

# ECUADOR TODAY

Enrique Ayala Mora • Carlos Larrea Maldonado  
Editors



# **Ecuador Today**



**UNIVERSIDAD ANDINA  
SIMÓN BOLÍVAR**  
Ecuador

UNIVERSIDAD ANDINA SIMÓN BOLÍVAR, SEDE ECUADOR

Toledo N22-80 • Apartado postal: 17-12-569 • Quito, Ecuador  
Teléfonos: (593 2) 322 8085, 299 3600 • Fax: (593 2) 322 8426  
[www.uasb.edu.ec](http://www.uasb.edu.ec) • [uasb@uasb.edu.ec](mailto:uasb@uasb.edu.ec)



EL COLEGIO DE AMÉRICA

Lugo E13-79 • Edif. Micaela Bastidas, piso 1 • Quito, Ecuador  
Teléfonos (593 2) 324 0038, 299 3600  
[www.uasb.edu.ec](http://www.uasb.edu.ec)

Enrique Ayala Mora • Carlos Larrea Maldonado  
Editors

# Ecuador Today

Alex Remache Gallegos • César Montúfar Mancheno • Carlos Larrea  
Jaime Breilh Paz y Miño • Enrique Ayala Mora  
Fernando Balseca • Esteban Nicholls



UNIVERSIDAD ANDINA  
SIMÓN BOLÍVAR  
Ecuador



COLEGIO DE  
AMÉRICA  
SEDE LATINOAMERICANA QUITO

Quito  
2018

**Ecuador Today**

Enrique Ayala Mora, Carlos Larrea Maldonado, editors

First published 2018

© Universidad Andina Simón Bolívar

ISBN 978-9978-19-907-7

CopyRight QUI-054807

Graphic Design: Taller Gráfico, Edwin Navarrete

Made in Ecuador 2018

Universidad Andina Simón Bolívar, Sede Ecuador

Toledo N22-80 • Apartado postal: 17-12-569 • Quito, Ecuador

Teléfonos: (593 2) 322 8085, 299 3600 • Fax: (593 2) 322 8426

[www.uasb.edu.ec](http://www.uasb.edu.ec) • [uasb@uasb.edu.ec](mailto:uasb@uasb.edu.ec)

Colegio de América, Sede Latinoamericana

Lugo E13-79 • Edif. Micaela Bastidas, piso 1 • Quito, Ecuador

Teléfonos (593 2) 322 8085, 299 3600

[www.uasb.edu.ec](http://www.uasb.edu.ec)

Editorial Note	7
Social Capital, Economic Performance, and Poverty in Ecuador <i>Alex Remache Gallegos</i>	9
The Andean Region Today: Political, International and Economic Challenges. The Rise of Electoral Authoritarianism in Ecuador (2007-2017) <i>César Montúfar Mancheno</i>	27
Oil, development and sustainability in Ecuador: 1972-2016 <i>Carlos Larrea</i>	43
Ecuador: myths of “progressive” extractivism and technocracy (The flaws of redistributive health governance) <i>Jaime Breilh Paz y Miño</i>	81
Authoritarian Caudillismo and Social Movements in Ecuador (2007-2017) <i>Enrique Ayala Mora</i>	97
Arts and Literature Versus Political Authoritarianism, or George Orwell in Ecuador <i>Fernando Balseca</i>	119
The “Universities Project”. Radiography of a Failed State Scheme <i>Esteban Nicholls</i>	129



## Editorial Note

For several reasons, Ecuador is a country that arouses interest in its current situation. After a boom, it is now going through a severe crisis. At the end of a decade of an authoritarian government identifying itself with “21st century socialism”, human rights and freedom of expression abuses are being exposed. As the facts are being laid bare, an entire system of abuse of power and corruption from the government is emerging.

The present work brings together various papers focusing on these realities. They tackle several aspects of the country’s context today and in the immediate past: poverty, economic changes, political power and its relationship to social movements, extractivism and its impacts, art and literature.

This book’s various chapters have been presented at academic gatherings, such as the seminar “Ecuador in the 21th Century” (Oxford, October, 2017) and others. They are aimed at a wide range of readers. Most of them were originally written in English. Others were translated so they could be included in this publication. All have been written by professors teaching at the Ecuadorian campus of the Simón Bolívar Andean University.

Despite interest in this subject, the literature on Ecuador’s realities is quite scant. That is why we hope the present publication will contribute meaningfully to further knowledge about the country.

Oxford, October 2017 – Quito, July 2018





# **Social Capital, Economic Performance, and Poverty in Ecuador**

*Alex Remache Gallegos*

## **Introduction**

Certain studies aimed at understanding the economic processes and determinants of development in society stress the important role played by culture, natural diversity, organizational tradition, and participation, as well as the ties of trust and solidarity that bring members of a community together. In other words, they take into account hidden or informal elements within society, on the assumption that these elements foster economic growth. Furthermore, these studies believe that groups of people who maintain strong cultural ties and organizational and community traditions are better positioned to tackle poverty and exclusion. These ideas provide the framework for the present paper.

The paper will identify dimensions of social capital, natural capital, and economic performance in Ecuador's parishes and examine the relationships between them, taking into consideration the conditions of family poverty. The parish is the smallest territorial unit within the country's political and administrative structure.

The discussion explores the following question: What is the relationship between the cultural, organizational, and natural elements in Ecuador's parishes and the economic performance and conditions of poverty in these parishes?

Following the introduction, this paper will: define concepts that are important for the analysis; articulate a theoretical perspective for linking social capital, economic growth, and development; present certain features of Ecuador's diversity; point out certain dimensions of social capi-

tal; identify and reveal relationships between the variables that were used in the empirical work, conducted on a statistical sample; and finally, draw conclusions.

## **Concepts of Interest**

Social inequality and poverty are pressing problems that Ecuador must continue to address in coming decades. This task requires a better understanding of the factors that are the driving forces behind economic growth and the distribution of wealth, as well as the potential of society and groups who maintain strong traditions and solidarity ties to promote this growth.

Let us examine a brief list of data highlighting the social and economic imbalances in Ecuador. Ospina (2011) indicates that, between 1996 and 2005, “[...] although economic growth reached 14%, [...] poverty declined by only 5.7%. The low correspondence between economic growth and the reduction of poverty is due to the marked increase in social inequality; the Gini coefficient for per capita consumption grew from 0.434 to 0.466. The concentrative nature of the model reduced the advantages of the modest growth achieved” (p. 23).

According to data from ECLAC, average GDP growth between 2004 and 2013 amounted to 4.5% and poverty declined from 52% to 33.6%. The historical evolution of unemployment and underemployment has remained unchanged at about 45%. In other words, about half of the labor force is unemployed and underemployed (INEC, 2016). Over the past 10 years, economic performance has been modest, despite political stability and the significant financial resources made available by earnings from high oil prices.

Economic growth benefits certain sectors. It can even be asserted that the economy has always been structured in such a way as to secure the same results and benefit the same groups. Growth does not exert identical impacts on all segments of the population, since it is structurally biased toward promoting the concentration of wealth, which in turn widens inequality.

These imbalances in Ecuador have remained constant over time and are driven by a worldwide strategy to ensure the concentration of wealth. Regarding this, Bauman (2014) states that “in almost all parts of the world inequality is growing rapidly, which means that the rich, especially the very rich, are getting richer, while the poor, and especially the very poor, are getting poorer” (p. 22). In addition, Stiglitz (2015) states his concern over high levels of social inequality and the concentration of wealth in few people (pp. 139-143).

Economic and social processes, however, always take place within a given society marked by specificities, some of which, if viewed from an economic standpoint, may contribute to overcoming some of the problems noted above.

On the basis of this perspective, studies on the determinants of economic growth increasingly emphasize elements such as diversity, culture, community and organizational tradition, and the ties based on trust and solidarity between people. They also correlate the level of economic performance with the maturity of political systems and the progress achieved by countries in developing their institutions. Moreover, they claim that these elements promote economic growth and social inclusion and help families to address conditions of inequality.

As a result, these elements in a society, which have not been sufficiently studied, become relevant to the economy and development. Because of this, the cultural and organizational traditions of a society are being reappraised and becoming the focus of research. In this context, the study of social capital, along with its forms, impacts, and the resources it affords economic processes, is also becoming increasingly important.

As noted, some of these elements have already been mainstreamed into studies on economic growth and development. Growth models have been fine-tuned and their determining factors have been identified, including physical capital, labor, technology, and international trade. There is not enough empirical evidence, however, to unequivocally establish the relevance of social and natural capital to economic growth or development.

There is very little knowledge about how the elements underlying the social, natural, and cultural fabric of society are related to economic growth, social inequality, and family poverty.

This study contributes to understanding these relationships. The results can help to steer policymaking and provide social groups, organizations, and communities with knowledge useful for revitalizing their traditions and organizational and productive practices. The results can also contribute to improving governance of small territories by taking into account their specificities and even by devising new forms of management. In short, the study is of interest, not only because it addresses the social and economic situations of people and their territories, but also because it seeks to reaffirm ideas about the specificities and potential arising from the diversity of Ecuador's social and natural capital.

## **Diversity Enriches a Theoretical Perspective**

Dominant paradigms involve models that simplify reality and, as a result, they fail to adequately take into account the social, economic, cultural, and natural diversity of countries. Hence, it is necessary to study a society on the basis of these specificities.

The potential of diversity is examined by Martucelli and Svampa (1993), who point out that “it is not the ‘schools’ that respond and analyze, [...] rather the social problems that set the guidelines” (p. 10). In other words, the specific traits of a society may well be the source from which innovative thinking can arise, especially when a society has urgent problems to tackle, such as scarcity, low growth, poverty, exclusion, and inequality. Therefore, the idea that the specificities of a society, when reappraised on the basis of their relationship to economic and political processes, can be used to enhance local development is of the utmost importance.

As a result, regardless of the extent to which development theories have been fine-tuned, they stand to be further enriched by these reflections on a society's diversity. This requires widening the scope of development theory beyond the economic elements that are traditionally examined.

This line of reflection is enriched by scholars such as Sen (2000), who defines development as a process of expanding the real freedoms enjoyed by individuals. For example, by preventing deprivations such as starva-

tion, malnutrition, preventable morbidity, and premature mortality or by promoting the exercise of political freedoms and freedom of expression (p. 55). In other words, Sen views development as people being able to exercise real freedom and self-fulfillment, which depends on their access to health, education, opportunities, and participation.

Klikhsberg (2002) also challenges the reductionist view of development and advocates a broader perspective, one that incorporates economics, institutions, politics, human development, and the environment. He points out that it is ethically imperative to place equity, inclusion, and participation at the heart of the development agenda, emphasizing the need to reformulate the economy-centered vision of development. He calls for ethical responsibility in dealing with social challenges, for creating fairer rules of the game, and for reappraising the importance of solidarity and participation (pp. 172-173).

Development and economic growth are interrelated concepts that can be enriched by incorporating elements of diversity. In order to do this, certain specificities of a society can be added to the classical factors of growth: savings, capital, labor, technical progress, learning, knowledge, human capital, research, and international trade (Sala I Martin, 1994). In doing so, the notion of diversity challenges development policymakers and thinkers to remodel their theses. It also challenges them to identify, value, and include each country's unique potential among its determinants for economic growth.

Ideas about natural capital also highlight the role of local communities in preserving forests, mangroves, and water sources. This position is consistent with that of Ostrom (1999), who states that governance models should focus on co-management practices, or practices that restore the organizational and management capacity of local groups or communities. In this sense, a strong relationship is established between the management of natural resources and social capital. This approach involves caring for the environment and natural resources, which is associated with the capacities of groups and communities. However, it cannot be taken for granted, as Pretty and Ward (2001) note, that the participation of social groups in environmental issues ensures the equitable or sustainable management of resources.

It is now time to focus on social capital. The theoretical background to this concept is rooted in studies that examine trust relationships between individuals and groups, as well as civic and cooperative action taken by members of society who seek joint benefits. Social capital has also been identified by studies in the field of economics that concentrate on institutions and solidarity mechanisms. Although this background affords a broad understanding of the concept, it fails to identify social capital as an element that is related to the economic performance of a country or region.

The theoretical contributions of James Coleman and Robert Putnam consider the specificities of the regions and community associations they study as elements that enhance cooperation between individuals, and that frequently improve the functioning of political systems and economic development. Coleman (1988) begins with a reflection on social action that leads to the conceptualization of social capital as collective actions that can affect social development. Putnam (1993) builds upon this by analyzing the civic traditions of Northern and Southern Italy and their impact on how regional governments function. He also studies social capital in North America, showing that, when the activity of organized groups declines, so does the quality of democracy and the lives of citizens.

Bourdieu's first proposals (1980) attribute new dimensions to social capital, which he defines as "the aggregate of the actual or potential resources which are linked to possession of a durable network of more or less institutionalized relationships of mutual acquaintance or recognition." Subsequently, Bourdieu (1985) presents three types of capital: economic capital, which can immediately be converted into money; cultural capital, which in certain conditions can become money and which becomes institutionalized via educational qualifications that give rise to human capital; and social capital, which is based on social obligations that, under certain conditions, can be converted into economic capital.

Later, Putnam (1995) establishes a correlation between social capital and the development of a region or country. This conclusion led to the concept's acceptance by international development agencies, which mainstreamed it into their recommendations and, as a result, opened up new lines of research.

The possession of social capital, in other words, the social space where it develops, is yet another one of Putnam's important contributions. Specifically, Putnam locates social capital at the regional or country level, which is different, in terms of methodology, from Coleman's (1988) community or group analysis. This difference affects the units of analysis examined in the research and has a large impact on the empirical results. It should be noted that both Putnam and Coleman avoid the individual-level analysis (in which people are the unit of analysis) that is commonplace in this field of research. As can be seen, these contributions are significant for recognizing the progress achieved in understanding social capital and how it relates to economic and development processes.

Based on these advances, Knack and Keefer (1997) investigate the relationship between economic outcomes and social capital, using a sample of countries and cross-sectional empirical analysis. In their research, social capital variables are quantified through subjective indicators, making it possible to establish positive correlations.

Like any school of thought, social capital is a field under construction and the subject of questioning. Kenneth Arrow (1999) and Robert Solow (1999) strongly criticize the notion that social networks and trust must be come under the category of social capital. They painstakingly identify the differences between social and physical capital. From their point of view, cooperative action and social organization cannot be viewed as elements that influence economic growth. Moreover, they point out that social interaction can produce unwanted effects or obstacles to reaching collective goals, since interest groups can appropriate government officials and policymakers for themselves, resulting in the malfunctioning of governance systems.

Criticism of the idea that relationships based on cooperation, solidarity, and trust are a type of capital can be summarized as follows: social capital is a useful but extremely complex concept to which various perspectives and disciplines have much to contribute; there is also reason to believe that the forms, quality, and quantity of social capital in a society are not necessarily optimal; and social capital develops because of public sector intervention (Dasgupta and Serageldin 1999).



In addition, it should be noted that theories of social capital show the many ways in which the concept borders on institutionalism, a field that also examines the institutional structure of a society. Booth (1990) and Brett (1994) analyze the role that institutions play in African and Asian countries in setting long-term economic patterns. These studies contribute to a greater understanding of the economic importance of certain characteristics of a society. They go beyond market-based economic reasoning, which risks misinterpreting or simply ignoring elements of diversity. According to Molteni (2006), this convergence makes it possible to obtain greater in-depth knowledge about the behavior of organizations, groups, businesses, associations, collegiate bodies, etc. He refers to examples provided by Khan (1995), which show how various institutional frameworks can shape organizational behavior and, conversely, how different organizational schemes can impact institutional forms and their future development.

These perspectives also highlight how deeply economic agents are conditioned by prevailing cultural norms, possibly far from the optimal and maximizing behavior assigned to them by neoclassical theory, signaling that organizations and individual initiatives play an important role as agents of change (Molteni, 2006, p. 12). This bolsters the school of thought known as New Institutional Economics, which examines economic institutions and structures on the basis of the specificities of each society (Menard and Shirley, 2005).

Based on the above discussion, and without neglecting the criticism noted above, the present study views social capital as a set of norms and traditions for participation and civic relationships that favor associative and community life. This includes practices of mutual aid and reciprocity that strengthen interpersonal trust networks and coordinated action for achieving mutually desired goals. These conditions facilitate problem solving through cooperation and interaction, which provide greater opportunities for success than individual action. Carroll (2002) states that “[...] social capital has its roots in history, tradition and culture. Unlike human capital and physical capital, social capital is relational and embedded in social structure” (p. 548).

Now that we've provided this overview, we will focus on some representative studies. The contributions made by Piazza-Georgi (2002), who carefully analyzed the role of human and social capital in economic growth, are important. Her research led to broadening the theory, making it possible to mainstream human capital into the study of institutions or organizations and to mainstream social capital into economic growth factors. Along this line, the contributions of Routledge and von Amsberg (2003) proposed a theoretical model in which social capital is seen as conducive to reaching Pareto optimal outcomes in growth models.

Other relevant developments came from Woolcock (2001), who also focused on how economic growth models could pay more attention to social capital. He emphasized the importance of social capital to understand economic and social outcomes, and proposed incorporating the spirit of social capital into political economy and public policy. Woolcock also examined the implications of social capital for development theory and policy formulation, and suggested improving social capital measurements by making them more comprehensive. In addition, Molteni (2006), on the basis of several studies carried out by other authors in Kenya, Tanzania, South Korea, and Pakistan, pointed out that cultural and natural characteristics are closely tied to economic outcomes. He also demonstrated that economic institutions achieve different outcomes depending on the context in which they act.

In recent years, social capital studies have been enriched by the contributions of Elinor Ostrom (1999), who conducted research on socio-ecological systems, focusing on natural resource management and the organizational capacity of local groups.

As noted, these important theoretical advances include elements that facilitate social capital's inclusion among the factors or determinants of economic growth.

## **Some of Ecuador's Specificities**

Ecuador's diversity can be seen from many angles. The country has four natural regions, vast biological wealth, and unique ecological systems such as the Galapagos Islands and Yasuní National Park. It has various micro-climates confined in small territorial spaces, as well as abundant watersheds and arable land.

According to data from the 2010 census, out of a total of 13,465,323 inhabitants, 71.9% are mestizos, 7.6% are indigenous, 7.4% are montubios (from the coastal mountains and lowlands), 7.2% are Afro-descendants, and 6.1% are white. The indigenous population is grouped into 14 nations and 2 tribes, most of which retain their ancestral languages. Spanish is the official language, whereas Kichwa and Shuar are also recognized as official and intercultural languages.

Ecuador's economic production systems encompass a wide range of resources and technologies, including oil, flowers, bananas, palm oil, shrimp, artisanal fishing, and subsistence agriculture.

Large business and financial groups linked to international markets, as well as associations of workers, peasants, entrepreneurs, and, of course, indigenous communities, are clear evidence of the country's organizational diversity. The peasant and indigenous organizational tradition is community-based. Groups of communities belong as well to higher-level regional and national organizations. This social framework gives rise to other organizational forms for productive processes, such as associations for irrigation management and mangrove species collection.

Ecuador has one constitution uniting the country, while simultaneously recognizing that it is a plurinational and intercultural country. There is one national and many sub-national governments. Political representatives are elected by universal suffrage at all levels and exercise their powers within a complex legal framework. The country is organized politically and administratively into 24 provinces, 224 municipalities, and 1,118 parishes (846 rural and 272 urban).

Social and economic imbalances are most clearly observed at the level of the parish. According to Larrea et al. (2007), the greatest problems of

rural economic inequality are found in parishes comprised of predominantly indigenous and Afro-descendant populations (p. 42).

These are some of the elements of diversity that warrant being studied in order to enhance knowledge about diversity itself, as well as to identify the potential that lies in diversity to positively influence the country's economy and development.

## **Dimensions of Social Capital and Exploration of its Relationships**

How social capital is measured depends on the theoretical perspective that is adopted. In other words, the theoretical perspective dictates the dimensions proposed for analysis and steers what and how measurement instruments or surveys are built. The following dimensions, among others are used most frequently in empirical studies: trust between people and institutions; civic participation; solidarity; political participation; social networks; social and community participation; involvement in associations; collective action and cooperation; and reciprocity. These dimensions can be grouped into fields based on the degree of subjectivity with which they are addressed. A first field may be comprised of the levels of trust and action or civic participation in a society. A second field may focus on social and community participation, for example through involvement in associations that use economic and productive means for improving living conditions or addressing conditions of exclusion and poverty.

The dimensions considered in this study pertain to those of the second field. Individual participation and community action in solving economic problems, as well as the role of social organizations, provide this field with a wider range of dimensions, especially when they are incorporated into the organizational traditions and strong cultural ties that are found in a large part of Ecuador's parishes. In other words, this field is fleshed out by incorporating dimensions such as organizations or associations for production purposes or to reach economic objectives in diverse cultural environments.

As already noted, social capital has been approached from different angles, which has led to the identification of several units of research and

analysis. The units of analysis most frequently used in empirical research are: people, communities or groups, and regions or countries. These various units highlight how individuals are able to accumulate social capital; they also treat groups and communities as the owners of the social capital resource; and, based on an adequate aggregation methodology, they locate the social capital in a specific region or country.

An illustrative example of how an individual is the unit of analysis and how the aggregation of information makes it possible to study regions or countries can be found in the BVVA Foundation's 2007 study, "Social Capital in Spain and OECD Countries." The study calculates social capital for each individual by using, among other variables: the degree of connection to social networks, as estimated using the credit/GDP ratio; survival rate of the stock of social capital, as measured by the unemployment rate; inequality index of income distribution, provided by the Gini index; and average life expectancy of the population. This example, in addition to showing how the unit of analysis is defined and setting forth the procedure whereby information is added, clearly demonstrates how mainstreaming economic variables into the calculation of social capital is used to correlate a country's economic indicators to its levels of available social capital.

In the present study, the parish is adopted as the unit of analysis, because the objective is to understand the relationships between social capital, natural capital, economic performance, and poverty in these territories. The initial methodological definition that has been adopted requires precise criteria for aggregating information, as well as an adequate method for processing data gathered from household surveys on household living conditions.

To undertake the empirical research, a statistical sample of 697 parishes was used (143 urban and 554 rural). This sample is the same one that was used by Ecuador's National Statistics and Census Institute (Instituto Nacional de Estadísticas y Censos del Ecuador-INEC) to carry out the Living Conditions Surveys (Encuestas de Condiciones de Vida-ECV) in 2013 and 2014.

It is necessary to reiterate that social capital and natural capital are viewed as expressions or manifestations of Ecuador's diversity. These

two types of capital are inherently important, all the more so because the theoretical scaffolding of the present study requires that they be treated as determinants of economic growth and assumes that they exert a positive impact on societal development. However, the scope of the present research focuses more on analyzing social capital and its dimensions than examining natural capital and its dimensions.

The dimensions comprising natural capital at the parish level are likely to be easily identified, and measuring them is simpler than measuring social capital. Information on these dimensions comes from various sources, including the ECVs. The dimensions include: surface vegetation cover, soil quality, rainfall, soil productivity, area covered by irrigation systems, protected area or forests, water sources, and micro-climates. The INEC's Living Conditions Surveys also contain information on some dimensions of social capital, most of them of a qualitative nature (dummy variables), such as belonging to a community, production cooperative, neighborhood committee, women's organization, or political group. Surveys also provide qualitative information regarding cooperative actions with other members of the community to solve a problem and whether or not individual community members trust the majority of the people in the community.

A smaller set of quantitative variables are used in this work, making it possible to calculate a preliminary estimate for social capital in Ecuador's parishes. These variables include: i) *mingas* or community work, measured in terms of the time (hours) spent sowing, harvesting, production, and cleaning communal areas; ii) unpaid activities, measured in terms of the time (hours) spent working for other households, the community, and voluntary work; and iii) community work or activities, measured in terms of the time (hours) spent building schools, roads, irrigation systems and channels. For natural capital, the variables include: i) participation in activities related to environmental problems; ii) detection of environmental problems, and iii) the overall condition of the environment. From the INEC surveys, information is obtained on average consumption, a variable that is initially treated as a proxy for the economic performance of the parishes. Poverty line data drawn from the sample of urban and rural parishes in Ecuador were also obtained from INEC.

The correlation coefficients of the variables were calculated to measure the degree of association between them. The coefficient's sign indicates whether an association is significant. A positive sign is ascribed when two variables are moving in the same direction, whereas a negative sign is given when two variables are moving in different directions. The value of the coefficient falls between -1 and 1.

The coefficients calculated for rural and urban parishes took into account the parishes' relationship to the poverty line, as established by INEC. For urban parishes on the poverty line, the correlation between average consumption and social capital was 0.071, whereas between average consumption and natural capital it was 0.128. For rural parishes on the poverty line, the correlation between both economic growth and social capital, as well as between average consumption and natural capital, was 0.022. Finally, for rural parishes below the poverty line, the correlation between average consumption and social capital was -0.036, whereas between average consumption and natural capital it was 0.104. All coefficients are small, which reveals their high degree of association. Only one has a negative sign.

## **Conclusion**

The social, natural, and cultural specificities of Ecuadorian society, which are evident in its diversity, are usually subsumed in growth models and approaches to development, although they are important sources for enriching the body of research on social and natural capital.

The organizational traditions, community participation, and natural wealth of Ecuador's parishes, when grouped according to poverty status, are weakly correlated to their economic performance.

In urban and rural parishes on the poverty line, the correlation between natural capital and average consumption is more significant than the correlation between social capital and average consumption.

In rural parishes below the poverty line, the correlation between average consumption and social capital is negative, whereas the correlation between average consumption and natural capital is positive.

The theoretical elements and empirical research discussed in this paper will enable forecasts to be made about the causal relationships between the variables studied. Regression analysis will make it possible to estimate the effects that social capital and natural wealth in Ecuador's parishes have on economic growth, poverty, and inequality.

The initial treatment applied to the variable set will facilitate drawing up a social capital density index for parishes in the future, as well as an index for measuring the levels of organized participation engaged in tackling economic problems and poverty.

The breadth and intensity of the theoretical discussions about social and natural capital call for the renewed application of measurement instruments, such as the surveys used in this study, but with the incorporation of new dimensions to better understand diversity. This will make it possible to better identify and assess the many elements comprising Ecuador's diversity and to conduct more comprehensive studies.

## References

- Arrow, K. J. (1999). Observations on social capital. In P. Dasgupta, & I. Serageldin (eds), *Social capital: a multifaceted perspective* (pp. 3-5). Washington, D.C.: World Bank.
- Bauman, Z. (2014). *¿La riqueza de unos pocos nos beneficia a todos?* Buenos Aires: Paidós.
- Booth, A. (1990). The Evolution of Fiscal Policy and the Role of Government in the Colonial Economy. In A. Booth, W. J. O'Malley, & A. Weidemann (eds.), *Indonesian Economic History in the Dutch Colonial Era*. New Haven: Yale University Press.
- Bourdieu, P. (1980). Le capital social. *Actes de la Recherche en Sciences Sociales*, 31.
- Bourdieu, P. (1985). The forms of capital. In J. Richardson (ed.), *Handbook of Theory and Research for the Sociology of Education* (pp. 241-258). New York: Greenwood.
- Brett, E. A. (1994). Providing for the Rural Poor. *Journal of Modern African Studies*, 32-41.
- Carroll, T. F. (Ed.). (2002). *Construyendo capacidades colectivas. Fortalecimiento organizativo de las federaciones campesinas-indígenas en la Sierra ecuatoriana*. Quito: Prodepine.



- Coleman, J. S. (1988). Social Capital in the Creation of Human Capital. *The American Journal of Sociology*, 94-120.
- Dasgupta, P., & Serageldin, I. (eds.) (1999). *Social capital: a multifaceted perspective*. Washington, D.C.: World Bank.
- Fundación BBVA. Instituto Valenciano de Investigaciones Económicas. (2007). *Capital y crecimiento. El capital social en España y los países de la OCDE*. Madrid: BBVA - Ivie.
- Greif, A. (2006). *Institutions and the Path to the Modern Economy: Lessons from Medieval Trade*. New York: Cambridge University Press.
- INEC. (2010). *Censo de población y vivienda*. Quito: INEC.
- INEC. (2015). Recuperado el 3 de Septiembre de 2017, de <[http://www.ecuador-encifras.gob.ec/documentos/web-inec/ECV/ECV\\_2015](http://www.ecuador-encifras.gob.ec/documentos/web-inec/ECV/ECV_2015)>.
- INEC. Banco Mundial. (2014). *Reporte de pobreza por consumo*. Ecuador 2006-2014. Quito.
- Kliksberg, B. (2002). *Hacia una economía con rostro humano*. Buenos Aires: Fondo de Cultura Económica de Argentina S.A. .
- Knack, S., & Keefer, P. (1997). Does Social Capital Have an Economic Payoff? A Cross-Country Investigation. *Quarterly Journal of Economics*, 112 (4), 1251-1288.
- Larrea, C., & Greene, N. (2015). Ecuador. Desafíos para el presente y el futuro. In F. Balseca, & C. Montúfar, *Ecuador. Desafíos para el presente y el futuro* (pp. 81-106). Quito: Ediciones La Tierra.
- Martuccelli, D., & Svampa, M. (Septiembre-Diciembre de 1993). Notas para una historia de la sociología latinoamericana. (U. A. Metropolitana-Azcapotzalco, Ed.) *Sociológica* (23).
- Molteni, G. (Diciembre de 2006). Principales aportes de la Nueva Economía Institucional (NEI) y sus críticos. *Valores en la Sociedad Industrial* (67), 8-19.
- Ospina, P. (ed.). (2011). *El territorio de senderos que se bifurcan. Tungurahua: economía, sociedad y desarrollo* (Vol. 68. Biblioteca de Ciencias Sociales). Quito: Corporación Editora Nacional.
- Ostrom, E. (1999). Social capital: A fad or a fundamental concept? In P. Dasgupta & I. Serageldin (eds), *Social capital: a multifaceted perspective*, 172-214.
- Piazza-Georgi, B. (2002). The role of human and social capital in growth: extending our understanding. *Cambridge Journal of Economics*, 26, 461-479.
- Pretty, J., & Ward, H. (2001). Social Capital and the Environment. *World Development*, 29 (2), 209-227.
- Putnam, R. D. (1993). *Making Democracy Work: Civic Traditions in Modern Italy*. Princeton: Princeton University Press.

- Putnam, R. D. (1995). Bowling Alone: America's Declining Social Capital. *Journal of Democracy*, 6 (1), 65.
- Routledge, B. R., & von Amsberg, J. (2003). Social Capital and Growth. *Journal of Monetary Economics* (50), 167-193.
- Sala I Martin, X. (1994). *Apuntes de crecimiento económico*. Barcelona: Antoni Bosch.
- Sen, A. (2000). *Desarrollo y libertad*. Bogotá: Planeta.
- Solow, R. M. (1999). Notes on social capital and economic performance. In P. Dasgupta & I. Serageldin (eds.), *Social capital: a multifaceted perspective* (pp. 6-12). Washington, D.C.: World Bank.
- Stiglitz, J. E. (2015). La gran brecha. *Qué hacer con las sociedades desiguales*. Buenos Aires: Taurus.
- Woolcock, M. (2001). The Place of Social Capital in Understanding Social and Economic Outcomes. *Canadian Journal of Policy Research*, 2 (1), 11-17.



# The Andean Region Today: Political, International and Economic Challenges The Rise of Electoral Authoritarianism in Ecuador (2007-2017)

*César Montúfar Mancheno*

## Introduction

The so called third wave of democratization has not implied a world-wide extension of democracy. Regular elections are one, but not the only condition for a democratic regime. In that sense, authors like Linz (2000, 33-34), Schedler (2006, 1-2), Mainwaring *et al.* (2001, 37), Diamond (2002, 23), Levitsky and Way (2010, 23), and Morlino (2007, 20), among others, have pointed out the appearance of numerous non-democratic polities around the world holding regular, but not competitive elections, that present crucial authoritarian traits. Moreover, as has been considered by Schedler (2002, 2006), Diamond (2002) and Levitsky and Way (2010), elections can work out as manipulative instruments of autocratic elites, rather than as means of participation and accountability. Appropriate levels of electoral competition and minimal conditions of electoral integrity, rather than the sole fulfilment of elections, need to be taken as the basic criteria of contemporary democracies.

