

## Chapter 4: Ecuador 1972-2017: Case Study and Methodological Approach

“Reality is always related to the state and the [international] division of labor”  
(Poulantzas 1978, 36).

### *Deep Diving into the Triad Nature-State-Development: Focus on Ecuador*

Ecuador has traditionally been a natural resources-dependent economy, and since 1972 an oil rent-dependent state. It provides three remarkable conditions for scholars to approach the triad nature-state-development. *First*, Ecuadorian recent economic history mirrors Latin America’s successive (re)insertions into the capitalist world-system based on natural resources. Three “consensuses” steered the region’s development policymaking since the end of the Second World War and imprinted the domestic circumstance in Ecuador: 1) a consensus around the idea of import-substitution industrialization (ISI) as a way to depart from the natural resources-based development model, which historically linked the region with the rest of the world, 2) the Washington Consensus, which regarded natural resources as Latin America’s key to neoliberal globalization (comparative advantages), and 3) the *consenso de los commodities* (Svampa 2013), which displayed an apparent general agreement among society around the centrality of natural resources in the development process and highlighted neo-extractivism as the prevalent development strategy across the region. *Second*, during the last half-century, the country underwent two oil booms: 1) The 1972-1980 oil boom, which coincided with the two global oil shocks and marked the beginning of the Ecuadorian oil era, and 2) the 2003-2014 oil boom that overlapped the twenty-first century commodities boom. During periods shaped by high international oil prices, state’s agency, i.e. its capacity to intervene in the national development process, was significantly boosted. As the Ecuadorian state ruled over the economic sphere, governments declared the intention to prepare the leap beyond dependence on oil rent by promoting other economic sectors. In other words, governments at the head of the Ecuadorian developmental state intended to “sow the oil” with specific nuances during oil boom periods and

expected to harvest economic diversification. With hindsight, the Ecuadorian state reaped a meager harvest in the economic sphere in the long term; transient achievements in economic diversification contrast with the prevalence of the traditional natural resources-based development model, which signalizes an unmistakable position within the international division of labor. *Third*, throughout the last half-century, Ecuador accurately exemplified Latin America's sociopolitical processes. Though, domestic sociopolitical processes connected with the three aforementioned "consensuses" might not completely be understood through the approach to the state's intervention in the national development process. Other social actors successively integrated and played essential roles in shaping the domestic circumstance. The gradual inclusion of environmental thinking and social environmental awareness epitomizes the irruption of new social actors into the discussion on the national development process.

In Ecuador, oil euphoria incubated since 1968, when Texaco announced the construction of the Trans-Ecuadorian pipeline. The dream of Eldorado "that lured both the Incas and the Conquistadores" (Maidenberg 1971) promptly began to shape the domestic sociopolitical sphere. By 1968, José María Velasco Ibarra, the "last *caudillo* of the oligarchy" (Cuvi 1977), was elected for the fifth time for the post of president of Ecuador. In the middle of growing oil euphoria, President Velasco Ibarra declared himself dictator in June 1970 and suppressed the election of his successor, which was planned for June 1972. According to Báez (1984, 93), in order to win support for his dictatorship, Velasco Ibarra offered the armed forces 50 percent of the expected oil royalties<sup>74</sup>. Optimism did overflow the national borders. By July 1971, a feature on Ecuador was headlined in *The New York Times*: "Oil Companies Find Ecuador's Long-Sought Eldorado" (Maidenberg 1971). The good news hinged on the hope that Ecuadorian oil was to be managed by private companies already in place, unlike in Venezuela (one of the world's main suppliers at that time<sup>75</sup>), where the government was "preparing to place the foreign oil operators under state control".

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74 The actual portion of oil revenues received by the armed forces during the first Ecuadorian oil boom is shown in Table No. 8. Oil revenues nurtured the budget of the armed forces until the year 2000. From 2001 on, the budget of the military is centralized under the umbrella of the state's budget.

75 Remarkably, the feared specter of state's intervention in Venezuelan oil activity appeared nearly fifty years after the beginning of the Venezuelan oil era.

