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# BEYOND EXTRACTIVISM AND GOVERNMENTALITY: THE POSTNEOLIBERAL STATE, DEVELOPMENT, AND THE CIRCULATION OF OIL RENTS AMONG INDIGENOUS PEOPLES IN THE ECUADORIAN AMAZON

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STATE, DEVELOPMENT, AND THE CIRCULATION OF OIL RENTS AMONG  
INDIGENOUS PEOPLES IN THE ECUADORIAN AMAZON

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DISSERTATION

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A dissertation submitted in partial fulfillment of the  
requirements for the degree of Doctor of Philosophy in the  
College of Arts and Sciences  
at the University of Kentucky

By

Karla Monserrath Encalada-Falconí

Lexington, Kentucky

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and Dr. Ann Kingsolver, Professor of Anthropology

Lexington, Kentucky

2020

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## ABSTRACT OF DISSERTATION

### BEYOND EXTRACTIVISM AND GOVERNMENTALITY: THE POSTNEOLIBERAL STATE, DEVELOPMENT, AND THE CIRCULATION OF OIL RENTS AMONG INDIGENOUS PEOPLES IN THE ECUADORIAN AMAZON

This dissertation explores the experiences of an indigenous community from the Northern Ecuadorian Amazon during the implementation of extractivism, development, and redistributive projects. Drawing on twenty months of ethnographic fieldwork in the community of Playas del Cuyabeno and in Quito, the capital of Ecuador, I question the common assumption that indigenous peoples radically reject extractivism and state-imposed modernizing agendas. In contrast, this study shows how indigenous peoples negotiate resource extraction in their territories and navigate the partial failures of postneoliberal redistribution and the contradictory agendas of economic development projects—specifically the aim of the postneoliberal Ecuadorian government’s project to redistribute rents from oil extraction for the well-being of Ecuadorian residents.

Most scholars focusing their analyses on the phase of resource extraction and its effects on indigenous peoples have described the state postneoliberal agendas as extractivist and disciplinary. However, the dynamics of the relations between state institutions and indigenous communities after the natural resources are extracted—when these are transformed into state rents and put into circulation through the implementation of state plans and infrastructure—has been understudied. I argue that the expansion of extractivism, and the disciplining of indigenous peoples, are not the only agendas that explain postneoliberal development and redistribution in indigenous territories. Rather, I show how different groups coexisting within the state struggled to implement their agendas and to obtain state resources, while actors from the private sector involved in the planning and implementation of state projects created everyday mechanisms to appropriate state revenues from oil, to the detriment of achieving a more effective redistribution of state oil rents in Ecuador.

KEYWORDS: Ecuador, Indigenous Peoples in the Amazon, Anthropology of the State,  
Extractivism, Postneoliberal Development, Entrepreneurial Elites in Latin  
America.

Karla Monserrath Encalada-Falconí

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08/01/2020

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08/01/2020  
Date

## DEDICATION

To Soqui, mamá Shina and papá Juan, to Olger, and to Juan,  
my core, my real inspiration and my place in the world.  
To all international students and their everyday struggles.

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## TABLE OF CONTENTS

ACKNOWLEDGMENTS .....	iii
LIST OF TABLES .....	xi
LIST OF FIGURES .....	xii
CHAPTER 1. INTRODUCTION .....	1
1.1 Development and Governmentality .....	10
1.2 Postneoliberalism and Extractivism.....	12
1.3 Extractivism and Neoextractivism.....	16
1.4 A Few Notes on the State and the Marxist Approach.....	19
1.5 Methodology .....	25
1.6 Preliminary research .....	26
1.7 Research Methods and Data Analysis.....	27
1.7.1 The Political Economic Approach .....	27
1.7.2 Participant observation.....	28
1.7.3 Research Interviews .....	29
1.8 Positionalities and Ethnographic Challenges.....	31
1.8.1 Studying Indigenous Peoples.....	31
1.8.2 Studying up: The State and Private Economic Groups in Ecuador .....	37
1.9 Dissertation Overview .....	42
1.10 “Anthropology with an Accent”: Some Necessary Thoughts on Writing .....	46
CHAPTER 2. INDIGENOUS PEOPLES’ LONG STORIES OF CONTACT, MOBILITY, AND TRANSFORMATION .....	51
2.1 Introduction.....	51
2.2 General Considerations: Geography and Population.....	54
2.3 The History of the Kichwa in the Northern Amazon: Violent Encounters with Conquistadores, Missionaries, Gold and Rubber Traders and Indigenous Peoples’ Resistance .....	57
2.4 Oil Extraction and the Final Colonization of the Ecuadorian Amazon .....	62
2.5 A History of Mobility among Amazonian Indigenous Peoples and The History of the Haciendas in the Aguarico River.....	64

2.6	The History of the Playas del Cuyabeno Kichwa Community: A Possibility to Achieve Education, Political Organization, and Tourism .....	68
2.7	The Golden Era of Playas, The Orellana Flotel, Indigenous Peoples' Nostalgias and Desires.....	74
2.8	Urbanized Centro Poblado and Intimate Spaces in The Fincas in Playas del Cuyabeno Before the Construction of the Millennium Community.....	81
2.9	Postneoliberal State Emergence: Its Estrangements with Indigenous Peoples.	85
2.10	An Unexpected Effect: State Partial Nationalization of Oil and Indigenous Peoples' Claims to Administrate Oil Extraction.....	89
2.11	Negotiating the Creation of the Alian Petrol Oil Company With the State in Playas del Cuyabeno .....	94
2.12	The Division of the Community, Petroecuador and the Ecuadorian Environment Ministry .....	97
2.13	Stories of the Big Strike in Playas del Cuyabeno .....	100
2.14	Skippping PetroAmazonas' Violence and Negotiating with the Ecuadorian President: The Emergence of the <i>Milenio</i> (MCP).....	105
2.15	Conclusion: Indigenous Peoples' Desires for the Future, Keeping Both Worlds, Modernity and the Forest.....	111
CHAPTER 3. THE MULTIPLE AGENDAS OF POSTNEOLIBERAL DEVELOPMENT, STATE EFFICIENCY AND PRIVATE PLANNING .....		115
3.1	Introduction.....	115
3.2	State, Postneoliberal Development, and Governmentality .....	117
3.3	The Study of Postneoliberal Planning: The Millennium Community Project as a Form of Governance .....	120
3.3.1	The MCP as a form of Domestication of Indigenous Peoples.....	124
3.4	Going Beyond the Mask of the Unified and Extractivist State.....	129
3.4.1	A Few Notes on Postneoliberal Efficiency, Social Investment and the Urgent Transformation of Ecuador .....	130
3.5	From Participation to Efficiency: Two Sides of Postneoliberal Planning .....	135
3.5.1	The Intellectual Planners and The State Entrepreneurs .....	135
3.6	The Intellectual Planners: A More Participatory Development Plan.....	143
3.7	Bypassing Idealism, The Efficiency of the Strategic Sectors and the Private Planning of the MCP: "You Pay Someone Else, They Think for You" .....	153
3.8	Private Consulting Firms: The Efficient Planning of a "Dead Body" .....	158

3.9	It was not State Governmentality After All: Unenforced Private Rules and The Failure of MICSE’S Efficiency .....	163
3.10	Conclusion: Efficiency, the Drama of Planning and Postneoliberal State Different Agendas .....	165
CHAPTER 4. POSTNEOLIBERAL DEVELOPMENT ON THE GROUND: INDIGENOUS PEOPLES’ STRUGGLES TO ACHIEVE SUSTAINABLE ECONOMIES AND THE CONTRADICTIONS OF STATE ECONOMIC MODELS 171		
4.1	Introduction .....	171
4.2	State and Economy: A Critique of the Anglo Foucauldian Approach.....	176
4.3	The Poulantzas and Coronil Approach on the State: Bringing Back the The Economy Beyond the Study of Modern Rationalities .....	182
4.3.1	The State and the Process of Production, Circulation and Accumulation of Wealth in Primary Export Societies.....	184
4.4	Struggling to Achieve Self-Sustaining Economies in Playas del Cuyabeno and the Contradictions of State Development Projects .....	189
4.4.1	Postneoliberal Development: Tourism, Coffee and Popular Economic Associations .....	191
4.5	The Economy as a Process of Production and Circulation: State Economic Development Plans, and the Obstacles of Redistribution .....	202
4.5.1	The Productive Matrix Change vs. The Rural Living Well Strategy: Connecting State Projects And Indigenous Economies In Playas Del Cuyabeno ..	202
4.5.2	The Contradictions of Postneoliberal Economic Development Views And Projects.....	204
4.5.3	The Solidarity-based Economy vs. Diversification and Productivity.....	211
4.5.4	The Productive Matrix Story: The Consolidation of the Strategic Sector ..	221
4.5.5	Cepal’s Neostructuralism, the Vice Presidency, and the Planning of Postneoliberal Economic Development.....	224
4.6	Tying Up Missed Links: Postenoliberal Development Double Blinds Preventing Economic Sustainability in <i>Playas</i> .....	230
4.7	Conclusion .....	234
CHAPTER 5. OIL CIRCULATION IN THE FORM OF MONEY: PRIVATE APPROPRIATION OF RENTS .....		
5.1	Introduction .....	237
5.2	‘I was also bitten by the Millennium Illness’: The Transformation of Oil into Money, State Compensations and The Inauguration of the MCP .....	244
5.3	Beyond Extractivism and the Process of Circulation of Rent: A Marxist Perspective .....	253

5.4	A Brief History of Rent, Oil, and Postneoliberalism in Ecuador.....	256
5.5	The Assumptions of the Postneoliberal State, Oil as Money, and the Accumulation of Rents .....	262
5.6	Ecuadorian Rentist Elites: A Brief Overview .....	268
5.7	Economic Groups: A Deceptive Opposition to State Projects.....	271
5.8	The Circulation of State Rents During the Construction of the Millennium Community Infrastructure.....	277
5.8.1	Private Companies, Their Role Within Indigenous Peoples' Lives and Postneoliberal Development: A Brief Note .....	277
5.8.2	Indigenous Peoples from Playas del Cuyabeno and The Limits of State Redistribution.....	281
5.9	The Other Side of Redistribution: Everyday Mechanisms of Private Extraction of State Rents .....	296
5.9.1	Private Solidarity and Rent Extraction Among the Construction Sector....	296
5.9.2	Favor Exchange: Lending Names in the Assignment of State Public Contracting.....	298
5.9.3	Overpricing and "Concealed Profits" Among the Construction Sector.....	301
5.9.4	"Hidden Vices", Labor exploitation, and Import Substitution Failures.....	306
5.10	Conclusion: Indigenous Peoples and the Other dimension of Oil .....	314
CHAPTER 6. CONCLUSION.....		319
REFERENCES CITED.....		353
VITA.....		371

## LIST OF TABLES

Table 2.1 Population according to self-identification per culture and customs. Source: Development and Ordering Plan of Cuyabeno, 2015 .....	57
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## LIST OF FIGURES

Figure 2.1 Map of the Cuyabeno Wildlife Reserve. Source: (Wunder 2000:469). .....	54
Figure 2.2 The Playas del Cuyabeno bank and the Aguarico River. Photo: Karla M. Encalada-Falconí.....	55
Figure 3.1 Unpublished Design of the Millennium Community Project. Source: SENPLADES Sub-secretariat of National Planning and Public Policy team, 2010.....	151
Figure 5.1 The Millennium Community Project Houses and the Aguarico river. Photo: Karla M. Encalada-Falconí .....	237

## CHAPTER 1. INTRODUCTION

“Displacement is at the heart of this [research], both as lived experience and as epistemological and critical device” (Caldeira 2000:5).

The two first decades of the twenty-first century witnessed the emergence of leftist states in South America. Despite their differences and diverse historical contexts, these states, characterized as postneoliberal<sup>1</sup> share similar features (Escobar 2010): they strengthened state institutions, nationalized and/or recuperated oil rents for the state, increased the exploitation of natural resources, and redistributed state revenues through increases in social spending (Fernandes 2010; Fabricant and Gustafson 2011; Goodale and Postero 2013; Grugel and Riggirozzi 2012; Martínez 2014). However, despite their redistributive agendas, scholars using the concept of extractivism—“activities which remove great quantities of natural resources that are not then processed (or are done so in a limited fashion) and that leave a country as exports” (Gudynas 2010)—have deeply questioned postneoliberal state forms of governing and have critiqued the source that funds postneoliberal agendas. According to this literature, the recuperation of state power within postneoliberalism has resulted in a centralized form of governing which lacks tolerance to opposition and increases state control among different populations, such as indigenous

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<sup>1</sup> Some literature conceives of postneoliberalism as a type of state that claims to challenge neoliberal agendas through the creation of new constitutions, the reorientation of state policies, and the concentration of state power (Postero 2013). While anthropologists studying postneoliberalism argue that the “post” in postneoliberal states does not necessarily imply the end of neoliberalism, they also recognize that “new political changes” are being conceived and experimented within these states (Goodale and Postero 2013:22). Others, however, have highlighted the continuation of what they conceive of as neoliberal practices, such as the exploitation of natural resources among indigenous territories and the increase of state violence (Bebbington and Bebbington 2011). However, the aim of this dissertation is not to establish a comparison between neoliberalism and postneoliberalism for neoliberalism itself is not a universal and unified concept but also it depends on specific contexts. In contrast, I take Postero’s statement that is, rather than taking for granted postneoliberalism it is better to put it into scrutiny through grounded analysis of its complexities.

peoples (Bebbington and Bebbington 2011; Chicaiza and Yanez 2013; Davidov 2013; Herrera and Latorre 2013; Valdivia 2015; Vallejo 2014;). In addition, this literature also critiques the pro-extractivist agendas that fund postneoliberal development and redistributive plans. For, according to this view, postneoliberal extractivism increases, rather than overcomes, the dependence on primary exportation, affects the environment, and disrupts the everyday dynamics of indigenous peoples and other populations living close to state projects aiming to extract natural resources (Acosta 2013; Bebbington and Bebbington 2011; Gudynas 2010; Machado 2013; Ospina 2013; Sierra 2013).

Focusing on extractivism as the Ariadne's thread of postneoliberal decision making, and consistent to the argument that these regimes are highly authoritarian and controlling, some of this literature conceives of postneoliberal redistributive agendas and development plans among indigenous communities as mechanisms that pacify indigenous peoples and, in consequence, increase resource extraction frontiers within indigenous peoples' territories (Vallejo 2014; Bebbington and Bebbington 2011). Postneoliberal development and redistributive agendas are also described as projects that, on the one hand, fail to improve indigenous well-being but, on the other hand, succeed in disciplining, controlling and imposing the modernization of these populations (Cielo et al. 2016; Nicholls 2014).

This approach portrays indigenous peoples as opposing postneoliberal extractivism, development agendas and redistributive modernizing plans. Indigenous peoples are conceived of as victims of the controlling effects of the state which, according to this view, negatively affect indigenous peoples' everyday lives (Coba 2015; Espinosa-Andrade 2017; Vallejo 2014; Goldaras 2014). Moreover, the implementation of

postneoliberal development and redistributive projects is mainly conceived of as a state strategy aiming to control indigenous peoples' organizations and communities (Nichols 2014) through co-opting their leaders, dividing their communities, and decreasing their participation in the decision making of state projects (Davidov 2013).

However, in Playas del Cuyabeno, a Kichwa indigenous community located in the Northern Ecuadorian Amazon, indigenous leaders neither radically opposed postneoliberal extractivism nor rejected redistributive and development state plans. In contrast, with the emergence of postneoliberalism, this and other indigenous communities (such as the Pukapeña and Pañacocha indigenous communities) demanded that the state assign indigenous peoples the management and control of oil exploitation in their territories. They joined a project aiming to create the first indigenous people's oil company in Ecuador, Alian Petrol. This company was going to be in charge of the exploitation of oil in the fifteenth oil block of the Northern Ecuadorian Amazon, the Pañacocha oil well. This case questions the presumption that all indigenous communities opposed postneoliberal extractivist agendas and the assumption that the state merely coopted, manipulated, or obligated indigenous peoples and their leaders to accept the implementation of postneoliberal agendas.

After expelling the transnational oil company Occidental Petroleum from the country in 2006, the Ecuadorian state recovered the administration of the Pañacocha oil well, located in part of Playas del Cuyabeno territories. The Ecuadorian state conceived of the recuperation of this oil well and of the state rents it produced as an exercise of state sovereignty (Riofrancos 2014, 2017). Consequently, the executive representatives did not accept indigenous peoples' requests aiming to manage the extraction and circulation of oil

in this well. Instead, it repressed the community that had organized a big strike aiming to block the state from building and operating the Pañacocha oil well in their territories.

Once the state rejected indigenous peoples' autonomous management of the Pañacocha oil well, the Playas del Cuyabeno leaders negotiated monetary compensations to allow oil extraction in their territories. In addition, rather than rejecting state redistributive and development plans outright, indigenous leaders from this community also negotiated the implementation of a project aiming to obtain better housing and basic services infrastructure in their community *centro poblado* (village or town).

The struggles, efforts, and negotiations of community members and leaders made it possible for indigenous peoples to experience another side of oil, oil transformed into state rents and materialized into state monetary compensations, state planning, and in the implementation of infrastructure and of redistributive development projects in the community, namely, the Millennium Community Project (MCP). The state invested around twenty-two million dollars (Wilson and Bayón 2017:85)<sup>2</sup> in the implementation of the MCP. This project rebuilt and furnished indigenous peoples' houses, provided basic services such as potable water, electricity, a sewage system, telephone services, and internet, and built a modern school and a medical center, giving access to free education and healthcare. This project also provided the community with a new coliseum and a sports field. In addition, the MCP also included indigenous peoples in state economic development projects in order to attain the economic sustainability of the community living in the MCP. This project was part of the Ecuadorian redistributive plan in areas

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<sup>2</sup> In the MCP contract in Playas del Cuyabeno; however, it states that the state budget for the MCP was 16,082,932.00 dollars.

located close to resource exploitation and to other projects—such as the construction of hydroelectric facilities—that the state conceived of as important for the country’s economy.

The emergence of postneoliberalism in Ecuador was translated into the implementation of redistributive agendas in the Amazon region through state increases in social investments.<sup>3</sup>

Following Cortes (2012), I define redistribution as the attempt of diverse organizations, guided by state ideologies, to deliver “goods and services, social assistance, [and] insurance schemes, which shape the prevailing degrees of social protection” (Cortes 2009:49).

The average state investment per year in the Amazonian region before the emergence of postneoliberalism, that is, between 1991 and 2001 was around 2,555,490 dollars (Andrade 2004). With the emergence of postneoliberalism, state investment increased in the region. Investments between 2011 to 2017 reached 551.2 million dollars (Barragán and Simbaña 2017). However, despite of the exponential increase of state investments, in the form of projects and infrastructure, some of the new construction was of poor quality and the plans the state implemented in order to achieve redistribution neither decrease inequality in the region nor achieve the economic sustainability of indigenous peoples.<sup>4</sup>

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<sup>3</sup> According to Weisbrot et al, during Correa’s government there was an “unprecedented rise in government revenue, from 27% of GDP in 2006 to more than 40% in 2012”. This increase not only made possible for the increment in fiscal policy but was also translated into an important increase in social spending. The biggest increase was in housing, but there were also significant increases in health care spending” (2013:4).

<sup>4</sup> According to the last Ecuadorian census, in Playas del Cuyabeno 94,5% of the population remains poor (INEC 2010).

In the case of the MCP, despite the state rents invested in this project, only three years after the construction of its infrastructure, it was rapidly deteriorating. In addition, no state institution was taking charge for the maintenance of the constructed spaces. For instance, the floors of houses broke, the constructed dam protecting indigenous peoples from river growth had cracked, the metallic structures were rusting, and electrical connections were shorting out. In addition, the materials used in the construction of this infrastructure were inadequate for the Amazonian weather and the components and division of spaces of the houses did not account for the community self-subsistence economies. In addition, the postneoliberal economic projects aiming to achieve the community's economic sustainability have failed to do so. Most families from the community are jobless, with no monetary resources, and the crops and services they sell are not enough to achieve the economic sustainability of community families.

The literature describing postneoliberalism as an authoritarian state that is mainly interested in expanding extractivism and in increasing the control of populations, has focused its analysis in the examination of the phase of postneoliberal resource extraction and its effects among indigenous peoples and other populations. What happens after resources, such as oil, are extracted, transformed into state rents, and put into circulation in the planning and implementation of state plans and infrastructure, the actors involved, their agendas and struggles, and how indigenous peoples navigate its effects, is less studied.

Through a grounded examination (that lasted twenty months) of the process of circulation and appropriation of oil, in the form of state rents, during the planning and implementation of the MCP, a redistributive and a development project in the community

of Playas del Cuyabeno, this dissertation examines the partial failures and contradictory agendas of postneoliberal redistribution and development, as well as how indigenous peoples experience and navigate these failures and contradictions in their everyday lives. From a grounded examination, this dissertation follows the planning, implementation and results of postneoliberal redistribution and development agendas, from looking at the everyday lives and struggles of indigenous peoples in Playas del Cuyabeno to following state groups, plans, and institutions as well as the private actors involved in state decision making regarding postneoliberal development and redistributive plans.

Different scholars such as, Nicholls (2014) and others (Cielo et. al 2016; Coba 2015; Goldaraz 2014; Ospina 2013) study postneoliberal development as projects that increase state forms of governmentality—episteme and techniques that result from the introduction of the economic reasoning into the exercise of political power (Foucault 1991). However, I argue that postneoliberal state redistribution and development agendas among indigenous communities are not necessarily better explained through the concept of governmentality or extractivism. For in Playas del Cuyabeno, the postneoliberal state neither deployed controlling mechanisms in the everyday lives of indigenous peoples in order to maintain the constructed infrastructure in shape, nor did it impose or enforce the participation of indigenous peoples in state economic plans. By contrast, it was indigenous peoples who organized themselves, as a strategy in order to maintain the MCP infrastructure, and who struggled to reconcile the state's contradictory agendas with their struggles to pursue sustainable economies.

In addition, in this dissertation I also argue that the expansion of extractivism among indigenous communities is not the only factor that drove the implementation of

postneoliberal redistributive and development agendas. In contrast, not only was postneoliberalism composed of diverse agendas, but different groups within the state struggled in order to get resources, to institutionalize, and/or to implement their views on development and redistribution. In part, it was these struggles that explains the contradictions and partial failures of postneoliberal redistribution and development plans. In addition, the private actors involved in the planning and implementation of state redistribution are also responsible for postneoliberal failures. Private companies working for the state were usually not aligned with its plans regarding redistribution and development. For instance, when the state assigned private companies a budget for the construction of infrastructure, these companies found diverse ways to appropriate a greater amount of state rents in processes detrimental to achieving a more effective and a better quality redistribution.

My research provides five important contributions to the literature studying indigenous peoples, extractivism, development, postneoliberal states and private economic elites in Latin America: first, scholars have primarily described and studied the postneoliberal state using the concept of extractivism. They have studied postneoliberal state agendas and decision making through the lens of state resource extraction and its effects. This dissertation furthers the understanding of postneoliberal state redistributive and development plans as well as its effects through an analysis of what happens after natural resources are extracted from the ground, put into circulation in the form of state rents, and transformed into state plans and infrastructure. Second, this dissertation complicates the affirmation that postneoliberal forms of governing and decision making were almost always highly centralized and authoritarian. Instead of only using state and

national plans, the president's discourses and decision making or high state authorities official newspapers' interviews as evidence of postneoliberal forms of governing, this dissertation is founded on a grounded study of the different state groups and agendas coexisting, struggling and influencing the everyday postneoliberal state decision making and forms of governing. Third, the study of indigenous peoples' views, experiences, and struggles, in relation to postneoliberal extractivism and development has focused on indigenous communities and leaders who oppose postneoliberal agendas. However, the everyday the experiences and battles of indigenous communities that did not radically oppose these agendas has gone understudied. Through an ethnographic examination of a community that negotiated the extraction of oil and the implementation of redistributive and development projects with the postneoliberal state, this dissertation furthers the comprehension of indigenous peoples' struggles and positions in relation to extractivism, development, modernity, and postneoliberalism. Four, this dissertation contradicts the conclusion that postneoliberal state redistributive and development projects radically broke indigenous peoples' relations with the environment (the Amazon forest, for examples), imposed modernization, and resulted in the implementation of forms of state disciplining and governmentality. My findings provide an analysis of indigenous peoples' complex positions in relation to modernity and development and shows how indigenous peoples, rather than the state, are the ones who primarily control and organize their *centro poblado* spaces and who also make constant efforts, not only to conserve their economic activities within the forest but also to sell their crops and services as part of their struggle to pursue self-sustaining economies. Lastly, through the examination of the mechanisms that the private companies involved in the implementation of state infrastructure used in

order to appropriate state rents, this dissertation furthers the analysis of corruption (that has mainly focus on state officers) and appropriation of state rents in contexts where state social investment exponentially increases.

## **1.1 Development and Governmentality**

Diverse approaches have conceptualized development in different ways: as economic growth that can be achieved through following a set of stages in order to attain progress (Rostow 1990); as the emergence and consolidation of a capitalist economy (Lewis 1954:75); as a set of economic policies that overcome unequal international exchange (Prebish 1981); as a “top-down ethnocentric and technocratic approach, which treated people and cultures as abstract concepts, statistical figures to be moved up and down in the charts of progress” (Escobar 1995:44); as a discourse that has allowed international organizations to maintain ‘developing’ countries in a constant dependency from international organizations’ loans in order to fill the fiscal deficits that interest payments from previous debts had created (Esteva 1997); as a demand of the people (Edelman and Haugerud 2005); as a set of plans aiming to advance societies but producing several disastrous changes (Scott 1998:88); as a possibility to attain freedom (Sen 2001), etc.

Under a Foucauldian inspired approach, development has been described as a set of abstract plans that fail in improving the populations’ well-being but succeed in imposing governmental mechanisms among these populations (Ferguson 1997). Following this approach, Ferguson (1997) argues that development should be studied in relation to its political effects. For, according to this view, development is not only a well-intended scheme aiming to enhance human conditions but it also entails the implementation of instrumental effects, that is, of naming, classifying, and arranging and making targeted people more legible. The deployment of these rational mechanisms have political effects resulting in an increment of state regulations. Under this view, development should and is

conceived of as a “machine” that, instead of making individuals and populations’ lives better, strengthens and intensifies state control and mechanisms of power that govern individuals and populations (Ferguson 1990:255).

The approach of studying development in relation to its governmental effects has deeply informed the examination of postneoliberal development plans and effects among indigenous peoples. Scholars have described postneoliberal development as state plans that fail in improving indigenous peoples’ lives but succeed in increasing state forms of control among these populations, through controlling their bodies (Coba 2015), their forms of organization (Chicaiza and Yanez 2013; Davidov 2013; Nichols 2014), their economies (Cielo et al. 2016), and ways of life (Goldaraz 2014). However, the Playas del Cuyabeno case shows that the implementation of development does not always result into state governmentality. As Erazo (2013) argues, in the Ecuadorian Amazon, indigenous peoples are the ones who have created their own governmental structures within their territories as well as the mechanisms of rule that guarantee the reproduction of their community organizations (Erazo 2013:27). In addition, due to the struggles and complexities among different state groups coexisting within postneoliberalism, the implementation of development projects did not necessarily result in the increment of state disciplining and controlling mechanisms. In contrast, it was indigenous peoples who organized themselves in order to maintain the constructed infrastructure and to participate in state projects. In this sense, the examination of development in relation to its governmental effects is not, in all cases, the most suitable entry point for advancing the study of postneoliberal development and redistribution of wealth.

In particular, in this research, development is examined not so much in relation to its controlling effects but in relation to the different concepts, theories, and experiences that inform state plans, state institutions, and state officers’ decision-making. I conceive of postneoliberal development as a model informed by different views: an extractivist model in expansion, a redistributive agenda aiming to change the economic accumulation pattern

of the country, as the state plan aiming to transform knowledge and biodiversity into the new comparative advantage of the Ecuadorian economy; as a model inspired by neostructuralism—this approach is a Latin American development economic model based on the dependency theory approach (Leiva 2008)—<sup>5</sup>, a model that encourages the achievement of economic growth through export diversification, import substitution, and decreasing of poverty; and a more liberal approach, interested in overcoming an economic centered (GDP-based) measurement of well-being and aiming to increase human opportunities, capabilities, and citizens' rights through using knowledge as a comparative advantage in order to presumably overcoming dependency (Wison and Bayón 2017), and promoting more equal access to material, social, and cultural means of subsistence.

Rather than assuming in advance that postneoliberal development is solely extractivist or disciplinary, I scrutinize the agendas of the different state groups that influenced the decision- making regarding state development during the process of circulation of state rents. I also examine the contradictory effects that resulted from the implementation of these plans. Even though different agendas coexisted within postneoliberalism, as time went by, the state prioritized neostructural models. As a result, more resources and institutional support were given to neostructural agendas while redistributive plans became less important and received less, or in some cases, barely any support from the state.

## **1.2 Postneoliberalism and Extractivism**

During the last two decades, Latin America emerged as a “global laboratory” subject to novel “forms of governance, economic structuring, and social mobilization” (Goodale and Postero 2013:20). These changes do not represent isolated exceptions; to the contrary, they are part of a global struggle waged by indigenous and other social groups

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<sup>5</sup> For more information about the neostructural development economic model and the theory of dependency, please see chapter III.

against the privatization of public services, the deregulation of the economy, the implementation of structural adjustment programs, and the promotion of free trade and social justice and equality (Alvarez et al 1998; Escobar 2010; Harvey 2005; Sampat 2010; Walsh 2010).

As the result of indigenous and other social movements' struggles during the 1990s, not only were structural adjustment measures (the privatization of state institutions and cuts in social spending, for example) decreased or blocked, but self-identified leftist governments were democratically elected (Goodale and Postero 2013). For instance, the election of Hugo Chávez in Venezuela in 1998, Lula Ignacio da Silva in Brazil in 2003, Néstor Kirchner and Christina Fernandez in Argentina in 2003 and 2007 respectively, Tabaré Vázquez in Uruguay in 2004, Evo Morales in Bolivia in 2005, Daniel Ortega in Nicaragua in 2006, and Rafael Correa in Ecuador in 2006.

Some scholarship describes these changes as postneoliberalism (Fabricant and Gustafson 2011; Fernandes 2010; Goodale and Postero 2013; Martínez 2013, 2014). Postneoliberalism is a type of state formation that claims to challenge neoliberal agendas through the creation of new constitutions via constitutional assemblies, the reorientation of state redistributive policies, and the recuperation and concentration of state power but that, at the same time, increases exploitation and violence (Postero 2013). Even though regimes described as postneoliberal have their own historic and conjunctural specificities, they also have some commonalities. These regimes created new constitutions via constitutional assemblies or established deep reforms regarding their constitutions (Postero 2013), the reorienting of state policies, and the redistribution of wealth through increases in social spending (Grugel and Riggirozzi 2012).

In addition, the literature has stated that postneoliberalism also includes the strengthening of the state. For example, the nationalization of Venezuela's oil industry, the recuperation of oil rents in Ecuador and Bolivia (Davidov 2013; Fabricant and Gustafson 2011), and the resulting increases in social spending in some of the poorest sectors of these

countries (Grugel and Riggirozzi 2012). However, despite of the redistributive agendas of postneoliberalism, some research has critiqued the increase of oil and mineral extraction that these regimes promote, for it has negatively affected indigenous well-being (Bebbington and Bebbington 2011; Gudynas 2010; Svampa 2012). By studying the dynamics and effects of resource extraction this scholarship concludes that these regimes have not only equally expanded resource extraction as their primary development model (Bebbington and Bebbington 2011) but also share an increasing intolerance to opposition to this expansion (Vallejo 2014; Kohl and Farthing 2012). For instance, the oil and anti-mining movements created by indigenous groups as a resistance to states' increasing resource exploitation within indigenous territories have led to the incarceration of some indigenous leaders (Davidov 2013; Moore and Velazquez 2011).

Political scientists have also highlighted the intolerance and authoritarianism of postneoliberal states (Levitsky and Loxton 2013; Weyland 2013). By analyzing the discourses, practices, and decisions of the presidents of Ecuador, Bolivia, and Venezuela, these scholars have revealed the polarizing tendencies of these presidents who created enemies through the interpretation that everything is part of a struggle between good and evil (Canovan 1999; De la Torre 2014; Hawkins 2009). However, even though scholars have studied the effects of postneoliberal authoritarian regimes among indigenous groups and the confrontations between the state authorities and these groups due to the expansion of resource extraction, this dissertation aims to give a grounded analysis of how these forms of governance work. It aims to account for the complex and contradictory processes, negotiations, and struggles of indigenous peoples in relation to postneoliberal state agendas and projects during the process of the circulation of oil.

It is important to clarify that the “post” in postneoliberal states does not imply the end of neoliberalism. In contrast, Goodale and Postero argue that with the emergence of postneoliberalism, “neoliberalism has been merely, if revealingly, interrupted in Latin America” (2013:21). Neoliberalism is not a totalizing (Kingfisher and Maskovsky 2008;

Peck: 2004), “monolithic” (Mansfield 2004:580) or a unified set of economic policies. Nor is it a consistent set of governmental rationalities applied in the same way causing uniform effects among different populations (Ferguson 2010; Ferguson and Gupta 2002; Rose 2006; Ong 2006; Sharma 2006). Neoliberalism is a complex concept that can be studied within diverse approaches<sup>6</sup>.

The ‘post’ in postneoliberalism should not be conceived in an evolutionist conception of history in which ‘after’ implies a radical rupture with the past but rather as something that happens afterward in time but that conserves remnants of its own neoliberal past. At the same time, the ‘post’ in postneoliberalism should also imply that different ideas for the future are put into circulation and that some of them also be implemented in a way that is not necessarily divorced from the past but that constantly clashes with it. The contradictions and complexities that emerge from these permanencies, discontinuities, and disruptions are what I describe as postneoliberalism.

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<sup>6</sup> The literature on neoliberalism can be divided into at least two theoretical approaches—inspired by Marxist political economy or poststructuralism, respectively. From a political economic perspective, scholars have examined neoliberalism as a doctrine which encourages a set of macroeconomic policies—among them structural adjustment, the retrenchment of the social welfare state, the privatization of public services, the deregulation of the economy, and the promotion of free trade (Sampat 2010). However, this is also a class project, for economic elites, capital holders, and international development agents use this doctrine strategically to accumulate capital (Harvey 2005; Smith 2011). Within a poststructural examinations of neoliberalism are inspired by the Foucauldian concept of governmentality, scholars have argued that neoliberal economic policies have influenced the way in which states govern (Ferguson 2010), for these policies are not only economic reforms but also rationalities that reform governments and restructure the state (Ferguson and Gupta 2002; Rose 2006). These scholars have analyzed how these techniques of governing, which defend the values of the self-regulating free market—namely individual responsibility, entrepreneurialism, and market competition—construct active and self-responsible citizens (Comaroff and Comaroff 2000). These citizens operate as “a miniature firm, responding to incentives and rationally assessing risks” without the necessity of state intervention (Ferguson 2010:172).

### **1.3 Extractivism and Neoextractivism**

According to Acosta (2013), extractivism is a mode of accumulating wealth that emerged five hundred years ago with the colonization of the Americas, Africa, and Asia. The colonization of these regions made possible the emergence of a capitalist economy at a global scale, a type of economic model characterized by an unequal international exchange (Acosta 2013). That is, while some countries specialized in the extraction of natural resources and the exportation of raw materials, others put emphasis in the production of industrialized artifacts. This created unequal forms of exchange for the economies of countries depending on resource extraction and the demands of the Northern industrialized centers (Frank 1966; Roberts 2014).

In most of South American countries, the extraction of natural resources is the primary activity that structures much of this region's economies, generating a profound dependency on industrialized economies not only because the prices of these commodities depend on the demands of Northern economies, but also because primary economies from South America export cheaper raw materials and then have to import manufactured or industrialized products for higher prices from the North. Even though Southern scholars have examined and questioned this unequal international exchange, the dependency theorists' (Cardoso y Faletto 1998; Marini 1977), for example, reliance on the extraction of raw materials remains strong in the region.

In this context, one of the main critiques of postneoliberal governments in South America is precisely that even though these governments claim to critique hegemonic forms of development and have increased social spending, they maintain or even deepen extractivism.

The extraction of natural resources within postneoliberalism has some similarities and some differences with previous forms of extractivism. For this reason, it has been described as neoextractivism (Acosta 2013; Gudynas 2009, 2010; Svampa 2013).

On the one hand, according to Acosta (2013) and Gudynas (2010), ‘old’ extractivism of the last two decades of the twentieth century was a type of extractivism in which the state did not have much power in the managing of resource extraction but private international oil companies led the management of natural resource extraction. The state only received small percentages of the rents obtained in exchange for political support (Gudynas 2010). During this period, even though the assignment of the management of oil exploitation was through competition, in reality, the mechanisms informing how the state assigned private concession were ‘opaque’ and a system of state-business ‘favors’ was a common practice (Gudynas 2010:3). During the ‘80s and the ‘90s, the extraction of natural resources was attached to the idea that this economic activity would achieve economic growth. In addition, due to the fact that this type of extractivism was not concerned about the environment or the population living close to its activities, it caused deep contamination and social problems such as territorial fragmentation (Gudynas 2010).