This consideration is important in Latin American and, particularly, in Andean politics, where we find a long autocratic tradition. In our region, authoritarianism has been associated with military rule, repression, and violent *golpe de estado* against elected governments (the Curzio Malaparte theory of the *coup d'état*). For that matter, electoral events and civilian presidents were automatically identified with democratic regimes. Moreover, the reestablishment of elections and of some

civil and political rights were assumed by the international community as valid the credentials of democratic rule. Nevertheless, especially since the 1990s, Latin America started to be populated by hybrid regimes exhibiting elected leaders with strong popular support, but lacking other important democratic elements such as accountability, respect of basic rights, balance of power. In this decade, when neoliberal adjustment policies dominated throughout the region, Guillermo O'Donnell (1997) called the Menem, Salinas or Fujimori governments as *delegative democracies*, and this definition became the standard denomination for several Latin American hybrid regimes, although in the case of Fujimori, it was clear that we were in front not of a democracy, not even delegative, but of a straight authoritarianism regime.

Things turned out much even more complicated with the turn of the new century. The emergence of what Carlos de la Torre (2013) has interpreted as radical populism in Venezuela, Ecuador and Bolivia challenged previous concept and definitions. The international commodities boom brought about an unprecedented flow of resources to oil and mineral oriented export economies, and suddenly those states were transformed into rich national and international actors, with anti-imperialist, anti-political and anti-oligarchic discourses, redistributive policies in favor of the poor and the excluded, and a refounding agenda around constituent processes. Chávez, Morales and Correa championed this trend in South America under the label of *Socialismo del siglo XXI*, 21th Century Socialism. Despite their idiosyncratic differences, the three enjoyed a majoritarian and enthusiastic support from their constituencies; the three questioned neoliberal economic policies, and liberal representative democracy; the three institutionalized highly personalized political regimes in which the concentration of power, the restriction of citizen rights, and an extensive government intervention in the economy put the state at the center of society. Moreover, the three understood their respective political processes as revolutions from below geared toward a radical regime change: the *Bolivarian revolution* in the case of Venezuela; the *proceso de cambio* in Bolivia; the *Citizen revolution* in Ecuador.

One can argue that radical populist governments have largely achieved their political objectives. Not so much their ambitious economic and so-

cial aims. They might have failed in refounding the economic, and the social and cultural structure of their societies, but have succeeded in transforming their political scenario. The post Chávez, post Morales and post Correa politics in Venezuela, Bolivia and Ecuador, even their political elites, have experience a dramatic change, a real and profound regime transformation. In that way, it seems relevant to adopt a political regime perspective in order to analyze and interpret the character of contemporary Andean politics;<sup>1</sup> and ask if the three can be considered real attempts towards the democratization of their societies, through non-liberal paths. For that matter I it worth analyzing the so called Citizen Revolution in Ecuador.

## **The Colapse of a Limited Democracy in 2007**

Ecuador was the first Latin American country returning to democracy in the late 1970s. Its democratic return was the result of a pact between the military in power and an emergent political elite, basically formed by middle class reformist intellectuals. The traditional political establishment and the oligarchic elites occupied a secondary position in the democratic restoration. The implicit program sustaining the transition aimed at, on the one hand, continuing a state led development model and, on the other, consolidating a multiparty democratic system. Economic development and pluralist democracy had to go hand by hand, but neither of both could fully materialize. Early on, neoliberalism supplanted developmentalism as the dominant economic doctrine; and pluralist democracy could not institutionalize in the midst of political conflict, social mobilization, and instability. Finally, the political regime post 1979 transition collapsed when the Citizen Revolution came into power in 2007.

Jaime Roldós, a young reformist center left politician from CFP –a populist party– was the first civilian elected president in 1979. In many

1. I follow Lucio Levi (1983, 1362) in the definition of political regime as the set of institutions that regulate the struggle and the exercise of power, as well as the values that sustain those institutions.

ways, his personal profile represented the new political moment in Ecuador. However the reestablishment of democracy coincided with the end of the 1970s oil boom, the so called debt crisis, and the beginning of economic adjustment policies, under the tutelage of multilateral institutions such as the World Bank and the IMF. Democracy had to be built in the context of deep economic restrictions, low international oil prices, constant intervention of multilateral banks, increased Costa-Sierra fragmentation, and internal and political conflict.

Nevertheless, during the 1980s a new political regime came into being. At the national level, the military assumed an arbitrating role within the political system, a strong populist right emerged under the leadership of León Febres Cordero (*Partido Social Cristiano*), and two middle class parties came to the scene, the social democratic *Izquierda Democrática*, and the Christian democratic *Democracia Popular*. A center left populist movement emerged in the Coast with Abdalá Bucaram (*Partido Roldosista*), while the left divided in several small parties, occupied minority positions.

All administrations in the 1980s suffered chronic economic and political problems. Considering the entire decade, the average GDP growth reached 2.35%, while inflation increased in 33.7 % and the national currency, the *Sucre*, devaluated in 42%. To an important extent, this was a result of the crisis of an oil dependent external sector where oil exports represented near 60% of all Ecuadorian exports, contributing in near 40 of the national budget (Naranjo 2004, 229).<sup>2</sup> All in all, the national debt, approximately 76% of the GDP along the decade (Naranjo 2004, 227), put Ecuadorian governments under the pressure of implementing adjustment policies that included fiscal discipline, currency devaluation, privatization of public firms, imports restrictions. Industrialization and developmental policies were put aside, despite a strong opposition of worker unions, the political left, and even the business sectors.

In such a context, the consolidation of a multiparty system, in the terms expected in the transition, was an impossible project. The political

2. During the 1980s, the international price of petroleum fluctuated around an average of US\$ 23/ barrel. Some years were critical: in 1986=US\$ 12.8, in 1987 = US\$ 14.2, and in 1988 = US\$ 12.7 dollars/barrel (Naranjo 2004, 229).

regime installed after 1979 managed to survive, in the middle of enormous economic and political difficulties, but never really consolidated. No economic, nor political conditions could make it feasible. Nevertheless, all elected presidents of the decade finished their terms.

But such a fragile situation could not endure. The 1990s brought about a slow but continuous political decline leading towards the definitive collapse of the political regime and multiparty system originated in 1979. That decline can be explained in terms of a general deficit of representation of all political actors, and an increased political conflict and instability, which expressed itself in three different but related trends: 1) The emergence of social movements, specially, the indigenous, carrying a robust anti party and anti-neoliberal agenda; 2) The crisis of the political right, which in 1992 ran divided for the Presidency, and, finally, deserted from the national arena, becoming a regional force; and 3) The rise of populist movements winning presidential elections: Abdalá Bucaram in 1996, and Lucio Gutiérrez in 2002.

In the background, the economic turmoil persisted. In the 1990s, the GDP grew at an average of 1.8% (Banco Central del Ecuador 2010, 10). The international prices of oil remained at low levels, an average of 15.4 dollars per barrel for the decade, in an economy in which oil exports still represented 36% of all exports and 41% of the national budget. The critical point reached at the end of the decade. In 1998, the international price of the Ecuadorian oil drop to 9.2 dollars coinciding with a collapse of the banking sector. In the period 1998-1999, the GDP plummeted from 2.1% to -6.3% (Banco Central del Ecuador 2010, 10), while the Pichincha volcano started an eruptive process. In 2000, the falling Mahuad government decreed a banking holiday, and the adopted dollarization.

As a result, political conflict and instability deepened. In the period 1997-2007 Ecuador had 7 consecutive Presidents that lasted from three days (Rosalia Arteaga) to 2 years and three months (Lucio Gutiérrez). As a rule, every Ecuadorian head of state before 2007 confronted low levels of popularity. Strong legislative opposition, systemic economic problems, and country wide social mobilization created a political context marked by conflict, blockade, and generalized discontent. Everything was ready for a regime change. Even the economic recuperation that started after



dollarization was established, with an average of GDP growth of 4.4% between 2000-2009 (Banco Central del Ecuador 2010, 10), and the increase of oil international prices from 24.9 in 2000 to 83 dollars per barrel in 2008 (Banco Central del Ecuador 2010, 7), contributed for the new political moment Ecuador was about to begin.

## **The Rise of Correa'S Electoral Authoritarian Regime**

In 2006, the promise of the so called Citizen Revolution was to re-found Ecuador. President Correa understood his historical role as the conductor of a new political, economic and social era in Ecuadorian history, based upon 5 revolutions: Constitutional and democratic; Ethical; Economic; Social; and International (Senplades 2009, 5). Initially, the Constitutional revolution acquired a dominant position. The constituent process, which took place in the years 2007-2008, was the opportunity to establish new links between the state and society, and transform the power correlation of Ecuadorian politics. It concluded with the expedition of a new Constitution characterized by a generous chart of rights, which included rights for nature, and a hyper presidential political system, where the Executive acquired a disproportioned power over all state institutions, erasing checks and balances, and superimposing the state apparatus over the economy and society. There was no mistake or contradiction between a rights based constitution and the statist and hyper presidential system. The idea was that for democratizing Ecuador, and closing down political instability, it was necessary to strengthen the state in the hands of an Executive with extraordinary powers.

President Correa largely fit into that role. He had a strong will to power, and more than that, the new international moment aided him a lot. Correa can be defined as a strange mix of a technocratic leader and a traditional *caudillo*. He holds a PhD in Economics and promotes meritocracy, while cultivates clientelism and exhibits an aggressive and intolerant discourse against the opposition; he speaks in favor of a modern public service and on behalf of an anti-oligarchic politics, at the same time that he exercises a personalist and an autocratic rule.

Using the new constitutional framework, President Correa and his government consolidated a tight control of all state institutions at the national level, put the state at the center of the economic process, demobilized social movements, crushed all political parties and neutralized any important political opposition, and developed an overarching influence over cultural institutions: the press, the university system, intellectuals. In short, Ecuador institutionalized a *caudillo* centered polity, a political regime marked by an extreme version of power concentration, sustained, nevertheless, on high levels of popularity of the President (55-60% in average), consecutive electoral ratifications, and high citizen satisfaction with government policies.

Internationally, the installation of the new regime was favored by two decisive trends. On the one hand, the Correa government was part of the so called turn to the left in Latin American. There was a clear affinity with Chávez, Morales, Ortega, and close relations with the Kirchners, and the PT governments in Brazil. The Correa administration adopted a loud anti imperialistic stand, criticized the Interamerican human rights system, and refused any relation with multilateral banking institutions. At the same time, Correa claimed for the incorporation of Cuba to the OAS, and strongly supported alternative regional institutions like UNASUR, and CELAC. More than that, Correa has intended to project his image in the World as in the cases of Julian Assange's asylum in the Ecuadorian embassy in London, and the diplomatic protection Ecuador provided to Edward Snowden in his scape trio from Hong Kong to Russia in June 2013.

But the most important international factor supporting the consolidation of the Correa regime has been the high international prices of oil. One can even argue that the Citizen Revolution could not have been possible without the commodities boom of the first decade of this century. In 2007 Ecuadorian oil prices marked US\$ 59.9/barrel, and in 2014 they reached US\$ 97.5. In the period 2007-2015, that represented an income of US\$ 72543, which meant 33% of the total government income (Flores 2016, 11). No political regime could have been successful without such international conditions.

Considering all the above, one should question what have been the achievements and failures of *correísmo*. Has Ecuador, over this decade, experienced the structural change, the change of era, the revolutions announced by the Government and Correa himself? Doing justice to what really has occurred, the most important accomplishment of *correísmo* has been political stability. Correa, himself, not only was reelected in a single round in three consecutive elections, but achieved wide legislative majorities. Since García Moreno in the 19<sup>th</sup> Century, no Ecuadorian president has enjoyed such positive governance conditions and has ruled the country for so long. However, such stability was achieved at the price of huge democratic deficits in terms of the protection of basic political rights, government accountability and the normal functioning of a system of checks and balances. Without an independent judiciary, no transparency or political accountability, strict control of the media in terms of its capacity to air criticisms, the burden of corruption is evident and unprecedented.

Another accomplishment frequently mentioned in the strengthening of the state apparatus. After two decades of neoliberal policies and the weakening of government regulatory and planning capacities, the state assumed a central role in all areas of the economy and social life. The idea of the government planners was to modify the structural dependence of Ecuadorian economy to oil exports and implement a selective industrialization policy. Such a transformation required the construction of a new transportation and energy infrastructure, which has been one of the highlights of the government. According to a study carried out by the Interamerican Development Bank, which constructed an index for social service development, in the period 2004-2011 Ecuador improved its score in 6 points, passing from 15 to 21 in a scale of 100 (Cortázar *et al.* 2014, 179).<sup>3</sup> Regionally compared this score falls way below the Latin American average: 30 for 2004, and 38 for 2011 (Cortázar *et al.* 2014, 179).

3. Nonetheless, the report recognizes that it does not take into account important achievements which have occurred due to the approval of the Law for Public Service (LOSEP) of 2010 (Cortázar *et al.* 2014, 180). The authors does not mention that the approval of this law generate the events of September 30, 2010; a police rebellion that jeopardized the country and is regarded by the government as a failed "soft" *coup d'état*.

Economic growth is regarded as other important achievement of the Correa period. Throughout the decade, the Ecuadorian economy did better than most Latin American economies. In the period 2006-2014, the average GDP growth was 4.6%. In overall, public spending grew in the Correa regime in 260%. In 2006, public spending represented 21.4% of the GDP, reaching in 2014 to 44.1%. Simply put, during the Citizen Revolution the state doubled its size in terms of its presence in the economy. For Eduardo Valencia (Focus 2015), in the period 2007-2014, the government spending marked US\$ 231.443 million; a sum similar to what all previous administrations, since the democratic return, spent over a 40 year period. However, an important part of Correa's spending was used to pay bureaucracy salaries, 24% of the total (being current spending 68.4% of the total). The government payroll increased in 100%: from 350.000 public servants in 2007 to more than 600.000 in 2014 (Focus 2015a, 9, 12); and public spending in salaries tripled: increased from 3162 million in 2006 to 9500 in 2014 (Focus 2016, 8). The counterpart of state strengthening has been a systematic weakening of the private sector. Private investments declined from 79.7% of total investments in 2007 to 47.4% in 2013; while public investment jumped from 20.3% to 52.6% of the total in the same period (Andrade 2015, 5). Something similar occurred with foreign direct investment, which in 2014 reached a total of US\$ 600 million of dollars.<sup>4</sup>

An important progress in the reduction of income inequality and poverty are another achievements of *correísmo*. The increase of public spending in the social sector, from 3.4% of the GDP in 2006 to 8.5% in 2015 (in absolute terms the growth is even more impressive: from US\$ 1595 million to US\$ 8567 in the same period), and of direct transfers to the poor are reported as the main cause for such an outcome. According to the IMF (2015, 4), the Gini coefficient declined from 0.54 in 2006 to 0.47 in 2014. Likewise, poverty indicators show a reduction from 38% to 22.5% in the same period. Real salaries have experimented an important rise, from US\$ 350 to US\$ 430 between 2008-2014 (Larrea 2016, 11); and

4. In 2014, foreign direct investment to Colombia was US\$ 12918 million, and to Perú US\$ 6860 million.

the coverage of social security presented an important expansion: from 26% in 2007 to 44% in 2014. According to Carlos Larrea (2016, 10) there has also been an important progress in the labor market: inadequate employment declined from near 50% to below 30% in the 2007-2014 period, while the appropriate employment increased from 11% to 28% in the same years. These figures have started to deteriorate since the beginning of the crisis in 2014.

Nevertheless, no structural economic changes have occurred. All the talk over an economic revolution or a change in the productive matrix simply contradicts what economic figures show. Yet, we will have to wait several years to assess the real economic impact of the macro hydroelectricity projects under construction. But more than that, despite positive GDP growth rates, production in Ecuador has experienced a tremendous decline. In the period 2007-2015, the industrial and agriculture GDP remained stagnant, demonstrating that no diversification policy had taken place, but a continuation of the traditional extractivist model. Nonetheless, the GDP growth since 2007 had nothing to do with an increase of production, but only with the high prices of oil (not even a rise of oil production which has remained since 2004 in around of 400 thousand barrels/day).

Ecuadorians do not produce more, but import and borrow more. Imports increased dramatically from US\$ 13.348 in 2006 to US\$ 30.382 in 2014. The same with public debt. In 2009, the public debt represented 16.3% of the GDP; in 2015, 32.9%. Public debt increased in 218%, without considering advanced oil sales to China and Thailand for approximately 14.5 billion. For 2016, the IMF predicts that Ecuador's public debt will reach 40% of the GDP.

Apart from the social improvements mentioned above, Ecuador's Human Development Index score does not show any substantive progress. In 2006, the country occupied the 83 position out of 117, with a score of 0.765 (UNDP 2006, 289); in 2014, the position was 88 out of 188, with a score of 0.732 (UNDP 2015, 209). In 2006, unemployment and under employment represented 53% of the economically active labor force. In 2014, this figure was 53.5%. According to these figures, the majority of working Ecuadorians still live under precarious work and salary condi-

tions, as they did before the Correa period.<sup>5</sup> Likewise, the country's tax structure is still based on regressive and indirect taxes like the sales tax and others, 70% of the total, while the income tax represents 30%.<sup>6</sup> The current tremendous growth of the state during the Correa administrations relies on a regressive tax structure that has not been modified in the past decade, despite the 15 tax reforms implemented since 2007. Likewise, there are serious doubts on the sustainability of the social security system in the context of its impressive coverage expansion. The government arbitrarily has used social security funds for other purposes, and has cut off some of its financial obligations (Llanes 2016).

The real success of *correísmo* has been mainly political. It is a political revolution in terms of a successful construction of a new political regime, not an economic revolution of the production matrix, and despite some achievements that we don't know if they are sustainable, neither a social revolution which has improved human development, in general.

In that sense, what really seems crucial is the character of the political regime successfully constructed since 2007. In a previous work, I argued that the political regime installed in Ecuador by the Citizen Revolution is not a democracy (Montúfar 2016, 114). It is neither a hybrid democracy nor a limited democracy since *correísmo* lacks some critical attributes of democratic regimes such as real multiparty pluralism (Morlino y Diamond 2004), electoral integrity (Schedler 2004), or alternability (Przeworski *et al.* 2000). That does not mean that it is a traditional dictatorship, similar to those military ones that ruled in Latin America in the 1970s or that it could be defined as a totalitarian regime. On the contrary, the Citizen Revolution exhibits elections as its main instrument of legitimation, and therefore, it is a regime that combines democratic attributes, with critical non democratic traits.

5. This judgement could be ratified by the data presented above by Carlos Larrea (2016). According to his assessment, despite appropriate employment grew in the 2007-2015 period from 12% to 25% approximately, if one adds the categories of under employed (33%) and workers with adequate but not appropriate employment (37%), both categories sum up to 70%, even without adding 5% of the unemployed.
6. According to Valencia, Ecuadorians pay today three times more taxes than in 2007 (Focus 2015b, 23). Today the average of taxation in Ecuador marks 19.2%, which is higher than the Latin American average of 15.4% (Flores 2016, 6).

Neither it is a *delegative* democracy, in Guillermo O'Donnell's terms, given that in Ecuador post 2007 there is no space whatsoever for horizontal (institutional) nor vertical (social) accountability, due to the extreme concentration of power in hands of the Executive, the criminalization of social protest, and the limitations imposed over freedom of association, and freedom of expression.

Over all these considerations, I argue that the post 2007 regime can be defined as a competitive authoritarian (Levitsky y Way 2010) or electoral authoritarian regime (Schedler 2002, 2006), even though I rather prefer the second to the first classification. Both regimes are not democratic, although they locate their legitimacy on elections and popular support. Therein, electoral events count not as mechanisms of popular decision or accountability, but as an elite mechanism to ratify from above its ruling position. In that sense, the regime is not open to real competitive elections; the electoral scene is inclined in favor of the elite in power and preclude the chances for the opposition to take over the national government.

In both authoritarian regimes, however, the opposition's possibility of acquiring power through elections is not completely closed. That might occur even though the electoral, legal and institutional framework provide the ruling elite an almost unsurmountable favoritism. The difference between the two, competitive and electoral authoritarianism, has to do with the legitimizing factor over which the regime reproduces its power. In the case of competitive authoritarian regimes, the critical point are the unequal electoral conditions over which the ruling elite wins elections (Levitsky y Way, 2010), whereas in electoral authoritarian regimes the fundamental aspect is its electoral and popular superiority over the rest of political actors. For the first category, the emphasis is on unequal electoral conditions; for the second, electoral legitimacy. Since it seems clear that *correísmo* has consolidated its electoral supremacy because it popular and electoral hegemony, winning all elections in the period 2006-2014, I claim that it can better be defined as an electoral authoritarian regime. That, of course, does not mean that the electoral system in Ecuador has been just and fair over the last 9 elections, won by AP since 2007. But that is not the central characteristic of the regime, as it is the electoral and popular supremacy of *correísmo* (Montúfar 2016, 96).



Since 2014 the international economic conditions that made *correísmo* possible have vanished. Oil international prices dropped from US\$ 97.5 in 2014 to US\$ 40/barrel in 2015. In January 2016 the price of oil fell below US\$ 20. This international event has produced several problems: the GDP growth declined from 8% in 2011 to 3.8% in 2014 (IMF 2015, 4). According to the IMF, the prospect of the GDP growth rate will be -4.5% in 2016, and -4.3% in 2017. The April 2016 earthquake that destroyed part of the Coast was still not considered in that projection.<sup>7</sup> In addition to that, Ecuador's external sector shows a wide balance of payments deficit US\$ -1098 in the period 2014-2015 (Andrade 2015, 12), depicting a very critical fact: more dollars exit than enter the economy, a very risky trend in a dollarized economy. Even more, the public budget deficit reported for 2015 reached US\$ 8.8 billion dollars, 10% of the GDP. This deficit was covered in part by new public debt provided by Chinese banks, more taxes, and advanced oil sales. Moreover, the Central Bank reserves have been depleted, in a country in which, by decision of Correa himself, there are no emergency or reserve funds. Certainly, these figures show a paradoxical result of economic failure in the context of the decade of the biggest "bonanza" Ecuador ever lived.

Independent economists present pessimistic accounts on the economic legacy of the Citizen Revolution, and its prospects. For Eduardo Valencia (Focus 2015b, 22), the essence of the current crisis is an economic model that privileges imports, subsidies and public debt. That makes it unsustainable. Margarita Andrade (2015, 2) points out that today's economic crisis precedes the decrease of international oil prices. Since 2006, the growth of public spending (347%) has largely surpassed GDP growth (115%). For that matter, Ecuador's economy presents as a chronic fiscal sector deficit; a systematic current account deficit; a sustained decline of the private sector and foreign direct investment; an inevitable rise of public debt, and a general weakening of dollarization (Andrade 2015, 11-15). Marco Flores (2016) argues that after a decade of Citizen Revolution, Ecuadorian economy is basically sustained by public debt and taxes. This

7. An earthquake (7.8 Rittcher scale) destroyed part of the Ecuadorian coast in April 16, 2016 leaving a toll of more than 650 victims, thousands of injured, and material losses in public and private infrastructure calculated in more than 3000 million.



precludes any long term economic reactivation in a context in which oil prices will continue at low levels.

In summary, in a decade the so called Citizen Revolution demolished the political regime emerging after the 1979 democratic transition replacing it with an authoritarian electoral regime. No substantive economic transformation has occurred. Moreover, Ecuador confronts structural economic problems that over the last 10 years have only aggravated. Even after the past April earthquake, the government neglects the use of the term crisis to define the current situation, and it has only announced narrow fiscal measures to tackle the problem. As a result, the current economic crisis would surely revert some of its social achievements. As it has occurred since the 19<sup>th</sup> Century, periods of economic crisis resulting from the decline of primary exports have reversed the prosperity created in times of economic expansion.

## **The 2017 Presidential Election: Regime Consolidation or Regime Change**

Ecuador is closing a political and an economic cycle. The end of the commodities boom changed the international political economic context in which *correísmo* as a political regime could flourish and consolidate. Therefore, the political and economic model implemented since 2007 is no longer sustainable. High public spending cannot be maintained; the private sector is not in conditions of recuperating immediately; foreign direct investment will continue to be insignificant; imports would not decline as it is required. Dollarization in a serious danger. The Ecuadorian economy might collapse if all previous conditions aggravate simultaneously, and so the political regime that has been constructed over the last decade.

In this critical economic context, Presidential and Legislative elections took place in February and April 2017. Rafael Correa, the hegemonic figure of the last decade, did not run for reelection. Lenin Moreno, his former vice president, won the Presidential race, by a very short margin, against Guillermo Lasso, a center right businessman, who alleged fraud. Short after Moreno took office, the new President sharply distanced from his

mentor and antecessor, Rafael Correa. Moreno questioned Correa's administrations denouncing authoritarianism, corruption and inefficiency. The President supported a judicial trail against Jorge Glas, Correa's vice president reelected in Moreno's ticket, who was accused of corruption. Finally, Glas lost his position, and, received a sentence of six years in jail. In the same line, Moreno launched and won a plebiscite aimed at, among other issues, reforming the Constitution in order to block a new reelection of Rafael Correa, change the institutions in which the former President consolidated his control, and reverse some of the most controversial laws of the Correa period. It was a referendum against Correa.

After a decade, Ecuador confronts a dilemma: Or *correísmo* consolidates its electoral authoritarian regime or the country starts a road towards democratization. This dilemma occurs in the midst of a deep economic and fiscal crisis. It seems like political instability will be back, and that the dispute between Moreno and Correa will continue at the center of the political stage for the years to come.

## Bibliography

- Andrade, Margarita. 2015. "Análisis de la seguridad económica del Ecuador", Informe de consultoría, CAEI - Universidad Andina Simón Bolívar.
- Banco Central del Ecuador. 2010. La economía ecuatoriana luego de 10 años de dolarización", Quito, Dirección General de Estudios.
- Cortázar, Juan Carlos, Mariano Lafuente and Mario Sanginés. 2014. *Al servicio del ciudadano. Una década de reformas al servicio civil en América Latina*, Banco Interamericano de Desarrollo, Washington D C.
- De la Torre, Carlos. 2013. "El tecnopopulismo de Rafael Correa. ¿Es compatible el carisma con la tecnocracia?", Alberto Acosta *et al.*, *El correísmo al desnudo*, Quito, Arcoiris.
- Diamond, Larry. 2002. Elections without Democracy. Thinking about Hybrid Regimes", *Journal of Democracy*, Volume 13, Number 2.
- Focus Ecuador. 2015a. "El egonomista I: Correa y el socialismo de los ricos", June 16.
- . 2015b. "El egonomista II: Que Dios nos ampare", August 25.
- . 2016. "Flores: Gasto público se financia con impuestos", January 14.
- Flores, Marco. 2016. "Economía y populismo o el verdadero mensaje de la cifras", mimeo, January 12.

- International Monetary Fund. 2015. "Ecuador. IMF Country Report No. 15/289", Washington, D.C., IMF Publication Services, October.
- Larrea, Carlos. 2016. "Petróleo, pobreza y empleo en el Ecuador: de la bonanza a la crisis", to be published.
- Levi, Lucio. 1991. "Régimen político" en Norberto Bobbio y Nicola Matteucci, edit., *Diccionario de política*. México: Siglo XXI Editores, 1362-1366.
- Levitsky, Steven y Lucan A. Way. 2010. *Competitive Authoritarianism. Hybrid Regimes After the Cold War*, Cambridge, Cambridge University Press.
- Linz, Juan. 2000. *Totalitarian and Authoritarian Regimes*, Boulder Colorado, Lynne Rienner Publishers.
- Llanes, Henry. 2016. "La crisis y la reforma del IESS", Quito, mimeo.
- Mainwaring, Scott, Daniel Brinks and Aníbal Pérez-Liñán. 2001. "Classifying Political Regimes in Latin America, 1945-99", *Studies in Comparative International Development*, Spring, 36, 37-65.
- Morlino, Leonardo. 2007. "Explicar la calidad democrática: ¿Qué tan relevantes son las tradiciones autoritarias?", *Revista de Ciencia Política*, Vol. 27, No. 2, 3-22.
- Montúfar, César. 2016. *¿Vivimos en democracia? Análisis conceptual de régimen político de la revolución ciudadana*, Quito, Universidad Andina Simón Bolívar y Corporación Editora Nacional.
- Naranjo Marco. 2004. "Dos décadas perdidas: Los ochenta y los noventa", *Cuestiones Económicas*, Vol. 20, no. 1:3.
- O'Donnell, Guillermo. 1997. *Contrapuntos. Ensayos escogidos sobre autoritarismo y democratización*, Buenos Aires, Paidós.
- Przeworski, Adam, Michael E. Álvarez, José Antonio Cheibub and Fernando Limongi. 2000. *Democracy and Development. Political Institutions and Well-Being in the World, 1950-1990*, Cambridge, Cambridge University Press.
- Schedler, Andreas. 2004. "Elecciones sin democracia. El menú de la manipulación electoral", *Estudios Políticos*, No. 24, Medellín, enero-junio, pp. 137-156.
- , 2006. "The Logic of Electoral Authoritarianism", Andreas Schedler, edit., *Electoral Authoritarianism. The Dynamics of Unfree Competition*, Boulder Colorado, Lynne Rienner Publishers.
- Senplades. 2009. *Plan nacional para el buen vivir*, Quito, Senplades.
- UNDP. 2006. *Human Development Report*, UNDP, New York.
- , 2015, *Human Development Report*, UNDP. New York.

# Oil, development and sustainability in Ecuador: 1972-2016\*

*Carlos Larrea Maldonado*

## Introduction

Ecuador, a small South American country, ranks 89<sup>th</sup> among the 188 countries on the UN Human Development Index. Within Latin America, it is clearly a less developed country, with a per capita income below the regional average (UNDP, 2016).<sup>1</sup> Ecuador's level of economic diversification remains low, and according to ECLAC, in 2013 primary products still represented 93% of exports, mostly composed of crude oil, bananas, shrimp, coffee, cacao, fish and flowers (ECLAC, 2015a). Petroleum, the single most important product in the economy, accounted for 56% of total export revenue between 2010 and 2014, and oil revenues made up on average 32% of the government's revenues between 2009 and 2013 (Banco Central del Ecuador, 2018).

Ecuador has one of the most diverse natural and cultural endowments in the world, with the highest number of vertebrates per square kilometre on earth (Josse, 2001). Additionally, Ecuador ranks among the first ten most abundant countries in the absolute number of amphibians, birds, and butterflies. More specifically, Ecuador has the second highest number of orchid species in the planet, after Indonesia.<sup>2</sup> Ecuador also has a

\* An initial version of this paper was presented to the "Latin America and the Shifting Sands of Global Power" Conference on Extractivism in Latin America and Australia, Australia National University, Canberra, September 11 and 12, 2013, and will be published as a chapter in a book about Ecuador by Australia National University Press. And presented at the Conference "The Andean region today: Political, International and Economic Challenges", Oxford University, May 5-6, 2016.

1. Ecuador's per capita GDP was 10,718 PPP Dollars, compared with the Latin American average of 14,041 dollars in 2015. PPP dollars are estimated at 2011 prices.
2. Ecuador has 4,015 species of orchids, while Indonesia has about 5,000. World identified species number 27,934; the third country is Colombia, with 3,516 species. (Hassler & Rheinheimer, 2013).

rich cultural diversity, with 14 indigenous nationalities and 13 spoken languages, although some of them may disappear soon.<sup>3</sup>

In 1967 large oil reserves were discovered in the Amazon region, and from 1972 onwards Ecuador has been an oil exporter. Five decades later, it can be concluded that oil contributed little to equitable and sustainable development, in spite of some economic and social transformation. Economic growth remained evasive and unstable, with an average annual growth rate of 2.8% in per capita income between 1972 and 2014 (Chart 1). This growth rate was only slightly higher than that of the pre-oil period (1950-1972), but the difference was not statically significant. Despite important social achievements during the oil boom (1972-1982) and between 2006 and 2014, the social, ethnic, and regional disparities that have historically affected the country remained pervasive, as 30% of the population lived below the poverty line and underemployment affected 40% of the labour force in 2017 (Charts 11 to 13, Larrea. 2017), and social inequality barely declined, as the Gini coefficient remained at 0.52 in 2015 (ECLAC, 2015; Vallejo, Falconi, Larrea, and Burbano, 2015, Larrea, 2017).

