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**Case Study of Yasuní-ITT:
What's new about the twenty-first century socialist development model?**

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Abstract

This paper explores and challenges the development strategies of Rafael Correa in Ecuador and, more generally, the new Latin American left through the Yasuní-ITT case study. Claiming to implement a post-neoliberal development model that stands to uphold the principles of buen vivir, post-neoliberalism, and the 2008 Ecuadorean constitution, the Yasuní-ITT case study seems less like a commitment to the rights of the Pachamama and the rights of indigenous tribes, and more like a political tactic, the creation of a hollow narrative that positions the new Latin American left as anti-Northern, anti-IMF, and as “post-neoliberal.” In this thesis, I examine different data from the World Bank, US Energy Information Administration (EIA), IndexMundi, the Economic Commission for Latin America and the Caribbean (ECLAC), the Ecuadorean government, and other sources in order to determine changes under the Correa administration in oil and development strategies. I also use experts, and their research to drive my argument and further explore twenty-first century socialism. These sources and data will help prove that the Correa administration, and other Latin American leftist governments, are not providing a viable “post-neoliberal development strategy” but rather that the systems we see in place are a form of neo-extractivism, a system that continues to exploit hydrocarbons but with a larger state role.

Executive Summary

In 2007, President Rafael Correa, a twenty-first century socialist, presented the revolutionary and controversial ITT proposal to the General Assembly of the United Nations (Rival, 2012, p. 7). In this innovative initiative, the Ecuadorean government would pledge to never drill in the ITT oil block of Yasuní Park. This initiative would protect close to 5 million hectares of biodiversity within the block and the members of indigenous communities living there. In exchange for this protection, Ecuador looked to the international community to contribute funds in order to offset the economic losses of not drilling in this region. In this proposal Correa estimated that the oil reserve in the ITT block, if drilled, would earn the country a projected 8 billion dollars, but only asked the international community for 3.6 billion in compensation (Greco-Stoner, 2013). However this proposal failed to raise the money needed.

After this declared failure of the ITT proposal, the National Assembly, dominated by the Alianza Pais party (the party of Rafael Correa) in October 2013 agreed to drill in the Ishpingo-Tambococha-Tiputini block (Alvaro, 2014). The decision to allow the state oil company (Petroamazonas) to drill in this block has been controversial not only for environmental reasons, but also because part of the ITT block is located in an area of Yasuní (ZITT) called the Intangible Zone set aside and protected for the Tagaeri and Taromenane, the two indigenous communities living in voluntary isolation.

This controversial decision to drill hydrocarbons in Yasuní National Park near the ZITT zone, after the failure of the ITT proposal, triggers many questions about President Rafael Correa's leftist government. What is new about twenty-first century socialism's approach to hydrocarbons and its insertion into the global market? Though twenty-first century socialism has had a change in social policies, how has that been reflected in its economic model, especially

regarding oil development? How does the Yasuní case study reflect the contradictions of twenty-first century socialism?

Twenty-first century socialism is a “new” movement in Latin America that represents the political left. In Ecuador, it meant a commitment to “buen vivir” which means good living. Buen vivir represents a commitment to a transition away from extractive industries, redistribution of these rents in social welfare programs, respecting indigenous communities and their rights, and the protection of the environment.

However despite changing legal frameworks and promises from the Correa administration, the development strategy of twenty-first century socialism does not clearly reflect the values of buen vivir. In this thesis I discuss how the Correa administration’s inability to diversify and move away from extractive policies is inhibiting its ability to truly achieve buen vivir. I question what is truly different about Ecuador’s extractive policy under twenty-first century socialism, and come to understand that the development strategy is not a commitment to buen vivir or post-neoliberalist strategies, but simply a neo-extractivist model. Neo-extractivism still promotes old extractive policies, but it differs in that it gives the state greater control over industry. Through policies of nationalization and social welfare programs, the state can use petroleum profits to “redistribute” and tackle poverty.

Understanding twenty-first century socialism’s development model is important for moving forward. By understanding President Rafael Correa’s narratives, and comparing them to the realities of oil extraction policies, one can understand the steps needed to move forward to truly obtain a post-neoliberal, post-extractive development economy. By deconstructing the

careful narrative the Correa administration has created for itself, one can begin to understand the truth of such policies and determine the fate of twenty-first century socialism.

Glossary of Terms

Twenty-first century socialism- is a “new” movement in Latin America that represents the political left seen in Bolivia, Ecuador, and Venezuela

Intangible zone (ZITT) - area in Amazon Rainforest that prohibits extractive activities in an effort to protect voluntarily isolated indigenous groups

Alianza Pais Party- a socialist political party in Ecuador led by Rafael Correa

Neoliberalism- a term referring to the world economic trend since the 80s that promotes trade liberalization, deregulation, and privatization.

Post-neoliberalism- is an economic model that rejects traditional neoliberal ideas and policies that plagued Latin America from the 80s on.

Neo-extractivism- is an economic system that prioritizes extractive activities with a large state role

Buen vivir- a value that means to live in harmony with communities, oneself, and the living environment

Pachamama- an indigenous concept of Mother Earth

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Preface

In 2005, the New York Times boldly announced to the Northern world “The Return of the Latin American Left,” in which author, and former rightist Peruvian presidential candidate, Álvaro Vargas Llosa declared “the Left is in power” (Vargas Llosa, 2005). This assertion was made after the elections of leftist officials, first in Venezuela in 1999 with Hugo Chavez, and then later with Brazil's Luiz Inácio Lula da Silva (2003), and Uruguay's election of Tabaré Vázquez (2005). Since then, the elections of both Evo Morales in Bolivia (2005), and Rafael Correa in Ecuador (2006) have further defined this “new” political movement, deemed “Twenty-first century socialism,” that stems from both the recent Chavez Bolivarian Revolution, and, as Vargas Llosa hinted, deeply entrenched roots in the history of the Latin American Left (Vargas Llosa, 2005). Twenty-first century socialism claims to have learned from “the mistakes of both neoliberalism and twentieth-century socialism” in order to create a new and just political economy (Kennemore and Weeks, 2011, p. 267). However, within the years of this system’s existence more questions have arisen than have been answered on the construction of this political theory, especially revolving around economic policies, globalization and extractivism. In Ecuador, the Yasuní-ITT case is a complex issue that demonstrates the struggles of the new left with development, oil policy, and global economic systems.

Chapter 1

Introduction

Yasuní National Park History

Ecuador is well-known for its beauty and diversity, both geographically and biologically, housing numerous endemic species and sensitive ecological niches within its diverse biospheres. Established in Ecuador in 1979, Yasuní National Park was created to protect one of these biospheres: the Amazon Rainforest. Located in the far east of Ecuador, Yasuní National Park is known for its extraordinary biodiversity and multiple indigenous groups. The park houses indigenous groups such as the Huaorani people, and the Tagaeri and Taromenane, the last two known indigenous groups in Ecuador who are living in voluntary isolation. The Tagaeri and Taromenane live within the intangible zone, a protected area that prohibits extractive activity, partially located in Yasuní National Park (see Fig. 1). The Tagaeri, a clan of Huaorani families, retreated further into the Jungle in the 1960s (after the beginnings of oil development) into the intangible zone in order to avoid contact and remain voluntarily isolated (Kuffner, 2008). The Taromenane are a separate voluntarily isolated group not related to the Huaorani, though they speak a similar language.

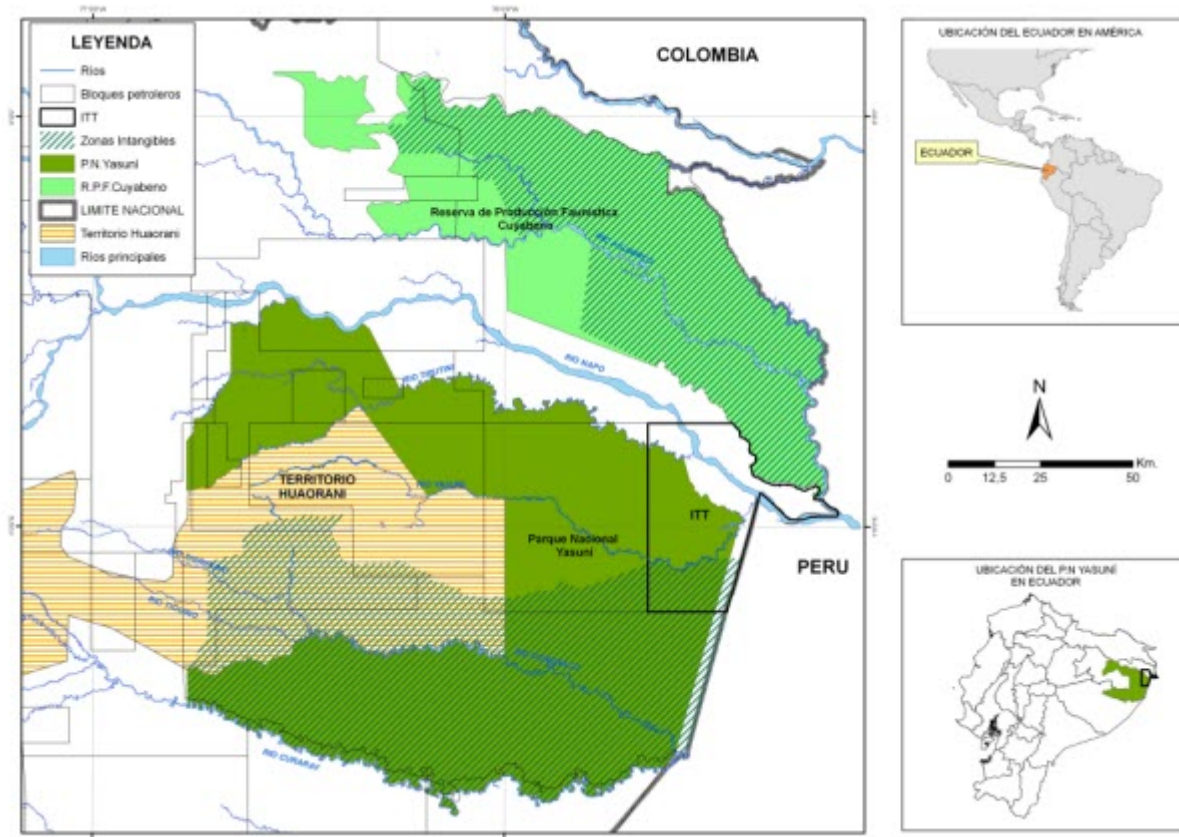


Fig. 1 shows the position of Yasuní Park within Ecuador. It also depicts the location of the intangible zone (ZITT) and the Huaorani Territory. It shows how part of the intangible zone is in Yasuní Park (Ecuador Noticias, 2011).

However, Yasuní Park is not only known for its amazing biodiversity and for housing multiple indigenous tribes, it has also become a political hotspot and place of conflict due to its abundance of oil. The park houses the second largest oil reserve found in Ecuador, an estimated 800 million barrels, (20% of Ecuador’s reserves), in what is known as the Ishpingo Tambococha Tiputini (ITT) block, or block 43 located within the park (The Guardian, 2013) (see Fig. 2). The ITT block has recently been thrown into controversy as current Ecuadorean government officials have recently decided to drill in this block.



Fig. 2 shows the position of the ITT oil block within Yasuní National Park. (BBC News, 2008).

However, the conflict between oil development and protected areas is not new to Yasuní Park. Starting in the 1970s, since the discovery of oil in the Ecuadorean Amazon, the conflict between the environment and oil exploration has become a common theme for the eastern part of this nation, with conflictual policies that seem to promote both agendas (Rival, 2012, p. 2). In 1986 exploration blocks 14 and 16 were carved out of Yasuní Park (see Fig. 3) (Rival, 2012, p. 4). This was controversial because it was the first hint that oil companies would soon be allowed to drill in National Parks. Though initial Ecuadorean policies protected national parks from oil exploration, this changed in 1999 with two policies written under President Jamil Mahuad's administration (Rival, 2012, p. 6). One law annulled the law that prevented oil development within the park (Rival, 2012, p. 6). The other changed the Park's status from a sanctuary to the creation of the intangible zone (ZITT) that solely protects the lands of the two voluntarily isolated groups (Rival, 2012, p. 6). These two decrees allowed for the development of oil blocks within Yasuní Park, so long as it was outside of the intangible zone. It completely redefined the conflict in Yasuní Ecuador, changing which lands were considered protected, 71% being the zona intangible, and 29% of the lands which were considered oil territory (Rival, 2012, p. 6).

These policies and prioritization of oil over the environment has allowed the current Yasuní conflict to exist today.

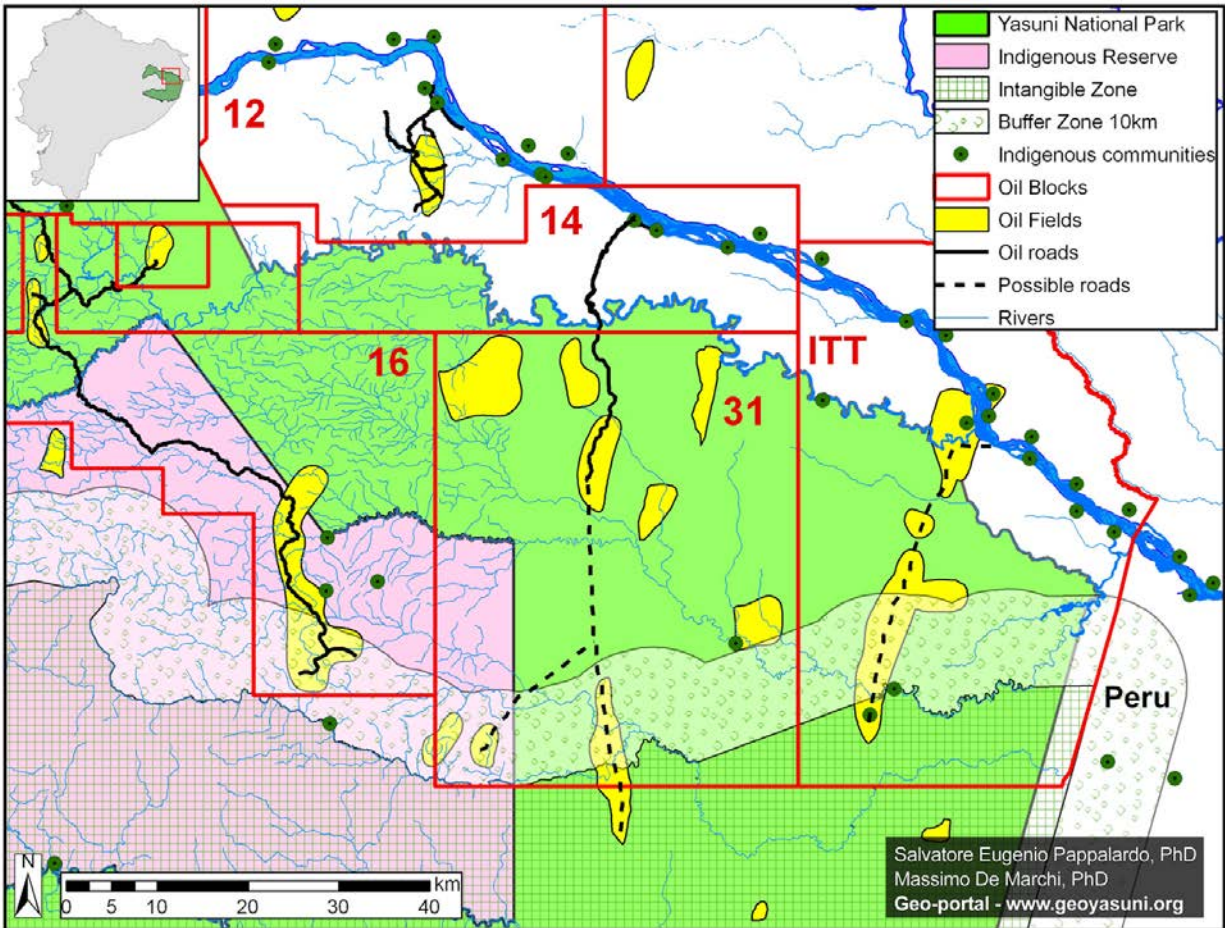


Fig. 3 demonstrates the different oil blocks within Yasuní National Park (Pappalardo, S. E., De Marchi, M., & Ferrarese, F. , 2013)

Yasuní-ITT Proposal

As current leftist President Rafael Correa (2007-), a twenty-first century socialist, took office, he made early efforts to strengthen the environmental policy surrounding Yasuní National Park. He sought to protect the Ishpingo Tambococha Tiputini (ITT) oil block, sensitive for its overlap with the intangible zone (see Fig. 3). In 2007, President Rafael Correa presented the revolutionary and controversial ITT proposal to the General Assembly of the United Nations

(Rival, 2012, p. 7). Under this innovative initiative, the Ecuadorean government would pledge to never drill in the ITT block and protect close to 5 million hectares of biodiversity within the block and the members of indigenous communities living there. In exchange, however, they looked to the international community to contribute funds in order to offset the economic losses of not drilling in this region. Countries (and individual donors) could donate to the fund, thereby preserving part of the park and fulfilling their commitment to the Kyoto Protocol. In the ITT proposal President Correa estimated that the oil reserve in the ITT block, if drilled, would earn the country a projected 8 billion dollars, but only asked the international community for 3.6 billion dollars in compensation (Greco-Stoner, 2013). The initiative proposed that over the course of 13 years, these funds be raised from public and private institutions.