However, the oil bonanza was not to be left in hands of the civilian dictator nor his potential successor. According to Conaghan (1988, 79), as the possibility of massive oil exportation approached, “military’s fears were focused on the specter of civilian politicians pillaging [oil] windfall revenues pouring into the state”. Ecuador followed the course set by the majority of Latin American countries during the 1970s; with few exceptions (e.g. Costa Rica, Venezuela), authoritarian regimes, mostly in the form of military dictatorships, ruled over the region. General Guillermo Rodríguez Lara led a military coup that overthrew Velasco Ibarra short before the dawning of the oil era and installed the self-styled “revolutionary nationalist” government in February 1972. The *desarrollista* coalition summoned by the military dictatorship tolled the knell for the oligarchical state: the Ecuadorian oligarchical period ended in 1972 (Cueva 2013, 145). Though, indigenous peoples were excluded from the tacit anti-oligarchical pact; in September 1972, General Rodríguez Lara asserted that “there is no more *Indian* problem, we all become white when we accept the goals of national culture” (Stutzman 1981, 45). The negation of *indígenas* in the national modernization project converged with the widespread dualistic current of thought that linked indigenous peoples with backwardness and archaic societies (Stavenhagen 1979, 23).

Following the nationalist trend that prevailed in Latin America at that time, the “revolutionary nationalist” dictatorship claimed state’s ownership over subsoil natural resources, and declared that rent was meant to serve the national development project. The industrialization bet of General Rodríguez Lara’s dictatorship is sometimes known as “ISI *tardío*” or late ISI (Larrea 1987, 37), since a precursor attempt inspired on the ISI paradigm<sup>76</sup> was steered by the military junta (*Junta Militar*) which ruled over Ecuador between 1963 and 1966. The “revolutionary nationalist” dictatorship shared with the junta the faith in economic planning as a sort of alchemy that would transform the country’s productive structure. Also, “late ISI” alludes to the early industrialization bets of different Latin American countries during the first half of the twentieth century, especially in the South Cone, Brazil, Mexico, and Colombia.

By 1979, the first oil boom reached an end, and Ecuador elected a new government that inaugurated a series of democratic regimes across the re-

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76 Fernando Velasco (1981, 206), an economist educated in the tradition of Latin American *dependentismo*, put the “historical moment when ties with the [capitalist] metropolises were more tight” in the center of his explanation of the failure of the junta’s ISI endeavor.

gion, thus bringing an end to the era of the Latin American military dictatorships. Nevertheless, during the 1980s, elected governments faced pay-back time for the “sow the oil” attempt of the previous decade. Ecuador and other natural resources exporting countries underwent the *década perdida* with low international commodity prices. During the 1990s, as international oil prices reached historical minimums, six Ecuadorian presidents served in office in a decade<sup>77</sup>. The Ecuadorian state, as other Latin American states, was accused of inefficiency and corruption. The enforcement of Washington Consensus-inspired neoliberal policies pursuing state’s shrinkage appeared unviable or unable<sup>78</sup> to cope with the serious economic and social crisis that provoked the massive emigration of Ecuadorian citizens to North America and Europe. According to Acosta, López and Villamar (2004, 261), during the most critical years of the crisis, which reached its climax by 1999, circa one million persons, or one fifth of the total labor force, added to the emigration wave. Indigenous peoples, which were doomed to invisibility in the previous decades, irrupted into the Ecuadorian sociopolitical arena with a series of insurrections against neoliberal policies that began in 1990 with the *Inti Raymi* uprising. Together with worker’s unions of public companies, the indigenous movement turned into the spearhead of protests during the crisis of the end of the twentieth century. Into the twenty-first century, the indigenous movement became “one of the most important political actors in Ecuador” (Jima and Paradela 2019, 4).