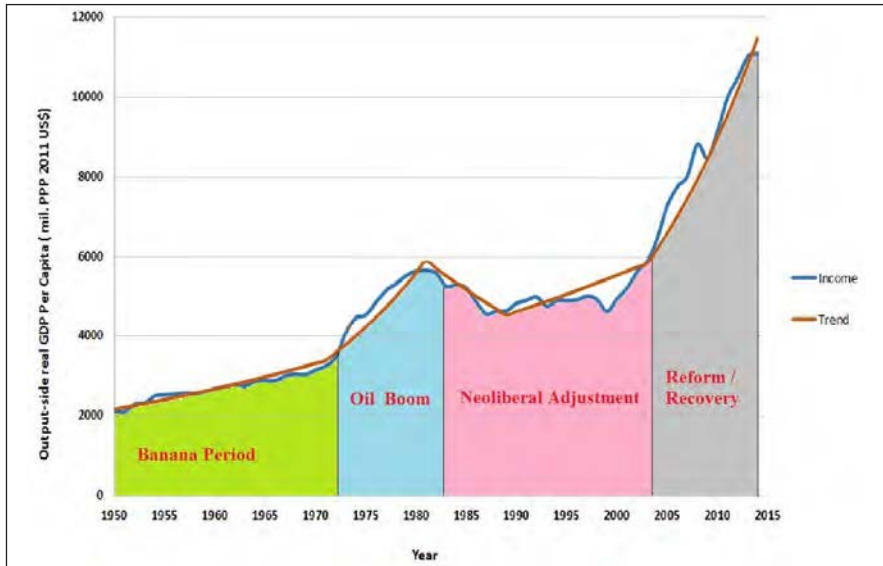
Since oil extraction in Ecuador is located in a formerly undisturbed region in the Amazon basin, the environmental effects of oil activity have been severe, particularly regarding deforestation, loss of biodiversity, pollution, and human health hazards (Herbert, 2010; Amazon Defense Coalition, 2012).

Future oil exports in Ecuador are constrained by limited reserves. Currently, proven reserve estimates vary between 3.65 (Ecuador's Government estimate),<sup>4</sup> 8.8 (Energy Information Administration, 2015), and 8.2 billion barrels (OPEC, 2013), which in any case will not permit more than 20 years of continued net exports, depending on future discoveries (Chart 2). Net oil exports have already declined by 16% since 2004 (Table 1). Therefore, a turn to alternative development strategies is required.

The objectives of this paper are, first, to evaluate the economic, social and environmental effects of oil extraction in Ecuador during the last 45

3. Some languages, such as the Zapara, are on the verge of extinction.

4. *El Comercio*, July 16, 2012. The official source is the National Hydrocarbon Directorate.

Chart 1. **Per Capita Income in Ecuador. 1950-2014**

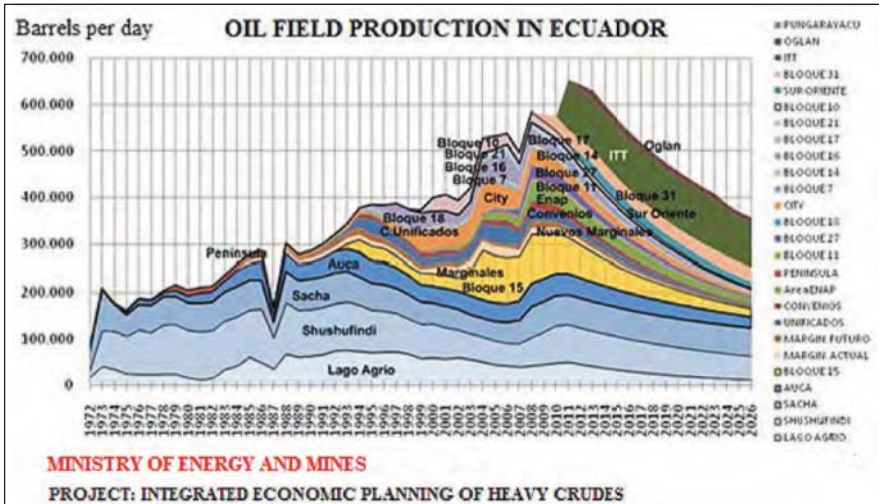
Source: University of Pennsylvania, PENN World Table, Version 9.0 <[www.ggdc.net/pwt](http://www.ggdc.net/pwt)>, Visited February 2018.

years, and second, to briefly discuss the prospects of achieving a sustainable and equitable development path in the future, in the context of declining oil reserves. The current government is pursuing an extractivist policy, based on expanding oil extraction in formerly unexploited fields –including those inside the Yasuní National Park– and starting large-scale mining exploitation. Two future options will be evaluated, first, an expansion of extractive activities, and, second, an alternative path based on conservation, with sustainable use of natural resources (e.g. ecotourism, agroforestry, bio-knowledge), without oil field expansion and large scale mining.

## Theoretical Framework

Most oil exporter developing countries share difficulties in reaching sustained and equitable growth, and several studies have found that oil exports have had negative impacts on development. Already in the 1950s, Prebisch and Singer pointed out the disadvantages of primary export spe-

Chart 2. Oil Extraction by fields in Ecuador: 1972-2026



Source: Ministerio de Energía y Minas, Ecuador, 2007.

cialization, as international commodity prices face short term instability and a declining long term trend. A comparative World Bank investigation concluded that most oil-exporting countries failed to efficiently channel oil revenues into development during the 1970s. In general, the economic results for national development were disappointing, as “Dutch Disease” and other shared problems reduced the possibilities of economic diversification and stability (Gelb et al, 1988).

The “Dutch Disease” theory refers to the negative effects of primary export booms on long term development prospects for industrialization and economic diversification. The term originated in Holland after the discovery of North Sea gas (Gelb, 1988). Booming export activities generate effects on the exchange rate and domestic demand that over-expand both the booming traded and shielded sectors, making other traded and import competing activities less competitive. Once the boom is over, the economy is affected by low diversification and deindustrialization.

Jeffrey Sachs, based on a sample of 97 developing countries between 1971 and 1989, found a negative and significant correlation between natural resource exports and economic growth (Sachs, 1995). Albert Berry, based on a comparative analysis of Indonesia, Venezuela, Chile, and Ni-



**Table 1. Oil extraction, exports and imports in Ecuador: 2000-2017 (thousand barrels)**

Year	Extraction	Exports			Derivative Imports (I)	Internal consumption	Net Exports (X-I)
		Crude	Derivatives	Total (X)			
2000	146209	86197	15802	101999	5832	50042	96167
2001	148746	89907	14332	104239	8693	53200	95546
2002	143759	84263	13268	97531	6153	52381	91378
2003	153518	92442	11632	104074	15759	65203	88315
2004	192315	129409	13556	142965	17348	66698	125617
2005	194172	131595	12799	144394	22173	71951	122221
2006	195523	136634	13615	150249	25932	71206	124317
2007	186547	124098	15160	139258	29329	76618	109929
2008	184706	127395	15416	142812	27859	69753	114953
2009	177408	119558	12334	131892	32179	77696	99713
2010	177422	124464	10259	134723	41004	83702	93719
2011	182357	121732	11527	133259	37435	86533	95824
2012	184315	129516	10038	139554	40266	85028	99287
2013	192120	140245	7180	147425	46412	91108	101012
2014	203071	154660	2826	157486	55824	101408	101662
2015	198230	151765	5490	157255	53920	94895	103335
2016	200711	144559	12080	156639	43832	87904	112807
2017	193929	135494	15266	150761	44678	87847	106083

Source: Banco Central del Ecuador (January 2018 and previous issues). Información Estadística Mensual [www.be.fin.ec](http://www.be.fin.ec).

geria, found poor outcomes in job creation and income distribution in oil and mineral exporting countries (Berry, 2008). Terry Karl explains how oil exporting developing countries tend to rely excessively on oil revenues as fiscal resources, thereby weakening taxation systems and state institutions (Karl, 1997, 1999). Rosemary Thorp points out that mining and oil producer countries have generally serious long-term institutional development problems (Thorp et al, 2012) although, in some exceptional cases, such as Chile and Botswana, solid institutions prevented detrimental effects and permitted growth and diversification. Bebbington, based on a comparative study of Peru, Bolivia and Ecuador, analyses the effects of extractive activities on local development in mining and oil extraction regions. Linkages of extractive industries with local economies are



generally weak, as are the results of local development projects promoted by extractive corporations. Local redistribution of fiscal linkages may contribute to development but only in the infrequent context of efficient institutions, both national and local. Oil and mining regions are also severely affected by environmental degradation. The case studies show, most often, highly conflictive social scenarios with disappointing redistributive development results (Bebbington, 2013). In general, countries that are dependent on oil or mineral exports are vulnerable and fragile, and they share poor records in economic growth, diversification, institutional development, job creation, and equity (Larrea and Warnars, 2009).

## Hypotheses

1. The contribution of oil extraction to sustainable and equitable development in Ecuador during the last four decades has been weak. Economic growth was slow and unstable, diversification remains minimal, social development, albeit significant in the 1970s and 2000s, is still insufficient, and the environmental impact of oil and other economic activities has been severe, threatening a sustainable future.
2. Nevertheless, state capacity to promote economic growth and social improvement varied substantially between 1972 and the present, with better results during the initial oil boom (1972-1982) and the post-neoliberal (2004-2014) periods, and a disappointing performance during the neoliberal phase (1982-2004). The most important internal factors that contribute to positive linkages are state participation in oil revenues and the institutional capacity of the state for investing in economic and social development. A third explanatory variable is the real price of oil, and the fourth factor is the quantum of oil extraction.
3. The current strategy pursued by the government, to expand oil extraction to exploit the ITT and other fields, and starting large-scale open-pit mining in the Amazon basin, will have a significant environmental impact and barely contribute to sustainable development in the medium and long term.
4. Current adverse international conditions, from 2014 onwards, with declines in oil and mineral prices may persist and lead to the exhaus-

tion of the extractivist strategy in Ecuador. As diversification has been weak, the transition towards a new development model may be difficult in the short term.

5. An alternative development option, based not only in a coherent environmental strategy to progressively eliminate deforestation, but also in promoting economic diversification, social distribution, and sustainable uses of biodiversity (ecotourism, agroforestry, bio-knowledge) is feasible and will provide more favourable economic and social results for Ecuador with respect to equity and sustainability.

## **Ecuador's biodiversity and cultural heritage**

Ecuador is one of the 17 megadiverse countries in the world, and it has the highest number of vertebrates per square kilometre in the planet. In all, Ecuador has 17 different ecosystems<sup>5</sup> (Sierra, 1999; Ministerio del Ambiente, 2015), and about 51% of its land still remains covered by almost undisturbed ecosystems, mostly in the Amazon region (FAO, 2015). Although protected areas cover about 20% of the national territory, Ecuador has a high deforestation rate, even in the South American context (0.6% per year according to FAO, 0.55% per year according to the government), mostly as a result of oil expansion in the Amazon.<sup>6</sup>

The Yasuní National Park is the most important biological reserve in the Amazon basin. According to recent research, it is one of the most biologically diverse hotspots in the planet (Bass, Finer, Jenkins, et al., 2010). It was created in 1979 and declared a UNESCO World Biosphere Reserve in 1989. The Park is located in the upper Napo basin in the western Amazon region, and it has an area of 928,000 ha. Its strategic position, close to the equator and the Andean mountains, provides unique climatic conditions, with relatively high and uniform temperatures and rainfall levels.

5. The number of ecosystems in Ecuador depends on the classification criterion. Sierra identifies 17 ecosystems and 34 vegetal formations, but recent research identifies 91 ecosystems (Ministerio del Ambiente, 2015).
6. Estimates of deforestation in Ecuador differ according to the source and methodology. The official estimate of 0.55% per year during the 1990-2014 period seems accurate (Ministerio del Ambiente, 2015).

Scientists agree on the park's unique value due to its extraordinary biodiversity, state of conservation, and cultural heritage. The reserve has an estimated 2,274 tree and bush species, and 655 species have been counted in just one hectare; this is similar to the total number of native tree species in the United States and Canada combined. The park has 593 recorded bird species, making it one of the world's most diverse avian sites. There are 80 bat, 150 amphibian, and 121 reptile species as well as 4,000 vascular plant species per million hectares. The number of insect species is estimated to be 100,000 per hectare, the highest concentration on the planet. Furthermore, the species found in the park have a high level of endemism.

The park has the highest density of amphibian, mammal, bird, and plant species in the Amazon region. In addition to high biodiversity, the projected temperature rise in the park due to climate change will be comparatively moderate, which makes the region strategically important for the future conservation of species (Bass, Finer, Jenkins, et al., 2010; Hoorn, 2006).

The Yasuní Park is also home of the only two uncontacted indigenous peoples living in Ecuador, the Tagaeri and Taromenane, which belong to the Wuaorani people, who had been seriously affected by oil activity since the 1970s.

## **Oil and Development in Ecuador**

The overall economic record of Ecuador during the oil extraction period is poor, with an average growth in per capita income (2.8% per annum) not statistically different from that of the pre-oil period,<sup>7</sup> and minimal economic diversification. Only two new primary products, shrimp and flowers, were added with significant shares to the export basket in four decades, and manufacturing did not increase its share in GDP.

7. Growth rates were estimated by kinked exponential regressions, adjusted for first order autocorrelation. The growth rate of the banana period differs slightly with the one presented in Table 2, due to different model specifications.

**Table 2. Average annual growth rates of per capita income in Ecuador by periods**

Period	Years	Growth rate
Banana period	1950-1972	2.16
Oil Boom	1972-1982	5.69
Debt crisis	1982-1990	-3.21
Neoliberal adjustment	1990-2004	1.82
Recovery	2004-2014	6.37
Current crisis (*)	2014-2016	-2.25

Source: Chart 1, Banco Central del Ecuador, 2018.

(\*) Average growth rate taken from Ecuador's Central Bank.

Note: Growth rates were estimated by kinked exponential regressions, adjusted for first order autocorrelation, except for the 2014-2016 period, estimated from Ecuador's Central Bank data.

In addition, the oil period has been unstable and uneven, with two phases of significant economic growth, at the beginning and end of the period, and a long crisis during the 1980s and 1990s (Table 2).

Two explanatory factors for this uneven performance will be analysed. They are, first, national public participation in oil revenues, and second, the institutional capability of the state to efficiently invest in economic and social development. Additionally, as contextual variables, the volumes of oil extraction and real oil prices will be taken into account.

Three main periods are differentiated. They are the oil boom (1972-1982), the neoliberal period (1983-2003) and the post-neoliberal recovery (2004-2014). Although a new period of crisis seems to be emerging after 2014, the time span is still too short to allow for a detailed analysis. Table 3 summarizes comparative factors and results for the three periods analysed.

**The initial oil boom (1972-1982).** Shortly after the start of Amazon oil exports in Ecuador in 1972, an international scenario of rising oil prices, increasing OPEC influence, and favourable negotiating conditions for oil producing countries emerged (Chart 3). Ecuador implemented a new nationalistic policy that increased state participation in oil revenues to 80% and created a state-owned oil company (CEPE). The state pursued a development strategy based on import substituting industrialization (ISI) and agricultural modernization, investing in infrastructure, and using

Table 3. Phases in oil export period in Ecuador: basic economic and social traits

Phase	Years	Export Oil Quantum (Million barrels/year)	Real oil prices (2005\$/bbl)	Oil export Purchasing Power/year: 2005 \$	State Share in oil revenues	State development capacity	Economic model	Social priority	Per Capita GDP Growth rate
Oil Boom	1972-1982	51.41	46.30	1427.7	Up to 80%	High	ISI	High	5.24
Structural Adjustment	1983-2003	83.93	25.42	1738.6	declining to 20%	Low	SAP	Low	0.13
Post-neoliberal	2004-2014	141.77	63.61	8576.5	Up to 75%	High	Infrastructure	High	6.34

Note: Per Capita Income growth rates were estimated by kinked exponential regressions, adjusted for first order autocorrelation.

subsidized credit, tariff protection, tax incentives and favourable exchange rates to promote growth and diversification. The investment in education, health, housing and social infrastructure reached important levels.

Ecuador experienced rapid economic growth (Table 2), but the sectorial performance was uneven, with the fastest growth rates in manufacturing and construction, while agriculture barely kept pace with population growth.

While social conditions improved sharply in education, health, and housing, employment performance was disappointing, as underemployment did not decrease. In other words, growth was fuelled by capital intensive investment, with little job creation and limited trickle-down effects (Larrea, 1993).

At the same time, the environmental impacts of Texaco's oil activity in the Amazon were devastating. According to *New York Times* columnist Bob Herbert:

Much of that area has been horribly polluted. The lives and culture of the local inhabitants, who fished in the intricate waterways and cultivated the land as their ancestors had done for generations, have been upended in ways that have led to widespread misery.

Texaco came barreling into this delicate ancient landscape in the early 1960s with all the subtlety and grace of an invading army. And when it left in 1992, it left behind... widespread toxic contamination that devastated the livelihoods and traditions of the local people, and took a severe toll on their physical well-being.

A brief filed by the plaintiffs said: "It deliberately dumped many billions of gallons of waste by product from oil drilling directly into the rivers and streams of the rainforest, covering an area the size of Rhode Island. It gouged more than 900 unlined waste pits out of the jungle floor –pits which to this day leach toxic waste into soils and groundwater. It burned hundreds of millions of cubic feet of gas and waste oil into the atmosphere, poisoning the air and creating 'black rain' which inundated the area during tropical thunderstorms."

The quest for oil is, by its nature, colossally destructive. And the giant oil companies, when left to their own devices, will treat even the most magnificent of nature's wonders like a sewer. But the riches to be made are so vastly corrupting that governments refuse to impose the kinds of rigid oversight and safeguards that would mitigate the damage to the environment and its human and animal inhabitants.<sup>8</sup>

8. Herbert, Bob. "Disaster in the Amazon". *New York Times*, June 4, 2010.

**The structural adjustment period (1983-2003).** The rapid growth of the 1970s was partially financed with foreign debt, which accumulated and became unsustainable under rising interest rates in the early 1980s. After the Mexican debt moratoria in 1982, International Financial Institutions imposed rigid conditions on Latin American countries, the ISI strategy collapsed, and structural adjustment and liberalization strategies were implemented. Policies included the drastic reduction of state intervention in the economy, the pursuit of fiscal austerity, decreased social investment, liberalization of exchange rates and labour relations, as well as opening the economy to foreign competition and investment.

In Ecuador, as well as in most Latin American countries, structural adjustment and export promotion strategies failed to lead to recovery of economic growth (Tables 2 and 3), per capita income stagnated or even declined, and the country was affected by several financial shocks in 1983 (El Niño floods), 1987 (plummeting oil prices and an earthquake) and 1999 (collapsing oil prices, worst El Niño floods and a private sector financial bankruptcy), which led to the dollarization of the economy in 2000.

As real oil prices dropped dramatically, mostly in 1986 and 1998, and foreign debt remained unmanageable, the state turned to expanding oil extraction by opening the oil frontier to the South and East of the Amazon, increasing pipeline capacity, and attracting foreign oil investment with favourable conditions. As a consequence, new oil contracts had only a 20% state share in export revenues, and oil extraction expanded even into the Yasuní and Cuyabeno National Parks.

During the period of structural adjustment and export promotion policies, social inequality, exclusion, and poverty remained pervasive in Ecuador. In 1995, poverty affected up to 56 % of total population and reached 76 % in the countryside. These percentages were higher than the Latin American average. Income concentration, estimated by the Gini Coefficient (0.57) placed Ecuador in the third worst position in the region, only after Brazil and Paraguay (IDB, 2000). In 1994, 57% of urban population had low productivity jobs (CEPAL, 2001), illiteracy affected 10.5% of the population, and adult schooling averaged 7 years in 1995 (PNUD, 2001). In 1998, 26% of children younger than five suffered from chronic malnutrition (Larrea, Freire y Lutter, 2001).

In summary, the state capacity to turn oil exports into development during the neo-liberal period collapsed. In spite of increasing oil extraction (and environmental impacts), prices dived, and state participation in revenues dropped as well. Most of the reduced oil revenues were devoted by the state to debt payments. Additionally, under structural adjustment policies, public institutions were seriously weakened. Social expenditure, as a share of GDP, declined by about 50%, and the national planning board was almost eliminated.

**The post-neoliberal recovery (2004-2014).** After 2000, oil prices began to recover again, stimulated by increasing Chinese demand and a global supply peak. Oil extraction was boosted from 2004 onwards by a new pipeline (OCP), which doubled transport capacity. As a consequence, from 2004 onwards, Ecuador experienced the largest expansion of oil exports in its history, as they grew rapidly by both quantum and price (Charts 3, 4 and 6). Quantum jumped in 2004 but began a slow decline afterwards; however, prices continued to soar.

From 2005 onwards, after the nationalization of the Occidental oil fields (Block 15) and the approval of new legislation, the national share in oil revenues recovered again up to about 75%. From 2007 onwards, the government adopted a new development strategy, increasing state participation in development and expanding public investment in renewable energy, infrastructure, and human capital.

In the context of increasing oil prices, higher oil extraction, recovered state shares in oil revenues, and improved public institutions, both economic and social results became favourable. Economic growth was recovered, and social indicators improved, as poverty and inequality declined, with substantial improvements in education, health, employment, and housing.

However, oil extraction has faced an irreversible declining trend since 2004, as the Hubbert oil peak was reached and reserves are limited (Chart 2). In spite of ostensible favourable public policies, results in economic diversification were poor, and private investment remained weak. In 2015 the model appeared exhausted, facing plummeting oil prices and adverse international conditions.



**Future prospects: A new looming crisis?** A decade-long period of economic expansion and social prosperity came to an end in late 2014, as oil and commodity prices collapsed, mostly as a result of a slowdown in the growth of the Chinese economy. Ecuador's oil prices plummeted from 99 dollars per barrel in June 2014 to 31 dollars in November 2015 (Chart 3). The change appears to be long lasting and generalized to most raw materials. The IMF commodity price index went down from 210 in April 2011 to 90 in December 2015. The growth rate of the Chinese economy declined from 14.2% in 2007 to 6.9% in 2015, and the development strategy of China changed, giving priority to domestic expansion and environmental controls.

Under declining terms of trade and lasting adverse changes in the international context, Ecuador is further affected by the appreciation of the US dollar. The country dollarized its economy in 2000, and the real effective exchange rate for Ecuadorian exports increased by 20% between 2007 and 2015, making non-oil exports less competitive. In 2017 the US dollar devaluated by about 9%, allowing certain recovery for Ecuador's real exchange rate. Since the country no longer has a national currency, it lacks monetary tools for balancing the adverse effects of exchange rates. In 2015, a strong simultaneous contraction of both oil and non-oil exports took place (Chart 6). As a result, per capita income declined by 1.4% in 2015 and by 3.1% in 2016 (Banco Central del Ecuador, 2018). According to a recent IMF forecast, per capita GDP may continue declining up to 2018 and will remain flat at least up to 2022 (IMF, 2017).

The Ecuadorian economy must face the challenge of diversifying its structure and moving away from its extractive base, but the weakness of non-oil sectors, the excessive dependence on primary products, and reduced private investment, in the context of exhaustion in public investment, make the transition painful and difficult. In the likely lasting scenario of low oil and mineral prices, the extractive model of development in Ecuador may become exhausted, especially in light of reduced remaining oil reserves and the lack of competitive prospects for large scale mining.

**A regression model on the structural factors of social distribution of oil revenue.** According to the main hypothesis of this article, institu-

tional state capacity to effectively invest oil revenues in social development changed over time in Ecuador, depending on one externally determined factor, real oil prices, a contextual variable with both external and internal components, the quantum of oil exports, and two internal factors, state participation in oil revenues and the institutional capacity of the state to foster an inclusive development strategy.

In order to analyse the hypothesis, a regression model was built, in spite of the fact that empirical information for building adequate indicators for the entire oil period proved to be scarce and affected by reliability and lack of comparability over time.

As a dependent variable, public education expenditure as a percentage of GDP was selected. This was the only proxy indicator on social expenditure with partially reliable information for the entire 1972-2016 period.

The independent variables were selected as follows:

1. Real oil prices for Ecuadorian exports in 1984 US dollars, taking the US consumer price index as a deflator.
2. Quantum of oil exports, including both crude oil and oil derivatives (a small component of Ecuador's oil exports), measured in barrels.
3. Public foreign debt as a percentage of GDP, taken as a proxy for the institutional capacity of the state to invest in development (expected sign is negative). This variable may have been underestimated during the second Correa administration (2013-2017).
4. The state share in oil revenues, as a percentage. This variable has a low reliability and comparability across time, given the difficulty of getting accurate information about the state budget.

The regression model was performed with the Prais-Winsten and Cochrane-Orcutt method, including a first order correction for autocorrelation, using the "prais" command in Stata 13. The results are presented in Table 4.

Oil export quantum has a surprising negative regression coefficient with statistical significance. The result may be attributed to the trend to increase oil extraction as a policy response applied during the crisis periods, as was the case in the late 1980s as well as after 2014. The remaining in-

Table 4. **Prais-Winsten AR(1) regression model on Ecuador's oil-to-development capacity**

Dependent variable: Public education expenditure as % of GDP.  
 $R^2 = 0.2729$      $Rho = 0.4633$     Durbin-Watson statistic (transformed) = 1.81     $n = 44$

Independent Variable	B	t	P(o)
Real oil price	0.0359	2.57	0.014
Oil export quantum	-8.49E-06	-2.1	0.042
% foreign debt/GDP	-0.11276	-0.16	0.876
State share in oil revenue	0.4319	0.71	0.48
Constant	3.5064	4.81	~ 0

Note: Atypical years 1972 (incomplete first year) and 1987 (earthquake) were excluded from the model.

dependent variables have coefficients with the expected signs (although only two are statistically significant at the 5% level). Despite the above mentioned deficiencies in the reliability of the empirical information, the model broadly supports the hypothesis under discussion.

## Economic diversification during the oil period

This section analyses economic diversification from three perspectives: industrialization, export composition and other forms of sectorial change.

**Industrialization.** Although economic growth in the 1970s was significant, diversification was limited and short lived. In spite of impressive manufacturing growth (10.1% per year between 1972 and 1980), the sectorial performance was weak and, in the words of the World Bank, “disappointing” (World Bank, 1984, p. 63). In fact, during the bonanza, structural diversification of manufacturing was minimal. Finished consumer goods remained dominant, with minimum development of intermediate and capital goods and of internal linkages. Moreover, output remained highly concentrated in the metropolises, while a capital and import intensive technology, with reduced employment generation, prevailed. Additionally, an early monopolistic structure characterized most branches while inefficiency and reduced utilization of installed capacity were widespread.

Some diversification in the composition of manufacturing output by sub-sectors took place both before and after the petroleum bonanza, but the structure remained almost unchanged between 1972 and 1982. A purely “horizontal” expansion prevailed, without the development of domestic internal linkages. Rob Vos analyses the changes in internal structure in manufacturing, using Leontief’s input-output matrices. He concludes that domestic linkages in manufacturing were low and changed little during the oil bonanza (Vos, 1987, pp. 53-72). World Bank conclusions are similar (World Bank, 1984). According to the Bank, Ecuador’s “modern manufacturing developed almost as an enclave.” As a result of growth without diversification, the internal composition of manufacturing in Ecuador –concentrated mostly in traditional consumer goods– remained at an early stage of development, compared with other developing countries, as Table 4 shows (Larrea, 1993).

Industrialization was mostly a short-lived effect of demand expansion in protected sectors of the economy between 1972 and 1982. After 1982, in the context of the debt crisis, the state progressively dismantled the ISI model, and since the 1990s opened the economy to foreign competition, drastically reducing manufacturing protection. As a result, the manufacturing share in GDP declined, eliminating the gains of the 1970s (Chart 5). However, during the neo-liberal period, some diversification took place, as processed food and beverages, chemicals and metal machinery improved, while the textile industry performed poorly in the face of foreign competition. Recent policies, aimed since 2007 to support “selective import substituting industrialization”, failed to diversify the internal structure of manufacturing, as no significant change can be observed between 2005 and 2012 in Table 5.

**Agriculture.** In spite of subsidized credit and other incentives, agricultural modernization did not lead to sectorial growth during the oil boom. Per capita agricultural output for domestic consumption actually declined, and export agriculture expanded slowly. The overall performance of the sector during the last half century has been disappointing, as per capita agricultural output barely grew, and the sector lagged behind the rest of the economy (Table 6 and Chart 10). Domestic agriculture, in particular, almost stagnated in spite of the generous availability of water and fertile soils in Ecuador.

Table 5. **Structure of Manufacturing Output by Sub-Sectors: 1966-2012**  
(Percentages)

SUB-SECTOR	1965	1972	1977	1982	1988	2005	2009	2012
Food, Beverages and Tobacco	58.1	46.3	42.8	41.6	37.5	36.3	37.2	38.9
Textiles and Clothing	16.2	22.1	23.6	22.1	19.8	8.8	8.1	7.8
Wood and Wood Products	6.2	6.0	5.9	5.3	5.7	5.7	5.7	8.8
Paper and Printing	7.4	7.1	6.0	6.3	7.3	6.5	5.9	6.0
Chemical Products	4.8	5.7	6.5	6.1	6.5	14.4	13.4	9.5
Non-metallic minerals & basic metals	5.4	9.1	10.0	12.4	12.7	12.7	13.2	14.8
Metal Products and Machinery	2.0	3.6	5.3	3.1	4.7	10.6	11.3	7.5
Other	0	0	0	2.9	5.8	5.0	5.2	6.8

Note: Percentages were calculated from data at 1975 prices up to 1998 and at 2007 prices since 2005.

Source: Banco Central del Ecuador, Cuentas Nacionales 13 (1990), and Cuentas Nacionales Anuales Base 2007 (www.bce.fin.ec), visited August 2015.

Table 6. **Per capita output annual growth rates by sectors and periods**

Sector	Period						
	1965-1972	1972-1982	1982-1990	1990-2004	2004-2012	1965-2012	1972-2012
GDP	1.04	4.17	-0.49	0.38	2.72	1.48	1.53
Agriculture	-1.18	-2.20	2.76	2.12	-0.71	0.54	1.00
Manufacturing	2.34	4.57	-0.18	0.16	2.67	1.56	1.24
Construction	3.38	-1.31	-5.37	0.14	6.86	0.21	0.32
Commerce	-0.46	2.72	-0.71	-0.76	1.56	0.34	0.25
Hotels and restaurants	0.54	13.44	-5.15	-0.73	4.89	2.48	3.15
Finances	5.05	10.78	-2.83	-0.18	5.61	2.81	1.91
Public administration and social security	-3.49	6.44	2.21	-2.92	4.09	1.06	1.44
<b>Agricultural subsectors</b>							
Bananas, coffee and cacao	-5.73	-3.72	0.91	5.24	-0.05	0.59	1.72
Domestic agriculture & flowers	0.09	-4.40	3.03	1.44	0.66	0.19	0.66
Cattle raising	-0.94	0.74	0.69	0.54	1.50	0.62	0.75
Domestic agriculture, cattle raising & flowers	-0.11	-3.48	2.56	1.27	0.81	0.25	0.66
Silviculture	3.35	7.23	-1.19	2.55	2.57	2.94	2.68
Fishing and aquaculture	5.33	5.65	12.24	0.84	3.32	4.78	4.50

Note: Growth rates were estimated by kinked exponential regressions, adjusted for first order autocorrelation. Source: Banco Central del Ecuador, Cuentas Nacionales Anuales Base 2007 (www.bce.fin.ec), visited August 2015.

Agricultural output presents a typical countercyclical profile, contracting in periods of growth and expanding during crises. As real exchange rates became overvalued in expansion periods, domestic agriculture turns less competitive than imported food. Conversely, during periods of crisis, foreign exchange is scarce and domestic agriculture becomes more competitive.

Traditional agricultural exports performed poorly and followed the same countercyclical pattern. The most dynamic subsectors in agriculture, forestry, aquaculture, and fishing, are at the same time the less sustainable and have the highest environmental impacts.