Neextractivism, on the other hand, differs from previous extractivist models in that it is not international oil and mining corporations that are the only ones in charge of the management of resource extraction, but the state itself (Svampa 2013). It is the state who controls most of the access to resources. This is possible because, in the majority of these countries, these resources are conceived of as state property. With the emergence of postneoliberalism, governments renegotiated contracts with private companies and increased state royalties, undid the privatization of this sector, nationalized resource extraction, and increased state businesses in the sector. Instead of ambiguous competition mechanisms, within neextractivism the rules became “much clearer” and were not necessarily promulgated in order to pay political favors (Gudynas 2010:3). In addition, the state became more active in the capture of resource extraction rents. Part of these rents have been invested in the social sector through the implementation of several redistributive projects, such as, the Bolsa Familia in Brazil or the Juanito Pinto in Bolivia. In Ecuador, one of the numerous programs the state implemented was the MPC.

However, despite these differences, according to this approach, postneoliberal extractivism also reproduces some of the same practices of previous forms of extractivism. Within postneoliberalism, extractivism continues to be one of the core economic activities on which these regimes depend. In other words, postneoliberal extractivism defends a type of development model that is still founded on resource extraction in order to achieve economic growth (Acosta 2013; Svampa 2013). In addition, environmental practices within neoextractivism are also deficient, resulting in the contamination of the mountains and the forest. In the same vein, neoextractivism produces detrimental social effects such as the production of territorial tensions and the ‘disintegration’ of communities (Gudynas 2010:6).

Even though the extractivist approach sheds light on the detrimental, environmental, and social consequences of postneoliberalism, I find some of its assumptions problematic. It is undeniable that postneoliberalism depends heavily on extractivism in order to invest in social projects and to implement its development models. However, what needs to be complicated is this approach’s idea that the main and only aim of postneoliberal social investment is the achievement of “social legitimacy to defend its extractive activities” (Gudynas 2010:7). This is problematic because, under this view, redistributive agendas and development plans are transformed and reduced to forms of political legitimation and pacification of the society. For, according to this approach, postneoliberal social investments “moderate social demands and calm social protest” (Gudynas 2010:7). Social investment and redistribution, then, becomes a mere justification of these regimes so that they can depoliticize society and call themselves leftist.

I argue that the some of the literature inspired on a extractivist approach to postneoliberalism simplifies the role and aims of postneoliberal redistributive agendas and development models as well as peoples’ positions, reactions and negotiations in relation to the implementation of redistribution and development. I argue that rather than generalizing that social investment within postneoliberalism is merely a strategy so the state can achieve

legitimacy and increase resource extraction, there are different state agendas, struggles, and actors involved and influencing the decision-making of the planning and implementation of postneoliberal redistribution that this approach totalizes and oversimplifies. It is these complexities, some of which occur after the extraction of natural resources, which need to be disentangled in order to further the comprehension of postneoliberalism.

#### **1.4 A Few Notes on the State and the Marxist Approach**

One of the crucial debates within Marxist theory of the state emerges from their critique of the liberal approach, for it tends to examine the state as separate from civil society and thus, from the economy (Coronil 1997). According to Marx (1970), even though the modern state emerges as the neutral personification of general interest, that is, as an entity that does not defend any particular interests' group, in reality, it defends the interests of the ruling class and of private property (Marx 1970). However, the ruling class in Marx's thought is not necessarily a unified imposing class the state passively obeys (Corrigan and Saywer 1985:185). In contrast, in the 18<sup>th</sup> Brumarie (2000), for example, Marx examines the complex struggles that occur between existing fractions of classes (the emergent capitalist class, the working class, and the feudalists). For Marx, then, the state is not completely alienated from the ruling class' interests but conceived of as a mediator that attains some independence. In the same vein, and following Marx, Miliband (1969) and Poulantzas (1973) also conclude that the state neither is totally captured by private interests nor it is separated from society, but that it has a relative autonomy.

Following this debate, Abrams (1988) argues that the affirmation: the state is "an integrated expression of common interest cleanly dissociated from all sectional interests" (1988:122) is a fiction. For him, this statement is a state mask, that is, a misconception the state creates about itself as a form of legitimation in order to deploy its power. Moreover, not only does the state project the idea that it is autonomous and neutral but so do some

theoretical perspectives studying the state, such as, the liberal political sociology<sup>7</sup> approach. Abrams critiques this approach, for it conceives of the state as a unified and overpowered institution separated from civil society. This approach assumes that the state is not only divorced from society's power dynamics and interests, but also denies the state's own internal disunity. In contrast, according to Abrams (1988), there are complex connections and struggles within the state and between the state and the society that should be acknowledged in order to make visible the absence of state neutrality.

Abrams (1988) also critiques the classic Marxist approach to the state, particularly Poulantzas (1969) and Miliband (1973). According to him, even though these scholars did not conceive of the state as completely autonomous from society, they did not develop concepts that better operationalize the study of state-society links. For Abrams, on the one hand, Poulantzas not only conceives of the state as a factor of cohesion, that is, as an entity that condenses all society's contradictions, but Poulantzas also talks about concrete state institutions, such as, the political or judicial structures, the institutionalization of state power, etc.; however, on the other, he does not develop a concept that allows him to better explain these concrete state institutions more systematically. In the case of Miliband, according to Abrams, he conceives of the state as a more concrete political institution and uses the concept of state-system in order to account for the different institutions, rulers, administrators, and judicial organisms that compound the state. Miliband (1973) argues that state agencies and state actors are not unified. Instead, for him, these institutions exist as contingent objects. He proposes that it is necessary to grasp how they are related to each other and to other social forces in order to better comprehend how state power works.

Advancing the Marxist debates on the state, Abrams puts together Poulantzas and Miliband's conceptions of the state, namely, the state as a factor of cohesion and the state as a concrete set of disunited institutions, policies, actors, etc. For Abrams the state is "the

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<sup>7</sup> For more information about this debates and critique see Abrams (1988) and Mitchell (2006).

unified symbol of an actual disunity” (Abrams 1988:124). That is, even though the state is a concrete disunity of institutions and its message of cohesion, or of representing all society’s interests, is misleading, the latter should not be discarded, but studied as part of state forms of governing.

In order to account for the two state dimensions that compound the state, Abrams proposes a study of the state that examines two state dimensions, namely, the state as a concrete set of institutional disunity (state-system) and the ideological message of its apparent cohesion (state idea). The analysis of the state-idea and the state-system is an alternative that aims to study the state as a complex entity, not only because the state is linked to the complexities of society and, in this sense, it constitutes a “field of struggle” (Abrams 1988:124), but also because it is internally disunited, even though it gives the appearance that it is not.

For Abrams (1988), not only does the state reify itself as a form of legitimation, giving the appearance that it represents the general interest, but scholars studying the state as a unified and omnipotent entity contribute to the masking of the state. Consequently, the study of the state should overcome the idea (created by the state itself) that the state is a unified institution that deploys its power over society.

I use Abrams’ approach as a conceptual frame that will allow me to overcome the description of the postneoliberal state solely as a unified and controlling type of state, as some of the literature using extractivism and governmentality has concluded (Bebbington and Bebbington 2011; Chicaiza y Yanez 2013; Machado 2013; Svampa 2012; Vallejo 2014). In contrast, I conceive of the state, not as a unified entity but as an institution containing a set of programs and composed by different actors struggling and affecting the decision-making of state planning. Rather than only examining what is stated in the state’s National Plans or in the discourses of high state authorities, I examine different state institutions’ plans, such as, the Rural Living Well Strategy, the Productive Matrix Change

Strategy, the Strategy for Poverty Elimination as well as the struggles among different state groups trying to implement their agendas.

From a Marxist perspective, even though the state has a degree of autonomy, it is, at the same time, not separated from society. In this sense, Abrams (1988) not only conceives of the state as an internal disunity or as a different set of institutions struggling but also as deeply embedded in the society. For Marx, even though the state is relatively autonomous, at the same time, it supports the “purposes and interests of a dominant class or classes” allowing them to control the means of production, to increase the accumulation of capital and to ensure stability (Miliband 1991:522).

It is important to say that the question about the degree of dependency/independency that state groups’ agendas have in relation to private economic interests of Ecuador is beyond the scope of this dissertation, and needs further analysis. This research lacks a comprehensive examination of the connections between state groups and the interests of economic class fractions in Ecuador. However, despite this limitation and following Coronil (1997), I did establish a connection between the state and private economic groups (the society) by looking at the latter as actors who participate in state circulation and the appropriation of rents. I do this by examining how private economic groups participate in the planning and implementation of state projects and how, through this process, they also try to implement their agendas, influencing state planning. At the same time, I examine the private sector’s degree of responsibility in the failures of the state projects in which they participate.

While examining the role of private economic groups in state planning I also engage with the scholarship which studies the connections between the economy and the state using a Foucauldian inspired conception of the economy, that is, as a set of rationalities that once incorporated into political institutions (the state) influence state forms of governing (through identifying, placing, classifying, etc., individuals and populations), thereby increasing state control. Here, I am not so much critiquing Foucault himself, but

the literature that was inspired by a specific interpretation of Foucault's early works, which reduces the connections that exist between the state and the economy to a set of rational mechanisms the state incorporates (Jessop 2016).<sup>8</sup>

In contrast to this interpretation, following Poulantzas (1979), I conceive of the economy as a process of production, circulation, and accumulation in which the state plays a role and that influences state forms of governing. Poulantzas, in his critique of Foucault's understanding of power, argues that there is a tendency in Foucault's theory to overlook the links between the economy—conceived as a mode of production of wealth (based on labor exploitation)— and current forms of governance.

Coronil validates Poulantzas' necessity of studying the state in relation to the process of the production of wealth. At the same time, he also argues (and critiques) the Marxist tendency of studying the connections between the state and the economy solely “in relation to the expansion of wealth of nations with the production of value” (1997:63). That is, Coronil argues against only taking into consideration the contexts of advanced capitalist societies where “economic surplus is produced by labor [so that] the revenues of all social actors [and the state] depend on capital” (1997:65).

In contrast to advanced capitalist societies, some states from South America, such as Ecuador and Venezuela, mostly depend on primary exports as the source for their

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<sup>8</sup> I do not necessarily critique Foucault's theory itself as it is a rich approach that has been interpreted in different ways and that can contribute to a better understanding of how modern forms of power work (Best 1995). I also do not find it necessarily incompatible to other approaches such as Abrams or Poulantzas' Marxist approaches. Several scholars have already successfully merged both theories in order to talk about the state (Jessop 2016). Instead, I critique some of the literature that has examined the effects of postneoliberal state development and redistribution projects as forms of discipline and governmentality aiming to control individuals and populations respectively. Even though Foucault (1980) has questioned the existence of unified powers, this literature uses the concepts of discipline and governmentality as the only concepts that explain postneoliberal state forms of governing. For instance, the construction of infrastructure is conceived as a form of control of indigenous peoples' spaces and everyday lives, and the state economic projects implemented among these populations are also studied as imposing and disciplining mechanisms that separate indigenous peoples from the forest imposing monetized economies.

revenues (Coronil 1997). The rents obtained from the exportation of primary goods will fund state activities. Put another way, even though these states depend on capital and its profits, the main sources for state budgets emerge from the rents obtained from extractivist activities; they control the production and exploitation of natural resources and its transformation into state rents. Rents that are subsequently put into circulation influence the economy in different manners.

According to Coronil (1997), the effects of oil extraction within rentist states is wider after oil is exported and sold to foreign markets and transformed into money, and money into state infrastructure, projects, goods and services. Since South American states are the owners of their natural resources and of the rents derived from their exportation, the processes of economic production also become to depend on rich rentist states. For these states not only put rents into circulation via the promotion of specific economic sectors (lower tax incentives, for example) but also implement state projects that, because they involve the implementation of economic theories and concepts, also facilitate the appropriation of wealth of specific economic sectors such as agro-exporters as in the case of Ecuador, to the detriment of others.

It is important to consider that, even when the state controls most of the extraction and circulation of oil, private economic groups still participate in the processes of state planning and in the construction of infrastructure. This participation can be problematic for, according to Coronil (1997), sometimes rentist states assume that local economic elites would invest and be aligned with state plans and aims of improving the economy. Nevertheless, during periods in which profit opportunities mostly depend on the circulation of state rents, private economic groups are more interested in finding mechanisms to appropriate the money that the state puts into circulation than in the achievement of state agendas aiming to enhance the economy (Coronil 1997).

Following Coronil, I also conceive of the postneoliberal Ecuadorian state as a rentist state that achieved the recuperation of oil production and appropriation of its rents

from the hands of private international oil corporations to the state. However, I show how part of these rents were appropriated by private economic groups participating in the development of state plans.

## **1.5 Methodology**

A political economic approach informs my research methods. Political economy within anthropology emerged as a critique of functionalism. The latter conceived of communities “as if they were islands into themselves, with little sense of the larger systems of relations in which these units are embedded” (Ortner 1984:142). In contrast, political economy studies anthropological subjects not as uncontaminated and ahistorical subjects but at the intersections of local interactions and national, regional, and global processes (Roseberry 1988:163). That is, anthropological subjects are conceived not as closed totalities but as connected to broader contexts and articulated to wider economic and political dynamics that occur somewhere else (Wolf 1982). The political economic approach connects anthropological subjects to broader contexts through placing them as part of processes of production, circulation and consumption of commodities, and uses these commodities as objects to follow (Mintz 1985; Taussig 1980; Striffler 2001).

This approach allowed me to think about the everyday lives of indigenous peoples as well as the dynamics of the Playas del Cuyabeno community as connected to state national agendas and private economic groups’ practices and decision making. Informed by this approach, I conceive of the experiences and struggles of indigenous peoples in the Ecuadorian Amazon not as divorced from what occurs in broader contexts but, in contrast, as deeply connected to national agendas, practices, and state decision-making; in particular, during processes of state officers and the private economic sector planning and implementing state development and redistributive agendas. I also conceive of indigenous

peoples' everyday lives as part of a process of the circulation of oil and of its transformation into development and infrastructure.

This approach is an adequate entry point in this study for it allowed me to think beyond the process of extraction of oil, that is, during its circulation/transformation into money, and into state projects. In this research, I follow how broader contexts influence indigenous peoples' lives through following the planning and implementation of the MCP, the actors involved as well as their struggles and decision-making.

## **1.6 Preliminary research**

In 2014, I conducted preliminary research in some indigenous communities in the Amazonian provinces of Morona Santiago and Zamora Chinchipe, in Ecuador. I lived at a Shuar indigenous community in Gualaquiza (Southern Ecuadorian Amazon), at the house of one of the most radical indigenous leaders, who deeply committed against extractivism in his community territories. I followed this leader to all his meetings with provincial and regional indigenous organizations and leaders. I was able to attend political meetings with different leaders from the Kichwa, Shuar, and Achuar indigenous organizations as well as with the National Confederation of Indigenous Nationalities of the Ecuadorian Amazon (CONFENIAE Spanish acronym)—the most important indigenous peoples' organization in the Ecuadorian Amazon. This allowed me to have a panoramic view on the complex and diverse agendas, positions, and debates that were taking place among different indigenous leaders of the Ecuadorian Amazon in relation to state resource extraction, postneoliberalism, and its development agendas.

## 1.7 Research Methods and Data Analysis

### 1.7.1 The Political Economic Approach

I conducted fieldwork in Ecuador for twenty months. At the end of 2016, I went to Quito to talk to scholars who could help me contact the members of the community of Playas del Cuyabeno, the first community where the state implemented a project called the Millennium Community Project (MCP). I was affiliated with the Latin American Faculty of Social Sciences (FLACSO), Ecuadorian branch. This affiliation allowed me to talk to some Ecuadorian scholars who had conducted research at this site. I met two of the scholars in charge of doing fieldwork and examining the results of the MCP projects in Playas del Cuyabeno and Pañacocha communities. As the FLACSO scholars recommended, I contacted one of the researchers, a white male researcher from the U.S. who did fieldwork in this community, asking him if he could give me some advice on how to get to the community and how to contact them. However, he hinted that indigenous peoples in Playas del Cuyabeno were tired of researchers asking them questions and that they had become a closed community. As an Ecuadorian scholar I became a little worried because I did not want to force indigenous peoples to talk to me. However, before making any changes to my research project, I contacted another Ecuadorian researcher who did fieldwork on the MCP. This researcher introduced me to one of David Harvey's<sup>9</sup> research team in Ecuador, affiliated with the State High Institute of Ecuadorian Studies (IAEN). This group, led by

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<sup>9</sup> David Harvey is a Marxist economic geographer and a very influential thinker of the late XX century. He is currently a distinguished Professor of anthropology and geography at the Graduate Center of the City University of New York. David Harvey has written significantly on the meaning of Marx's *Capital* for understanding late capitalism. He received his PhD from the University of Cambridge in 1961.

David Harvey, created the Strategic National Center for Territorial Rights (CENEDET) in Ecuador. They were interested in examining postneoliberal state urbanization, development projects and economic plans, such as the Matrix Productive Change Strategy, the MCP, the Amazonian University of Ecuador, Yachay, for example. When I talked to the CENEDET team member, who did research in Playas del Cuyabeno, he kindly encouraged me and put me in contact with one of the Playas del Cuyabeno community leaders. The CENEDET researcher explained to the indigenous leader via phone who I was and asked him if it was possible for me to contact him. Once he approved this, I was able to call him. I identified myself as an Ecuadorian scholar studying at the University of Kentucky in the U.S. and affiliated with FLACSO. I talked to him about my research project. He told me that even though the community needed a volunteer English high school teacher, he had to consult the community and see if they would approve of me volunteering as the English teacher and concurrently doing my research in Playas del Cuyabeno. As he requested, I called him after a couple of weeks and asked him if the community had approved my presence in the community. He told me that they approved it and that I could come to the community.

#### 1.7.2 Participant observation

Participant observation is one of the “central and defining” methods of anthropological research (Bernard 2006:322- 364). During the months I lived in the community of Playas del Cuyabeno, I conducted participant observation in different indigenous spaces. Public meetings, community assemblies, *mingas*—collective labor days for the community, school meetings, meetings with state officers’ representatives in the community, meetings with Cuyabeno parish authorities, informal gatherings,

neighborhoods celebrations, religious celebrations, holiday celebrations, neighborhood's meetings, and celebrations, among others. I also conducted participant observation in the more intimate spaces of indigenous families, at their houses and their fincas. I had numerous conversations with them while we were cooking, eating, drinking chicha— a special fermented drink made from yucca, banana, etc., fishing, and while they taught me how to make chicha, cassave—a tortilla-type food made out of toasted yucca root flour, how to twist dried chambira—a large palm of the Amazon rainforest that once dried is used as a fiber crop—to make jewelry, or when I showed some of them how to make some Ecuadorian Andean food, llapingachos (fried smashed potato tortillas with cheese), fritada (fried pork meat), and while they planted cabuya, a plant I brought them from the Andes and that my grandparents used to work with (an evergreen natural fiber, native to Andean regions that is locally used, among other things, in the production of ropes, sacks, and hammocks).

I also conducted participant observation at informal state officer's gatherings, state public events and outside of state offices while waiting for interviews. These observations facilitated the identification of the different state groups and agendas that existed within the postneoliberal state.

### 1.7.3 Research Interviews

I conducted a total of 105 interviews among indigenous peoples, state officers, and construction companies' owners, representatives, and workers in the community of Playas del Cuyabeno, in Tarapoa (the seat of the canton of Cuyabeno), and in Quito, the capital of Ecuador.

I conducted formal and informal interviews with indigenous peoples, men and women from the community of Playas del Cuyabeno. I conducted these interviews in different places within the community such as, indigenous peoples' houses, the coliseum, the school, the parish building, their fincas, etc.

In addition, I conducted interviews with state officers working at different state institutions such as the National Secretary of Planning and Development (SENPLADES for its Spanish acronym), the Ministry of Agriculture Livestock, Fishing and Aquaculture (MAGAP for its Spanish acronym) the Ministry of Strategic Sectors, the Vice presidency, the PetroAmazonas state oil company, the Tourism Ministry, the National Secretary of Public Contracting, SERCOP, and many others. These interviews took place at the offices of the state institutions where interviewees worked, at their houses, or at coffee shops. These interviews were unofficial, that is, they did not represent the state official discourse but state officers' experiences working for the state. Finally, I conducted interviews among medium size construction companies' representatives and workers who participated in the construction of state infrastructure projects, such as, the MCP and others. These interviews took place at construction companies' offices and other public spaces, such as, coffee shops.

In addition, I had access to indigenous peoples' community archival and to state documents. Due to the fact that I was assigned to classify and order indigenous peoples' community archives, I was able to access these documents with the community's approval. The interviews with state officials gave me access to official and unofficial state documents, reports, plans drafts, presentations, among others. In both cases, revising these documents allowed me to contrast the documents' data with the data collected in interviews

and participant observation in order to obtain more accurate information about the MCP planning and implementation process.

I protect all the people who participated on this research equally. I used pseudonyms for all my interviewees except in the case of high state authorities, such as the SENPLADES director, the ex vice president of the country, etc. I used their real names for they are well known public figures.

## **1.8 Positionalities and Ethnographic Challenges**

### **1.8.1 Studying Indigenous Peoples**

I entered the community as a middle class woman, as a mestiza from the Andes mountains (Riobamba), as an Ecuadorian academic who studies in the U.S. and in Quito (at FLACSO), and as the person who knows English and who would be the new high school English teacher. This position is certainly a position of privilege that translates into real asymmetries (based on race, class, and educational status) between me, as a middle class educated mestiza who studies in the North and who has connections to local academics, and the indigenous men and women who shared their stories, lives, and time with me in Playas del Cuyabeno.

These inequalities are part of a long history that has featured the interactions between indigenous peoples and mestizos in Ecuador and in the rest of Latin America (Cervone and Rivera 1999; Martínez 2006; Wade 1997). These differences shaped the ways in which indigenous peoples talked and interacted with me during fieldwork, either putting some distance, especially in the beginning, or ‘whitening’ me (Alcalde 2007; Moreno 2014) by calling me ‘Argentinean hippie’ or ‘gringa’ (white woman from the United States).

My education in the U.S. and in Quito also put me in a privileged position. Not only was I proficient in English, and had lived in the U.S. and (as Bolivar, an indigenous leader from the community told me once) ‘you know gringos’ (white people from the United States) but I also was affiliated with a prestigious university in Ecuador, FLACSO. Many indigenous leaders from the community knew about FLACSO, for its professors and investigators had done research and also helped indigenous peoples in their struggles in the past, against oil contamination, for example.

In addition, studying in the North and knowing some of the language of white tourists, a language that many community members from Playas del Cuyabeno are interested in learning or try their children to learn in order to improve their touristic services, and being part of a local university that enjoys prestige among indigenous leaders put me in a position of privilege that gave me access to spaces, such as the indigenous community archives, the table of indigenous leaders at a monthly meeting, etc., spaces that indigenous women do not easily have access to, due to gender inequalities that, as Moreno has showed (2014), feature in indigenous politics in Ecuador.

Aware of the privileges and inequalities of doing research in indigenous communities, anthropologists have made the efforts to lessen this distance or to negotiate unbalanced power relationships between indigenous peoples and researchers during fieldwork through launching more participatory interactions and implementing new approaches that establish more collaborative strategies in the production of knowledge. Rather than conceiving of and treating indigenous peoples as subjects of study and putting a distance in order to guarantee objectivity, some anthropologists conceive of indigenous peoples as collaborators in the process of construction of knowledge (Rappaport 2005).

That is, in this approach knowledge is not produced by the researcher but it is built through the dialogues and interactions that take place between the researcher and their collaborators (Rappaport 2005). This negotiation also implies a compromise at a political level for the knowledge produced has to be consistent with indigenous peoples' struggles and it has to address indigenous peoples' longstanding inequalities.

While doing participant observation in Playas del Cuyabeno and, as part of the community's request and condition for me to do my research, I was also the English high-school teacher. I taught English every day to all high school grades until the end of the school year. This was sometimes a difficult activity as it was the first time I had taught at a high school. Sometimes, it was difficult to me to manage young students (for example, when they decided to hide from me and made me wait outside of the class). However, even though this caused me few conflicts with young indigenous peoples we solved them without inconvenience.

In addition to teaching English, I also engaged in some of the indigenous women's community labor. I participated in all the different *mingas* the community organized, in particular, the community monthly *mingas* and the school *mingas* they organized in order to maintain the MCP infrastructure spaces in shape. I learned how to use a machete, a hoe, and an electric scythe. Due to the fact that *minga* work is divided by gender, I joined indigenous women in doing the labor assigned to them. We cut the grass manually (or, I tried to) and with the electric scythe; we trimmed the borders of the grass in the court field; with machetes, we took out the grass that was growing between the MCP pavement, etc. We also cleaned the school spaces and the old cemetery spaces. Afterwards we played soccer.

As the other indigenous women are required to do, during monthly community assemblies, I made and brought a can of chicha. With the help of other indigenous women, I usually made the chicha days before for it is a fermented drink. In order to make chicha, sometimes I harvested the yucca myself and others and I brought it to other indigenous women. I learned the hard process of peeling, cooking, smashing and fermenting yucca. In particular, at the beginning of every community assembly, after attendance is registered, indigenous women have to distribute their can of chicha to all indigenous peoples attending the meeting. The same is repeated at noon and sometimes in the afternoon, before the end of the assemblies. Once, I also prepared and gave food at a *minga* that young indigenous peoples were engaged in for the construction of a new touristic space. They built the infrastructure that will support the new service they aimed to offer foreigners arriving to Cuyabeno (traditional dances, handicrafts selling, etc.). This *minga* was a lesson that allowed me to better understand what collaborative successful work means and entails.

I engaged in community labor for I wanted to help other indigenous women in some of their communitarian labor and also because I wanted to show some gratitude to the indigenous peoples who shared their stories with me. At the beginning, indigenous peoples, men and women, laughed at me. As Gerardo, a young community member told me, it was because it was ‘funny’ to see ‘the teacher working with the machete’. I believe my failed efforts trying learn how to use the machete as the other indigenous women do, was one of the ways in which I was able to overcome some initial distrust.

This was really hard work to me but it allowed me to understand the amount of effort and labor that community organization implies. Indigenous peoples valued my attempts to collaborate with the community despite of the fact that, most of the time, it was

not successful. One day, one of my students told me that, my nickname among young indigenous peoples from the community was ‘la nueva Kichwa’ (the new Kichwa). Although this is not the topic of my research, and needs further research, I believe this is linked to generational gaps existing in the community and changes are taking place among younger generations. Some young indigenous generations do not speak Kichwa or engage in the making of chicha or in manually cutting the grass, among other community activities. As one of the students told me when I asked him why I got that nickname, he explained to me that it was because it was ‘very strange’ for them to see a ‘mestiza woman giving chicha to everybody’ or ‘working at the *mingas*’. But, ‘it is cool’ he said, because ‘not many of us want to do that anymore’.

However, despite of the fact that I tried very hard collaborating with indigenous peoples’ community labor and school teaching, I have no illusions about this. I am aware that hard work or collaborating with indigenous peoples’ community activities does not erase the inequalities existing between us. For instance, after a couple of months of being in the community, in one of the community assemblies, after the chicha was distributed, I sat with some of the indigenous women. Minutes after, the president of the community came to me and asked me if I could talk in front of the assembly about the process of renovation of the community environment license (they had to renovate in order to legally function as a community), an issue I was reading about. After some indigenous leaders talked in front of the community about this, one of them said to the assembly, ‘here, the teacher, is going to explain to us about the environmental license renovation problem’. I went to the table and was the only women talking in front of the rest of the community. This and other experiences during fieldwork reminded me over and over again that, despite

of the processes of negotiation and participation that I, as an anthropologist, was truly engaged in during fieldwork, there were/are historical, social, and epistemological differences that I believe are impossible to overcome.

I follow Bourdieu's reflections on this. For him, unsolvable differences are inherent in the interactions between anthropologists and vulnerable populations. According to Bourdieu, in the case of the anthropologist, their point of view depends on their theoretical objectives, and the "objectifying techniques"—writing field notes, recording interviews, coding, etc.—(Bourdieu, 1990:14) we use. Even if we try to negotiate and be more engaged with community activities, our practices are still determined by our research design and our research methods. This is a distance we cannot overcome.

In addition, for the French thinker, differences of class, of race, and of social capital (Bourdieu 1990) also determine the interactions between anthropologists and anthropological subjects. For Bourdieu, rather than thinking that these differences momentarily disappear while we engage with anthropological subjects, these differences need to be taken into consideration as a constant during the anthropological process ethnographic fieldwork. This necessary awareness and reflexive process about these differences is what Bourdieu calls to "objectify the objectifying distance" (Bourdieu, 1990:14). My ethnographic work certainly was not as radical as the collaborative approach; it was hardly an attempt to engage with indigenous community labor. However, I argue that even the most radical approaches of anthropological fieldwork are not able to completely erase epistemological and social differences.

For Alcalde, it is better to be conscious about these differences rather than "idealizing the researcher-participant relationship as a space of equality where historical

inequalities be momentarily erased” (2007:145). I celebrate the extremely important efforts and hard work of anthropologists doing more participatory and collaborative work, however, as the anthropologists and members of the *Otros Sabers* (other forms of knowledge) project, Hale and Stephen (2013) argue, these differences can never be completely eliminated. According to them, collaborative research always constitutes a process of struggle in which “the subject-object dichotomy, so prominent in conventional research, assumes a much less central role, even if it does not (and could not) completely fade away” (2013:23). Thus, despite of our efforts, anthropologists have to remain conscious about the differences that structure our doing fieldwork among indigenous communities and other vulnerable populations.

#### 1.8.2 Studying up: The State and Private Economic Groups in Ecuador

During the 1970s, anthropologists began questioning the traditional anthropological focus on poor and marginalized groups. Nader (1974), for example, argued for the necessity for anthropologists to study up. For her, it is necessary for anthropologists, not only to study marginalized groups but also to study powerful institutions, groups, and bureaucratic organizations in order to better apprehend how these institutions “affect the lives of people that anthropologists have traditionally study” (1974:293). Different anthropological approaches, such as, political economy (Wolf 1982; Mintz 1985; Taussig 1980; Striffler 2001), the multi-sited ethnographic approach (Marcus 1995), and the anthropology of public policy (Shore and Wright 2011; Weder et al. 2005; Wright and Reinhold 2011) have contributed to examine the articulations of both, marginalized groups and powerful groups and institutions.

In this research, I use a political economic approach in order to study how broader institutions decision making and practices effect indigenous peoples' lives and struggles. This approach allowed me to study up, that is, to think about the planning and implementation of state agendas and projects and the role of private economic groups as part of a process of production, circulation and appropriation of oil in the form of state rents.

While studying the Ecuadorian state institutions and private construction groups involved in the planning and implementation of postneoliberal development and redistribution, I positioned myself as an Ecuadorian academic who studies in the U.S. and who is also affiliated with FLACSO.

Even though the state is an obscure institution that is usually difficult to study (Abrams 1998), I was able to have access to the Ecuadorian state institutions and officers involved in state development and redistribution agendas. First, as an Ecuadorian scholar who did undergraduate and masters studies in Quito (where most state institutions are located), at the public university and at FLACSO respectively and who lived in this city for numerous years, I had several contacts: friends, ex-classmates, ex-professors, ex-coworkers, etc., who where working for the state when I was doing fieldwork.

When the Correa government emerged, one of the aims of the government was to completely re-structure state bureaucracies, to make them more efficient and friendly. These transformations implied a generational change within state institutions. During the emergence of postneoliberalism, young individuals from my generation—who, at the time, were working for NGOs, foundations, or studying their masters—began working for the state. It is because of this generational change that I was able to have access to numerous

state institutions, such as SENPLADES, the Vice presidency, the Tourism Ministry, the Secretary of Public Administration, the then Ministry of Agriculture, Livestock, Aquaculture and Fishing, Strategic Sectors State Company, the Coordinator Ministry of Strategic Sectors (MICSE), PetroAmazonas Oil Company, among others.

When I came back from Playas del Cuyabeno in order to examine and follow state projects implemented in Playas del Cuyabeno, I was worried about not being able to get access to the state Strategic Sectors group, that is, to the PetroAmazonas oil company, The Ministry of Strategic Sectors, the Strategic Ecuador public company, etc. However, I was able to get access to this group when a professor provided me the contact information of one of the ex-Vice president, Jorge Glass', advisers and an ex-PetroAmazonas worker. Once I talked to her, she gave me access to different state officers, not only involved in the implementation of the MCP but also in the design of broader state development plans, such as, the Change of Productive Matrix Strategy. In addition, due to the fact that some ex-classmates became important advisers of state institutions' directors and vice ministers, they also allowed me to talk to state officers working for PetroAmazonas, which was a very endogenous group otherwise.

I mostly talked to mid-level state officers rather than to higher state authorities. I interviewed one of the main ideologues of the postneoliberal Ecuadorian state and the academic who created the society of knowledge model in Ecuador, René Ramirez. He was the director of the SENPLADES planning state institution and of the National Secretary of Superior Education, Science and Technology in Ecuador, SENESCYT. This interview was videotaped and recorded. Some of his collaborators were present during the interview. When I asked why they video recorded the interview, the person who allowed me to talk

to him told me that this was the normal procedure so that his declarations were not misinterpreted. When I interviewed him, he mostly talked about official discourses written in state plans, although he recognized that the state was not able to decrease the high levels of concentration of land existing in the country.

Although mid-level state officers repeated official state discourses, they (in contrast to high state authorities) also and mostly talked about the problems and contradictory agendas that had affected their experiences and decision-making while working for the state. I found that talking to these state officers, rather than with higher state representatives, allowed me to complicate the idea of the postneoliberal state as a unified and overbearing institution. From their experiences, I was able to better grasp the contradictory agendas and effects of postneoliberalism in general, and of the MCP implementation in particular.

Due to the fact that during my fieldwork in Quito I lived with two state officers, I was able to be part of their everyday experiences and of the rapid changes that occurred within the last year of Correa's government. I was also able to attend a few state officials' informal gatherings and celebrations where they informally talked about the correlation of forces occurring during this period within the postneoliberal state as well as the complex negotiations between state institutions and different groups that compounded the state. Although I did not take notes or registered these informal conversations, they allowed me to think about the complexities existing within the state and to ask questions about these complexities during formal interviews.

In relation to my interviews with private construction companies, I tried to talk to some of the biggest construction companies in Ecuador, the ones that mostly accumulated

and exponentially grew during Correa's government; however, this was not possible. As Nader shows, the most difficult obstacle in studying up is related to accessibility. The powerful are out of reach on a number of different planes: they don't want to be studied; it is dangerous to study the powerful; they are busy people; they are never only in one place, and so on (Nader, 1974). This is why, according to Nader (1974), it is also difficult, if not impossible, to conduct participant observation when studying the powerful. Thus, even though I tried to contact these big construction companies, every time I called them, they said that they were not interested.

Following Nader (1974), this omission should not imply that anthropologists stop studying up, to the contrary, we should find strategies to solve these problems. My strategy was to take advantage of my contacts with different state officers who worked with construction companies that built state infrastructure. Using these contacts, I was able to talk to medium and small size construction companies working for state institutions. I positioned myself as an academic studying in the U.S. and affiliated with FLACSO. I assured them that I would not register, record, or write in any of my field notes or in any other place, their names or the name of their companies. I also asked them if they would allow me to record the interview and if they were not comfortable with this, I took notes. I let them know that the interviews were part of my dissertation research and that some fragments of the interviews could be possibly published as part of my dissertation.

Even though construction companies represent a powerful group, I follow Wedel et al. (2005), who states that when anthropologists study up it is also necessary to protect the information registered for individuals in power, as they also expect confidentiality from anthropologists. I took the time to explain to them how their identities would be protected.

In order to make them feel comfortable, when I asked them about the mechanisms of the extraction of state rents, I did not ask them about their own experiences, I asked them if they knew how other companies tried to extract rents from the state. Establishing this distance, that is, letting them know that they were not directly talking about their experiences or practices but about what others did, they felt more comfortable talking to me about the mechanisms of appropriation of state rents. I took advantage of the thorough knowledge and experience they had within the construction sector and did not ask them if the rent extraction mechanisms they described were something they did. As a result, their responses were ambiguous at times for usually they began talking about someone else but then they end up talking about themselves. Rather than asking them to clarify this ambiguity, I let them talk about this topic in a manner they felt comfortable. For this is a sensitive topic that required some ambiguity in their responses rather than directly assuming responsibility and the use of pseudonyms in order avoid any possible negative effect or legal accusation against these informants.

## **1.9 Dissertation Overview**

In chapter I, I provide a brief context of the Playas del Cuyabeno location and demographics. Using a political economic approach, I also offer a short history of the community that highlights the mobility that has marked the history of indigenous peoples in the Northern Ecuadorian Amazon and the violence that indigenous peoples have experienced through their encounters with rubber tappers, priests, hacienda patrones (owners), and others. I also show how and why indigenous peoples became a community. In particular, the process of becoming a community was marked by the construction of a school. In addition, I describe how their involvement with broader indigenous peoples'

organizations and their interactions with Catholic congregations helped them in advancing the formalization of their organization as a community. I show how the legalization of their community influenced indigenous peoples to have two spaces as important parts of their everyday lives, namely, the *centro poblado* and their *fincas* (farms). I argue that the dynamics of indigenous peoples' everyday lives, before the MCP construction, already took place in these two spaces, the more modern space of the village (which had internet, electricity, etc.) and the more intimate space in their *fincas*, closer to the forest. I engage with the literature conceiving of the construction of the MCP spaces as a radical rupture with indigenous everyday lives and as a state imposed project that broke with indigenous peoples' closeness to the forest. In contrast, I show how indigenous peoples' lives were already determined by their dynamics in these two spaces, and how the MCP continued and radicalized a process of modernization of indigenous peoples *centro poblado* in which indigenous peoples were already engaged, before the MCP implementation. I also argue that indigenous peoples from the Amazon do not necessarily reject modernity, in contrast, even though they want to remain close to the forest, at the same time they also struggle to be part of a more urbanized, modernized space, their *centro poblado*. Finally, I also show how indigenous peoples did not entirely reject resource extraction and show the complex processes of negotiations, community organization, and indigenous leaders' struggles and strategies with state authorities that resulted in the implementation of the MCP.