During the neoliberal crisis, Ecuador adopted the international environmental discourse of sustainable development and added to the wave of establishments of national environmental ministries and promulgations of environmental and biodiversity laws and regulations across the region. As the official environmental discourse was outlined, environmental awareness increased among the Ecuadorian society and encouraged the public denunciation of the disastrous consequences of ongoing oil extraction in the Ecuadorian Amazon Region (EAR). Despite of the environmental discourse, the Ecuadorian state implemented a set of economic measures to raise the attractiveness for foreign investments in oil extraction. Though,

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77 Rodrigo Borja (1988-1992), Sixto Durán Ballén (1992-1996), Abdalá Bucaram (1996-1997), Rosalía Arteaga (1997), Fabián Alarcón Rivera (1997-1998), Jamil Mahuad (1998-2000).

78 The study of the devastating consequences of the enforcement of neoliberal policies in the economic and sociopolitical spheres is one of the drivers of current academic debate about the comeback of the *desarrollista* state to Latin America or its “renaissance” (Peters 2017b; Peters and Burchardt 2015, 7).

contrary to what was expected, the enforcement of neoliberal policies paved the way for the return of the state. Whilst, increased environmental awareness among society decisively contributed to catalyze a renewed claim on state's ownership of subsoil natural resources.

Short after the beginning of the new century, international oil prices skyrocketed again: The second Ecuadorian oil boom concurred with the global twenty-first century commodities boom. In 2006, a coalition of social forces that adhered to the democratic "left turn" of a significant portion<sup>79</sup> of the Latin American region won the presidential election in Ecuador. The new government of the PAIS Movement (*Movimiento Patria Activa i Soberana*, now *Alianza País*), which labelled itself as 'Citizens' Revolution', converged upon the nationalist trend of the 'pink tide' and reclaimed state's ownership of oil as a masterpiece to arbitrate in the national development process. The first executive order signed by President Rafael Correa, who served in office from 2007 to 2017, convened a constituent assembly to draft a new constitution (Executive Order No. 2, published in the Official Gazette No. 8, January 25, 2007) in order to correct the "deficits of representative institutions" (de la Torre 2010, 157) left by state's withdrawal during the crisis of the previous decades. In the 2008 Constitution, nature or *pachamama* (mother nature) was accorded rights<sup>80</sup>, and the extraction of natural resources was restricted to state's responsibility. The codification of the rights of nature and the responsibilities of the state in the new constitution was in line with the adoption of the alternative-to-development discourse of *buen vivir*. The indigenous worldview of *sumak kawsay* (good living) not only inspired *buen vivir*, but also official state documents relating development (e.g. development plans), and even impregnated the text of the 2008 Constitution. This blatantly contrasted with the invisibility of indigenous peoples previous to the 1990s' uprisings.

*Buen vivir* entailed an influential socioecological dimension inspired by the quest for a harmonious relationship between nature and society<sup>81</sup>. Particularly relevant for this purpose was article 407 of the new constitution, which prohibited "activities for the extraction of non-renewable natural resources [...] in protected areas and in areas declared intangible assets"

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79 According to Levitsky and Roberts (2011, 1), the "wave" began in 1998 when Hugo Chávez was elected president of Venezuela.

80 According to article 71 of the 2008 Constitution, "the right to integral respect for its existence and for the maintenance and regeneration of its life cycles" (Asamblea Constituyente 2008a).

81 Other relevant dimensions of *buen vivir* are harmonious relationships between persons and between communities (León and Domínguez 2017, 116).

(Asamblea Constituyente 2008a). Domínguez, Caria, and León (2017, 138) referred to the stream of *buen vivir* that underscores an ecological approach as “utopian *buen vivir*”. However, this dimension of *buen vivir* was meant to materialize in the Yasuní-ITT initiative, a plan to leave oil in the ground in the Yasuní National Park (YNP) in the Ecuadorian Amazonia. In exchange for saving the YNP from oil drilling, the Ecuadorian state applied for an international compensation of at least US\$ 3,600 million. Though, concurring with its inclusion in the constitution and other official documents, the concept of *buen vivir* was despoiled of its “critic and transformer potential” (Peters 2014, 140) and gradually faded away by suggesting rather development alternatives (instead of alternatives to development) such as sustainable development (Alarcón and Mantilla 2017, 101) and human development (Cortez 2014, 338), i.e. “a quite traditional understanding” of the concept of development (Caria and Domínguez 2016, 18). In August 2013, Correa petitioned the National Assembly for authorization to drill for oil in the YNP in order to use oil rent to fight poverty. The National Assembly, with majority of *Alianza País*, approved the petition straightaway during the first days of October and declared that oil rent was central to achieve *buen vivir* (Resolution of the National Assembly, October 3, 2013). The unilateral termination of the Yasuní-ITT initiative had many consequences. While *buen vivir* turned into a “vague and polyphonic concept” (Alarcón and Mantilla 2017, 99), the approbatory resolution sent a strong signal that the Ecuadorian state succumbed to Latin American neo-extractivism.