Other sectors, like construction, public spending and finances, present a typical cyclical profile, as predicted by Dutch Disease models. An unequal development pattern of sectorial growth prevailed during the oil period in Ecuador, with detrimental effects mostly on agriculture, a strategic sector in terms of food security and employment (Berry, 2014).

Non-oil Export performance. Non-oil exports, mostly composed by bananas, coffee and cacao, enjoyed favourable international prices in the 1970s and also received subsidized credit and other benefits, but, as predicted by Dutch Disease models, they were affected by the overvalued exchange rates that prevailed during the oil boom period (Larrea, 1993). As a result, they experienced slow growth. Export diversification was moderate in the 1970s, with only one significant achievement, the expansion of fish and farmed shrimp exports. Sea product exports accounted for 3% of total exports in 1972, 9.2% in 1982, 20% in 1993 and 12% in 2012. However, shrimp aquaculture has had a high environmental cost, as mangrove deforestation has been severe, destroying about 50% of the ecosystem area. Additionally, farmed shrimp proved vulnerable to plagues, which strongly reduced production in the late 1990s.

The only new significant addition to Ecuador's export basket since the 1990s has been fresh flowers. In spite of its dynamic expansion, its contribution to total exports is still small (3.1% in 2014). During the 1990s, banana export expansion was also important, and a group of non-traditional exports maintained a steady growth from the early 1990s to 2014, accounting for 14% of total exports in the last year.

However, from a long-term perspective, export diversification has been low and insufficient, as Chart 8 shows. Three groups of mostly primary goods –namely oil, bananas and sea products– have been accounting for about 80% of Ecuador’s exports during the last four decades, without a significant diversification trend.

Although in the three cases an important quantum expansion took place, all products face serious constraints in the future, as oil extraction capacity will inevitably decline given limited reserves, sea products may face environmental constraints due to overfishing and diseases in farmed shrimp, and banana markets are almost saturated. Although the future of the terms of trade is uncertain, it is unlikely that the ascending trend (2004-2014) will return in the medium term in the context of the international financial crisis and the slowdown of China and other emerging economies.

## **Social development**

Broadly speaking, social indicators followed the economy’s boom-bust-recovery trend, improving slowly during crises and quickly in expansion cycles, as Chart 9 shows. Oil extraction has very low direct employment generation, and in Ecuador’s case, both backward and forward productive linkages are weak, so the sector is an enclave. The social effect is mostly the result of the fiscal linkage, in other words, state taxing or direct production capacity, coupled with the state’s capability to effectively promote social development.

Both in the 1970s and after 2006, the state was able to both appropriate a significant fraction of oil revenues and effectively promote social development. As a result, education, health, and housing conditions improved, as Table 7 demonstrates.

Nevertheless, several critical social problems stand out. Ecuador inherited, from the colonial period, an extremely unequal social structure, with widespread poverty, severe ethnic discrimination and massive structural underemployment. Employment indicators barely improved during the oil boom, as a result of the capital-intensive growth model, deteriorated during the neo-liberal phase, and recovered after 2006, as real wages

Table 7. **Selected Social Indicators in Ecuador: 1962-2010**

Year	1962	1974	1982	1990	2001	2010
Average years of schooling	3.03	3.71	5.16	6.67	7.28	8.69
Illiteracy rate	32.8	26.1	16.5	11.7	9.1	6.7
% dwellings with piped water	13.0	20.0	31.9	38.3	47.9	55.3

Note: Indicators are defined as average years of schooling of persons older than 23, illiteracy rate among persons older than 14 years, and percentage of dwellings with piped water inside the house.

Sources: INEC, Censos de población, 1990, 2001, 2010, Minnesota Population Center. Integrated Public Use Microdata Series-International: Version 4.0. Minneapolis: University of Minnesota, 2008. Based on: INEC. Censos de población 1962, 1974, 1982.

increased and employment expanded with construction and investment in public infrastructure (Table 8).

However, given the lack of economic diversification, employment gains may be short lived and dependent on contingent fiscal buoyancy. Additionally, as capital and land assets remained highly concentrated and no social redistribution took place, the structural roots of inequality did not change.

**Poverty, inequality and social policies.** In 2017, after 45 years of oil extraction, poverty still affected almost a third of the population (30%), being higher in rural areas (49%) and particularly among indigenous peoples (62%) (Larrea, 2016, Charts 13 and 14). After a sustained improvement from 2007 to 2014, the Gini coefficient of per capita household income remained flat at 0.45. Several studies show that the indigenous population barely benefited from social gains during the last decade, and

Table 8. **Structure of Labour Force in Ecuador**  
(Percentages of total Economically Active Population (EAP))

Year	Wage earners/EAP	Agriculture	Manufacturing	Wage earners / agricultural EAP	Wage earners/ manufacturing EAP
1962	46.2	59.0	14.2	38.8	38.3
1974	50.2	45.7	11.8	36.9	50.7
1982	51.6	36.7	13.3	29.8	58.4
1990	44.4	35.8	12.5	25.5	45.4
2001	44.0	31.1	11.2	26.2	49.7
2010	60.9	21.7	10.1	52.4	66.2

Sources: INEC, Censos de población, 1990, 2001, 2010, Minnesota Population Center. Integrated Public Use Microdata Series-International: Version 4.0. Minneapolis: University of Minnesota, 2008. Based on: INEC. Censos de población 1962, 1974, 1982.



the gap between them and the rest of the society actually widened (World Bank, 2015, Larrea, 2016, Chart 14). The wage discrimination against female and indigenous workers, albeit declining, is still high, and about a third of the labour force remain underemployed.

Summarizing, in spite of important social achievements during the oil period –particularly in the 1970s and between 2004 and 2014– Ecuador still remains deeply affected by inequality, poverty and social exclusion, particularly against indigenous peoples.

During the oil boom, social policies promoted education and health, from a perspective of universal social rights and a significant state intervention in the economy, but a capital-intensive model of industrialization and agricultural modernization prevented adequate employment generation, so employment indicators actually deteriorated, with an expansion of informal sector (Larrea, 1993).

Later, during the structural adjustment period (1982-2004), social expenditure declined, and social policies became focused on poor households, as social progress was expected to be a consequence of private investment and market-based social distribution. As happened in most Latin American countries, economic growth was elusive and weak, poverty and social inequality actually increased, and structural underemployment deepened.

In 1999, a deep economic crisis, sparked by El Niño floods and the bankruptcy of most private banks, led to the dollarization of the economy and the worst social deterioration in Ecuador since the 1920s and 1930s. Poverty and unemployment soared, and about one million people migrated abroad, mostly to Spain and the United States.

From 2004 to 2014, as mentioned, economic growth returned to Ecuador and Latin America, as a result of soaring oil and commodity prices sparked by a rapid expansion of Chinese economy. In 2006, as Rafael Correa was elected president, a new social policy began, promising the end of neoliberal structural adjustment.

Under new social policies, a significant role of the state in development returned, with a strong expansion of education and health expenditure, an extended coverage of social security, increasing real wages and an important conditional cash transfer programs for poor households.

Employment expansion was fuelled not only by public investment in infrastructure and energy (roads, hydroelectric dams), but also by the expansion of public bureaucracy. Policies were financed by high oil prices, a wider public participation in oil revenues and a generous flow of Chinese loans.

As a result, poverty declined from 46% in 2007 to 30% in 2014, under-employment also dropped from 48% to 29%, and the Gini coefficient of per capita household income was reduced from 0.54 to 0.47 in the same period (Larrea, 2016, Charts 11 to 14).

In spite of these significant achievements, social policies had several problems.

1. Although poverty in Ecuador affects mostly the countryside, and particularly indigenous peoples, the Correa government lacked a coherent rural development policy. Despite a very unequal land distribution, with a Gini coefficient of 0.80, the government did not promote a wider access to land and irrigation for small peasants, and land reform was absent from social policies. Rural development programs, which usually include credit, technical assistance and training, were not implemented either. Rural economic policies strongly supported agribusiness and large plantations, with frequent detrimental effects on peasantry. The lack of an inclusive rural development policy explains part of the wider social gap with indigenous peoples.
2. The government did not promote an effective policy towards micro, small and medium enterprises. Although most of the employment in Ecuador is linked to micro and small enterprises, they lack access to credit, technical assistance, training and appropriate technology, and therefore are affected by low productivity. During the Correa government, credit remained highly concentrated among large corporations, without significant programs promoting microcredit and supporting small and medium entrepreneurs.
3. The most important result of education policies was an expansion in coverage of primary and secondary education, without significant achievements in education quality. The educational system in Ecuador has strong problems of low quality and lack of pertinence of programs. Educational policies were applied in an authoritarian and cen-

tralized way, without an effective contact with local circumstances and realities. The bureaucracy in charge of education policies lacked experience and adequate training.

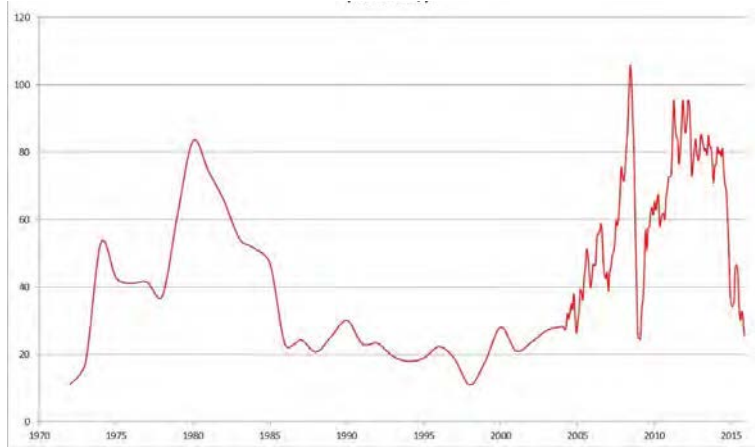
4. In the case of health policies as well, the main result was an important expansion of coverage, but results were unsatisfactory in terms of reducing child malnutrition and adolescent pregnancy.
5. Despite a significant investment in higher education, science and technology, results were hardly effective. While some improvements took place in the quality of higher education, the whole program failed by the lack of coherent goals, inefficient management, and a poor vision of national requirements on science and technology.
6. In general, social policies were highly dependent on buoyant fiscal expenditures (public works, investments in infrastructure, education and health, cash transfers to the poor), and will be hard to maintain once the economic bonanza is over.

The main question is the state capacity to keep and consolidate the social gains obtained during the post-neoliberal bonanza. As the Ecuadorean experience with the 1999 crisis shows, the country social structure remains highly vulnerable to external shocks and natural disasters. The current situation has several simultaneous vulnerabilities, such as low oil and commodity prices, the appreciation of the dollar harming non-oil exports, a harder access to international credit and the recent earthquake in the Coast, which was the worst since 1949. If external vulnerabilities prevail in the future, social vulnerability in Ecuador may be high.

Going beyond the predictable short-term impacts of the crisis, the main problem is the capacity of an extractive-based economy to provide conditions for an improvement in living conditions of the population and enhancing human capabilities in a sustainable way, which is the ultimate goal of development.

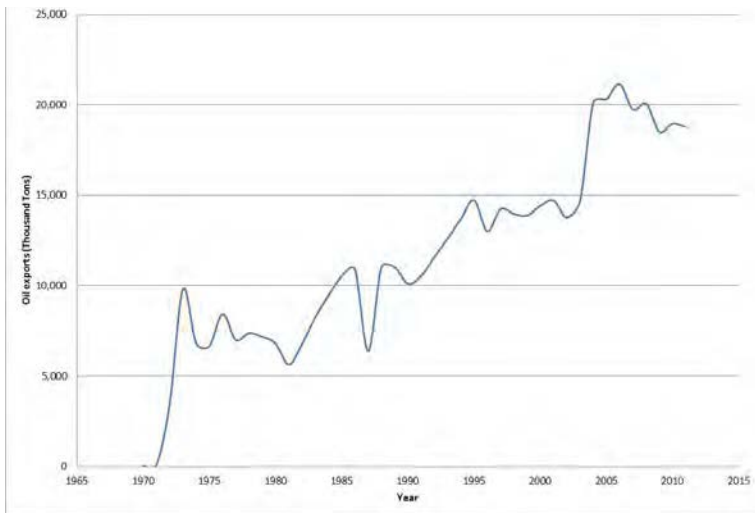
It seems that Ecuador, with limited oil reserves and facing an uncertain future about oil prices, may require exploring alternative development strategies, seeking ways to overcoming the oil dependence and promoting economic diversification toward activities able to improve living conditions and generate productive employment, within the limits of ecosystems and in harmony with nature. This problem will be discussed in detail in the next section.

**Chart 3. Real Oil prices in Ecuador. 1972-2015**  
(2005 US \$)



Sources: Banco Central del Ecuador, Información Estadística Mensual ([www.bce.fin.ec](http://www.bce.fin.ec)), U.S. Department Of Labour (<http://www.bls.gov/cpi/>). Visited January 2016.

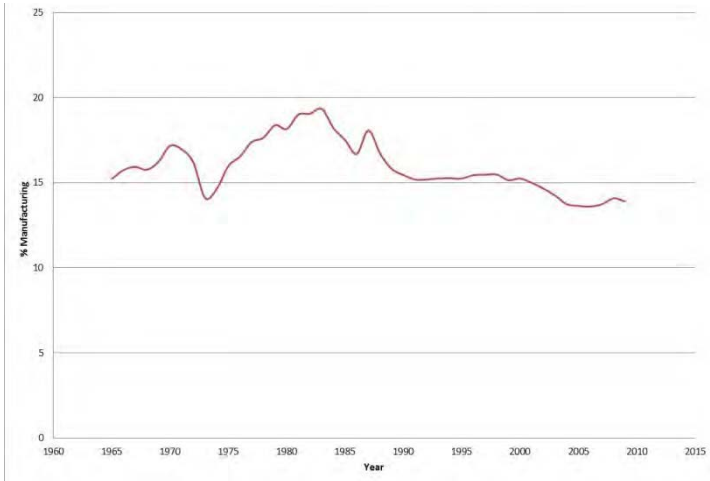
**Chart 4. Total Oil Export Quantum in Ecuador. 1972-2011**



Note: Total oil exports include crude oil and derivatives.

Source: Banco Central del Ecuador. Boletín Anuario (2012 and previous issues).

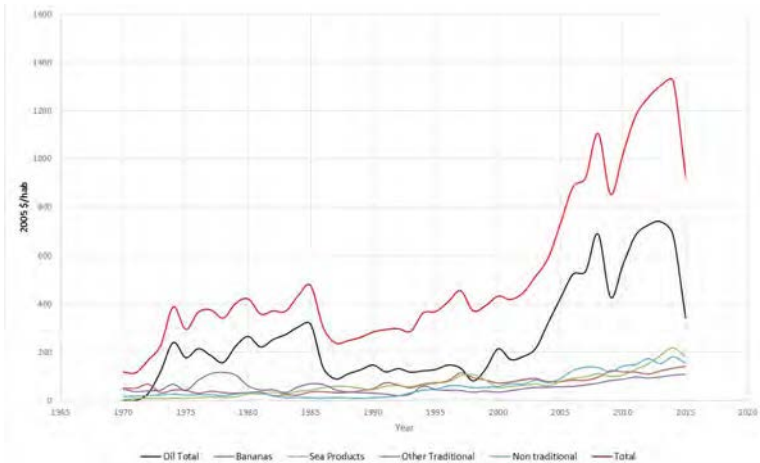
**Chart 5. Ecuador: Manufacturing Share in GDP. 1965-2013**



Note: Percentages were calculated from data at 1975 prices up to 1998 and at 2007 prices since 2005. Data from national accounts at 2007 follows a similar trend, with more dispersion.

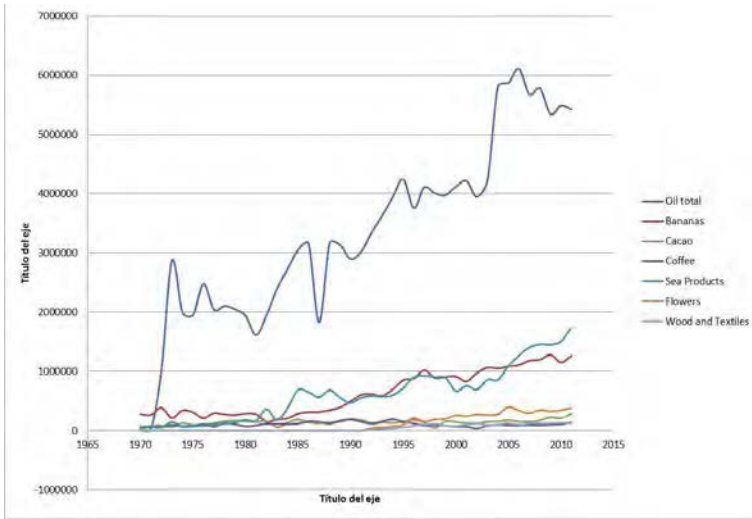
Source: Banco Central del Ecuador, Cuentas Nacionales 13 (1990), and Cuentas Nacionales Anuales Base 2007 (www.bce.fin.ec), visited August 2013.

**Chart 6. Per Capita Export Purchasing Power by Products. 1972-2015**



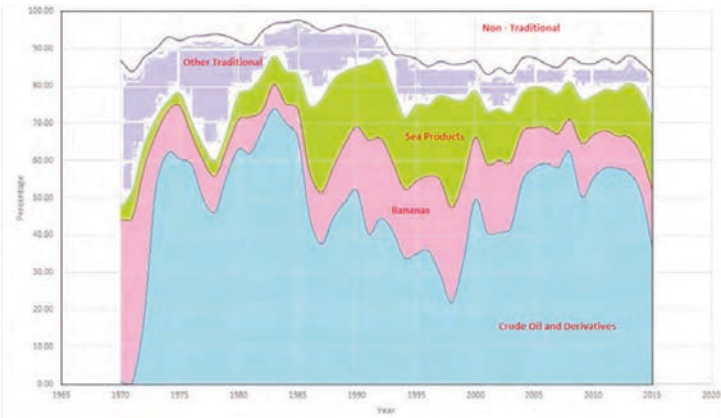
Sources: Author's estimates based on: INEC, Censos de población, 1962, 1974, 1982, 1990, 2001, 2010; Banco Central del Ecuador, Información Estadística Mensual (www.bce.fin.ec), World Bank, Development Prospects Group; (http://econ.worldbank.org/WBSITE/EXTERNAL/EXTDEC/EXTDECPROSPECTS/0,,contentMDK:20587651~pagePK:64165401~piPK:64165026~theSitePK:476883,00.html). Visited January 2016.

Chart 7. **Export Quantum by Main Products. 1970-2011**



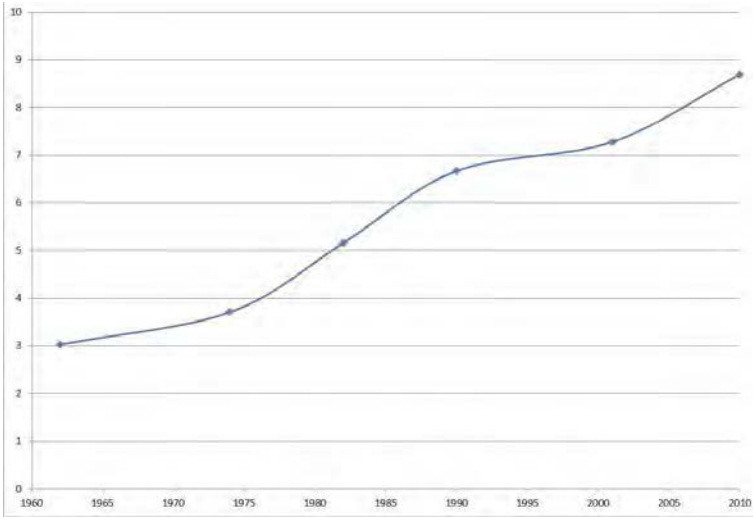
Sources: Author's estimates based on: INEC, Censos de población, 1962, 1974, 1982, 1990, 2001, 2010; Banco Central del Ecuador, Información Estadística Mensual <[www.bce.fin.ec](http://www.bce.fin.ec)>, U.S. Department Of Labor <<http://www.bls.gov/cpi/>>. Visited August 2013.

Chart 8. **Ecuador's Export Composition by Main Products. 1970-2015**



Source: Banco Central del Ecuador, Información Estadística Mensual ([www.bce.fin.ec](http://www.bce.fin.ec)). Visited January 2016.

Chart 9. **Ecuador: Average Years of Schooling. 1962-2010**



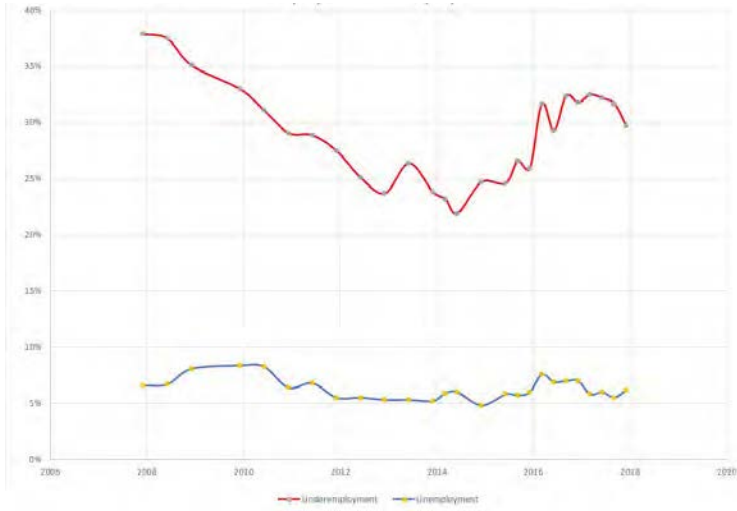
Sources: INEC, Censos de población, 1990, 2001, 2010, Minnesota Population Center. Integrated Public Use Microdata Series-International: Version 4.0. Minneapolis: University of Minnesota, 2008. Based on: INEC. Censos de población 1962, 1974, 1982.

Chart 10. **Per Capita Output indices of Agriculture and GDP in Ecuador. 1965-2012. (1965=100)**



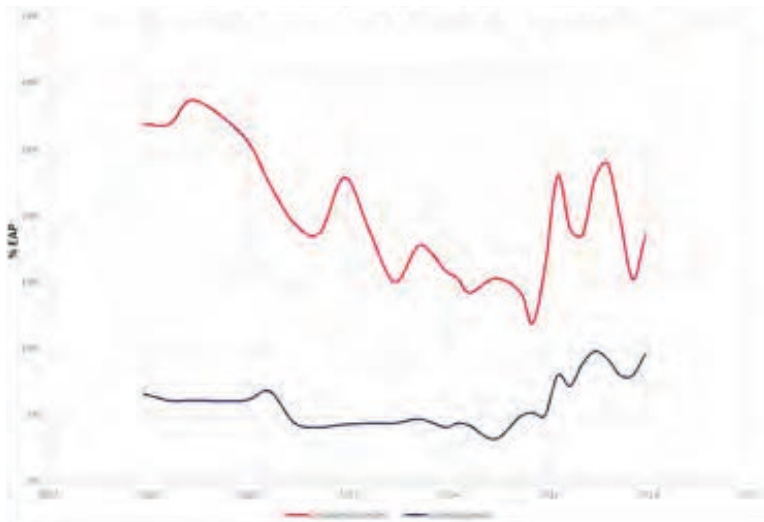
Source: Banco Central del Ecuador, Cuentas Nacionales Anuales Base 2007 <[www.bce.fin.ec](http://www.bce.fin.ec)>, visited August 2015.

**Chart 11. Urban underemployment and Unemployment. 2007-2017**



Source: Author's estimates from INEC, Encuesta ENEMDU data base 2007-2017.

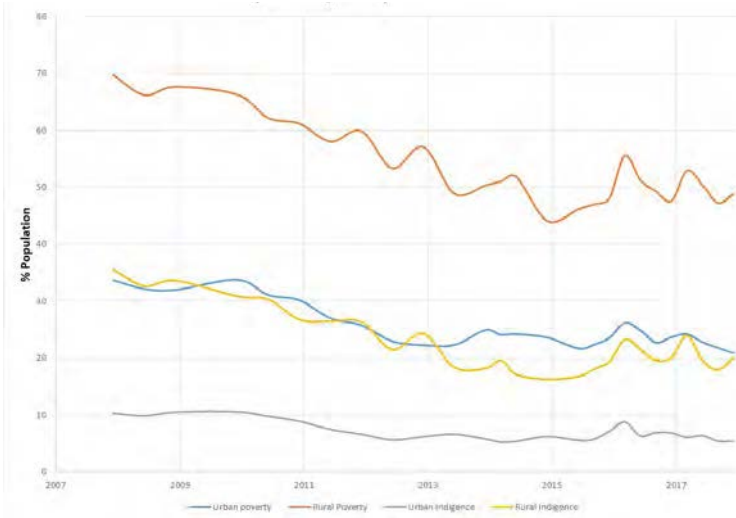
**Chart 12. Underemployment and Unemployment in Quito. 2007-2017**



Source: Author's estimates from INEC, Encuesta ENEMDU data base 2007-2017.

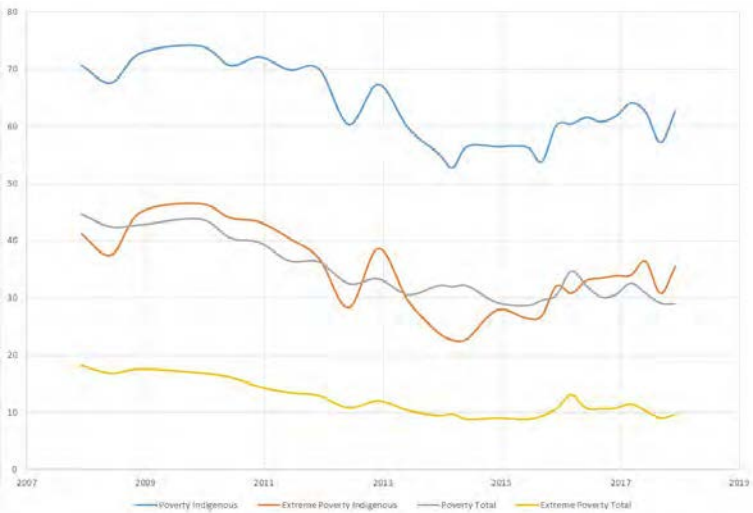


Chart 13. **Poverty and Indigence by Area of residence. 2007-2017**



Source: Author's estimates from INEC, Encuesta ENEMDU data base 2007-2017.

Chart 14. **Poverty and Extreme Poverty by Ethnicity. 2007-2017**



Source: Author's estimates from INEC, Encuesta ENEMDU data base 2007-2017.

## Alternative development paths for Ecuador

Although Ecuador experienced an important process of economic growth and social improvement between 2004 and 2014, this process is unlikely to continue and, in the medium term, can be exhausted or even reversed. The following reasons explain this argument.

1. The recent economic expansion was financed by a particular convergence of three favourable factors: a) A sharp increase in real oil prices, as they doubled between 2004 and 2012, b) A 50% jump in oil export volumes from 2004 onwards, as a result of the construction of the new heavy oil pipeline (OCP), and, c) An important expansion of foreign debt, particularly to China, which lent about 17.4 billion dollars to Ecuador, partially in the form of “anticipated oil purchases” (Hoy, 2013, Interamerican Dialogue, 2018). Those factors have been weakened or were even reversed in 2015: oil prices plummeted, net export volumes declined, and foreign credit sources are seriously reduced.

Real oil prices may remain low in the future, as global economic growth is affected by the lasting effects of the 2008 financial crisis. China has already reduced its growth rates by about 40%, while other emerging economies, such as Brazil, are even in recession. Oil demand has dropped by 10% since 2005 in developed countries, as the effect of rapid technological change to new energy sources, and even in China the rate of growth of oil demand declined to 3.1% between 2012 and 2015 (*The Economist*, 2013, IEA, 2016, EIA, 2016). On the supply side, the expansion of U.S. oil and gas extraction by fracking led to the dumping policies of Saudi Arabia to protect its market share, further exacerbated by the possible expansion of Iranian exports after the lifting of international sanctions. The recent joint OPEC and Russia policy of restricting supply had a limited effect on boosting prices, but so far has been insufficient to return prices to the 2014 levels. Both the World Bank and IMF forecast moderated oil prices in the coming years, and other forecasts that include the expansion of electric cars and renewable energy sources are more pessimistic (Helm, 2017). Nevertheless, sudden changes in the oil market may occur as a result

of the volatile political situation prevailing in the Middle East and Russia.

Future volume expansion in Ecuador's oil exports is unlikely, as net export quantum has already fallen by 16% since 2004 as most oil fields are in a declining phase, and domestic consumption is growing (Table 2). As mentioned, reserves are limited and net oil exports will hardly last more than 20 years. The declining trend in oil volumes may be postponed for several years with improved extraction in mature fields and the exploitation of the ITT reserves if prices recover, but net exports will continue to fall after that.

Between 2014 and 2017 the state has managed to avoid a severe crisis by increasing foreign debt, but the strategy seems coming to its limits. As the Ecuadorian experience in the 1980s and 1990s demonstrates, foreign debt may become more expensive and difficult, severely reducing growth prospects in the future.

2. Sustained future growth requires diversification. As already explained, the Ecuadorian economy failed to diversify during the last four decades, affected by multiple problems associated with extractivism. Moreover, most of the investment, both public and foreign, has been concentrated in infrastructure (hydroelectricity and roads), and in oil and mining, while private investment and, generally, investment in economic diversification, remained reduced. In fact, while both investment and savings were low, sumptuary consumption soared until 2014. As a consequence, the trade balance has been consistently negative from 2009 onwards.

Two alternative models can be envisaged for future development in Ecuador.

### **“Deepening extractivism to overcome it”**

The current government strategy promoted the expansion of the oil extraction frontier to formerly undisturbed regions in the Amazon, including the Yasuní National Park, and the start of large-scale and open pit mining (copper and gold) in several environmentally sensitive spots

in the Amazon and Highland regions. The state have planned to use these short-term resources to further invest in biotechnology and other biodiversity-based services.

The feasibility of this strategy was questionable, even with the high commodity prices prevailing up to 2014, given the lack of success of all the policies aimed toward economic diversification in the last four decades. Additionally, the environmental impact of expanded oil extraction and mining in highly sensitive areas may be too great and irreversible, limiting the feasibility of a turning point towards a sustainable development path. Severe climate change effects will be added to destructive impacts of extractive industries in the medium term. With current oil and mineral prices, the strategy may turn out to be unfeasible. Since oil extraction costs may be similar of higher than export prices, and this situation may be lasting, perspectives for the expansion of the extractive frontier are uncertain.

### **Is a road towards sustainability still feasible in Ecuador?**

An alternative path may be based on stopping oil frontier expansion, banning large-scale mining in environmentally sensitive areas, and applying a coherent policy aimed at remaining ecosystem conservation, human development, and the promotion of sustainable uses of biodiversity, based initially on ecotourism, tourism, agroforestry, and international cooperation towards rainforest conservation, biodiversity protection, and climate change mitigation. Some selective industrialization may complement the strategy, expanding domestic linkages of agricultural products and promoting certain profitable branches. A social equity policy may complement the strategy, promoting land distribution, democratization of credit, technical assistance and training, and effective support for small and medium enterprises, cooperatives and communal organizations. In the medium term, investment in education, health, science and technology may lead to a sustainable use of biodiversity and the development of appropriate technologies.

The strategy aims to preserve the exceptional natural endowment and cultural diversity of Ecuador, improving at the same time the quality of

life in a participatory way. The goals are expanding the resilience to climate change and other forms of environmental degradation and simultaneously promoting economic diversification towards labour intensive activities and improving land productivity conserving soils. The ultimate objective is promoting human development within the regenerative capacity of ecosystems.

A similar experience in Latin America is that of Costa Rica, a small Central American country, which had the same export base as Ecuador in the 1950s (bananas, coffee and cacao). Costa Rica pursued a long-term development strategy investing in human capital, biodiversity protection and social equity. Currently, Costa Rica's social achievements are among the best in Latin America, per capita income is about twice that of Ecuador and tourism share in both employment and GDP is at least three times higher than the corresponding figures in Ecuador.