The initiative, originally drafted by activists in the 1990s, was hailed by environmentalists for shifting the traditional relationship between environment and extractivism, and for its commitment to protecting traditionally ignored indigenous groups. The ITT proposal aligned with the goals of the newly drafted 2008 Constitution, written by the Correa administration, that guaranteed rights to nature, and that forbade extractive activities in voluntarily- isolated indigenous land. It was seen as the beginning of a revolution and a promise to commit to the “Pachamama,” an indigenous concept of Mother Earth.

However, there was little response to the ITT proposal from the international community. This was partially due to issues such as President Correa threatening to drill if the initiative fails. This aroused questions on the legitimacy of the proposal, and questions regarding reimbursement if Ecuador were to break the agreement (Kennemore and Weeks, 2011, p. 276). The political instability of Ecuador in recent years, with the last three presidents before President Correa not finishing their terms, also led donors to hesitate and question whether the proposal would be

upheld under a different administration. Oil activity in other parts of Yasuní National Park was also a deterrent to donors as they reasoned that activity in Blocks 16 and 31 were causing damage to the very Park they were trying to preserve. Lastly, and most publicly, the forced resignation of the Foreign Minister Fander Facioní whom Rafael Correa accused of ‘environmental infantilism’ for allowing foreign governments to add conditions to their donations could be contributed to its failure. All of these issues did not help Ecuador gain the trust they needed to be successful in this agreement. When in August 2013 actual contributions rested at \$13.3 million, Correa declared “The world has failed us...” (Greco-Stoner, 2013). After this declared failure of the ITT proposal, the National Assembly, dominated by the Alianza Pais party (the party of Rafael Correa) in October 2013 agreed to drill in the Ishpingo-Tambococha-Tiputini block (Alvaro, 2014).

The decision to allow the state national oil company (Petroamazonas) to drill in this block has been controversial not only for environmental reasons, but because the intangible zone intersects the southern part of the ITT block, near oil field Ishpingo-S (see Fig. 4 and Fig. 5). Petroamazonas “plans to drill 360 wells, half of them in Ishpingo, which it estimates holds some 50% of the ITT block’s reserves” (Alvaro, 2014). However, the National Assembly did declare that oil development would not occur in the “portion of the Ishpingo field that is within the ZITT” (Alvaro, 2014). Despite these precautions, environmentalists and human right activists argue that it will still have irreversible effects on these communities because of its proximity to the Tagaeri and Taromenane territory.

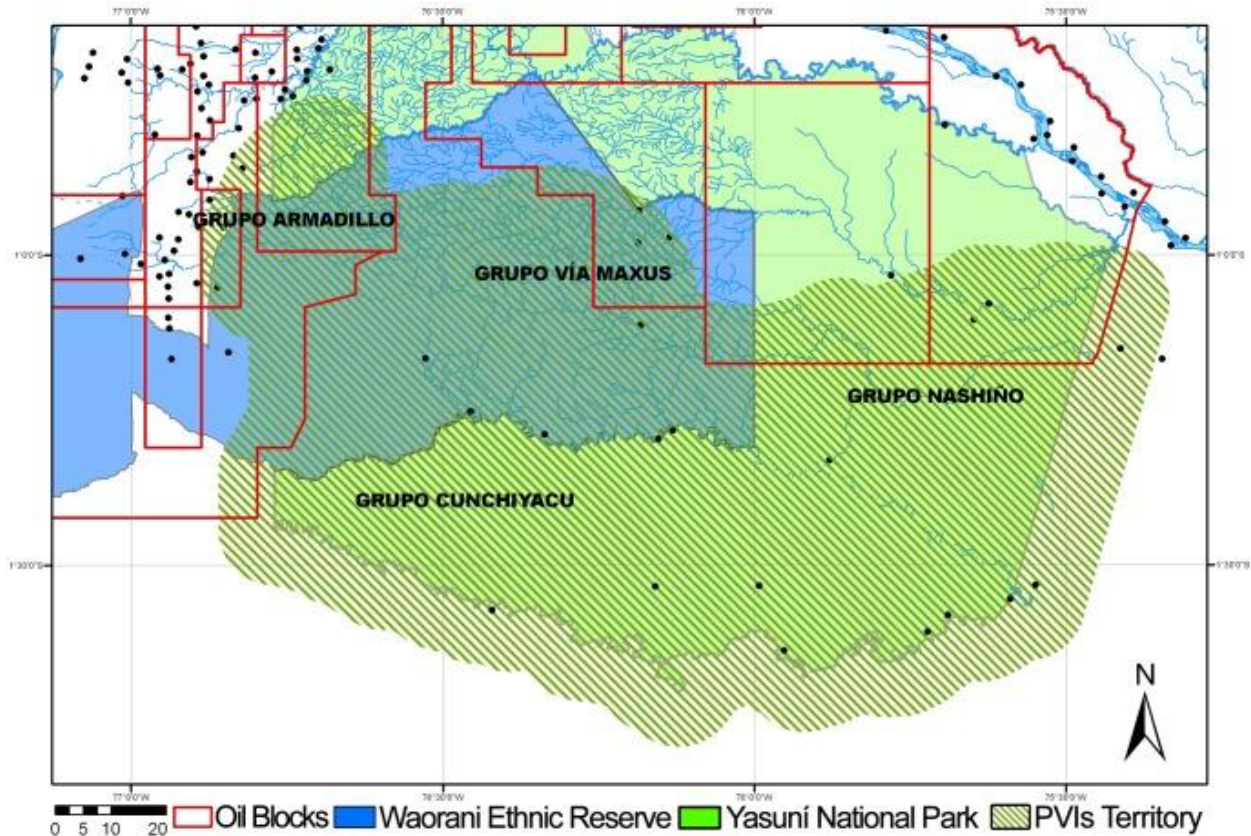
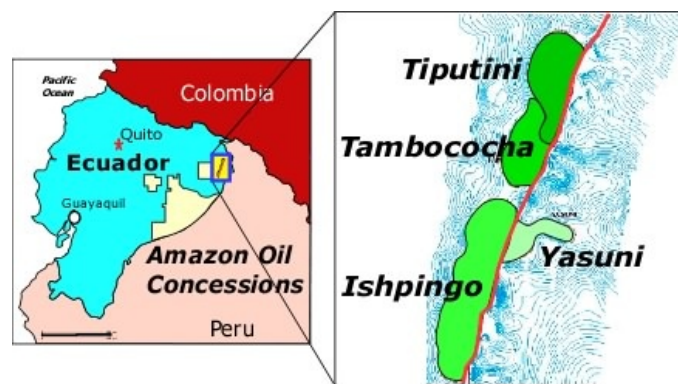


Fig. 4 This map demonstrates that the ITT Block (furthest right) contains a part of the ZITT Intangible Zone in its boundaries. The PVI's Territory represents both the Intangible Zone and the Buffer Zone (Pappalardo, S. E., De Marchi, M., & Ferrarese, F., 2013)



Ishpingo-Tambococho-Tiputini Field

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Fig. 5 This map shows the three oil fields within the ITT block: Ishpingo, Tambococho, Tiputini. A southern part of the Ishpingo field lies within the ZITT. (FWN select, 2004).

It is also controversial because it contradicts the constitution created by the Correa administration. This 2008 Constitution provides a legal framework to protect these indigenous groups from oil extractive policies. The Constitution states “The territories of the peoples living in voluntary isolation are an irreducible and intangible ancestral possession and all forms of extractive activities shall be forbidden there. The State shall adopt measures to guarantee their lives, enforce respect for self-determination and the will to remain in isolation and to ensure observance of their rights. The violation of these rights shall constitute a crime of *ethnocide*, which shall be classified as such by law” (2008 Ecuador Constitution). Despite this framework, drafted by President Correa himself, he has decided to move forward and drill in the ITT block of Yasuní National Park. This commitment to drill near the ZITT, though not in direct violation of the constitution, threatens to harm the very groups it had once set out to protect.

This controversial decision to drill for hydrocarbons in Yasuní National Park near the intangible zone, after the failure of the ITT proposal, triggers many questions about President Rafael Correa’s leftist government. What is new about twenty-first century socialism’s approach to hydrocarbons and its insertion into the global market? Though twenty-first century socialism has had a change in social policies, how has that been reflected in its economic model, especially regarding oil development? How does the Yasuní case study reflect the contradictions of twenty-first century socialism?

Argument

Using the Yasuní-ITT case, I will explore and challenge the development strategies of Rafael Correa in Ecuador and, more generally, the new Latin American left. Claiming to implement a post-neoliberal development model that stands to uphold the principles of *buen vivir*, post-neoliberalism, and the 2008 constitution, the Yasuní-ITT case seems less like a

commitment to the rights of the Pachamama and the rights of indigenous tribes, and more like a political tactic, the creation of a hollow narrative that positions the new Latin American left as anti-Northern, anti- IMF, and as “post-neoliberal,” regardless of outcome (Davidov, 2012, p. 12).

Correa’s actions in the aftermath of the ITT proposal, as well as other leftist leaders such as Morales in Bolivia and Chavez in Venezuela, demonstrate the movement’s acceptance of hydrocarbon extractivism and current development models. The Yasuní-ITT case study demonstrates that the “post-neoliberal development strategies” seen in Ecuador do not reflect truly the ideas of twenty-first century socialism, but rather it is solely a narrative of sovereignty in a hyper Northern neoliberal world. The new left still has yet to change their economic model and hydrocarbon development to fit the values of “buen vivir” and their narrative of anti-imperialism.

Methodology

In this thesis, I examine different data from the World Bank, US Energy Information Administration (EIA), IndexMundi, the Economic Commission for Latin America and the Caribbean (ECLAC), the Ecuadorean government, and other sources, in order to determine the changes under the Correa administration in oil and development strategies. I also use experts, and their research to drive my argument and further explore twenty-first century socialism. These sources and data will help prove that the Correa administration, and other Latin American leftist governments, are not providing a viable “post-neoliberal development strategy,” but rather that the systems we see in place are a form of neo-extractivism, a system that continues to exploit hydrocarbons but with a larger state role. By examining the historical trends and current trends in oil and development I hope to prove the contradictions in the twenty-first century socialist narrative. However, due to the Correa administration’s recent rise to power and current reign,

some data may not exist for the most recent years, which could perhaps provide some limitations to my analysis.

In the following chapters I will begin by defining and exploring keywords that are instrumental in the analyses of my hypothesis. Key terms such as twenty-first century socialism, post-neoliberalism, buen vivir, and neo-extractivism will be defined in order to make comparisons between administrations. Chapter 3 will discuss the historical trends surrounding oil exploitation and indigenous groups in Ecuador in order to understand historical development strategies in Ecuador, and how they “differ” from current strategies. This chapter will also demonstrate the historical implications of oil on local communities. The following chapter, Chapter 4 will attempt to define Correa’s plan for Ecuador’s twenty-first century socialism development strategies. It will review initial policies and “goals” of the administration that attempt to uphold the values of buen vivir and post-neoliberalism. However, in practice, do these current strategies truly differ from the destructive policies of the past? Does reality match the narrative? Chapter 5 will use quantitative data to demonstrate the discrepancies between Correa’s narrative and his actual policies. It will demonstrate the contradictions of the twenty-first century socialist narrative with the reality of extractive policies. Chapter 6 will then analyze these contradictions and conclude that instead of a post-neoliberal alternative, twenty-first century socialism relies on a neo-extractivist model that falls short of its promised values. It will also question Ecuador’s ability to even challenge historical development models. In order to make these conclusions, I will, in the next chapter, define how I will be using key terms in order to make comparisons between administrations and models.

Chapter 2

Conceptual framework

In order to fully answer the questions and explore the arguments laid out in the Introduction chapter, I will define and give a framework for a few key concepts in this chapter before diving into the critiques and real life implications of these terms in Yasuní, Ecuador. The four terms defined in this chapter are the i) New Latin American Left/ Twenty-first century socialism (which I will use interchangeably), ii) Buen Vivir/ Sumak Kawsay, iii) Neo-extractivism, and iv) Post-neoliberalism. The purpose of this chapter is to understand the current leftist political trend in Latin America, and specifically the movement in Ecuador. This will help us to explore the New Left and its current development strategies.

Twenty-first century socialism

The *New Latin American Left* came as a backlash to the heavy presence of the neoliberal right in the 80s and 90s. The decade of the 2000s started a new era for Latin America, an era of the Left, as the Bolivarian Revolution in Venezuela arose. The Bolivarian Revolution transformed into the more universal *Twenty-first century socialism* with the leftist turn in Ecuador, Bolivia, and to some extent, Brazil and Argentina (Fontaine, 2011, p. 2888). Though this political movement has been alive for at least a decade, it is still struggling to define itself. Described as a process of transformation, it improves upon 20th century socialism in order to better reject neoliberal capitalism that has plagued developing nations. The three countries I use to define twenty-first century socialism are Ecuador, Venezuela, and Bolivia due to their

similarities in the rise to power and their development models. Dwinell et. al. describe the process of twenty- first century socialism transformation as one that “typically includes the rise of new leaders, the proclamation of new economic policies, and some recovery of the role of the state. Its political leaders proclaim their commitment to promoting equality and transforming the exercise of power....” (Dwinell, et. al. 2013, p. 2). Twenty-first century socialism, as a general trend across Latin America, positions itself as a political movement as **a)** post-neoliberal, as **b)** capitalist, as **c)** democratic, and as **d)** a champion of human rights.

Post-neoliberalism is an instrumental part of the creation of twenty-first century socialism and its development strategy. Post-neoliberalism is a rejection of traditional neoliberal ideas and policies that plagued Latin America from the 80s on. It rejects the notions of the Washington Consensus that promote trade liberalization, deregulation, and privatization. Latin American post-neoliberal strategies, in order to move away from the historic “Northern” ties of neoliberal economic policy, offer an alternative to dogmatic neoliberalism. The term Northern in this thesis will refer to the United States and European nations who have traditionally on the global scale held power and influence over historically colonized nation. In this manner, post-neoliberalism attempts to lessen its dependency on such nations and their institutions (i.e. IMF, World Bank, etc.) Further, post-neoliberalism attempts to achieve a system that accounts for the social, economic and political failings of neoliberalism, but without completely breaking away from world systems (Harnecker, 2010, p. 37). With this goal, post-neoliberal thinkers have created a development strategy and policy framework that create new paths toward globalization and challenge corporate transnational powers (Leiva, 2008, p. xi). Through the inclusion of democracy, a greater and dynamic state role, and committed officials who are responsible to their citizens, post-neoliberalism attempts to focus on not only national economic growth, but the

social sphere as well (Harnecker, 2010, p. 37) (Riggirozzi, 2010, p. 71). As the Wall Street Journal concluded, it is a ““new breed of pragmatic leftists’ dedicated to combining the ‘left’s traditional warm-hearted goals with a newfound appreciation for cold economic calculus”” (Leiva, 2008, p. xvii).

Post-neoliberalism is not so much a clear checklist of policies, but a broad movement to reject neoliberal principles. Post-neoliberalism as a development strategy moves toward a diversified sustainable economy that is independent from Northern, traditionally imperial powers. The Ecuadorean Secretaría Nacional de Planificación y Desarrollo (National Secretary of Planning and Development) listed multiple goals to work towards in order to transition to a sustainable post-neoliberal economy in a document called *Buen Vivir Plan Nacional 2013-2017*. The three important values and strategies listed in this document are “Strengthen the state's role as a catalyst for the production and market regulator,” “Investing public resources to generate sustained economic growth and structural changes,” and “Maintaining sustainability of economic flows” (Secretaría Nacional de Planificación y Desarrollo, 2013, p. 79-83). Through these three goals of increasing the state role in economic sectors, using funds to invest in the public sector, and by creating sustainable sources of income, the Ecuadorean government will attempt to transition to a model that implements a human and sustainable aspect to economic strategies.

In this manner, twenty-first century socialism is not a full rejection of capitalism, but an attempt to create alternative strategies within capitalism that are inherently post-neoliberal. It differs from Marxism-Leninism in that it embraces parts of capitalism, but rejects neoliberal market policies developed by foreign, and “Northern” nations. It seeks to “incorporate capitalism within a humanitarian rubric” (Kennemore and Weeks, 2011, p. 268). The market still exists, but

it can, and is supposed to be, challenged with new alternatives developed (Kennemore and Weeks, 2011, p. 268).