In chapter II, I offer an analysis of what happens after oil is extracted from the ground and transformed into state planning. Through the study of the MCP, I show the different state institutions and officers involved in the planning of this project and their struggles in order to implement their redistributive and development agendas. I complicate the literature conceiving of the postneoliberal state as a unified, authoritarian, and disciplining state. Through a grounded study of the complexities that MCP planning involved, I show the different state groups that struggled for the implementation of their agendas within the postneoliberal state. That is, the SENPLADES intellectual group, who

claimed for a more redistributive and participatory agenda and the Strategic Sector group with a less participatory agenda aiming to make the process of state planning faster. I show how and why, in the end, it was the latter group that was the one delegated to do the MCP planning. In order to achieve a faster process, this group delegated the planning of the MCP design and sustainability of spaces to private companies. Thus, in contrast to the literature using the concept of extractivism and arguing that postneoliberal development, such as the MCP, resulted in the implementation of governmentality, I show how it was not the state, but the private consulting company in charge, the one who tried to implement disciplining mechanisms among indigenous peoples, as their solution in order to maintain the MCP infrastructure's shape—without consulting the implementation of these mechanisms with any other state institution. I argue that due to the fact that these mechanisms did not have any state institutional support, they barely influenced indigenous peoples' everyday lives. Rather than finding numerous state institutions imposing and enforcing disciplining mechanisms among this community's everyday lives, I show that no state institution was in charge of the maintenance of the constructed infrastructure. By contrast, it was the indigenous peoples' community organization which mostly established mechanisms, such as *mingas*, to keep their *centro poblado's* infrastructure and spaces in shape.

In chapter III, I offer an ethnographically supported analysis of what happens after state oil rents are transformed into state economic development plans and projects, and implemented among indigenous communities, such as, Playas del Cuyabeno. In order to do so, I examine the complexities that entangled the implementation of state economic plans aiming to achieve the economic sustainability of indigenous peoples living in the community. I discuss with the literature arguing that the implementation of postneoliberal economic projects among indigenous peoples imposed radical changes in their economies. In particular, according to this literature, the implementation of these projects in Playas del Cuyabeno broke with indigenous peoples self-sustaining economies which, before the MCP implementation, presumably depended only on the economic activities they

maintained within the Amazonian forest (hunting, farming, and fishing). I argue that, even though indigenous peoples preserved their economic activities within the forest, they also struggled to be part of state economic projects in order to achieve self-sustainable economies. In addition, in contrast to the approach that focuses on the governmental effects of the implementation of economic development projects among indigenous communities in the Amazon, I examine state economic development projects in relation to the economic approaches that informed these plans, the modes of production and circulation they encouraged, the role they gave to small producers—in the attempt to include them into state projects—and the contradictory agendas this inclusion deployed. I show how the existing struggles among different state fractions trying to implement their agendas influenced the implementation of these projects. Also, I argue that indigenous peoples' position was not so much against the implementation of these projects. Their struggles were rather related to the contradictory agendas in which the implementation of state economic development plans resulted. I show how indigenous peoples struggled to fit or be part of these state projects in their attempt to achieve self-sustainable economies. I argue that indigenous peoples self-sustaining economies not only depend on their activities in the forest, but also on their farming, touristic, and transportation services activities. However, despite of their struggles, I show how the contradictory requests the state offered them as a condition to be part of these projects resulted in the limited inclusion of indigenous peoples. Even though they were able to sell their goods and services, this was possible only through selling their products to intermediaries at local markets or through subcontracting their services to bigger companies. I argue that this qualified inclusion complicated the possibility of indigenous peoples to achieve self-sustaining economies despite of the amount of state resources spent in the implementation of these projects.

In chapter IV, I offer an analysis of the mechanisms of private appropriation of state rents. An appropriation that takes place after oil is extracted from the ground, transformed into state rents, and put into circulation through state direct monetary transfers to private

companies participating in the implementation of its projects. I present the case of the process of construction of the MCP infrastructure and show how and why it resulted in bad quality infrastructure, rapidly getting damaged. I also show how engineers and workers involved in the construction of the MCP experienced this process and how they solved the problems they faced during its construction. I argue that the failure of state redistribution, development, and construction of infrastructure is not only the result of contradictory postneoliberal agendas or of the less redistributive models the state prioritized and implemented, but is also the effect of the quotidian practices of private appropriation of rents the state put into circulation during the implementation and construction of its projects and infrastructure. Even though it is not the case that state officers never formed part of these practices, I focus my analysis on the private extraction of state rents in contexts of increase of state social spending for these practices have been understudied. In addition, I show how private appropriation of state rents was not an isolated event but a common construction sector practice that formed part of the process of building postneoliberal state infrastructure projects. Finally, I also examine why indigenous peoples conceive of the rapid deterioration of the MCP infrastructure as an indicator of the limited powers or attributes that the circulation of oil in its form as money has in order to improve their lives.

In chapter V, I present the conclusions of the dissertation. This chapter contains a summary of the main contributions of this dissertation and an enriched summary of my findings.

#### **1.10 “Anthropology with an Accent”<sup>10</sup>: Some Necessary Thoughts on Writing**

The Brazilian anthropologist Teresa Caldeira (2000) talks about her experiences of being a South American anthropologist studying in the U.S., doing her fieldwork in Brazil,

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<sup>10</sup> See Caldeira (2000:6).

and writing her dissertation (which became a book) in English. She describes this process as doing “anthropology with an accent”. As Caldeira describes:

The struggle over language is probably one of the most frustrating parts of this displacement. I am a native speaker of Portuguese, the language in which I studied up to my master’s degree, wrote my first book and conducted the research for this one. Yet I wrote this book in English. In writing it I faced daily the realization that, more than my words, my thinking was shaped in a certain style and in a certain language. When I write, I can hear the repetitive and eventually exasperated complaint of one of my copy editors: “what is the subject? Do not write in the passive voice! Can’t you learn it?” Useless to explain that a sophisticated academic style in Portuguese [and in Spanish] is frequently structured in the passive voice and often with an ambiguous subject; pointless to come up with an interpretation of the meaning of the different grammar choices in each academic style. I was no longer in that most-taken-for-granted language and was no longer allowed the freedom and the security of unconscious constructions. But, obviously, the question was not of words and grammar alone: it was epistemological and methodological. Anthropology and social theory have what one might call an “international style”, that is, a corpus of theory, method, and literature shared by practitioners worldwide. Although this corpus offered me a reference point as I went back and forth between Brazil and the United States I became acutely aware that academic questions have strong local and national biases and that the discipline is, in fact, plural: there are anthropologies, not anthropology. What [U.S.] academic discussions emphasize as relevant and exciting is not often among the central concerns of my Brazilian colleagues, and vice versa. At a certain point, the perception of the local framing questions was so acute that I considered writing two books, or at least two introductions, one for each audience, in Portuguese and English, each addressing different questions. I concluded, however, that this approach also was an impossibility, since my thinking and perception had already been transformed and shaped by my simultaneous immersion in both contexts and could be squeezed into one or the other mold only artificially and with some loss. My languages, my writing, my thinking, my critiques all had acquired a peculiar identity. I came to realize that as my English has an accent, so does my anthropology; it persists no matter from what perspective I look at it or in which language I write it (Caldeira 2000:6).

Being a South American anthropologist who studied in the U.S. and who wrote this dissertation in English, I was amused by the precision with which Caldeira’s words described my own experiences of displacement—of being between two places, two ways of thinking, of designing research, of doing fieldwork, and of course, of writing. Her words were a gift during the last stage of my dissertation writing for she put in words something

that is mostly taken for granted but that accurately describes what I (and certainly other anthropologists) have experienced, struggled with, and also learned from. I am an anthropologist who studied in the South and the North. I am also a native Spanish speaker and a researcher who is writing this dissertation in English. These forms of being have shaped my way of thinking, researching and writing, in ways that merit further reflection.

The written findings of a dissertation are the result of a longer process of thinking, encountering others, systematizing data, reading innumerable texts and choosing the theories, debates and concepts that best explain a problem. However, from the position of scholars doing anthropology with an accent, the process of designing, systematizing, and writing in a different language and tradition, instead of showing its relativism or the endlessly possibilities of cultures—which also depend on individual and uncountable experiences and choices—is characterized by a set of epistemological, syntactic and bureaucratic rules that anthropologists from other traditions do not take for granted. They learn from them and yet, at the same time, they are inevitably constrained by them.

Undoubtedly, doing anthropology in a different context than your own involves something new to learn. The problem arises when this process is not acknowledged. I refer to the fact that this process—a clash of two ways of thinking—constitutes a deep struggle that international students/scholars have to face while learning from a different epistemological context and language, and while trying to put the results of that learning in writing.

In addition, prior languages, grammatical structures, debates, epistemologies, questions, etc., cannot be erased all at once, but remain present. They never go away but instead find a way to stay, adapt or transform in order to be part of a new process of thinking/writing. This also constitutes a struggle because international students/scholars constantly have to adapt, or even feel that we have to find ways to hide or erase prior forms of thinking and writing so that mainstream anthropology will take our work more seriously and not use this written accent in order to diminish our work.

Nevertheless, despite these complexities, which are real, my aim in talking about this is not to play the diversity/accent “card” so that anything international students/scholars do must be accepted. To the contrary, I believe the worst form of processing this would be by being condescending or paternalistic for both are also forms of inferiorization and racism (Martinez 2006). I remember when I began studying in the U.S. I went to talk to a professor about my writing and I said that they should take into consideration that I am not an English native speaker. This professor told me, however, that if they were to treat me differently, that would imply that they are accepting that I am not as capable as the rest of the students, and advised me to get help with improving my writing skills, instead. This early advice pushed me and made me take this process more seriously. It also made me obsessed about finding ways to improve my English academic writing—with all the good and bad that obsessions convey—and to try to get help in the process of learning a new way of writing (and doing) anthropology. However, the problem was that, at the time, there were not enough resources and I had to rely on other international students and closer friends, putting more work on them rather than having successful institutionalized support.

It is not that anthropologists from the South want to remain isolated. It is not that we do not want to learn, about other languages, ways of thinking, designing research, forms of asking questions and using concepts, etc. In contrast, I believe that being able to do anthropology with an accent, that is, finding ways to include both learned forms of doing anthropology, can also enrich the debates of the discipline. Yet, at the same time, this process is certainly a struggle (sometimes a terrible and unfair one).<sup>11</sup>

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<sup>11</sup> The same applies to international students/scholars struggles in relation to Northern bureaucratic practices. Small things (or not so small, really), such as bureaucratic rules (spoken and unspoken) also constitute a process of constant learning. Rather than putting international students/scholars on the spot and making their situation more vulnerable, it should be acknowledged that the learning Northern bureaucratic practices constitutes a process that is not always friendly and that it involves a constant struggle for international students/scholars.

I am writing about this not to excuse my flaws or to call for an end to learning from mainstream anthropologies and from its mainstream language, English. I actually claim it is crucial to learn what mainstream is about. Nor am I talking about this because I want to be recognized on my particularity or local anthropology. All anthropologies are, in the end, local, even if some have more pretensions to ideological universality than others and are legitimated as such. In addition, as Caldeira points out, previous forms of thinking/writing have already been transformed in the process doing of this type of anthropology. Because it contains and it is shaped by both traditions, that would be an impossible task.

I am adding these lines so that the struggles of anthropologies doing and writing anthropologies with an accent and what this process entails does not go unacknowledged. It is this struggle and its complexities that needs to be highlighted and debated within the discipline so that anthropology students/scholars in this position have better resources in their process of becoming anthropologists with an accent. This does not necessarily imply the need for more understanding. Instead, the acknowledgment of this process perhaps just requires that Northern teachers, editors, colleagues, etc., do not take for granted the process of learning that this involves. Perhaps, rather than being more understanding or condescending, which is rather problematic, Northern scholars/colleagues need to provide more information and make more resources available (English editing buddies, for example) to make this process more egalitarian and less traumatic for international students/scholars. In this way, doing an anthropology with an accent, rather than being a hard experience, could better contribute to move forward the discipline of anthropology.

## CHAPTER 2. INDIGENOUS PEOPLES' LONG STORIES OF CONTACT, MOBILITY, AND TRANSFORMATION

### 2.1 Introduction

The history of indigenous peoples does not tell a story of individuals who lost their ancient ways of life through contact with modern societies. Nor is it the story of human practices that remained uncorrupted. Instead, it is a history of individuals with high levels of mobility and of groups of people who have experienced complex transformations through their contacts with power structures through time. It is these contacts that allowed them to share a common history rather than the sometimes assumed conservation of uncontaminated values (Mintz 1985; Wolf 1982).

In the case of the community of Playas del Cuyabeno, or *Playas*<sup>12</sup>, their history is not one of indigenous communities' ageless values or practices that have been untouched for centuries. Instead it is a narrative of their transformations, mobility, and struggles. However, describing indigenous peoples as a group in constant transformation does not imply a relativist view of this community, holding an ever-changing way of being (Cervone 2012). Their high levels of mobility are, in part, a consequence of their violent encounters with European conquerors, merchants, missionaries, recruiters, hacienda owners, private oil companies, and army soldiers, among others. These encounters tell stories of, among other things, forced recruitment, displacement, exploitation, dispossession, colonization, and contamination. As Wolf (1982) states, a more accurate version of indigenous peoples and peasant histories is only possible when the systems of power that have affected these peoples are not left out, but are instead taken into account as part of their experiences. The case of the Playas del Cuyabeno community makes it possible to better understand how these encounters play a role in the history of indigenous communities in the Northern Ecuadorian Amazon.

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<sup>12</sup> Indigenous peoples from Playas del Cuyabeno usually call their community "Playas."

The community families are not groups of people who have always lived on the same territory. In contrast, most of its habitants are groups of Kichwa indigenous peoples who first arrived to the Ecuadorian Northern Amazon territory as a consequence of their forced resettlement as a consequence of rubber tapping during the hacienda times in Ecuador (Anda 2007; Cabodevilla 1989). During this period most indigenous families from the Northern Amazon were not entirely free, but instead ‘belonged’ or had to work for a *patron* (a master or employer) (Muratorio 1991). However, these families moved up North from this territory with the *patrones* when a border war with Peru took place in 1941 (Cabodevilla 1989). Once the hacienda system decayed in the region after the end of the war, some families decided to come back to the territory of Playas del Cuyabeno as free indigenous peoples, others also arrived to *Playas* from Colombian and Peruvian haciendas, fleeing from *patrones*.<sup>13</sup> Despite the fact that the *Playas* families do not all come from the same territory, many of them share a similar history: A history of encounters with Catholic and Christian attempts of evangelization, with the forced recruitment related to rubber tapping, with unknown epidemics, with the *patrones* and the hacienda system, etc. (Cabodevilla 1989). The predecessors of the Playas del Cuyabeno families formed part of these broader historical processes that have featured in the Amazon region for the last several centuries.

Even before the implementation of postneoliberal development, the community families had a long history of territorial mobility and transformations as a result of their encounters with power. Scholars studying the effects of this project in the community argue that Playas residents have suffered radical transformations in their everyday lives mainly as a consequence of the implementation of postneoliberal development (Cielo et al. 2016; Coba 2015; Espinosa-Andrade 2017; Goldaráz 2017; Espinoza-Andrade 2017). This argument denies in part the history of this community, which, as I will show in this chapter,

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<sup>13</sup> Interviews to the oldest community members from Playas del Cuyabeno, especially from the Noteno and Chavez families.

had experienced important transformations of their economies, spaces of interaction, and forms of organization before the MCP.

In this chapter, my aim is to provide some historical context for indigenous communities' current experiences, stories, and struggles in relation to postneoliberal state institutions and their agendas. In order to do this, I will first provide some general demographic and geographical data about the community, then I will briefly examine the history of indigenous peoples from the Northern Ecuadorian Amazon and some of the events that explain their trajectories, such as the Spanish colonization, the arrival of the Catholic missionaries, the extraction of gold and rubber, the emergence of the haciendas and oil exploitation, and the struggles and their forms of resistance. Then, I will examine the history of the indigenous peoples living along the Aguarico river, where the Playas del Cuyabeno community is located. Next, I will study how these broader processes are connected to the history of the community of Playas del Cuyabeno. I will also analyze the emergence of the postneoliberal state in relation to the community proposal of forming their own indigenous peoples oil company and the organization of a big strike in the community. Following this, I will talk about the complex processes of negotiations with the postneoliberal state which ended in the construction of the MCP. Finally, I will provide a general view of the effects of this project among community's organizations and everyday lives that will make it possible to better understand the next chapters of this research.

## 2.2 General Considerations: Geography and Population

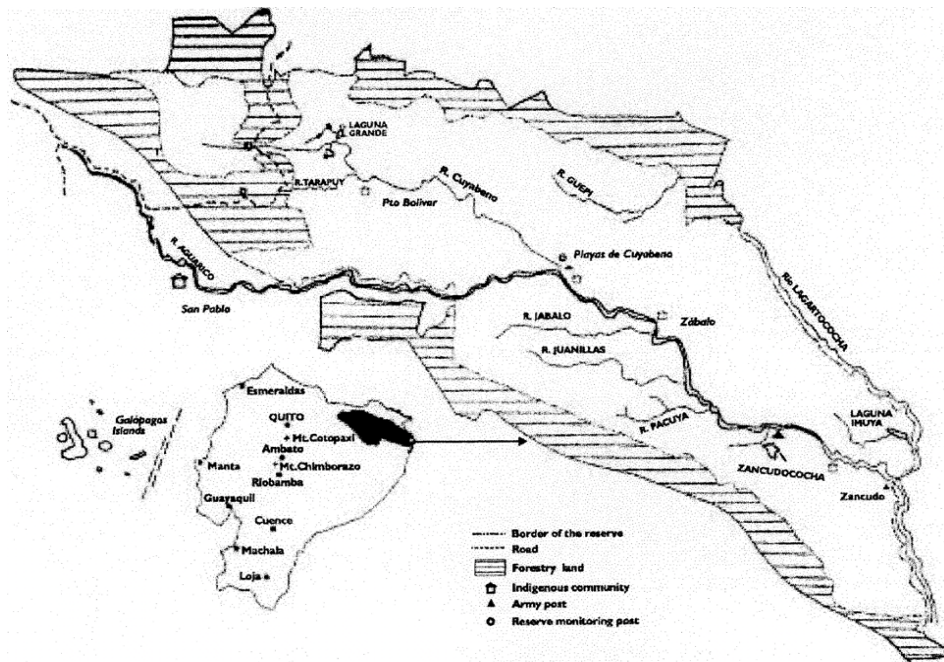


Figure 2.1 Map of the Cuyabeno Wildlife Reserve. Source: (Wunder 2000:469).

The community of Playas del Cuyabeno, or *Playas*, as the indigenous peoples usually call it, is located at the Cuyabeno Wildlife Reserve (this territory was declared a reserve the 26<sup>th</sup> of July, 1979) in the northeastern Ecuadorian Amazon, in the Sucumbíos province, Cuyabeno canton<sup>14</sup>. It is the center parish of the Cuyabeno canton and it is located. According to the Development and Territorial Ordering Plan report that the Cuyabeno Parish Autonomous and Decentralized Government (GAD for its Spanish acronym) presented in 2015, Cuyabeno parish is located in the South of the Sucumbíos province, 007 South Latitude and 76a 24' Western Length. The area of Playas del Cuyabeno is 298.5 square miles (GAD Cuyabeno 2015). It is a lowland tropical forest (580m above sea level) located among a system of riverine flooded forest, whose temperatures oscillates between 68°F and 90°F. The annual average precipitation in

<sup>14</sup> Canton is a second-level administrative division of Ecuador. Provinces are divided into cantons and cantons are divided in urban and rural parishes. Each parish has its capital or center parish. In this case, Playas del Cuyabeno is the Center Parish of the Cuyabeno parish, both belonging to the Cuyabeno canton.

Cuyabeno parish is approximately 3.300mm. The rainy season is from April to November, from December to January the area is drier.



Figure 2.2 The Playas del Cuyabeno bank and the Aguarico River. Photo: Karla M. Encalada-Falconí

Two Amazonian subriver basins cross the Cuyabeno parish, namely the Guepi River, which is a tributary of the Putumayo River and the Aguarico River, which is a tributary of the Napo River. The Playas del Cuyabeno community is located along the Aguarico River upstream by the mouth of the Cuyabeno River. The name of Aguarico, according to Vickers, stems from a Spaniard denomination as *agua-rica* (rich water) because it contained small pieces of gold and it also has several wooden sticks hidden under its waters which makes it a dangerous river for navigation (1989:51). The Aguarico River has a length of 390 km (240 mi) and the last part of its course, approximately 50km (or 31 miles), extends along the Ecuador-Peru border.

Playas del Cuyabeno's location along a river, the Aguarico River, has influenced local community current economic, social, and political dynamics. Not only does this river constitute the main route for community families moving from their *fincas* (farms) to their *centro poblado*, town or village (where the Millennium Community Project was implemented), or the space that indigenous peoples from the community usually call the

*Milenio* (Millennium) to transport their farm products, and to exchange products with foreign merchants, but it has also been the scene of several community political struggles—for instance, the strike against the construction of the Pañacocha oil well. In addition, various indigenous nationalities live along the Aguarico River, such as, the Siona, Shuar, and Cofan. This transforms the Aguarico River into an intercultural space. It is the route for social, political and economic exchanges among the Kichwa and the rest of indigenous nationalities living along this river.

The Cuyabeno parish (to which the community of Playas del Cuyabeno belongs) is also a bio-diverse and intercultural space where several ecosystems coexist. For the Amazonian river basin that crosses the Cuyabeno territory allows for the formation of diverse ecosystems such as the várzea and igapó (Rivadeneira 2007). The várzea ecosystem is formed by waters which come from the Andes Mountains and make possible the formation of white waters, lowland forests, and evergreen forest lands (Rivadeneira 2007). The igapó ecosystem is nurtured by black waters rivers that emerge and grow as a result of the rains. Black waters allow for the formation of black water evergreen forest flooded lands (Rivadeneira 2007). The existence of white and black waters has made it possible for Cuyabeno to have one of the most diverse areas of flora and fauna in the world (GAD Cuyabeno 2015). The Cuyabeno has four hundred thirteen tree species per unit of surface area (ha or 0,003 square miles) and to date, 493 bird species, 93 amphibian species, and 475 fish species have also been found in the territory of this parish (GAD Cuyabeno 2015).

In 2004 the Playas del Cuyabeno community had 160 inhabitants (Anda 2010). However, by 2014 the total population of Playas del Cuyabeno more than doubled to 352 people (GAD Cuyabeno 2015). The population of this community represents more than fifty percent of the total population of Cuyabeno parish (442 inhabitants). According to the Development and Territorial Ordering Plan report that the Cuyabeno Parish Autonomous and Decentralized Government (GAD Cuyabeno for its acronym in Spanish), this increase

in population is related to the implementation of state compensatory projects in the community, such as the MCP.

Regarding the variable of self-identification, the last national census (Table 1) found that the majority of the population in the Cuyabeno parish identifies as Kichwa indigenous peoples. Eighty-eight percent of the Playas del Cuyabeno population considers themselves Kichwa. Only 11.5% of the population identify themselves as *mestizos*. A smaller percentage corresponds to the Montubio populations (Mestizo from rural Ecuadorian coast regions) and Afro/Ecuadorians. Together both groups represent only 0.5% of the population of Cuyabeno. There were no people that identified as Mulatto or White in the parish.

Table 2.1 Population according to self-identification per culture and customs. Source: Development and Ordering Plan of Cuyabeno, 2015

Auto-identification (Culture and customs)	Cases	Percentage %
Indigenous Peoples (Kichwa)	344	88%
Afro/Ecuadorian	01	0.25%
Mestizo	45	11.5%
Montubio	01	0.25%
Mulatto	00	0%
White	00	0%
Other	00	0%
<b>Total</b>	<b>391</b>	<b>100</b>

### **2.3 The History of the Kichwa in the Northern Amazon: Violent Encounters with Conquistadores, Missionaries, Gold and Rubber Traders and Indigenous Peoples' Resistance**

Although the length of the Amazonian region's occupation is not clear, though it is suggested that the human presence in the region dates back as long as ten thousand years ago (Salazar 1986). In the case of the sites surrounding the Northern Ecuadorian Amazon

rivers, few excavations have been done in areas adjacent to the Aguarico and the Napo<sup>15</sup> Rivers. Some information from the excavated sites show that occupation may have been as long as two thousand years ago (Vickers 1989:57).

In 1533, after the Europeans arrived in South America, the Spaniards subjugated Quito (the actual capital of Ecuador) and conquered Rumiñauí, the most important general of the Incan army in the actual Ecuadorian territory. After a couple of years, and as part of their own myths, the Spaniards organized explorations into the Amazon. Their myths, which guided their expeditions in the Amazon region, were related to the search for “El Dorado.” That is, the Spanish believed that an uncountable quantity of gold was hidden along the Amazon (Salazar 1986). Information available states that the first Spanish expedition to the Ecuadorian Amazon was in 1538, and took place along the Napo River (Muratorio 1991). In 1541 Spaniards Gonzalo Pizarro and Francisco de Orellana organized the expedition. As a result of this expedition, in 1542, Francisco de Orellana *discovered*<sup>16</sup> the Amazon River for the Spanish crown (Muratorio 1991:2).

After Orellana presumably *discovered* the Northern Ecuadorian Amazon, several towns were established along this region during the first half of the sixteenth century, including Archidona and Tena (both located in Ecuador). The establishment of these towns heralded the Spanish organization of colonial administrations in the area as well as the Spanish subsequent attempt to dominate the diverse indigenous groups who lived in these

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<sup>15</sup> According to Vickers (1989), two archeological studies took place in the region in the Napo, Tiputini and Aguarico Rivers (Vickers 1989). Four phases were identified: the Yasuni Phase 2,000-50 BC, Napo Phase, 51 AD to 1480 AD and the Cotacocha Phase after European conquest. However, more archeological research is needed in the region in order to have a better understanding of these phases and the cultures which lived in the region. For more information, see Vickers (1989:56).

<sup>16</sup> The idea of discovering in the Americas has been critiqued by several scholars, including the Mexican philosopher, Enrique Dussel. In his book, *El Encubrimiento del Otro—The Concealment of the Other—*(1994), he states that because indigenous peoples were already living in the Americas, the Spaniards did not discover them. In contrast, it was precisely this extremely violent encounter between them and the Spaniards that made possible not only the invention of indigenous peoples according to the Spaniard’s worldviews, but also the invention of the Spaniards themselves and of Europeans as superior human beings.

territories, including the Quijos-Kichwas<sup>17</sup>. The mechanism used to achieve their domination was a system of *encomiendas*. These *encomiendas* consisted of a reward for the Spaniards' services to the crown. This reward gave Spaniards access to indigenous peoples' tribute and labor, via the extraction of gold and cotton (Muratorio 1991:2).

In addition to the Spaniard *conquistadores*' attempts to achieve political and economic domination via *encomiendas*, a process of spiritual domination through indigenous peoples' conversion to Catholicism by the missionaries also came about. This took place through a system of *doctrinas* (doctrines) and *reducciones* (reductions), which consisted of the spread of Catholic values and of the congregation, concentration, and settlement of the converted these groups in a smaller territory respectively (Muratorio 1991). This economic, political, and spiritual conquest, however, was not passive, but was instead highly contested during indigenous peoples' rebellions. Two important local rebellions took place in 1562 and 1578 (Muratorio 1991). However, due to the fact that these rebellions were accompanied by the introduction of several unknown epidemics as a result of the Spanish intrusion into the Amazon, particularly smallpox, chickenpox and measles, they caused the depopulation of around 55 percent of various indigenous groups living in the upper Ecuadorian Amazon (Whitten 1976; Vickers 2003).

During the seventeenth century, the Jesuit Catholic congregation established important missions in the Upper Amazon (now modern Peru). For instance, they established a Catholic mission center in Archidona, a town located close to Kichwa territories in the Amazon (Muratorio 1991; Whitten 1976). However, these missions only partially succeeded in the conversion and the consequent congregation and settlement of the Kichwa indigenous families. The process of evangelization of these territories was

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<sup>17</sup> The Quijos indigenous group is a group of border intermediaries who established social, cultural and economic exchanges with highland (Andean) and lowland (Amazonian) indigenous groups. Their territories have not only been the Andes highlands but have extended to the Napo River. Currently they speak Kichwa (Uzendosky 2004:321-322).

interrupted 1768 after the Spanish crown decided to expel the Jesuits from Spain and from its colonies in the Americas.

In addition to the *encomiendas*, *doctrinas*, and *reducciones* of this period, merchants looking for gold and pita fiber also exploited indigenous peoples. They arranged *licencias* (leaves), that is, indigenous peoples were able to be absent from *doctrinas* in order to be able to work for merchants panning gold and scrapping pita fiber (Muratorio 1991:77). Even though Ecuadorian independence occurred in 1830, the state had a weak presence in the Ecuadorian Amazon. It was not until 1879, fifty years after Ecuadorian independence, that the state created provinces in the Amazon region. Thus, the state began a process of colonization and consolidation of the Amazon region only in the last decades of the nineteenth century.

Through emigration, that is, the mechanism through which indigenous peoples fled into the forest to their *tambus*—secondary plots with shelters and gardens deeper in the forest located several days of walking from their settlements (Moeller 2010)—they resisted both the private violent practices of the gold and pita traders and the missionaries’ attempts to settle the Kichwa indigenous peoples in *reducciones*. They usually ran away, not only from traders’ exploitation, Catholic settlements, and the tributes they had to pay to the priests, but also from local governors who appropriated their goods and possessions through forced sales. Governors exchanged cotton clothes made in the Andean region and other goods and forced them to pay them with pita (agave) fiber and gold dust (Muratorio 1991:73). Sometimes, before running away into the deep forest, they murdered their subjugators. For instance, they murdered a priest in Archidona and a Governor at the Napo River port (Muratorio 1991:73).

It was in 1846 that the Ecuadorian National Congress eliminated the indigenous peoples’ obligatory tributes in the Ecuadorian Amazon. This was the state’s attempt to solve the abuses of indigenous peoples at the hands of private, religious, and public authorities. The state’s assumption was that, through the elimination of tributes, they would

convert to Catholicism and finally settle. However, this strategy did not consolidate indigenous congregations (Muratorio 1991:74-75). Even though the Jesuits returned in the nineteenth century (1870) and established a mission in the Northern Ecuadorian Amazon (in Napo) in order to renew the conversion and settlement of indigenous peoples, their aim was not entirely accomplished. When the Jesuits were again expelled from the country in 1896, as a result of the Ecuadorian Liberal Revolution which called for a secular education, indigenous peoples' resistance to permanently settle in villages was still high.

Another important event that impelled indigenous peoples' settlement was the emergence of rubber boom into the Amazon. In particular, during the late nineteenth century and the beginning of the twentieth century, European and North-American countries increased their demand for rubber from the Amazon region (Muratorio 1991). As a result, the Kichwa from the Northern Amazon were affected by a violent economic system through which they were forcefully relocated and "cajoled, tricked, and eventually enslaved" into the labor of rubber-getting (Whitten 1976:211).

The extraction of rubber in the Amazon also allowed for better access to the Amazon as a result of the creation of several new transportation routes, namely the so-called "routes of the *caucheros*" (rubber tappers). These routes not only made possible the increase of rubber circulation, but also allowed a deeper access to the Ecuadorian Amazon region and to indigenous peoples' territories (Whitten 1976:210). After the creation of communication routes the state was able to have better control over its various populations as it "facilitated the movement of troops to quell rebellions by local caudillos and other social groups" (Clark 1998:212-3). According to Whitten, it was with the expansion of the national trade routes during this same period that a process of colonization of the Amazon region began taking place (1976:230). This process would deepen and consolidate with the state agrarian reforms and with the emergence of oil exploitation in Ecuador.

## 2.4 Oil Extraction and the Final Colonization of the Ecuadorian Amazon

The exploration of oil in Ecuador began in 1911 in the Coast region, at the Santa Elena Peninsula (Wunder 2005:221). In the Amazon of Ecuador, oil exploration began before the beginning of the Second World War. Specifically, the Royal Dutch Shell began an exploration phase in the Ecuadorian Amazon at the beginning of the twentieth century. In 1928, the state signed a contract with Shell for the construction of the motor road Ambato-Mera, that is, a road which connected the Andean highlands with the Amazon (Whitten 1976). From 1937 on, Shell, but also the Texaco Gulf and ESSO companies, began their search for oil in Ecuador.

During the sixties, oil exploration and exploitation in the Ecuadorian Amazon exponentially increased. In 1964, the Ecuadorian state assigned the U.S. Texaco Gulf Company 1'1431.450 hectares (or 4.4137 mi) of the Napo province, which included the Aguarico and San Miguel River areas (Garces 1993:25). In these areas, Texaco Gulf built the Shushufindi and Sacha oilfields in the Napo region. It was in 1967 when the Texaco Gulf company found oil in the Amazon and inaugurated the first Ecuadorian oil well. The company named the oil well Lago Agrio (Sour Lake).<sup>18</sup>

During the seventies, the Ecuadorian state increased the concession of more oil wells in the Amazon region. In 1970, the Ecuadorian state assigned the U.S. Cayman company 335.000 has (1.293 mi) of the Amazon. In 1971 more oilfields were identified and explored (Garces 1993:25). The Mariam, Tarapoa, and Cuyabeno oilfields, for example. In 1972, after Texaco Gulf finally put into operation the oil wells the company found in 1967, the exploitation of oil in the Ecuadorian Amazon officially began.

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<sup>18</sup> The name Sour Lake—which today is also the name of the capital of the Sucumbios province, where the Playas del Cuyabeno community is located—comes from Source Lake, which is the name of an oil well the company owns in Texas, U.S. (Garcés 1993). Texaco replaced *source* for *sour* and began naming it Sour Lake.

In addition to the incursion of foreign oil companies into the Amazon, since the beginning of the twentieth century, the Ecuadorian state enacted agrarian and colonization law reforms. In order to solve the lack of lands for *campesinos* in the Andes highlands, the state opted for the colonization of the Amazon. These reforms resulted in the migration of mestizos to indigenous peoples' territories in the Amazon. Even though the state expropriated some haciendas and church lands in the Andean highlands, the majority of hectares of land to be distributed among indigenous and peasants from the Ecuadorian Andes came from the colonization of the Amazonian lands. For the state assumed that these lands constituted *tierras baldías*<sup>19</sup> or inhabited rain forest lands (Sawyer 2004).

The institution in charge of legalizing the occupation of the so called *tierras baldías* was the Ecuadorian Institute of Agrarian Reform and Colonization (IERAC for its Spanish acronym). Only after the *colonos* (colonists) settled in a space of their choice in the Amazon IERAC initiated a process of legalization of these lands. In order to legalize *tierras baldías*, *colonos* also required to organize themselves into cooperatives and to build communitarian infrastructure (roads, schools, etc.). The majority of the *colonos* used these lands for agriculture. Consequently, great portions of Amazon primary forest were deforested and transformed into agricultural crops.<sup>20</sup>

Oil exploitation and the colonization of the Ecuadorian Amazon are not divorced from each other. At the end of the seventies, the Northern Ecuadorian Amazon not only emerged as a new oil exporter region—the share of oil in total exports fast raised to 18.4 per cent (Wunder 2005:221)— but also attracted several Ecuadorians from other regions of the country to live there. Oil exploitation activities require important amounts of labor

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<sup>19</sup> As Sawyer (2004) explains, this problematic conception of the Amazon put forth by the Ecuadorian state denied indigenous peoples' occupation of the Amazon and as a result was a justification for its colonization.

<sup>20</sup> After settling in these *tierras*, colonos produced coffee, corn, and cocoa crops for another state requirement for the legalization of these lands was that at least 60% of the used lands should be cultivated (Saravia 2004).

migration for the construction of the needed infrastructure. As a consequence, around ten thousand workers arrived to the Amazon, eighty percent of them became *colonos*, that is, they settled and stayed around the Lago Agrio oil well, for example. In order to better achieve the exploration and subsequent exploitation of oil, assigned companies, such as Texaco, had to construct airstrips, drilling rigs and roads.

Oil exploitation and the Amazon's rapid colonization deeply transformed this region during the last decades. Both processes have particularly affected indigenous communities living in the region. For their territories in the Amazon have exponentially decreased, putting pressure on communities who have less territories to reproduce their daily lives as a result of colonization. In the same vein, the careless production methods used by private and state oil companies (at least until 1992) have had several detrimental social and environmental impacts among indigenous communities. The contamination of the rivers, for example, has caused these groups to develop skin diseases, among other health problems (Little 1992).