## Bibliography

- Alan Heston, Robert Summers and Bettina Aten, *Penn World Table Version 7.1*, Center for International Comparisons of Production, Income and Prices at the University of Pennsylvania, Nov 2012. <[https://pwt.sas.upenn.edu/php\\_site/pwt\\_index.php](https://pwt.sas.upenn.edu/php_site/pwt_index.php)>.
- Amazon Defense Coalition (2012). “*Summary of Overwhelming Evidence Against Chevron in Ecuador Trial*”.<http://www.texacotoxico.org/eng/> .
- Bass, Margot, Finer, Matt, Jenkins, Clinton, et al. (2010), Global Conservation Significance of Ecuador's Yasuní National Park, *PloS ONE*, Volume 5, Issue 1, January 2010.
- Bebbington, Anthony. *Industrias extractivas: conflicto social y dinámicas institucionales en la Región Andina*. Lima: IEP, 2013.
- Berry, Albert. (2008). “Growth, Employment and Distribution Impacts of Minerals Dependency: Four Case Studies”, *South African Journal of Economics*, vol. 76: S2, August.
- (2014). “La agricultura campesina (familiar): su potencial y sus limitaciones”. In:
- Berry, Albert, Kay, Cristobal, Martínez, Luciano and North, Liisa. *La concentración de la tierra: un problema prioritario en el Ecuador contemporáneo*. Quito: Abya-Yala.

- Banco Central del Ecuador (January 2018 and previous issues). Información estadística mensual. Banco Central. <www.be.fin.ec>. Visited January 2018.
- (1990). *Cuentas Nacionales 13*. Quito: Banco Central.
- Banco Central del Ecuador, and Cuentas Nacionales Anuales Base 2007. <www.bce.fin.ec>, visited August 2015.
- CEPAL (2001). *Panorama Social de América Latina* (Santiago de Chile: CEPAL).
- ECLAC (2010). *Statistical Yearbook for Latin America and the Caribbean*, Santiago: ECLAC.
- ECLAC. CEPALSTAT Database. (2015). <http://estadisticas.cepal.org/cepalstat/WEB\_CEPALSTAT/Portada.asp>. Visited February 2015.
- ECLAC (2015). *Preliminary Overview of the Economies of Latin America and the Caribbean*. Santiago: ECLAC.
- El Comercio, July 16, 2012.
- Energy Information Administration (EIA). (2015). Ecuador: Country Analysis Briefs. <www.eia.doe.gov>, visited March 2015.
- (2016). *International Energy Statistics*. <https://www.eia.gov/cfapps/ipdbproject/iedindex3.cfm?tid=5&pid=5&aid=2&cid=regions&syid=1990&eyid=2014&unit=TBDP>. Visited February 2016.
- FAO. (2010). *Evaluación de los recursos forestales mundiales. 2010*. <www.fao.org>, visited October 2011.
- (2015). *Global Forest Resources Assessment. Desk Reference*. Roma: FAO, 2015.
- Gelb, Alan H et al. (1988). *Oil Windfalls: Blessing or Curse?* Oxford University Press: New York, Oxford.
- Hassler, Michael & Rheinheimer, Joachim. Joachim. *Illustrated World Compendium of Orchids - List of Taxa*. <http://www.rz.uni-karlsruhe.de/~db111/flora/orchids/statistics.php>, Visited July, 2013.
- Herbert, Bob. "Disaster in the Amazon". New York Times, June 4, 2010.
- Helm, Dieter. (2017). *Burn Out: The Endgame of Fossil fuels*. London: Yale University Press.
- Hoorn, Carina. (2006). "The Birth of the Mighty Amazon" in *Scientific American*, May, p. 40-45.
- Hoy (2013). "La deuda con China este año sumará \$ 8,177 millones". July 11.
- Interamerican Development Bank (IDB) (2000). *Development beyond Economics. Economic and Social Progress in Latin America* (Baltimore: The Johns Hopkins University Press).
- Inter American Dialogue, 2018. China-Latin America Finance Database. <https://www.thedialogue.org/map\_list/>. Visited April 2018.
- International Energy Agency (IEA) (2016), *Oil Market Report: 19 January 2016*. <https://www.iea.org/media/omrreports/tables/2016-01-19.pdf>. Visited February 2016.

- International Monetary Fund, World Economic Outlook, September 2017. Washington D.C.: IMF.
- INEC (Instituto Nacional de Estadística y Censos). *Indicadores Laborales junio 2013, 15 años y más*. [www.incec.gov.ec](http://www.incec.gov.ec) Visited July 2013.
- INEC (Instituto Nacional de Estadística y Censos). Censos de población, 1990, 2001, 2010.
- INEC, Encuesta ENEMDU data base 2007-2017. <[www.incec.gov.ec](http://www.incec.gov.ec)>. Visited April 2018.
- Josse, Carmen (ed.). *La Biodiversidad del Ecuador: Informe 2000*, Quito, MAE, Eco-Ciencia, UICN, 2001.
- Karl, Terry Lynn. *The Paradox of Plenty: Oil Booms and Petro States*. Berkeley: University of California Press, 1997.
- Karl, Terry Lynn. *The perils of the Petro-state: Reflections on the Paradox of Plenty*. Journal of International Affairs; fall 1999; 53, 1.
- Larrea, Carlos (1993). *The Mirage of Development: Oil, Employment and Poverty in Ecuador (1972-1990)*. Ph.D. Dissertation, York University, Toronto.
- Larrea, Carlos (Coord.) (2017) *¿Está agotado el período petrolero en Ecuador?* Quito, UASB-Pachamama Aliance-La Tierra.
- Larrea, Carlos, Freire, Wilma, y Lutter, Chessa (2001). *Equidad desde el principio: La situación nutricional de los niños ecuatorianos*. Washington: PAHO-MBS.
- Larrea, Carlos and Warnars, Lavinia. (2009). “Ecuador’s Yasuní-ITT Initiative: Avoiding emissions by keeping petroleum underground”. *Energy for Sustainable Development* 13 (2009) 219–223.
- Minnesota Population Center. Integrated Public Use Microdata Series-International: Version 4.0. Minneapolis: University of Minnesota, 2008.
- Ministerio del Ambiente (2015). *Estadísticas del Patrimonio Natural*. Quito: MAE. <<https://mluisforestal.files.wordpress.com/2016/01/estadisticas-patrimonio-natural-mae.pdf>>. Visited January 2016.
- OPEC (2013). *Annual Statistical Bulletin*. <<http://www.opec.org/>>. visited August 2013.
- PNUD (2001). *Informe sobre Desarrollo Humano* (New York: PNUD).
- Sachs, Jeffrey (1995). “Natural Resource Abundance and Economic Growth”. National Bureau of Economic Research, Working Paper 5398.
- Sierra, Rodrigo (Ed.), (1999). *Propuesta Preliminar de un Sistema de Clasificación de Vegetación para el Ecuador Continental*. Quito: Ecociencia–GEF.
- Sierra, Rodrigo (2013). *Patrones y factores de deforestación en el Ecuador continental, 1990-2010*, Quito: Conservación Internacional y Forest Trends. <[http://draft.valorandnaturaleza.org/documents/files/patrones\\_y\\_factores\\_de\\_deforestacion\\_en\\_el\\_ecuador\\_continental\\_1990\\_\\_2010.pdf](http://draft.valorandnaturaleza.org/documents/files/patrones_y_factores_de_deforestacion_en_el_ecuador_continental_1990__2010.pdf)>. Visitado octubre 2013.

- The Economist (2013). *Yesterday's Fuel: Why Demand for Oil Will Fall*. August 3<sup>rd</sup>.
- Thorp, Rosemary, Battitelli, Stefania, Guichaoua, Yvan, Orihuela, José Carlos and Paredes, Maritza. *The Development Challenges of Mining and Oil, Lessons from Africa and Latina America*. Basingstoke: Macmillan, 2012.
- UNDP. (2016). Human Development Report, 2016. New York: UNDP.
- Rob Vos (1987), *Industrialización, Empleo y Necesidades Básicas en el Ecuador*. Quito: Corporación Editora Nacional.
- University of Pennsylvania, PENN World Table, Version 9.0 <[www.ggdnc.net/pwt](http://www.ggdnc.net/pwt)>, Visited February 2018.
- Vallejo, María Cristina, Burbano, Rafael, Falconí, Fander and Larrea, Carlos. (2015) *Leaving oil underground in Ecuador: The Yasuní-ITT initiative from a multi-criteria perspective*, Ecological Economics, Volume 109, January 2015, Pages 175–185.
- World Bank (1984), *Ecuador, An Agenda for Recovery and Sustained Growth*, Washington D.C.: World Bank.





# **Ecuador: myths of “progressive” extractivism and technocracy**

## **(The flaws of redistributive health governance)**

*Jaime Breilh Paz y Miño*

### **Introduction**

The discourse of a good extractivism, which pays for the social expenditures, appears as a common characteristic of auto proclaimed “progressive” technocratic Latin American governments during the past two decades. The political leaders of these regimes exacerbated their progressiveness defining their administrations as “revolutionary” in contrast with what was repeatedly demonized as the dark era of neoliberalism.

This contradictory economic and political model can be characterized as a redistributive neo-productivism. A form of governance, which built its legitimacy by taking distance with the wave of open privatization and private investment centered neoliberal policies of the previous years and opening a two track governance strategy. In the first place, switching market-centered policies with a public investment State model, focused in aggressive public infrastructural development and administrative modernization policies; mainly in fields of social interest like education, health and transportation. And secondly, by retaining the social compensation systems of focalized bonus deliveries for the extremely poor, applied in previous populist and neoliberal regimes.

The financial cornerstone of this State centered rule was the fast growth of public income, mainly through negotiation of concessions and taxes with transnational corporations and big companies, mainly around the extraction of oil and mining natural resources, which in their turn

provided funds for the development of big public infrastructure projects and equipping in areas like public transportation, educational facilities and health services.

The bulk source of fresh public funds has been oil and metal mining, activities that imply very serious social and environmental consequences, under the dominant international cannons that are applied in all the more lucrative negotiations. So it was under this excessively pragmatic mode of public policy financing and the urgent political need of funds for social investment, that the ghost of extractivism showed its darkest face. The progressiveness of governments that had initially taken sides with environmental justice and ecosystems protection, was diluted through the face saving rhetoric of a supposedly “good extractivism”. The intent to justify it by a discourse of minimal negative impacts became the sad face of claudication.

Then, not only did governments go over the constitutional norms that many of them had previously help build in response to neoliberal carelessness, but their executive and legislative arms participated in the regressive move of developing technically biased mechanisms of environmental certification and permission, that concealed the magnitude and nature of the imminent hazards of the proposed extraction projects. A discourse was consciously or subconsciously developed by the technical cadres for minimizing the image of destructive and socially regressive conditions of big scale mining and agribusiness and disguising the social and health hazards that these those developments entail.

From an epidemiological perspective Social wellbeing standards and the health state of the population constitute important evidences when evaluating the overall impact and effectiveness of public policy and governmental strategies. they are true thermometers of the degree of healthiness and wellbeing obtained by successful social policies. Conventional reports based on mere irresponsible socio economic development projects concentrate on macro economical average indicators of economic growth and bulk data on social investment, but they can easily oversee the very negative and regressive implications of the sort of contradictory investment that we have described, so it is important to take a careful in depth look at health

A critical scrutiny and understanding of health conditions in any period of a society being evaluated, is not only important so show if straightforward positive health effects are being attained –in this case the effects and goodness of socially oriented public revenues derived from extractivist practices-, but also to understand the degree of public health progressiveness that the model make possible, beyond the rhetorical recognition of mother natures’ and peoples’ health rights.

So in order to contribute to the evaluation of the wellbeing and health conditions generated during the extractivist period in Latin America, and to examine some of the flaws of redistributive governance, we have chosen to examine the health accomplishments of Ecuador’s “citizens revolution” government from 2006 to 2015. Not only that by doing so fit in the thematic of the present compilation, but because the Ecuadorian case provides the combination of fast growing extractivism and at the same time important expansion of public investment in health and public services.

It is however important to highlight that one important limitation of this exploratory assay is the limiting structure and depth of the available health information. Conventional health state reports, as is the case of Ecuador, limit themselves to the fragmented, decontextualized and up-rooted description of broad average morbidity and mortality rates, nutritional indexes, and indicators of health services provision and access, as if those empirical facts would have a self explanatory nature. While offering a disintegrated presentation of certain variables and their empirical indicators on national, regional or local basis, they do not provide an integrated description of the social conditions to which they are inextricably connected, and therefore it is very difficult to explain their presence, magnitude and severity in the determining conditioning of preponderant contextual processes.

To overcome that limitation and critically analyze the relation of health conditions to the neo productivist governance, we recur to by restating the epidemiological conditions and and demonstrate the we begin have tried to Our empirical evidences should be built so that we are able to rightly interpret the socio political roots of our present health conditions and problems, and must guide us in understanding the economic, political and cultural processes that shape the social determination of health.

One important conclusion of our reflections is that the contemporary case of the past Ecuadorian government, especially during the oil prices boom (2006-2014), depicts the deleterious logic of extractivism, and demonstrates the limited effectiveness of a type of public health investment, which is mainly circumscribed to individual curative actions and provision of conventional individual health care services through hospitals and other health units.

Under the premise that health levels are a sound indicator of the success of social policies, health coverage indexes and morbidity/mortality rates reduction are considered the gold standard for weighing the effect of such governance. Therefore, national state of health evaluations often limit themselves to the analysis of programs and services provision indicators and classical epidemiological tracers.

While conventional reports of that sort provide information on national, regional or local trends of empirical health phenomena, they do not allow us to explain the socio epidemiological determination of the state of health. Our empirical evidences should be built so that we are able to rightly interpret the socio political roots of our present health conditions and problems, and must guide us in understanding the economic, political and cultural processes that shape the social determination of health.

In order to evaluate the expected effects on the health of the population, our analysis went beyond the empirical reductionist methodology of conventional epidemiology, which operates through description of isolated evidences, merely describing them and their external connections.

To overcome the empirical evaluation of health conditions we have to insert and interpret health data of related to the affections and psychobiological characteristics in their social context, link connect data built about important variables which restricts description to health phenomena or expression that constitute the peak of the iceberg peal of the ice do not allow us to apprehend the real, integral, collective health condition, we have analyzed data in their historical context, deciphering the social

In order to fulfill this commitment

## The contradictions of “progressive” extractivism

The concept and practice of extractivism appear in countries with abundance of valuable natural resources. It applies to a form of governance that subsumes the logic of the State, which is negotiated and financed by powerful international corporations. It entails aggressive investment in extraction of exportable, non renewable, goods. Through oil and mining concessions or similar mechanisms it a preferred form of capital accumulation acceleration that operates and accelerated appropriation / concentration of life goods (land, water, genome and in general of the biota).

Countries get trapped in a perverse logic which converts their abundance in a paradoxical impoverishment.

The main argument of a “good extractivism” that supports the construction of equity through social investment and a redistributive process –without undermining the principles of progressive development–, has been subject to profound national and international scrutiny and questioning. There is a wide range of criticisms. Some focus in the different pathways for the expropriation of resources, the loss of autonomy and destructiveness (Acosta 2011).<sup>1</sup> Other highlight the operation of loans which intertwine a a gain-loss scheme: from the side of the receptor heavy public debt building and from the side of the donor an aggressive blow to win diplomatic allies, invest its funds, promote its currency and secure much-needed natural resources (Krauss and Bradsher 2015).<sup>2</sup> Others map the oil concessions in sensitive territories and foresee a major ecologic disaster (Foucart, Holzinger, Malécot & Patricolo 2015).<sup>3</sup> Some researchers have demonstrated through rigorous field research the slow, unstable and now critical nature of oil industry, with its recurrent cri-

1. Acosta, A. (2017). *Maldiciones, herejías y otros milagros de la economía extractivista* (2011) (1a. ed., pp. 341-78). Quito: Abya Yala.
2. Krauss, C., & Bradsher, K. (2015, julio). China's Global Ambitions, With Loans and Strings Attached. *The New York Times*.
3. Foucart, S., Holzinger, F., Malécot, V., & Patricolo, C. (2015). Dilemme pétrolier en Equateur. *Le Monde*, Samedi Juillet 4, p. 7.

ses - especially since 2013, when there was an abrupt 60% drop in value. They explain the vulnerability of an economy with limited diversification, whose benefits are concentrated and do not solve the poverty and social inequity indexes. They describe the forest devastation, the affected communities and the minimum institutional development that the model implies. They question the anthropocentric vision of a blind economic system in the face of social and environmental rights and demands (Larrea *et al.* 2017).<sup>4</sup> Later studies have penetrated in the periodization megamining projects in Ecuador and the shifting strategies used by junior corporations from 2001 to 2007 basically dedicated to exploration, whose profit depends mainly on financial speculation in the stock exchange market, around territories of low concentration of precious metals, operating through asset valorization of projects of massive, highly destructive material intensive extraction (Sacher 2018).

Nevertheless during the blossoming years of oil extraction and rising mining investment, the planning voice of government repeatedly argued in a triumphal tone the consistent success of productivism and defined those years as a “gained decade” (SENPLADES 2017).<sup>5</sup>

The advent of a new government last year (August 24th, 2017) raised a wave of cautious hope in the country but at the same time intensified the interpretative dispute. One recent analysis profiles this period’s complexity, stating the potentialities of the new political moment, but at the same time cautioning about the vulnerable scenario that faces any reasonable, well informed and consistently democratic option to be built (Acosta Cajas-Guijarro 2018). Qualifying optimist positions in this new political cycle of economy the analysts demonstrate that in the declining productivist years from 2014 to 2017, there was a clear contraction of production, investment, employment, labor time and its value. At the same time the disturbing growth of fiscal deficit as percentage of GDP, of an important fall of the international reserve and a four fold increment

4. Larrea, Carlos. *¿Está agotado el periodo petrolero en Ecuador? Alternativas hacia una sociedad más sustentable y equitativa: un estudio multi-criterio*. Quito: Universidad Adina Simón Bolívar; Ediciones La Tierra; UASB-E, 2017.
5. SENPLADES. Informe a la Nación 2007-2017. Quito: Publicaciones de la Secretaría Nacional de Planificación y Desarrollo, 2017.

of public debt. This preoccupying mortgage forced upon the country’s economical future, not only reaffirms the abounding criticisms we are portraying but also becomes hurtful when the data confirm that not even basic social equity gains were obtained. Indicators as the Gini income concentration index and the percentage of poverty appear stagnated. And even some crucial social equity indicators like the land concentration index was incremented during the years considered in the analysis.<sup>6</sup>

So these are the social historical circumstances that demanded us to look at what happened to the population’s health in the period an urged us to explore the readings of the epidemiological thermometer of real human development during the neo-productivist years.

## **Collective health: indispensable conceptual precisions and hypothesis**

In the academic and institutional field of public health there is currently a dissent among those who approach health from a functional empirical paradigm, which assumes a reductionist and linear logic that considers it as a fundamentally individual problem caused by the so-called “risk factors”, and, on the other side, those who sustain an integral critical paradigm that explains the generation and distribution of health problems through the theory of social determination of health.<sup>7</sup>

The application of the empirical-analytical logic to the “diagnoses of the health situation” emphasizes the systematization –even rigorous– of epidemiological and environmental evidences, but fragmenting them in a factor system, converting health into an array of fragmented variables, that the researcher associated by a formal mathematical model. A vision that works on the “peak of the iceberg”, flattening reality to the phenomenal, with evidences only formally connected, but lacking a structural explanation. This model of Cartesian foundation, reifies collective health

6. Acosta, A., & Cajas-Guijarro, J. (2018, enero 12). El proyecto económico del gobierno de Lenín Moreno (De una política sin rumbo a una propuesta alternativa).

7. The social determination of health theory, propossed and amply discussed by Latin American authors (explicada por autores de la salud colectiva o medicina social latinoamericana).

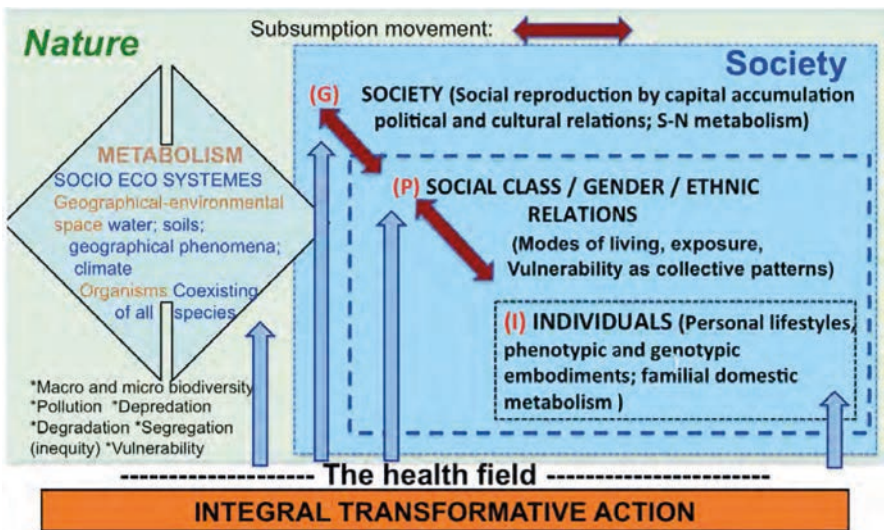


understanding as the statistical summation of individual events and associated factors.

If one is dealing, as is the case of this essay, with the assessment of collective health in the productivist era, the Cartesian model would reduce it to the statistical systematization of indicators and, at best, the correlation of those fragmented pieces with some isolated “risk factors.”

In contrast, to evaluate the health situation from the paradigm of complex thinking and social determination, we assume it as a multidimensional process where what happens with human health in the individual domain and the social (collective) are not related only externally. Instead of looking at social “factors” as external to the human and environmental biological impacts, their intimate connection is established, mediated by a process that is not just external contact but the subsumption of the biological in the social, that is, the concatenation narrow social life with what happens in our bodies, in the physiological processes of the phenotype and the genotype reaction norms. In this way, it is understood that

Figure 1. **Integrating Health model ( Complex critical reasoning)**  
**Social Deetermination social DS (multidimensional)**  
G: general / P: particular / I: individual



phenomena such as morbidity and mortality in the case of human beings and the condition of the ecosystems of the affected nature must be explained within the framework of collective ways of life, and these in turn they must be analyzed within the broader framework of the social movement that is established in the general domains of society and particular of the economic, cultural groups of said society.

Critical epidemiology inserts the understanding of the impacts on human and environmental health in the movement in the social reproduction of each society that takes place under typical forms of relationship with nature, in the form of a metabolism. Said movement of social reproduction is concomitantly a conscious process of creation of culture, forms of organization, and power relations, as well as the construction of relationships with nature itself, of which human beings are part. The conceptual map of figure 3 summarizes the spaces, dimensions and relationships that participate in social determination that redefine the scope and essence of health (Breilh 2003, 2017).

If we are going to analyze and evaluate the health of the Ecuadorian society of the productivist period, for example, we must not disconnect the phenomena that are expressed in individuals –such as morbidity and mortality– or from local territories, from the processes of the dimension Social. When in a social space the logic of the general processes (G; macro), the particular processes of the typical groups’ living modes (meso) and the individual processes of the lifestyle in the individual order (micro) fulfill the conditions that we have called the 4 “S’s” of life (i.e sustainable, sovereign, solidarity and biosecure) then are healthy spaces and processes, otherwise they are unhealthy spaces and processes, which are evidenced in epidemiological indicators (Breilh 2015 ). See Figure 1.

From this perspective, the “hypothesis” of this work emerges:

Even though conventional curative public health installations and professional resources were expanded and modernized since 2006, the potential favorable impact of this policy was masked and counteracted by the proliferation of unhealthy processes under conditions imposed by productivism, this is why there was no consistent improvement of health indicators in the period. The resulting unhealthy modes of living counteract the favorable effect of expanded health services. Since health impacts data cannot be statistically linked to social determination data it is practically impossible to discriminate the net effect of health care services.

## Raising health investment and stagnation in the Productivist Era

The financial administrative strengthening policies of the public health sector in Ecuador for the period 2006-2012 are evidenced in the investment budget items (accrued expenditure and advances). Thus according to the Ministry of Finance's figures, public investment was on the raise: in the health field it grew from 0.64 to 332 million US dollars; in education from 88.86 to 537.0 million. Likewise, investments in energy went from 3.8 to 912 million and road investments from 279 to 986 million.<sup>8</sup>

The political decision to consolidate public health as a priority is evident in the year-over-year growth of the budgets accrued in the sector that went from 775 million in 2006 to 2,829 million in 2012 and more than 3,294 million in 2013.<sup>9</sup> With the turn of the century, spending on health in Ecuador as a percentage of GDP increased notably from 2000 to 2012 and remained above 6% with discrete fluctuations.

As well as a rising tax collection, which doubled in the period, social investment per capita grew from 147 to 446 USD according to National Planning Office figures reported by the Ministry of Public Health.<sup>10</sup> At the same time, social indicators such as the basic salary showed a discreet growth to reach 329 USD. The redistributive trend was also manifested in the consolidation of housing bonuses which grew in 2010 from 263 to 14567 solutions.

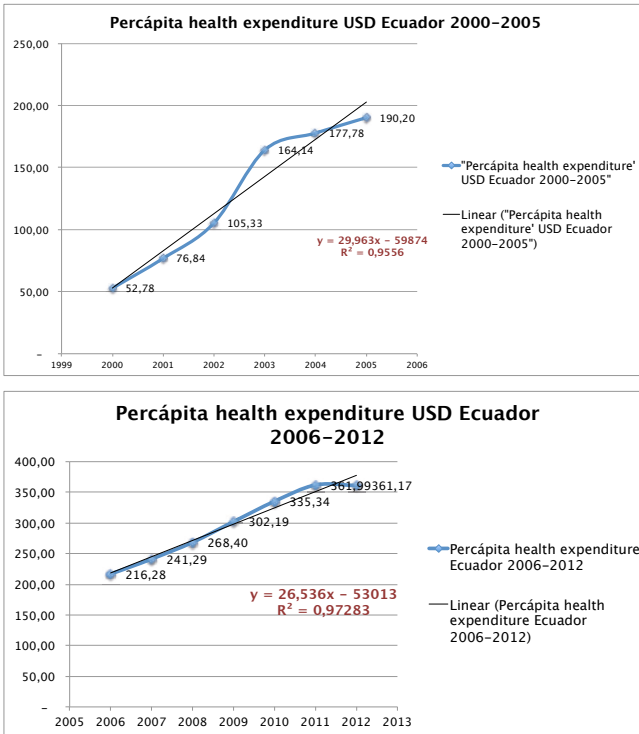
When comparing the trend of per capita public health expenditure in several countries of Latin America during the current century (2000-2012) according to World Bank data, Ecuador reports the highest percentage growth (584.33%) although in absolute terms the per capita assigned in 2012 is barely 361,17 USD; much higher than in previous years, but much lower than Uruguay (1313.44 USD) or Chile (1103.36 USD), Argentina (995.18 USD) or even Colombia (529.82 USD). If we com-

8. Secretaría de Planificación y Desarrollo–Informe Ministerio de Finanzas al 21 de Diciembre de 2011.

9. Presupuestos institucionales devengados y Resol.CD.441(2000-2013), MCPE (PIB 2013 estimado), INEC (Proyecciones Población) MSP–CGDE–DES.

10. MSP. El Plan Nacional del Buen Vivir, determinación social de la salud y la gestión pública. Quito: Informe de la Ministra, 20 de noviembre del 2013.

**Figure 2. Gasto per cápita en salud. USD actuales**  
 Diferencia de crecimiento no significativa. Prueba  $t = 1.76056$ ; valor  $p = 0.112$



Fuente: Estadísticas de Recursos y Actividades de Salud 2003-2012. INEC. Disponible en <http://www.ecuadorencifras.gob.ec/actividades-y-recursos-de-salud/> (tabulados). Elaboración: J.Breilh.

pare the figures between two political sub-periods 2000-2005 and 2006-2012, we find that although an absolute increase in both phases persisted year after year, the rhythm was greater in the first (260.38%) than in the 2006-2012 phase (66.99%) (Figure 2).<sup>11</sup> Tendency similar to that which occurred in the national public social security system. In general, despite the imperfections and shortcomings in accessibility, or compliance with the free medicines policy, it is evident that a significant expansion of conventional coverage was achieved.

11. MSP, CGDES-DES.. Cuadro elaborado sobre cifras del Banco Mundial 2000-2012.

The recovery of public services quality provoked a remarkable increase in patient demand. The number of attended patients rose from 16.2 million in 2006 to 40.3 million in 2012. Similarly hospital discharges rose 26.30% from 1999 to 2005 and 33.97% from 2006 to 2012. In 2012, 72.98% of treated cases were public (843205) and 27.07% (313032) were private.<sup>12</sup> The rate of expenditures was higher in provinces with stronger entrepreneurial development.

Availability of medical doctors per thousand inhabitants, also experienced a significant increase of 10.62% in the 2007-2012 period. The most recent report registers 1.71 doctors x 1000. Although these figures indicate an important raise in public medical employment, the country has not achieved levels of coverage such as that of Uruguay (3.7 x 1000) (Figure 3).

The political will to improve the basic living standards of the poor was framed in a set of social investment policies based on public social spending and a subsidy-based program to palliate inequality. Initially from 2007 to about 2013 some discrete redistribution was evidenced in a modest reduction of national income concentration, the % of population empirically defined as poor, and the land tenure concentration, but even the trend of those basic indicators was reversed from 2014 to the present.<sup>13</sup> Table 1.

**Table 1. Stagnation of basic living standard indicators for the poor (Ecuador)**

Basic wellness indicator	Period: years 2007 - 2017		
	Initial year	Middle year	End of period
Income Gini index	0.551 (2007)	0.47 (2011)	0.46 (2017)
Poverty % of population	36.7 (2007)	22.5 (2014)	23.1 (2017)
Land concentration Gini Index	0.78 (2007)	0.77 (2013)	0.8 (2016)

Source: A. Acosta and J. Cajas-Guijarro, 2017 (Based on: BCE; INEC; Supercias).

12. INEC. Egresos hospitalarios, 2012.

13. SENPLADES. Estudio citado en MSP. El Plan Nacional del Buen Vivir, determinación social de la salud y la gestión pública. Quito: Informe de la Ministra, 20 de noviembre del 2013.

On the other hand to ponder how much this public policy model has contributed to improving health, and given the limited space in this paper, we summarize some important findings, on health disorders that tend to become widespread in contexts of an accelerated economy with increasing levels of wealth concentration and social exclusion which yield ever growing cases that end up in hospitals. The increase of morbidity prevalence rates, of an increasingly complex and expensive to treat pathologies, exerted increasing pressure on public health care services. Lets illustrate these phenomena.

### Stagnation of infant and maternal mortality

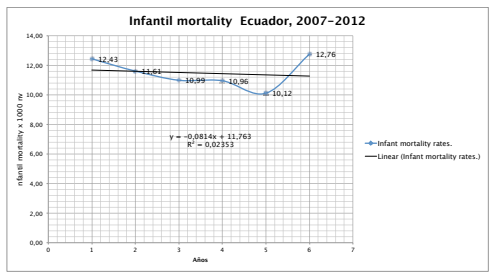
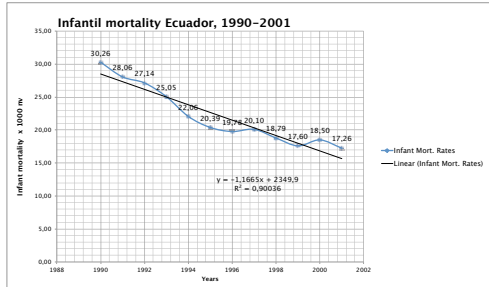
These epidemiological rates are adequate tracers for evaluating the state of health because they are sensitive –although non-specific– indicators of basic social and service infrastructure development.

We analyzed the time series of infant and maternal mortality from 1990 to 2012, subdividing them in: *a) a neoliberal modernization period* (1990-2001); *b) a crisis of neoliberal hegemony and transition period* (2002-2006); and *c) the neo-productivist period with redistributive governance, that we are evaluating* (2007-2012). When comparing the linear regression slopes of infant IM of the three sub-periods, we observe a non significant ( $p= 0.15$ ) difference in the decline of mortality between the neoliberal and the neo-productivist subperiods. That is to say, the very modest improvement of these socially sensitive mortality rates, does not withstand the argument of a profound “health revolution” that the official discourse disseminates. Our infant mortality rates are still much higher than those of countries in the region with consistent development of basic living conditions and health infrastructure Conversely, one can speculate that the public health system has been clearly inefficient, or that the ever growing accumulation and persistence of destructive unhealthy social processes counteract the potential effects of expanded infrastructure and professional resources made available (Figure 3).