Nevertheless, the discussion on “sow the oil”, or the updated “leave oil in the ground”, contributed to place environmental concerns at the top of the state’s developmental agenda. However, Eisenstadt and Jones West (2017, 231) maintained on the basis of a wide-ranging survey conducted in Ecuador after the end of the second oil boom, that when environmental concerns occur, they “may be mitigated by the expectation of economic benefits”. Just as the first oil boom, during the second oil boom, the active intervention of the Ecuadorian state in the national development process lasted until the aftermath of the dramatic drop of oil prices of 2014. Lenín Moreno, Correa’s vice president between 2007 and 2013, won the presidential election in 2016 and assumed office in 2017 with limited room for maneuver. With a hefty debt burden and lower international oil prices, Moreno began his administration dismantling the ministries that were created by Correa. During the decade-lasting Correa’s government, the faith in economic planning translated into the establishment of new ministries, which were regarded as the spearhead of the transformation of the coun-

try's productive structure. At the end of the twenty-first century commodities boom, concurring with a widespread withdrawal of 'pink tide' governments, the Ecuadorian state, as other Latin American states, was once again (or still) blamed for inefficiency and corruption.

*The Case Study: Contemporary Approaches*

Research on the (dis)connection between natural resources-abundance and development in Ecuador has been undertaken from different academic perspectives. This reinforces the idea of the need of an interdisciplinary approach; hence, this book aims to integrate the observations of half-century Ecuadorian recent economic history under the prism of nature-state-development. The approach to the sphere of the economy during both oil boom periods serves as a point of entry to expose state's management of oil rent, which was intended to achieve the common goal of economic diversification. Since state's agency had an impact also outside the sphere of the economy (i.e. on the sociopolitical sphere), an approach from the perspective of orthodox development economics would appear rather short-sighted. Therefore, this book lays a greater stress on the political economy, the sociology of development, and the political science in order to approach the impacts of either oil booms on Ecuadorian society.

Since no integrated research on *both* Ecuadorian oil booms has been undertaken at present, the approach proposed in this book is nurtured by separated studies (from diverse academic perspectives and disciplines) of the domestic circumstance and the external constraints during bonanza periods. Whereas specific assessments of the first Ecuadorian oil boom are available in academic literature, research on the period of the second boom is rather shaped by its closeness to the period of Correa's government. Research on the first Ecuadorian oil boom, published in the succeeding decade of the bonanza, focuses separately on the economic and the sociopolitical spheres. Bocco (1987) and North (1985) examined Ecuador during the 1970s from a political economy perspective in *Auge petrolero, modernización y subdesarrollo: el Ecuador de los años setenta*<sup>82</sup>, and *Implementación de la política económica y la estructura del poder político en el Ecuador*<sup>83</sup>, whereas Conaghan (1988), in her groundbreaking *Restructuring Domination: Industrialists and the State in Ecuador*, incorporated a political

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82 Oil Boom, Modernization and Underdevelopment: Ecuador During the 1970s.