## **2.5 A History of Mobility among Amazonian Indigenous Peoples and The History of the Haciendas in the Aguarico River**

The Aguarico is the river along which the Kichwa<sup>21</sup> indigenous peoples from Playas del Cuyabeno live. This river is a very important part of their history and everyday lives. It is the path through which the habitants of this community exchange products with other indigenous groups and foreigners. Part of their food is obtained from this river. In addition, the Aguarico River constitutes the main route they use to move from their fincas or *centro poblado* to other places. However, at the same time, the Aguarico River has also been the

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<sup>21</sup> The Kichwa indigenous peoples call themselves *runa*, which in the Kichwa language means "people" (Whitten 1987:25). According to Muratorio (1991), the *runas* usually take the name of the closest river along which they live in order to distinguish from other *runas*. For instance, in the case of the indigenous peoples from Playas del Cuyabeno, they name themselves as the *Aguarico runa* (Anda 2010).

path through which epidemics, exploitation, contamination, and other things, have arrived to their territories. It was through the Aguarico river that *conquistadores*, missionaries, *caucheros*, *patrones*, oil companies, and the state arrived to the community.

At the beginning of the seventeenth century, Spanish colonizers and missionaries made several expeditions down this river. The chronicles of the missionaries' expeditions agreed that there were several different indigenous groups living in this area (Cabodevilla 1989). However, rather than take into account the diversity of indigenous peoples, the missionaries abstracted and generalized them under one name, los *encabellados*<sup>22</sup>. At the end of the seventeenth century the Jesuits were in charge of converting the groups who lived by this river to Catholicism. During this period, missionaries were able to create seventeen *reducciones* among the *encabellados* groups who lived, not only along this river, but also along the Cuyabeno and Napo Rivers, as part of their strategy to achieve their evangelization. However, this strategy did not succeed. In 1769, only two *encabellado reducciones* survived (Vickers 1988).<sup>23</sup>

Even though missionaries were practically absent and indigenous peoples did not have to pay them tributes anymore, other actors appeared along the Aguarico river, namely, pita and gold traders. They became a private type of *encomenderos*, that is, they forced

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<sup>22</sup> Encabellados is the term missionaries coined for indigenous groups living in the Northeastern Amazon. This term, which in this context means 'long hair,' describes the indigenous custom of having long and well cared-for hair (Vickers 1989; Cabodevilla 1989)

<sup>23</sup> The reason for the failure of these missions was that "the *encabellados* were different people, with different lifestyles and independent residencies" (Cabodevilla 1989:15). Thus, the missionaries were not able to find ways to convince them to settle in one place. Also, due to the fact that *reducciones* made it easier for them to get sick from unknown diseases, they found ways not to engage in evangelization. As already explained, they constantly "fled or escaped *reducciones* and went back to the forest" (Cabodevilla 1989:15). As Muratorio (1991) described, indigenous peoples from the Northern Amazon rejected *reducciones* in such a way that in 1744 an indigenous leader organized the murder of a Jesuit. After they killed the priest, they burned the mission headquarters and went back to the forest. This murder caused some other groups living close to the burned headquarter to also flee back into the forest. In addition to indigenous resistance mechanisms, the expulsion of the Jesuits in 1766 allowed for the abandonment of the Jesuit *reducciones* along the Aguarico.

these groups to give them pita or gold in exchange for clothes, iron tools, and other objects (Cabodevilla 1989). Although the Jesuits returned to the region in 1869 after the Ecuadorian independence, in 1896 they were expelled again as a result of the Ecuadorian Liberal Revolution.

As it occurred in most of the Northern Amazon, during the end of the nineteenth century and the beginning of the twentieth century, indigenous peoples from the Aguarico River also became part of the rubber boom. In the same way it happened with *reducciones*, they migrated (fled) from their communities in order to avoid forced rubber recruitment.

Once the rubber demand decreased in the Aguarico another demand emerged, the demand for latex. With this demand, *patrones* (masters or employers) arrived to this river area. The *patrones* controlled a set of indigenous families. The mechanism used was *patronazgo*, that is, *patrones* sold them different articles on credit (clothes, etc.) until they were impossibly indebted. Once they were indebted, *patrones* forced them to work for them as a way of payment. Due to the fact that their labor payments were never enough to pay their debts, these debts were passed down to their children. In this way, indigenous families stopped being free and became *patrones'* people. They were forced to stay with the *patrones* until they paid their debts. During this period of time, most of the families living along this river became what was called *patrones* people—individuals belonging to *patrones*. This implied that these families were not entirely free but beholden to *patrones*.

During this period, *patrones* also established a system of *haciendas* through the Aguarico (Cabodevilla 1989). They not only used indigenous peoples' labor in order to obtain latex but also to work in their farms. However, due to the high decrease of the indigenous population along the river, and in order to maintain their levels of production, *patrones* forced indigenous families from other regions, among them, the Quijos-Kichwa, to move to their haciendas along the Aguarico in order to fulfill the labor force they needed. This mechanism was called *traslados* (transfers). Some of the descendants of the families

who were forced to move to this area are still living along the River (Cabodevilla 1989:18) and form part of the Playas del Cuyabeno community.

In addition to *patrones*, other actors also appeared during this period. For instance, in 1930, some hacendados—hacienda owners—who abandoned the Napo River, settled along the Aguarico river. They were old *caucheros* who, in addition to rubber extraction, commercialized other plants such “as rosewood, resin, rice, as well as cattle and tiger furs”<sup>24</sup> (Cabodevilla 1989:26). However, these haciendas eventually would rapidly decline. For, at the beginning of the twentieth century, Ecuador and Peru had not yet arrived at an agreement in order to define the border between the two countries. The Aguarico River and the Rocafuerte Parish, to which the Aguarico River area belonged, was one of the controversial sites as it was located on the Ecuador-Peru border.<sup>25</sup>

Due to the fact that Ecuador lost Rocafuerte (currently Cabo Pantoja, Peru), the Ecuadorian state founded Nuevo Rocafuerte at the border of the new frontier as a strategy to consolidate this new border under the control of the Ecuadorian state. Additionally, in 1944 the government built several army bases and asked the Josefinos missionaries to create a mission center right in front of the new military base at Nuevo Rocafuerte.

As stated before, the Ecuador-Peru war caused such chaos along the Aguarico River that all the *patrones* left the area. When the *patrones* left and the war ended some indigenous families were able to achieve independence from *patrones* in this area. That is, indigenous peoples stopped being subjugated and no longer were people who “belonged” to mestizo *patrones*. Ironically, the Peru-Ecuador war made it possible for the Aguarico area to become a territory *sin patrones* (without masters). During this period this area

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<sup>24</sup> In his description, Cabodevilla (1989) does not specify furs of what animal he is talking about.

<sup>25</sup> As a form of preparation for the imminent Ecuador-Peru war—which took place in 1941—the Ecuadorian army occupied all the missionaries’ infrastructure at the Rocafuerte parish. When the Ecuadorian state closed the Peruvian border, commerce became very difficult to transact (Cabodevilla 1989) and various armed conflicts took place in the area. As a result, the Aguarico haciendas practically disappeared and *patrones* went back to the Napo River.

became famous among other indigenous groups from Colombia and Peru living close to the Aguarico a possible place to practically be free from *patrones*.<sup>26</sup> For this reason, some indigenous peoples' Colombian families fled from their Colombian haciendas to the Aguarico in order to become free people as well. The Tangoy family, whose descendants still live along the Aguarico, are an example of this.

## **2.6 The History of the Playas del Cuyabeno Kichwa Community: A Possibility to Achieve Education, Political Organization, and Tourism**

As already intimated, even though most of the members of the Playas del Cuyabeno community have a common history, that is, they were part of systems of labor exploitation such as rubber tapping or the hacienda system, the families of this community do not come from the same place. In contrast, they arrived to the Aguarico River from different places. The community families arrived from the Colombian Putumayo department (an Amazonian department located at the border of Ecuador and Colombia), from Peru and from other Amazon Ecuadorian rivers, such as, the Napo River. In some cases, they arrived to this area precisely as a result of *traslados*, that is, *patrones* forced their relocation to serve as their labor force, first as rubber tappers, then as farmers.

Though the Playas del Cuyabeno parish was founded in 1921, during the time of the haciendas, it was indigenous families who organized the community after the war. According to Camilo, one of the Noteno family brothers, his grandparents arrived in the territory before the war, with a Colombian patron named Londoño. They lived along this area for some time but then left to move North when the war began. After *patrones* left the Aguarico River and the Ecuador-Peru war ended, the Noteno family went back to the Aguarico. In addition to the Kichwa families, several Cofan and Sionas families who lived

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<sup>26</sup> However, some of the old members of the community, such as, Camilo, explained that old *patrones*, such as, Londoño, still had some control over indigenous labor and economies. However, this form of control was more indirect due to the fact that the *patrón* was no longer there.

in this area before the hacienda era, also left<sup>27</sup>. They escaped from rubber tapping and from the *patrones*. After the end of the war, they also came back to settle along the Aguarico River. In the case of the Chavez family, they used to live in the Putumayo Colombian department, close to the Ecuador-Colombia border. However, during the middle of the twentieth century Colombian guerrillas began recruiting people in the Putumayo region to be part of their groups. In order to avoid violence, the families decided to move and settled along the Aguarico.

The Chavez family was one the first ones to arrive in the current territory of Playas del Cuyabeno after the end of the war. Due to the fact that indigenous families and the *patrones* had left this area, when the Chavez family arrived to the Aguarico during the fifties, they did not find many people living along the river. As the oldest of the Chavez brothers living in Playas del Cuyabeno said, “when we arrived here with my parents, not a soul lived here, just an ex soldier and the Sionas were living upstream. We were the first people to arrive to this territory”. However, even though the Chavez family consider themselves as the first people to settle in the community territory, several indigenous groups had lived in this area before the Chavez family. The Noteno brothers, for example, claimed that their grandparents were the first peoples living in the territory. As the youngest Noteno brothers said “they lived here before the war, with the *patrones*”. This discrepancy in the stories of the origins of the community sometimes causes disputes among the Noteno and the Chavez families as both families argue that their ancestors were the founders of the community. However, even though the Noteno and other Kichwa families arrived after the Chavez family to Playas del Cuyabeno, the former had already lived here during rubber tapping and haciendas period, before the arrival of the Chavez family.

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<sup>27</sup> According to Anda “after the rubber boom, the *patrones* arrived to the Aguarico River and brought some Kichwa families with them. They came here in order to work with the indigenous [peoples] who already lived here in rubber tapping: the Sionas, Cofanes and Secoyas. However, after a couple of years, everybody fled from this area. The Kichwas escaped to San Miguel River in Putumayo, the Secoyas to the Napo River, the Cofanes went to Dureno and the Sionas to Eno River” (Anda 2010:87).

Both the Noteno and the Chavez families are important families within the community. Not only because they conceive themselves as the founders of the community and know about its history but also because some of the most important political leaders of the community, men and women, belong to these families. The Chavez family has developed complex relationships with the Kichwa indigenous families. They have lived with the Noteno and other indigenous peoples' families since the formation of the community and some of their descendants (men and women) have married into Kichwa families.

In addition to being the territory populated by several indigenous groups,<sup>28</sup> the Aguarico River has historically constituted a traders' route. Due to the fact that this river is located close to the border of Ecuador and Peru, the Playas del Cuyabeno territory was a resting and camping place for traders who were traveling from Ecuador to Peru and Colombia and vice-versa. During their passage along the Aguarico, they gave manufactured and other objects to indigenous families in exchange for furs. This type of exchange continued during the hacienda era. For, even though many indigenous peoples living in the area became *patrones* people, they had the freedom to exchange furs directly with traders.<sup>29</sup>

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<sup>28</sup> Other indigenous groups live close to the Playas del Cuyabeno community, along the Aguarico River, namely, the Siona, Secoyas, Cofanes, and the Shuar. Even though these groups have shared similar histories and have struggled together against missionaries, *patrones*, and oil companies, there are unsolved conflicts among them. For instance, the border that divides the Siona and the Playas del Cuyabeno Kichwa territories has not been defined yet. With the exception of the Shuar, who came to Aguarico after the war, these groups lived along the Aguarico during the rubber tapping era and the hacienda period. In the case of the Siona and Secoya, they occupied this region before the Spanish arrived to the Ecuadorian Amazon (Cabodevilla 1989; Vickers 1989)

<sup>29</sup> This fur exchange was independent from their hacienda tasks. Traders brought manufactured objects to them as early as the beginning of the twentieth century. After the end of the hacienda system and the war, they continued to exchange furs with traders travelling along the Aguarico. From their continuous contact with traders, they obtained objects such as kitchen pots and shotguns for hunting.

The Playas del Cuyabeno community emerged as a community after the Ecuador-Peru war. However, despite of the fact that *patrones* no longer directly subjugated indigenous families living in this area, Catholic missionaries strengthened their presence. They had a great influence on their forms of organizing their community. They also had an important role in the education of younger generations. They educated young community members who latter became the leaders of the political organization of the *Playas* community.

As already stated, after the war, the Ecuadorian government, in order to have more control over its border, founded Nuevo Rocafuerte town in 1492 (to replace the Rocafuerte town which was occupied and lost during the war). This town had a military unit that controlled the border. In 1965, in front of the new military unit, the government also promoted the construction of a Capuchina mission building whose aim was to collaborate on the education of the indigenous peoples living along the Napo and Aguarico rivers.

This mission became involved with the Playas del Cuyabeno community and helped in the creation of a school in the area. Education is highly valued among the Kichwa who believe that through education their children will obtain better jobs and will have, as Eduardo, one of the Noteno brothers said, “better lives”. It was during this period that the community began having a Spanish education. The mestizo teachers did not allow community children to speak in their native language, Kichwa (Anda 2010). However, the Playas del Cuyabeno families did not necessarily reject learning Spanish. According to Bolivar, one of the oldest of the Noteno’s brothers who was also the ex-president of the community, his grandmother already spoke perfect Spanish. She had worked in Spain as a maid after the Capuchinos sent her to Europe. When she came back, she urged her grandchildren to study at missionary schools and to learn Spanish. For this reason, his father, Marcial Noteno notes, went to school and was able to learn Spanish. His education made it possible for him to work for the *patrones* in their warehouses rather than on their farms.

Once they settled along the Aguarico River, families such as the Noteno, Machoa, Coquinche, Yumbo, Llori and Chavez families lived spread out from each other on their *fincas* (farms). They were not yet an organized community. However, the idea of the construction of a school for their children, and encouraged by the missionaries, made them find ways of organizing together. Thus, in order to maintain the space of the school they organized *mingas*— collective labor days for the community.

In addition to *mingas*, the school established the creation of an additional community space. Community families incrementally built a small *centro poblado* (town or village) around the school. They lived and shared their time between these two spaces, namely, the space of the school, which latter became a *centro poblado*, and the space of their *fincas*, spread along the Aguarico River.

Even though the establishment of a school and the *centro poblado* that surrounds it in some sense implied the continuation of the *reducciones* system (with which missionaries attempted to concentrate and settle indigenous peoples in one territory), they did not solely settle in the *centro poblado*. In contrast, they maintained their space of independence and intimacy. For they also spent time in their *fincas*. These *fincas* allowed them to return to the forest to farm, hunt, rest, and live with their families. Living in these two spaces is what has determined the dynamics of the everyday lives and organization of the community in present-day Playas del Cuyabeno.

During the sixties and seventies, however, few houses and little infrastructure was built around what was later called the Victor Davalos school and the *centro poblado*. The Chavez family was the first family who build a house close to the school. Children from other community families lived in this house during the week in order to attend the school. Gradually, more families built houses around the school so that their children had a place to stay during the week. A house for the teacher was also built next to the school. Raquel, a member of the community remembered “we had to take turns to keep the teacher

company. We had to give him food in order to prevent him from feeling lonely and leaving”.

The Cofanes indigenous group also attended the *Playas* school and went to *mingas* with the rest of the community’s families. However, they separated from the community after the U.S. Summer Linguistic Institute came to the Aguarico and began living with the Cofanes. As a result, they formed another community, next to Playas del Cuyabeno, the Sabalo Cofan community.

The Conservation, Ecological Management, and Use Permit of part of the Cuyabeno Wildlife Reserve Agreement (1996) states that in April 15 of 1979 Playas del Cuyabeno was first legalized as a *centro* (center)<sup>30</sup>. In 1990 it became an association and finally in March 12 of 1993 it was recognized as a community. As a result, at the end of the eighties, state and local institutions began channeling resources to the community. For example, the Aguarico Municipality built a reinforced concrete classroom and also provided electricity to the community *centro poblado* by giving the community an electric generator (Anda 2010). Foundations and non-governmental organizations (NGOs) also helped this community after its legalization. For instance, in 1989 Geosource, an environmental company, helped the community build a communal political center.

Even though during the eighties, the community *centro poblado* consolidated, not only as the community families’ possibility to achieve education but also as their political center, not many families lived there yet. In addition to their *finca* houses, community families began building an additional house in the community’s *centro poblado* at the beginning of the nineties, immediately after the Orellana Flotel, sponsored by the Metropolitan Touring tourism company arrived to the Aguarico River.

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<sup>30</sup> Centro (center) is a concept that Catholic orders and the Linguistic Summer Institute introduced during the process of settlement of indigenous families in the Amazon. The Ecuadorian state (through the Ecuadorian Institute of Agrarian Reform and Colonization) took this concept for the recognition and legalization of indigenous peoples’ organizations (Ormaza y Bajiña 1986).

## **2.7 The Golden Era of Playas, The Orellana Flotel, Indigenous Peoples' Nostalgias and Desires**

We live on a wildlife reserve. We should only work for the tourism sector. When the Orellana Flotel was here, people did not need anything. We all had canoes. There were canoe bikers. Everybody had a job. Everybody! During that time everything was easier [...]. We made handicrafts and sold them to the Flotel. The Flotel sold them and you got great money. We used to tell them, 'this is what I have.' And they said 'this is what I will pay' and they paid you.

This is how Margarita, a young woman from the community described the time when the community worked for the touristic Flotel. While showing me a pile of seeds from different Amazonian plants she made collars and bracelets and talked to me. Her words are a good example of how most habitants Playas del Cuyabeno describe their life once the Orellana Flotel arrived to the community.

At the beginning of the nineties, Flotel Orellana, under Metropolitan Touring tourism agency, decided to move their tours, from the Napo River to the Aguarico River. This decision was made in part because during the nineties, the Napo River became highly contaminated as a result of the Texaco oil exploitation activities along the river.

Several members of this community conceive of this period as one of the most positive in the history of *Playas*. Some of them even fantasize about the possibility of living as they used to live when the Flotel was in the area. According to Julio, a current Victor Davalos teacher and member of the community: "our intention has always been to go back, to go back to what we had when we worked with the Orellana Flotel".

According to Julio, life before the Orellana Flotel's arrival was very different. Community members grew green bananas and manioc for their own consumption. They also planted corn to sell to merchants who arrived to the Aguarico River 'at very cheap prices'. Due to the fact that they had to take care of their crops, most of them lived on their farms along the Aguarico. As he describes it:

Before the times of the Orellana Flotel we just planted corn for our own consumption, we barely had money. We just worked occasionally in any job we could find. We did not have many resources. The president of the community did not have resources to go to the city. He would go once a month or once every three months to talk to authorities in the city. He had to come back in any way he could,

asking someone to give him a ride or things like that. It was very hard. It was unusual that we had money in our pockets. We barely did. You had to find ways to sell your corn and that was a big sacrifice. But people could survive. We needed money to buy sugar, salt. That was it.

In addition to corn planting, before the Flotel's arrival community families also raised chickens or hunted in the forest for their consumption. They did not have monetary resources and barely used money as a system of exchange. The political organization of the community was a very difficult task because community authorities did not have much, as Julio explained, "we always gave a cent or two to our leaders so they could go to the city to get public works for the community." As he noted, some also went to work in Napo River for the oil companies occasionally, mainly 'to clear the *monte* (forest clearing)'.

However, when they began working for the Orellana Flotel important changes took place in the community. First of all, as Margarita explained, everybody in the community had a stable job. They not only worked directly for the Flotel as canoe bikers—'native' touristic guides—but also as waiters, helmsmen, rowers, and dancer performers, among other things. They also built cottages and rented them to the tourists. In order for all the members of the community to equally benefit from the jobs that were paid daily, community families began organizing a system of taking turns. The community authorities had lists of the members of the community. Every person had to wait until it was their turn in order to work for the Flotel and get paid. It was a system of rotation through which everybody had relatively equal chances of working. In addition to this, the money the Flotel paid every month for the rent of the community cottages was evenly distributed to each community member.

The fact that most of the members of the community had stable paid jobs changed community families' economies. It made it possible for most *Playas'* families to have money as a quotidian means of exchange. They exchanged their job for a daily salary. Even though before the Flotel arrival a few men had already worked for oil companies in exchange for a salary, this case was different because now most men, women, and even

young community members constantly received money from selling some tourism services, such as dances, and products, such as handicrafts, to the company. As Julio describes it, “everybody worked, grandparents, adults, women, the young, even girls and boys. Everybody worked. That is how we began realizing that the world had another shape.” In the same vein, according to Hugo, an ex-president of the community, “the families began earning an income, that is how we began looking at other things, that is how another vision was born. It was different this time”.

In addition, during this period community families were able to send their children to high school, and in some cases, to the university outside the community. Not only did the Flotel provided all families with school supplies and uniforms, but the parents used part of this money to send their children to study in the city. Some children who were able to study during this period later on became school teachers and community leaders. This time made it possible for the formation of an intellectual group. One of them became director of the Victor Davalos high school.

The Flotel times in the community also allowed for the consolidation of the two community spaces. In order for tourism services to properly function, indigenous families had to spend more time in the *centro poblado*. For this reason, most of the families from the community built houses in the *centro poblado*, not only for the children who went to school but for themselves. Most families started to live in both places, in their *fincas* and the *centro poblado*. Many of them began spending more time in the *centro poblado* than in the *fincas* as farming became less important than working for the Flotel. Julio remembers that working for the Flotel became so important that “people even forgot about their *fincas*.” Hugo added:

People lived in their *fincas* but they also had to live here in the *centro poblado* in case they were contracted to paddle or to guide the tourists. It was difficult for people to come from their *fincas* to the *centro poblado* in order to work in the morning only to then go back to their *fincas* in the afternoon. It was far away. People decided to live in the *centro poblado*. The jobs were here.

As a result, the Playas del Cuyabeno *centro poblado* became not only a place for community families to gain an education or to organize politically in assemblies and *mingas*, but also a space that influenced their economies. As more families began living in the *centro poblado*, a couple of small grocery stores opened so the people did not have to go to the cities to get what they needed. The everyday dynamics of the community became highly influenced by their job with the Flotel. Having a stable job not only influenced community job organization through the establishment of a rotating job system; community families also learned touristic services work and took care of their environment as it was the source of their work.

However, in 2001, after ten years of working with the community, the Orellana Flotel informed *Playas* that the company had to stop providing their touristic services in the Aguarico for two months as they needed to improve their boat (Anda 2010). However, as Bolivar explains, “we waited for them to come back. Two months, three months, but nothing. One day a representative from the Flotel came to talk to us and told us that the Flotel no longer would come back. The reason, according to him was that Colombian groups were kidnapping people in the area”.

When Flotel left, the community was in shock. As Bolivar states: “the community became desperate. ‘Oh, holy mother! Where are we going to work, now’ people said”. For Hugo the community situation was: “very sad. People said ‘what are we going to live on?’ People took care of the animals so the tourists could see them. We did not hunt anymore, only fished. However, after the Flotel left, we had to kill the animals again. Otherwise, how else we were going to survive?! It was sad”.

A couple of months after the Flotel left, some families began planting corn again and selling it to foreign traders. In order to boost their corn fields, they helped each other organize *mingas* at each others’ *fincas* in order to plant corn fields. Others however, were more radical in their decision-making after the Flotel left. They decided to leave the community. Moving outside of the community was so common during this period that,

according to Bolivar “fifty percent of the people left. They went to get jobs”. For instance, that was Hugo’s case, as he states, “people moved to other places. They went to work for the oil companies again. I had to do that as well. I went to the Napo River and worked there for an oil company for two years.”

During the nineties international foundations and NGOs also became part of the community life. These non-governmental institutions engaged the community in several projects such as chicken raising, fishing, coffee and cocoa planting, among other things. In addition to these projects, NGOs and foundations also contributed to the construction of some infrastructure for the community and in the legalization of their territories. For instance, the Danish Solstice Foundation funded communities living within the Cuyabeno Wildlife Reserve, including Playas del Cuyabeno “in order for them to establish the demarcation of [their] native lands” (Vickers 2003:56). The Italian NGO, Unity and Cooperation for the Development of People, UCODEP (Spanish acronym) provided this community a radio station. This radio enabled the Kichwa to communicate to other communities and places.

As a result of the legalization of the *Playas* community, community members became part of some of the most important indigenous peoples’ political organizations in Ecuador. For instance, they became part of the Federation of Kichwa Nationality Organizations of Sucumbios, Ecuador, or FONAKISE (Spanish acronym). This federation emerged in 1979 under the name of Jatun (great) Aguarico Community. This federation is, at the same time, related to the Amazon region indigenous organization, which represents different indigenous organizations from the Ecuadorian Amazon, namely, the National Confederation of Amazonian Indigenous Nationalities CONFENIAE (Spanish acronym). At the same time, the CONFENIAE organization is affiliated with the well-known Confederation of Indigenous Nationalities of Ecuador CONAIE (Spanish acronym), which is the most important indigenous organization in Ecuador.

As part of these federations, *Playas* community members became part of important indigenous uprisings of Ecuador and other countries in Latin America during the nineties (Cervone 2012; Colloredo Mansfield 2009; Erazo 2013; Martinez 2009; Van Cott 2005; Warren and Jackson 2005; 2010; Zamosc 2004)<sup>31</sup>. At the same time, these federations provided the community with infrastructure. For example, FONAKISE partially funded the construction of a small medical center in the community's *centro poblado* in 1998 (Anda 2010). During the nineties these federations also increased their presence in the community. For instance, the indigenous organizations trained the community indigenous leaders in several topics related to indigenous rights and the legalization of their territories. As Bolivar, an ex-president of the community and one of the most important leaders before the construction of the MCP said, "I began walking when I became involved with leaders from FONAKISE and CONAIE, they used to train us on how to claim our rights".

However, even though community leaders became more involved with larger political organizations and benefited from NGO projects during the 1990s and 2000s, when I arrived to the community there was discontent with the practices of both indigenous organizations and NGOs. According to Bolivar, both "only gave them chickens or seeds" and did not really helped the community's economies. Bolivar strongly critiqued CONAIE, because according to him, even though indigenous organizations had helped the

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<sup>31</sup> In Latin America indigenous groups began to adopt anti-neoliberal agendas during the 1990s (Warren and Jackson 2005; 2010). Among them, the Zapatistas in Mexico (Collier and Lowery 2005), the Guaraní and Aymara indigenous movements in Bolivia (Canessa 2006; Postero 2007), and the National Indigenous Confederation in Ecuador (Martinez 2009; Zamosc 2004). These movements struggled for the abolition of economic neoliberal reforms such as the privatization of public services (Alvarez et al. 1998) and for state recognition of indigenous peoples' self-determination (Van Cott 1994) As a result, indigenous peoples obtained recognition of collective rights (Fischer 2009), endorse multicultural constitutional reforms that challenged the assimilationist state policies (Warren and Jackson 2010) and contest meanings of citizenship (Yashar 2005). These struggles made possible for indigenous groups to better organize in their communities (Cervone 2012; Colloredo Mansfield 2009; Erazo 2013; Zamosc 2004); create transnational alliances (Brysk 2000); to participate in national elections (Van Cott 2005), among others.

community, at the same time, their leaders were the ones who mainly benefited from indigenous organizations and funding. As he stated:

We critique leaders because we realized that, together with NGOs representatives, only a few leaders began benefiting from the resources they obtained. They got scholarships for their families, not for us. Despite this I recognize that I would not have had the chance to walk as I did, when I was with them. I would have not learned enough and I would have not met so many people as I did. This is why I always tell my children to go, to walk, and to talk and meet people.

The Ecuadorian indigenous movement suffered a deep crisis during late 1990s and the 2000s. This crisis, which has been thoroughly studied (Martínez 2009; Ospina 2009; Tuaza 2009), revolved around the formation of an elite of indigenous leaders who separated from small community organizations. However, despite this, it is undeniable that these larger organizations made it possible for community leaders to learn about their rights such as the right of prior consultation regarding oil and mining exploitation in their territories, etc.

In addition, and equally important, according to Bolivar, as a result of CONAIE organization, community leaders were able to ‘walk’, and, in the action of walking they were able to meet other people. For the leaders from Playas being able to ‘walk’ to other places was a crucial political action as it constituted a form of learning about political organization and the possibility to increase social capital through ‘meeting people.’ In the case of the Playas del Cuyabeno community struggling with the postneoliberal state, walking and meeting people became crucial because, as I will explain later, these political actions made it possible for leaders from the community to be able to better negotiate with the postneoliberal state representatives regarding the implementation of compensatory projects.

## **2.8 Urbanized Centro Poblado and Intimate Spaces in The Fincas in Playas del Cuyabeno Before the Construction of the Millennium Community**

Several changes in Playas del Cuyabeno such as the abandonment of the rain forest, and more dependency on monetary resources, among others things, has been described as direct effects of the construction of the MCP (Cielo et al. 2016). However, in order to better understand to what extend these changes are solely related to the MCP, it is important to briefly describe some of the spatial, economic, and organizing dynamics of Playas del Cuyabeno before the advent of the MCP.

During the beginning of the twentieth century, before the emergence of postneoliberalism, community' economies had not recovered. After Flotel Orellana left, the majority of families in *Playas* were not able to find stable jobs. Several families migrated from the community to nearby towns. Others began working for oil companies along the Napo River and still others continued their training with indigenous peoples' organizations. The families that decided to stay in the community made big efforts in order to maintain their touristic cottages. They also began cultivating cocoa and coffee in their *fincas* as a solution to improve their families' economies.

The Ecuadorian anthropologist Susana Anda (2010) studied the Playas del Cuyabeno community in 2005, right before the emergence of postneoliberalism and the subsequent construction of the MCP. In her ethnographic analysis, she describes the spatial organization of the community as well as the functions each space has in the everyday lives of indigenous peoples. Anda divides the community area into two spaces. The community *centro poblado* (the urbanized area) and the *fincas* space, spread along part of the Aguarico River.

In 2005, before the construction of the MCP, Anda (2010) describes the community *centro poblado* as a well-consolidated space of the community. According to her, most families from Playas had a house in the *centro poblado*. During 2005, the community *centro poblado* was compounded of a total of 27 houses, a school, a community political

center, a medical center, a radio station, a courtfield, a coliseum, and two small grocery stores. During this period, Anda (2010) states that the community members was already in the process of building a high school for the community. The construction of all this infrastructure was possible as a result of communitarian work (*mingas*) and of the leaders' capacity to get resources from different public and private actors who, as I described, helped them build what the community needed.

According to Anda (2010), the space where indigenous families interact as a community is the *centro poblado*. This is the space they use for their political organization. In particular, in the *centro poblado* they organize their monthly assemblies. Several political discussions among all the members of the community and the process of making community decisions take place in the *centro poblado*.

The *centro poblado* is also a space for socializing. It is the space where community members interact with other individuals and institutions that are not from the community. Local government authorities usually arrive in the *centro poblado* in order to meet with the community. NGOs representatives also interact with community members in this space when they are interested in implementing a project or helping their needs. Politicians and traders, among others, also interact with community members in the *centro poblado*. Leaders from other communities and indigenous organizations, tourists and foreigners in general also arrive to this communal space. In addition, the *centro poblado* is also the space for education. It is in the *centro poblado* where the school is located.

Because the *centro poblado* is considered a common space, community members usually organize *mingas* to keep the *centro poblado* in good condition. They meet monthly in the *centro poblado* in order to clean the shared community spaces such as the school, the communal political center, the coliseum<sup>32</sup>, the medical center, etc.

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<sup>32</sup> Even though in English coliseum refers to a big open space, in Spanish coliseo (coliseum) is used to describe smaller open spaces mostly used for sport competitions.

According to Anda's findings (2010), there are several reasons for community families to live in the *centro poblado*. In addition to their children education, another crucial factor is that this space has an infrastructure that the families do not have in their *fincas*. For instance, the radio, the political community center, a kitchen, a medical center, a play area, an electricity generator, a coliseum, etc. However, Anda states that some of these services, such as the electricity generator, were barely used due to lack of resources to get fuel.

Nevertheless, according to Anda's observations of the community *centro poblado*, it was possible to conclude that some families in the community had more economic resources than others. Anda states that some houses in the *centro poblado* have their own electric generators and zinc roofs whereas others do not. Some houses had televisions, refrigerators and a gas stove, while others did not. The possession or lack of these manufactured objects according to Anda showed income differences among the community families. As she describes it, the families who have these manufactured objects "are families that have better economic incomes in comparison to other families [...] They represent another level of status in the community. [As they have more income] it is also easier for them to go outside of the community to nearby towns and to get city-manufactured objects, technology, gasoline, clothes, etc." (Anda 2010:75).

In addition to the *centro poblado*, community members from Playas had an additional community space, the space of their *fincas*. This space also constitutes part of their everyday lives. For Anda (2010), due to the fact that each *finca* is quite separate from another, the *finca* space constitutes a private space. It is difficult to encounter other people around their *fincas*. In addition, due to the *fincas* being located within the forest, it is possible for them not only to engage in corn farming but also in other activities such as hunting, fishing, and gathering food as part of their everyday lives.

According to Anda (2010), the *Playas* community members represent the importance of this space in relation to nature and it is crucial for their everyday

reproduction. They identify rivers, trees, ravines, lagoons, etc., which allow them to get food for the families' everyday survival. Due to the fact that the tourist cottages are also part of the *finca* space, the *finca* space also constitutes a space from which they are able to obtain monetary resources for their survival (Anda 2010).

There are nineteen *fincas* in Playas del Cuyabeno and the owners of these *fincas* are the same families who also have houses in the *centro poblado*. For Anda (2010), community families spend time in their *fincas* during the weekends in order to get food and to work their corn, manioc, and green bananas fields. Even though they also had small sowings of these products around their *centro poblado* houses, these do not provide enough food for the families. The crops on their *fincas* are bigger.

The *centro poblado* and the *fincas* are both important spaces for community families' everyday lives in Playas del Cuyabeno. For this reason, they have found strategies to maintain both spaces through the years. They conceive of both spaces as important parts of their everyday lives. At the beginning, they mostly lived in their *fincas*. The school space was solely conceived of a space for the education of their children. However, due to the fact that the school space was conceived of as a shared space, it became the center for their collaborative work and, as a result of making decisions together, it later became the space for their political organization. It was around the school space where community families built their communal political center. Through the influence of broader political organizations, such as CONAIE and FONAKISE, the presence of NGOs and local governments in the community, community leaders were able to obtain resources and to expand the purposes of the school space. They built a court, a coliseum, and a medical center. When Flotel Orellana enhanced the community's tourism, most families built their houses in this space. In doing so, they transformed the school space into an urbanized space or *centro poblado* where they already spent a great part of their everyday lives before the construction of the MCP.

The everyday lives of Playas del Cuyabeno habitants takes place in two spaces, namely, the the *centro poblado* and the *fincas*. Before the construction of the MCP both spaces were crucial for the reproduction of their economies, politics, education, and for the reproduction of community life. In the next chapters I will explain the implications of the MCP planning, construction of the infrastructure, and of sustainable economic projects in the everyday dynamics of the Playas del Cuyabeno community.

## **2.9 Postneoliberal State Emergence: Its Estrangements with Indigenous Peoples**

During the beginning of the twentieth century, the Playas del Cuyabeno community members became concerned with the exploitation of oil in the so-called Block 15 oil concession that was under their territory. This block was initially operated by the Occidental Petroleum Corporation (OXI). Together with the Siona, Secoya, and Cofan indigenous groups, the *Playas* community organization struggled against the 15 Block oil exploitation, demanding compensation from OXI for oil exploitation within their territories (Vickers 2003). These struggles formed part of larger protests of indigenous communities demanding the disbanding of negotiations aimed to create a free trade agreement (TLC-Spanish Acronym) with the United States. In March of 2006 thousands of indigenous peoples from the Ecuadorian Amazon and the Andean highlands blocked roads in several cities of Ecuador and protested in Quito demanding the expulsion of OXI from the country as well as the stop of the state's TLC negotiations with the U.S. These protests, which lasted around two weeks, succeeded in blocking the implementation of the TLC in the country and achieved the expulsion of OXI from the country in May of 2006.

These protests formed part of important struggles in Ecuador during the 1990s and 2000s against the promotion of free trade agreements, state privatization, deregulation of the financial sector (which caused the collapse of the Ecuadorian economy in 1999), among others. During the nineties, these protests against these economic measures were lead by

the CONAIE indigenous peoples' social movement. This movement was so important that it was described as "unique to Latin America because it is the convergence of the two largest highland and lowland confederations at national level" (Lucero 2008; Kennemore and Weeks 2011). However, other sectors of the Ecuadorian society, such as workers, students, peasants, and the middle class sectors also became important in protesting against these economic measures in the 2000s. These revolts created deep political instability in the country. From 1996 to 2007 Ecuador had a total of seven presidents. During this period, not one president was able to finish the period for which they were elected.