The maternal mortality curve for the same periods yield similar findings. But in this case there is a very pronounced increase in the third sub-period, probably implying a higher percentage of detected cases, that in the

Figure 3. **Contraste tendencias de mortalidad infantil Ecuador**  
1990-2001 / 2007-2011. Diferencia de pendientes. P= 0.15

Infant mortality Ecuador 1990-2012			
PERIODS	Years	Rate x 1000nv	% Variation
"Neoliberal modernization (Tax reform; labor deregulation; State modernization law; Agrarian reform law)"	1990	30,26	<b>-42,70</b>
	1991	28,06	
	1992	27,14	
	1993	25,05	
	1994	22,06	
	1995	20,39	
	1996	19,78	
	1997	20,10	
	1998	18,79	
	1999	17,60	
Model crisis and transition	2000	18,50	<b>-18,96</b>
	2001	17,26	
	2002	16,45	
	2003	15,21	
	2004	15,50	
Redistributive governance	2005	14,71	<b>-18,60</b>
	2006	13,33	
	2007	12,43	
	2008	11,61	
	2009	10,99	
	2010	10,96	
	2011	10,12	
2012*	12,76		



\* Cambio sistema de registro.  
Fuente: INEC, Nciminetos y defunciones, 2012.  
Elaboración: J. Breilh

previous moments fell into underreporting, but which the health system could not solve.

When you break down the mortality rate contrasts to the provincial level and you compare those provinces characterized by higher entrepreneurial development, which include the bigger cities and accumulate slum informal population, in respect to those of less developed socio economic capitalist development, you find rate differences of 30 to 40%.<sup>14</sup>

14. Estratificación basada en el análisis censal por el sistema INSOC del autor.

## Growing malnutrition and the agrarian inequality model

The nutritional condition of any society depends much more on the productive, commercial and cultural processes of food systems, rather than on health care programs. Agricultural activity is a vital and defining process of planetary life and human health. It strongly determines both in rural productive areas as well as in urban consumer areas the real nutritional capacity of a society and the healthiness of its metabolism with nature. The quality of life and health depend deeply on agriculture. Agricultural practices define if land is fertilized in a sustainable way or not; it conditions how seeds are transformed and distributed. Agrarian trade determines the equitability and sovereignty of food distribution. Food biosecurity, which is the main indicator of the safeness and ethical fundament of agricultural practices is systematically deteriorated in dominant conventional agriculture. And finally, the type of agrarian model is also expressed in the degree of contamination, waste or generation of waste.

Agricultural extractivism has expanded its territorial presence in the historical period we are analyzing. Vast zones of conventional for export agribusiness are growing exponentially, through land concentration, water monopolization, intensive pesticide use and climate warming agriculture. Small and medium farm producers that feed the country are in retreat. Agroecological producers fight to survive under unfair market and policy conditions.

During a decade of agrarian productivism, nutritional health indicators have worsened. Obesity, is on the raise (ENSANUT 2012)<sup>15</sup> and under nourishment is stagnated; there are worrisome signals of growing

15. Freire, WB., Ramírez-Luzuriaga, MJ., Belmont, P., Mendieta, MJ., Silva-Jaramillo, MK., Romero, N., Sáenz, K., Piñeiros, P., Gómez, LF., Monge, R. (2014). Tomo I: Encuesta Nacional de Salud y Nutrición de la población ecuatoriana de cero a 59 años. ENSANUT-ECU 2012. Ministerio de Salud Pública/Instituto Nacional de Estadísticas y Censos. Quito-Ecuador.



multiple food contamination (Curillo 2015)<sup>16</sup> that even affects breast milk (Breilh J & Felicita O 2017).<sup>17</sup>

Progressive extractivism is a clear demonstration of the flaws of redistributive health governance. It has not only drained our valuable productive resources but also the faith of our people in the discourse of the deviant left.

16. Curillo, Sofia. 2015. *Dávila Análisis de residuos de plaguicidas químicos en alimentos de consumo humano con la metodología de laboratorio ELISA*. Quito: Colegio de Ciencias e Ingenierías, Universidad San Francisco de Quito.
17. Breilh, J., Felicita, O. 2017. *Contaminación de la leche materna en madres de zona agrícola de la Sierra Norte de Ecuador. Avances del Proyecto de Soberanía y Bioseguridad Alimentaria*. Quito: Programa AndinaEcoSaludable-TEG3 de la UASB-E.

# Authoritarian Caudillismo and Social Movements in Ecuador<sup>1</sup> (2007-2017)

*Enrique Ayala Mora*

## **Purpose**

Social movements have had a special impact on Latin America in the past. They were the driving force behind the shift away from neo-liberalism. And they were also a key factor in the elections won by progressive governments of “soft-core socialism” or “twenty-first century socialism.”<sup>2</sup> It is important to stress that these victories were secured more because of the grassroots protests spilling into the streets for many years and the social conditions this resistance had created than because of the personal charisma of the leaders who won these elections.

These governments implemented policies for the redistribution of wealth and broadened public participation and the State’s role, while keeping certain neo-liberal features. At the start, social movements (workers, indigenous peoples, students, environmentalists, women, etc.) supported these regimes, albeit in some cases with a certain amount of wariness. Over time, however, they began to spearhead protests against these governments. In certain cases, this led to an outright declaration of war between social movements and the government. Although not widely known, Ecuador is without a doubt the clearest illustration of this clash.

1. This paper was presented at the Conference “The Andean Region Today: Political, International and Economic Challenges”, Latin American Centre, St. Antony’s College, University of Oxford, Oxford, UK, 5 to -6 May 2016, updated October 2017.
2. This appellation has been used widely, especially in the media, and it is often used in political and academic discussions.

That is why the present paper will focus on examining the conditions underlying the clash between Rafael Correa's administration, which came into office in January 2007, and the organizations of workers, informal workers, indigenous peoples, professionals, students, and defenders of the environment, human and women's rights, and sexual minorities.

It was said that in Ecuador, as in other countries whose governments were viewed as "radical", a "revolutionary" process was under way. But it is increasingly evident that the radicalness of Correa's administration lay more in his words than in his actions. He started out by advocating timid reforms but he did not tackle deep underlying problems, and he was increasingly more concerned about holding onto power than moving forward toward socialism. He led a strongman regime (*caudillismo*), where more and more cases of corruption are now being uncovered. It has been viewed as a "bogus revolution".<sup>3</sup>

The so-called Latin American "progressive" governments were able to win at the ballot box because of support from a variety of social organizations. In Ecuador, when these organizations turned to criticism, the government tried to coopt them and establish parallel organizations. It carried out actions aimed at fragmenting the organizations and brought back the old *clientelismo* (cronyism, pork barrel politics) and *caudillismo* (authoritarianism, strongman politics).<sup>4</sup> It even criminalized social protest. And that is why there was such a powerful reaction from trade unions and social organizations, which saw the danger in being manipulated and divided.

The purpose of the present paper is to point out several features and characteristics of the clash between Ecuador's social movements and President Correa's regime. To this end, I shall first set forth a few brief historical considerations and then review the regime that came into office in 2007. Finally, I shall focus on the mobilizations of the past few years.

3. Cf. Eduardo Ruilova Quezada, *Falsa revolución* (Quito: Editorial Gallo Rojo, 2012).

4. Carlos de la Torre Espinosa, *De Velasco a Correa: Insurrecciones, populismos y elecciones en Ecuador, 1944-2013* (Quito: Universidad Andina Simón Bolívar, Corporación Editora Nacional, 2015), 146.

## A Strong Track Record

Organized workers have held substantial social power throughout Ecuador's history. Craftsmen's guilds were leading players in colonial society and continued to be highly influential in the society of the Republic in the nineteenth century.<sup>5</sup> In the early twentieth century, craftsmen's organizations were re-activated and modern trade unions for workers and labourers emerged and fought to have their grievances addressed, such as the right to strike, the eight-hour workday, social security coverage, among others.

In response to the cacao production and export crisis in the nineteen twenties, workers organizations became stronger and called for their rights to be respected. They were aware that they had to take a stand regarding the national situation, because they were the main victims of the lengthy recession. The movement became increasingly involved in anti-establishment politics. In November 1922, in the city of Guayaquil, the power of organized grassroots movements became evident for the first time. But the government reacted violently. In this "baptism in blood", hundreds of persons peacefully participating in a protest march were massacred in Guayaquil.<sup>6</sup>

In the following years, labour organizations grew, driven by left-wing forces. In 1944, when democracy was being more widely promoted, the Ecuadorian Workers Confederation (Confederación de Trabajadores del Ecuador, CTE) was established, spearheaded by socialists and communists.<sup>7</sup> At the same time, the right-wing sector started promoting confessional-based organizations, which in 1938 came under the umbrella of the Ecuadorian Catholic Workers Confederation (Confederación Ecuatoriana de Obreros Católicos, CEDOC), and in the early sixties the Ecu-

5. Cf. Jaime Durán Barba, "Orígenes del movimiento obrero artesanal". In Enrique Ayala Mora (ed.), *Nueva Historia del Ecuador*, vol. 9, Época Republicana III: "Cacao, capitalismo y Revolución Liberal" (Quito: Corporación Editora Nacional/Grijalbo, 1988), 187.

6. Cf. Elías Muñoz Vicuña, *El 15 de Noviembre de 1922* (Guayaquil: Facultad de Economía de la Universidad de Guayaquil, 1983); INFOC, *El 15 de Noviembre de 1922* (Quito: Corporación Editora Nacional, 1983); Patricio Martínez Jaime, *Guayaquil Noviembre de 1922: política oligárquica e insurrección popular* (Quito: CEDIS, 1988).

7. Patricio Ycaza, *Historia del movimiento obrero ecuatoriano*, II (Quito: CEDIME-Ciudad, 1991), 127-134.

dorian Confederation of Free Trade Union Organizations (Confederación Ecuatoriana de Organizaciones Sindicales Libres, CEOSL) was established. These confederations grew but marched separately because of their ideological orientations.

In the sixties, trade union organizations became increasingly aware of the need to come together to fight for their rights and overcome their faith-based differences to establish the United Workers Front (Frente Unitario de los Trabajadores–FUT), which became the hub for calling for the redress of grievances from not only workers but also the people as a whole. It was able to bring together sectors of peasants, urban “pobladores”, and self-employed workers. It opposed the military dictatorship, which in 1977 ordered the massacre of dozens of workers who were on strike at the Aztra Sugar Mill. The “protest platforms” of the FUT not only included specific grievances, but also challenged State policies, which as of the eighties were dictated by neo-liberalism.<sup>8</sup>

In the nineties, the impact of FUT and labour organizations declined as a result of economic adjustment policies and the dismantling of the State. Organized indigenous movements, however, took the lead in the social protests and resistance against neo-liberalism. In the eighties, organizations such as the National Federation of Peasant Workers Organizations/National Federation of Peasant, Indigenous, and Black Organizations (Federación Nacional de Organizaciones Campesinas/Confederación Nacional de Organizaciones Campesinas, Indígenas y Negras, FENOC/FENOCIN), the Confederation of the Peoples of the Kichwa Nation of Ecuador (Confederación de Pueblos de la Nacionalidad Kichwa del Ecuador–ECUARUNARI), and the Confederation of Indigenous Nations of Ecuador’s Amazon Region (Confederación de Nacionalidades Indígenas de la Amazonía Ecuatoriana, CONFENIAE) had been consolidated. In 1986, the Confederation of Indigenous Nations of Ecuador (Confederación de Nacionalidades Indígenas del Ecuador, CONAIE) was established, and it became the hub for the social coalition and resistance to voice first-nation grievances and make proposals enshrining the needs of the country’s majority.

8. Cf. Jorge Dávila Loor, *El FUT: trayectoria y perspectivas* (Quito: Corporación Editora Nacional/CDS, 1995).

In 1999, the country's economy collapsed and eventually hit rock bottom when the banking system that had been growing years earlier fell apart.<sup>9</sup> Because of this situation, all social movements had to buckle under the adjustment measures taken by the government. And although they protested, the U.S. dollar was adopted as the economy's currency in 2000. FUT and workers organizations, along with CONAIE and indigenous organizations, spearheaded a series of resistance actions to counter government policies implemented at the turn of the twenty-first century.

Ecuador's social movement has become more diverse and complex in recent times. In the midst of major changes in society, as of the sixties, a national platform for greater diversity has gained traction in Ecuador.<sup>10</sup> In that context, since the last decades of the twentieth century, various movements have developed and have exerted a significant impact. Organizations that are calling for the broader participation of women and defending their rights have made progress in having their specific grievances addressed and have contributed new outlooks. Organizations for Afro-descendants and the *montubios* of the coastal region have been established. The growing concern for nature (the *Pacha Mama* of the Indian peoples, that is, Mother Earth) and for the fate of the planet have led many, especially young people, to promote various ecological organizations that have played a very active role in public life in recent years.<sup>11</sup> Promoters of the rights of sexual diversity have also made major advances.

## Twenty-First Century Socialism

Ecuador came to the 2006 elections after having repeatedly experienced frustration in drawing up platforms to break away from the past and "recast the country" using a different mould. There was widespread rejection of the political forces of the State that had prevailed in preceding decades and most people were determined to look for another economic

9. "The Banking Crisis that nearly destroyed Ecuador's Economy", telesurtv.net, March 8, 2016.

10. Enrique Ayala Mora, *Historia del Ecuador*, Época Republicana II, (Quito: Universidad Andina Simón Bolívar Sede Ecuador/Corporación Editora Nacional), 167.

11. *Ibid.*, 55

model, different from the one prevailing at the time. Víctor Granda explains this very accurately:

The electoral victory at the end of 2006 which brought Rafael Correa to power in January 2007 took place in circumstances that were very special for the country's history: burnout of traditional political forces; ideological and organizational fragmentation of social forces and alternative policies; a growing crisis and dissatisfaction with the speculative and rentier economic model imposed over the past few years by international financial bodies in association with national economic interest groups, along with the poverty, unemployment, and migration emerging in its wake; a substantial rise in revenues in the country as a result of the steep increase in international oil prices and a growing anti-imperialist consciousness among the population, as highlighted by the overwhelming rejection of the United States' attempt to mainstream both Ecuador and the other countries of the region into its economy for the benefit of its interests on the basis of Free Trade Agreements, and on top of all that, its military strategy in Colombia's conflict, aimed mainly at protecting its borders and the sources for its supply of natural resources.<sup>12</sup>

In the midst of this uncertainty for the future, Rafael Correa emerged as a candidate of the political movement and party *Alianza PAIS*. He had started out in politics as the Minister of Economy of President Alfredo Palacio's administration, after having been a university lecturer for several years. With a platform that challenged *partidocracia* (democracy ruled by political parties) and neo-liberalism, he managed to secure the support of various dissatisfied middle-class sectors and left-wing militants who had abandoned their political parties. He also secured the early support of the Socialist Party and various related grassroots organizations. His radical proposal against the prevailing political system brought him the overwhelming backing of the grassroots and he won the election.

Correa was not a simple "outsider." His victory was neither haphazard nor coincidental. He benefited from the conditions that were already there to impact the voters and he found that the time was right. He also gained much from the historical build-up of the struggles of left-wing sectors and social organizations, especially over the preceding three decades, against neo-liberal regimes. Although he did not acknowledge it, for his victory it was essential for him to ensure continuity with left-wing

12. Víctor Granda Aguilar, *Operación Explosión, La muerte de Guadalupe Larriva* [Operation Explosion: The Death of Guadalupe Larriva] (Quito: Casa de la Cultura Ecuatoriana, 2008), 43.

anti-capitalistic and anti-imperialist stances and to be supported by the socialists. His campaign platform, whose slogan was “citizen revolution,” pledged to dismantle the power of political parties by dissolving parliament and convening a Constitutional Convention that would draft a new Constitution to radically change the country. Giving priority to “nationalism” and “patriotism” was crucial.

Once at the helm of government, President Correa and some of his followers proposed the establishment of “twenty-first century socialism.” This proposal, according to Correa himself, had not yet been clearly drawn up: “we believe that, in the government, there is still much work to be done to streamline this notion, that of Twenty-First Century Socialism; it still needs to be packaged, to be given conceptual and theoretical cogency...”<sup>13</sup> It intended to create something different and which could be differentiated. But the proposal for “pensamiento propio” was not original. For years, Ecuadorian socialism had propounded its own thinking, both Ecuadorian and Latin American. Since its first manifesto, this key guideline had been set, and it was a defining element in its initial constitution.<sup>14</sup> The national and original nature of the Socialist Party had been repeatedly expounded for more than eighty years.<sup>15</sup>

Correa stated that his twenty-first century socialism was new, with some elements common to, as well as various differences from, “classical socialism.” When he attempted to define the nature of his socialist proposals, Correa emphasized that there were “many socialisms.”<sup>16</sup> One element that matched “classical socialism” was a “key feature and the huge difference from capitalism and, with the tragedy that Latin America has experienced over the past twenty years with neo-liberalism, it is the su-

13. Rafael Correa, President of the Republic of Ecuador, *El socialismo del siglo XXI* [Twenty-first Century Socialism], Educación Política, N. 1. s/f, 1.

14. Germán Rodas Chávez, *El Partido Socialista casa adentro, Aproximación a sus dos primeras décadas*, (Quito: Ediciones La Tierra, 2006), 29-35.

15. The 1987 Congress of the Ecuadorian Socialist Party (PSE), for example, stated the following: “Our party is building a socialism rooted in the country. It is an autonomous, Latin American, and anti-imperialist party. It is revolutionary, it is for a new society and a new State, where the work and participation of the people will be the foundations for power and the well-being of all Ecuadorians, changing structures and eliminating inequality and injustice.” Ecuadorian Socialist Party, *Declaración de principios*, Forty-first Congress of the PSE, Ibarra, 1987.

16. Correa, *El socialismo del siglo XXI*, 4-5.



premac y of human labour over capital. (...) What we have experienced is the total, absolute subservience of human labour to the needs of capital accumulation, albeit under a variety of labels..."<sup>17</sup> Another matching element is "collective action for development." The importance of the market is incontrovertible, "but that does not exclude the importance of collective action. The importance of reaching an agreement to dominate that market."<sup>18</sup>

With very little precision, Correa spoke of instating a "new economy that offsets the creation of use values and exclusively the creation of exchange values, that is, things that have a price attached to them." He stressed that "another key aspect of twentieth-first century socialism that matches classical socialism is the emphasis on social justice."<sup>19</sup> But apart from underscoring that Latin America is the "most inequitable region in the world," the concept remained unclear and no specific proposal was drawn up.

Furthermore, the President highlighted many differences with "classical socialism." He said: "Dialectical materialism, one of the pillars underpinning this ideology, has been superseded, that is, the class struggle and violent change are unsustainable in the twenty-first century."<sup>20</sup> On various occasions, he indicated: "We cannot eliminate private property and instead of that, we place our bets on democratizing the means of production, without discounting the possibility that the State can be the owner of key sectors, as well as alternative forms of ownership."<sup>21</sup> Correa contended that the socialist tradition was unable to go beyond its single-minded notion of development. One of his proposals was: "Twentieth-first century socialism, radically participating in democracy, has the big challenge of providing a new notion of development, aimed at living well, not living better, for which purpose matters such as gender, regional or ethnic equity, in addition to harmony with nature, have to be in-

17. *Ibid.*, 8.

18. *Ibid.*, 9-10.

19. *Ibid.*, 13.

20. Taken from the web page <[www.presidencia.gov.ec](http://www.presidencia.gov.ec)> by Víctor Granda in his book *Manuel Agustín Aguirre y el socialismo de hoy* (Quito: Ediciones La Tierra, 2008), 21.

21. Correa, *El socialismo del siglo XXI* [Twenty-first Century Socialism], 23.

corporated.<sup>22</sup> It involves implementing the *buen vivir*, or *sumak kawsay* in Kichwa.

Correa proposed restoring his country's own roots as one of his driving ideas. One of his theses was to restore Ecuador's dignity and national sovereignty. "To get our country back," an old banner of Ecuador's socialist tradition, was one of his slogans when he was campaigning. He also stressed the need to promote South American and Latin American integration that was "different" from what neo-liberalism had tried to impose.

## The Correa Administration

The beginnings of Correa's administration coincided with an unprecedented hike in international oil prices. This provided huge revenues to the State, leading to an economic boom that Ecuador had never before experienced. In this administration, the State's share in oil revenues rose considerably. Large infrastructure projects were built. But there was no major social change. The "revolution" did not go beyond verbal attacks against the oligarchy. The country's most powerful economic groups were pillars of the Correa government. It was said, for instance, that he would restrict bank earnings, but with Correa never before had banks made so much money.

Over ten years of government, Correa's rhetoric and practices changed. After his second re-election in 2013, the "citizen revolution" no longer mentioned "twenty-first century socialism." There were no structural transformations.<sup>23</sup> The proposal for the *buen vivir*, or *sumak kawsay*, was drained of all of its contents and transformed into a bureaucratic requirement. The idea of *patria* (homeland) was increasingly identified with the person of Correa himself and his associates. He continued to speak of "revolution" but in the administration there were increasingly fewer progressive people and larger numbers of associates from previous right-wing governments or dissidents of populism.

22. *Ibid.*, 21.

23. Alberto Acosta, "El correísmo, un nuevo modelo de dominación burguesa" In various authors, *El correísmo al desnudo* (Quito: Arcoiris Producción Gráfica, 2013), 9.

The changes made by the *Alianza PAIS* government were confined to the realm of the State, and there was no proposal to carry out any social transformation that might stir up powerful resistance from economic interest groups and that would require the very active endorsement of social movements and other organized sectors. There was “economic growth without any significant structural change”.<sup>24</sup> The government’s agrarian policy did not attempt even the slightest reform. No urban reform that would tackle the accumulation of property and the privatized use of public services was proposed. Policies on natural resource development had an extractive approach and promoted the presence of predatory international capital, while endangering the indigenous peoples of the Amazon region.<sup>25</sup>

Contrary to its rhetoric, Correa’s administration opted for modernizing capitalism. To this end, of course, tangible projects were required. But just building bridges and highways does not mean development. It is equivalent to mere growth when it is decoupled from effective social change. As observed by Mario Unda: “Resorting to progressive, even ‘revolutionary’ language is basically confined to times of stress and election campaigns.”

On the contrary, he was only able to materialize his claim by scurrying back to the right-wing sector and relying on the most conservative and retrograde elements of social awareness: scorn for independent social organizations, rejecting mobilization and protests, denying the decision-making component of participation, yielding to right-wing discourses about insecurity and violence, and celebrating the use of espionage and repression to both deal with crime and keep labour and social protest in check... In short, it’s been quite some time now that Correa and his followers have only been able to come up with conservative statements.<sup>26</sup>

If an attempt is made to define the government’s ruling feature, then it is clear: its purpose was to ensure modernization in order to prop up the system. And to do that it built public works. The government of “twenty-

24. Francisco Muñoz Jaramillo (ed.), *Balance crítico del gobierno de Rafael Correa*, (Quito: Universidad Central del Ecuador, 2014.), 426.

25. Esperanza Martínez, “Las políticas minero/petroleras de la revolución ciudadana: incumplimiento, desvío, avocamiento y coacción”. In various authors, *El correísmo al desnudo*, 173.

26. Mario Unda, “Modernización del capitalismo y reforma del Estado”, *Ibid.*, 37.

first century socialism” focused on adapting the country for twenty-first century capitalism.

## **Reform, Co-Option and Criminalization**

The Correa government backtracked on its proposals for reform and used the “citizen revolution” merely as an advertising jingle, while focusing on the task of modernizing capitalism. This was bad for social movements and the majority of the people. Some features of the regime that appeared from the very beginning became even more marked over the past few years: power concentrated in the hands of the executive branch of government, restrictions on civil liberties, attacks against organizations, criminalization of social protest, aggression against the environment, and overproduction of natural resources; in general, an attempt to impose state control over society along with unbridled corruption and impunity. To this must be added the inadequate management of the economic crisis, whose existence the government did not accept, and the instalment of a system of institutionalised corruption at the highest levels of government.<sup>27</sup>

A structural feature of Correa’s government was the tendency to curb civil liberties, against the grain of many of the country’s democratic traditions and even against the mandates of the Constitution. This tendency was evident above all in the State’s interference with the media and its breach of the right to freedom of expression.<sup>28</sup> It did not involve the government’s clash with mainstream media, which are fighting for their interests, but rather something far more serious: a general and constant situation that must be viewed as a national issue. In addition to the sustained attempt to control big media, there was pressure exerted by government institutions on journalists, small newspapers and radio stations, the

27. Jorge Rodríguez Torres “Dinero, poder y corrupción en la década ganada”, Comisión Nacional Anticorrupción, *Corrupción en la Década Encubierta* (Quito: Imprenta Don Bosco, 2017), 180.

28. César Montufar, *Las reglas del silencio, Análisis de la Ley Orgánica de Comunicación del Ecuador*, Quito, 13 ediciones, 2013, 63.

massive intervention of government-paid trolls on social networks, the repression of grassroots marches and protests by ordinary people.

To secure the State's control role, the government carried out reforms ranging from constitutional statutes and trade union reforms aimed at limiting the right to organize to the establishment of bureaucratic mechanisms for co-option. Trade unions, especially in the public sector, were restricted; the scope of action of trade unions and workers organizations was reduced and placed under governmental control; fragmentation of trade union federations was promoted, to such an extent that ten years ago there were five federations and now there are eight.<sup>29</sup>

Similar situations occurred in the indigenous movement. One ongoing practice was the government's way of co-opting indigenous organizations. Another was using State institutions and legal proceedings to promote or widen fragmentation. But the most dangerous of actions was the persistent trend to dissolve the community grassroots of the organizations using direct action by the State. The purpose was to undermine to the utmost the "community" as a collective body in order to insert their members as individual "citizens" into the crony network of Correa's administration.

The government interfered in civil society organizations, such as NGOs, centres, clubs, and associations, which were targeted by a presidential decree instructing that all aspects of their internal functioning should be subject to government monitoring. There were special instructions against human rights NGOs, whose activities were obstructed and monitored to the utmost, leading even to the disappearance of several legally established entities. Several activities of professional associations were removed. In certain cases, associations, such as the national association of physicians, adopted a very firm stance against the government.

To promote "civic participation", a kind of cronyism typical of old right-wing strongman (*caudillo*) regimes was installed, even if it actually fostered fragmentation and undermined social organizations. But the

29. The most frequent mechanism to do this was the government's recognition of dissident groups emerging from internal conflicts. Legal status was granted to these factions as long as they supported government policies and the actions taken by the government's ruling political party *Alianza PAIS*.

government's worst action was the criminalization of social protest. The 2011 human rights report stated: "Criminal justice continues to be used as mechanism to criminalize social protest and public opinion: 204 leaders defending human rights and the rights of nature, most of them indigenous persons, were tried for sabotage and terrorism; there were 10 cases of persecution and criminalization against 48 trade union leaders; and 20 proceedings were brought against journalists."<sup>30</sup> The government denied this, but it was ascertained that the figures were even higher than those reported above.<sup>31</sup>

Using the judiciary to harass social leaders was a permanent practice which led to the criminalization of protest. Activists who were against oil exploitation in Yasuní were persecuted, although these extractive activities are fostering irreversible damage to the environment and affecting Amazon indigenous peoples.<sup>32</sup> In Saraguro and Zamora, indigenous and mestizo people were victims of violence, harassment, and illegal entries and searches of their homes. A teacher accused of having urged her pupils to go out and demonstrate in the streets was sentenced to eight years prison. Students who protested against the situation of schools were expelled and transferred to other schools. Many other examples could be provided.

All of this was possible because the government absorbed all the State "powers", eliminating the autonomy of the branches of government. That was the so-called *presidencialismo*.<sup>33</sup> The majority in the National Assembly passed all the bills sent by the President of the Republic. Judges were under pressure from the government. The judiciary had no autonomy. And amendments to the Criminal Code worsened the situation. The Constitutional Court was an unwavering linchpin of the regime. It passed

30. Andean Human Rights Program [Programa Andino de Derechos Humanos-PADH], *Informe sobre derechos humanos, Ecuador 2011 [Human Rights Report, Ecuador 2011]* (Quito: Universidad Andina Simón Bolívar, Sede Ecuador, 2012).

31. In the midst of a very intense public controversy, the government attacked the university, especially the PADH, but it was possible to ascertain that the report's contents were accurate.

32. Esperanza Martínez et al., *Yasuní, el crudo despertar de un sueño, Informe especial de la situación ambiental y social del Yasuni/ITT, Amazonía por la vida [Yasuní, Rude Awakening from a Dream: Special Report on the Environmental and Social Situation of Yasuni/ITT], Amazonía por la vida, Quito, 2012.*

33. Enrique Ayala Mora, *¿Por qué la Asamblea Constituyente? Derrotar al autoritarismo con un gran Acuerdo Nacional* (Quito: Ediciones La Tierra, third ed., 2015), 25.

judgments that criminalized dissidence and dismissed appeals made by those complaining about government actions.

The excessive growth of the State's bureaucracy became a problem. "In a situation where there was an unprecedented rise in oil prices, the treasury received huge amounts of public revenues. The government used them to make public investments, to increase allowances and subsidies, to create new bureaucratic bodies."<sup>34</sup> After neo-liberal cutbacks and privatization, enlarging the public sector was a positive step, but the growth was excessive.

This disproportionate growth jeopardized the stability of career civil servants who were induced to resign from their jobs to consolidate a bureaucracy aligned with Correa. There were repeated complaints by organizations which refused to be co-opted by the Correa administration. The situations triggered by the uncontrolled rise in public bidding, fostered widespread corruption, which was reported but not investigated, even in those cases where the President of the Republic and his relatives were implicated.<sup>35</sup> The same occurred with other high-ranking officials. After a report about his involvement in activities reported in the Panama Papers, the Attorney General dismissed the investigation in a matter of hours. Vice-President Jorge Glas, some of his associates and relatives are involved in the corruption activities of Odebrecht, the huge Brazilian conglomerate.

## **Social Movements and Authoritarian *Caudillismo***

In the 2006 election, Correa's candidacy was endorsed by the majority of social organizations. But, after the government came into office, the first moments of tension with their leaders emerged because the president was unwilling to establish ties with the organizations on the basis of their own structures. His intention was to mainstream them into the po-

34. Enrique Ayala Mora, "Ecuador en el socialismo del siglo XXI" [Ecuador in Twenty-First Century Socialism] (working text for the United Workers Front), 2015, 7-8.

35. Juan Carlos Calderón and Christian Zurita, *El gran hermano: historia de una simulación* [Big Brother: History of a Simulation] (Quito: Ediciones Paradiso, 2010).

litical cronyism or *caudillismo* of *Alianza PAIS* and its electoral apparatus, without respecting their organizations. As in all strongman regimes (*caudillismo*), a direct rapport with the masses was established. To do this, Correa implemented a policy aimed at co-opting and fragmenting the organizations, as we have already indicated.

The new Constitution (2008) undermined workers organizations, especially in the public sector, and restricted some of the achievements made by indigenous groups. In the following years, labour reforms were undertaken, as well as various changes to core aspects of the agrarian sector. The universities were deprived of their autonomy.<sup>36</sup> In all cases, the basic trend was to centralize decision-making in the State, very concretely in the Office of the President of the Republic, and to get rid of the influence of labour, indigenous, teacher, and student organizations.

The government announced that it would submit a new Labour Code to the National Assembly and mentioned the reforms it was proposing. The trade unions warned that the government intended not to “modernize” social relations but to reverse the achievements that had been upheld for decades and to undermine the rights of workers.<sup>37</sup> Several of the reforms involved positive innovations but the government’s basic intention to “modernize” labour-management relations set the conditions for consolidating capitalism rather than moving toward socialism.