Twenty-first century socialism is also not a rejection of democracy. Rather, through a democratic manner, it seeks to increase the role of the state in the economy and in social programs in order to distribute resources more efficiently (Kennemore and Weeks, 2011, p. 268). Elections and voting processes are an important part of the process. Harnecker expands that the new left understands that “the struggle for democracy cannot be separated from the struggle for socialism because it is only under socialism that democracy can develop fully” (Harnecker, 2010, p. 5).

It is lastly a rejection of the worker-centered approach of Marxism and instead attempts to take on the defense of all discriminated social sectors: women, indigenous peoples, black people, young people, children, people of all sexual orientations, people with disabilities, and others (Harnecker, 2010). Twenty-first century socialism, according to Ecuadorean President Rafael Correa, will not only push for gender and ethnic equality for its citizens, but also defend the life of the living environment (Burbach, Fox, and Fuentes, 2013, p.39). The “inclusion” of the environment, indigenous groups, and Afro-Ecuadoreans in the 2008 Ecuadorean constitution demonstrates this commitment to traditionally marginalized groups.

A Comparison

The “restructured governments” of Bolivia, Ecuador and Venezuela reflect all of these values of twenty-first century socialism through similar policies and trends in which they developed this new political model. The consistency and similarities between these three countries make twenty-first century socialism an established political model and international movement, instead of an isolated politician. This is an important consideration in this paper, for

though I mostly focus on Correa in Ecuador, twenty-first century socialism is a regional trend where all three of these countries are attempting to redefine their hydrocarbon development strategies. By quickly comparing these three nations and their goals and commitment to these values, we can have a better understanding of twenty-first century socialism as a movement. Briefly, I will explore these nations commitment to both democracy and human rights, and their post-neoliberal capitalist strategies.

The creation of new legal framework, such as the development of new constitutions in all three states, demonstrate the values of democracy and human rights in twenty-first century models. All three constitutions, developed and instituted by the faces of twenty-first century socialism, Chávez, Correa and Morales, included important human rights articles in order to protect indigenous groups. This inclusion is momentous in that these three nation have a history of oppression and exclusion of indigenous groups. This commitment to the collective rights of such groups is a huge symbol of the twenty-first century model embracing human rights, even for traditionally marginalized groups. These constitutions were all instituted by referendum early in the presidencies of these twenty-first century socialist leaders in order to include the people and assert democracy into the framing of these movements. Beyond the constitutions, “the frequency of electoral contests, including party primaries, recall elections, and national referendums, [and] high levels of voter turnout” demonstrate this commitment to democracy and the people (Ellner, 2012, p. 98).

These three nations in the creation of the twenty-first century socialist model have also highly increased the role of the state in order to create post-neoliberal development strategies that nationalize and regulate production. Venezuela, Bolivia, and Ecuador, shortly after the rise of a twenty-first century socialist leader, passed policies that forced renegotiated contracts with

hydrocarbon companies. Along with these policies, these governments, through a variety of policies, attempted to strengthen their country's own extractive companies. These huge nationalization policies shifted the dynamics in state-extractive relationships and allowed the states to claim more profits from extractive companies. Beyond the state role in the economic sector, all three leaders have worked to strengthen their own governments and government control. They strengthened the executive branch, through political changes and media influence, in order to reduce influence the elites and corporate influence (Ellner, 2012, p. 100). All of these policies have strengthened these leaders, and their administrations to be powerful change makers. They demonstrate the values of strong government, and post-neoliberalism through nationalization.

The nationalization of hydrocarbon industries under twenty-first century socialism has caused, in at least the cases of Venezuela and Ecuador, the state to use extra petroleum funds to create social programs. This “petro-populism” has traditionally been used as a critique by rightists against past administrations, and recently has been associated with twenty-first century socialism. However, I will use the term simply to describe the processes of petroleum funds funding government programs in an attempt to redistribute profit.

These four general values of twenty-first century socialism can be seen across Latin America through these three states. However, each nation, due to different individual historical and social trajectories have developed different forms of this system. Ecuador in its development of this political model has relied heavily on the philosophy of *buen vivir/sumak kawsay* to define their leftist movement and push towards post-neoliberalism.

Buen Vivir

Buen vivir, or *sumak kawsay* in Kichwa, is the philosophy in which Ecuador has framed its post-extractive stance, its constitution, and its new political framework. Translating into Spanish as *buen vivir* and into English as “good living,” *sumak kawsay* means to live in harmony with communities, oneself, and the living environment, *the Pachamama*. Ecuador is using this philosophy to attempt to govern in a way that is “community-centric, ecologically-balanced and culturally-sensitive” (Balch, 2013). *Buen vivir* is influenced not only by the Kichwa *sumak kawsay*, but also owes much of its political philosophy to critiques of capitalism and neoliberalism (Balch, 2013). *Buen vivir* also includes the concepts of ecological and cultural responsible development, and collectivism, a theme that has always been tied to the Latin American left. This philosophy is what spurs the Latin American left to create, supposedly, a post-neoliberal development strategy that values the local, the environment, and humans over capital. In the *Buen Vivir Plan Nacional 2013-2017*, it states the three problems *buen vivir* will address (1) inequality, both internationally and within the nation, (2) conflict between development and social issues, and (3) the lack of sustainability in economic growth (Secretaría Nacional de Planificación y Desarrollo, 2013, p. 21-31). In order to address these problems the Secretaría Nacional de Planificación y Desarrollo state that *buen vivir* should strive toward a society that is egalitarian, that is democratic and plurinational and in harmony with nature. *Buen vivir* works with a post-neoliberal development strategy to include the social and human component in economic development.

However, despite the values we have seen promoted by President Correa and by other leftist leaders, many argue, because of case studies such as Yasuní-ITT, that twenty-first century socialism is not fulfilling its promises of *buen vivir* and its commitment to post-neoliberal

strategies. Instead of developing a new development strategy, it has instead simply settled for a new form of extractivism: neo-extractivism.

Neo-Extractivism

The extractive model, an “old world system,” is the foundation of capitalism. It is a system that developed with colonialism, as colonial states such as those from Latin America, extracted and exported resources while others, typically Northern, manufactured. The discrepancy between which nations produced primary resources and those that developed industry lies at the heart of those that are “developed” v. “developing.” This unbalanced system is the basis of the resource curse theory, where countries rich with resources have more difficulty developing as they tend to have primary economies. Though resources, especially hydrocarbons, can accumulate wealth, this not necessarily transform nations into long-term developed nations (Valdivia and Benadvides, 2012, p. 72). For most “resource cursed” nations, especially petro-states, Karl in the *Paradox of Plenty* argues that the primary model of extraction leads to high capital intensity and dependency on a single, depletable source (Karl, 1997, p. 48-49). These two fundamental realities of the primary extractivist economy are the key to understanding the slow development of resource rich nations as it creates an economy prone to severe cycles of prosperity and debt, large foreign investors and low waged employment (Karl, 1997, p. 48). These three externalities begin to explain the slow development of resource rich nations. Further, scholars such as Lane and Tornell argue that because of these components in the primary resource economy, its shapes the political economy of the nation to engage in certain behaviors such as extreme rent-seeking (Lane & Tornell, 1996, p. 239). These behaviors create an instable political economy furthering the difficulty of transitioning to a sustainable diversified economy. Therefore, the traditional development model of extraction in many ex-colonial states supports

this resource curse theory as it severely relies on a primary economy that can create these conditions. The extractive model is then fundamentally structured on these notions of a primary agro-extractive model and heavy extractive policies in an attempt to continuously create wealth, despite price fluctuations.

Neo-extractivism differs from traditional extractivism through the involvement of the state. The state attempts to capture more profit from extractive activities through nationalization policies that encourage state companies, rather than foreign investors. It also attempts to be more transparent in order to reduce corruption and prevent extractive wealth from leaving the country through foreign investment. Instead neo-extractivism attempts to reverse this trend and redistribute funds through the state. Governments use the profits from these resources to implement important social programs, creating new sources of social legitimacy (Burbach, et. al., 2013, p. 42). This ensures that extractives, instead of solely benefitting the domestic elites and developed nations, are now essential to combatting poverty and promoting development. However it continues to reflect “historical” extractivism as it continues the role of the primary agro-extractive model that is still prone to the fluctuations of the market and the dictations of Northern nations and institutions. This unstable primary economy prohibits it from truly being post-neoliberal, though it does shift away from privatization policies and attempts to account for the worst symptoms of neoliberalism and the resource curse.

These terms and their context will allow us to explore further the twenty-first century socialism regime in Ecuador and examine what has changed within its development strategy. Has President Correa developed a viable post-neoliberal strategy, or, has he simply engaged in neo-extractive policies? Concepts such as *buen vivir* and post-neoliberalism are important values to the twenty-first century socialist model. Are these values truly reflected in Correa’s development

strategy, or are they simply a constructed narrative? The next chapter will discuss the historical implications of past oil development strategies before Chapter 4 begins to discuss and examine current development strategies and how they fit with the buen vivir, post-neoliberal narrative.

Chapter 3

Historical Background on Oil Development

In order to engage in conversations on current twenty-first century socialist oil development strategies, we need to understand firstly the historical implications of oil in Ecuador and how political economic models affect its development, and secondly, the complicated relationship between this fossil fuel, the state and its citizens. Understanding these broad historical trends is imperative to understanding the current political movement and development strategies. Oil, ever since it was discovered on the Oriente in 1967, has had a significant role in the economy, a condition that has allowed it to become so controversial; whether it is a source of national pride or a harmful practice damaging the lives of those who surround it. This tricky relationship with oil, its ownership, its exploitation, and its economic importance still drives the attitudes and contradictions of oil that we see today. In this chapter I will explore historical oil development strategies from the 1970s on. These historical strategies are important in examining current strategies, and whether or not these current strategies reflect twenty-first century socialist values, or rather that they reflect “historical” development models. I will also explore historical conflicts between oil, the environment and indigenous groups and the irreparable damage that has been made to these communities because of flaws in past development strategies. These conflicts and their implications today are imperative in understanding the backlash and fear to extractivist policies.

Development of Oil

The history of oil in Ecuador, or the history of any commodity in Latin America, can only be understood in its current context by its depth and entanglement in the story of its nation. In the late 1800s, before the booming rubber trade, The Amazon was considered before nothing more than “tierras baldías,” or empty lands. The discovery of resources, such as rubber, and the 1941 Peruvian War positioned the Amazon Rainforest to be a symbol of national pride and an abundance of profitable resources (Rival, 2012, p. 4). Ecuador’s loss in the Peruvian War resulted in the loss of Amazon territory, creating a sense of pride in what Amazon territory remained: the resources (oil) and land it could offer Ecuador. Years later, oil companies searched for hydrocarbons to confirm these valuable resources. Finally with Texaco’s discovery of oil (later Chevron) in 1967, it became even more a symbol of national pride. By 1970, only three years later, 10 million hectares were granted to petroleum companies in order to attract investment in hydrocarbons and oil production in the Amazon rainforest (Perreault and Valdivia, 2010, p. 692).

This discovery of oil was only the beginning in its framing of development strategies. Since then it has become a mainstay of the Ecuadorean economy. Because of oil’s imperative role in the economy, and Ecuador’s dependency on it, oil has shaped Ecuador’s governance, trade policies, and development strategies. To illustrate this, in the early 70s, oil perhaps represented between 1% and 3% of GDP, however by 2008 it had reached 21.6% (Kozameh and Ray, 2012, p. 10). Oil has been ingrained into this country’s sense of governance and sense of economy. Through large petroleum reserves and flexible governing policies on oil and hydrocarbon corporations Ecuador has been solidified as a petro-state (Valdivia, 2008, p. 461).

The 1970s oil boom, mostly due to high international oil prices, helped transform Ecuador into a country with a strong economy, a growth of government, and an expanding health, education, and housing program. However, it also became a country with a mounting foreign debt. Petroleum in Ecuador is the epitome of the resource curse that has plagued developing countries since colonialism. Though petroleum serves as an invaluable economic resource that brings capital to the nation, it also links it to a system that heavily depends on the market, systems of capitalism, and foreign investors that for a variety of reasons creates dependency and stunt in economic growth. Loans and investments from “developed” nations in the 70s led to the Latin American “lost decade” of the 80s when countries were unable to pay back debts. The petro-resource curse is the *Paradox of Plenty* for though “massive petroleum rents are accrued by states over decades, these gains do not translate into long-term national well-being.” (Valdivia and Benadvides, 2012, p. 72) (Karl, 1997). Rather, it creates a disillusionment with modernity, a false promise that because of the flow of capital, it will lead to economic success and the decline of poverty. However, as we have seen in many of the ex-colonial states that rely primarily on an agro-extractive primary economy, with either agricultural products or mineral/hydrocarbon commodities, there are severe cycles of prosperity and decline. It also results in external indebtedness because of the dependency on market prices, foreign investors, and neoliberal world systems. Ecuador, because of its dependency on oil for more than 40 years, has had an unreliable economy that has, arguably, led to unstable governments and low overall growth rates. To demonstrate this, the last three popularly elected Presidents had not finished their terms. The last 15 years, before Correa’s election, contained nine presidents, and there have been large struggles between the branches of government, causing struggles in accomplishing policies. This politically unstable history is what has allowed the New Left and

Correa to emerge as a powerful force of “change.” The resource curse presents only one of the contradictions and complication of oil in Ecuador for though oil is a mainstay of the economy, it has not brought the modernity, prosperity and national pride that Ecuadoreans have hoped for.

Oil development strategies have changed across Latin America from the 70s on in an effort to more “efficiently” extract and spur development. Throughout most of the 1950s-1970s, a popular economic model called Import Substitution Industrialization (ISI) was being experimented with across Latin America. ISI promoted nationalization and protected infant industries through tariffs and subsidies in an effort to grow their industrial base and further develop their state. This theory was reflected in initial oil policies in the 70s. For example, the Law of Hydrocarbons, passed in Ecuador in 1973, gave the State the right to manage petroleum as a public resource; a resource that would finance development programs for Ecuadorean citizens (Valdivia, 2008, p. 459). Around this same time, in 1972 the *Corporación Estatal Petrolera Ecuatoriana (CEPE)* (now PetroEcuador) a national oil company was established. This creation of a national oil company was a step towards the nationalization of oil companies with greater state control, and rents accruing to the Ecuadorean state. Valdivia writes, “In this context, CEPE became the most important public institution, as it managed the distribution and investment of petroleum revenues” (Valdivia, 2008, p. 462). However, at the end of the 1970s with many Latin American nations having accrued high debt to “Northern” nations, along with dropping oil prices, it ushered in the next political economic model, neoliberalism. Neoliberalism, the economic model that Correa is attempting to change, was adopted by Latin American nations in the 1980s due to the insistence of the IMF and World Bank through structural adjustment programs and conditional loans. Neoliberalism promotes private industry, the liberalization of trade and global markets. The 80s completely reversed oil policies in

Ecuador and allowed for the ‘opening’ of the national petroleum industry to foreign investors, increased petroleum development (in order to increase revenue), and the restructuring and division of the CEPE. This restructuring divided the CEPE into affiliated but independent enterprises that would tackle distinct aspects of petroleum production (e.g., exploration, production of derivatives, domestic distribution) and was proposed as a mechanism to increase efficiency. However, it simply just decreased state control. These “neoliberal rationalities” have governed petroleum since the 1980s (Valdivia, 2008, p.463).

The framing of oil primarily as a resource of national pride hints at the issues of sovereignty that surrounds it. After the financial crisis in the 80s where “Northern” institutions began to govern and construct Ecuador’s oil strategies, oil became the means in which the country was subject to “imperial powers.” With much of oil capital leaving the country to go to foreign investors or the wealthiest of Ecuador, Rafael Correa was an appealing politician that presented himself as anti-neoliberal. He promised to re-nationalize oil and capture more profits which could be used for the development of the state. This “new” economic model is a backlash against the dogmatic neoliberal policies that encompass most of Ecuador’s oil history and the reclaiming of oil as a resource. However it is important to recognize and question the “newness” of the current model emerging. Is it truly a new system working towards post-neoliberalism, or is it simply a return to the ISI policies of the 70s? More importantly how does the issue of oil as a symbol of sovereignty conflict with the image of oil as a human right violator?

Conflict with oil

Since the discovery of oil in the Amazon, there has been severe conflict over the “oil frontier” as it continues to expand into indigenous territory (Rival, 2012, p. 1). Beyond the

changes in economic models and the plague of the resource curse, the conflict of oil lies between the preservation of the rainforest, the protection of indigenous groups and the extraction of a national resource. These three interests are at the core of Ecuador's relationship with oil. Ecuador's petroleum economy has created political tensions and "engendered powerful mobilizations against social injustices associated with petroleum extraction, production, and profit generation, such as land appropriation, detrimental health effects, loss of traditional knowledge, and the marginalization of indigenous peoples" (Perreault and Valdivia, 2010, p. 692). The clearest example of this conflict between oil and indigenous groups is the infamous Chevron court case in which indigenous groups sued Chevron for the health and environmental damages as a result of oil extraction.