83 Enforcement of Economic Policy and Political Power in Ecuador.



science perspective focusing on the relationship between the state and local bourgeoisies. Other scholars studied the effects of the first Ecuadorian oil boom on particular fields, such as the political system (Martz 1987), and the economy<sup>84</sup> (Báez 1984; de la Torre 1987; Moncada 1989; Báez 1989). Besides, two specific country reports ordered by multilateral organizations (ECLAC and the World Bank) assessed the country's assimilation of the positive external economic conditions shaped by high international oil prices during the first oil boom: 1) *Ecuador: desafíos y logros de la política económica en la fase de expansión petrolera*<sup>85</sup> (CEPAL 1979), and 2) *Ecuador: problemas y perspectivas de desarrollo*<sup>86</sup> (World Bank 1980).

Otherwise, since the end of the second Ecuadorian oil boom is contemporary with the change of government in Ecuador in 2017, current academic literature is rather biased towards assessments of the outgoing administration, e.g. *Balance crítico del gobierno de Rafael Correa*<sup>87</sup>, edited by Muñoz (2014), *Sumak kawsay o buen vivir como alternativa al desarrollo en Ecuador. Aplicación y resultados en el gobierno de Rafael Correa (2007-2014)*<sup>88</sup> (García 2016), and *Ecuador: Balance de una década. Crisis socioambiental, extractivismo, política e integración*<sup>89</sup>, edited by Montúfar (2019). Indeed, Ecuadorian academic literature lacks in integrated analyses of the impact of the positive international conditions of the second oil boom on the country's political economy. Available academic research, which focuses on separated fields, mostly concentrates on *first* the "authoritarian direction" taken by Correa's government (Montúfar 2019; Conaghan 2016; Svampa 2016), *second* local socioecological conflicts on natural resources extraction (Solíz 2019; Vallejo et al. 2016), *third* investments and provision of infrastructure in energy and mining projects under the shadow of China's loans<sup>90</sup> (Villavicencio 2019; Zapata, Castro, and Benzi 2018), and

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84 From a mainstream economics perspective, de la Torre (1987) applied the mathematical model of the "Dutch disease" to the Ecuadorian reality of the 1970s. For an explanation of the "Dutch disease" and its criticism, see the section *Act II. Development and Nature: The Myth of Eldorado and the Legend of the Resource Curse*.

85 Ecuador: Achievements and Challenges of Economic Policy During the Oil Boom Period.

86 Ecuador: Problems and Perspectives of Development.

87 Critical Assessment of Rafael Correa's Government.

88 *Sumak Kawsay* or *Buen Vivir* as an Alternative to Development in Ecuador. Enforcement and Outcomes During Rafael Correa's Government (2007-2014).

89 Ecuador: Assessment of a Decade. Socio-Environmental Crisis, Extractivism, Politics, and Integration.

90 Many of the loans taken out by Correa's government demand payment in barrels of oil.



*fourth* corruption<sup>91</sup> (Orozco 2019, 14-15; Villavicencio 2017). Hence, an additional methodological challenge was to focus on the political economy of the second Ecuadorian oil boom by surpassing the approach to the juncture.

### *Research Categories and Methodological Approach*

The theoretical section of this book (chapters 1 to 3) is dedicated to outline a comprehensive academic approach to the triad nature-state-development. Consequently, the present section (chapter 4) aims to present the research categories that stem from the components of the triad, i.e. from the relationships between 1) the state and development, 2) development and nature, and 3) nature and the state. In order to examine the research categories under the lens of the triad nature-state-development throughout half-century of recent Ecuadorian economic history, this book entails two main methodological approaches: 1) a historical-structural approach that aims to transcend the phenomenological perspective of domestic dynamics by emphasizing the relationships within the world-system, and 2) a diachronic comparative approach, which seeks to identify processes of continuity and change by focusing on state's agency during both oil boom periods. The historical-structural approach a) highlights the peripheral position of natural resources-rich countries (like Ecuador) in the "international division of nature", i.e. the "material foundation" of the international division of labor (Coronil 1997, 29), and b) provides an important antidote to the deductive theorizing inherent in mainstream economics, in which historical facts are routinely ignored or distorted in an effort to validate abstract models (Thurbon and Weiss 2016, 638). By focusing on domestic circumstances as well as on external constraints (the historical-structural approach), this book aims to connect to the methodological tradition of the Latin American theoretical schools of (under)development. Also, by carrying out a diachronic comparative approach of the oil booms, the book presents a unique at this time contribution to the study of Ecuadorian recent economic history. In order to introduce the research categories (Table

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91 In December 2017, Jorge Glas, Correa's vice president between 2013 and 2017 and close ally was sentenced to six years in prison after a court found him guilty of pocketing US\$ 13.5 million from the Brazilian construction company Odebrecht in return for handing it contracts (Dell and McDevitt 2018, 108).