Since then, the trade unions have indicated that, in many aspects, the proposed legislation is aimed at getting rid of workers organizations. In addition, they have stated that, in the planned overhaul of the country’s output structure (*cambio de la matriz productiva*) it was discovered that, instead of breaking away from big business and implementing major progressive transformations, it involved an effort to modernize the social and economic structure so as to adapt the country to the realities of capitalism in this new century.

36. Arturo Villavicencio, *¿Hacia dónde va el proyecto universitario de la Revolución Ciudadana?* (Quito: 13 Ediciones, 2013), 47.

37. “Manifiesto de las centrales sindicales sobre el nuevo Código del Trabajo” [Statement by trade union federations regarding the Labour Code], Frente Unitario de los Trabajadores, FUT, July 2013.



The United Workers Front (FUT) submitted an alternative draft for the Labour Code, but it was shelved by parliament without any discussion. The government's draft was also discarded as a result of social pressure, and the regime opted to introduce its labour reforms in laws that were passed subsequently. It did not discard its tendency to fragment organizations and established a "Central Unitaria de Trabajadores", CUT on the basis of some pro-government organizations.<sup>38</sup> The CUT had been a project dreamed of in the social movements for many years, but this organization was a government's act of division. The CUT set up by the government had no drawing power. Not even the workers organizations that supported Correa's administration participated in it. It was undermined by lack of support and infighting.

FUT's actions, however, gathered momentum.<sup>39</sup> Since 2014, it has been at the leading edge of social protests and grassroots opposition, largely because it has also enshrined the grievances of other social sectors and aspirations of the citizenry as a whole. The rallies organized by FUT and other organizations bring together not only their own militants but also many other persons opposed to Correa's administration, which had to undertake major bureaucratic efforts to keep up its presence in the streets. Workers have gained traction as leading figures for social and public opposition. Their chances of being elected to office are limited, but they have a great deal of social drawing power.

After the boom of the nineties, the indigenous movement suffered a setback, because of its participation in the Gutiérrez administration, among other reasons. But, despite the government's actions to fragment and co-opt them, the indigenous organizations were highly active in opposing the laws that increased the government's control over water and land.<sup>40</sup> Despite resistance, the laws were enacted by the National Assembly's majority controlled by the Correa administration and ratified by

38. Interview: Marcela Arellano, leading member of CEOSL, Quito, February 2016.

39. It should be highlighted here that the General Workers Union of Ecuador (Unión General de Trabajadores del Ecuador-UGTE), which coordinates its activities with the Grassroots Front (Frente Popular) and other organizations such as the National Teachers Union (Unión Nacional de Educadores-UNE), must be added to the three trade union federations mentioned above.

40. Carlos Pástor Pazmiño, *Ley de tierras, el debate y las organizaciones campesinas*, Quito, Ediciones La Tierra, 2014, 90.

the executive branch of government, but they managed to bring together again the majority of indigenous organizations. In addition, in view of the absence of reforms in the rural sector, the government and President Correa were forced to personally recognize that they have a debt pending with the agrarian sector.<sup>41</sup>

The main indigenous organizations, CONAIE and ECUARUNARI, carried out joint actions with FUT and other social organizations. They convened national rallies and demonstrations that had considerable impact on public opinion. It has been proven that, although they garner few votes in elections, their capacity for mobilization and even to bring large sectors of the country to a standstill is substantial.

Other social sectors such as teachers, students, professional associations, retirees, and citizens not belonging to any organization came together to join the protest. This convergence was further strengthened as a result of various actions taken by the government to severely undermine the social security system. The government breached the autonomy of the Social Security Administration of Ecuador (IESS) and used its resources to bridge gaps in the budget. It stopped disbursing its share as required by the Constitution and law to pay for the pensions of retirees. To this must be added middle-class resistance to changes in tax and inheritance laws.

Grassroots opposition clustered around the National United Workers, Indigenous and Social Organizations Collective (Colectivo Unitario Nacional de Trabajadores, Indígenas y Organizaciones Sociales), headed by FUT and CONAIE. When it called for the “March of the People” on May 1, 2015, it said:

Workers, peasants, craftsmen, employees, workers in general, indigenous people, Afro-Ecuadorians, *montubios* of the coastal region, young people, retirees, unemployed persons, housewives, small retailers, self-employed workers and professionals, teachers and students, workers and social organizations, retiree organizations, women’s collectives, defenders of the environment and human rights, small and medium-sized farmers, entrepreneurs, consumers, and former soldiers, we are united on International Workers’ Day.<sup>42</sup>

41. *Ibid*, 51.

42. “1 de Mayo, marcha nacional del pueblo”, Manifesto for International Workers’ Day, Quito, May 1, 2015.

This demonstration turned out to be one of the largest over the past forty years. In all the capitals of the provinces and other cities, the response was massive. In Quito, it was bigger by far than the rally organized separately by the government, which preferred to focus its forces in the capital and for which buses from everywhere in the country converged, bringing civil servants and job seekers. It was a “forced counter-demonstration” chaired by the top leaders of Correa’s political cronyism, without any broad representation of civil society.

The mobilization of grassroots organizations and the protest of middle-class sectors shook the government, which accused its opponents of preparing a “soft coup” to overthrow it and promote a “conservative restoration.” A few weeks later, the Pope’s visit quelled the unrest and demobilized the protest. In the midst of national euphoria, workers’ leaders extended their welcome to the Pope for being the first Latin American to have reached such a high office and for his open attitude. They thanked him for visiting Ecuador, where “Catholicism has played a historical role of the utmost importance. Here there have been pastors and lay people who have devoted their lives to serving the people and to the cause of their liberation, denouncing and condemning colonialism, exploitation, and injustice which were put into place on behalf of the Christian religion.” They then added:

We have reason to hope that your presence shall be a motivating factor to bring the abuses committed by the powers-that-be to an end, to halt the criminalization of social protest, to stop the persecution of leaders and members of social organizations that are calling for their rights, to promote respect for the freedom of conscience, to stop authoritarianism, corruption, and impunity, to secure respect for the principles of justice, and to prevent the country from being handed over to the clutches of foreign capital and the most powerful economic groups.<sup>43</sup>

They voiced their fear that his visit could be used by the regime to capitalize on increasingly adverse public opinion, in order to justify abuses and to try to uphold an international image “completely contrary to the internal reality of arbitrariness and denial of the most basic rights. The double standard that has been kept up for years with a multi-million dollar

43. Letter from the United Workers Front to Pope Francis, on the occasion of his visit to Ecuador, Quito, July, 2015, p. 1.

advertising campaign cannot be bolstered or endorsed by the presence of Your Holiness.” But in fact, the ebbing of mobilization, which until then had been on the rise, gave some respite to the regime. Since then the possibility of replacing it by further protesting has no longer been an alternative.

## **Crisis and Grassroots Protest**

When the economic crisis was felt, the above-mentioned “Colectivo Nacional Unitario”, National United Collective called for a national protest mobilization for September 17. Government media attempted to discredit it but the mobilization was massive. According to workers, government reforms “are giving continuity to the policy of ensuring greater labour market flexibility as developed in the neo-liberal period, further entrenching the reversal of the rights of Ecuadorian workers. (...) The legal reforms restricting rights come with a powerful campaign that is discrediting social organizations and achievements, identifying the interests defending grassroots sectors as trade union interests contrary to the general interests of the population and the State. Another priority of the government has been to control social organizations; to this end, from the spheres of state power, a political strategy has been drawn up to divide, manipulate, co-opt, and criminalize social struggles.”<sup>44</sup>

The mobilization’s platform proposed defending the labour rights that were being breached by new laws, putting an end to the criminalization of social protest and calling for respect for human rights, amending laws such as those on water and communication, abiding by international conventions, opposing the Law on Land (*Ley de Tierras*), and adopting an agrarian policy that would be for the benefit of peasants. A core element was defending social security, which at the time was one of the key hubs for resistance to the government.

From September 2015 to May 2016, various nationwide mobilization actions were carried out. In December 2015, the government managed, albeit underhandedly, to introduce amendments to the Constitution that

44. Interview with Marcela Arellano, leader of CEOSL, May, 2016.

abolished presidential term limits so that Correa could be re-elected indefinitely and also placed constraints on the rights of workers. The ensuing protest was overwhelming. Nevertheless, on April 16, the country's situation changed drastically when an earthquake devastated various localities of the province of Manabí and other places in the coastal region, which left more than 600 dead, thousands of injured persons, and towns razed to the ground. Under these difficult circumstances, the government's effort to control civil society, which was the first to react to the disaster and proved to be hugely dynamic, became evident. The regime took advantage of the occasion to adopt economic measures that had already been announced to tackle the crisis. Furthermore, everything was managed centrally, without the participation of the social grassroots.

By the end of Correa's government, the allegations of corruption had grown, along with social pressure for investigating them. The National Anti-Corruption Commission set up by FUT (United Workers' Front) and social organizations, presented a number of very clear cases of cost overruns and corrupt management. However, they were never investigated by the State Prosecutor or the Comptroller General who were both hooked on to Correa. Commission members, who are highly respected figures in society, were prosecuted and harassed. Nevertheless, social rejection of corruption increased.

## Conclusion

Correa's government policies on social organizations were aimed at controlling society, removing its representativeness, and even mainstreaming them into the State. In Ecuador, the State has traditionally respected the organizations created by society to express itself, acknowledging that they are broadly representative. It has even incorporated civil society delegates into the State's executive functions. But the Constitution has trampled that tradition and eliminated representativeness from society's organizations.<sup>45</sup> Although hard to believe, this was done as if it

45. *Constitución de la República del Ecuador* (Ciudad Alfaró: Gaceta Constituyente, 2008).

were a “revolutionary” achievement. Along that same line, Correa engaged in “disciplining Ecuador’s population”.<sup>46</sup> He did from the vantage point of an increasingly more powerful State unhampered by democratic checks and balances.

The Constitution installed a new branch of government to ensure “transparency and social monitoring.” Its principal body is the Public Participation Council (Consejo de Participación Ciudadana) which is not an elected body. This Council appoints most senior officials of the State on the basis of “competitive bidding processes.” This undermines representation of and by the citizens and distorts the nature of public power; it confuses broadening public participation with state control over society and prevents organizations from representing society.<sup>47</sup> And the government has taken this trend even further with its various reforms and amendments to the Constitution. It has also issued decrees aimed at controlling the inner workings of institutions such as trade unions, unions, professional associations, NGOs, and social and sports clubs.

The Constitution, especially after recent amendments, enshrines the Office of the President as a heightened, all-encompassing, and vertical branch of government, one that eliminates the separation of powers and the autonomy of each branch of government. With a Head of State who commands everything and takes all decisions, monitoring disappears altogether, there is no auditing of the misuse of public funds, and corruption becomes widespread.

In view of this reality, the country’s social movements have taken up not only the defence of their own interests, but also the call for the autonomy of society as a whole. In response to the government, organizations have promoted social unity.

Quito/Oxford, April 2016

46. Pablo Ospina, “La revolución ciudadana en Ecuador: conflicto social, régimen disciplinario y proyecto de Estado”. In various authors, *El correísmo al desnudo*, 29.

47. Enrique Ayala Mora, *¿Por qué la Asamblea Constituyente?*, 52.

## Post Scriptum

Rafael Correa upheld his policies of criminalizing social protest and grassroots organizations up until the end of his term of office. In the 2017 presidential election, social movements backed the candidate of *Acuerdo por el Cambio*, Paco Moncayo Gallegos, whose share of the ballots cast, however, was negligible. Rafael Correa and his movement *Alianza PAIS* presented the candidates Lenin Moreno-Jorge Glas for the presidency and vice-presidency. They won in a questioned and conflict-ridden electoral process over the right-wing candidate, Guillermo Lasso. *Alianza PAIS* secured a majority in the National Assembly.

As soon as Lenin Moreno was sworn into office as President of the Republic, he announced he would change the style of his predecessor and open a dialogue with various political and social forces. He also proposed to combat corruption. Reports on bribery and other dubious practices by the Brazilian corporation Odebrecht involved high-level state officials, among them the Vice-President of the Republic, Jorge Glas. The deep rift between the President and the Vice-President became apparent. Moreno also called Rafael Correa into question and this break became all the more evident in *Alianza PAIS*. A few months after the change in leadership, the conflict goes on.

Oxford, November 2017

# Arts and Literature Versus Political Authoritarianism, or George Orwell in Ecuador

*Fernando Balseca*

I would like to begin with a commentary drawn from the recent book by the critic William Deresiewicz –his *A Jane Austen Education: How Six Novels Taught Me About Love, Friendship, and the Things that Really Matter*.<sup>1</sup> He describes how the prose of this nineteenth-century author not only leads us to an understanding of the people in that past century but also provides a means to more fully understand ourselves. Austen’s writing makes us confront ourselves and question ourselves –what is our place in the world? and what is it that is happening in the world around us? These texts are not mere prose artifacts to entertain us. Artistic literary writing enables us to perceive the circumstances of our existence. We read literature, we attend the theater, and venture out to look at exhibitions of art because words in literature and images in the arts reveal another version of reality, in contrast to the official truths that the governmental apparatus tries to impose on us as a community.

For those who support Rafael Correa and form part of his political party Alianza PAIS, Correa’s term of office could be designated as a “decade of substance” especially when one considers the vast undertakings in the sector of governmental construction: mostly highways, but also growth in such infrastructural projects as schools, and hospitals. For his critics, on the other hand, this presidency might be termed the “lost decade” because many of these built structures were not accompanied by

1. William Deresiewicz. *A Jane Austen Education: How Six Novels Taught Me About Love, Friendship, and the Things that Really Matter*. New York: Penguin, 2011.



a service sector of a similar high quality of offerings to the public. The debate –whether Ecuador lost or won out with Correa’s presidency– will go on for many years, and there is no way I can give a satisfactory answer to this quandary in this article.

Right now though that it is certain that before Correa, the country of Ecuador was indeed caught in an unstable institutional spiral characterized by a wide-spread crisis from 1996 to 2006, a time marked by eight different presidents holding office. But it is also very clear that Correa ushered in an “Orwellian” era characterized by a domineering voice of authority and of unprecedented control never before seen in its effect on media and mass media outlets. The media was subjected to mechanisms of government propaganda; there was a movement to erase all “enemy” opinion, topped off with a Communications Law that sought to criminalize certain opinions. Correa encouraged an atmosphere of vigilance, a keeping watch, and an encouragement of suspicion among Ecuadorian citizens in a style that promoted confrontations and also divided the populace into those who supported him and those who did not. I will now make a lengthy quote from an in-country critic, Rodolfo Kronfle Chambers:

Lauding the Bolivarian project –a twenty-first century socialism–, appropriating the image of the former president Eloy Alfaro, and alluding to the to the transformative measures of the Liberal Revolution of 1895, the [Correa] government chipped away at the foundational underpinnings of the national image, unleashing an unprecedented propaganda machine never seen before. To accomplish this, the government seized various private media outlets and implemented new laws for this particular group. They –this group of entities– lived constantly on edge because of governmental sanctions and high profile trials against them, that ended with these same entities imposing conditions of self-censure on their employees. As the head of state, Rafael Correa wielded a discourse of violence, ready to eliminate all resistance –or even insinuations of criticism– from a “corrupt” mass media, targeting press agencies and international organizations, all types of activist programs, industrial associations, and organizations of wide-ranging ideological orientation, against the old elite class, and against the economically powerful social class he mocked by calling them the *pelucones* [the long hairs, as if they were wearing wigs]. All were identified as enemies of the fatherland. Within Correa’s term of office there was no room for dissent or questioning. Social protest was a criminal act and was corrected with obvious retaliation for those opposing the regime. It was even more far reaching. Those who got out of line, those who at first supported these governmental postulates proposed by Correa’s government, were constantly demonized, pursued with an intensity, or labeled as traitors. This overt aggression toward dissenters, dressed up with gestures of authoritarian arrogance, was carried out in a

setting called the Weekly Community Town Hall (Enlaces Ciudadanos, also called *sabatinas*), which television and radio stations were required to air, and there were 524 of them held. What was this meeting? Well, in these events, the public officials of this government were subjected to public expressions of grievance, and these same individuals (the public officials) were made to shoulder the burden and blame for all sorts of unfounded blunders. In uncountable numbers of ‘spots’ filled with propaganda and in the creation of an army of trolls contracted to permanently patrol social networks and open spaces on the internet, the government reacted with a harshness to any gesture that was seen as opposition.<sup>2</sup>



In 2015 Jorge Velarde painted a hand giving the middle finger, accompanied with an inscription that also served as the title of the work: *The Hand of the Artist Must be Read* [Mano de artista para ser leída]. This painting was included along with a series of self-portraits, a series that provoked a great deal of commentary –both of fervent controversy and also actions of solidarity– caused by Correa’s aggressive stance against the singer Jaime Guevara in August of that same year (2013). Guevara’s action is well remembered for the *yucazo* (the phallic gesture) that he aimed at a convoy

of cars transporting the President. In this particular cavalcade, each time that Correa received gestures of rebuke, he stopped his car –along with the rest of the convoy– and entered into a shouting match with the citizens. Many times Correa gave an order to carry the citizen who insulted him right away to prison, with no presidential juridical authority at all. So, of course, through this painting Velarde capitalizes on the citizens’ right to protest against the government, even if that protest is an obscene insult.

To justify his authoritarian stance, Correa claimed what he called his “rightful majesty of power”, an stance which made him almost untoucha-

2. Rodolfo Kronfle Chambers. *Limpio, lúcido y ardiente: artes visuales y correato* (Ecuador, 2007-2017). Guayaquil: Paralaje, 2017.

ble. This stance also revealed one of his main contradictions: he, an advocate of twenty-first century socialism, plays up the value system of the Ancien Régime. The author and poet Mario Campaña in his recent book –*A Society of Lords [Una sociedad de señores]*<sup>3</sup>– suggests that this “sector” –the noblemen, the feudal signore from times past, the boss man, the hacienda owner– forms part of our daily fare because truly he has never left us. It has been a mistake, according to Campaña, to assume that the 18th and 19th century revolutions –swelled by the newly formed bourgeoisie taking advantage of the power of the masses– were able to completely eliminate these upper class personages. Better yet, the bourgeoisie



preserved these ideals that divided up persons to those who gave orders from those who had to obey them. While these days notions of “equality” are formally proclaimed, an inherent aspect of the revolutions that supposedly Ecuador lived through, in reality the “democratizers”

have transformed themselves into new “dominators” who hark back to old time precepts like fame, glory and the largesse of power. Doesn’t that remind us of something like “But some animals are more equal than others”?<sup>4</sup>

Yes, Correa did create the Ministry of Culture and National Heritage; yet this institution is seen as inefficient and lacking a

3. Mario Campaña. *Una sociedad de señores: dominación moral y democracia*. México: Jus, 2017.

4. George Orwell, *Animal Farm* [1945], New York: Signet Classic, 1988.



clear mandate regarding the politics of culture. Let's point out right now that there is no real National Archive, no National Library, no National Plan to Promote Literacy, nor a policy regarding museology [fomenting the creation of museums] in Ecuador. Instead, what Correa has left us with is a Museum of the Presidency, a site to display the objects Correa received during his international trips, with an explicit populist statement of purpose –that gifts given to

the President really are gifts given to the People. This purported museum that is housed in the Palace of Government in the heart of Quito displays the objects –like a souk– including a special section all decked out with awards, diplomas, and shiny medals of honorary doctorates honoris causa that he received. The Ecuadorian poet Iván Carvajal had something to say about this:

It is outrageous [...] that the museum that is the end product of 10 years of the Correa decade consists of a boastful display of a caudillo [a strong man]. It is a collection of trivial gifts received on an official trip by Correa or his subordinates, Rolexes handed over by oil producing sheiks or a book never read... in this display one sees the populist small town mentality of the caudillo and his followers. I am not saying that these official gifts should not be collected up somewhere, nor that they should not be displayed. The small town mentality is evident in the fact that the only museum built or even proposed in this decade, even with the quantities of money available in the first seven years [of the presidency], was this one, a museum that glories in the vanities of a “supreme” leader.

Literary narratives serve to question human and political action that attempts to frame everything from a starting point of zero, as if nothing transcendent had ever occurred before this. Let's listen to a historical narra-

tive and reflect on a recent theatrical presentation in Ecuador. So, a Mr. Torres, benefitting from an extensive virtual network of the Web, calls for a meeting of people interested in participating in the creation of the 'Alternate Republic'. A group of people arrive at the host's house: those who are interested in worthy propositions of living in a "just" society, an indispensable ingredient for the 'Alternate Republic'. Based on their reasoning, they decide that the country will be reborn by means of a founding act, like a revolution. But when they begin discussing details, contradictions sprout forth: one person is addicted to violent methods, another never says anything at all, one is a dreamer, another is interested in how the new Cabinet will be formed and distributed among them, another is a super intellectual with no sense for practical matters. The debate is fractious; interrupted by digressions that fade in and out, their interventions overlap, no one understands the other one's point of view. Some threaten to drop out of the movement and they pound on the desks. It is a bloody scene. Some cry out for order, but spirits are riled up and there is more dissention. These are the founding fathers.

However, respectful of the institution of the state, they forged on and sought out signs and symbols to identify themselves as a republic: a flag, a national anthem, a directorate of advisors to guide them. Because in Quito, the "First Shout of Independence" [Primer Grito de la Independencia] occurred in 1809, they had to invent something similar and they called it



the “First Whoop” of the Alternate Republic, a deafening shriek that says nothing and everything in an effort to create a democracy where there is no fear. With a written text, with direction, and staging all put together by Arístides Vargas, a member of the theater group Malayerba [The Bad Weed], the Alternate Republic is a play from 2011 that provides portraits –with no holding back– of those who attempt to spin out fantasies with no regard for the historical and political consequences of their acts. With humor and poignancy, this play questions previous revolutions as well as contemporary revolutions that do not modify our relationship to power. For instance, in the play, one person affirms that revolutions can have their ten days or ten hours of glory but that later the exercise of power will then pervert a utopia. This theater piece demystifies revolution, the Independence period, and the bicentennial celebration. It uncovers the ridiculousness of intellectual discourse and harangues it. In this theater we are shown the small scale of humanity, of those who show us their good intentions, but often linked up with enormous corporations. It warns us of the raving madness that can befall the bids for absolute and total transformations. There is no doubt that the backdrop for this play is Correa’s so-called Citizen’s Revolution.

Xavier Bonilla (he call himself Bonil), an artist, drew and published caricatures that dealt with the unjust and violent manner that agents of the law implemented with Fenando Villavicencio (in an event of the 28 of December in 2013). Villa-



Policía y Fiscalía allanan domicilio de Fernando Villavicencio y se llevan documentación de denuncias de corrupción

villavicencio was accused hacking into the emails of the President, the Vice President, and President’s Legal Secretary. The caption for this graphic cartoon was “Police and Public Prosecutors Search the Home of Fernando Villavicencio and Carry Out Documents Regarding Allegations



## RECTIFICACIÓN De Miércoles, 5 de febrero



**Policía y Fiscalía allanan domicilio de Villavicencio e incautan sus tablets, computadoras, celulares.**

of Corruption". The drawing alludes to the violence with which they stripped the political reporter of all the documentation he used to denounce government corruption. Because of this graphic comic strip, the Ecuatorian justice system brought the artist and the newspaper to trial. Need I mention that the courts are directly controlled by Correa, who named himself in 2009 as head of all state entities including the judicial branch? National and international pressure ensured that the sentence imposed by the Superintendent of Information (the judge who was part of the proceedings) was relatively minor; in the end it was plainly ludicrous. It was this: Bonil should alter the caricature "because the content depicted there does not correspond to the reality of the situation and it stigmatizes the actions both of the state's public prosecutors and the judiciary police". Who in their right mind thinks one can "rectify" –that is to correct, to amend– an artistic rendering?

To carry out his sentence Bonil made his correction by means of another caricature on the fifth of February 2014. This was the caption: "The Police and the Prosecutors Search Villavicencio's House and Confiscate

His Electronic Tablet Pads, His Computer, and His Cell Phones”. In the drawing are depicted some very friendly officials who carefully execute the judicial warrant. We also see Villavicencio greeting them good heartedly, and calmly, as if they were friends. So, instead of amending the first graphic image, the new one expansively reaffirms the message of the first one and subjects Correa’s system of censorship to ridicule. A further irony: the authorities who were supposedly offended by the first graphic were content with the “rectification”.

Now we move to consider the year 2227 A.D., to the capital city of the Fortunate Revolutionary Republic of New Ecuador. A certain man called Segon González Lobo, a Deacon and a devoted member of the Universal Church of the Absolute Chávez –whose acronym is IUCA– which in Spanish is pronounced YUCA, and which we learned previously is the symbol designating giving the middle finger or flipping the bird. Well, González Lobo arrives in the capital to study the accomplishments of Co-rrea’s “Static Revolution” that has been in place governing continuously for 220 years. In order to carry out a utopian plan of social transformation, the head of state is a cyborg of President Correa. And what a cyborg!, a robot formed from Correa’s DNA and from electronic digital images. Why did Santiago Páez publish this novel, with the title *Ecuatox® New Ecuador*,<sup>5</sup> at the close of 2013, a novel that takes place in 2227 A.D.? Why does he turn to the resources of imagination and creativity to allude to the reality that we Ecuadorians are currently living in? Hasn’t science fiction already speculated about what situations we humans are going to confront in the future? One answer to these questions is this: that imaginative creativity is a form of knowledge. Our novels and our literary works are not the product of unbridled delusions set loose by an author. Instead these literary works are tangible proof that –with creativity– we can understand worlds of possibility, in which we participate as individuals and as collective members.

The irony here is well recognized, especially because Correa declared that the Ecuadorian Constitution (the one he wrote in 2008) would last 300 years due to the perfection of its conceptualization. For ten years it

5. Santiago Páez. *Ecuatox® Novo Ecuador, 2227 d.C.* Quito: Paradiso, 2013.



was said –every day– that we were living in a time of amazing and miraculous transformations, yet here in this novel the revolution is static –that is stopped in its tracks– identical to the previous one. But to prove that indeed times have radically changed, lunch is not called lunch in the New Ecuador but instead “The Time of Ingestion of Wholesome and Hot Foodstuffs, of Superior Quality Provided by the Ample Goodness of our Splendid Leader and All-Knowing Guide Correa Thanks to His Insightful Vision of Nutritional Necessities”. This mockery has us remember that the political process involves disputes over vocabulary, because of course, language is the basis for our structural fabric.

Literary prose allows us to better perceive our footsteps, to perceive the direction we are heading. In Santiago Páez’s novel *Ecuatox* is a new mineral water, extracted from plants that have been sloshed with metals extracted from the mining sites in the country. The treatment minerals include cyanide, mercury, sulphuric acid, and other dissolvable chemical components, which, thanks to the ad industry and the propaganda machine, are bottled up in containers and sold with the prominent logo of the national brand. But *Ecuatox* is also a metaphor for the future that should not happen, a metaphor for a country –the Ecuador of today– intoxicated with various movements that we have been discussing here. In revealing the absurd to us readers, literary works provide a vaccination against all forms of institutional intolerance based on political, economic, or social platforms. And literature teaches us to hold dear those matters that are truly important in life.

From 2007 to 2017 Ecuador was subjected to Correa’s authoritarian rule. In this paper, I have tried to present how artistic manifestoes –in the visual arts, in the theater, and in literature– can contest an ambience marked by social fears, the imposition of silence, and the self-censorship of newspaper reporters, intellectuals, writers, and those of the performing arts. Art is very much about resistance to excessive force, resistance to excesses of power because those in power undermine every hierarchical system of values. Indeed, literature and the arts serve to have us doubt the very promises of the powerful.

# The “Universities Project” Radiography of a Failed State Scheme

*Esteban Nicholls*

As the “left-turn” in Latin America is fading, crucial questions remain about the role that the state played during this period? In this paper I tackle this question by looking into the role of the state in higher education system form. Specifically, I look into Rafael Correa’s government’s decision (an implementation) to undertake the unprecedented step of building a parallel public university “system,” what I will henceforth refer to as the Universities Project. Through the use of James’s Scott’s conceptual framework developed in his book “Seeing like a State,” I analyze how the state-led Universities Project scheme failed. This is not, however, a paper about decision-making *per se*. Instead of debating specific policy choices and justifications, my aim is more ‘sociological,’ as it were, in that I see educational reform as part of a larger process of statecraft. I posit that the Universities Project cannot be fully understood outside the purview of state-theory and that the specific road that the Universities Project took cannot be explained without a theoretical framework of state action. Consequently, in this paper I argue that: *a.* the Universities Project fits, rather neatly in James Scott’s (1998) four criteria of a failed, state-led, scheme and *b.* that Scott’s concepts can be usefully complemented by Jessop’s strategic relational approach as it reveals aspects of state power that Scott’s book does not. The theoretical contribution of this paper lies partly in weaving an interpretative ‘framework’ of both approaches through an analysis of the *Universities Project*.

This paper is organized as follow. The first section lay out a basic contextual analysis of the elements of how and when the Universities Project

was developed, in which setting and actors. The second and third sections explain the Universities project through James Scott's two central concepts the reordering of nature and society and the presence of high modernism. Finally, I move beyond Scott's arguments in order to emphasize the linkages between Scott's arguments and the concept of state power. I end with some short concluding remarks.

## **Describing the Universities Project**

The Universities Project is composed of four of the largest, most academically ambitious, technologically advanced and expensive public universities in the history of the country: Yachay Tech, Ikiam, the National Education University (UNAE) and the University for the Arts (UNIARTES). A decade ago President Correa's government justified the development of these universities in terms of what I would call a "grand developmental narrative" about education. His government's discourse portrayed the Universities Project as a central component of a larger strategy for Ecuador's "development" (SENCSCYT, 2009). Thus, an important portion of the state's apparatus devoted its resources, economic and human, to promoting the Project. The Universities Project involved the ministries of Education, culture and finance, multiple government agencies, like SENPLADES, and, importantly, SENESCYT (Secretariat of Higher Education Innovation and Technology), who was in charge of the project itself. Moreover, the project required the enactment of a new regulatory/legal framework which mean reforming the entire legal education code through the LOES (organic law for superior education). In other words, the Universities Project is not just another government promise: it was a scheme with actual implementations. Between 2008 and 2016 over 2 billion have been devoted to the project; lands were expropriated (with compensation), buildings were built, students recruited Faculty hired and so on. All four universities are now, albeit now as the state had envisioned, operational (i.e. classes are being taught, though no degrees have been awarded).

As mentioned earlier, the Universities Project entailed the actual construction of four universities. Here is a brief description of each: The

UNAE is located in Azogues in the Province of Cañar [about 450 kilometers from the capital, Quito], its main purpose is to train teachers (elementary and high school teachers). Ikiam, is located in Tena in the Napo Province, about 190 kilometers away from Quito. Its purpose, according to the Ministry of Culture is to “generate knowledge, research and information to develop technological alternatives for a rationalized use of the [Amazon Region’s] resources (Ministry of Culture, 2013: <<https://www.culturaypatrimonio.gob.ec/creacion-de-yachay-ikiam-una-e-y-uniartes-ya-esta-en-la-asamblea-nacional/>>). The UNIARTES, located near Guayaquil, aims to form artists and “culture *professionals*, whose objective is to develop a more critical and creative citizenry ...*in accordance with the National Development Plan* (Ibid. –emphasis mine). And, finally, there is Yachay, perhaps the most ambitious and emblematic (and expensive) of the four. Located in Urcuquí, in the Province of Imbabura, about 50 kilometers away from Quito, Yachay was originally conceived as a university for technological innovation. Unlike Ikiam, however, its focus is on nanotechnologies, and what Yachay’s mentors call “bio-knowledge” (see Andrade and Nicholls, 2017).

It should also be mentioned that unlike many large-scale projects that were proposed and never implemented (like the Manta-Manaos “multi-modal, transportation axis”; or the Pacific Refinery) during President Correa’s presidency, the Universities Project was implemented and can be evaluated as more than just a plan or a governmental promise. This is why, I would argue, it is a methodologically useful piece of evidence to understand a state-led scheme.

An important contextual issue that must be pointed to is that between 2008 and 2014 Ecuador’s Central Government enjoyed an unparalleled favourable environment to govern: commodity and petroleum prices were high; Correa and his party Alianza PAIS swept the electoral landscape; opposition parties, following the Constituent Assembly of 2008 were largely dismantled; Correa had a solid majority in Congress and large portions of the region, particularly oil-rich Venezuela, coalesced behind so-called 21<sup>st</sup> Century Socialism. In other words, conditions for the state to expand its presence in society were, if not ideal, very favourable. Hence, the government took advantage of the unprecedented favourable

conditions to undertake large, ambitious projects, most of which included changing major legal changes.