The oil pollution in Ecuador with the Chevron case "has been characterized as 'one of the largest environmental disasters in history' by Rainforest Action Network" and a major public health crisis (Greco-Stoner, 2013). Texaco, which merged with Chevron in 2001, operated in Ecuador for about 30 years with an extractivist policy that prioritized cost over environmental clean-up. They participated in practices such as dumping "produced water" (wastewater) into streams, the construction of unlined toxic waste pits and the burning of fuels. However, Chevron argues that these practices were unregulated by Ecuador. If true, this further contributes to the dirty legacy of oil in this nation; an often unregulated exploitative practice that has been associated with neoliberal strategies.

The contamination of water and soil used by people for essential activities such as agriculture, fishing, bathing and drinking has resulted "in an epidemic of cancer, miscarriages, birth defects, and other ailments" (Chevron-Toxico, 2014). Beyond these deadly health problems, far more people suffer from frequent illness of a more minor type such as

skin rashes and diarrhea. It has prevented indigenous groups from practicing their livelihoods through fishing and hunting. Because of its large effect on mainly indigenous groups, oil can be seen as a discriminatory violation of human rights. The Chevron-Toxico movement states that “In this way, oil contamination has become a constant, oppressive, inescapable fact of life for thousands of residents of the *Oriente*.” (Chevron-Toxico, 2014).

Oil in Ecuador is therefore not only a source of dependency and a mainstay of economic development, but also a source of conflict, of violence, and of human right violations. Oil has a dirty history that goes way further than one case study. Oil has prohibited indigenous groups in the Amazon to practice their culture, their livelihoods, and protect their health. It has destroyed acres of biodiverse lands and has led to multiple spills across the nation. Oil is beyond simply just a resource curse plaguing a developed nation, it is a source of conflict, of oppressiveness, and of environmental destruction.

The framing of oil as a destructive resource that has infringed upon indigenous rights is another important history of oil development that needs to be understood. The activists involved in the current conflict in Yasuní come from this perspective that oil, regardless of “safety measures” will harm the environment and indigenous groups in a manner that exploits them both. This context is in direct conflict to the framing of oil as a natural resource and tool to assert sovereignty. How can a government rectify these two opposing views of oil? Can this be done under a post-neoliberal development strategy?

Conclusion

Oil is a complex and conflictual resource in Ecuador as it represents two “evils” to the nation. The first evil is that Ecuadorean oil and resources has been exploited by imperial

powers and been used to take away Ecuador's autonomy over its resources. In the second, oil extraction is a destructive and exploitative practice that infringes on the rights of indigenous groups and damages the earth. In order to resolve these oil strategy issues there are two paths. In the understanding of oil as a means of sovereignty, development strategies could change from a neoliberal structure dependent on foreign investors to a nationalized resource. It would mean the reclamation of oil as "Ecuadorean" and "of the people." However, in order to change the destructive legacy of oil to indigenous groups, current development strategies would have to completely denounce the exploitation of oil. These two opposing views on how to deal with the "oil issue" has led to the conflict over Yasuní ITT. Past oil development strategies, and their effects, are important to both understanding the rise of twenty-first century socialism and the contradictory laws and strategies seen under Rafael Correa's model.

Though claiming to attempt new oil development strategies that could perhaps reconcile both of these images of oil, current development strategies seem hauntingly similar to historical development models. While some critics argue that these "post-neoliberal" strategies reflect a continuation of neoliberal extractive policy with heavy production and large foreign investment, others argue that it is a revival of the "failed" I.S.I. strategies of the 70s. Regardless, Correa's new oil development strategy is a central part of his twenty-first century socialist model, and his attempt to uphold the values of the leftist movement.

Chapter 4

Correa and Oil Policies: Petro-populism

The election of President Rafael Correa in 2006 marked the beginning of a drastic change in Ecuadorean politics. He represented the New Left and change from the economic and oil policies that plagued Ecuador. He now represents stability since he has been in office for nine years, a great feat for a country like Ecuador which in the 15 years before Correa, had nine presidents. Correa's emergence from this instability and the dogmatic neoliberalism of the 90s has allowed him to achieve his "citizen's revolution." His promise of change and twenty-first century socialism resonated with a people subject to the policies of "Northern Institutions" for years. In July of 2008 with the approval of the Constitution, Correa declared, "Today Ecuador has decided on a new nation. The old structures are defeated. This confirms the citizens' revolution" (Becker, 2011, p. 47). This new Ecuador ensured all the promises of twenty-first century socialism: a commitment to post-neoliberal strategies, a changing positive relationship with its indigenous peoples, and a tackling of extreme poverty in the nation.

The election of Rafael Correa in 2006 fit the trend of the regime change to "twenty-first century socialism" that seemed to be sweeping across South America. Rafael Correa promised change, by creating a government and a constitution that passed in 2008, that upheld the values of "buen vivir." This new political model protected the rights of the people, of indigenous groups, and of the "Pachamama." It looked to create a development strategy that still protected

the rights of its people and that strengthened the state in regulating industry. In order to create this socialist vision, oil policy had to be de- and reconstructed from its past form. To change the cruel and exploitative legacy of oil in Ecuador, the New Left and Rafael Correa needed to “re-imagine hydrocarbon governance” in a way that fit with the ideals of twenty-first century socialism. His policies have attempted to embrace the “humaneness of socialism while pursuing the efficiency of capitalism” (Becker, 2013, p. 48). Through his policies of nationalization and social welfare programs, Correa has attempted to face the economic challenge of all resource curse nations: “how to shift the country from its long-standing extractive economy, which benefits national oligarchies and northern elites, to sustainable and equitable development” (Benjamin, 2010). Correa’s petro-populism attempts to fight traditional exploitative oil strategies and to “redefine the rules of the game underpinning the political system” (Riggiorozzi, 2010, p.73).

Oil Policy

Oil policy under Correa and twenty-first century socialism has been re-imagined through both the legal framework via the 2008 constitution and through ownership via the nationalization of oil (Perreault and Valdivia, 2010, p. 691). The constitution created several articles in order to protect people and the environment from harmful extractive policies, and to ensure the nationalization of hydrocarbons. Articles 71 and 72 of the constitution protect the rights of nature, the Pachamama. It states the right to maintaining its integrity and reserves the right to restoration in the case of the obstruction of nature cycles, including the harvesting of fossil fuels (2008 Ecuador Constitution). This protection and investment in the environment shows a commitment to sustainable development and the Pachamama as a priority. As mentioned in Chapter 1, Article 57 of the constitution guarantees the rights of indigenous groups and protects

those groups' rights to ancestral territory. For voluntarily isolated groups, it forbids the practice of extractivism. Protecting local populations, especially indigenous populations that have disproportionately felt the weight of oil policies, is an important step in changing economic policy. Lastly, the constitution encourages a greater role for the state in hydrocarbon development, Article 313 of the constitution states that “the State reserves the right to administer, regulate, monitor and manage strategic sectors, following the principles of environmental sustainability, precaution, prevention and efficiency” (2008 Ecuador Constitution).

Along with the foundation of the constitution that promotes sustainability, human rights and nationalization to be included in development policies, new policies have also come into being that shift oil revenue and protect national interest. In much the same way that Venezuela and Bolivia nationalized hydrocarbon companies, though perhaps less complete, this reform began with a policy that stated “multinational companies had to reverse 50% of their ‘extraordinary incomes’ to the State” (Fontaine, 2011, p. 2982). In 2007, President Correa increased this participation by 99%. He also offered the possibility of renegotiating their contract in which the share of these extraordinary incomes would then only redirect 70% of the profits to the state (Fontaine, 2011, p. 2982). Through these policies of nationalization in hydrocarbons Correa has been able to “redirect larger portions of the surpluses directly to the state” to create an “alternative system of welfare intervention and redistribution....an explicitly revolutionary model – yet not anti-capitalist” (Kennemore and Weeks, 2011, p. 268) (Riggiorozzi, 2010, p.73). Through the governing of energy policy with strong state control, Correa framed the initiative as socially responsible. His policies gave him the power to protect the environment and workers' rights, and reverse the outflow of oil funds to state welfare.

By creating a system that attempts to eliminate the worst excesses of extraction (legal framework) while reclaiming oil as a tool for achieving sovereignty (nationalization), President Correa attempts to implement a system that fits his post-neoliberal and *buen vivir* values. As discussed in the previous chapter, oil can represent both a means to assert sovereignty and a destructive violator of human rights. Through these frameworks, President Correa endeavors to reconcile both of these symbols of oil.

Social Programs

In January 2012, “Ecuador’s president Rafael Correa completed five years in office with the highest approval ratings of any leader in Latin America...” (Becker, 2013, p. 43). In his first months in office, Correa had delivered on his campaign promises by doubling poverty assistance payments and credits available for housing loans, subsidizing electricity rates for low-income consumers, and re-channeling millions of dollars into social programs (Kennemore and Weeks, 2011, p. 270). Correa has been able to accomplish these policies that shift resources to poor and marginalized sectors of society, and his popularity, by funding from the state’s extractivist policies (Becker, 2013, p. 49). Petroleum revenues have funded state-led programs that address urbanization, health, and education. One such policy, the *Bono de la Vivienda* program (Housing Grant Program), works to expand access to housing finance through a combination of grants and loans that target low-income and senior citizen groups (Ray and Kozameh, 2012, p. 15). The program provides financial assistance to Ecuadorean families to either buy, build (upon family owned land) or improve upon a home (LLerena Pinto et. al., 2015, p. 6). As a result, total housing credit in Ecuador grew by nearly 50 percent in 2009, and this program now accounts for over half of all housing credit. (Ray and Kozameh, 2012, p. 12). Another important policy to the Correa administration in tackling social welfare issues has been the *Bono de Desarrollo Humano*

(Human Development Grant). This program provides a guaranteed income security (conditional cash transfers) to populations that are not covered by social security (LLerena Pinto et. al., 2015, p. 5). Beneficiaries of this program, which consists of a \$35 monthly cash transfer, are low-income mothers and seniors who are not on pensions. They are considered conditional cash transfers because in order to participate in the program, “mothers are required to take their children under five years of age to health center medical checkups twice a year and enroll them in school if they are between the ages of 5 and 17” (LLerena Pinto et. al., 2015, p. 5). In pursuing these policies, Correa once again could be seen as following the strategies that Chávez pioneered in Venezuela, and Morales adopted in Bolivia. In what conservative commentators have derisively termed “petro populism,” all these governments have sought to use hydrocarbon rents to fund social programs and encourage endogenous development (Becker, 2013, p. 49).

Education programs have also been a major focus of the Correa administration’s social programs. Since 2007, around \$280 million have gone to repairing and building schools (The Economist, 2009). Beyond buildings, the Correa administration has been working to improve quality from elementary schools to universities through a variety of measures and programs. The Business Year lists these programs as “the reorganization of the supply of education opportunities, through the concentration of all pre-tertiary academic levels in “hubs”; improvements in infrastructure and equipment; the implementation of a national system of evaluation that includes student, teacher, and institutional performance assessments; and the development of a new system of professional teacher development” (Business Year, 2015). This long-term sustainable investment in human capital have been central strategies to fulfilling the goals of buen vivir and achieving economic development.

This investment in social programs has been an exciting part of the twenty-first century socialist model. The fact that new oil development strategies include redistribution and the amelioration of poverty into their goals is a huge improvement to past oil policies that had historically seen most of oil funds in the hands of foreign companies or Ecuadorean elites. These social strategies demonstrate a real commitment to the values of buen vivir and the bettering of Ecuadorean lives.

Diversification Plan

Twenty-first century socialism has created a development plan that increases the role of the State in all activities: in the extracting of resources, in the accruing of rent, in creating state welfare programs and increasing access to capital. It also has a role in creating new economic sectors and diversifying its industry. The diversification of industry is especially important for developing nations plagued with the resource curse that are typically dependent on one resource, and therefore subject to the unstable market. For Ecuador to truly fulfill its values of twenty-first century socialism it needs to solve its dependency problem, reliant on the very system it wishes to deconstruct. Despite precautions, continuing to rely on oil extractivism does not only harm indigenous groups and the environment, but also creates a dependency on Northern nations, produces a pattern of unequal accumulation, and lacks a highly specialized labor force. In order to address these issues, the Correa administration established in the *Plan Nacional Buen Vivir 2009-2013* (National Plan of Good Living) a development strategy to abandon the primary agro-extractive export model (Freire, 2011, p. 8). Strategy 2 listed in the document on development highlights the “Transformation of the Economy’s Model of Specialization through the Selective Substitution of Imports” (Freire, 2011, p. 8). This strategy of the Correa administration states the need to abandon primary extractivist policy of the past and shift to an economy with a variety of

industries, with skilled laborers and that coexist with environmental needs. Through the use of substitution, it can promote and protect these new growing industries. Strategy 3, “Increase of Real Productivity and Diversification of Exports, Exporters and Markets” promotes the deconcentrating of specific products toward specific areas. The need to delink from the dependency of a primary extractive export model is important in increasing productivity and making the economy less sensitive to the market. These two strategies highlight the importance of diversification to twenty-first century socialism in creating sustainable development and supporting an anti-imperial narrative

Diversification is a key strategy to achieving a post-neoliberal transition. By investing in other industries, especially beyond oil and other primary products, Ecuador can begin to combat the resource curse. This strategy is central to achieving the twenty-first century socialism development plan. By lessening Ecuador’s dependency on foreign markets and by encouraging their own products, Ecuador can move away from the primary agro-extractive economy that has plagued it since colonialism.

Anti-imperial Policies

One of twenty-first century socialism’s most central value is anti-imperialism. This value is about asserting sovereignty, overcoming imperial world systems and notions brought upon by Northern nations and cutting the state’s dependency on Northern aid and loans. Diversification is a huge step to delinking its dependency, asserting sovereignty and creating sustainable development. Beyond this, Correa’s handling of debt demonstrates his commitment to moving beyond traditional imperial powers of the North and the IMF. In 2008, President Correa defaulted on Ecuador’s debt stating that it is “illegal, illegitimate, and corrupt” (Becker, 2013, p.

47). This dismissal of a Northern Institution was an important symbol for Ecuador that it would no longer be dependent on imperial institutions.

The other way this political model promotes anti-imperial notions is through the creation of regional trade groups in an effort to move towards post-neoliberalism and take power away from traditional Northern neoliberal trade groups. ALBA, the Bolivarian Alliance for the Peoples of Our America, is a Latin American trade group proposed as “as an alternative to the US-driven Free Trade Area of the Americas” (Yaffe, 2011, p. 129) As President Rafael Correa states that this regional trade group differs from others in that it emphasizes solidarity and not competition. He states “The integration that we have sought [in previous decades] has been orientated towards trade, to having larger markets and competing between us. In ALBA we don't talk about competition, we speak of coordination in energy, finances and even in defense, but coordination, not competition” (Yaffe, 2011, p. 132).

Anti-imperialism is an important part of the Ecuadorean twenty-first century socialist model. Embracing policies and trade groups that further Ecuador from traditional imperial powers such as the United States are important steps to asserting sovereignty and decreasing Ecuador's dependency. Through the “abandonment” of traditionally Northern institutions, such as the IMF, by diversifying the economy and competing with Northern industry, and joining regional trade groups that challenge traditional neoliberal strategies, President Correa is attempting to create a post-neoliberal, anti-imperial development strategy.

Conclusion

Correa's petro-populism seems evidence enough of a changing system, a model of post-neoliberal development. A system that takes advantage of its resources, that rids oil companies of

their excessive profit, and attempts to build its economy by decreasing poverty through social programs, is a system that attempts to thwart the resource curse that has plagued Ecuador. These policies position Ecuador to enter the global market through different means than those dictated by the traditional Northern institutions.

Despite the changes Correa has made in the name of twenty-first century socialism, a system of petro-populism, there are still questions on whether Correa has really triumphed over the exploitative and inherently capitalistic nature of oil. Has Correa truly broken from traditional notions of extractivism? This next chapter will explore data from the World Bank, the U.S. Energy Information Administration, IndexMundi, and from the Ecuadorean government to determine that has truly changed under Correa's presidency? Has President Correa been able to fulfill the promises of buen vivir and takes step toward a post-neoliberal paradigm?

Chapter 5

Understanding the Realities of the Twenty-first Century Socialist Development Strategies

President Rafael Correa has carefully attempted to depict himself as a socialist committed to transitioning to post-neoliberal development strategies. He has done this through the 2008 constitution, his alignment with twenty-first century socialism, and his social programs, while also attempting to place himself as a champion of indigenous rights, and as fundamentally anti-imperialist. The previous chapter depicts this framing and creation of Ecuador's version of twenty-first century socialism through the policies of the Correa administration. These policies attempt to redefine oil policy through two policies: nationalization efforts whose accumulated funds provide for social programs, and a legal framework that protects indigenous groups and the Pachamama from extractive activities. President Correa has promised to diversify and work towards a sustainable development strategy that moves away from this extractive industry and to move towards a post-neoliberal economic model which deconstructs imperial economic institutions and creates alternate development strategies. With these policies, and through careful media depictions, he has distanced himself from Ecuador's historical neoliberal political economy.