It is in this context that, with an anti-traditional political movement<sup>33</sup> and an anti-neoliberal discourse, Rafael Correa was democratically elected as president in 2006 and took office in January of 2007. Although at the beginning of his first term, indigenous peoples' main organizations supported his election and administration, the relationship between the government and indigenous peoples' movements began deteriorating after a couple of months.

Even though in the middle nineties indigenous peoples' political movements were the most important grassroots political organization in the country and one of the most important in Latin America, their influence and organizational power progressively decreased. CONAIE created a political party (Pachakutik) and made an alliance with a mestizo party named Patriotic Society. According to Martínez (2013), once in power, this mestizo party broke its alliance with indigenous peoples and began establishing clientelist practices within communities in order to broke CONAIE's ties with indigenous communities. Gutierrez' administration also co-opted indigenous leaders from smaller

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<sup>33</sup>By anti-traditional I mean that, as a result of the crisis of Ecuadorian old existing political parties, such as the Democratic Left, the Social Christian Party, among others, Correa's political organization, Alianza País, emerged as a movement (not a political party) founded on a discourse that radically critiqued old Ecuadorian political parties' ideologies and practices. Alianza País positioned itself as a movement that emerged as civil disobedience and questioned traditional political leaders. For instance, this movement did not present congressionals (assemblymen) candidates for general elections. Instead, after winning the elections, stopped electing congressmen and implemented a constitutional assembly and created a new constitution in 2008.

organizations, creating internal divisions among indigenous organizations. In addition to this, indigenous communities had not seen important changes after their electoral participation. As I showed, in Playas del Cuyabeno for example, indigenous communities critiqued indigenous leaders for using NGOs and other resources to their own advantage. As a result, CONAIE leaders lost some legitimacy at the grassroots levels and the movement faced a crisis (Martínez 2013; Ospina 2009). When Correa was elected, the already existing divisions among indigenous peoples' organizations increased, exacerbating internal divisions.

When Rafael Correa took office in 2007, indigenous peoples' social movements along with other actors such as workers, peasants, and the Ecuadorian middle class supported his election. Once in power, Correa called for the creation of a new constitution that replaced the constitution written in 1998 during neoliberalism. Together with different social sectors, including women and peasants, indigenous peoples formed part of the constitutional assembly that would be in charge of writing a new constitution. During the writing of the new constitution, conflicts and negotiations between Correa's administration, indigenous organizations leaders, and other social sectors took place. Some of the most important indigenous communities' demands were, among other things, the declaration of the country as a plurinational state, territorial sovereignty, and the defense of natural resources.

One of the most conflicting demands of indigenous communities, peasants, and environmental organizations was related to the future concessions for large-scale mining exploitation in the country. When Correa was elected, he vowed not to give more mining concessions during his administration. However, in December of 2007, he publicly declared his support for large-scale mining exploitation, as this activity would give the state one hundred billion dollars to finance social development projects aimed at ending poverty (Velásquez 2012). During the constitutional assembly meetings, some indigenous leaders, such as, Salvador Quishpe, environmentalist organizations, and a brief coalition with

CONAIE formed the Water Boards, an organization aiming to lobby the National Constitutional Assembly for the declaration of the state as plurinational and for the creation of zones, such as páramos and indigenous territories, to be excluded from mining exploitation (Velásquez 2012). However, the coalition of CONAIE and the Water Board was not strong. According to Velásquez (2012) CONAIE maintained an unclear position regarding mining extraction, as this indigenous organization did not necessarily oppose mining development during this period.

In contrast, according to Velásquez (2012), some of CONAIE's main concerns were related to the declaration of the state's plurinationality and the recognition of their collective and territorial rights. In order to achieve these demands, in April of 2008 CONAIE organized a 30,000 indigenous and non-indigenous peoples march to the Ecuadorian capital, Quito, to make their demands heard. As a result, the government agreed to the creation of a dialogue commission between indigenous leaders and state representatives. After the march indigenous representatives' commitment was to meet with anti-mining indigenous leaders. However, CONAIE decided not to send representatives to the Water Boards meeting because two days before the meeting the government officially announced that would support CONAIE's demands for declaring the Ecuadorian state as plurinational. Other demands however, especially from the CONFENIAE Amazonian organization, were not given the same importance. CONFENIAE leaders demanded the approval of a water law, territorial autonomy, and an investment of oil revenues into the region. The dialogues did not work out, and indigenous peoples organized a big strike in October of 2009 and went to Quito to meet with the government. They signed an accord in which the state institutionalized dialogues between state representatives and indigenous peoples' leaders. However, these negotiations, again, did not work out, instead, they progressively deteriorated. As a result, in February of 2010, CONAIE finally decided to terminate any dialogue with Correa's government, citing the fact that their proposals were not taken seriously by the government.

As the negotiations deteriorated, the government began to bypass indigenous peoples' organizational structures and delegitimize and criminalize their leaders (Martínez 2014; Davidov 2013). In his discourses Correa pictured indigenous leaders as representing particular international interests, as ponchos dorados (gold ponchos). The government also utilized indigenous claims, such as the necessity of prior consultation with the communities to bypass indigenous leaders from the approval of state decision making (Velásquez 2012). As this process consolidated, the government also created parallel indigenous organizations that supported state projects (Martínez 2014).

At the level of larger indigenous organizations, the interactions between the postneoliberal state and indigenous leaders was one that progressively deteriorated. As a result, these leaders opposed postneoliberalism. However, it is necessary to examine how this process occurred at a community level. This includes the study of the demands of an Amazonian community, such as, Playas del Cuyabeno, their conflicts with Correa's government and the solutions implemented, that is, how the postneoliberal state and indigenous peoples' negotiations took place at a community level.

## **2.10 An Unexpected Effect: State Partial Nationalization of Oil and Indigenous Peoples' Claims to Administrate Oil Extraction**

As already explained, in 2006 the OXI oil company was expelled from the country. The lack of a company assigned to begin oil exploitation in the 15 Block aroused the interests of different actors, including the state oil company and indigenous regional leaders, which both sought to become the new operators of this block. Of this struggle, community members from *Playas* were not only witnesses, but also became actors struggling to obtain the exploitation of this block.

After OXI was expelled from the country the state oil company Petroecuador began talking to the community to let them know about their interest in becoming the new operators of the 15 Block. As one of the ex-presidents of the community explained, in

2006, “we began listening to various proposals from different oil companies who came to propose to us, to tell us that they wanted to get this block. Petroecuador [later renamed as the PetroAmazonas state oil company] was one of them. They told us that they would be the new operators”.

In 2006, the state oil company showed their interest in becoming the 15 Block new operators, while leaders from the Amazon region proposed that their community create the first indigenous oil company of Ecuador. One of these leaders was the Kichwa Rafael Alvarado from the Napo River (Orellana Province). He talked to several communities along the Aguarico and proposed creating Sacha Petrol (Jungle Petrol), an indigenous peoples’ oil company that would assure their communities that the rents obtained from oil exploitation would be redistributed among these communities (Wilson and Bayón 2017:135). The name of this oil company changed to Alian Petrol (Alliance Petrol) due to the fact that there was already an oil camp in the Ecuadorian Amazon named Sacha Petrol.

During the same year, before Rafael Correa and Lenin Moreno were elected as president and vice-president respectively, the representatives of Alian Petrol socialized their project among different communities from the Amazon Region. Alvarado assured communities that, once Alian Petrol began functioning, they would receive individual percentages of oil rents and benefits from development projects in their communities. In exchange for their support, he distributed bonuses that represented the future dividends they would obtain from oil rents (Wilson and Bayón 2017:105-106).

Alvarado was particularly interested in getting the support of the communities of Pañacocha, Playas del Cuyabeno, and Pukapeña. The support of these communities was strategic because these three communities are located close to the 15 Block and the Pañacocha oil well, located along the Aguarico and Napo Rivers. Leaders from these communities, including those from Playas del Cuyabeno, decided to support this project. Bolivar, then president of Playas del Cuyabeno, explained that they supported this project because they saw it as their opportunity “to improve their quality of life”.

The Alian Petrol project, however, was not an isolated attempt of some indigenous communities seeking to appropriate the extraction of natural resources in the country. In contrast, after Correa took office in 2007, several communities became interested in managing resource extraction themselves.

Indigenous peoples from several communities believed that it was possible for them to manage resource extraction due to some radical announcements that the elected postneoliberal government made in its aim of recovering resource extraction rents for the state. At the beginning of his first mandate, Correa announced that his government would reconfigure state contracts with private oil companies. He also announced the creation of a national cement company. In 2007, Correa critiqued the Holcim and Lafarge transnational cement companies, accusing them of selling overpriced cement in the country as a result of their “monopolistic practices”. He said: “our cement is extremely expensive and the monopolist Holcim and Lafarge companies’ practices cause indignation among the Ecuadorian people. We estimate that they make a 100 percent return”<sup>34</sup>. In order to break this monopoly, Correa added: “I will introduce a law project to the constitutional assembly. This law will punish any monopolist and anticompetitive practice”.<sup>35</sup> In 2008, Correa made another announcement related to the cement industry. He said that, in order to break monopolistic practices of cement companies in the country, his government would create the Public (state) Cement Company. This company’s aims were, on the one hand, opening new cement mines around the country and, on the other, boosting already existing cement companies, such as, the Chimborazo Cement Company.

This announcement however, did not only aim to break transnational monopolies of the cement industry in the country but more importantly, aimed to achieve property democratization. In his announcement, Correa proposed that the workers of the

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<sup>34</sup> Swissinfo web page. Holcim, Wellcome Antimonopolic Law in Ecuador. November 20 of 2007. In: <https://www.swissinfo.ch/spa/holcim--bienvenida-ley-antimonopolios-en-ecuador/6238178> Retrieved September, 20 of 2019.

<sup>35</sup> *Ibidem*

Chimborazo Cement Company and indigenous communities living close to this company would become the owners of the cement company. In 2007, the prefect of the Chimborazo province was an influential indigenous leader from the Andes, Mariano Curicama. The idea was that the prefect would create an escrow that would collect indigenous peoples' monthly contributions. These contributions would eventually allow them to buy a percentage of the company so that communities living close to the mine could also become its owners. In addition to this plan, state financing institutions such as the National Financial Corporation (CFN-Spanish acronym), would also give credits to communities so they could buy a percentage of the company. The assumption was that communities would easily be able to pay their debt with their cement company future earnings.

With these announcements the postneoliberal government publicly proposed that indigenous communities become the owners and managers of resource extraction. This announcement was conceived among some communities as a legitimate possibility for them to become the owners of mines and oil camps and an opportunity for them to manage natural resources under postneoliberalism. As Bolivar, then the president of Playas del Cuyabeno, stated:

We had the example of the Chimborazo Cement Company. The president said that he was willing to give it to indigenous peoples. It was then that we realized that he was giving [the natural resources exploitation] to indigenous peoples. We said, we also have a natural resource here, so [the government] can give it to us.

As a result of these announcements, and in addition to the Alian Petrol project, other communities located close to oil and mining camps in the Amazon also expressed their interests in becoming the owners of Ecuadorian oil and mining camps to the government. As Bolivar noted:

Many indigenous peoples had this vision. For instance, in Macas some indigenous peoples requested to be mine owners. In Puyo, the Sardina parish leaders also requested that the government assign the communities that lived close the concession of the Sardina gold mine. A transnational company was getting gold from there but the government swept

it out. For this reason, indigenous peoples asked the government to allow them to become a mining company so that they could administer gold extraction. They [the Sardina community] aimed to be the ones who got the gold. At the beginning, the government said 'yes' but then they told them 'no, we have to exploit gold little by little'. In Orellana, indigenous communities also formed a group. There were a lot of people. They also requested from the government that they be the new owners of oil camps.

After Correa's election, some community leaders did not radically oppose resource extraction. Instead, they became rather interested in the management of their natural resources. Indigenous organizations also supported these agendas. The Alian Petrol project was supported by some of the most important indigenous organizations in the country, such as COFENIAE. These indigenous organizations played an important role in getting project approval and support from several communities throughout the Amazon region. For instance, around eighteen thousand indigenous peoples from different communities subscribed at FICCKAE in order to receive future bonuses (Wilson and Bayón 2017:107). This project also received the support of the most important indigenous organization of the Ecuadorian Amazon, COFENIAE. During the sixth parliament of the Amazon indigenous peoples in Ecuador, the assembly publicly supported the Alian Petrol project as the most appropriate mechanism for the exploitation of the Pañacocha oil well in order to achieve the development of the Amazon (Wilson and Bayón 2017:108).

After the emergence of postneoliberalism in Ecuador, some communities and organizations were not radically opposed to resource extraction. In contrast, some indigenous communities in Ecuador saw the reconfiguration of oil and mining contracts as their opportunity to be able to manage the exploitation of the natural resources existing in their territories and to reconfigure the redistribution of the rents obtained from the exploitation of these resources.

It is undeniable that many communities and organizations strongly opposed resource exploitation from the beginning of postneoliberalism. For instance, the Shuar and Saraguro communities from Morona Santiago and Zamora Chinchipe (two provinces located in the southern Ecuadorian Amazon) represented by the leaders Domingo Anquash

and Salvador Quishpe helped in the organization of the anti-mining indigenous movement in Ecuador. However, these leaders did not feel that CONAIE political organizations supported their radical agendas. In particular, these leaders “were thinking about creating another national organization” due to CONAIE’s absence in the 2008 anti-mining protests and meetings aiming to oppose postneoliberal extractivism (Velásquez 2012:187).

Even though the violent effects among the communities who radically opposed postneoliberal extractivism and the postneoliberal repressive and criminalizing agendas have been largely studied (Chicaiza and Yanez 2013; Moore and Velásquez 2001; Vallejo 2014; Bebbington and Bebbington 2011), the everyday conflicts and complex negotiations among postneoliberal state institutions and indigenous community leaders who did not radically opposed extractivism, but aimed to manage natural resources and claimed for the implementation of development projects have been taken into account less as part of the complex interactions between the postneoliberal state institutions and indigenous communities/leaders in Ecuador. In this context, the everyday struggles of the Playas del Cuyabeno community members, struggles to create of an indigenous peoples’ oil company and also to achieve the implementation of development projects in their communities is a good example that can broaden our understanding about the conflicts and complex processes of the everyday negotiations that took place between indigenous communities and the state representatives within postneoliberalism.

### **2.11 Negotiating the Creation of the Alian Petrol Oil Company With the State in Playas del Cuyabeno**

By the time Correa and Moreno were elected in 2007, after several meetings with Alvarado, CONFENIAE and CONAIE representatives and leaders from Playas del Cuyabeno agreed in that the community should claim the administration and exploitation of the Pañacocha oil well. The Pañacocha and Pukapeña Kichwa communities, whose territories formed part of the future Pañacocha oil well, also agreed that the best option for

the exploitation of oil in their territories was the creation of the Alian Petrol indigenous oil company. As Bolivar states:

Once Correa was elected, together with CONAIE and CONFENIAE we decided that this oil well should be given to us indigenous peoples. We had technicians who were going to help us. Then is when we created Alian Petrol. It was not just us; it was an alliance of all Amazonian indigenous peoples. It was for all of us.

Bolivar and the rest of the leaders and organizations began collecting backup signatures along the Amazon in order to present the project to the new government. As already stated, the idea was to show the government that their proposal was not a claim of a small number of people but that it was supported by numerous communities throughout the Sucumbios Amazonian province and beyond. As Bolivar explains: “we went presenting the project in every single community, in other indigenous peoples’ organizations and in community assemblies. For instance, we went to the Napo River. Oh my God! There were so many communities supporting us there! A lot of people”.

After collecting numerous advocates, Bolivar said they finally presented the project to then Minister of Energy, Mining, and Oil, Germánico Pinto, the then vice-president Lenin Moreno, and to the National Assembly. They told community leaders that they would analyze the project but that it will be decided among the Presidency and its ministries.

As already stated, indigenous peoples’ larger organizations also supported this project. During the sixth Amazonian Indigenous Parliament, CONFENIAE publicly announced its support to the Alian Petrol project as the best alternative “to achieve development” and “to exploit the Pañacocha oil well” (Wilson and Bayón 2017:108). Bolivar remembers that it was at a CONFENIAE assembly that he was able to meet indigenous peoples from Canada who were the owners of an indigenous peoples’ oil company in their territories. During various interviews and informal conversations with him, he usually remembered this episode that was insightful for him. He tells me how he

was able to talk to the North American indigenous peoples about their experiences and advice regarding their oil company. As Bolivar describes:

CONAIE was able to contact them through the web. They came here, arrived to El Puyo city. I saw them there. Huge gringos were standing there. There were indigenous peoples. They wore their traditional clothes, colorful painted clothes, like our Pachakutik flag, but with their own colors and with a different language. They were there and told us they will give us support once the state had accepted our project. Unfortunately, it did not.

According to Bolivar, some leaders thought that, because the president announced he would assign the Chimborazo Cement Company to indigenous peoples, that they may have the chance to get the concession of the Pañacocha oil well too. During Alianza Pais (Correa's party) political campaign, Lenin Moreno did not refuse this proposal. However, once in power, the government told them that the Pañacocha oil well was not going to be ceded to indigenous communities. According to Bolivar, it was the government who opened that option but then they closed this possibility after they realized many indigenous communities demanded the administration of natural resources.

Even though Alian Petrol was an indigenous leaders' proposal, other political parties and groups were also involved. Members of the Sociedad Patriótica (Patriotic Society) political party also supported Alian Petrol. Sociedad Patriótica is an Ecuadorian political party represented by Lucio Gutierrez and it was one of the Correa government's oppositions parties. He won the presidential elections in 2003. Although at the beginning of his mandate, indigenous peoples and other social movements supported this political party, once in power, Gutierrez betrayed social movements and divided indigenous peoples (Martínez 2013). For instance, Alian Petrol was supported and encouraged by Raúl Gangotena, who was the Ecuadorian ambassador to the U.S. during Gutierrez government. Gangotena was part of the Alian Petrol technical team. Indigenous leaders also received the support of the Sucumbíos province prefect from the Sociedad Patriótica party, Guadalupe Llori (Wilson and Bayón 2017).

In the same vein, due to the fact that communities did not have the necessary resources for the functioning of Alian Petrol, their technical team was in charge of getting financial support from foreign transnational oil companies. For instance, they negotiated funding and support from the Talisman oil corporation (Wilson and Bayón 2017:105). As Bolívar explains:

We had all partners and a technical advisory team. Our technical team told us that we do not have funding. They were going to help us finding resources from overseas. In this way, we will be able to get the oil well [...]. A company from Canada was going to fund us, only after the government approved our project.

However, despite the struggles in order to get the Pañacocha oil well, the postneoliberal presidency, vice-presidency and Ministry of Energy, Mining, and Oil rejected the Alian Petrol project and, by doing this, they also rejected indigenous peoples' attempts to develop their own oil company with transnational funding.

## **2.12 The Division of the Community, Petroecuador and the Ecuadorian Environment Ministry**

After the Petroecuador (later PetroAmazonas) state oil company was unofficially assigned to administrate the Pañacocha oil well, it began imposing the same practices of obligating communities to sign for community consent for oil exploitation without any dialogue or debate with the community. This company had organized a meeting with the Playas del Cuyabeno, Pañacocha, and Pukapeña communities to demand their members to sign up a document which stated that the communities approved of oil exploitation in their territories (Wilson and Bayón 2017:110). However, most community members rejected Petroecuador's attempt to obtain the community's consent illegally.

In the face of this rejection, Petroecuador used another strategy, namely, the division of the Playas del Cuyabeno community. They began talking to some families whose *fincas* were located strategically in order to facilitate the exploitation of the Pañacocha oil well. Some of these *finsa* owners were no longer living at these *fincas* or the

community *centro poblado*. Instead they had migrated to other towns and came back just to receive the benefits Petroecuador had offered them if they separated from the community and gave their approval for oil exploitation.

While these families were talking to Petroecuador representatives, they also tried to convince the rest of the community members to allow Petroecuador to exploit the Pañacocha oil well. Among these families there was one person who was particularly interested in allowing oil exploitation, as he was offered to receive the most of state compensations. As Laura, one of the most well-spoken woman from the community stated:

He pressured us to accept the company in our territories. We did not want that. We thought that it was better to get some advice from people who could tell us how to get a good compensation from the oil company. Something that was worth it. He tried to convince us but we did not agree with him. Some people told him, 'you do not even live here, you are here just because the company is around'. He insisted that the company was going to give us money yet he also wanted us to accept that 50% of that money was only for him. We told him that the territory belonged to the community as a whole. That nobody is the private owner. However, all of them were secretly forming their own association. Most of them did not live here, they came back after the company offered them compensations.

After Petroecuador changed its name to PetroAmazonas in April of 2010, this state oil company and the Ministry of Environment helped these few families to efficiently create the Santa Elena Association, and by doing this, give the community division a legal status. The state provided the families lawyers and advisers. PetroAmazonas also assigned the created association the administration of part of the Playas del Cuyabeno territory, namely, the Pañacocha Protected Forest. When the community leaders went to the Ministry of Environment to let them know that the Playas del Cuyabeno community was the legitimate owner of these territories and that the state cannot divide them, functionaries of the ministry told them that the community does not have legal proof that these territories belong to them. They insisted that they had presented the documents to the Ministry of Environment years ago but the state functionaries argued that if they had presented any documents, these were probably lost. Indigenous leaders requested that the Solsticio

Foundation, an organization that funded the community for the achievement of the delimitation and legalization of their territories, provide them the documents which proved the limits of their territories. Once they obtained the legal documents and presented them to the Ministry of Environment, PetroAmazonas was not able to legally divide the community. Their strategy of obtaining the approval for oil exploitation through community division did not entirely succeed.

PetroAmazonas and the Ministry of Environment, however, legalized the administration of the Pañacocha Protected Forest and gave the majority percentage of compensations to the Santa Elena Association families. *Playas* community members were not aware of PetroAmazonas intentions. However, one morning, when they saw several barges arriving to their territories, they realized the extent to which the Santa Elena Association families had negotiated, without community consent, the approval for oil exploitation in their community's territories.

In this context, it is important to add that the state did try to control this community during the process of obtaining community legal consent for the approval of the construction of the Pañacocha oil well within indigenous peoples' territories. During this process, the state, leaded by the PetroAmazonas group, achieved the division and repression of the community. PetroAmazonas tried to force indigenous peoples consent. However, I argue that, despite of state control mechanisms implemented during this process, indigenous peoples from Playas did not accept PetroAmazonas forms of control passively but created strategies to directly negotiate better benefits with high state authorities.<sup>36</sup>

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<sup>36</sup> I do not argue that THE postneoliberal state did not expand extractivism or that PetroAmazonas did not implement control mechanisms during the process of community consent of extractivism. However, I do argue that indigenous peoples bypassed PetroAmazonas' intentions and negotiated the implementation of better compensatory projects/monetary revenues for their community. I also argue that the obtained projects did not result in the implementation of everyday governmental/disciplining mechanisms affecting the lives of indigenous peoples from Playas. For more information, see next section of this chapter and chapter II.

### 2.13 Stories of the Big Strike in Playas del Cuyabeno

On the third of September of 2008, while Hilda, a teacher from Playas del Cuyabeno was in her class at the Sábalo Cofán community, a community located next to Playas del Cuyabeno, another member of the community interrupted her class and warned her that PetroAmazonas barges were arriving in the *Playas* territories. She immediately notified the community that several PetroAmazonas barges were arriving. That day, the community members were working together at a *minga*. All were reconvened at their political center when they realized that PetroAmazonas barges were coming upstream to the Aguarico. As Laura explains:

We were resting from a *minga* inside of our political center when someone warned us that a barge was getting close to our community through the river. We went downstream and saw the first barge. We stopped that barge, then we stopped another, and then, a third one. Three of them. When we asked the people who were managing the barges what were they doing and where were they going, they told us that they were ‘just passing by to the Santa Elena community’. They said: ‘we have permission from the president and vice-president of Santa Elena and we are going to leave the barges there’. We told them ‘no, we have not negotiated anything with the company’.

After letting the company know that there was no legal community consent that allowed them to be in their territories, they began a strike and held the barges so that these could longer go through their community territories. The second day of the strike, they took one of the barges and put it across the river in order to prevent the other two barges to pass through the river. They stayed outside together, watching, in order to prevent the barges from passing. The third day of the strike, around five o clock, three army helicopters and soldiers arrived in the community. Community families, as Laura explains, began making collars to wear so that the army knew “that we were from here”. They also confronted the army and its repression using their own strategies. As Bolivar describes it:

People here had a lot of stones with which they began making spears. There were few soldiers at the beginning. We first blocked the river with our canoes, then we got one of the barges to block the river. However, after [a couple of days] more

soldiers arrived. They began shooting at us but we knew how to handle them. We went to the army so we knew which type of weapons they were using and how they were going to defend themselves. We warned the community to be careful because the soldiers were shooting at us tear gas canisters and rubber bullets. To prevent people from suffocating from these pumps we went to the forest to find and cut comejenes (termites nest). When you burn comejenes, the smoke drives away the pumps' gas. We also wet our shirts because water also stops the gas to spreading more through the air.

The struggles were intense during these days in *Playas*. In the middle of the tear gas pump shooting, the community kept fighting. Every time the barges got close to their territories they drove the barge they took from the company in the opposite direction of the barges coming to make them crash. As Hilda explains, “every time this happened the soldiers said ‘please, we do not want to crash, all of us will die, we have bombs and if we crash, everyone will die’”, when they said that, Hilda continues, “we responded, ‘if you do not want to die, go back’ and they went downstream again”. This dynamic lasted for several days. During these days, they not only fought or took turns to watch and to stop the barges' arrival to the community but they also had to prepare food for everybody to be ready to confront the army the next day. For Hilda these days were very hard:

We, men and women had to watch for the barges all night. A group of men, a group of women with their children. We stayed at the playa just with the strong sunlight and water. We slept on the playa at small plastic tents. We made chicha in our political center. We made food. At night, men went hunting and fishing. In this way, we made it work, nos dábamos la mano (we gave each other hands), but little by little they began winning.

After eight days, Shuar, Cofan, and Siona indigenous peoples living along the Aguarico also joined the struggle. Women made chili pepper bombs and men used poisoned blowguns to combat the Ecuadorian army soldiers. However, more army soldiers were sent to the community. Due to the fact that people began being hurt, the community formed a commission to go to Quito to talk to the presidential department. Bolivar, Hilda, Hugo and others went as part of the commission. Once in Quito, they told the community to leave the barge at the military post that is located close to the community. The army

soldiers of the military post had not become part of the conflict due to the fact that they lived close to the community and would stay there after the end of the conflict. Once at Carondelet Palace (the Ecuadorian presidential house), the commission was received by the then vice-president, Lenin Moreno and the Minister of General Affairs. The manager of the Pañacocha oil well and the president of PetroAmazonas were also present.

CONAIE had previously advised communities about their right to consent before any oil company exploitation activity occurred in their territories. According to Hilda, she told the government authorities that the community demanded to be informed and consulted about oil exploitation in their territories “as the constitution states”. She explained to state authorities that people in the community did not know why the company was in their territories, and added, “we do not know anything about this”. PetroAmazonas president Wilson Pastor, in an attempt to impose his agenda, showed the vice-president and the minister some signed documents which apparently contained the community approval for oil exploitation. However, they replied that PetroAmazonas had divided the community and that it had recently created a new association, which signed the documents but which did not represent the whole community. The PetroAmazonas president replied that the community had ‘kidnapped’ PetroAmazonas barges. However, Bolivar confronted the PetroAmazonas president and told him that ‘he was a liar’. He explained to the government that due to the fact that Petroecuador had lied about having the community consent, the barges were parked at the military post located close to the community. The government authorities replied that PetroAmazonas was only exploring the zone and that they would leave in a week or so, which never happened.

Because the government knew about the community intentions to form Alian Petrol, the state authorities who met with the leaders asked them why they wanted to administrate the Pañacocha oil well. According to Bolivar, at the Carondelet Palace and in front of the vice-president and ministers, he responded: “we want to be the owners because the state has administrated oil wells for too many years and we, indigenous peoples, have

not seen any benefits from it. Nothing at all! The only thing that oil has brought us is contamination”.

Before the meeting with the government, leaders’ ideas of administrating oil wells were not entirely disregarded, however, after the unethical and violent mechanisms PetroAmazonas used to impose oil exploitation in Playas del Cuyabeno, the commission told the government that they did not oppose oil exploitation but that they wanted to benefit as well. As Hugo explains, “we argued that we wanted to negotiate with the government but not as they [PetroAmazonas] wanted. PetroAmazonas wanted to give us just a small little thing as they always did. They wanted to give us nothing. ‘Take your cents’. But we said ‘no’ and this was the reason for the big problem.”

According to Hilda, the commission demanded to be fairly compensated and requested that the government sign a covenant with the community in which they agreed to build infrastructure for the community. They also exposed PetroAmazonas, accusing them of trying to impose oil exploitation though “abusing” indigenous communities. The commission also demanded that the government make an agreement. Hilda also added: “PetroAmazonas wants to mistreat us. They just want to give us a forty-dollar pot so we can make chicha. They just want to give us a machete or a wheelbarrow so they can make fun of us. They just want to make fun of us”. After the leaders exposed PetroAmazonas in front of the government, government officials criticized PetroAmazonas for their actions and told the community representatives that they will be consulted.

While the commission was gone, their struggles in the community continued. Six young community members were detained by Ecuadorian army soldiers while trying to stop PetroAmazonas barges from going through the community territories. After this incident, the army told them to give back the barge as a condition for them to free the detained youths. The community families tried to resist. However, in the end, they gave the barge back to the army in order to free the young people.

After the army recovered the barge, the community kept fighting and struggling in order to keep the barges from going through their territories. However, after several months and, as the barges were getting close to Santa Elena, the soldiers and the members of the Santa Elena association received their families (their own families) with dynamite and gun shooting. They resisted but were not able to prevent the barges from arriving to Santa Elena. Hilda said, “we never gave up but they just won”.

PetroAmazonas’ aim was to impose their own agenda through violence. That said, it is important to say that even though OXI had left the country, once PetroAmazonas took the management of the fifteen block, several OXI workers were not fired but continued working in the management of this block, this time for the State. When I went to talk to PetroAmazonas workers, many of them told me that they had worked for OXI before it was expelled from the country. Community leaders knew some of them as OXI workers, including Wilson Pastor. For this reason, these workers continued to use the same strategies they used when they worked for the OXI private transnational oil company.

Nevertheless, community families used at least two strategies in order to prevent PetroAmazonas representatives from invading their territories through violence. Not only did they strike in the community in order to avoid the barges from going through their territories, but they also sent a commission to Quito in order to talk to the highest state authorities. Once there, they were able to talk to the vice-president and some ministries and they managed to get PetroAmazonas to stop their activities in their community. As Bolivar tells it, after the meeting “we were watching to make sure PetroAmazonas did not do any activity related to oil exploitation. They could not touch any meter of our territory”.

As a result, PetroAmazonas had to stop their activities in the community. The company could no longer work until they signed a compensation agreement with the community. The vice-president gave PetroAmazonas a deadline before which they would have to obtain the community consent and to fix the problems concerning the Santa Elena Association that they created. The state authorities told both parties that when everything

was solved, they would meet in the Amazonian city of Shushufindi in order to sign the compensation agreement.

Consequently, on the 14th of October 2008, the PetroAmazonas president Wilson Pastor publicly announced that all oil exploitation activity would stop in the Pañacocha oil well until the state met the previous consulting protocol along the communities involved and until the establishment of an agreement with the communities (Wilson and Bayón 2017). After the state officially stopped oil exploitation, the community's appetite for creating Alian Petrol also began declining. The State told the commission that natural resources belonged to the state and that it was not possible for the state to assign the community the administration of the Pañacocha oil well. Nevertheless, after several months, the oil company continued the construction of the infrastructure of the Pañacocha oil well.

#### **2.14 Skipping PetroAmazonas' Violence and Negotiating with the Ecuadorian President: The Emergence of the *Milenio* (MCP)**

After the meeting with the government, community leaders tried to continue negotiating for their compensations. Due to the violent strategies PetroAmazonas used in its aim to obtain community consent to enter their territories, they decided not to negotiate with the oil company. Instead, they found ways to negotiate their compensations directly with the highest state representatives through the mediation of CONAIE advisers and government advisers. Their aim was to be able to bypass PetroAmazonas authorities. Hector explains:

When PetroAmazonas knew that we were talking to state representatives in Quito, Wilson Pastor himself came to the community to negotiate with us. However, people were so angry that nobody wanted to talk to him. People told him 'we are going to find a way to talk to the president himself. You cannot negotiate with us'.

During the years of 2009 and 2010, community leaders contacted the lawyers, advisers, and different state representatives they had met during the process of the Alian

Petrol negotiations. As Hugo explained, the community leaders took advantage of the people they met when they were involved in the creation of the Alian Petrol oil company. They looked for help among CONAIE representatives, as Hugo explains, “we wanted to be compensated by the state laws. We had good advisers. Lawyers came here. We sat together and talked. We also tried to contact other people we knew”.

At the beginning of Correa’s government, during his weekly televised reports to the nation, he visited different cities and towns around the country. At the end of his reports, two or three people were allowed to talk directly to him about any problem or need that they required to be solved. He listened to a couple of people’s demands after which, most of the time, he asked his ministries to meet people’s requirements. In order to make the process of tracking the solution for these problems more efficient, his advisers created an official system named, “The Presidential Commitments (Compromisos Presidenciales)”. This system consisted of the ability of the president to sign up commitments for specific groups of people. The aim of these commitments was to assure that the compliance of specific peoples’ needs would be directly controlled by the president. It is in this context that when community leaders began talking to state assembly representatives and advisers, they recommended that these leaders present a project to the president and talk directly to him so that he himself would sign up a compensation through Presidential Commitment.

During this negotiation process, Bolivar, the then-president of the community was the one in charge of negotiating better forms of compensation for the community. He talked to CONAIE advisers and lawyers, as well as state representatives. In particular, they recommended that he relay the needs of the community to state representatives. Bolivar contacted a project-making expert in order to present a project to the vice-president. In the same vein, the vice-president also recommended that he present a Sumak Kawsay project. That is, a project promoting Sumak Kawsay (Living Well)—a worldview attributed to indigenous peoples and transformed by the state into a discourse which presumably contests neoliberalism. The project they presented contained demands for the construction

of a housing project for the community and the improvement of their childrens' educations. After the project was written, Bolivar presented the project to the vice-president and some ministries, including the ministry of Strategic Sectors. The person who designed the project were the ones who made the presentation of the project at the vice-president's office. The vice-president and the ministers attending the meeting, and reviewed and accepted the project they presented to the state. They kept a copy of the project and offered it to the president for his approval.

However, even though community leaders left the project at the Carondelet Palace for the president's approval, they did not know if the president would accept it. In order to assure that the president would be notified about the project and through the help of one of the assembly representatives, Cesar Rodriguez, Bolivar was able to show the Sumak Kawsay project to the president himself. However, in order to get the government's advice, they recommended that Bolivar should distance himself from CONAIE and be prepared to talk to the president. Despite this advice, during his preparation Bolivar continued taking counsel from the people he met during the Alian Petrol demand, including a Carmelite order priest.

Due to Correa's history of criminalizing indigenous leaders (Chicaiza y Yanes 2013; Davidov 2014; Martínez 2014) and because of the strike that was organized in Playas del Cuyabeno, Bolivar was afraid that, on meeting the president, Correa would send him to jail. Bolivar remembers that in order to prevent him from going to jail, lawyers and advisers gave him advice:

They told me: 'Do not be afraid. He is the Ecuadorian president but you are a president as well. You are the president of your community. You are an authority. Nobody can touch you. Neither the police, nor army soldiers. You were elected as a president'. I was in Quito for a long time. They helped me to know about my rights. I underlined the laws I had to remember [...]. So that if he told me that I was going to jail, I knew how to answer. They tested me but I knew everything I had to say. Everything. I was well advised!

While Bolivar was practicing to talk to the president, one day Rodriguez' adviser called him. As Bolivar states, Rodriguez' adviser was Correa's godfather. His son and Correa's children went to the same school. When the adviser contacted Bolivar, he told him that the best option for him to talk to and give the president the Sumak Kawsay project was at the high school parents' meeting they had that day. Bolivar went to the high-school and waited alone for the president's arrival. The lawyers, the priest and the rest of the people who helped him waited outside. Rodriguez assured him that nothing was going to happen to him. As Bolivar explains, "they told me I should not be afraid because I have a proposal, a project to present. They told me 'you have not done anything wrong'. It was them [PetroAmazonas] that violated the law. You have everything to win".

Bolivar had to talk to him the moment he entered the school, before the parents' school meeting began. While waiting, Bolivar heard someone saying, 'he is coming, he is coming'. Suddenly, Bolivar got up from his chair and prepared to talk to the president. As he describes it:

The chair where the president was going to sit was ready. A lot of people were there and they all knew what was going to happen. He arrived and the rest of the parents received him. He shook people's hands and he shook mine as well. He looked at me and Rodriguez' advisor told him that I wanted to talk to him. He said, 'ok, wait a moment, we will talk here, publicly'. Then I gave him the project and when he was close to me I said, 'This is my request Mr. President'. He shook my hand and gave the project to his advisors. Then he said, 'Well, you see, why did you make war, we Ecuadorians are skilled, we can do it [a project]. I answered him, 'the problem is that we are usually afraid because of what other governments have done to us. And he answered me, 'do not make a mistake, I am not like that'. I added, so do you agree to this [the project]? And he said, 'yes, let's make a [presidential] commitment. No problem. There is no reason for me to say no to Ecuadorians. That is my philosophy.' Then, he finally took the project and signed it. Bolivar left with the president's signed project.