In the field higher education the main legal changes was to reform, basically, the entire regulatory system for higher education through the LOES and one of the main changes in the LOES was to place the state at the centre of the educational system. Through this legal reform new governmental bodies and agencies to oversee the higher education system were created; one of the most important of these governmental agencies was SENESCYT. SENESCYT became a key government agency during Correa's presidency. Through its leadership (and President Correa's backing) the Universities Project, especially the development of Yachay, became a centrepiece of the government's schemes to reform higher education.

Yachay, and the whole Universities Project, was a grandiose statement about a modernist vision of the future. The original plan for Yachay, as well as for the other three universities, envisioned a series of "knowledge networks" where knowledge production would be concentrated and spread through the rest of society. In the specific case of Yachay, it meant the construction of an entire city. Yachay's original plan involved developing 4,500 hectares of land over what were, in 2008, mainly unused agricultural lands, wetlands and the remains of an old hacienda, near the town of Urcuquí in the northern Province of Imbabura. In other words, building an entire city from scratch. The original investment was calculated to be around 5.7 billion dollars over 33 years (El Comercio, 2018: <https://especiales.elcomercio.com/2017/10/yachay/#>). Similarly, Ikiam, UNAE and UNIARTES were to be erected in "distant" areas (from main urban centres) over unused lands that lacked the basic infrastructure for the development of a university towns, let alone "knowledge cities" equipped with labs, amphitheatres, studios and specialized venues, dormitories and so on. During all of this it should be noted, the Universities Project remained (as it did throughout the period under analysis) a strictly a state-managed project. SENESCYT along with SENPLADES were in charge of coordinating the design implementation of the project. There was no real, systematic involvement of organized civil society, particularly from other public universities and educational sectors. The Universities Projects was truly a top-down affair c.f. Cabrera et. Al, 2018; Villavicencio, 2013).

By 2016, all four universities had, in varying degrees, been built. In 2014, Yachay and UNAE had begun recruiting students, had brought in and/or hired academics from top-tier technological universities from the Global North and were promoting its services internationally. By the end of 2015, however, when the flow of petrodollars had begun to dry-up, ongoing problems began to surface: none of the universities had been able to adhere to the building schedule, the recruiting expectations and the academic plans that had been part of the original design had fallen short of expectations. Corruption cases in the universities, particularly Yachay became public scandals (see *El Universo*: <https://www.eluniverso.com/noticias/2018/02/14/nota/6622477/irregularidades-yachay-dos-examenes-contraloria>). In the case of Yachay, planned physical dimensions, technological output and expected demographic density have had to be scaled down and/or entirely discarded. For instance, the original plan of developing 4500 hectares has now been scaled down to 382 hectares; its original (planned) population of 22000 is now set to be at around 2000 –about 10% of what was expected! Finally, in 2018 Yachay has no high-tech laboratories and much of its infrastructural development has been stopped as structural defects were detected in some of its buildings and even to the fact that streets were paved before a sewer system was built (*El Comercio*, 2018: <https://especiales.elcomercio.com/2017/10/yachay/#>).

Before attempting to understand how the Universities Project crumbled, it is worth mentioning a few additional contextual that will be analytically useful. It should be mentioned that the country has a number of art, education and science public universities both at the graduate and undergraduate levels. Moreover, the country’s largest universities are public, including the oldest universities in the country: The Central University of Ecuador and the National Polytechnic School. Similarly, in the fields of Education and Social Science, Ecuador has two postgraduate public-international schools, which according to the Central Government’s own ranking system, are ranked in the “A” level (highest); these are: Universidad Andina Simón Bolívar and FLACSO. It is important to mention these issues for at least two reasons. First, they point to the fact that Ecuador, notwithstanding a series of problems and shortcomings, counts with a number of well-established, public universities in the fields of arts and

sciences, as well as in the social sciences and humanities; second, there is a vast pool of social, infrastructural and scientific capital already built around the country's *public* higher education system. Both factors suggest a puzzling question: why build a *parallel pu-blic* system? Why underutilize the experiential capital that Ecuador's public system has developed? As mentioned earlier, I posit that the answer to this question must lie beyond an analysis of public policy about education or education reform. As I argue below, the explanation for the development of such a scheme and its failure lies in the realm of statecraft and state theory.

## **Radiography of a Failed Scheme: The example of Yachay**

Yachay was set to be, as President Correa stated in 2009, the first planned city in the history of Ecuador. As many planned cities (like Brazilia), Yachay required a reorganization of space and a certain "narrowing vision" (Scott, 1998: 11) that demanded simplification and abstraction. It also demanded an "ideological" or discursive component and it demanded a strong sense of authority and coordination for its implementation. Not only in Yachay but also in the Universities Project as a whole, all of these elements, processes and tasks were organized and led by the state, mainly through SENESCYT. According to James C. Scott (1998), there are four criteria for a failed, state-led scheme: first, is the administrative reordering of nature and society – what I would call an artificial implantation of the state in a natural and/or social systems; the second is a high modernist ideology; third a measure of authoritarianism and fourth, a limited civil society capable of opposing the state. The universities Project exhibits, in varying measures, all of these elements, especially the first two, on which I will focus.

All of the four universities in the Universities Project entailed an administrative reorganization of nature and society. While Scott's study selectively looks at projects where natural environments are re-ordered according to administrative planning systems in the state, the Universities Project is not exactly characterized by the reordering of nature like a planted forest (as opposed to a natural one –Scott, 1998: 11-12), but it is

very much an example of the reordering of space and society. Insofar as all four universities are located in specific sites whose geographic positioning is not related to already-existing social capital, productive chains, art networks, connectivity or social demands, their positioning responds to a scheme concocted at the level of specialized state agencies. Education entails the movement of people; students and teachers must spend much of their lives at their universities. All of these universities require that large numbers of students, faculty, employees, staff and their families relocate to the universities themselves or nearby towns or cities. The aim according to state planners at the time was to decentralize knowledge production (SENESCYT, 2009)– decentralization means, in this case, moving resources away from the centres of knowledge production in Ecuador, mainly its three largest cities, Guayaquil, Quito, and Cuenca. And this has been in fact the case: the majority of students and faculty members at all of these universities of the Universities Project are from Ecuador’s major cities and have had to relocate to their new work/study sites; meanwhile, by implication, students from the areas where these universities were inserted are not, proportionally speaking, attending these schools in significant numbers (see *El Comercio*, 2017)

The reordering of nature and society by means of planning can have positive effects, of course. As Scott himself states, his argument is not (and neither is this paper’s argument) that planning is pernicious *per se*. Instead, the point is that a central component of a failed, state-led scheme is the illegibility of common knowledge by state, top-down planning. This means “a hegemonic planning mentality that excludes the necessary role of local knowledge and know-how” (Scott, 1998: 6); this does not entail, Scott continues, “that practical knowledge is the product of some mythical, egalitarian state of nature... [the] point is that formal schemes of order are untenable without some elements of the practical knowledge that they tend to dismiss” (Ibid: 7). In this respect, it would be useful to cite Arturo Villavicencio (2018: 141), one of Ecuador’s foremost analysts of higher education reforms. In an analysis of international university rankings, he states the following about Latin American public universities:

International university rankings do not take into account a wide spectrum of the role and functions of Latin American universities, which goes beyond teaching and research



... [Latin American] public universities, in particular, have played a key role in the construction of state institutions, in solving pressing [social] problems in their countries and, in general, in the provision of a wide range of communitarian goods and in the creation and recreation of national cultures.

Villavicencio's point is revealing in a number of ways. First, it evokes the notion of local knowledge in the sense that there are a series of particularities about Latin American public universities that international rankings miss. Likewise the Universities Project is rooted on a notion of academic performance that, as Villavicencio shows, may be useful a university system distinct from Latin America's, and specifically Ecuador's public system. Second, the production of knowledge cannot be disassociated with its location. Many Latin American universities (including Ecuadorian ones) are also sites of public protest, political-parties formation and political resistance, or what I would call the provision of "political goods." The provision of a political good escapes the logic of planning. It does not conform to the *logic* of a CalTech or an M.I.T. (which are cited by Yachay's planners as templates –see Andrade and Nicholls, 2017–) not that there is anything wrong with these very successful and socially useful institutions. The point I want to make here is that the scheme laid out by the state in the Universities Project suggests the presence of, to repeat, a hegemonic planning mentality that excludes the necessary role of local knowledge (Scott, 1998: 6). I should note that –and this is perhaps an important difference between Scott's argument and my own–. I am not arguing that the provision of a political good is necessarily a positive attribute of Latin American public universities. Local knowledges are not always useful or even desirable, as Villavicencio and Scott seem to imply. There are pernicious local knowledges, surely, but that is beside the point. The locus of my contention is that a top-down planning system that is artificially implanted, that requires social relocation and dislocation, as the Universities Project does, is likely to fail.

As mentioned before, the second criteria specified for a failed stated scheme in Scott's book is the presence of high-modernism. Out of the four criteria specified by Scott, this is perhaps the most evident in the Ecuadorian case. Before I define high-modernism, I should stop for a moment to make an important methodological point. I employ Scott's

arguments heuristically. His arguments give analytical order to a complex problematic and show historical precedents for believing that the criteria he establishes for failed, state-led schemes are not only “real” but also interpretatively useful. But that is as far as I would like to go with that. I am not applying Scott’s arguments formulaically. As I argue later, there are limits to Scott’s argument that need to be addressed and complemented with other theoretical sources. Similarly, the historical examples that Scott presents are not always comparable to Ecuador’s specificities. I will point that out as I move along in my own argument.

High modernism is related to the notion of the artificial implantation I mentioned before. It is the administrative ordering of society and nature (i.e. the artificial implantation of a state scheme) but “at a more ambitious and comprehensive level” (Scott, 1998: 94) Specifically, high modernism refers to a

strong... version of the beliefs in scientific and technical progress that were associated with industrialization in Western Europe and in North America from roughly 1830 until World War I. At its centre a supreme self-confidence about continued linear progress. The development of scientific and technical knowledge, the expansion of production, the rational design of social order, the growing satisfaction of human needs, and, not least, an increasing control over nature... High modernism is this a particular sweeping vision of how the benefits of technical and scientific progress might be applied –usually through the state– in every field of human activity (Scott, 1998: 89-90).

One importance difference between high modernism and “artificial implantation” is that,

[T]he simplified, utilitarian *descriptions* of state officials had a tendency, through the exercise of state power, to bring facts into line with their representations, then one might say that the high-modern state began with extensive *prescriptions* of a new society and it intended in impose them (Ibid: 90; emphasis in the original) (Scott, 1998: 89).

Finally, authoritarian high modernism, encompasses the notions that a. the state is willing to impose its “will” or that of its ruling elite (not necessarily according to class interest) and second as Scott puts it, that there is a “prostrate” civil society incapable of effectively opposing state interventions

## Ecuadorian 21st Century High Modernism

Scott divides, in broad terms, high modernism in two strands XIX century high modernism and XX Century Modernism. In other words, high modernism does change, while conserving a certain “essence,” as it were. In this section I would like to give the reader an idea of Ecuadorian high modernism in its specificities. First, Ecuadorian high modernism, like most examples in Scott’s book, could be described as ‘grandiose.’ The Universities Project was, indeed, large and intended to be great. The objectives and aspirations linked to the construction of a parallel, public university system contrasts with anything Ecuador had seen in its past To begin with, the overall objective of higher education reform was the creation of an integrated socio-economic system based on the generation of knowledge through a new public system. Yolanda Alfaro (2018: 95) describes the integrated system as follows:

The policies aimed at the development of [the aforementioned] system, as a new technical-scientific and institutional tissue, seek to strengthen four grand pillars: 1. The formation and strengthening of scientific and technological cadres; 2. The establishment of emblematic universities ... oriented along the strategic purposes of changing the [country’s] productive matrix; 3. The creation of scientific cities like Yachay that cluster university research centres, some public research institutes, a technological and industrial park, and 4. The creation of a new law the Organic Code of knowledge, Innovation Economy (COESCI), to regulate the actions and interactions of all the actors related to the SIN [National Innovation System].

In similar fashion, each of the universities of the Universities Project has lofty, grandiose objectives. UNAE’s institutional objectives number 10 and 12 are, for instance, “[t]o innovate educational, pedagogical, didactic and cognitive bridges [sic] between local and universal cultures in the search of an interculturality of respect, peace and the construction of the Good Living [buen vivir]. Objective 12 is “to audaciously (*de forma audaz*), ethically and innovatively, in close proximity with the state, and through education, achieve a more just, non-patriarchal, intercultural, equitable society and rooted in solidarity. (UNAE, 2018: <<http://www.unae.edu.ec/acerca-de-la-unae-m28ev>>).

Likewise, in 2009 during one of President Correa’s a weekly televised appearances, it was stated that Yachay’s objective was to transform Ecuador into an “exporter of knowledge”; Yachay, it was said, would be the most ambitious project of the last one –hundred years and would transform Ecuador’s productive structures so that knowledge, not primary raw materials, would be the main axis of its economy. Yachay will be, according to government, the most important university of its kind in the region, and will lead to development in the rural community where it was implanted, Urcuquí, by enabling it to become the “owner of agro-industrial, high-technology communal firms, in harmony with nature, seeking to improve their living standards and abandoning a history of exploitation and exclusion” (SENESCYT, 2009: <<https://www.youtube.com/channel/UCcra7p6wRrdz0QPdqFROM5g>>).

These are but a few examples of a pattern that repeats throughout the Universities Project.

To further state the ‘grandiose’ nature of these plans it would be useful to contextualize them against the backdrop of Ecuadorian socio-economic realities. The ‘grandiosity’ rests not only in the language or the self-confidence of these plans and objectives, but in that fact that they are enunciated from Ecuador. Ecuador is a country where 60% of its population works in the informal sector; a country whose main exports are petroleum, bananas and roses, not nanotechnology. In short, a country that is far from being a global technological innovator and one that remains deeply rooted in a relation of dependency with exporters of knowledge and technology like the United States, China and South Korea. It is also important, as I mentioned earlier, that Ecuador already counts with a relatively well-developed public university system (with a myriad of problems, of course), a fact that makes the Universities Project an even more grandiose, almost extravagant, scheme than these statements on their own reveal.

To finalize this point, and this section, it would be worth quoting Villavicencio (2018: 138-139; my translation) at length:

All the preoccupation... of public policies to emulate elite universities comes from a naïve conception of the role of science and technology and, thus, of the *universidad de excelencia*, as engine of a new promise of development. In this respect one should remem-

ber that one of the serious problems facing education in many developing countries is the scale of the demand for professionals... it is often forgotten that technological development and innovation are, in general, limited not by the oversupply of professionals but by the lack of demand from the productive sector. Hence, it is not the absence of scientists and engineers, or the lack of research laboratories and world-class universities what restricts the innovations needed to restructure the economies of developing countries. In the case of Ecuador, for example, it is not the absence of biotechnology or nanotechnology engineers what causes the lack of industrial development around these new technologies. The reason must be found in the weakness of an innovation system [that does not focus] on productive dynamism [and] economic diversification...

## **Anti-Political High Modernism**

In this section I argue that the building of a parallel educational system was rooted in an anti-political stance linked to a combination of high modernism and the strategic positioning of the state vis-à-vis existing social forces. According to Scott, high-modernism tends to devalue or banish politics. [P]olitical interests,” he writes, “can only frustrate the social solutions devised by specialists with scientific tools adequate to their analysis” (Ibid.). Other scholars have also found that the advance of certain power arrangements, within or beyond the state imply anti-political attitudes and effects (see Ferguson, 1994; Murray-Li, 2005; Nicholls, 2014 N/P; Andrade and Nicholls, 2017).

There are various anti-political dimensions to the Universities Project that do not imply the clamping down of opposition –although in some instances it did. The first and perhaps most obvious anti-political attitude is implied in the definition of high modernism: “political interests” are obstacle to “social solutions devised by specialists.” The Universities Project is a project devised by specialists, no doubt, and it is also a project filled with intricacies, complex schemes, spatial reconfigurations, with little room for error or “outside” interference.

The Universities Project, as mentioned before, is a parallel system of education. It was created as such by major legal reform through the creation of the LOES. The Project began as an isolated scheme, even though, paradoxically, it was organized and led by the state. Once the LOES was enacted, and funding secured, SENESCYT organized a series of meetings

and forums to discuss the project, the only problem is that these forums did not equate to an institutionalized channel for the involvement of the public university “establishment.” This was particularly evident in the case of Yachay. In 2013, for instance, SENESCYT along with other state agencies organized the seminar entitled (in English) “Think Tank Yachay, 2013.” Think Tank Yachay is described as follows:

Think Tank YACHAY gathers specialists from Latin America, North America and Europe. They will gather in the city of Ibarra for three days, during which they will get to know the implementation zone, and along with the YACHAY planning team, will develop an action plan that will guide the design and implementation of neighbourhoods, buildings, landscapes and the infrastructure of YACHAY City (Yachay, 2013: <http://www.yachay.gob.ec/think-tank-yachay-ciudad-del-conocimiento-yachay/>).

The Universities Project in effect sought to bypass the difficult conversations that the government would have had to reform the higher educational system. It would also have had to hear notable criticisms about its futuristic visions. For instance, in 2013 the same year that the Think Tank YACHAY took place Villavicencio as well as others was already raising serious concerns about Yachay, Ikiam, UNAE and UNIARTES. According to Villavicencio the parallel system would eventually lead to a crisis of hegemony, a legitimacy crisis and a crisis in the institutionalization of the existing university system. More generally, Villavicencio, following Aboites (2012), argued that:

The plan [Universities Project] leads to the further isolation of its schools and faculties given that it places them in watertight spaces, without a realistic organic-institutional connection. Aboites (2012: 761) warns that ‘the differentiation that is being proposed can only be justified through the logic of the simplest of common senses, which believes that it is more efficient to specialize and separate in order to become adequate to the demands of the market’ (Villavicencio, 2013: 5).

In 2013 Villavicencio warned against a possible disintegration of the existing public system as result of developing parallel system. With the benefit of hindsight, one could conclude, however, that Villavicencio was, in a way, wrong: the partial disintegration of the system happened to the parallel public system, not the long-standing, socially embedded public university system in Ecuador. The attempt to depoliticize higher educational was shielded behind a high modernist language (and practices)

that appealed to scientific rigour and systems of specialized knowledge that escaped Ecuadorian reality. The high modernist attempt to reform higher education in isolation from organized social forces and from the politics agonisms and the dissensus (Mouffe, 2000; Ranciere, 2001) that that effort would have entailed demanded, indeed, a parallel system. As I have argued, however, the Universities Project as it was conceived and implemented was bound to fail or, at least, fall short if its expectations – just as Scott’s “theory” would have predicted.

### **Moving Beyond Scott’s Arguments: Knowledge-Power and the State**

In the final sections of the paper I want to further stress the importance of the anti-political *ethos* of high modernism but in conjunction to an analysis of state power. One of Scott’s argument’s shortcomings is that the concept of power and state power, in particular, is underspecified. It is not surprising that those wielding power over others may seek to diminish opposition to their schemes (i.e. to become anti-political, in Scott’s terms). As we saw above, the Universities Project was a neatly planned scheme that allowed little room for error and/or interference; the end result was a failed, anti-political “system” that could not contain the pressures created by its own elevated standards and isolation.

This, by implication, means that certain domains of knowledge are linked to certain domains of power. At this point it would be useful to specify that knowledge and power are related in more ways than it is implied in the truism “knowledge is power.” Knowledge and power are linked simply because those in power possess a more privileged access to the means of spreading knowledge; also, and by consequence, not all forms of knowledge are spread equally, evenly and/or fairly. Moreover, the linkage ‘power-knowledge’ lies in the fact that knowledge is produced in specific institutionalized sites, like universities and/or government agencies (like SENESCYT). Under this light, I would argue that a further dimension in the analysis of the Universities Project is revealed: the Universities Project can be understood not only as a failed scheme from the educational standpoint, or simply as failed public policy, but also as a failed attempt to strengthen a particular form of state power.

In this respect I would point to two important aspects of state power: first, state power “extends beyond coercion, imperative coordination, and positive law to include the mobilization and allocation of money and credit and the strategic use of intelligence, statistics, and other kinds of knowledge.” And second, it “includes efforts by state agents to strategically rebalance modes of government and governance in order to improve the effectiveness of indirect as well as direct state intervention, including the exercise of power at a distance from the state (Jessop, 2008: 53). With these annotations I want to suggest that the Universities Project is a governmental project designed to assert the state’s authority over the higher education sector, not by weakening it, as has been the focus of a number of critics, (see Villavicencio, 2013; Cabrera, et al. 2018) but by improving it.

This idea may appear counterintuitive at first and a few clarifying remarks are in order. The system of which I speak, the object of governmental improvement, is not the already-existing Ecuadorian higher education system, with its universities and institutions and so on; it is an abstraction that state officials form in order to improve it; it is, furthermore, a reason for the state to intervene in the education system in ways and degrees it had not done in the past (c.f. Murrai-Li, 2005; Walters, 2012; Nicholls, 2014N/P). The objective of the state was to create a governable space (i.e. the Universities Project) in which the messiness and unpredictability of politics would be avoided.

In this sense, it is clear that the type of knowledge, whether it is the field of arts or the hard sciences, is linked to a type of power, in this case, “developmental” (Johnson, 1982; Woo-Cummings, 1999) state-led power. In this respect this excerpt from an interview with René Ramirez may be revealing:

Ecuador is not a country that researches –[Ecuadorian] universities do not conduct research. It is worth noting that that the law [LOES] does not tell either private or public universities that they must align themselves with the [government’s] plan. What it states is that articulations must exist, and that the state has the right to say: “these investigations are priorities for the new development strategy we wish to pursue...” (Mazzano, 2009: <<http://revistas.usfq.edu.ec/index.php/polemika/article/view/325/443>>).

Elsewhere I have argued that state power, particularly developmental state power, can be understood genealogically, that is, by looking at the



history of how government creates domains of intervention (see Nicholls, 2014 N/P; forthcoming, 2018; Andrade and Nicholls, 2017). The Universities Project is particularly useful in illustrating how the state created a governable space after deeming the actual system ungovernable. Another of Ramirez's statements illustrates this point:

In U.S. universities one can find a liberal, a republican, a socialist, or someone from the left; that can be guaranteed through democratic processes. The co-government of universities [i.e. by universities and the state] is a principle that seeks to form ... certain values that, in many cases, have been lost in [local] universities. We must avoid what has happened to public universities – a politicization that has led ... to the dilution of what ought to be the most important thing – debating ideas (Mazzano, 2009: <<http://revistas.usfq.edu.ec/index.php/polemika/article/view/325/443>>).

## Conclusion

In this paper I have argued that the Universities Project must be understood as an expression of state power. It is not just a failed educational-reform scheme; it was a failure to strengthen a form of state power-developmental state power. In seeking to understand why such a grand scheme failed I sought to analyse the Universities Project beyond its policy failures, which are many. In the process I noticed the remarkable coincidences between the Universities Project and its specific failures and Scott's conceptual framework for understanding how states fail to impose their authority. I have also analyzed the Project by looking at it from the logic of the constitution of a governmental space for intervention and how the state constructed a space for it to exercise the tutelage over the production of knowledge. This attempt was also a relative failure, but it is not a failure of an education scheme, it was a failure to construct the state – a failure of statecraft.

For reasons of space I have not detailed the specificities of how the state constructed the scheme: the use of maps, statistic, reinventions of space and so on. And this is something that could be undertaken in a future project. I have also come short of discussing the financial details of the project. It is, after all, important to remember that the project and the failed developmental state occurred during a large inflow of petrodollars. It is after all

not possible to fully understand the project without acknowledging that the grandiosity of the Universities Project was fuelled by economic affluence. Nonetheless, by linking two approaches to understanding the state and state interventions I have, hopefully, disclosed a new dimension of the universities Project, one which goes beyond the notion of policy failure, state authority as pure negative imposition and/or the concept of “inefficiency” to understand failed, state-led schemes.

## References

- Alfaro, Yolanda (2018) “La selección del ENES como determinante en la falla de la política de acceso a la educación superior en Ecuador”. In Santiago Cabrera, Cristina Cielo, Kintia Moreno and Pablo Ospina (Eds.) *La reforma universitaria en Ecuador (2008-2016): Extravíos, ilusiones y realidades*. Quito: Corporación Editora Nacional
- Andrade, Pablo. & Esteban Nicholls (2017). La relación entre capacidad y autoridad en el Estado: La construcción de un Estado ‘Excepcionalista’ en Ecuador. *ER-LACS*, ( 103 ), 1–24 . DOI: <<http://doi.org/10.18352/erlacs.10154>>.
- Cabrera, Santiago, Cielo Cristina, Moreno Kintia and Pablo Ospina (Eds.) (2018) *La reforma universitaria en Ecuador (2008-2016): Extravíos, ilusiones y realidades*. Quito: Corporación Editora Nacional
- El Comercio (2017) Yachay: Los planes fallidos de un megaproyecto. DOI: <<https://especiales.elcomercio.com/2017/10/yachay/#>>.
- Foucault, M. (1994a). Power: The Essential Works of Foucault 1954-1984. Vol 3, J.D. Faubion (Ed.), Rabinow, P. (series ed). New York: The New Press.
- Jessop, Bob (1990) *State Theory*. Pennsylvania: Pennsylvania University Press.
- , (2008), *State Power*. Cambridge Polity Press.
- , (2007) “From Micro-Powers to Governmentality: Foucault’s Work on Statehood, State Formation, Statecraft and State Power,” *Political Geography*, 26.
- Johnson, Chalmers (1982). *MITI and the Japanese miracle: The growth of industrial policy (1925- 1975)*. Stanford: Stanford University Press.
- , (1999). The developmental state: Odyssey of a concept. En M. Woo-Cummings (Ed.)
- Mazzano, Giuseppe (2009) “Universidad, libertad y bien común”. Entrevista a René Ramirez. *Poemika* 2(10). DOI:< <http://revistas.usfq.edu.ec/index.php/polemika/article/view/325/443>>.
- Ministry of Culture, (2013) “Creación de Yachay, Ikiam, Unae y Uniartes ya está en la Asamblea Nacional”. DOI <<https://www.culturaypatrimonio.gob.ec/creacion-de-yachay-ikiam-unae-y-uniartes-ya-esta-en-la-asamblea-nacional/>>.

- Mouffe, Chantale (2009) *En torno a lo político*. Buenos Aires: Fondo de cultura económica.
- Nicholls, Esteban (2014), "Towards a Theoretical Understating of How to Study the State: Governmentality, Power and Governmental Regimes." Universidad Andina Simón Bolívar, Repositorio Digital.
- Ranciére, Jacques (2001) Ten Thesis on Politics. *Theory and Event*, 5(3), 1-33. *The developmental state*. Ithaca: Cornell University Press.
- Scott, James C. (1999) *Seeing Like a State: how certain schemes to improve the human condition have failed*. New Haven: Yale University Press.
- Villavivencio, Arturo (2013a) "La universidad Virtuosa". *University Paper*, Quito: UASB.
- Villavivencio, Arturo (2013b). ¿Hacia dónde va el proyecto universitario de la Revolución Ciudadana?. En J. Cuvi, D. Machado, & A. Oviedo (Eds.). *El correísmo al desnudo*. Quito: Montecristi Vive.
- Walters, William (2012) *Governmentality*. London: Routledge
- Woo-Cummings, Meredith (Ed.) (1999). *The developmental state*. Ithaca: Cornell University Press.
- Yachay (2013) "Primer encuentro internacional Think Tank YACHAY Ciudad del Conocimiento". DOI: <<http://www.yachay.gob.ec/think-tank-yachay-ciudad-del-conocimiento-yachay/>>.





**UNIVERSIDAD ANDINA  
SIMÓN BOLÍVAR**  
Ecuador

La Universidad Andina Simón Bolívar es una institución académica de nuevo tipo, creada para afrontar los desafíos del siglo XXI. Como centro de excelencia, se dedica a la investigación, la enseñanza y la prestación de servicios para la transmisión de conocimientos científicos y tecnológicos.

La Universidad es un centro académico abierto a la cooperación internacional, tiene como eje fundamental de trabajo la reflexión sobre América Andina, su historia, su cultura, su desarrollo científico y tecnológico, su proceso de integración, y el papel de la Subregión en América Latina y el mundo.

La Universidad Andina Simón Bolívar fue creada en 1985 por el Parlamento Andino. Es un organismo del Sistema Andino de Integración. La Universidad Andina Simón Bolívar se estableció en el Ecuador en 1992. Es la primera universidad del Ecuador en recibir un certificado internacional de calidad y excelencia.

La Sede Ecuador realiza actividades, con alcance nacional e internacional, dirigidas a la Comunidad Andina, América Latina y otros ámbitos del mundo, en el marco de áreas y programas de Letras, Estudios Culturales, Comunicación, Derecho, Relaciones Internacionales, Integración y Comercio, Estudios Latinoamericanos, Historia, Estudios sobre Democracia, Educación, Adolescencia, Salud y Medicinas Tradicionales, Medio Ambiente, Derechos Humanos, Migraciones, Gestión Pública, Dirección de Empresas, Economía y Finanzas, Estudios Agrarios, Estudios Interculturales, Indígenas y Afroecuatorianos.



**COLEGIO DE  
AMÉRICA**  
SEDE LATINOAMERICANA QUITO

El Colegio de América Sede Latinoamericana es un centro dedicado a promover la actividad académica, el intercambio y el desarrollo de iniciativas entre Europa y América Latina. Su objetivo básico es intensificar la cooperación entre instituciones universitarias, programas y proyectos, con el fin de consolidar espacios de diálogo y trabajo común. Realiza actividades culturales y científicas, con énfasis en la participación de varios países.

El Colegio de América Sede Latinoamericana fue establecido en Quito y funciona con sede en la Universidad Andina Simón Bolívar, mediante un convenio de colaboración. Funciona en estrecha coordinación con El Colegio de América de la Universidad Pablo de Olavide. Para ello se suscribió un convenio específico en la ciudad de Sevilla.

El Colegio de América Sede Latinoamericana fue establecido en Quito y funciona con sede en la Universidad Andina Simón Bolívar, mediante un convenio de colaboración. Funciona en estrecha coordinación con El Colegio de América de la Universidad Pablo de Olavide. Para ello se suscribió un convenio específico en la ciudad de Sevilla.

El Colegio de América promueve eventos académicos, proyectos de investigación científica y cultural, iniciativas de intercambio y actividades de integración. Apoya programas de docencia y servicio a la comunidad.

Ecuador is a country that arouses interest in its current situation. After an economic boom, it is now going through a severe crisis. At the end of a decade of an authoritarian government identifying itself with “21st century socialism”, human rights and freedom of expression abuses are being exposed. As the facts are being laid bare, an entire system of abuse of power and corruption from the government is emerging.

The present work brings together various papers focusing on these realities. They tackle several aspects of the country’s context today and in the immediate past: poverty, economic changes, political power and its relationship to social movements, extractivism and its impacts, art and literature.

Despite interest in this subject, the literature on Ecuador’s realities is quite scant. That is why we hope the present publication will contribute meaningfully to further knowledge about the country.



**UNIVERSIDAD ANDINA  
SIMÓN BOLÍVAR**

Ecuador

Universidad Andina Simón Bolívar, Sede Ecuador

Toledo N22-80 • Apartado postal: 17-12-569

Quito, Ecuador

Teléfonos: (593 2) 322 8085, 299 3600

Fax: (593 2) 322 8426

[www.uasb.edu.ec](http://www.uasb.edu.ec) • [uasb@uasb.edu.ec](mailto:uasb@uasb.edu.ec)



**COLEGIO DE  
AMÉRICA**

**SEDE LATINOAMERICANA QUITO**

Colegio de América, Sede Latinoamericana

Lugo E13-79 • Edif. Micaela Bastidas, piso 1 • Quito, Ecuador

Teléfonos (593 2) 322 8085, 299 3600

[www.uasb.edu.ec](http://www.uasb.edu.ec)