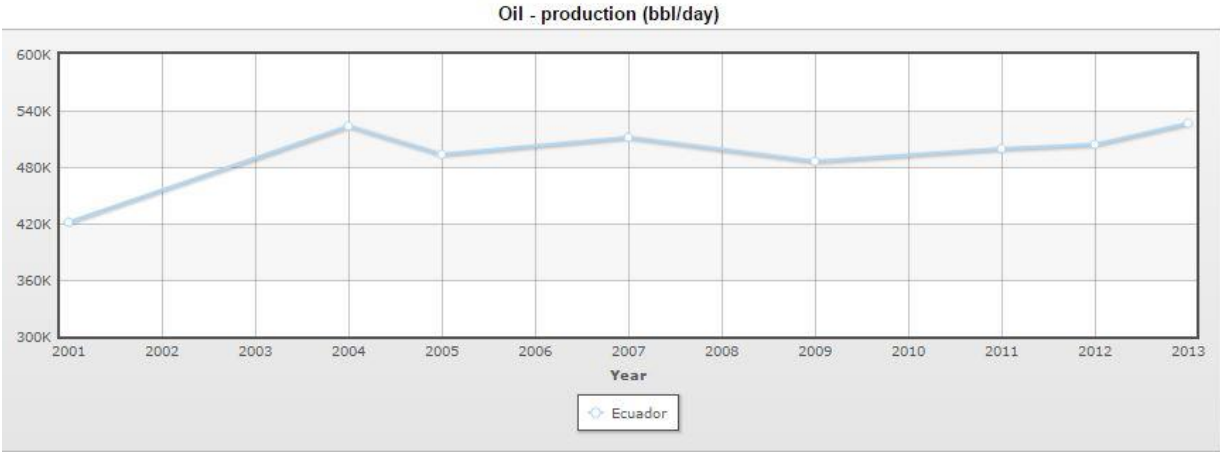
Despite this carefully crafted image of Rafael Correa and his lofty agenda, many of President Correa's actions demonstrate that he is not exactly the environmental advocate, indigenous champion, or national sovereignty leader which he claims to be. Many of his policies

contradict his previously stated legal framework laid out in the 2008 constitution and associated government documents *El Plan Nacional Buen Vivir* (Chapter 4). These documents describe future development strategies and contribute to his twenty-first century socialist narrative. This chapter will examine and analyze data from within the Correa administration (2007 - present) to determine how successfully he has enacted substantive change that fit within his narrative. I will examine oil exportation data, poverty indicators, social program spending, GDP, indigenous right case studies, and national debt in order to understand what is new about Correa's twenty-first century socialist development strategy. Using data from the World Bank, the US Energy Information Administration (EIA), IndexMundi, the Economic Commission for Latin America and the Caribbean (ECLAC), the Ecuadorean government, and other sources, I will outline the ways in which President Correa has, successfully or unsuccessfully, upheld his narrative of a post-neoliberal, socially conscious, anti-imperial development strategy.

Oil Development and Diversification

Examining oil development in Ecuador before and during Correa's regime is key to exploring if oil production rates have truly decreased in order to fulfill the promises of *buen vivir*. I will also explore whether Ecuador has attempted to diversify their income as a component to the transition to post-neoliberalism. Reducing oil production is imperative to transitioning to sustainable development as oil production is a harmful practice to the environment and marginalized groups, and continues to leave Ecuador reliant on varying market prices. Correa promises to bring about post-neoliberal development, to abandon the primary extractivist policy of the past, and reduce hydrocarbon production. Unfortunately, these are not the trends the data indicates. In Fig. 1 we see a historical graph from 2001 to 2013 depicting oil production in Ecuador. This graph shows oil development has not decreased at all but rather has

slightly increased throughout this twelve year period. From 2004 to 2013, oil production has remained relatively stable, demonstrating no substantive change to oil production since Correa took office in 2007. This oil production data demonstrates that Ecuador seems to be continuing its investment in the extractive industry as opposed to transitioning to a new alternative.



| Country | 2001 | 2004 | 2005 | 2007 | 2009 | 2011 | 2012 | 2013 |
|---------|---------|---------|---------|---------|---------|---------|---------|---------|
| Ecuador | 421,200 | 523,000 | 493,200 | 511,600 | 485,700 | 500,000 | 504,000 | 526,000 |

Fig. 1 This figure shows oil production in Ecuador from 2001-2013. We see a steady trend between the years 2004-2013. (IndexMundi, 2014).

The consistency of oil production from 2007-2013 highlights Ecuador’s economic dependency on oil and an inability to diversify its income despite its commitment in the *Plan Nacional de Buen Vivir* 2009-2013 to abandon the extractive export model. Oil as an export continues to encompass a huge percentage of total exports, demonstrating a continued dependency and a shortcoming in other industry as we can see in Fig. 2. Figure 2 shows that under Correa’s administration crude petroleum has remained almost 50% of exports. This proves that beyond Ecuador’s dependency on oil, other industries have also not been able to challenge oil as a major export. Figure 3 similarly highlights Ecuador’s oil dependency as a product of exportation and source of income. Figure 3 shows exports of goods disaggregated by industry, where over ten years there has been little increase in income industry outside of the petroleum

industry. This figure represents the share of GDP and shows that oil has consistently, and still is, the greatest source of income for Ecuador. Further, Figure 4 demonstrates Ecuador’s reliance, not only on oil, but on raw material resources as a whole. Instead of investing in industry or industrial products that demonstrate higher skill sets and a typically higher market value, as Strategy 2 of the *Plan Nacional de Buen Vivir 2009-2013* states. Ecuador has consistently relied on agro/extractive primary raw exports. Figure 4 depicts the share of primary goods and natural resource based goods (i.e. oil) in Ecuador, Chile and Colombia. In Colombia we see a much smaller share in exports based on raw materials than in Ecuador, where a majority of exports are derived from raw materials (Colombia 75%, and Ecuador 91.2%). This figure also demonstrates that Ecuador’s overall reliance on raw materials from 2002 to 2010 has remained the same. This dependency on primary export and extraction shows an inherent lack of progress towards diversification.

Crude Petroleum as a Percent of Total Exports

| Years | 2000 | 2002 | 2004 | 2006 | 2008 | 2010 | 2012 |
|-----------------|------|------|------|------|------|------|------|
| Crude Petroleum | 43.5 | 36.5 | 50.3 | 54.5 | 56.2 | 51.2 | 53.3 |

Fig. 2- (ECLAC, 2013). This figure demonstrates Crude petroleum as a percentage of total exports in Ecuador. From 2004-2012 we see a steady trend.

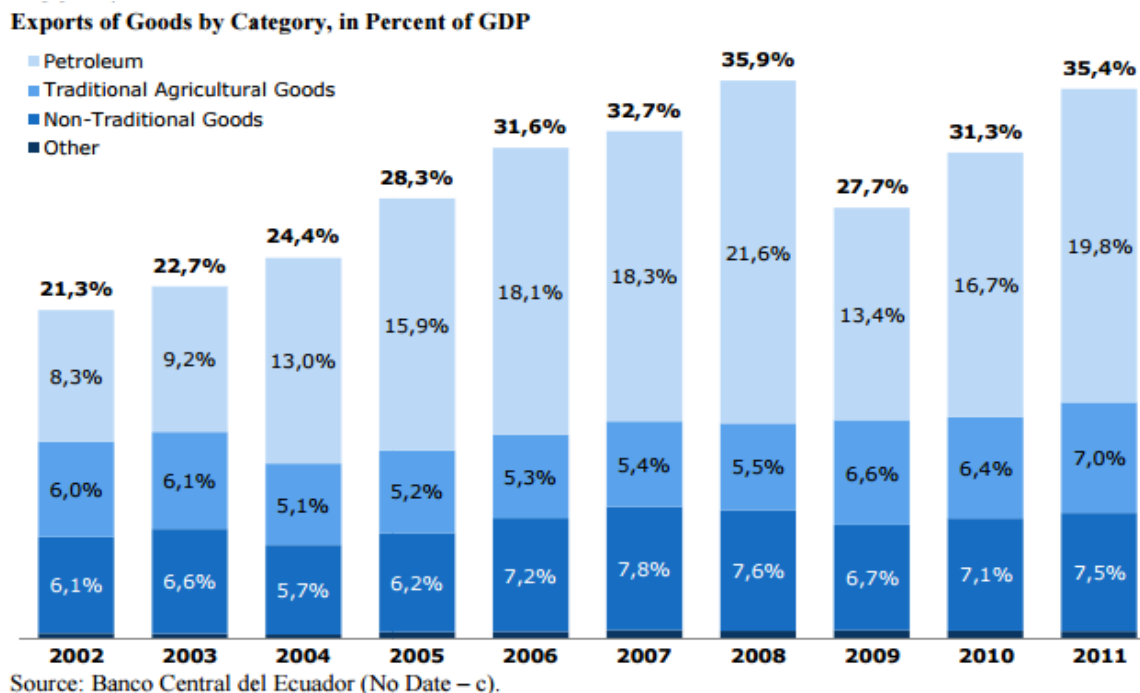


Fig. 3- This figure demonstrates exports of goods disaggregated by industry as a share of GDP in Ecuador. (Kozameh and Ray, 2012, p. 10)

Share of raw exports (primary exports and natural resource based manufactured goods) in total exports

| | 2002 | 2010 |
|----------|----------------------------|----------------------------|
| | Total raw material exports | Total raw material exports |
| Chile | 85.4 | 90.6 |
| Colombia | 65.9 | 75 |
| Ecuador | 91.9 | 91.2 |

Fig. 4. This figure demonstrates the share of primary goods and natural resource based goods in Ecuador, Chile and Colombia (Freire, 2011, p. 5).

However, it is important to consider the dates on many of these figures. Because much of the data were from as early as 2010, it may be inappropriate to use them to demonstrate that oil policy has not changed under Correa's policies. Upon examining oil from 2008-2013, it is also important to consider that oil prices were at a high during this time period. This might account for the large proportion of GDP oil represents, despite claims to slow production. It also demonstrates a conscious choice by the Correa administration to keep production the same, rather than accelerating it in the face of high prices. Despite these considerations, the consistency of oil and the decision to drill in Yasuní and other regions, demonstrates the administration's commitment to oil and hydrocarbons and an inadequacy in producing alternatives.

This lack of income diversification, consistent trend in oil production (Fig. 1) and oil as a leading export (Fig. 2) highlights Ecuador's dependency on hydrocarbons. Ecuador has made no progress in expanding its income, especially through industry, and is forced to rely on primary exports. Kennemore and Weeks argue this is far from a post-neoliberal strategy that lessens dependency on other nations and looks to other sources of income beyond primary extraction. They write that Correa has done little to "alter the economic model of extraction, leaving the country dependent on global price fluctuations and foreign inputs" (Kennemore and Weeks, 2011, p. 277). This market instability makes it difficult for Correa to fulfill his election promises, to develop the nation and alleviate poverty. Furthermore, Kennemore and Weeks state that he has not only continued the model, but in some cases "accelerated production in many extractive industries" (Kenmore and Weeks, 2011, p. 277). Ecuador's inability to give up on oil, even at the expense of the environment and indigenous groups, especially in the Yasuní case study, demonstrates Ecuador's heavy dependency and perhaps the failure of twenty-first century socialism policies in upholding the 2008 constitution.

President Correa and the Alianza Pais party have done little to shift away from oil production and develop alternate industry. The Yasuní case study, in which President Correa is intentionally drilling in an area that protects indigenous groups and houses great biodiversity, shows a preference for extractivism over the values of buen vivir. This is the first crack in the Correa narrative. Instead of choosing to continue to invest in oil production, Yasuní is an opportunity to transition to post-neoliberalism. The Yasuní case study, and other hydrocarbon policies, demonstrate the government's complacency or inability to transition to a new economic form.

Government Spending on Poverty

Though Correa's policies to develop a diversified and less dependent economy have not been successful as of yet, I would like to explore whether the Correa administration has successfully collected oil profits from the extractive industry in order to increase government spending. Increasing government spending and using the funds to assist the poor, have been key components to President Correa's strategy in transforming Ecuador into a twenty-first century socialist model that accounts for its people and is truly dedicated to ameliorating poverty. This "petro-populism," the use of oil revenues in ameliorating poverty, justifies oil extraction as a means to change poverty rates. These oil funds are used to support programs started under the Correa administration, such as Bono de la Vivienda and Bono de Desarrollo Humano (as discussed in Chapter 4) which use grants to assist impoverished and traditionally ignored groups. This section explores whether, through oil nationalization policies, the government has been able to capture more profit from extractive activities. How has government spending changed under the Correa administration, and has it increased spending in social and poverty alleviation

programs? How have poverty indicators changed due to the existence of such government programs?

First, one must examine how government spending has changed under the Correa administration. In Figure 5, the graph depicts quarterly government spending in US dollars from 1990-2015. Government Spending refers to public expenditure on goods and services (Trading Economics, 2016). This figure shows an increase in government spending from 2000 to 2015. Although the trend begins earlier than Correa's presidency it nonetheless depicts an increase in government spending during his time in office.

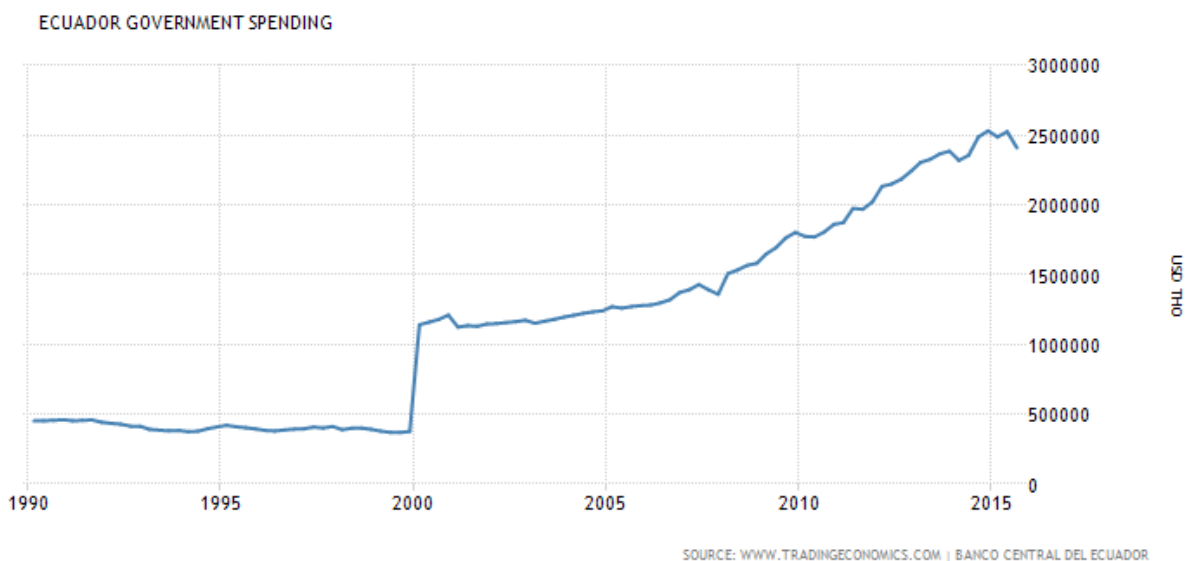


Fig. 5- The graph depicts from 1990-2015 Ecuador government spending in US dollars. (Trading Economics, 2016).

This increase in government spending has been used to create the social programs discussed in Chapter 4 that focus on impoverished groups. With the rise in government spending President Correa has managed to change the distribution of oil wealth by investing the profit in social programs. Figure 6 depicts this increase in government spending on social programs. This figure depicts government spending as a percentage of GDP in Ecuador between 2004-2011.

After 2006, spending as a percentage of GDP on social programs has increased from 4.8% of total GDP to a high of 9.5% in 2010. That means that between 2006 and 2009, social spending nearly doubled as a percent of GDP. Ray and Kozameh write “In fact, government spending on education did double – from 2.6 to 5.2 percent of GDP – and spending on social welfare more than doubled – from 0.7 to 1.8 percent of GDP” (Ray and Kozameh, 2012, p. 12). This figure also provides insight on social sector spending. The graph shows that “Education” has been a large component in the social programs developed under Correa’s administration.