No. 7) in correspondence with the triad nature-state-development, three subtitles follow.

### Research Categories: The State and Development

This book argues that the industrialization endeavor undertaken by the Ecuadorian state during both oil booms mirrored less in the sphere of the economy than in the domestic sociopolitical sphere. Hence, attempts of the state to “sow the oil” were not reaped as economic diversification, but as the fruits of modernization. During the first Ecuadorian oil boom, oil rent endowed the landlord-arbiter state with relative autonomy from social classes, which the state used to impose a developmental project on society. Such a capitalist project did not respond to the politics of any dominant faction, but to “the politics of the political elites or the politics of the bureaucracy” (Poulantzas 1978, 122). This cocktail of relative autonomy from social classes endowed by natural resources rent and the imposition of a state’s capitalist developmental project is referred to in this book as the “Poulantzas’ reformulation” of the developmental state theory.

In the pursuit of its developmental project, the Ecuadorian state poured oil rent into society through diverse mechanisms (e.g. reduction of the tax burden, preferential credits, wage increment, subsidies), which asymmetrically benefited all social classes. As a result, the state boosted the internal market. The enhancement of household final consumption expenditure speaks for an overall improvement in the consumption levels of the private sector. Though, the other side of the coin was shaped by the country’s increasing external debt<sup>92</sup> and its dependence on imports of manufactured goods. The consolidation and strengthening of Ecuadorian modern urban middle classes, due to the developmental endeavor of the state, is considered as the prevailing legacy of the first Ecuadorian oil boom. The given definition of middle classes (Wright 2009, 102-103; Wright 1996, 694; Wright 1987, 21), which is exposed in the section *Act I. The State and Development: Modernization and the Rise of Middle Classes* requires 1) an individual attribute and 2) a way to identify or describe life conditions and consumption patterns that people share in this stratum. The individual at-

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92 Increasing external debt has been also related to other factors, particularly to the expansion of infrastructure projects. A discussion on the destination of external debt is beyond the scope of this book.

tribute used is education<sup>93</sup>, concretely enrollment in tertiary education, which increased during the analyzed period. Whilst, figures of household final consumption expenditure and imports of consumer goods aim to describe material life conditions and consumption patterns. The boost of the internal market that the state provoked was not necessarily functional to the establishment of an ISI strategy, since import-substitution industrialization required an enhanced market for *domestic* products, not for *imported* products. This might speak for the failure of the enforcement of the state's developmental policies in the economic arena. Though, the rise of Ecuadorian middle classes, as an outcome of the state's developmental endeavor in the sociopolitical arena, might be regarded as an argument against the robustness of the resource curse thesis.

The improvement in the figures of enrollment in tertiary education during the first Ecuadorian oil boom might be regarded as a modernizing outcome of the developmental endeavor of the Ecuadorian *desarrollista* state. Urbanization, which increased hand in hand with enrollment in tertiary education and increasing employment opportunities in the public sector might be regarded as another milestone of modernization during the first Ecuadorian oil boom, and as an ultimate descriptor of modern urban middle classes. Since class is a relational concept (Wright 1987, 21), this book argues that the developmental effort of the Ecuadorian *desarrollista* state, which resulted in the rise of middle classes, was mainly at the cost of the Ecuadorian *latifundista* upper class, particularly the *hacendados* of the highlands.