Even though the community leaders gave up the Alian Petrol project, they were able to make the president sign up for a project to improve the community infrastructure and to get better education. If the community struggled it was not only because, as Bolivar

explained, they wanted to be the owners of a percentage of Alian Petrol's future rents, but because they wanted better compensations for the use of their territories and for oil exploitation. Even though the idea of presenting a project came from CONAIE as well as from the state, community leaders were able to negotiate better compensations from the state. The two strategies they used, namely, the community strike and their meetings with highest state authorities made it possible for them to overcome PetroAmazonas' attempts to violently obtain community consent.

Even though the Alian Petrol project has been described as a radical attempt by some communities to “recover their natural resources” and to deepen “the rhetoric of a more equal society” (Wilson and Bayón 2017:110), it remains uncertain if foreign transnational oil companies, who were going to provide funding for the creation of the Alian Petrol project, would have provided a better redistribution of oil rents for the Amazon indigenous communities. The project stated that they would receive the 23% of oil exploitation for the implementation of development projects along the Ecuadorian Amazon, while the private transnational company would receive 21% and the state would get 56% of oil revenues (Wilson and Bayón 2017:106-107).

After signing a presidential commitment for the community, Correa inaugurated the Pañacocha oil well in October of 2010. In his inauguration address he stated: “this is the beginning of a new oil exploitation era. An era in which oil is not a curse, but the luck that will take us out of underdevelopment”. Community members from *Playas* were invited to the inauguration. In this event, Correa publicly announced that the state would spend twenty-two million dollars in development projects for the Playas del Cuyabeno and Pañacocha communities. He then gave them a symbolic check.

With the state public announcement and the subsequent project construction, the state's idea was not only to question the resource curse theory,<sup>37</sup> but to also create the idea that oil exploitation can contribute to the development and improvement of the communities closely located to oil wells. Therefore, the Pañacocha oil well became important for the state not only because of the rents it would generate but also because it will prove a new theory, the theory that oil exploitation can be used to improve communities' lives.

Due to the importance of the Pañacocha oil well as the new model of Ecuador oil exploitation, the housing projects for these communities received special attention from different state institutions, at least in the beginning. Hugo remembers that only a week after the president's announcement, representatives from different state institutions, such as SENPLADES, arrived to Playas del Cuyabeno in order to gather information about the community:

They arrived in helicopters. We were all together. The governor arrived first to let us know that they had the best team of experts that would gather the necessary information for the project. [...] Later, another delegation from the sub- secretariat of affairs came as well, with several experts. The ones who would build roads arrived. The ones who build houses arrived. The ones who build sewage systems arrived. Every state department arrived here. All of them.

As part of the negotiations, in December of 2011, PetroAmazonas also had to sign a legal agreement with Playas de Cuyabeno. In this document the company agreed to compensate communities whose territories were going to be affected by oil exploitation. It also agreed to give the sum of thirty thousand dollars to Playas de Cuyabeno and committed to constructing a sports field for the Santa Elena Association. In the beginning, PetroAmazonas not only had to give the community a monetary compensation but also help indigenous peoples and state institutions such as SENPLADES in the MCP planning

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<sup>37</sup> The resource curse theory states that countries which have natural resource reserves to exploit as crucial part of their economies, rather than achieving growth, often decrease their economic growth (Acosta 2009).

process. State institutions began collecting demographic, economic, and other data about the community before the construction of the MCP.

While indigenous peoples had given up on Alian Petrol, they had not surrendered the possibility of managing natural resources. According to Bolivar, their demands to the president were in tune with the possibility of managing oil exploitation in the future. Bolivar remembers indigenous peoples from Canada's words:

Indigenous peoples from Canada told us, 'you are not yet ready to administrate an oil company. You do not have community members who have studied the process of oil exploitation. You still need to learn how to do that. Once you do it, you will have a great weapon against any government. Without this, you will not be able to do it. Look at us, we are all oil experts. This is why you need to ask the government to commit on education so you can become oil professionals in the future.'

Therefore, the community demands to the government of education should be understood also as the possibility for indigenous communities to recover in the future the management of their natural resources. The project they presented to the president, which latter became the MCP, should be understood, not only as a success in terms of obtaining better compensations for oil exploitation but also a possibility for them to be able to recover the sovereignty of the exploitation and circulation of their natural resources for themselves in the future.

## **2.15 Conclusion: Indigenous Peoples' Desires for the Future, Keeping Both Worlds, Modernity and the Forest**

The history of the Playas del Cuyabeno community shows that indigenous peoples living in the Amazon are not groups of people who remained unchanged throughout time. In contrast, most of them have been part of systems of forced labor and/or exploitation such as gold and rubber tapping, *patronazgo*, etc. They have also had contact with Catholic and Protestants missionaries who have, for example, influenced indigenous education and spatial organization through the imposition of *reducciones*. Furthermore, communities who

live next to the Amazon basing have constantly had contact with merchants, foreigners, etc. Therefore, their economies, politics, and spatial organization have been influenced by their encounters (most of them violent) with others.

Before the emergence of postneoliberalism and despite the economic crisis in which the community was embroiled at beginning of the twenty first century, community members maintained two spaces as part of their everyday lives, the *centro poblado* houses and the houses in their *fincas*. On the one hand, in the *centro poblado*, they interacted as a community. In this space they made decisions together in their assemblies, received foreigners and local authorities, and exchanged or sold products, etc. On the other, their *fincas* constituted more intimate spaces where they went hunting, farming, or fishing.

Therefore, even though the construction of the MCP constitutes a change in the process of urbanization in which the community of *Playas* was already engaged before its implementation. It did not imply a radical rupture with indigenous forms of living as it has been described (Cielo et al. 2016; Espinosa-Andrade 2017). Even though the MCP infrastructure models do not include a space between the houses for the families to plant manioc or green bananas, for example, it is not the case that the MCP constitutes a radical rupture with the ways in which they organized the community space before its construction. In a way, despite of the MCP construction, they are able to maintain the dynamics that existed before in both spaces, in the *centro poblado* and in their *fincas*.

As the struggles over the construction of the Alian Petrol oil company show, and as the request for better education and housing infrastructure indicates, the community of Playas del Cuyabeno neither want to be isolated in the forest nor they want only to be modern. Instead, they want to be able to keep both forms of life, one that keeps their contact with the forest through hunting, fishing, and farming, and the other, through their communitarian, political, and social interactions in the *centro poblado*.

According to their history and everyday dynamics, indigenous peoples' desires for the future in the community are related to the fact that they want to keep both spaces and

worlds. They want to be close to the forest yet at the same time they want to go to school, to get manufactured objects, to walk and interact with broader leaders, to have stable jobs, etc. This is why, the picture of the postneoliberal state as an authoritarian state that imposes modernity among indigenous communities in the Ecuadorian Amazon is a little simplistic or incomplete. As Erazo (2013) has shown, indigenous communities have found their own ways of governing before the arrival of postneoliberalism. It was precisely this organization and the fact that they have maintained both lives which allowed them to negotiate with postneoliberal state authorities. It was this form of organization which combines elements of missionaries' work, from the influence of larger indigenous organizations such as CONAIE, from NGOs, among others, which allowed them to be able to negotiate better compensatory projects.

In addition, the space of the forest and the modern urbanized space of the *centro poblado* are not divorced spaces, but are linked to each other. If the community struggled to get better educational systems, it is because they see education as not divorced from maintaining a close relationship with the forest. As Bolivar described, education is conceived of as a 'weapon' which will make it possible for them to manage their natural resources in the future, that is, to be able to control both forms of life. However, as the literature has shown and, as I will illustrate in chapters III and IV and in the conclusion of this research, some community members also realized that these expectations were, in a way, as Margarita said, "an illusion". That is, even though the community of *Playas* tried to maximize state benefits and take advantage of state compensatory and redistributive development projects, these benefits of oil rapidly disappeared. For the monetary compensations did not last long, the constructed infrastructure rapidly deteriorated, and the state development economic projects offered contradictory and partial forms of inclusion.

However, even though most of the literature aims to show how it is illusory or an "inherent contradiction" to fund "development through [extractive] industries" for these industries are "known to perpetuate poverty and exclusion" (Lu et al. 2016:116), my aim

is not to focus so much in the contradictions caused by the extraction of resources itself (which is accurate) but in the contradictions that emerge after resources are extracted, during its transformation into state rents through the implementation of state projects. I aim to do this through a grounded study of the diverse community struggles, state agendas, state officers experiences and points of view, and the role of private actors in the planning and implementation of development.

For indigenous peoples' desires for the future, their demands for better compensatory projects, better infrastructure and education, etc., not only depended on their agency, own struggles and desires but also on the ways in which state institutions and groups within the state struggle over state planning, in the models the state followed in order to implement sustainable economic development models or construct infrastructure, and in the ways in which private construction sectors circulated and accumulated state redistributive rents. The study of state institutions and private actors' practices regarding the decision making of state projects such as the MCP is what will make it possible to better understand the transformation of indigenous communities' everyday lives. In the next chapters, we will see how the planning, construction, and sustainability projects of the MCP took place, the actors involved, and how the MCP affected the community of Playas del Cuyabeno and the everyday struggles of this community in order to maintain their two spaces and to get a sustainable livelihood

## **CHAPTER 3. THE MULTIPLE AGENDAS OF POSTNEOLIBERAL DEVELOPMENT, STATE EFFICIENCY AND PRIVATE PLANNING**

### **3.1 Introduction**

One word often used to describe ostensibly postneoliberal South American states like Ecuador, Venezuela, and Bolivia is authoritarian. Scholars have studied the concentration and expansion of state power, the lack of tolerance of differences of opinion (De la Torre 2014; Hawkins 2009; Kohl and Farthing 2012; Levitsky and Loxton 2013; Ferradas 2013; Weyland 2013), and the consequent mechanisms of control these state deploy (Alvarez and Ospina 2013; Bebbington and Bebbington 2011; Valdivia 2015; Vallejo 2014). This research has also highlighted the repressive agendas of these governments against social movements including indigenous groups, environmental activists, and students (Kohl and Farthing 2012; Moore and Velasquez 2011). According to this literature, the emergence of this centralized, totalizing type of state power influences state planning and decision-making, as well as the implementation of their development projects. Due to the fact that postneoliberal state decision-making is conceived of as deeply authoritarian, this literature rather than problematizing the complexities of the everyday of state planning, conceives its development projects as proof of their controlling agendas. Thus, the failure of these projects for the improvement of population's well-being is also explained as a result of the postneoliberal authoritarian form of state governing.<sup>38</sup>

From this point of view, the planning of development is described as a master plan that fails in attaining its goals but succeeds in the implementation of forms of governmentality—knowledge and techniques that result from the introduction of the

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<sup>38</sup> Some scholars studying the postneoliberal state, such as, Martínez (2014) show the complex divisions among indigenous peoples. However, other scholars, Lu et al. (2016) even though recognize that poverty reduction development programs in Ecuador, for example, form part of the state strategy aiming to decrease inequality, these scholars mostly describe and conceive of these programs as state forms of control, in particular, of indigenous peoples.

economy into political practice (Foucault 1991:135-137). Under this frame, scholars study the ways in which the state governs populations (Scott 1998). For instance, development projects providing people cash transfers (Ferguson 2010:174) are understood as techniques of government that rely on ideologies of individual choice to create individual responsibility, that is, to produce self-governed subjects (Molyneux 2006). For the Ecuadorian case, even though Lu et al. (2016) look at the complexities of postneoliberal state, they also argue that postneoliberal plans aiming to decrease poverty also constitute a form of population supervision and control vertically implemented. According to them: “The *Revolución* [revolution under postneoliberalism] is also a project of subordination: the management, administration, and direction of the poor as a population. Shortfalls and needs are the metrics through which individuals are included into the collective project of the *Revolución*” (Lu et al. 2016:123).

However, Li (2005) argues that state plans are not necessarily and uniformly imposed from above spreading progressively among targeted populations. According to Li (2005), it is necessary to look beyond the “authoritarian” state to better understand the complexities involved in the implementation of development and improvement programs (2005: 384).

As some scholars have done (Espinosa-Andrade 2017; Lu et al. 2016; Velásquez 2012), I not only focus my analysis of the postneoliberal state in the examination of the president’s discourses or the study of state official plans or journalist interviews of high state authorities, but also in the study of the different actors involved in the process of the planning and implementation of state agendas. For less has been said about the everyday experiences of middle range state officers, the complexities of diverse agendas coexisting within state planning or the role of private groups in state planning and how their practices influence the planning of state development as well as its failures. The aim of this chapter is to highlight some of the limits of this literature in relation to the study of the postneoliberal state, to show the complexities of state development planning from the

perspective of the state actors involved and to analyze the role of private groups involved in its implementation.

To this end, I will first analyze the principal arguments of the approach that conceive of state development planning as abstract master plans that result in the implementation of state forms of governmentality, then I will show how this approach has inspired the analysis of postneoliberal state planning in Latin America, development and indigenous peoples. In particular, how it has influenced the analysis of Ecuador's Millennium Community project (MCP). Next, I will discuss some of the limits of this approach by presenting an ethnographic study of the planning of the MCP in the Kichwa community of Playas del Cuyabeno in the Ecuadorian Amazon. In particular, I will illustrate the various state agendas that informed the planning of this project, the role of private consulting firms in the planning and implementation of the MCP, and how the concept of efficiency influenced the project's planning and implementation. I argue that in the case of the postneoliberal Ecuadorian State, efficiency constitutes a structuring idea which guides state organization and decision making, and that allows for private actors to have a great influence in state planning agendas and its results.

### **3.2 State, Postneoliberal Development, and Governmentality**

The study of governmentality examines the mechanisms through which institutions, including the state, manage and control individual bodies (anatomopower) and populations (biopower) based on the necessity of improving their well-being (Smith 2011:12). According to Foucault, governmentality is a form of power that arranges the governed in the "right manner" to obtain the self-regulation of everyday conduct (Foucault 1991:135-137). For him, this concept is a crucial component of modern power which, instead of repressing populations in order to control them has become preoccupied with the maintenance and improvement of the populace.

From this perspective, the ways in which the state deploys its power, rests not only in the monopoly of violence and repressive forces—represented by police and military state institutions, as Weber (2006) suggested—but in the very mechanisms of administering individuals and populations, and in the necessity of achieving society’s well being. For this approach it is not enough to study state institutions in charge of administering the state monopoly of violence.

In order to better understand how state power functions, we must go beyond the analysis of state repressive institutions. The state institutions in charge of planning, administering and implementing society’s well-being should also be treated as part of the state machinery dedicated to disciplining and controlling individuals and collectivities. For these institutions administrate, order, place, and name individuals while the same time imposing mechanisms of control in the name of social welfare.

Through this logic, state development master planning, socialist or neoliberal, fails in achieving its goals but becomes a mechanism that allows the state to expand its power and increase its control (Ferguson 1990; Mitchell 2002; Nicholls 2014). One of the most salient representatives of this approach, studying development, is James Scott (1998). He studies the planning and implementation of development projects in socialist Tanzania. For Scott, the state is “the most powerful institution in society” (1998:88), having great power to implement modernity and development. According to Scott, the state legitimizes its existence through the idea that its main task consists of achieving the “improvement of all the members of society” (1998:91). For him, however, the state’s intention of achieving individual well-being is not neutral but influenced by a high-modernist model, that is, “a particularly 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 1998:90). According to Scott, the state’s high-modernist agenda produces “state social engineering” that is “inherently authoritarian” (1998:93). In the pursuit of ordering a society and consequently achieving its well-being, state development projects deploy a “single

planning authority” which does not take into account the complexities of society but, instead abstracts and homogenizes them (1998:93).

From this perspective, development is conceived of as a set of abstract master plans that, through a negation of societal intricacies, deploys state authoritarian and controlling agendas. For Scott, state development programs, based on “well-intended schemes” dedicated to improving human conditions paradoxically produces a myriad of “tragic” changes (1998:88). For example, in his analysis of a forced “villagization” campaign implemented by the independent socialist state of Tanzania, Scott (1998:88) shows how state development plans attempting to improve peasant’s well-being, fail to do so. Rather, these schemes simplify and deny the existence of Tanzanian society’s present and past experiences and imposes impractical relocations. As a result, instead of improving the living conditions of these populations, the project produces unintended and negative consequences which, in the case of the villagization of Tanzania, result in forced relocations and expropriations (Scott 1998:88, 224). In Tanzania, as a result of the socialist state forcing the relocation of this population to pre-designed spaces, spaces often located “far from fuel wood and water,” subsistence farming and pastoralism was destroyed (Scott 1998:235). For Scott, even though high-modern development plans did not improve peasants’ welfare, they succeeded in increasing state control (Scott 1998). For instance, peasants’ relocation made this population more accessible to state officers’ control as they were located closer together in “straight lines, and along the roads” (Scott 1998:238).

In the same vein, other scholars analyzing the implementation of state development projects have highlighted the inconsistencies between state projects’ abstract master plans and the complexity of the societies in which these plans are being implemented (Mitchell 2006; Ferguson 1990). Arturo Escobar (2011), for example, highlighting the political effects of development, has suggested that development is more about governing than it is about improving the well-being of individuals.

According to this approach, the problem lies in that these plans are built upon several assumptions and generalizations about communities. Through his analysis of a development project in Lesotho, Southern Africa, James Ferguson (1990) argues that the implementation of this project was based on the assumption that peasants' ways of life were inferior. State bureaucrats' abstract schemes were founded on their own ideas about what improvement meant, instead of being based in peasants' livelihood and ways of thinking. This reductionism resulted in the project's failure, as the bureaucrats did not achieve the project's aims. The increase of peasant's farming production, for instance, did not translate into a rise of productivity. Nevertheless, according to Ferguson, even though development projects did not increase the population's well-being, they did produce unexpected consequences or "side effects" (1990:252). For instance, the constructed road that resulted from the project—whose aim was to facilitate products' circulation—succeeded in "giving the Government of Lesotho a much stronger presence in the area" (Ferguson 1990:252).

Development planning and implementation failures are also related to the existence of a blind faith in modernization, science, and technology (Mitchell 2002; 2009). In Ferguson's work in Lesotho, even though the project did not achieve its goals, it not only allowed for the expansion of bureaucracy, but also de-politicized the question of inequality, transforming it into a technical issue (1990: 256). Thus, through the idea of development, political struggles and the participation of people affected by inequality become abstract problems whose solution is provided through groups of experts.

### **3.3 The Study of Postneoliberal Planning: The Millennium Community Project as a Form of Governance**

Scholars following a specific interpretation of Foucault's governmentality<sup>39</sup> describe development and its correlate, the improvement of well-being as a strategy to

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<sup>39</sup> For more information about this topic, see chapter III.

justify state interventions among different populations. The literature describing the interactions between indigenous peoples and postneoliberal states in South America has often been informed by this idea. For example, Nicholls (2014) argues that the Ecuadorian postneoliberal state's efforts to improve the society's well-being constituted a form of governmentality. In his analysis of the Ecuadorian postneoliberal state under a Foucauldian approach, Nicholls claims that, in order to achieve well-being among Ecuadorians, the state created "regimes of rule" aimed at transforming individuals not through repressive mechanisms but through the idea that state projects will improve their lives through "self-improvement" (2014:125).

For this literature, interactions between the Ecuadorian state and indigenous peoples is mostly described as confrontational and state agendas as strategies to achieve the control of populations. However, this description is accurate only if the state is assumed to be a unified entity. In other words, if the state is reified.

For example, scholars describing postneoliberal states as extractivist assume the state as unified and conclude that it has a conflictive relationship with indigenous communities (Acosta 2011; Vallejo 2014; Gudynas 2013; Moore y Velazquez 2011; Valdivia 2015). This literature does not problematize the contradictions and contradictory plans of postneoliberal states and the dynamics of its institutions or its bureaucracies. Founded in this assumption, this literature suggests that development projects are implemented as a state strategy that seeks not only to increase oil and mineral extraction within indigenous territories, but also to expand state control mechanisms over this population (Bebbington and Bebbington 2011; Gudynas 2013).

Through the lens of extractivism, this literature also analyses how authoritarian agendas of postneoliberal states have affected indigenous peoples and other social movements organizations (Fabricant 2013; Moore and Velazquez 2011). For instance, the Ecuadorian state has not only sought to weaken indigenous movements by coopting indigenous leaders and bypassing indigenous organizations but has also criminalized

indigenous activism (Davidov 2013; Vallejo 2014). These scholars have also examined the concentration of power in the decision making of the state—which consequently decreases the participation of indigenous peoples (Martínez 2014).

The extractivist approach also critiques postneoliberal states' assumption that the exploitation and expansion of resource extraction is the only solution for the achievement of development (Gudynas 2013). They argue that the expansion of resource extraction, instead of being a compensatory measure that repairs historical inequalities, causes environmental damage within indigenous peoples' territories (Bebbington and Bebbington 2011; Moore and Velazquez 2011). In Ecuador, even though the state has implemented development projects in territories affected by resource expansion, it has also forced indigenous relocation, and committed rights abuses in these indigenous communities (Chicaiza and Yanez 2013; Herrera and Latorre 2013). In addition, the implementation of postneoliberal development among indigenous peoples is described as an attempt to modernize indigenous communities via the imposition of projects that successfully expand state control mechanisms.

Inspired by the theory of the resource curse—which argues that states possessing greater natural resource reserves paradoxically show a lower economic growth (Acosta 2009)—the state extractivist approach insists on the idea that the limits of these states lie in that the extraction of natural resources constitutes their main macroeconomic solution for overcoming economic dependency and achieving social redistribution (Gudynas 2013). However, for these scholars, an economy based on resource extraction produces a lack of development, cultural loss, intolerance, and the criminalization of social movements instead (Cielo et al. 2006; Gudynas, 2010; Martínez-Alier 2003).

From this perspective, state economies depending on resource extraction are caught up in a trap, not only because extractivist economies depend on international commodity prices (highly unstable) which make economic autonomy difficult, but also because, by focusing on resource extraction, these economies maintain economic dependency in the

export sector and do not put enough attention into the development of industrialization (Gudynas 2013; Andrade 2015). In addition, postneoliberal extractivism does not improve indigenous well-being or create job opportunities. Instead, it displaces indigenous communities, contaminates their water, pollutes their soil, and violates their rights (Davidov 2013; Cielo et al. 2016; Chicaiza and Yanez 2013; Melo 2013; Vallejo et al. 2016).

This line of thought certainly contributes to a better understanding of the negative environmental and political effects of postneoliberal extractivism among indigenous communities. However, I argue that the problem of this critique lies in that it places the analysis of these effects mainly at the phase of resource extraction. What happens when the state plans the distribution of these resources or when state revenues circulate during the planning and implementation of development is either not questioned or otherwise considered solely as a form of governmentality.

Due to the fact that the foundation of these studies focuses on resource extraction, this approach pictures the state as having only two aims, the expansion of extractivism and the increase of state control mechanisms. I argue that, in part, this reductionism is possible because the process of circulation of revenues obtained from resource extraction via the planning and implementation of state development projects is assimilated as state forms of power seek to modernize indigenous peoples through the control of their territories, bodies, and political organizations (Coba 2015). However, public and private actors, involved in the circulation of state revenues, their interactions, and the effects of these interactions among indigenous communities are not much analyzed within this approach. Moreover, the complex responses of indigenous peoples to state projects are usually generalized as confrontational.

### 3.3.1 The MCP as a form of Domestication of Indigenous Peoples

In the literature on the implementation of the MCP, scholars argue that the project was imposed upon this community (Espinosa Andrade 2017), and that, once imposed, it succeeded in the expansion of state control (Cielo et al. 2016), in the modernization of indigenous peoples (Goldaraz 2017), and in the extension of extractivism within indigenous territories (Wilson and Bayón 2015). As Wilson and Bayón point out, the MCP in Ecuador has even been described as a form of indigenous “concentration camp” built for the state to achieve “control and discipline” (Davalos and Albuja *in* Wilson and Bayón 2017:88).

According to these scholars, the Millenium Community Project is a “civilizing” and modernizing model for the Ecuadorian Amazon, which aims to discipline indigenous communities located in areas of extractive interest (Cielo et al. 2016; Espinosa Andrade 2017). From this perspective, the MCP tells the story of the postneoliberal state’s attempt not only to expand the extractive oil frontier, but also its “intention to discipline the space and the subjects living in it [the Amazon]” (Espinosa Andrade 2017:307). It constitutes the “attempt to modernize Amazonian populations” via the domestication of indigenous communities (Cielo et al. 2016:128). For instance, for Vallejo, governmental elites in Ecuador deploy mechanisms of biopower over nature and over “subaltern bodies: local communities, people and indigenous women” (2014:121). These modernizing discourses “produce subjectivities” by introducing a “secularized and pragmatic view of living” and deploy mechanisms of governmentality which aim to control indigenous territories (Vallejo 2014:121). Similarly, Miguel Goldaraz (2014) argues that the Millennium Communities were planned for the domination of indigenous populations. For him, this

development project constitutes a state strategy to domesticate, civilize, and control indigenous peoples. According to his point of view, once the infrastructure of the MCP was built, the state obligated indigenous communities to attend workshops to establish rules to achieve their civilization. In these workshops, state officers taught indigenous peoples how to live in the new community, how to manage and separate garbage, how to use public spaces, etc. For him, these civilizing workshops were an imposed condition to get the new houses. In addition, Cielo et al. (2016) also argue that as a result of these workshops indigenous peoples in Playas del Cuyabeno cannot plant crops in the Millennium Community, grow domestic animals, or cook chicha in the new houses.

However, some leaders and members of the Playas del Cuyabeno community talked about the discussions regarding some of the rules community members wanted to impose in order to live in the community. Miguel, a mestizo from Guayaquil who married an indigenous woman from this community and is a member of the community recalled that after several months of living in the Millennium Community, they “took stock” of the problems they were facing and tried to find solutions through their assemblies. In addition, Jeremías, the president of Playas del Cuyabeno insisted—in contrast to the governmental approach arguments on the MCP— that if the assembly decided, for example, not to allow families to have dogs in the community, it was not because the state reinforces this rule but because they wanted to avoid “little kids that run around alone, from one place to another, getting hurt.” In addition, because the local parish authority of Cuyabeno (to which the community belongs) does not entirely support the maintenance of the community infrastructure, the community assembly decided to organize themselves to maintain public spaces in order and clean. I attended several mingas—collective labor days for the

community—in which together the comuneros—indigenous peoples that belong to the community—cleaned the coliseum, the Millennium high school, etc. It was also in their interest to cut the grass that grows over the community pavement. This means that it is not necessarily the case that the Ecuadorian state successfully disciplined indigenous communities through these workshops. As Erazo (2013) shows, indigenous communities from the Ecuadorian Amazon have developed their own governmental structures. For instance, indigenous leaders expect the members of the communities “to attend assemblies, participate in the decision making [...], volunteer, etc.” (Erazo 2013: 24). In the case of Playas del Cuyabeno, community members who did not attend the mingas had to pay a penalty to the community representatives, for example.<sup>40</sup>

The disciplining approach that conceives of the MCP as a successful modernizing project has already been critiqued. According to Wilson and Bayón (2015), the MCP has failed in modernizing indigenous peoples. From their perspective, this project is a “mere façade of modernity, rapidly collapsing” (Wilson and Bayón 2017:89), and state development projects are “mere parodies of modernity that conceal the absence of an agenda of a transforming project” (Wilson and Bayón 2017:97). They conclude that, rather

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<sup>40</sup> The Playas del Cuyabeno community organization has a President, Vice President, a Secretary, a Treasurer, and other members in charge of different commissions, such as, health, environment, etc. The community organization representatives are elected every two years in a general assembly. The majority of community associates must be present in this election. The person in charge of registering the topics and decisions made in every assembly is the secretary. The secretary is the one who writes and stores community archives. The community organization and assemblies are lead by the community president and the rest of the elected representatives. In addition, it is important to add that this community organization is not independent but it is affiliated with the Sucumbios Kichwa Indigenous Organization, and to Confederation of Indigenous Nationalities of the Ecuadorian Amazon. During fieldwork, I was able to interview most of the community organization representatives as well as ex community presidents, vice presidents, secretaries among as other indigenous community authorities.

than domesticating indigenous peoples, the institutions and infrastructure built in Playas del Cuyabeno do not properly function. For instance, “the school lacks teachers, the internet connection is broken, the medical center does not properly work, the police station does not have control over community conflicts, and the rules the state imposes are not followed” (Wilson and Bayón 2017:91).

These two perspectives differ in that whereas the first one describes the MCP as a successful civilizing project and the latter argues that the MCP has not succeeded in modernizing indigenous peoples, both approaches neither problematize the different projects and interests that existed within the state planning and implementation of the MCP nor examine the complex everyday community mechanisms aiming to maintain the community infrastructure and organization functioning. Additionally, from both views, the implementation of this development project is a state’s attempt to expand resource extraction within Amazonian territory.

It is undeniable that postneoliberal states utilize the extraction of their natural resources as a condition to obtain revenues and implement development projects. Nevertheless, in contrast to both approaches studying postneoliberal development—and through the examination of what happens after extractivism—I argue that this type of development, rather than having one centralized planning agenda that successfully imposes disciplining mechanisms among indigenous communities (Cielo et al. 2016; Espinosa Andrade 2017; Goldaraz 2017), or not having an agenda at all (Wilson and Bayón 2017:97), postneoliberal state development planning is better understood not only through the analysis of indigenous peoples everyday lives and forms of organization but also through the study of the different political agendas coexisting within the state—with

dissimilar conceptions about development—whose interaction play a role in the implementation of the MCP.<sup>41</sup>

Looking at development solely as a mechanism of discipline, or as a contentious strategy used to expand natural resource extraction, is what makes it possible to conclude that postneoliberal agendas are unified and totalizing. My argument is that because these approaches look at the state as a reified institution and assume that it deploys a unique central power, these approaches, instead of explaining how the state unified official image unfolds (Abrams 1988; Poole 2004; Poole Nugent and Kupra 2015), contribute to its reproduction.

In addition, explaining the MCP planning and implementation solely as a strategy for expanding resource extraction and for increasing state control puts aside other components related to the planning of the MCP, namely, the private actors involved.<sup>42</sup> This vision also obscures the struggles of the different state groups and ideologies that coexist within state institutions involved, and does not explain the struggles and correlation of forces that emerge from their interplay.

According to Scott (1998), due to the fact that some regimes, in this case, postneoliberalism, emerge and are popularly legitimized by the necessity of changing an existing order, usually these regimes have the legitimacy to radically change populations' ways of life, as well as their values and routines. Undoubtedly one of the consequences of postneoliberal development is the expansion of state forms of control, as Scott (1998) and

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<sup>41</sup> Indigenous peoples from Playas del Cuyabeno also had different agendas regarding their demands to the postneoliberal government as I showed in chapter I.

<sup>42</sup> Here I am not arguing that extractivism was not one of goals of the implementation of development for it was. However, I argue that it was not the only concept that explains postneoliberal development.

Ferguson (1990) conclude; however, these governmental mechanisms are not as totalizing as Scott suggests (Li 2005, 2007). I argue that in the context of shifting politics, as in the case of Ecuador, neither state plans are cohesive nor indigenous peoples' positions in relation to state development agendas are unified. Instead, there are diverse positions among indigenous communities and different transforming agendas within the very institutions of the state, as well as private sectors that influence state planning and reveal the contradictory decision making and practices of this type of regime. It is this complexity which is put aside when development is only studied in relation to the mechanisms of governmentality its development plans deploy.

### **3.4 Going Beyond the Mask of the Unified and Extractivist State**

According to Philip Abrams (1988), the state appears as if it was a unified political institution which vertically imposes its power over the society. This mechanism of apparent unification constitutes the mask that the state utilizes to deploy its power (Abrams 1988). According to Abrams, when scholars studying the state assume this abstraction, the issue becomes more problematic by “seriously obstruct(ing) the effective study of a number of problems about political power” (Abrams 1971:114).

Anthropologists have largely avoided the analysis of the state as a unitary structure or apparatus (Althusser 1988). Instead, they have pictured the state as being composed of various institutions with myriad interests and numerous actors (Clark 2012; Corrigan and Sayer 1985; Das and Poole 2004; Sharma and Gupta 2006). In order to overcome state reification, ethnographers have focused on diverse topics such as the circulation of state papers (Hull 2012); the creation of public-private partnership programs in the process of recovering from natural disasters (Adams 2013), the appropriation of secular state

discourses in the implementation of rehabilitation programs (Zigon 2010), etc., in an effort to highlight state contradictory agendas.

For Abrams (1988), the state also appears as having an apparent autonomy and separation from private economic sectors. Disunity is not only caused by the different roles and ideologies existing within the state's political institutions—or what Abrams (1988) calls the 'state-system,' but also by the complex “connections and conflicts” existing between politics and economics (Abrams 1988:124). In order to overcome the study of the state as a closed totality, it is therefore necessary to focus the analysis on both dimensions, i.e., the diverse and conflicting agendas existing within the state institutions and the private economic actors influencing state practices and decision making.

Through ethnographic fieldwork carried out in Playas del Cuyabeno and among several state institutions, I identified at least two planning designs for the MCP—the first one designed by the National Secretary of Planning and Development (SENPLADES for its acronym in Spanish) and the second one designed by PetroAmazonas, the state oil company. Each design had its own political agenda concerning indigenous communities' participation, development, and the degree to which private actors would be involved in the project.

Even though the state's necessity of expanding the extractive frontier is one of the components that explains the MCP implementation, there are other factors which need to be disentangled to better understand the complexities and contradictory agendas of these current forms of governing. For instance, the correlation of forces functioning within different state institutions and the values that guide each state institution's decision making. Also how certain economic concepts structure the state: in particular, the idea of efficiency.

#### 3.4.1 A Few Notes on Postneoliberal Efficiency, Social Investment and the Urgent Transformation of Ecuador

Efficiency, from an economic liberal and (neoliberal) perspective, could be briefly conceived of as the capacity to allocate the least amount of resources in the shortest amount of time in order to obtain the highest profits possible (Larner 1997). It is calculated as a ratio of effort and investment to yield (Galvez 2019). The economic liberal idea of efficiency assumes that both specialization in the production of what countries do best and market competition will produce incentives for maximizing resources in the least amount of time and enhancing individual responsibilities (McCluskey 2003:785). Neoliberal efficiency is not only about obtaining the highest profits but also about optimizing resources and time. However, this idea of efficiency is focused on ensuring the most profitable use of resources. It does not include equity considerations (McCluskey 2003). That is, the question of how obtained profits will increase inequalities is not addressed.

Officially, postneoliberal efficiency was linked to the implementation of good quality projects and to the fulfilment of the society's basic needs. As the National Plan 2009-2013 states:

Efficiency should be measured not only in relation to the possibility of the construction of a more productive economy, but also and overall through the evaluation of its contributions for a more equal society that is able to satisfy the basic needs of the population (Plan Nacional 2009:98).

Postneoliberal efficiency was not entirely aligned with the classic neo-liberal economic approach. According to the National Plan (2008), it was related to the urgency of putting into circulation and redistributing resources through social investment in order to decrease poverty via the implementation of good quality state projects and to change the economic development model, both in the least amount of time. Even though, official discourses of postneoliberal efficiency (National Plans) kept the neoliberal idea of optimizing time or of doing things as fast as possible; in contrast to neoliberal efficiency,

state national plans do not talk much about obtaining monetary profits (at least in the short term) but about how to achieve the country's development<sup>43</sup> and to decrease poverty and inequality as fast as possible. In addition, rather than conceiving state social investment as expenditure; the money that was not invested in the social was conceived of as inefficient or as wasted resources. For social investment was conceived of as a requirement for (or as part of) the achievement of the country's development.

Due to the fact that postneoliberal Ecuadorian state conceived of the social investment and redistribution of revenues as something urgent, efficiency or, in this case, good quality social investment projects done in the least amount of time, was required. Isabela, a state officer from SENPLADES, who worked at the SENPLADES sub-secretariat of Investment Projects noted about the philosophy of the government in relation to social spending, 'there was a pressure to invest in the social. The resources that were not immediately invested were seen as wasted.' For the government, 'there was not time to lose.' The argument was that, historically, other governments did not care much about the improvement of the societal social conditions, but instead, used state revenues to pay international debts to the IMF, the World Bank, etc. (Acosta 2002). The government reasoned that there was a historical debt the state owed Ecuadorian society and that needed to be paid through social investment. Due to the fact that, in the decades before the emergence of this government, the state put social spending aside, postneoliberal

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<sup>43</sup> In general terms, and according to the state national plans and to the objectives to be accomplished in each period, the idea of what the achievement of development meant can be divided in three periods. From 2006 to 2009/2012 development implied a change in the pattern of accumulation of the country. From 2009 to 2013 development implied overcoming the dependency of the Ecuadorian economy on the primary export sector. And from 2013 to 2016 the idea of development implied the diversification of the export sector.

institutions were organized to recuperate all those lost decades—decades associated with what Correa called ‘the long neoliberal night’—in order to achieve country’s development.