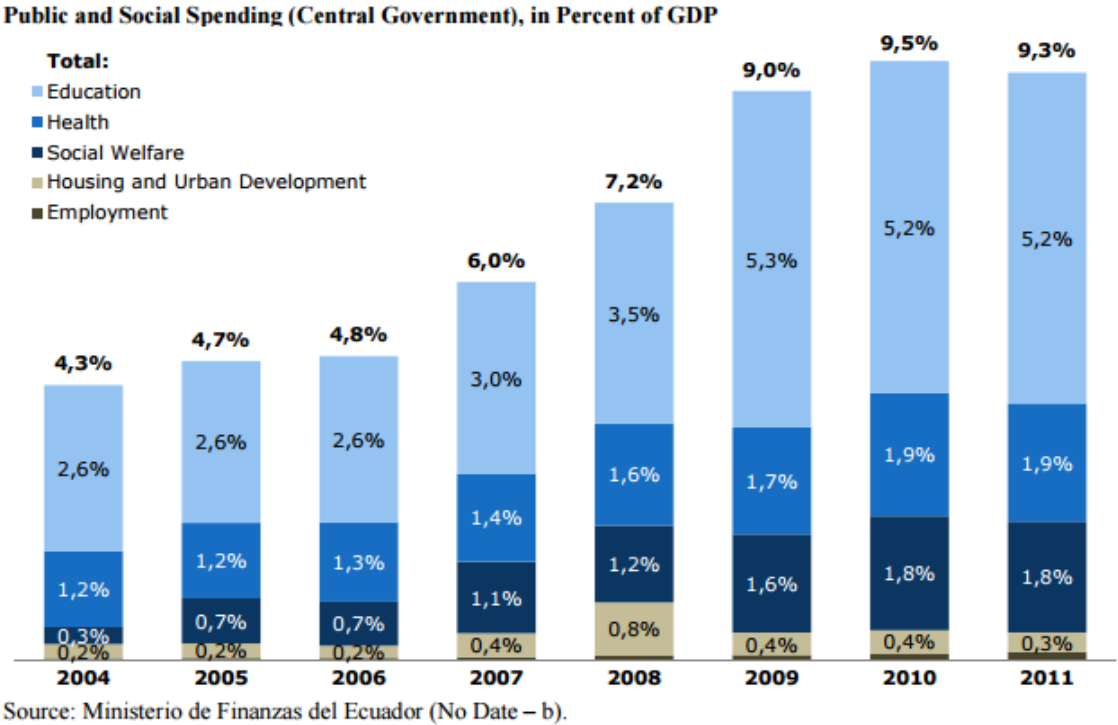
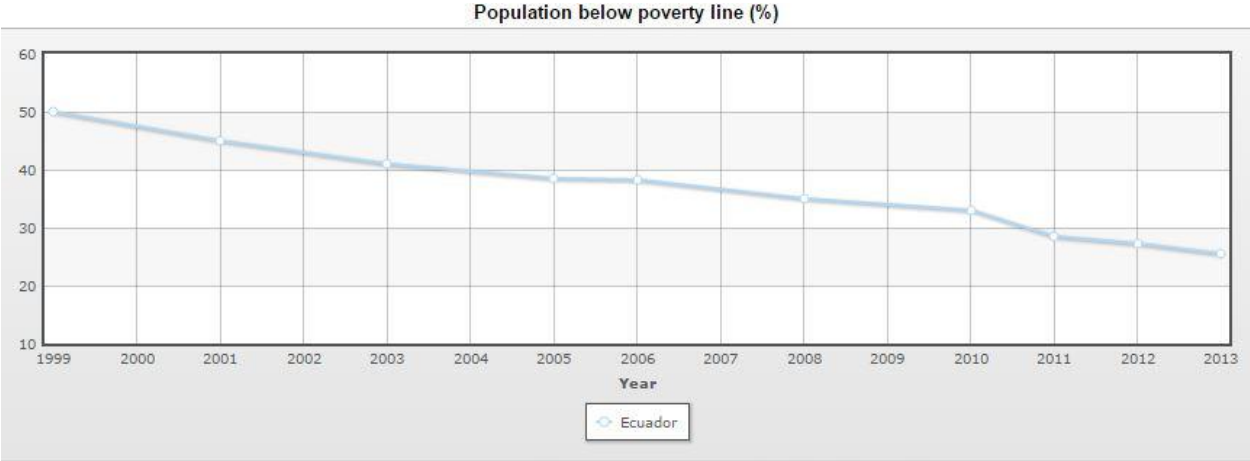


Fig. 6- This figure depicts government spending as a percentage of GDP in Ecuador between 2004-2011. (Kozameh and Ray, 2012, p. 13).

Perhaps due to the increase observed in government and social program spending, we have seen a dramatic decline in poverty in Ecuador. As Becker writes of the Correa administration, “All social indicators [appear] to be moving in a positive direction: poverty has dropped, employment is up, wages were up, literacy and health measurements are up, and the

equality gap is closing” (Becker, 2013, p. 43). In this section, I will examine citizens living below the poverty line as well as unemployment rates. Figure 7 shows the population in Ecuador below the poverty line from 1999 to 2013. This figure shows the general decrease in population below the poverty line. Though this graph demonstrates from 2007- on a decrease in poverty, this trend extends past 2007 and the Correa administration, to 1999. This means that this decreasing trend of poverty cannot be completely associated with President Correa’s “buen vivir” strategies.



| Country | 1999 | 2001 | 2003 | 2005 | 2006 | 2008 | 2010 | 2011 | 2012 | 2013 |
|---------|------|------|------|------|------|------|------|------|------|------|
| Ecuador | 50 | 45 | 41 | 38.5 | 38.3 | 35.1 | 33.1 | 28.6 | 27.3 | 25.6 |

Fig. 7- This figure depicts from 1999 to 2013 the population in Ecuador below the poverty line (IndexMundi, 2014)

Unemployment rate is another effective tool to measure poverty short-term and analyze the results of both programming and spending under the Correa administration. The graph in Figure 8 depicts unemployment rate in Ecuador between 2000 and 2013. The unemployment rate, seen in Figure 8, shows a general decreasing trend past the 2007 mark. This graph is perhaps more telling as unemployment between 2000 and 2006 is unstable. While after 2007, there is a steady trend in unemployment at 8%. After 2009, unemployment drops heavily where

in 2013 we see unemployment as low as 4.2%. This demonstrates a clear drop of unemployment during the Correa administration.

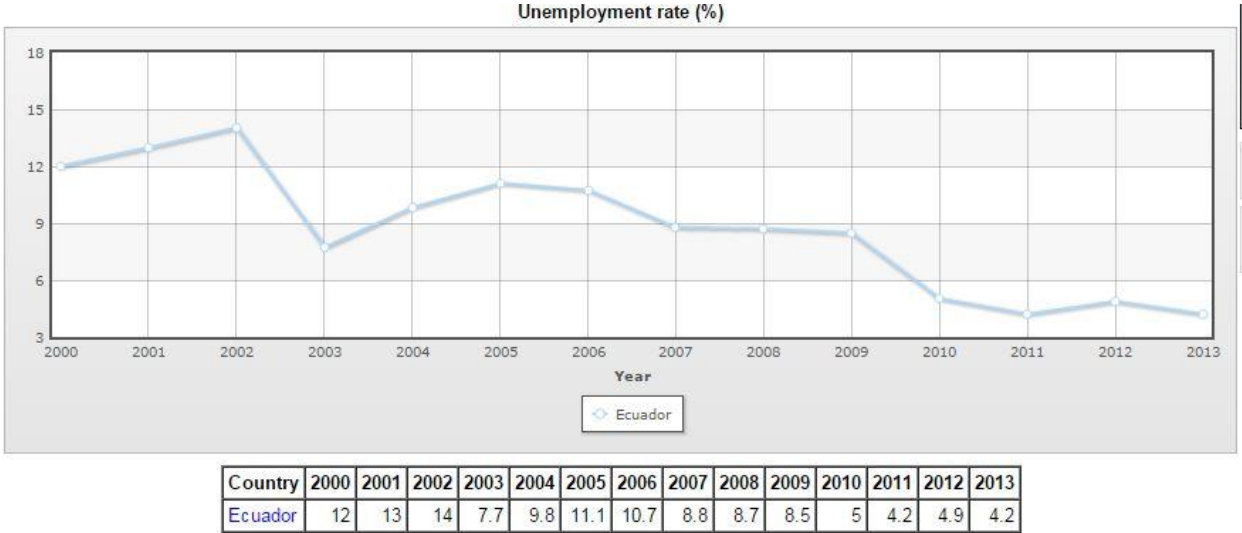


Fig. 8- This graph depicts unemployment rate in Ecuador between 2000 and 2013 (IndexMundi, 2014).

Under Correa’s administration, regardless of whether it deserves complete credit, Ecuador has seen a general decline in poverty rates. Both unemployment rates and people living below the poverty line have dropped throughout the 2007- 2013 period. At the same time we have seen a rise in government spending in social programs. Though these two issues cannot be said to have a directly causal relationship, they may be correlated. This might reflect upon the effectiveness of the Correa administration’s social programs. However, there are important considerations to examine before making direct conclusions. The high oil prices, and therefore greater funds, of the 2008-2013 period could have had an enormous effect on government social spending and poverty indicators in general. This leaves observers to predict Ecuador’s future poverty rates and to further examine the effectiveness of these social programs without the extra

funds of this period. It will be important to the future of Ecuador as predicted oil prices continue to drop (2014-on) and may influence social indicators.

Correa's social programs, funded through oil policy, may have had some degree of impact on poverty rates. If so, this would be a large accomplishment for the Correa administration which has used these programs as justification for its less than perfect oil policy. Though in part fulfilling the mission of *buen vivir* by accounting for marginalized and impoverished peoples and working to better the lives of its citizens, it disproportionately damages the lives of indigenous groups through the continuation of extractive policy. Though the Correa administration *may* have fulfilled one component of its twenty-first century socialist transformation, its consistent oil policy prohibits its ability to further pursue a post-neoliberal strategy that looks for alternatives, protects indigenous peoples, and creates sustainable development through diversification.

Indigenous rights



Image 1. President Correa in the Amazon Rainforest displays the oil on his hand (Barrett, 2014)

President Correa has worked diligently to curate his image as a “Champion of indigenous rights,” an activist, and a politician committed to the values of “buen vivir.” He has attempted to construct this image of himself through various policies such as the “inclusion” of indigenous groups and rights in the creation of the 2008 constitution, the appropriation of “sumak kawsay” to the construction of buen vivir, and with carefully composed media attention. Image 1 demonstrates one such media image in an anti-Chevron commercial, referring to the current Chevron lawsuit between Chevron (before Texaco), and indigenous communities damaged by Texaco’s extraction. This commercial depicts Correa with his hand dripping with oil. His role in this commercial is to condemn Chevron, and to depict “the dirty hand of Chevron” in order to draw support from indigenous groups and environmentalists. Further, these media images have been used to demonstrate the difference between President Correa and previous administrations. They function to depict the “disparities” between the administrations who facilitated the atrocities of the Chevron case and President Correa, a supposed environmentalist. Despite these images and Correa’s narrative, oil policy has not nearly changed enough for Correa to cite these disparities between him and past administrations. Though President Correa has invested money in social programs that help traditionally marginalized groups, like indigenous groups, it is ironic that these funds stem from the extractive industry, an industry that has encroached on indigenous’ rights. His continued hydrocarbon policies continue to displace indigenous peoples and damage the local environments surrounding them. In this fashion, President Correa has failed to provide the “sumak kawsay” (good living) practices to the indigenous groups he claims to prioritize. Instead, President Correa has created many policies that in fact hamper indigenous movements through policies that attempt to suppress protests and alternate voices, and through

the prioritization of the hydrocarbon industry that disproportionately affect indigenous populations.

Rafael Correa and his administration have enacted many policies that regulate media, protests, and NGOs in an attempt to muffle voices of dissent and indigenous protest. These policies have intentionally hindered indigenous movements, contrary to Correa's framing of himself as an indigenous rights activist, by shutting down indigenous organizations and protests that have expressed discontent with current hydrocarbon policies. Such actions from the Correa administration have been so extreme as to dissolve NGOs who have disagreed with his policies, especially NGOs who have protested against further drilling in the Amazon. The most famous example of this was the shutting down of the NGO, the Fundacion Pachamama, for "disturbing the peace" during a protest against the expansion of oil concessions (Lang, 2013). The Fundacion Pachamama denies all allegations of violence, and its dissolution is seen by many leftists as a muffling of dissent, rather than the suspension of a violent group (Lang, 2013). Further efforts of the Correa administration in shutting down opposition has been threatening and targeting leaders of movements. In 2014, the Ecuadorean Secretary of Hydrocarbons filed a formal complaint against eight indigenous leaders for making "threats" against the government during oil auctions (Lewelyn, 2014). It was recommended that they be arrested for protesting. These attempts to quiet voices of dissent are dismantling indigenous groups and civil society's participation in democratic government. It intentionally hampers indigenous movements in order to continue Ecuador's hydrocarbon dependency. These actions demonstrate a clear prioritization of oil over indigenous rights, going so far as to even muffle the indigenous groups that protest these actions.

The continuation and expansion of hydrocarbon activities under the Correa administration in mostly indigenous lands proves that not much has changed since the neoliberal Ecuadorean era. Policies enacted under Rafael Correa's presidency such as the 2009 mining act depict the administration's commitment to hydrocarbon activities. This law was approved with the intention of creating new jobs and growing the economy, but critics condemn it for being neoliberal and racist (Becker, 2011, p. 56). Beyond encouraging multinational hydrocarbon companies to mine in Ecuador, which contrasts Correa's nationalization goals, it allowed companies to commence activity without consent of the rural communities. These hydrocarbon policies have set off huge indigenous protests as CONAIE, Ecuador's national indigenous movement, have argued that new mining projects will pollute indigenous lands and harm communities. Marlon Santi, President of CONAIE said "From the point of view of the social movements, and the indigenous movement in particular, Correa's socialism is not socialism at all.... He waves the flag of socialism, but he does other things." (Chicaiza, 2009)

Lastly, the Yasuní case study further demonstrates how Correa's commitment to indigenous rights is weak. If this twenty-first century socialist administration truly believed in a transition of post neoliberal strategies that promote "sumak kawsay", there would not be an issue of the exclusion of indigenous groups and the encroachment of their rights. President Correa's decision to drill in Yasuní, despite constitutional safeguards in protecting voluntarily isolated indigenous territory, proves that he is indeed not committed to indigenous rights or post-neoliberal development, but instead has taken on a historical view of indigenous peoples and their land, as a barrier to development, and as "tierras baldías", empty lands to be exploited by the state in order to obtain resources. His intentional muffling of NGOs, his exclusion of indigenous groups in decision making processes, and his continued commitment to hydrocarbon

policies clearly depict President Correa discredit his own constructed image of a “progressive activist.”

Dependency and Loans

Anti-imperialism has been a key factor in Correa’s rise to popularity, and other leftist parties in Latin America. It represents a backlash against foreign involvement in State issues and a push for independent markets. In this manner President Correa has promoted policies like defaulting on its debt, joining trade groups such as ALBA, and promoting nationalization and import substitution strategies, as discussed in Chapter 4. These policies were meant to separate the Correa administration from the United States and other traditionally imperial powers. However, his hydrocarbon and oil policy guarantees his link to these systems as he is dependent on their cash for his social programs to run. This irony again points at the contradiction in twenty-first century socialism in the Andean region: its hydrocarbon policy and its dependency on Northern nations and markets.

Correa’s consistency in supporting the oil industry comes with the baggage of a dependency on U.S. markets for oil exports and pricing. Figure 9 demonstrates this dependency of U.S. buying power as it shows crude oil exports in 2013 and their destinations. In Fig. 9, the U.S. received 63% of all Ecuadorean crude oil. Figure 10 furthers this point by showing the export of goods to destination countries by billions of dollars. Looking at this chart, we can see the United States by far spends the most money on Ecuadorean exports, spending as much as 9.3 billion in 2008. There are no trends that seem to be related to Correa’s election in 2007 in this figure. Both of these figures further the argument that oil as a resource and strategy is inherently dependent on imperial powers through the United States’ large need for petroleum. It contradicts

the notion that the Correa administration has been able to achieve sovereignty from imperial powers as his entire system of governance depends upon them.

Annual Ecuadorean Crude Oil Exports, 2013

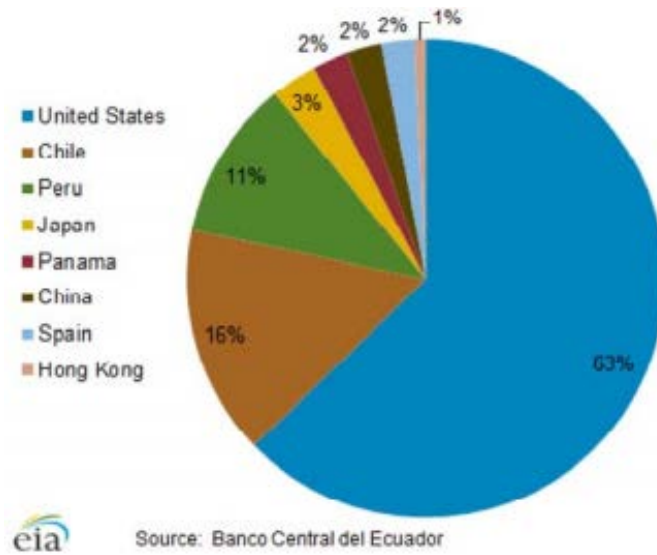


Fig. 9- Figure 9 shows crude oil exports in 2013 and their destinations. (EIA, 2015).

