too. There was no oxygen, the relevant hospital facilities were dilapidated and the dominant companies were engaging in price speculation. Bolivia's right-wing government was totally overwhelmed. Chaos reigned in the hospitals, the regions were left to fend for themselves and in the central procurement of masks and respirators corruption flourished. In all three countries the gaping holes in social safety nets were glaring – along with the greedy politicians had not only promoted but also tried to personally profit from the situation.

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Arce, Lasso and Castillo were supposed to respond to the debacle. Arce, the crown prince of Evo Morales's left-wing Movement Towards Socialism (MAS) and father of Bolivia's economic miracle, clearly won the presidential

election in October 2020. While banker Lasso, who was elected in May 2021 in his third run for the presidency, won mainly due to nostalgia: Voters were hoping for a rapid return to stability and economic growth. In contrast, the Marxist country schoolteacher Pedro Castillo, who won the Peruvian elections in July 2021, embodied the opposite: a move away from the neoliberal consensus and hopes of more social policies. Castillo is the traditional outsider who was swept into power by a wave of protests and fear of his opponent, the dictator's daughter Keiko Fujimoro, winning the runoff.

Growing political crisis

However, none of them has found the lucky touch. Their countries continue to lurch from crisis to crisis. Lasso tried to put Ecuador's economy back on its feet using neoliberal austerity measures, which brought it to a standstill while inflation grew. That stimulated an enormous wave of protests led by the Indigenous confederation *CONAIE*, which had already cornered many presidents. The demonstrators were able to wrest a compromise from Lasso that not only preserves petrol subsidies but also provides for price controls and a moratorium on further mining and oil projects. Lasso is now in a double bind because the export of raw materials – along with cut flowers and bananas – is one of the country's main economic mainstays. Lasso only wriggled out of that tight spot by rescheduling the national debt with China. Two thirds of all Ecuadorians negatively rate Lasso's performance. His recent phone conversation with his predecessor and arch enemy, the left-wing populist Rafael Correa, only reinforces the impression that Lasso is finished.

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As for Castillo, he's been in office for 14 months but has done practically nothing. His government merely stumbles from one scandal to the next. He's gone through 72 ministers. Thanks to alliances of convenience he's been able to quash two impeachment procedures. But the prosecutor general has begun six investigations into Castillo and his family, three of them related to public service contracts. One daughter is in prison and a nephew is on the run. Peru's 130-member Congress is divided between 15 parties. Many representatives

blackmail the government to grant them personal concessions such as loosening controls of transport companies and private universities. Meanwhile, 70 per cent of Peruvians are struggling to survive in the informal economy which mixes legal with illegal activities beyond recognition.

In the meantime, a power struggle has erupted in Bolivia between Arce, his vice president David Choquehuanca and his predecessor Morales. All three are demanding to be the MAS candidate in the 2025 presidential elections and slinging mud like crazy. One MAS representative from the Morales wing revealed that Arce's sons took bribes for awarding a US company the lithium deposits in the Uyuni salt flats, and a journalist revealed that Arce had gotten his sons plum positions in the national energy company and appear to be personally benefitting from the state-owned biodiesel factory that's in the works. To that, a MAS representative from Arce's camp retorted that *Morales* had gotten Argentinian and Brazilian drug dealers to finance his campaign, whereupon the latter demanded that two ministers step down for serving imperialist interests. Choquehuanca hopes to profit from their strife. The Indigenous intellectual gladly points out the need for generational change – and can rely on the MAS reform wing of young cadres. But the party is at odds with itself and could even break up – especially if election officials follow Arce's instructions to do away with all the ways to illegally finance campaigns and buy votes.

Flourishing crime

Weak governments most benefit organised crime. During the pandemic, Ecuador's drug mafia greatly expanded its presence in the regions bordering Colombia. Since February 2021 more than 400 prisoners have died in prison riots and three prosecutors have been assassinated by hitmen. The murder rate in 2021 more than doubled over that of 2020 – to 14 per 100 000 inhabitants. The state of emergency did not prevent criminals detonating explosive devices that injured lots of people. Drug gangs are mostly fighting to control the smuggling routes around the northern port city of Guayaquil. According to the police, drug finds skyrocketed from 79 tons of cocaine in 2019 to 170 in 2021.

The cartels take advantage of Ecuador's shredded social fabric to recruit new people, with Lasso's austerity policy driving the trend. Another crime epicentre is in the Amazonian lowlands where thousands of illegal gold miners have settled along the riverbanks since 2021. Mercury and sediments are causing the ecosystems of important rivers like the Napo to

collapse. Their gold profits are laundered by dubious intermediaries, further expanding Peru's once comparatively weak illicit economy.

Peru is a cautionary example of where *that* leads. Some areas have long had a symbiosis between organised crime and local and regional politicians. Gold diggers, drug traffickers and money launderers who become governors and mayors by buying votes are no longer a rarity. In the local and regional elections of early October, more than 600 candidates with criminal cases pending ran for office – 17 of whom were elected, according to the UN Office on Drugs and Crime. This has been part of Peruvian political life for more than a decade without any measures being taken to stop it or the population taking umbrage. Yet the regions account for two thirds of government expenditures and serve as springboards for careers in national politics.

The economic crisis is increasingly blurring the line between politicians and the mafia.

There are also various types of criminal lobbies in Peru's Congress. One member covered for a construction company cartel, others promoted corrupt judges and sold acquittals like indulgences. 68 representatives are currently under investigation, most of them from the Alliance for Progress party of ex-governor César Acuña, who became rich overnight with a consortium of private colleges throughout the country. But the Peruvian copycats of the legendary Colombian drug lord Pablo Escobar are not satisfied with congressional seats as he was, says drug expert Jaime Antezana. According to him, since 2016 narco-candidates have even run for the *presidency*.

In Bolivia, too, the economic crisis is increasingly blurring the line between politicians and the mafia. The pandemic is one reason, another is the massive expansion of government machinery at the private sector's expense. That means that Bolivia's budget is stressed although public debt is growing. MAS is finding some relief in borderline-illegal alliances of convenience, partly through land grabbing whereby coca farmers and settlers from the highlands are encouraged to occupy land in the lowlands. The illegal, armed squatting does not principally target any kind of private property: It mainly goes for Indigenous land and nature reserves in the Amazon – where the authorities usually turn a blind eye. Most of the land grabbers are MAS party-member property speculators who clear the forests then sell the land at a profit to mining companies or the agroindustry. That benefits the government in three ways: Developing new areas boosts the economy, its followers are served and

the opposition is weakened because the new settlers serve to shift the majority in the lowlands, the traditional fiefdom of conservative parties.

Coca cultivation, too, has increased in the Andes since 2020. In the Peruvian highlands there are now 80 000 hectares for cultivating coca - the raw material for manufacturing cocaine - and 30 000 in Bolivia. Ecuador's coca-growing area is still comparatively small with less than 1000 hectares. But the proximity to Colombia's big coca fields is turning northern Ecuador into an important hub for cocaine manufacturing and export. Due to faltering economies and overburdened state budgets, these three countries can't keep pace with the crucial surveillance and prosecution of illegal activities. While the drug trade could be welcome to some of their governments, it's a huge gamble: The danger of ungovernable narco-states in the Andes is growing.



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