### Research Categories: Development and Nature

The commitment of the *desarrollista* state to industrialization became central not only to the quest for a more advantageous integration into the world-economy, but also as an antidote to exorcise the resource curse from the domestic economy. For the Ecuadorian state, industrialization traditionally represented the materialization of successful economic develop-

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93 Wright (2009, 103) argued that education is “the key individual attribute in economically developed societies”. Since an ultimate goal of the developmental endeavor of the Latin American *desarrollista* state was to catch up with developed countries, education fits well as an individual attribute to describe Ecuadorian modern urban middle classes. According to the World Bank (2019g), tertiary education requires, as a minimum condition of admission, the successful completion of education at the secondary level.

ment. Though, as other peripheral states, Ecuador can grasp at few options to import capital, manufactured goods, and technology, i.e. to undertake an industrialization effort; a real alternative to the foreign exchange produced by their natural resources exports is external debt. The euphoria that characterized both Ecuadorian bonanza periods left no space to link oil with the devil's excrement, nor to attempt a social rationalization of the disconnection between the abundance of natural resources and economic development. Only a context of severe crisis, such as the one that began with the *década perdida* in the 1980s and ended with the beginning of the twenty-first century, blatantly evidenced the country's further reliance on the natural resources-based development model and its shortcomings.

Since the beginning of the Ecuadorian oil era in 1972, crude oil has been a permanent guest in the top of the mix of Ecuadorian exports. During both oil booms, the state channeled oil revenues into the manufacturing sector through a set of measures to support (new) industrialists. Though, the amount of incentives received by industrialists during the first oil boom is unparalleled in the oil era. State's support to industrialists during the first oil boom translated into an expansion of the manufacturing sector in the composition of Ecuador's non-oil GDP, which might challenge the applicability of the resource curse thesis (particularly its economic component, i.e. the Dutch disease) to the Global South. During the height of neoliberal globalization, as oil ceased to be the champion of Ecuadorian exports, other natural resources proved to be a reliable source of foreign exchange. The country presumed on a more "diversified" portfolio of export products composed, besides crude oil, by traditional natural resources (mainly banana, coffee, and cocoa) and non-traditional natural resources (mainly natural flowers, canned sea food and mining products). Despite a further expansion of the share of the manufacturing sector in Ecuador's non-oil GDP, economic diversification meant by far not industrialization. With the exemption of Mexico and other countries in Central America (Peters 2019, 158), the twenty-first century commodities boom underlined the trend of re-primarization of the economies across the Latin American region (CEPAL 2017, 40; CEPAL 2014, 61). For Ecuador, the temporary expansion of the manufacturing sector did not represent any deviation from the re-primarization trend, which is understood as the growing weight of natural resources or raw material in the total volume of the country's exports.

## Research Categories: Nature and the State

During the severe crisis of the last decades of the twentieth century, as external debt continued growing and debt service significantly improved, natural resources rent (from traditional and non-traditional export products) brought the country from the brink of bankruptcy and remittances of emigrants prevented the total wipe-out of the improved living standards reached during the first oil boom. The concept of the environment emerged in such a context of domestic turmoil and the environmental discourse of sustainable development was embraced. It goes without saying that during the first Ecuadorian oil boom the concept of the environment was non-existent, nor other “theories that considered the importance of the environmental factor in their world views” (Romano, Kelly, and Lavorinia 2020, 107); therefore, it is argued that if there is an epitome of nature during the first oil boom it was certainly that of *natural resources*, which was meant to play a central role in economic development. Since this book aims at putting forward the thesis that different meanings of nature were capable to shape the relationship between the state and society during oil boom periods, it proposes land reform as a proxy (see the section *Nature and the State: The Political Economy of Oil-Rentierism*).