In this sense, the planning and implementation of the MCP and of other projects should be conceived, not only as a strategy to expand the state extractive frontier but also as part of the state’s urgent need to expand social spending as a mechanism to recuperate the time lost during Ecuadorian neoliberalism—a period characterized by the partial abandonment of the social sector (Acosta 2009).

In addition, according to several state officers, such as Isabela, the implementation of social projects was not perceived as the state wasting resources, but as a state investment that needed to be efficiently used. During Correa’s government, the urgency for an increase in social spending lay not only in the necessity of paying a historical debt, but also in the idea that without this investment the development of the Ecuadorian society was not possible. As Isabela argued ‘development directly depends on the improvement of Ecuadorians’ education, health and job conditions’.

In addition, social investments were also conceived of as part of an economic strategy to overcome the state’s dependency on the extraction of natural resources. According to state national plans, in order to be able to build a society that does not depend on resource extraction, it was necessary to develop an economy based on the production of knowledge (SENPLADES 2009, 2013). This knowledge production would be obtained through the country’s cultural and natural diversity. Diversity was the added value that would make Ecuadorian products competitive in international markets (Ramirez 2010). Even though, as Wilson and Bayón (2017) explain, the society of knowledge was a failure. The projects the state created to put this idea in practice were never able to overcome

international economic dependency. Nevertheless, the state was very committed to this idea. For instance, the state created new universities like Yachay or Ikiam as laboratories where the society of knowledge could materialize. In addition, the state created big scholarship programs which allowed Ecuadorian students to study abroad and come back with the knowledge obtained to contribute to the development of the society of knowledge.<sup>44</sup>

In this context, the urgency to invest in and transform the society was not only a discourse but also a force that structured and regulated the ways in which state institutions invested. For instance, according to Isabela, when each ministry had to present its annual investment program to be approved, the amount of money that the state gave to specific ministries depended on how much they were able to spend the year before in the achievement of the National Plan's various objectives. If this ministry did not spend the money granted, the next year, the amount given was lowered. Any state institution could only ask for the money it was able to spend or less. The idea was that state revenues needed to be spent in order to achieve the society's transformation. If a state institution was not able to channel state revenues, these revenues were conceived of as wasted and the institution was punished. According to Morayma, a state officer also working from the sub-secretariat of Investment Projects, 'the idea was that state resources could have been used by another state institution, one that better contributes to the process of transformation of the society by being more efficient in resource investment.' Thus, the idea of transformation through investment that compounded the Ecuadorian postneoliberal state

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<sup>44</sup> However, as Wilson and Bayón (2017) show, the Ecuadorian society of knowledge model did not result as the state expected for the state assumed that knowledge was not part of global monopolist practices.

philosophy was related to efficiency. Every day that state resources were not invested in the social in order to change the society (i.e., through better education services, salaries rises, better social insurance, etc.), this implied a delay, not only for the construction of the society of knowledge or for the transformation of the country's productive matrix but, most importantly, this implied that the state was not paying the historical debt it claimed to have with the Ecuadorian social sector.

However, despite of this official discourse, in practice, postneoliberal efficiency did not always result in what was officially stated. For example, the investment of redistributive and compensatory projects in the communities located close to strategic sectors was delegated to the Strategic Sector's group and, as we will see for the MCP case, this group was not so much concerned in implementing good quality projects that contribute "for a more equal society" (Plan Nacional 2009:98). and for the improvement of Ecuadorians' basic needs but in the implementation of state projects as fast as possible.

### **3.5 From Participation to Efficiency: Two Sides of Postneoliberal Planning**

#### **3.5.1 The Intellectual Planners and The State Entrepreneurs**

Two institutions planned the Millennium Community Project, SENPLADES and PetroAmazonas, the state oil company.<sup>45</sup> These institutions had differing agendas when it

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<sup>45</sup> It is important to clarify that, even though other studies on the MCP (Cielo et al. 2006; Vallejo et al 2016; Wilson and Bayón 2015) argue that it was the state company Strategic Ecuador (EE for its Spanish acronym) that was responsible for the planning and implementation of the MCP. I found that this company was not in charge of the planning of the MCP in Playas del Cuyabeno and Pañacocha indigenous communities. For, during the planning and implementation of the MCP in these communities, Strategic Ecuador was not yet consolidated as a state company but barely in process of formation. For this reason and even though I was able to talk to several of EE's functionaries, I do not examine this state company as part of the MCP planning. According

came to the planning of the MCP, and, as a result, they did not prioritize the same concepts in their decision-making.

As Bourdieu (1986) argues, the internal dynamics of state institutions are founded in the competition among state officers, their roles, hierarchies, and competences. This competition which also occurs amid different state institutions is grounded in the struggle among the political ideologies that each institution promotes. In the case of the Ecuadorian postneoliberal state, rather than having a unified planning agenda, I identified that there were at least two political views, planning agendas, and state groups that influenced the postneoliberal planning and state decision making. The struggles among these two agendas were certainly involved in the implementation of the MCP. One lead by SENPLADES and the other lead by the Vice-presidency (especially since 2013), the Ministry Coordinator of Strategic Sectors (MICSE for its acronym in Spanish) and the state oil company, PetroAmazonas. It is important to distinguish between these two state institutions, their projects, and their struggles in order to implement their views.

SENPLADES, as the planning institution of the state, provides guidelines so that state projects are aligned to the objectives of the State National Development Plans. It also designs state investment projects or evaluate state ministries' projects in relation to their contribution to the accomplishment of the National Development Plan's aims. SENPLADES does not independently evaluate or design state projects, instead it is aligned with different state ideologies, agendas, priorities and specific political conjunctures that play a central role in their decision making. For instance, strategic sectors' projects—which

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to my research, it was PetroAmazonas the state company that ultimately was in charge of the MCP planning and implementation.

are conceived as the projects that determine the country's economic transformation, i.e., the construction of hydroelectrics, oil refinery, etc.—are treated as a priority. Thus, SENPLADES officers are pressured to advance the approval of these type of projects. However, at the same time, this institution has a partial independence to control the consistency of state projects with the official National Development Plan's aims, such as, the decrease of poverty and inequality, the redistribution of resources among the different Ecuadorian provinces, the implementation of basic services, free health and education to vulnerable populations, the implementation of state economic development plans, etc.

On the one hand, SENPLADES state officers, named as the “Twenty First Century Socialism group” are described as the left-wing state intellectuals (Andrade and Nicholls 2017). Many of these state officers are educated middle class individuals from Quito and Cuenca, that is, from the most important Ecuadorian Andean cities. Many of them have studied their Masters abroad or in Ecuador. Either way, they have ties to some of the most important graduate universities from Quito, namely, the Latin American Faculty of Social Sciences Ecuador (FLACSO for its Spanish acronym) and the Andean University Simón Bolívar. For instance, a graduate student from Europe, who arrived to Ecuador in order to do his fieldwork during Correa's government, and who was affiliated to FLACSO, became one of the most important authorities of Correa's government. He belonged to the SENPLADES group and became the Minister of Foreign Affairs. Due to their ties to these important Ecuadorian universities, SENPLADES state officers became the ideologists of the postneoliberal state, the left-wing intellectuals.

In the case of younger middle range state officers from SENPLADES, many of them were also urban middle class educated individuals who had finished or were in the

process of finishing their Masters degrees. Before the emergence of the postneoliberal state, many of them had worked for NGOs related to indigenous peoples' rights, environmentalists NGOs, among others. They had also worked in different indigenous communities.

Mónica, for example, who had worked for Acción Ecológica (Environmental Action)—a radical environmental and antiextractivist NGO—talked about her past experiences working with indigenous communities from the Amazon, as her strategy to distance herself from state officers from past governments who, as she said, “planned from the desk”. Mónica, who was working for the SENPLADES State Decentralization Project, did not see herself as a state officer whose plans were divorced from local realities. To the contrary, she saw herself as a state officer who took into account the dynamics of the “territories” in her interest to increase citizens' basic rights and who enhanced the decentralization of state resources—as a strategy to make state institutions closer to Ecuadorian citizens.

State officers belonging to this group were also grantees who were awarded a state scholarship and came back to Ecuador after studying abroad: public policy, development, etc. Christian, for example, studied his masters on public policy in Europe and had an important function within SENPLADES. He was the director of SENPLADES Institutional Restructuring Sub-secretariat. In addition, state officers linked to the SENPLADES group had also worked for agroecological NGOs in the past, or, more directly, in the organization of social movements.

This group shares an official ideology that represents the philosophy of the institution and that influences their decision making. This ideology can be summed up by

three statements about the components of state projects, namely: state projects must contribute to overcoming historical or structural inequalities; they must guarantee and extend territorial redistribution of state resources and competences; and they must increase citizens' rights to health, education, basic services, housing, etc.

Some scholars have described SENPLADES as the institution that controls the interests and agendas of the rest of the state institutions, pressuring them to be aligned with the National Plan's aims—with a strong approach on allowing citizens to enact their rights (Andrade and Nicholls 2017). According to Andrade (2015), SENPLADES was perceived as the state's controlling institution. State ministries had constant friction with SENPLADES, especially during the first years of the Correa's government. The idea that this planning institution had more power at the beginning of the emergence of Correa's government was a common sentiment among state officers. According to Carol, an ex-SENPLADES worker—who had also worked for Acción Ecológica and Fair Trade NGOs before working for the state—at the beginning of Correa's government, SENPLADES had more power, not only to design or plan state projects, reform (create or eliminate) state institutions, and supervise and evaluate state projects, but also to implement some of these projects.<sup>46</sup>

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<sup>46</sup> For instance, in 2013, SENPLADES, together with the Internal Revenue Service, SRI (the state institution in charge of state taxes), not only planned but executed one of the most radical acts within Correa's government. That is, the expropriation of a private property, a hacienda. The state expropriated la Clementina hacienda, which belonged to the richest family in Ecuador, the Noboa, historically dedicated to export bananas. Carol describes the story as follows: after the SRI proved that the Noboa company committed fraud through the state tax system, it was decided that their hacienda should be expropriated to recuperate state taxes. The SENPLADES officers involved in this expropriation, such as, Carol tell stories about the day they went to expropriate the 'Noboa' hacienda with the police and the SRI representatives. As she describes the episode: 'We went in a SENPLADES car. We were scared because a truck with polarized windows was following us. It was dangerous. They could have done anything to us. However, we still did it, we took over the hacienda so that we could give it back to the workers.' After the expropriation

On the other hand, MICSE and the state oil company PetroAmazonas—supervised by MICSE—have different priorities and values than leftist intellectual group. These institutions, among other state institutions such as the Coordinating Ministry of Production Competitiveness and Labor (MIPRO for its Spanish acronym), are the strategic sectors group. They are also known as the most conservative wing of the state. According to informal and formal conversations with different state representatives from these institutions, this group identifies itself as dissimilar from the leftist-intellectual's sector. According to Orlando, one of the MICSE state workers talking about SENPLADES, this difference lies in that, in contrast to SENPLADES, MICSE state officers are the ones who 'show results' instead of 'spending time, thinking about theoretical concepts.'

The MICSE state authorities were tied to the oil, electric, and other industrial sectors. Several state officers who were working for MICSE, PetroAmazonas and Strategic Ecuador worked for private oil companies before working for the state. For instance, a sociologist who was currently working for Strategic Ecuador, previously worked at a private oil company Community Relations Department. While working for the private sector, he was in charge of negotiating oil exploitation with indigenous communities. In the same vein, Martín, who was in charge of the PetroAmazonas Department dedicated to

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SENPLADES, as the anti-capitalist group of the Ecuadorian postneoliberal state (Andrade and Nicholls 2017) was initially involved in the organization of the workers as the new hacienda owners. Even though SENPLADES was able to organize and participate in this symbolic expropriation, the SENPLADES political power was limited. According to Carol, it was a question of negotiation as 'the sub-secretary of national planning, the principal SENPLADES authority, has to decide which projects is he going to fight for, and which is going to give up. It is not possible for SENPLADES to be involved in every project, you had to choose.' In this case, SENPLADES, aligned with a more leftist agenda, fought to lead the organization of La Clementina's workers. However, in the end, it was MIPRO, that was in charge of this organization.

implement productive projects in the communities located closer to state oil wells, had worked before for the Occidental Petroleum corporation.

In addition, Inés, one of the ex closer advisers of the leader of the Strategic Sectors group, Jorge Glass, before working for Glass, she worked for several private oil companies doing consulting reports. By the time of the interview, she had worked for Ecuacorriente S.A (ECSA for its Spanish acronym), a Chinese mining company.

Some of the aims that guided the decision making of these institutions were: getting resources for the state, ‘avoiding social conflicts that could constitute an obstacle or stop to resource extraction activities,’ and increasing the productivity of the state strategic sectors.<sup>47</sup>

This group has a specific form of understanding efficiency. For them, the levels of efficiency can be measured through specific indicators. MICSE and PetroAmazonas’ efficiency indicators (aiming to increase productivity) are measured by the number of social conflicts they have within the territories of state oil fields and by the time MICSE spends in implementing a project. The less conflicts they have, the more efficient they are. In the same vein, the less time they spend in the implementation of state projects, the more efficient they are. Rather than talking about good quality projects, Orlando, a MICSE’s representative proudly said that ‘in 2017, social conflicts with indigenous peoples and

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<sup>47</sup> Ecuadorian history has shown that state economic plans result from internal struggles among regional economic groups, namely, the Coast region agro exporters (Guayaquil) and the Andes or Sierra region (Quito) hacienda owners, textile producers, among others; for more information on this topic see: Silva and Quintero (1991). However, as I will explain in chapter IV, and following Pástor’s (2016) study on the Economic groups of Ecuador, currently, these groups hardly represent only one regional interest. They have highly diversified their economies. The connection between Ecuador postneoliberal state groups and regional economic groups goes beyond the scope of this dissertation, more research is needed in order to identify how these connections worked during postneoliberalism.

mestizo groups that live closer to state strategic projects, was zero'. For the MICSE state officers, the Ecuadorian model is so successful in decreasing social conflicts that, as Orlando added, it was requested to be 'presented in other countries such as Peru or Colombia,' both interested in learning how the state has managed to decrease social conflicts. Officially, the strategies that MICSE, PetroAmazonas and Ecuador Estratégico have used to obtain such a success are: the implementation of development infrastructure and the incorporation of local communities in the functioning of strategic sectors' projects through labor opportunities. For instance, Wilson a state officer from Strategic Ecuador explained that this public company had a project "whose objective was the formation of volunteer promoters within indigenous communities who visit state oil and hydroelectric projects and who latter inform their communities about these projects through the organization of community and participatory events".

The MICSE and PetroAmazonas' main interest is to maintain the expansion and functioning of resource extraction and to avoid social conflicts that could stop strategic state projects' activities and decrease its productivity. These institutions' interests are not necessarily aligned with the citizen's rights or an ambition to decrease historical inequalities, but instead seek to keep resource extraction functioning and expanding via the rapid implementation of social projects.

Even though, as I will show, the strategic sector state group's agenda was ultimately the one implemented in the construction of the MCP, the process of its planning shows the different groups, agendas, and political struggles interacting within the postneoliberal state institutions, as well as the different ideologies that influenced in the implementation of the Millennium Community state development project.

### **3.6 The Intellectual Planners: A More Participatory Development Plan**

According to Lu et al. (2016), SENPLADES constitutes the Ecuadorian state institution dedicated to the configuration of top-down state master plans that would perfectly exemplify what Scott (1997)—inspired by a specific interpretation of Foucault’s work—conceived of as high modernist state planning, that is, types of plans that even though, in theory, aim to improve peoples’ well being, result in the production of knowledge that helps the state to name, classify, and order, and, as a result of this, to better control of populations. In their words:

Reminiscent of the high modernist planning described by Scott (1998) SENPLADES uses a top-down perspective to govern national territory’. Scott (1997) argues that making populations “legible”—knowing locations, wealth, and living conditions in order to know how and where to intervene—is a form of state power through which authority is established and attempts to improve society are made. Such legibility requires ways of standardizing and categorizing citizen needs and lacks—such as the work done by SENPLADES—with the goal of producing technical knowledge organized analytically into explicit, quantitative steps. Between 2009 and 2010, SENPLADES engaged in precisely such practices of producing legibility (Lu et al. 2016:111).

However, I argue that SENPLADES planning is not necessarily best explained from Scott’s point of view (1997), that is, solely as a state institution that used a top-down planning perspective. For SENPLADES plans were not even taken into consideration as part of state projects sometimes. In addition, SENPLADES plans also involved a series of struggles between this and other state institutions/groups. It was these struggles, and not so much a top-down perspective that mostly determined how state plans were designed and implemented as well as their results. These struggles within state institutions took place after oil was extracted from the ground. They involved different state officers and state institutions teams, their views, experiences, etc., that did not always correspond to Scotts’ reductionist description (1997) of state planning.

Officially, according to the SENPLADES team in charge of the MCP planning, this project was part of their plan to advocate for a more participatory and integral type of development whose aim was, not only to solve immediate problems but also to take into consideration indigenous peoples' practices and to achieve the elimination of inequalities in the communities living close to state strategic projects. The aim was to overcome the classic ways in which oil companies had interacted with indigenous communities—by giving them small amounts of groceries (rice, sugar, etc.), painting existing infrastructure, providing cash transfers, etc. The SENPLADES objective was not only meant to compensate these communities for past and future damage from resource extraction, but also to build an integral alternative for their economies, one that can survive in the long term, beyond resource extraction activities.

According to Luisa, an ex-member from the SENPLADES sub-secretariat of National Planning and Public Policy team, which was in charge of designing a development model for the communities living close to the 'zonas de influencia'—the areas located next to resource exploration and exploitation state projects—their plan was not founded in the creation of a strategy to help the state to avoid conflicts with indigenous peoples. As Luisa stated, 'we were thinking about the impact of resource extraction beyond the exploitation phase. We were thinking about how the state could guarantee the rights it promotes.' According to Luisa, for SENPLADES, the idea that justified the necessity for the state to extend its presence in these communities was the necessary to increase indigenous peoples' rights. For instance, her reasoning was that state development would allow indigenous peoples to overcome existing historical inequalities through the development of the same opportunities to education and health for all the community members, the universalization of basic services, etc.

In order to make this a reality, the SENPLADES team created a specific plan of Territory Organization and Development for the communities located close to state strategic projects, and Playas del Cuyabeno was a community located in the *zona de*

*influencia* of the Pañacocha Oil field. Pañacocha was the first public oil field built under the Correa government. It was built to expand state oil production. The Millennium Community project was one of the first development projects designed as part of the SENPLADES *zonas de influencia*'s development plan.

Nevertheless, SENPLADES never questioned resource extraction. According to Martina, another ex-member of the SENPLADES team in charge of the MCP planning—who identifies herself as an environmentalist, worked in environmentalist NGOS and now lives in an environmental friendly building in the Ecuadorian capital and works as a private consultant for the state—the question was not whether or not the state should increase oil fields or mining exploitation. The presupposition of postneoliberal states in Latin America is that the expansion of resource extraction is the only solution to overcome existing inequalities and to eliminate the economic dependency in the primary export sector. The idea was to use primary export revenues to pay the historical debt the state had accrued while at the same time building economic alternatives that could replace extractivism.

In this context, according to Martina, the SENPLADES MCP team's debates were about finding alternatives to achieve a sustainable development planning for the *zonas de influencia*, not about avoiding resource extraction, which implied that SENPLADES state officers accepted resource exploitation as necessary. It is under this assumption, that the SENPLADES team decided to produce 'special plans' for these territories. As Martina explained, their concerns turned around the question of 'what was going to happen with the people who lived close to strategic projects.' About this, she also added: 'in the meetings, we concluded that we had to design special plans for these communities, but real development plans. Plans that did not care much about building roads or infrastructure but that were sustainable in the long term for the communities.'

According to Martina and a closer review of the SENPLADES' team design, the MCP project's aim was not only to guarantee the population's rights, by taking into consideration indigenous ways of life, but also to create an economic alternative for the

community that would allow them to survive during and after oil extraction. This SENPLADES project was going to be implemented via the articulation of various state ministries as well as local and provincial governments. This ‘multinivel’ (multilevel) articulation was the strategy through which SENPLADES attempted to materialize the idea of a sustainable development. It consisted in structuring a coordinated system among different state institutions which would contribute to the sustainability of the community. This strategy also took into account different territorial and cultural dimensions of the community of Playas del Cuyabeno, for example, their subsistence economic activities and their mobility between their fincas—small farms—and the community centro poblado (town).

The SENPLADES state officers, did not see themselves necessarily as the type of bureaucrats that do their planning behind their desks or that have never visited indigenous communities. As already stated, before working for the state, many of them already had experienced working for NGOs dedicated to indigenous peoples. Some of them were familiar with some of the Playas del Cuyabeno community practices. As Martina argued ‘we knew that this community lives, as many indigenous communities in the Amazon, in a scattered way along the Aguarico river—the river that is located next to the Playas del Cuyabeno community. We knew that their economic activities mostly took place in their fincas, far from their concentrated town.’ Thus, at the beginning, the SENPLADES plan’s aim was to maintain the scattered community territory.

SENPLADES thought of an alternative to avoid the concentration of the community in a small territory. Instead, they advocated for the installation of basic services in each of the community fincas, instead of providing them with centralized services. Their design, for example, proposed the usage of individual electric generators in each finca, instead of one big electric generator for the whole community. However, they were not able to convince the other state institutions involved in this negotiations that theirs was a more suitable design.

The executive state department—or the state institution representing the president, and MICSE, were concerned about which was the most efficient way to materialize the universalization of basic services so that resources were not wasted, and how to implement the project as fast as possible. They believed that concentrating the population was the more suitable way to give the community the best basic services possible. In contrast to SENPLADES officers, the presidential department, MICSE, and PetroAmazonas were not particularly interested in understanding the Amazonian communities' dynamics. According to Martina, for the executive department, 'it was necessary to concentrate the population in a smaller territory in order to implement services in a more efficient way.' The idea was that, by having a concentrated population, the state would be able to provide electricity, water, and a sewage system and other basic services for all Playas del Cuyabeno's families, with the state resources available.

It was not possible for the SENPLADES team to negotiate the idea of keeping the community in its dispersed territory. The MCP design, consisting of the dotation of basic services, and the construction of new houses, social spaces, a medical center, a school, and a tourist center, had to be planned once the state had already made the decision to rebuild the concentrated community. Under this new conditions, the design of the SENPLADES team was committed to 'at least,' taking into account the basic dynamics of this indigenous community considering that they were already living, part of the time, in a partially concentrated manner, in their old small town.

Playas del Cuyabeno was the first community where the MCP was implemented and SENPLADES was in charge of defining the features of the project. This also made it possible to put into practice a more participatory planning process. As SENPLADES was interested in figuring out some of indigenous peoples' needs, they not only organized workshops but also coordinated this process with different ministries. Martina explained that the strategy to take into account the indigenous peoples' points of view were illustrated by the organization of several participatory workshops with the community and with the

collaboration of the Health Ministry, the Education Ministry, the Tourism Ministry, and the Ministry of Agriculture Livestock, Fishing and Aquaculture (MAGAP for its Spanish acronym). She also argued ‘as a strategy to define the priorities and needs of these communities, we tried to create participatory processes, we went there and worked with the community through problem tree analysis.’ After several meetings with the community, the SENPLADES team systematized what, for them, were some important community needs, namely, education, health, housing, and clean water.

Even though I did not participate in these meetings for they took place before I arrived to the community, when I talked to indigenous peoples from Playas del Cuyabeno, they repeatedly told me stories about the time, during 2010-2011, when the state ‘overwhelmed’ them with too many workshops. As Bolivar, one of the most important indigenous leaders from the community, stated: ‘All state institutions were constantly here, SENPLADES, the Ministry of Education, Tourism, and Environment. Everybody was gathering information, asking about the ways in which we live, our culture, our activities, jobs, etc.’ Bolivar also added:

All the time, the state was here, they always requested meetings with the community. All of us were a little tired of repeating the same stories to them. At some point, it was difficult for me to get people to come to the meetings, no one wanted to go to the coliseum to answer questions or to choose, again, the new houses’ model, it was too much, we got exhausted.

According to Martina, after these workshops, the SENPLADES team debated and restructured their design. Then, they went back to the community to discuss their decision making. As Martina explained, ‘with these plans, we went back to the communities so they could tell us, this is good, this is not.’ However, the community members did not always agree with the SENPLADES vision. For instance, as several indigenous community members from Playas noted, they partially disagreed with the sustainable materials that the planning institution wanted to use for the construction of the houses. Even though SENPLADES wanted to use wood as the main material to build the houses, the community

did not approve of this decision. According to SENPLADES, community members told them that they preferred cement. For Luisa, this election was related to the necessity of indigenous families ‘to gain status.’

However, when I talked to Bolivar about the construction materials of the houses, he gave me a more coherent explanation than the SENPLADES team’s assumptions about the community requests. He stated: ‘they [the state officers] wanted to build us wood houses but, in the assembly, we let them know that we were not interested in using these kind of materials anymore.’ Lyall and Valdivia (2015) argue that the implementation of MCP in Playas del Cuyabeno is a good example of how the concept of sustainability is not a totalizing and reified concept which has the same meaning and principles, or that is always consistent to indigenous peoples’ interests or philosophies. Although indigenous peoples in Playas del Cuyabeno were not advocating for sustainable and environmental friendly materials for their houses, their motives differed from the state officers’ hypothesis. For them, it was a strategy to save indigenous families’ money, labor time and energy expenditure. According to Bolivar’s explanation:

Wood houses do not last long, the weather easily damages them, so if we would had chosen it, we would have had to rebuild the houses again, after a couple of years. We did not want to do that anymore. It implied more work and money spent for our community families. Also, we do not want to work on our houses over and over again. We preferred a long lasting cement house, so we do not have to worry about it.

Consequently, after these workshops, SENPLADES changed the construction materials of the houses design to be a mixture between cement and environmentally friendly materials. According to Martina, ‘it was crucial for us that the construction materials be appropriate for the Amazonian weather. This meant that the materials chosen create a natural ventilation system or allow for electric energy saving.’

In addition, in the small old community *centro poblado* (town), where the indigenous peoples from Playas del Cuyabeno partially lived before the construction of the

MCP, each house had a chacra—a small farm which provides food for the family. This space was maintained in the SENPLADES design. The intention was that, when indigenous peoples live in the Millennium Community, they would be provided basic staples to eat, without having to go back to their fincas. In addition to the chacras, the SENPLADES design had a large space for communal farming as a way to maintain the communal space they already had in their old town. As Martina said,

We were not trying to invent a new way of living for them, we did not feel we have to invent anything. That is why, when we talked to PetroAmazonas, we explained to them that indigenous peoples in the Amazon need a space for a chacra to cultivate basic food. It does not matter if they have large fincas in a different location, they also need space to cultivate their food in a space next to their town houses.

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Figure 3.1 Unpublished Design of the Millennium Community Project. Source: SENPLADES Sub-secretariat of National Planning and Public Policy team, 2010.

From the SENPLADES design (seen above), it is possible to observe that the main plaza was surrounded by several booths, spaces for indigenous peoples to sell their crafts to the tourists visiting the community. This space was created because, during the SENPLADES planning, the team observed that most of the men from this community were working intermittently for PetroAmazonas. Indigenous men cleared the rain forest for the construction of the oil extraction infrastructure, for example. However, these jobs were going to end soon. Another problem was that these temporary jobs were precarious. Martina explained, ‘we [the SENPLADES team] knew that these jobs were not going to take them out of the instability in which the effects of oil extraction have placed them.’ The SENPLADES MPC design provided an alternative to improve indigenous peoples’ job opportunities, as well as a way to generate independence from oil companies by taking advantage of existing opportunities for tourism and farming. However, this SENPLADES

alternative is highly questionable as tourism in Playas del Cuyabeno is controlled by companies from Quito (the Ecuadorian capital).

Therefore, one of the limits of the SENPLADES design lies in that, even though they took into consideration some indigenous' ways of life, their design neither offers a plan that helps to achieve their independence from oil extraction nor a clear economic option to be sustainable. The plan was barely an attempt to foster, in the short term, already existing economic activities. This reasoning is founded in the presupposition that, for SENPLADES, the meaning of a long-term alternative was not about the elimination of resource extraction, but about providing of basic rights, that is, better education and health for the community through the construction of a high school and a medical center. As Martina noted,

In the short term, it would be possible to train indigenous peoples on how to improve their farms' production, but for the long term, what you have to build is a better education and health system. If you do not improve their education and health conditions, they will continue having bad labor conditions, working for oil companies.

Although the SENPLADES design only partially integrated the community's point of view and advocated for a more participatory development plan, it was not a plan aiming to overcome primary extractivist dependency. Even the SENPLADES state officers, self-identifying as environmentalist, did not advocate for this alternative. For they accepted extractivism and supported the state idea of making extractivism more sustainable. Thus, the SENPLADES design was an attempt to improve actual indigenous job conditions and, as Martina added to 'create capabilities' for the future. According to the SENPLADES team, these capabilities will allow all the members of the indigenous community to overcome poverty and to have the same opportunities.

This is an example of how, even though postneoliberal state development thought of and created an alternative to sustain indigenous peoples' economies in the long term, this solution was posited on the improvement of indigenous education—a model that has

been critiqued as it did not result in a more inclusive education for indigenous peoples in the Amazon (Flores 2017)— and not in the creation of a plan to change the very structures of dependency in national traders, tourism companies and international resource extraction firms of communities' economies.

In this context, even though the SENPLADES team was concerned about the participation of local communities in the implementation of state projects, this group did not question the increase of resource extraction among indigenous communities. One of the limits of the SENPLADES group lies in that this intellectual group was not able to provide the state with a real economic development alternative that stopped extractivism all together and decreased inequality and poverty. Instead, this state group accepted the idea that using rents obtained from resource extraction was the most suitable alternative in order to overcome primary export dependency in the long term. Therefore, their strategies for community participation, decreasing inequality, increasing citizens' rights and even their models in order to build an economic development alternative that does not depend on resource exploitation were founded precisely on the use of resource extraction rents to finance these projects/possibilities.

### **3.7 Bypassing Idealism, The Efficiency of the Strategic Sectors and the Private Planning of the MCP: “You Pay Someone Else, They Think for You”**

When I lived at the Playas del Cuyabeno community, I found that the built infrastructure and division of spaces was very different from the SENPLADES model. What had happened to the SENPLADES design, the participatory workshops, and the suggested changes that indigenous peoples made to the design—including house infrastructure materials, the distribution of space, among others? According to SENPLADES members of the MCP planning team, the involvement of the MICSE sector in the planning of this project produced radical changes in their design and its materialization.

As several state officers from SENPLADES such as, Martina, Mónica and others repeated there were friction and constant disputes between the institutions related to the extractive-strategic state projects and the planning and social institutions of the state. As Verónica,<sup>48</sup> an ex-SENPLADES officer who was studying her doctorate at FLACSO—as a way to evaluate this government’s actions—described: ‘our project was committed to the organization of territories, we were trying to find ways to overcome inequalities, but they [MICSE] presented a proposal that, according to them, was faster and more efficient.’ Consequently, despite SENPLADES’ efforts to create a participatory planning model, the design resulting from this process was not the one implemented in Playas del Cuyabeno.

As extensively explained in chapter I, in 2007, with the advice of a Canadian indigenous oil company, indigenous peoples from the Ecuadorian Amazon sent a letter to president Correa demanding the concession of the Pañacocha oil field to the first indigenous oil company of Ecuador, Alian Petrol (Wilson and Bayón 2016).<sup>49</sup> However, in the same year, the government announced the concession of this oil field to the state oil company Petroecuador—which changed its name to PetroAmazonas on December of 2007.<sup>50</sup>

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<sup>48</sup> As I explained in the introduction, I am using pseudonyms for all the participants of this research. I told the participants of this dissertation that if I publish fragments of our conversations, I will not use their real names. All the names used in this dissertation are no real names but fictitious names I chose. Except for public figures such as the ex-vice-president of the country, Jorge Glass, among other high state authorities.

<sup>49</sup> Oil exploration in the territory close to Playas del Cuyabeno had been under the control of the Occidental Petroleum Corporation (OXI), a private, US-based company, until their contract was rescinded in 2006 and the Ecuadorian state took over the oil field. However, in the beginning of Correa’s government, the company that was going to be in charge of exploiting the so called Pañacocha oil field was not yet defined. As already stated (in chapter one) in 2007 the *Sacha Petrol* indigenous peoples and mestizo representatives visited the communities located close to the Pañacocha oil field (Pañacocha community, Pukapeña community and Sábalo community), including Playas del Cuyabeno, to ask them to be part of “the first Ecuadorian indigenous oil company that would take control of the natural resources of the Amazon and use them for the benefit of the local population” (Wilson and Bayón 2016:20). The idea was to create an indigenous peoples oil company “to collectively exploit the Pañacocha oil field” (Wilson and Bayón 2016:20). For more information, see chapter I.

<sup>50</sup> After the announcement of the decision and, because of the constitutional obligation that oil companies had to get prior consent from indigenous communities before beginning resource

After a big strike in the Playas del Cuyabeno community and complex negotiations between community leaders and high state authorities, the state was able to build the Pañacocha oil well. When Correa inaugurated this oil well, he also offered the implementation of an integral development project, the Millennium Community Project. For Wilson and Bayón (2017), the MCP was the result of indigenous struggles against the state appropriation of oil extraction in their territories.

In 2009, the Organic Law of Public Companies, Art.-34 stated that public companies have the ability to invest their resources and surplus in the implementation of projects. In addition, in 2010 a reform of the Hydrocarbon Law, Art.-94 stated that 12% of the utilities obtained from resource extraction must be invested in social, educational, and health projects in local communities. It was during this time that the SENPLADES Development Model for the Areas located closer to Strategic Sectors' projects was planned and that different workshops took place in Playas del Cuyabeno in the attempt to achieve a more participatory development model. However, in the same year, MICSE presented the 'Amazonia Plan.' This plan contained an alternative to the creation of a model for the implementation of development in territories located closer to the state strategic sectors' projects. In June of 2011, after some meetings between SENPLADES, MICSE, PetroAmazonas, and the Presidential Department, it was decided that MICSE would be the institution in charge of defining a development model for state intervention in these sectors. Nevertheless, as a ministry, MICSE did not have legal standing to execute development projects, as this was not part of its stated mission. For this reason, and based on the Organic

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exploitation within indigenous territories, a conflict began between the state oil company and the indigenous communities involved. When three PetroAmazonas barges tried to enter Playas del Cuyabeno's territories, the community organized a strike and detained one of the barges. As a result, PetroAmazonas suspended the exploitation of the Pañacocha oil field in 2008. The activities were suspended 'until a full consultancy had been conducted with the affected communities, and an agreement had been reached' (Wilson and Bayón 2016:26). After difficult negotiations, indigenous leaders of this and other communities involved (such as the Pañacocha and Pukapeña communities, among others) allowed the state oil company to exploit the Pañacocha oil field and demanded the implementation of a development project. For more reference on this topic see chapter I.

Law of Public Companies cited above, MICSE proposed the creation of a public company under its supervision (rather than that of SENPLADES) that would administrate 12% of the resource extraction utilities through the implementation of development projects in the affected areas where strategic sectors' projects were going to be implemented.

As one of MICSE state officers that participated in the creation of this company said, one of the arguments for the creation of a public company was that with a public company, instead of a ministry, it would be 'possible to bypass all the bureaucratic formalities of state investment and contracting.' In contrast to public companies, state ministries have to go through long processes in order to be able to contract private companies for consulting, building infrastructure, and providing the necessary supplies for the implementation of development. The long process of state contracting could be described as follows: first, the ministries have to present their projects to SENPLADES, once the project is vetted and approved it goes for the Finance Ministry's approval in order to obtain the budget to be implemented. Following this approval, the project has to be uploaded to the Public Purchase Portal, which is a state mechanism that, in theory, guarantees that any private company has the same opportunities to compete in the planning or construction of state projects. Another justification for the creation of this portal is to avoid corruption.

Strategic Ecuador (EE for its Spanish acronym) was the name of the newly-created public company, that would make the process of social and development investment faster and more efficient. The main reason for the creation of this institution the implementation of compensatory, redistributive, social and development projects in the communities located closer state strategic projects. Before the reform of the public contracting law in 2013, which states that public companies such as the EE also have to go through the Public Purchase Portal in order to contract with private companies, state companies could practically anonymously decide which private companies obtained state contracts. Also, due to the fact that the EE already had a vast pre-assigned budget, as a result of the law

which states that 12% of oil revenues must be invested in the communities closer to strategic projects, they did not have to struggle, each year, with the Finance Ministry or SENPLADES to get a budget approved for their projects.

However, the creation of a new Public State Company, such as, EE takes time. It needs, for instance, the SENPLADES Sub-secretariat of Institutional Change's approval. As Inés, one of the officers in charge of the creation of EE, who latter became one of the advisors of Jorge Glass, stated: 'in September of 2011 we were only three people. We leased an office, opened a bank account and contracted a secretary and an accountant. We wrote the statutes and began the process of functioning.' Due to the fact that the MCP in Playas del Cuyabeno was conceived of as a state priority, at the time of the creation of Strategic Ecuador, EE was not yet prepared to assume the planning of this project. For that reason, in June of 2011, it was decided that PetroAmazonas would be the public company assigned to plan and implement the MCP. The arguments that supported this decision lay in that, as a public company, PetroAmazonas would also be able to build the MCP development infrastructure faster. In addition, because this company was located close to Playas del Cuyabeno, it had the infrastructure to mobilize the heavy materials and personnel needed for the construction of the project.