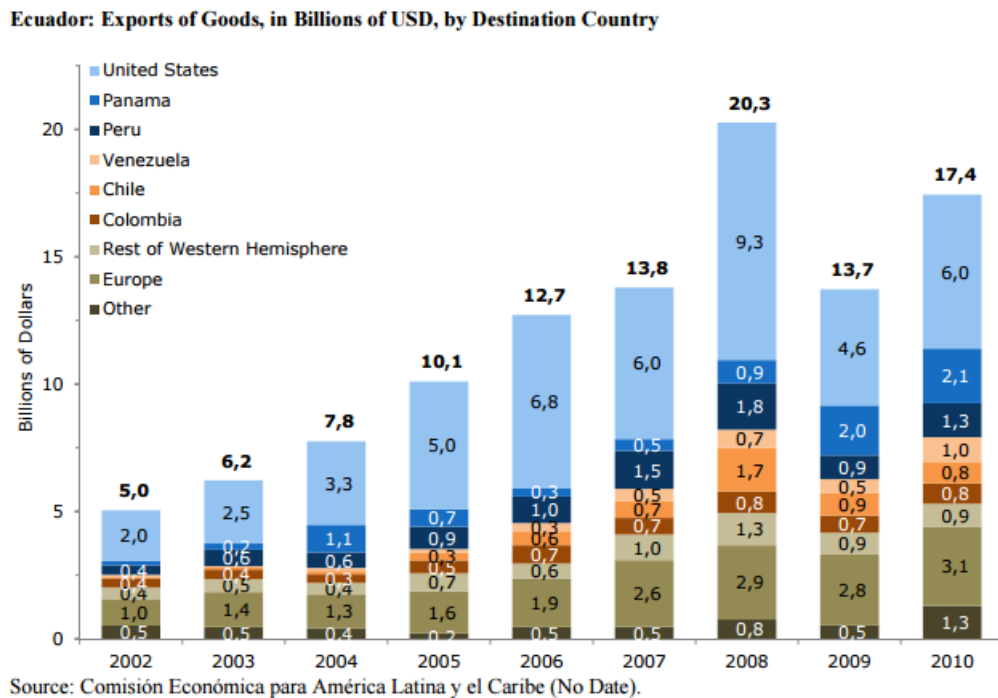


Fig. 10- Figure 10 furthers this point by showing the export of goods to destination countries by billions of dollars. (Kozameh and Ray, 2012, p. 11).

Further, not only has the Correa administration been unable to delink itself from the United States, it has surrendered itself to another dependent relationship, one with China. Since 2008 when it defaulted on its loans, Ecuador has borrowed over \$11 billion from China (Kuo, 2014). The EIA reported that many of these loans were oil-for-loan deals that guaranteed future oil exports to China (EIA, 2015). The EIA wrote that “the loans also require Ecuador to invest a share of the loaned amount into projects involving Chinese companies and have been applied to the development of hydroelectric complexes and other energy-related projects”(EIA, 2015).

Many of the unpopular mining laws were made in conjunction with these loans, allowing the Chinese government to invest and profit from these projects.

Oil has become a source of dependency for Ecuador. Beyond the changing market prices that makes this economic model unstable and prone to boom-bust cycles, it has made them dependent on the very nations it wished to detach from. In the creation of the anti-imperial narrative that criticizes the United States’ influence and conditionalities, they have replaced them with a new power, China. By continuing oil policies, Correa will be unable to achieve the sovereignty he preaches.

Conclusion

Though President Correa has constructed a model for twenty-first century socialism based on the values of post-neoliberalism, diversification, sustainability, and buen vivir, there has been little evidence of such a system. President Correa’s commitment to oil production and inability to seek alternatives in other industries is a central contradictory flaw. Though rising oil prices and greater profit through nationalization policies have funded important social programs that

achieve the goals of buen vivir, there are huge fundamental contradictions that exist within a system that promotes harmony with the environment and people but relies on such a detrimental resource. Hydrocarbon extraction has historically, and continues to infringe upon the rights of indigenous groups through the environmental damage seen in the surrounding environments. Hydrocarbon extraction often occurs on indigenous lands in both the Amazon and the rural highlands, perhaps due to the concept of tierras baldías and erasure of indigenous territory, highlighting the environmental racism in such policies. Oil extraction demonstrates a clear prioritization of hydrocarbon industry over human rights, and a contradiction of Ecuador's buen vivir values. The other major contradiction of values juxtaposed by the twenty-first century socialist model is in the struggle for sovereignty. Despite a narrative that seeks nationalism and rails against imperial world systems, oil remains a key tie huge in linking Ecuador to the United States. The inability to diversify and move away from oil to seek new alternatives remains the biggest obstacle in achieving a model that truly promotes post-neoliberalism and buen vivir.

In learning the facts and flaws of Ecuador's twenty-first century socialist model, it prompts the recognition of the true differences between historical and current development strategies. In the next chapter I will critique and discuss President Correa's development strategy and argue that the system seen today is not post-neoliberal, but simply neo-extractivist with a comprehensive narrative.

Chapter 6

An Analysis of Ecuador's Development Model

Twenty-first century socialism as a model, though in existence for nine years in Ecuador, has aroused more questions than have been answered regarding what are the true values of this movement. The previous chapter discusses the values and trends seen in Ecuador throughout this period in an attempt to understand, beyond the constructed narrative of Rafael Correa, what does twenty-first century socialism look like in action? What are its actual development strategies and policies being enacted and how do they differ from the formulated narrative? In this chapter, using the conclusions from the previous chapter, I will explore whether President Correa is truly moving towards a post-neoliberal alternative, or if he is simply engaging in neo-extractivist policies that are defended by his narrative of sovereignty and anti-neoliberalism. I argue that the twenty-first century socialist development strategy does fall short of its projected values, and instead resembles the model of neo-extractivism. This triggers the question what is the future of this movement? Can Ecuador ever truly reflect the values of buen vivir, and post-neoliberalism in a neoliberal world?

New Oil Development Strategy?

So what is new about the New Left's oil development strategy? According to the Ecuadorean economist Alberto Acosta, former minister of mines and environment, there has

been no structural transformation of accumulation or development under twenty-first century socialism (Ruiz Marrero, 2011). The previous chapter demonstrates there has been no substantive change in development policy, with many policies reflecting similar strategies of neoliberal institutions. The government has still been reduced to depending on a primary economy based on oil. Despite rhetoric, the constitution, and some encouraging policies that promote equality, the transformation of power, and the developing of post-neoliberal strategies that move beyond a primary economy and the extraction of the earth, twenty-first century socialism seems to not go as far as first hoped. Instead of a new revolutionary model of development, we still see a traditional system that continues to promote a problematic accumulation model. This problematic accumulation model that promotes traditional extractive development models commits three flaws that prohibit the movement's ability to forward its own values and match its narrative. The first is the destruction and exploitation of resources, even at the expense of local peoples. Oil, and other hydrocarbons such as gas, are invasive extractions that leave many opportunities for companies to spill and pollute local environments. Beyond spills, the building of roads and pipelines also damage habitats and local people's' lives. Drilling on indigenous lands encroach upon these groups' rights to health, livelihood, and territory. These violations contradict the notion of "buen vivir" and the establishment of human, and environmental rights in the 2008 Constitution. The second, is the reliance on a primary economy with a resource that is market dependent. This contradicts the values and goals of post-neoliberal development strategies laid out in the government document the *Plan Nacional de Buen Vivir 2009-2013* which states the need to diversify, create industry, and develop a more sustainable resource. Also, the dependency on U.S. buyers and U.S. funding make oil a link to traditional imperial powers. Lastly, despite claims to be anti-imperialist and anti-Northern, President Correa

has not been able to break from traditional “Northern economic development models” that circulate primary materials to imperial nations in a system that mimics colonialism (Becker, 2013, p. 47). By not altering the economic model of extraction, leaving the country dependent on global price fluctuations and foreign inputs and relying on harmful extraction practices that have in the past displaced people, damaged the environment, and affected the health and livelihood of indigenous peoples, it is directly contradicting three of its core values; buen vivir, post-neoliberalism and anti-imperialism (Kennemore and Weeks, 2011, p. 271).

In this development strategy, the only change seen is that of the state’s role in the extractive economy (Chapter 4). These development strategies have simply nationalized the industry, but none have yet successfully shifted away from a primary economy. Kennemore and Weeks state “These new economic policies have not signaled a dramatic shift towards a new economic model but rather a pragmatic way for center-left governments to better capture capitalist surplus in the exploitation of natural resources” (Kennemore and Weeks, 2011, p. 271). It is not a revolutionary system that completely rejects traditional paradigms of development; it is instead a system that has increased the power of the state in its own economy. Twenty-first century socialism modifies exploitative resources through government control and using oil rents to fund social programs. The only fundamental change is the role of the state, and the primacy of politics in oil development (Hogenboom and Jiberto, 2009, p. 99). Though this has led to some positive changes, such as the expansion of social programs and declining poverty rates (Chapter 5), it comes at the expense of local peoples (usually indigenous groups) and the sacrifice of important key values that have made twenty-first century socialism a “citizen’s revolution.”

The reliance on a primary economy, a continuation of extractivist policy, and a disregard for constitutional rights indicate that the strategies developed under twenty-first century

socialism are far from being a post-neoliberal alternative. These flaws seen in the extractive development strategy demonstrate that perhaps less has changed and more has stayed the same in this creation of a “new “development strategy.

Neo-extractivism

Critics then, argue that the trend in Latin America, especially with countries that have traditionally large extractive economies such as Bolivia, Venezuela and Ecuador, have not created a new twenty-first century socialist paradigm, but have solely created a system of neo-extractivism that still fits within the model of neoliberalism. Neo-extractivism is a system that still prioritizes extraction, neocolonialism, and dependency. Neo-extractivism relies on traditional extractive development models and export-led growth, but is governed by an economic policy of rearrangement (Katz, 2007, p. 27). Because of the Correa administration’s failure to completely dissolve old extractive models and its use of nationalization as a tool to reclaim funds, I argue that current development strategies truly reflect neo-extractivism, rather than the post-neoliberal strategies Correa promotes. Do current strategies truly align with this model? How has this model been used within a twenty-first century socialist model, and what is the future for such a model?

Neo-extractivism firstly, is an economic model that relies on a heavy extractive policy. The form of production remains traditional in that it is defined by the primary products exported. These primary products, in Ecuador’s case, are oil, mineral resources and agro-production. It depends on the exploitation of natural resources. This extractive model continues upon traditional notions of extractivism in which some (historically colonized) countries extracted and exported primary products, while others (imperial and “Northern” nations) produced and manufactured. Considering the traditional primary dependence on an extractive

resource, the current oil development strategies reflect this component. Oil as a key export, in both product and income, highlights, again, the primacy of an extractive export economy. This, and Correa's inability to diversify away from solely primary activities demonstrates that this first component of neo-extractivism is true to Ecuador's current development strategy.

The second key to neo-extractivism is expanding government control. The role of the state in neo-extractivism is much greater than traditional extractive models. This increased state role for extractive industries is an attempt to: capture more profits, reduce corruption and prevent extractive wealth from leaving the country through foreign investment. Through nationalization policies, Correa has fulfilled this second component. The policies laid out in Chapter 4 that restructure profit and nationalize resource extraction, have allowed President Correa to reverse the trend of capital flow away from transnational corporations to remaining under state control. This has allowed him to redistribute funds in a manner that attempts to restructure accumulation. It has led to the expansion of social programs under the administration and an attempt to have a greater distribution of funds from this continuation of extractive policy (Ruiz Marrero 2011).

Because of the fulfillment of these two component, critics argue that Ecuador's "new" development strategies seen under twenty-first century socialism is nothing more than neo-extractivism. Valdivia argues that the goal of the administration has never been to stop extractivism, despite the narrative originally written by Correa, but instead it has been their intention "to transform the mechanisms through which this resource serves the Ecuadorian collective" (Valdivia, 2008, p. 457). Neo-extractivism allows this administration to assert sovereignty over a valued resource, while it attempts to redistribute the funds from traditional patterns.

Despite this attempt at the redistribution of oil funds in order to lessen inequality, this component of the neo-extractivist development strategy does not truly address the concentration of wealth or change the structural patterns of accumulation (Ruiz Marrero, 2011). The establishment of social programs, based on an unreliable funding source, oil, does not fundamentally address the issue of structural inequality in Latin America, begging the question what happens when oil prices drop, as they start to do in 2014. Though this greater state control has allowed the creation of successful social programs, it is not fundamentally changing the systems of inequality. It also purposefully ignores the harmful social and environmental impacts of extracting by only focusing on ameliorating “general poverty.”

The concept of neo-extractivism has been used to do important political work for the Correa administration. It creates a dynamic in which the increased dependency on the extractive industry to fund social programs, and the social authority gained through such programs, is used to justify the continuation and expansion of more extractive activities to continue these legitimate programs (Burbach et. al., 2013, p. 41). It frames a narrative in which extractivism is a necessary evil, a need to continue the social benefits of before. This justification of extractive policies has been an important component to Correa’s response to criticism over policies such as the mining act and the decision to drill in Yasuní-ITT. Neo-extractivism also functions as a political tool that can gain power and support for the Alianza party. Neo-extractivism, through its social programs “dampens social discontent by alleviating the worst excesses of neoliberalism” and has allowed for President Correa to remain popular, even as his narrative cracks (Burbach et. al., 2013, p. 42). This popularity allows him to continue his extractive policies without creating real alternatives that challenge structural inequality and social issues.

But what is the future for this economic model? Can President Correa sustain this model and his popularity? Neo-extractivism, as it is dependent on oil, is therefore limited by its ability to be long lasting and sustainable. Oil's dependency on the international market makes this system one prone to fluctuations and a declining market as energy companies seek alternative fuels. As oil prices continue to decline in 2016 we will see how this model survives, and whether Correa's popularity survives with it.

The Narrative

The Latin American Left, due to large control over media, the framing of the new constitutions, and contradictory environmental/extractive policies has been able to construct a narrative of environmentalism, of pro-indigenous, and of sovereignty. The issues with oil that have arisen from the ITT proposal has allowed Correa "to reposition himself and Ecuador as a 'new' Ecuador transitioning from a petro state plagued by neocolonialism to a populist democracy where subsoil minerals belong to the people" (Davidov, 2012, p. 14). Though the constructed narrative can be used to contradict the neo-extractivist policies in Ecuador (2008 Constitution, El Planificación de Buen Vivir) it can also be used to justify the flaws of such policies. Through anti-neoliberal and anti-imperial rhetoric, President Correa has attempted to justify his extraction policies and his inability to transition to new alternatives.

Because the movement of twenty-first century socialism had arisen from a need for social change and as a backlash to systems of imperialism and neoliberalism, it has allowed for the development of a narrative that presents any sort of substitute to hyper capitalism, to pro-market reform, to neocolonialism to be seen as a true "alternative" (Arditi, 2008, p. 71). This narrative is what allows neo-extractivism to exist. It is at least an alternative that attempts to alleviate the worst symptoms of neoliberalism for most Ecuadoreans. It is heralded as a "better than before"

system, a system in which most of the population benefits now, while only a minority face the repercussions of extractivism. This becomes dangerous as it justifies the denial of human rights and the betrayal of constitutional law. Neo-extractivism, therefore, prioritizes the economic over the environmental, the national over the local; in a theme that almost mimics the utilitarian thought 'for the greater good' (Latorre & Santillana, 2009, p. 14).

An anti-Northern, anti-imperialist narrative has also functioned as a political tool to justify the neo-extractivism seen in Ecuador. Through anti-Northern rhetoric, the Latin American Left has been known to justify its extractive policies through "indiscriminate exploitation." By arguing that Northern countries want us to conserve our natural resources in order to hinder our development and stunt competition, they have created a conflict between "Latin America and The North" with winners and losers (Farthing, 2009, p. 28). Asserting sovereignty, and triumph, therefore means exploiting natural resources. This anti-Northern discourse, also seen in the explanation of the failure of the ITT proposal, has become instrumental in the justification of oil extraction, despite its clear contradictions.

These justifications become dangerous as they fail to question alternate realities (Latorre & Santillana, 2009, p. 15). They fail to ignite a level of popular consciousness that questions neo-extractivism as post-neoliberal or allows for the imagination of a post-extractivist society. The narrative of being anti-imperialist has replaced the need for an alternative strategy. As Latorre and Santilla argue, "this type of model...places neoliberalism as the main enemy, leaving aside discussion on a society post-capitalist..." (Latorre, S. & A. Santillana, 2009, p. 16). President Correa's framing of conflict, us v. them, U.S. v. Ecuador is how neo-extractivism has been able to survive despite the broken campaign promises and ignored legalities that state otherwise.

President Correa, despite the clear contradictions of pursuing a neo-extractivist development strategy has borrowed and cut from his own twenty-first century socialist narrative to twist a justification for such policies. Relying on anti-neoliberal, anti-imperial rhetoric, he has created a struggle between components that place oil as the means of the conflict. Only through the development of oil does Ecuador conquer “neoliberalism” and “imperialism.”