Previous to the beginning of the second Ecuadorian oil boom, as the state embraced the environmental discourse of sustainable development, a social environmental discourse emerged, which was built on increased awareness of the negative socioecological consequences of the natural resources-based development model. Positions of social movements, which were rooted on the cultural critique of modern society, gradually permeated through the Ecuadorian state. As a result, after embracing the environmental discourse of sustainable development, the Ecuadorian state adopted the alternative-to-development position of *buen vivir* during the very years of the second Ecuadorian oil boom. Hence, the country study presented in this book shows a brief convergence of the antagonist environmental discourses defended by the state and by social movements in *buen vivir*. The transit from a vision of development that rests on the concept of natural resources to a development alternative founded on the quest for a harmonic relation between society and nature is epitomized in the Yasuní-ITT initiative, the case study within the country study. The end of the initiative in 2013, short before the end of the second Ecuadorian oil boom, marked a watershed that returned the environmental discourses of the state and society to their habitual divergent streams and unveiled a potential conflictual relationship between the state and society based on the construction of a

meaning of development for the aftermath of the second oil boom. Central to the construction of different meanings of development during the twenty-first century are 1) the agency of the *desarrollista* state, which reappears with an official environmental discourse with a specific meaning of nature, and 2) the commitment of other (new) social actors (indigenous movement, urban activists, ecologists, scholars), who defended an opposed environmental discourse, with alternative meanings of nature, on the basis of the legacy of circa thirty years of Ecuadorian environmental thinking.

Table No. 7 presents the research categories as a synthesis of this section. The research categories proposed in this book stem from the approach to the components of the triad nature-state-development, i.e. the relationships between 1) the state and development, 2) development and nature, and 3) nature and the state. The next paragraphs of this section aim to describe the methodological strategies used to deal with the research categories.

Table No. 7: Research categories

The triad nature-state-development		
state-development	development-nature	nature-state
Modernization	Economic development	State-society relationship
The landlord-arbiter state	Economic diversification	Environmental discourses
Rent distribution among society	Portfolio of export products	Meanings of development

Source: Own diagram

The critical review of specialized academic literature that deals with the political economy of Ecuador of the last half-century by including specific assessments of the 1970s oil boom and evaluations of Correa’s government is part of a flexible methodological strategy that aims to analyze and discuss processes of continuity and change between both oil booms. Executive orders issued by the president’s office and supreme orders signed by dictators, as well as laws issued by the National Congress (or the National Assembly) and other official documents (such as national development plans), provide a perspective of the state dynamics during oil boom periods. Whereas quantitative macro data of national entities, mainly the Central Bank of Ecuador (*Banco Central del Ecuador*, BCE), as well statistics of multilateral organizations (mainly United Nations, World Bank, and the

Economic Commission for Latin America and the Caribbean), open the discussion on the consequences of internal decisions in the economic and social spheres. Key informant interviews<sup>94</sup> complete the set of primary sources. Semi-structured interviews with academics, former government officials, representatives of commerce and industry chambers, retired professionals, representatives of environmental organizations, and activists aim to support the observation of both oil booms through the prism of the triad nature-state-development. Statements of retired professionals are central to 1) the exposition of the air of optimism that preceded the beginning of the Ecuadorian oil era and 2) the consolidation of modern urban middle classes during the first oil boom. Whilst, interviews with academics, representatives of commerce and industry chambers, representatives of environmental organizations and activists support the discussion on the meanings of development during the twenty-first century. The interviews were recorded and, subsequently, relevant statements for the approach to the research categories were selectively transcribed.

A complex methodological challenge was the approach to *buen vivir* due to the divorce between discourse and practice. Though, the quest to find elements of *buen vivir* that imprinted social relations ended with the inclusion of the Yasuní-ITT initiative into the research. This book argues that the Ecuadorian project epitomized *buen vivir* as it configured quotidian reality and established a specific social order (Foucault 2002). The Yasuní-ITT initiative was launched by Correa's government in 2007 as a state policy; until its unilateral cancellation in 2013, the initiative strongly imprinted governmental action. Even beyond its period of validity, the Yasuní-ITT initiative, that illustrates the somber fate of *buen vivir*, configured the relationship between state and society. The approach to the discourse of *buen vivir* and the Yasuní-ITT initiative is based mainly on the author's previous works (Alarcón and Mantilla 2017; Alarcón, Rocha, and Di Pietro 2018).

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94 Interviews with key informants were conducted by the author between February 2015 and February 2019. Dr. Stefan Peters conducted the interviews during August-September 2015 and September 2016.