The Defense

However, in defense of the twenty-first century socialism model that has taken a recent sweep of Latin America, any model that exists within the neoliberal world will lead to the continuation of extraction (Katz, 2007, p. 34). Ecuador still has to function in a world that is primarily neoliberal, and to remain commercially competitive, they have decided to continue with extraction. It triggers the question, how much power does Ecuador, or the entire Latin American left have to construct their economic model? With greater powers like the IMF, the World Bank along with limited resources, could Ecuador, even theoretically, break from the extractivist neoliberal system and move towards post-neoliberal strategies on its own? Though the movement has multiple flaws and contradictions, it has been at least an attempt in an assertion of sovereignty against Northern dominant systems.

Twenty-first century socialism, despite its criticisms and limitations with a neo-extractivist policy, has taken steps towards a post-neoliberal development strategy, a post-extractive model. Post-extractivism does not necessarily mean “rejecting the exploitation of natural resources but to establish the biophysical limits of exploitation, reach sustainability, [and] eliminate poverty”(Ruiz Marrero, 2011). Further it is a transition, long-term, to a post-oil economy which could take years to enact. Initiatives such as the ITT proposal and the constitution move towards these issues, however the actions of the administration need to match

the narrative the left is creating. Roger Burbach, Michael Fox, and Federico Fuentes argue in Correa's defense, "To expect this to change in a decade or so is entirely unrealistic" (Burbach et. al., 2013, p. 165). It is a long term proposition to change the traditional economies of Latin America to a sustainable model that is truly post-neoliberal. Further, it is difficult to charge a nation, or a movement to completely break with dominant systems, world systems like neoliberalism and "neocolonialism" that control trade and globalization.

Though this administration has not fulfilled the hopes it had first promised, by creating a systematic alternative to neoliberalism, it has at least created a petro state that has attempted to lessen margins of inequality. These social programs created to alleviate the symptoms of neoliberalism gives social legitimacy to the Correa administration in creating a "socialist system" that supports its people through its resources. Correa defends his heavy extractive position by maintaining that "anything could be used for good or evil and that he [is] determined to use Ecuador's natural resources to create a positive development model" (Becker, 2013, p. 55). Though critics argue that this model demonstrates a failure of twenty-first century socialism and limitations as a viable post-neoliberal development strategy, it is at least attempts to be accountable to its people for its extractive actions in the world system. As Dieterich writes, "In the contemporary Third World, this is the only possible way of economic development for a popular project. It is the lesser evil against neoliberalism" (Dieterich, 2005).

Though twenty-first century socialism has disappointingly promoted a neo-extractivist development strategy, it has at least made attempts through legal framework to lessen the externalities of a neoliberal extractivist economy. The creation of framework to protect the environment and indigenous groups and social programs could lessen the impacts of such a destructive system if held accountable. Neo-extractivism falls short in that it doesn't create an

alternative to neoliberalism, however, perhaps that is impossible for a developing nation in a globalized system of neoliberalism and neocolonialism.

The Solution: Civil Society?

Twenty-first century socialism's development strategy has failed to meet the needs of buen vivir and post-neoliberalism. Because it prioritizes the state over the local, extraction over the environment, and the "greater good" over marginalized indigenous groups, it cannot be considered the viable post-neoliberal strategy President Correa claims to be. Neo-extractivism, with the increased role of the state, has been able to improve the lives of most Ecuadorean citizens through social programs, at the expense of others. NGOs and indigenous movements have protested the violation of human rights, but to no avail. So what is, or what should be the role of civil society in ensuring that the needs of marginalized peoples are measured? How can twenty-first century socialism work to fix and truly protect local peoples affected by extraction?

Twenty-first century socialism has been led through the increased role of the state which has been able to make positive changes that expand social programs and help redistribute oil funds. However, the greater role of the state is not always a force that has been used to improve the lives of Ecuadoreans. The increased role of state has also been used negatively to control media and to shut down the role of civil society in political decisions. It has shut down NGOs that disagree with its extractivist policies and has attempted to suppress and dissenting voices, or discredit them by insisting they are "right critics" or "environmental infants." Despite an established legal framework that claims to protect indigenous groups and environmental concerns, the government has yet to be held accountable for its current policies. Without an accountable framework to stand for these issues of social justice, sustainable development in Latin America will never be reached (Hogenboom and Jiberto, 2009, p. 99).

The inclusion of civil society into twenty-first century socialism would push for this accountability, especially for marginalized groups who suffer disproportionately from extractivist policies. The involvement of civil society, in partnership with the neo-extractivist left, could lead to a revised agenda, that does not only include regulation and redistribution of the extractive export industry, but also include “policies and practices that empower rural peoples to determine the terms of local development and to participate in the broader national and international processes” (Hogenboom, and Fernandez Jiberto, 2009, p. 99). The Correa administration which has traditionally shut down such voices could truly transform its administration with their inclusion.

The “oppression” of civil society has weakened the New Left’s ability to achieve true post-neoliberalism. If NGOs, indigenous organizations, and environmental activists were included in the decision-making process and had their voices heard, twenty-first century socialism could begin to make substantial changes that could pressure this movement to adhere to its values of buen vivir and make their framework accountable. Working together, civil society and the twenty-first century socialist government could begin to create a practical reality that creates real alternatives to extractivism and neoliberalism. This political move to include civil society is an important step for Ecuador to realize its sovereignty and to truly develop the twenty-first century socialist model.

Conclusion

So what is new about twenty-first century socialism’s development strategy? How does it reflect historical development strategies? The development strategy seen under President Correa’s administration seems to have had little change from the development strategies that occupied the “neoliberal era.” The continuation of heavy oil production, the dependency on this

primary product for revenue, the reliance on foreign nations for loans, whether the United States or China, all reflect neoliberal development strategies, despite the promise for change. The adopting of “neo-extractivism” in development policies does demonstrate a change, however. It demonstrates a change in state control, and an increase in funding for government social programs. However, is this just a reflection of the I.S.I nationalization model of the 30s-60s?

Ultimately, the twenty-first century socialist development strategy is not a post-neoliberal alternative as President Correa has claimed, but rather solely a system of neo-extractivism. Though this model has been justified using Correa’s narrative of anti-neoliberal and anti-imperial rhetoric, critics point out the contradictions it creates with other twenty-first century socialist values: *buen vivir* and post-neoliberalism. The ignoring of these values allows the model to fail in three huge ways, in exploiting indigenous peoples and the environment, in continuing a foreign dependency on an unstable resource, and in creating a dependency on US, or China, funds. The apparent contradictions between twenty-first century socialist values and the reality of continued extractivism point at the failure of the Correa administration to create new development strategies that uphold the values of the movement.

However, others who are sympathetic to the Latin American “New Left” argue that the neo-extractivist development model is the only alternative for a “developing nation” subject to the neoliberal global capitalist society. This model represents the only alternative to a nation who wishes to remain competitive. This argument questions Ecuador’s ability, or any “developing” nations’ ability to break from the global neoliberal market. It justifies Ecuador’s assertion of sovereignty over oil resources, and applauds the attempt made at distancing itself from imperial nations. Further, even if possible for such a nation to change development strategies and create new alternatives, it would be a long-term transition. Isn’t nine years too short to to completely

create a post-oil, post-neoliberal model? However, if this long term transition is to happen successfully, the inclusion of civil society will be an important tool for the model to truly include the values of buen vivir and protect marginalized groups affected by the extractive industry. Though the twenty-first century socialist development strategy has further to go if it is to reach its goals and values, there is still hope for such a system to continue to push back against the dogmatic neoliberal development model.

Chapter 7

Yasuní Discussion and Conclusion

Twenty-first century socialism and its development model are complex in that it “is riddled by contradictions” (Lomnitz, 2006). It is a system that claims to include the environment and indigenous rights in its framework, but continues with extractive production that has historically (and even recently) relocated indigenous groups and has prohibited these groups from practicing their culture and livelihood through the pollution of water and air. It is a system that claims to be anti-imperialist, which seeks to assert sovereignty, but relies on a primary export model that leaves it dependent on market and western nations. It uses anti-US, anti-IMF discourse to fuel its policies, yet accepts heavy loans from China that reflect historical relations between the developed and developing. Besides its failings in its model that attempts to restructure a system still somewhat dependent on the western world and neoliberalism, it's the contradictions between its narratives and its actions that are this model's worst characteristic. Though Correa and other Latin American leftist leaders, have committed and taken steps toward creating a post-extractive model in their constitutions and have taken on different forms of indigenous philosophy such as “buen vivir,” the Yasuní ITT case demonstrates how superficial these concepts can be (Ruiz Marrero, 2011). Yasuní ITT initiative demonstrates not only the narrative of “buen vivir” but the implications of neo-extractivism.

The Buen Vivir Narrative

The Yasuní ITT initiative, despite its failure, still accomplished huge political work for Rafael Correa and twenty-first century socialism. With this initiative dedicated to preserving the Amazon and with the intention of reversing the extractive economy, President Correa was able to frame himself as a post-extractive leader, as an environmentalist, and as pro-indigenous. With its failure, the burden laid on the “Northern” world, as President Correa famously said “The world has failed us...” Yasuní only functioned as a narrative, to assert a commitment to the principles of “buen vivir” and to assert anti-”developed” views. Kennemore and Weeks propose that this commitment to the “revolutionary” ITT proposal from the Correa administration was able to muffle much of the criticism from environmental groups (Kennemore and Weeks, 2011, p. 276). Despite an increase in extractive production under Rafael Correa, the ITT proposal was still able to frame Correa as an environmentalist and excuse many of his extractive policies. With its failure, the political work of ITT has been less substantial and shows the weakness of the administration’s narratives. Though the proposal attempts to shift blame to “developed” nations and contribute to its anti-imperial rhetoric, the decision to drill in Yasuní demonstrates the administration’s superficial commitment to its own narrative of “buen vivir.” With a clear legal framework and calls not only to protect the Park, but the voluntarily isolated indigenous groups protected by the constitution, Rafael Correa has prioritized capital over human needs, the state over local.

The Yasuní ITT case, in this manner reinforces this idea of neo-extractivism. With the failure of the ITT, the Correa administration immediately dismissed the idea that the environment, should, or could be preserved or that there was even an alternative to drilling. Rafael Correa justifies the drilling as a means to continue the social welfare programs he began,

to continue to develop the nation and fight poverty through redistribution. He prioritizes the majority and the state over local indigenous groups in a somewhat utilitarian fashion. This reflects not a dedication to buen vivir, but to neo-extractivism, where the priorities solely lie in a) extraction and b) redistribution. Other social factors and issues are not included. The Yasuní case then becomes a clear example of the fundamental neo-extractivism in Ecuador's development strategies. The exclusion of marginalized groups highlights the almost dogmatic commitment to extractivism.

Assertion of Sovereignty

Rafael Correa has been able to excuse these critiques of the Yasuní case study through the structure of the ITT proposal. Through the international community's failure to raise the necessary funds, they become an easy target on which to blame the drilling on. Davidov elaborates that the narrative extends so far as to "strategically construct [themselves] an image of itself as a current [and] former victim of international institutions..." (Davidov, 2012, p. 12). This discourse feeds into the anti-imperialism that Correa has used throughout his political movement. It also frames oil as sovereignty, a medium over which Ecuador has autonomy. Davidov explains "the very existence of the initiative has recast oil, which for so long has been the symbol and the medium of 'monster' economies in Ecuador, as the symbol of Ecuador's autonomy over its natural resources, whether they will ultimately be used for the generation of goods or the generation of value" (Davidov, 2012, p. 15). However the ironies of such an assertion of sovereignty that continues the dependency of a primary economy on developed states, with a transition from the US to China, demonstrates the administration's complete contradictions between its narratives and the realities of oil policies.

Again, perhaps the solution to such a system that excludes marginalized groups is the acceptance and inclusion of civil society. In the Yasuní case, there were many serious actions taken by NGOs, activists, and citizens to stop the drilling in the ITT block in order to protect the rights of both the Pachamama and the Tagaeri and Taromenane. Actions such as protesting and the 2014 petition for a referendum have been dismissed by the Correa administration, and dissent muzzled. The inclusion of the people's voices, of civil society, in twenty-first century socialism is necessary for it to guarantee buen vivir for all communities.

Conclusion

This thesis uses Yasuní ITT case study as a lens in which to examine Ecuador's twenty-first century socialist model and its development strategies. The clear contradictions between the stated visions of twenty-first century socialism and the decision to drill in Yasuní Park gave us insight into the contradictions of President Correa's development model. What was new about the twenty-first century socialist development strategy? Despite a stated commitment to new legal framework, and the values of buen vivir and post-neoliberalism, the twenty-first century socialist development model reflects policies similar to its recent neoliberal history.

Through the exploration of such values as buen vivir and post-neoliberalism, this paper attempted to use these values, as seen in government documents put out by the Ecuadorean Secretaría Nacional de Planificación y Desarrollo, as the goals of the twenty-first century socialist development model. Through the understanding of these goals in reaching a diversified, sustainable, socialist economy that protected human interests and the environment, it became clearer whether the policies of Rafael Correa's government matched these statements, or if rather they reflected historical models of development. Instead of seeing a true commitment to these values and a post-extractive alternative, Ecuador's twenty-first century socialist model reflects

little evidence of a changing system, but rather a continuation of historical development strategies. This chapter was used to demonstrate the gap between twenty-first century socialist values and goals and the reality of its continued extraction.

The historical models of development, and the legacy of oil, discussed in Chapter 3, created a background for understanding the current Yasuní conflict and current development models. Through the understanding of development strategies of I.S.I. and neoliberalism, one can compare these to Rafael Correa's current development model and truly reflect on their differences. Though Correa's administration has perhaps relied on both, via a heavy primary economy and nationalization strategies, the current development strategy is not an alternative to neoliberalism. It has still promoted heavy extractive policies, prioritized capital over human and environmental interests, and is still using oil as a tool to reflect "ownership."

However, Correa had made some policy changes that seemed to reflect this post-neoliberal, buen vivir alternative. Through the establishment of social programs and the 2008 constitution that protect the rights of the Pachamama and indigenous groups, President Correa demonstrates his "commitment" to buen vivir. His nationalization policies and his development plan reflect post-neoliberal strategies dedicated to changing Ecuador's primary agro-extractive export economy. Lastly, his anti-imperial narrative is backed through the defaulting of "illegal" debt and the creation of trade groups like ALBA. These policies and strategies are supposed to demonstrate the development strategies of the twenty-first century socialist model. But rather, they reflect the narrative and not the reality of the extractive model and Ecuador's development.

Despite initial policy changes under the Correa administration, the study of data and empirical trends demonstrate that not much has changed in Ecuador under the twenty-first century development model. The continuation of oil policy and the inability to diversify reflects

historical development strategies, rather than a post-neoliberal alternative. It also demonstrates the development strategies commitment to capital, over human rights and the environment.

Through the continuation of extractive policies, it is a guarantee of environmental pollution and a deterioration of human, mostly indigenous, health. Heavy oil policy also continues Ecuador's dependency on the United States. As U.S. is Ecuador's largest buyer, Ecuador becomes dependent on U.S. funds in this primary economy model. Oil therefore hinders the twenty-first century model in upholding its values to post-neoliberalism, buen vivir, and anti-imperialism.

These contradictions between this narrative and the government's policies reflect that there has been no creation of a "new" development strategy at all, but rather a system of neo-extractivism. Though this development model has attempted to alleviate the worst symptoms of neoliberalism through social programs and legal framework, it is not a true alternative that can uphold the values of the twenty-first century socialism movement. However, can these values be upheld under any model? For a "developing" nation that exists within the neoliberal global capitalist society, one questions whether it is possible for such a nation to break away from world systems. It questions the ability of the Correa administration to implement true change in its development model. In the same way, neoliberalism was implemented by Northern institutions, will it have to be deconstructed in the same manner? Correa's administration has at least attempted to address the issues of neoliberalism, it is perhaps unfair to assess Correa's development strategies to the lofty goals of the movement, especially within his limited time frame. How much power does Ecuador truly have in changing its own development path? The assertion of sovereignty, through policies such as Yasuní, then becomes crucial to breaking cycles of dependency.

The Yasuní ITT case study functions as an example of twenty-first century socialism's development policy. Despite a new narrative and new legal framework, oil policy has relatively remained the same. Yasuní -ITT demonstrates how the narrative; the protection of indigenous groups, rights given to the environment, an assertion of sovereignty, and a commitment to diversification strategies is rendered "secondary" to the primacy of oil extraction. Twenty-first century socialist development strategies are corrupted with contradictions. The use of heavy oil extraction as a policy, whether or not the Ecuadorean government has the power to control its development strategy, prohibits this movement to achieve the credibility it needs to move forward. Perhaps the future of Yasuní -ITT is already set, but the future of this movement is not. If twenty-first century socialism is going to survive and develop a true "post-neoliberal development strategy," the inclusion of civil society to protect marginalized groups will be key.

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