It was in this context that SENPLADES lost its opportunity to be in charge of the planning and implementation of the MCP. As Martina asserted, 'it was a loss for us, they [MICSE and PetroAmazonas] were interested in implementing the project as fast as possible.' SENPLADES team insisted that any state company intervention, in this case, first PetroAmazonas, then Strategic Ecuador, must take into account the state planning, standards, and schemes of the Education, Health and Social state ministries. However, this statement was not taken into account in the PetroAmazonas planning and implementation of the MCP.

The MCP was one of the first proyecto emblemático (emblematic project) under Correa's government. A project is conceived as *emblemático* when it has the potential to

show a transformation in state practices compared to past governments, and when its creation contributes to changes in the economic productive structures of the country. One of the aims of the MCP *proyecto emblemático* was to make a difference in private extractivist practices. It was crucial for the postneoliberal state oil company to be and appear as the model of oil exploitation which proves that it was possible to positively coexist with sustainable extractivism and integral development in the communities living close to state oil fields.

However, even though PetroAmazonas had the ability to obtain resources faster and had the infrastructure to facilitate transportation, it did not have a development planning department or a planning strategy. Under MICSE supervision and with the mission of avoiding conflicts with the *Playas* community members, PetroAmazonas improvised their development planning through the creation of the Project Management Department whose main function was to contract private companies to plan and implement development projects such as the MCP.

### **3.8 Private Consulting Firms: The Efficient Planning of a “Dead Body”**

State forms of power go beyond state institutions and plans; they also constitute complex everyday interactions between the state and private companies/actors which form part of the state planning and decision making. As shown in the introduction, the state has a relative autonomy. However, this does not imply that the implementation of development and infrastructure is detached from private sectors. For private sectors that are not the state but work for the state play an important role in the process of planning, the contents of state plans, in its implementation and its results.

After PetroAmazonas became the institution designated to plan the MCP, in September of 2011, it decided to contract a private consulting company to plan the design of this project. Four months later this private company presented the results and a design

proposal. After the PetroAmazonas Project Management Department approved the design, this department contracted with a private construction company to head up the construction of the MCP infrastructure. For PetroAmazonas, it was urgent to finish the construction of the Pañacocha oil field, together with the implementation of the MCP. The idea was to show that the communities located closer to state oil fields were benefiting from the construction of these fields. As Pedro, one of PetroAmazonas officers who was in charge of PetroAmazonas infrastructure projects and was involved in solving the problems related to the MCP said:

We had to implement the MCP as fast as possible so we used PetroAmazonas funds. Funds that were going to be destined for the execution of road projects in the Amazon region. We also took advantage of our status as a public company which allowed us to implement this project in a very short amount of time.

There are continuous interactions between the state and private companies in the construction of state buildings, roads, development projects, infrastructure, etc. Therefore, the assumption that private companies' interests are opposed to the state or that they do not participate in state decision-making is not accurate. Even if private economic groups in Ecuador appeared to oppose the postneoliberal state, in the daily state dynamics, they also participate in the implementation of state projects. For example, even though the construction sector largely benefited from the construction of state infrastructure projects, this sector publicly appeared as opposing the government, specially when it stopped growing, after the oil prices drop.

It is important to add that even though I do not deepen in studying the connections between the postneoliberal state groups and private interests (and more research is needed in order to better figure out these connections), I focus on how private groups the appear as opposing the state, actually work for the state and, in doing so, influence the ways in which its projects are planned and implemented.

Vicanne Adams (2006), studying the case of the state in the United States, argues that there are complex interactions between the state and private companies. For the state is characterized by a type of governance compounded by a “set of institutional arrangements in which [the] market-oriented businesses [...] make money not only on key government activities like defense or infrastructure [...] but also on key commitments to social welfare” (2013:6). She illustrates how political institutions sometimes delegate the administration of its citizens’ well being to private companies, in what Achille Mbembe (2000) calls indirect private government.

In the case of the MCP, the official justification for delegating the planning of this project to private companies was related to the state’s obligation to implement development projects in a short amount of time. Even though this delegation is not necessarily an exceptional case, the problem arises when the private companies involved ignore even the general aims of state planning. In this case, the private companies contracted, arbitrarily planned the MCP design. They ignored the participatory processes that, at least partially, took place between state institutions and the Playas del Cuyabeno community members meant to better grasp their points of view.

As a consequence of PetroAmazonas’ private designation and implementation of the MCP, the project suffered radical changes. By ignoring the SENPLADES design, the private decision-making resulted in the usage of inadequate materials for the construction of the infrastructure. In addition, private planners did not take into account the community dynamics as a valid component of their decision-making. They also overlooked the community recommendations that resulted from the participatory SENPLADES workshops with this community. In addition, this private planning agenda did not coordinate with other state institutions involved in the implementation and maintenance of the MCP (i.e., local governments, the state electric company, the telephone company, the ministry of education, etc.). For instance, when talking about what was SENPLADES’ role in the planning of the MCP, after PetroAmazonas was designated to implement this project,

Inés stated, ‘no, at that point SENPLADES was a question of the past, we began to be more autonomous [...] as we were dealing with the most important, the state strategic projects.’

Once the project was assigned to the Strategic Sector institutions of the state, the SENPLADES design was put aside.<sup>51</sup> Instead of taking into consideration the SENPLADES design, PetroAmazonas preferred to delegate development state planning to private companies. As a result of the state denying its own institutional planning process and, as I will extensively explain in chapter IV, the houses were neither built with cement nor with sustainable materials. Instead, they were constructed using a prefabricated metal structure. In order to find a substitute for cement, which was the material some community members, such as Bolivar, requested, the walls were composed of a type of plastic called polystyrene, and covered with metal nets and a thin layer of cement.<sup>52</sup> In addition to this, the built houses had no space for the families chacras (plots). The private companies contracted did not understand community ways of life or try to figure them out. As a result, the families that live in the Millennium Community have to go to their *fincas* by river or purchase basic food staples to survive in the new community. Even though, as I showed in chapter I, the MCP was not a radical rupture with indigenous peoples previous economies, for before the MCP, community members from Playas had already worked as salaried workers and had built services infrastructure for the community town, this project was certainly not facilitating the reproduction of indigenous peoples’ self-sustaining agricultural activities in the community town.

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<sup>51</sup> The fact that SENPLADES was not the institution whose planning design was used for the construction of the MCP does not mean that this institution did not have any function within the state or that it was put aside from all state projects. As, Kiara, a state officer working for the SENPLADES Institutional Restructuring Sub-secretary commented, SENPLADES authorities always had to choose the state projects that they wanted to fight for had to let go others allowing the Strategic Sector group to be in charge. The MCP planning, for example.

<sup>52</sup> Instead of a cement foundation separating the first and second floor, the houses’ floors consists of a synthetic Chinese imitation wood. As one of the workers involved in the construction of the MCP stated, this material “was used to build the houses’ foundation. It is a synthetic material imported from China”. For more information on this topic see chapter IV.

As Pedro, a PetroAmazonas officer in charge of solving current issues related to the MCP maintenance recognized that the contracted private companies made their decisions autonomously. He stated, ‘for them [the private companies] it was like, I will build your house here and you have to adapt to it but, of course, it does not work like that.’ As a result of this autonomy, ‘some of the MCP houses are now abandoned or only inhabited during the weekends.’

Moreover, due to the fact that the contracted private companies did not coordinate with other state institutions, but had the power to independently decide the MCP planning standards, the Millennium Community experiences problems with its electricity system as well. When the private company in charge designed and installed the electrical system for the community, it did not contact the Ecuadorian Electricity Company (CENEL for its Spanish acronym). Thus, CENEL’s standards were not taken into consideration in this design. Instead, the electricity system was installed with the independent criteria of the contracted private company. Provisionally, the idea was that the Millennium Community electrical system would function with a generator provided by PetroAmazonas. However, after the inauguration of the community, when it was the time to transfer the responsibilities of the MCP to the state institutions that have the obligation to maintain the functioning of the community, institutions such as CENEL, this process was extremely difficult and, in some cases, the resulting problems were impossible to solve. As a result, CENEL has not yet assumed the responsibility for providing electricity to the community. The argument is that the electrical installations are not consistent with CENEL standards and norms. Consequently, it is impossible for this state company to assume the responsibility to provide electricity for the community.

In addition, private companies in charge of the construction of the MCP infrastructure did not think about how the indigenous peoples, who do not have monetary resources, were going to pay for state services. CENEL does not want to solve this problem either. As Pedro explained, ‘nobody wants to assume this dead body that is the Millennium

Communities.’ Even though the local government from the Cuyabeno parish has taken part of the responsibility for the maintenance of the community, after three years of its construction, PetroAmazonas is still in charge of providing electricity to the community.

### **3.9 It was not State Governmentality After All: Unenforced Private Rules and The Failure of MICSE’S Efficiency**

Scholars critiquing the MCP claimed that after the construction of the MCP infrastructure, there was a disciplining workshop in Playas del Cuyabeno (Cielo et al. 2016; Goldaraz 2014). Certainly, the aim of this workshop was to show the community members how they should live in the Millennium Community. As they describe, it was forbidden to keep any type of animals, such as chickens, dogs, etc., inside or outside the houses. It was also forbidden to fence or wall in the first floor open areas.

In order to defend the idea that the MCP is a form of state governmentality affecting this community, these scholars (Cielo et al. 2016; Goldaraz 2015) use the norms imposed during this workshop as evidence to support their argument. Nevertheless, paradoxically, neither SENPLADES nor other state institutions created these rules. Instead, it was the contracted private consulting company that decided the norms for the ‘sustainability of the Millennium Community.’ These rules were based mainly on this company’s criteria. However, despite these private attempts to order indigenous peoples daily lives in the *Milenio*, the community members did not follow these rules.

Due to the fact that the project’s infrastructure is not consistent with the community forms of subsistence, community families constantly break these norms and create their own subsistence strategies. For instance, Rosalía and Verónica, both members of the community, have built wood or cement walls in the first floor of their houses, thereby constructing a new room. Rosalía uses this space as storage to keep their work tools or groceries and Verónica uses it as an additional room to rent to foreigners. During the six months I lived in the community, no state institution enforced the workshop rules; the

contents of the private company workshop did not have any state institutional support. Not even PetroAmazonas or the MICSE enforced them.

In addition, I argued that one of the official guiding concepts for the state decision making of this project was efficiency—the necessity to plan and implement state projects in less amount of time in order to pay the historical state debt to the social sector but, at the same time, bypassing the very same mechanisms it created in order to guarantee good quality infrastructure. One of the reasons that the Strategic Sector group was able to obtain more state resources and institutional support was because this group managed to position themselves within the government as the most efficient group. They were able to take advantage of the idea that the state had a historical debt with the social sector and capitalized the subsequent state urgency for investing in this sector. In this way, this group managed to plan and implement not only strategic projects but also social projects and infrastructure, such as, the MCP. As their influence within the government grew, they were able to create a public company, Strategic Ecuador. A public company exclusively in charge of the planning and managing of social investment projects in communities located closer to strategic sectors, such as, oil wells.

However, as the MCP case in Playas del Cuyabeno shows, they were not necessarily as efficient as they claimed. Even though they were able to plan and built state projects in less amount of time, this was only possible for PetroAmazonas was able to bypass all normal legal procedures of state contracting<sup>53</sup>. In addition, rather than coordinating with SENPLADES and other state institutions, PetroAmazonas delegated all the job to private companies. As a result, the materials used in the construction of the infrastructure were inadequate, the division of spaces unpractical and the implementation of norms in the *Milenio* were unsustainable.

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<sup>53</sup> However, in 2015, this policy was reformed after the executive's office found some irregularities and postponements in the construction of several state infrastructure projects.

The Strategic Sector group had their own conception of efficiency. A conception that was divorced from what National Plans stated. Instead, their idea of efficiency was mostly consistent with the state's plan to keep the state Pañacocha oil field functioning and to create an image of a sustainable and socially conscious oil company.

The literature on development projects shows that due to the state's tendency to universalize communities' realities, when state officers implement development, the projects executed do not function according to plan. However, the MCP model was not the result of an abstract state plan imposed from above which failed in its attempt to create a faithful copy of the abstract and totalizing ideas of state officers, but a private plan which, paradoxically, resulted from a negation of state planning.

### **3.10 Conclusion: Efficiency, the Drama of Planning and Postneoliberal State Different Agendas**

The literature examining postneoliberal states conceive of them as unified political entities, and their development projects as successful forms of governance (Scott 1998; Bebbington and Bebbington 2011; Cielo et al. 2016; Vallejo). However, as Abrams (1988) argues, the state is not a unified entity and the MCP is a good example. For the planning process of the MCP shows that there were several actors involved in its planning, that is, at least two state institutions with their own planning agendas and views about development, a private consulting company, and the *Playas* community members struggling to get their views taken into account and navigating state contradictory plans. In addition, for Abrams (1988), the assumed separation between state institutions and private sectors is misleading. There are private companies constantly interacting with the state and influencing its practices and decision making. The MCP planning also constitutes a clear example in this respect.

Following the MCP planning, in this chapter I show that the Ecuadorian postneoliberal state, rather than having a totalizing agenda to discipline indigenous

peoples' ways of life (Espinoza-Andrade 2017) or to be a typical underdeveloped state which has no an agenda at all (Wilson and Bayón 2017), it has at least two political arms that struggle for the implementation of their own political agendas. The differences between these development plans lie, not only in the degree of participation and involvement they gave to communities in the decision-making of the project, but also in how much of this decision-making they put into the hands of the private groups involved.

These two conceptions also indicate that there are at least two projects coexisting within the postneoliberal Ecuadorian state development agenda, namely, the more conservative state group from the Strategic Sector and the leftist intellectual state planners.

In the case of the planning of the areas located close to the strategic sectors, the government decided to assign this responsibility to the Strategic Sector group—represented by MICSE and the state oil public company PetroAmazonas. The guiding concept that supported this decision making was efficiency, that is, the building of a good quality project in less time. This concept structured the practices of the Ecuadorian state institutions and the postneoliberal state decision-making<sup>54</sup>.

However, as the MCP planning and implementation process shows, even though officially, efficiency meant that good quality projects would be implemented in less time,

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<sup>54</sup> For instance, the Public Administration Secretariat which controlled state officers' work so that it was consistent to the materialization of the National Plan's objectives was mainly structured through the measurement of each state officer's efficiency through a state measurement system. This system was created by Ecuadorian state officers and consisted on the establishment of a monitoring system based on the colors of traffic lights. Green color indicated that the state officer was doing a good job in terms achieving its goals in the correct amount of time. Red color indicated that the state officer was delayed in fulfilling its objectives. Each state officers not only had to specify to this secretariat the goals they planned to achieve and how they were connected to the National Plans, but also to specify the period of time in which this goal will be completed. If a certain aim, i.e. the implementation of a project, was not accomplished in a certain period of time, the state measurement system followed would show the state officer in red. This would result in unwanted attention from the state officer's supervisor and put more pressure to accomplish goals quickly. For the postneoliberal state, efficiency was as important as for state officers. Efficiency was conceived as the main mechanisms through which the state would materialize its offer of paying the historical debt to the Ecuadorian social sector.

in reality this was not the case. For although PetroAmazonas was able to rapidly implement the MCP, this was not because it had a better plan. The PetroAmazonas' design of the MCP was not consistent with SENPLADES philosophies regarding participation, elimination of structural inequalities, and sustainable development. In contrast, the Strategic Sector group conceived of efficiency as a strategy to guarantee the elimination of conflicts with indigenous communities during the construction and functioning of state oil fields. In addition, for this group, it was crucial to show that state oil extraction could be sustainable and socially conscious at the same time. However, due to the group's lack of experience in the planning of development, PetroAmazonas decided to pass this responsibility to private companies.

While it is assumed that private companies implement good quality projects faster than state institutions, this was, paradoxically, not the case of the MCP. Even though the planning and implementation of this project was done in a short period of time this was possible only because the companies in charge overlooked both, the community's point of view, the state's National Development Planning objectives, and the legal formalities created for state institutions. Thus, instead of achieving their own official idea of efficiency, that is, creating good quality projects in short periods of time, private companies in charge made invisible, not only the community's complex realities but also state plans, and institutional standards. Consequently, the materials used for the construction of the infrastructure of the MCP are of low quality and inadequate for the Amazonian weather. The distribution of the MCP spaces in the design was inconsistent with indigenous communities' practices and subsistence needs. Consequently, state institutions in charge were not able to assume the sustainability of the provided services.

In addition, even though it could be argued that the MCP's double planning constitutes an isolated example of Ecuadorian postneoliberalism, I argue that it is an example of the different visions and groups that structured the dynamics of the state. It is the study of these dissimilar projects which explains the contradictory views and practices

of postneoliberalism. These struggles structure the dynamics of all state institutions and are contained in the three Ecuadorian National Plans.

At the same time, even though there are contradictory agendas and struggles between different state institutions both state groups and institutions play a role in the fulfilment of state objectives. As Martínez states, “even those who genuinely fight for the rights of subaltern communities may still contribute to the reproduction of the status quo” (2004:376).

In the case of SENPLADES, on the one hand, this group allowed the state to implement decentralization plans and to invest in the social sector. On the other, this group did not create and provide the state with a suitable alternative to extractivism—despite of the environmental values or knowledge about indigenous communities that some state officers working in SENPLADES claimed to have and defend. As a consequence, even though SENPLADES fought against the Strategic Sector’s less participatory and redistributive plans, it also played an active role in the increment of resource extraction among different communities. Although SENPLADES officers struggled in order to implement more redistributive and participatory agendas yet these agendas did not question the negative effects of extractivism among indigenous communities.

In addition, this group progressively lost influence in the planning of state agendas. By 2013, when the ex-MICSE minister, Jorge Glass, became the vice president, the Strategic Sector group consolidated its influence within the government. Since then, this group was directly in charge of the planning of the implementation of the Productive Matrix Change Strategy. That is, the vice-presidency became the most important institution in charge of the planning of the country’s economic development model. The Strategic Sector group was able to implement strategies aiming to improve some the most important economic sectors of the country, such as resource extraction industry, electricity, agro-industry, among others. As a result, the vice presidency became another state planning institution but with more resources and institutional support. In contrast, SENPLADES

progressively lost power within the government. This institution was left with the planning of state decentralization projects, education projects, among others, but with less influence within the government.

Some state officers that worked at SENPLADES critiqued the transformations this institution have had since 2013. Mónica, a SENPLADES state officer I lived with, repeatedly remembered how, at the beginning of postneoliberalism, her team members had important discussions about the approaches and concepts that would define state planning. At the same time, she usually complained that, by the end of 2015, these discussions were mostly about what she described as irrelevant topics. For instance, according to her, state officers discussed about presentations formats, that is, about which font type should be used, the color of the screen, etc., rather than about the contents of these presentations. However, despite her and other SENPLADES state officers' complaints and critiques, they continued to work for the state and did not or were not able to question the changes SENPLADES had undergone.

Although more research is needed in order to better understand SENPLADES state officers' complex positions within postneoliberalism, some of them decided to stay in the state despite their marginal position for they felt they had a stable job. Others did not leave their jobs because they believed they still could do something. For instance, Isabela (a state officer working at the SENPLADES Sub secretariat of Investment) said that, despite the fact that she was pressured sometimes to approve the projects MICSE presented, at the same time, she felt she was doing a good job controlling state investment projects that different state institutions presented so that these projects fulfilled state requirements and were consistent with the goals of the National Plans.

The SENPLADES group was functional to postneoliberal extractivist and partial redistributive agendas. Its members accepted a more peripheral position within the state, they did not radically question the ways in which the Strategic Sector group was planning (at least since 2013) the country's economic development model and planning the design

of state projects. In this sense, they were part of the failure of state planning and of its results.

## **CHAPTER 4. POSTNEOLIBERAL DEVELOPMENT ON THE GROUND: INDIGENOUS PEOPLES' STRUGGLES TO ACHIEVE SUSTAINABLE ECONOMIES AND THE CONTRADICTIONS OF STATE ECONOMIC MODELS**

### **4.1 Introduction**

The Millennium Community Project (MCP) not only consisted of the planning and construction of new infrastructure of the Playas del Cuyabeno *centro poblado*, as showed in chapter II. This project also consisted of the implementation of state projects aiming to achieve the economic sustainability of the Playas del Cuyabeno community in the long term. These projects were linked to national economic development plans as well as to the different groups' agendas coexisting within the state. State groups constantly struggled to get their plans implemented (as also showed in chapter II).

The literature studying the effects of of postneoliberal economic development agendas among the Playas del Cuyabeno community concludes that the MCP distorted this community's preexisting closer relationship with their "natural environment", namely, with the Amazon forest (Cielo et al. 2016; Goldaraz 2014), and caused the deterioration of the community's self-sustaining economies. For instance, Cielo et al. (2016), describe the effects of the Millennium Community Project in Playas del Cuyabeno as follows:

The food supply from farm and forest activities in agriculture, hunting, and fishing has been disrupted as mainly young families have become more dependent on products purchased in local markets. No longer do families reach their farms through long walks or slower traditional canoes; rather, they use modern motor canoes that have increased their dependence on gasoline. Women now cook on electric stoves [...] among other changes, which increases households' need to generate income and their dependence on the monetary economy [...], modernity meant changing habits, resettling populations, and cutting off daily contact with the natural environment. "Progress" in these cases has meant the loss of self-determination and the autonomy to define development priorities and manage particular gendered relationships with nature, knowledge, and cultural practices. As the possibility for the production of the means of subsistence deteriorates, the need to provision oneself externally increases. More dimensions of the domestic

economy are monetized, and the work of social reproduction and care is geared toward the reproduction of commodified human labor (2016:128)

For these and other scholars (Cielo et al. 2016:128; Espinosa-Andrade 2017; Goldaraz 2014), the MCP imposed radical transformations of the community forms of agriculture, hunting and fishing activities, as well as of their relationship (closeness) with their environment. Without putting much emphasis in the study of the complex changes that this community's economies had already experienced before the MCP (as showed in chapter I), they claim that after the implementation of this project, Playas del Cuyabeno is "no longer a self-sustaining community" (Cielo et al. 2016:128), but instead depends on monetary resources as well as processed fuels in order to maintain its economies.

In addition, this literature conceives of the MCP as "a civilizing model for the Amazon, in which the indigenous communities in areas of extractive interest are disciplined" (Cielo et al. 2016:128). Through the assumed successful implementation of state disciplining mechanisms (such as, the prohibition of domestic animals or the use of firewood, etc.)<sup>55</sup>, these scholars argue that postneoliberal development not only imposed a drastic transformation of the community's self sustaining economies but also succeeded in the control of community members' daily lives. That is, the community of Playas del Cuyabeno no longer was able to maintain their economic activities within the forest or to achieve sustainable livelihoods as a result of the imposition of state implementation of economic development projects which, at the same time, implied the establishment of controlling, disciplining and modernizing mechanisms in the community.

This literature portrays postneoliberal economic development as projects that, on the one hand, fail in the improvement of communities' ways of life and economies but, on the other, succeed in the control, civilization and disciplining of these populations (Cielo et al. 2016; Coba 2015; Goldaraz 2014; Vallejo 2014).

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<sup>55</sup> For a further description about this topic, please see Chapter II.

In this chapter, I argue that these conclusions on economic development and its effects form part of a specific interpretation of Foucault's early ideas<sup>56</sup> in relation to the incorporation of economic rationalities into the exercise of power and in relation to how this incorporation effects the implementation of development. In particular, several scholars studying development have argued that a set of economic (instrumental) rationalities that name, classify, place, and control individuals and populations have effected the implementation of development in different contexts such as Tanzania, Lesotho, Egypt, among others (Miller and Rose 2008; Ferguson 1990; Mitchell 2006; Scott 1990). According to this literature, these rationalities—that form part of development projects—constitute forms of power for they increase state forms of control of targeted individuals and populations.

However, I argue that the case of the Playas del Cuyabeno community does not support this argument. For, even though the state implemented economic development projects in this community, these projects were neither imposed nor resulted in the implementation of quotidian state control mechanisms aiming to regulate the everyday dynamics and economies of this community. No state institution was forcing the members of this community to be part of state economic development projects or enforcing their agendas. In contrast, it was the community families who rather than rejecting postneoliberal development were struggling to be part of state projects.

On arrival to Playas del Cuyabeno, I found a well self-organized and very complex community, a lack of state officers' presence, and a daily struggle aiming to restructure community families diversified economies though trying to make the state economic development projects work. For instance, the Noteno, Chavez, and other indigenous families planted and sold coffee and cocoa as part of a MAGAP state project, the community members trying to enhance their touristic services struggled to become an

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<sup>56</sup> I will deep in the analysis of this particular interpretation that Jessop (2010) describes as the Anglo Foucauldian interpretation, later in the chapter.

association in an effort to be part of the state Popular and Solidarity-based Economy Project (EPS for its Spanish acronym).<sup>57</sup>

In addition, the approach supporting the idea that the MCP succeeded in disciplining and better controlling communities' economies is suitable only because this approach assumes that self-sustaining economies in the Amazon had not suffered changes before the implementation of this project and that postneoliberal development projects do not form part of community members' struggles in order to attain self-sustaining economies. However, I argue that the Playas del Cuyabeno community attempts to achieve sustainable economies not only depended on the community families' activities in the Amazon forest. In contrast, in order to create self-sustainable economies, the Playas del Cuyabeno community members also struggled to fit into state development projects.

Through a grounded study of the implementation of state economic development projects in Playas del Cuyabeno and of the community members' struggles in order to achieve self-sustaining economies, I differ with the scholars who, based on a specific interpretation of Foucault's ideas on political economy and political power, put more emphasis in the study of the controlling effects that economic development projects generate among targeted populations. As shown, this is the case of some of the literature on postneoliberal development (Cielo et al. 2016; Coba 2015; Nichols 2014; Vallejo 2014).

Following Poulantzas (1979), I argue that the economy and, in particular, state economic development plans, also should be understood in relation to the processes of production they encourage through the implementation of state plans and projects.

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<sup>57</sup> Since 2011 the Ecuadorian state recognizes the Popular and Solidarity based economy as a form of economic organization in which its members, individually or collectively organize and develop production, exchange, commercialization, funding and consumption of goods and services processes through relations founded on solidarity, cooperation and reciprocity, placing human beings as the subject and end of their activity. Through this recognition the state established the Popular and Solidarity based Economy Law whose aim was to strength this type of economy in relation to other economic sectors and with the state, as well as potentiate this economic sector practices within communities, towns and nationalities In: <https://www.seps.gob.ec/noticia?que-es-la-economia-popular-y-solidaria-eps->

According to Poulantzas (1979), the forms in which the economy effects state forms of governing also derives from the ways in which production processes are organized. In this sense, I conceive of the state as an entity that not only internalizes instrumental economic rationalities in order to increase control but that also plays a role in the national production of wealth through its economic plans, for these plans promote specific, and sometimes contradictory, processes of production and circulation of wealth.

In contrast to much of the literature on postneoliberalism which focuses on extractivism, I examine the effects of postneoliberal economic development models after natural resources, in this case oil, is extracted from the ground. That is, when oil becomes state rents and these rents are transformed into state economic planning and development projects. Following Coronil's contributions to the study of South American states, I argue that for states whose economy depends on the extraction of natural resources, as it is the Ecuadorian case, not only the extraction of oil determines state's forms of governing for there is a process of circulation/distribution of wealth that also determines its forms of governance.

In addition, the existing struggles among different state groups trying to implement their agendas/concepts also determined the ways in which these projects were executed. Nevertheless, I argue that even though the postneoliberal state had different agendas, the Ecuadorian state prioritized less redistributive economic development models that, in the end, helped the accumulation of, for example, the agro-export sector, in detriment of small producers, such as the members of the Playas del Cuyabeno community. I argue that these struggles and state decision making not only made difficult for the community members to be part of state projects but it also caused the postneoliberal partial failure in achieving a better redistribution via the inclusion of small producers into state economic plans.

In order to develop my argument in this chapter, I will first briefly explain some of Foucault's concepts in relation to his early understanding of governmentality and political economy. Then, I will explain how some scholars, studying the state, the economy and

development have developed a specific interpretation of Foucault's theory of governmentality. I will also explain how this literature/interpretation has informed the examination of state development. I will then discuss the implications of this approach for the study of state forms of governing, particularly in relation to postneoliberalism. I will also discuss some of the limits of this approach by presenting an ethnographic study of the Playas del Cuyabeno community's daily struggles in order to achieve self-sustainable economies through being part of the postneoliberal economic development projects. I will also examine the obstacles and/or inconsistencies that these state economic development projects created in this community in its attempt to include small producers into state plans. Then, I will also illustrate the various state economic models and agendas that informed the Ecuadorian state development projects, and explore how the struggles among these state plans (represented in different state institutions and bureaucrat groups within the state) encouraged specific and contradictory forms of production and circulation of goods and services that resulted in contradictory forms of inclusion of indigenous peoples' economies. I will show some of the contradictions of postneoliberal economic plans and how they affected indigenous peoples' daily struggles in order to achieve self-sustaining economies.

#### **4.2 State and Economy: A Critique of the Anglo Foucauldian Approach**

Foucault argued that political power should not be studied as a centralized mechanism imposed from a centralized institution, the state. Instead, Foucault asserted, political is a set of different forces struggling (Foucault 1980). In this context, Foucault does not exclude the state from being part of these political struggles but gives it less centrality. Instead of being the only institution that deploys control mechanisms, it forms part of the diverse institutions/forces (the school, the church) that struggle in order to create a specific political order.

In his work, the analysis of the functioning of power and, in particular, of how political economy influences the forms of exercising political power could be found in Foucault's three forms of power, as well as their transformations through time, namely, sovereign power<sup>58</sup>, the art of government<sup>59</sup>, and governmentality.

According to Foucault, once pastoral power<sup>60</sup> is integrated into political power, the latter does not only appear as imposing its mandate but also as a protector of the governed. In contrast to sovereign power, the art of government emerges as an attempt to create a mechanism that instead of imposing law through violence, it "positions things" and "arranges things" in the right manner (2006:137). The emergence of the art of government consisted of new "tactics and techniques of power" whose aim was to order things appropriately (Foucault, 2006:140). These techniques made possible the production of scientific knowledge (statistics, demography, biomedicine, etc.). According to Foucault (2006), the XVII century witnessed the development of the art of governance, then the XVIII and the XIX saw this form of governing allow for the emergence of political science. It is precisely this transformation what Foucault calls as the condition of possibility for the emergence of governmentality.

For Foucault, the art of government already required the introduction of the economy into political practice. Within the art of government, politics and the economy were not conceived of as separated entities but embedded in one another. However, as

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<sup>58</sup> For Foucault, sovereign power was a despotic, authoritarian, and centralized form of power embodied in the king. The source of sovereign power came from the fact that the king had the absolute power over individuals. In particular, the king had the right to decide whether his subjects died or lived (Foucault 2006).

<sup>59</sup> The art of government emerges during the late sixteenth and early seventeenth centuries as an alternative to sovereign power and its authoritarian tendencies (Li 2005). Its emergence constitutes an attempt to establish a closer connection between the government and governed subjects; instead of arbitrarily deciding over subjects' lives and death, the art of government's aim is to conduct the governed. This conducting comes from the influence pastoralism (Foucault 2006:137) had in political practices (Foucault 2006:137).

<sup>60</sup> For Foucault, this is a form of power that provides guidance, care, and support for subjects and populations, in order to save their souls (Foucault *in* Dreyfus and Rainbow 1982)

Foucault shows, the economy, “which in the sixteenth century signified a form of government, comes in the eighteenth century to designate a level of reality, a field of intervention” (Foucault 2006: 93). Not only the economy was transformed into a scientific discipline, but the art of government also gave birth to political science. Paradoxically, it was this transformation that allowed for the economy to appear as separated from politics, and yet it is the result of this illusory separation what makes possible the emergence of a new mechanism of power: governmentality.

However, Bob Jessop (2010) has questioned the idea that Foucault’s understanding of power should focus on this specific interpretation of Foucault’s governmentality and of the art of government. An interpretation mostly concerned with a decentered study of the mechanisms of control of individuals and populations, or “the conduct of conduct” (Jessop 2010:63). According to Jessop (2010), studying Foucault’s work based on this interpretation represents just one form of interpreting his work that is related to a specific historical conjuncture, that is, the crisis of Marxism and of the welfare state, and the move towards neoliberalism.

For Jessop (2010), this particular interpretation of Foucault’s work, self described as the Foucault effect, is related to some researchers from the U.S., Canada, the UK, and Australia. For this reason, this interpretation has been labeled as the Anglo-Foucauldian school (Jessop 2010). According to Jessop (2010), this school, has selectively focused on Foucault’s initial work on governmentality (i.e. *Discipline and Punish* (1995) and the *Lecture on Government* dictated in 1977-8 at the College de France) which were translated to English in 1979. According to him, scholars being part of this interpretation have created an academic field denominated “governmentality studies” that has had a big impact on the study of the state in different contexts—for example, the study of the postneoliberal state in Ecuador—and has “been invoked to justify rejecting Marxism political economy” and to reject state theories that take the state for granted (Jessop 2010:57). However, the problem is that this approach does not take into account Foucault’s “continued, if often

unstated, adoption of key Marxian insights and his concern with the state as a crucial site” in his understanding of power (Jessop 2010:57).

In contrast, within this approach, the state is mostly studied as an institution that deploys calculated forms of administration of individuals and populations. Anglo-Foucauldian scholars, such as, Miller and Rose (1990), are mostly interested in examining the logics, political rationalities and calculations that operate in the state.

In addition, according to Jessop (2010), this approach puts more emphasis in the study of governmental practices rather than in the economic interests of specific classes (Jessop 2010). Due to the fact that Anglo-Foucauldians share Foucault’s initial rejection to the assumed Marxist economicism, this approach examines political economy not in relation to the processes of production and exploitation of labor or to the accumulation of surplus or rents but as an object of economic calculation. Moreover, this approach is not so much interested in examining the content of state economic theories/plans and the process of production and circulation they encourage but mostly in the conditions of possibility that allowed for the emergence of these theories.

It is important then to clarify that, in this research, I do not necessarily critique Foucault himself but the interpretation of Foucault’s work inspired on an Anglo-Foucauldian approach.<sup>61</sup> An interpretation that only focuses on the study of the state mechanisms of discipline and governmentality and that usually reduces the analysis of the economy within the state to the study of rational calculations succeeding in the management of populations.

Scholars such as Timothy Mitchell (2006) examine the state and the economy inspired in this approach. According to this interpretation of Foucault’s work, governmentality’s main form of knowledge is political economy. Political economy is

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<sup>61</sup> Of course there were other uses of Foucault that did not have this restrictive emphasis within these countries in this period. Bob Jessop (2010), for example does an interesting job of interpreting Foucault’s work beyond governmentality. See also, Kingsolver (1998) among others.

conceived as a rationality; the “invisible hand” that efficiently orders the economy and also regulates the “variability of individual wills” (Mitchell 2006:387). The importance of the economy in the study of politics derives from the fact that it is only when political power internalizes an economic rationality of endlessly controlling, placing, and ordering things that governmentality emerges as the new form of power. According to Mitchell, even though governmentality appears as a power mechanism, autonomous from the economy, it actually results from the incorporation of an economic rationality into political power (2006:179). It is a form of power that functions by finding the best mechanisms to manage populations in the right manner, in relation to resources, territory, agriculture, and trade.

One of the most important aims of this approach is to show how current forms of governing have incorporated economic rationalities in order to better control individuals. Following Foucault’s early works on governmentality, Mitchell (2006) conceptualizes the economy as a type of rationality which calculates, orders, and places the individuals and, in so doing, creates self-managed subjects. He studies how the state adapts and reproduces this economic rationality not only in relation to its control of individuals but also as a condition for its perpetuation and expansion.

However, following Foucault, for Mitchell, even though the modern state is the result of the incorporation of economic rationalities into politics, paradoxically, it is this assimilation that gives the illusion that the state is autonomous from rest of the society—including the economy.

According to Mitchell, the conditions that allowed for the emergence of the assumed autonomous and modern state and its various institutions should be sought in the advent and development of these economic rationalities. In Mitchell’s words, “it is more accurate to trace in these new techniques of organization and articulation the very possibility of appearing to set apart from society the free-standing apparatus of a state” (Mitchell 2006:177). Thus, in order to understand the origins of this modern state’s form of power, it is not only necessary to study the XIX century political theory approach that

supports its creation, namely, jusnaturalism<sup>62</sup>, but more importantly the “new relationship that emerged between the state and the economy in the twentieth century” (Mitchell 2006:182). For it is this relationship that creates the possibility for the emergence of the state.

According to Mitchell (2002), the existence of a unified state ideology (or what Abrams [1988] calls the state-idea)<sup>63</sup> is only possible as the result of the repetition and articulation of the multiple, ordering mechanisms of power, founded on an economic rationality. Yet, at the same time, once the idea of the unified and autonomous state becomes well established, it “comes to seem something much more than the sum of the everyday powers of government that constitute it, appearing as a structure containing and giving order and meaning to people’s lives” (Mitchell 2006:180).

Mitchell (2002) argues that the idea of the state as a unified structure emerged once politics and economics became separate disciplines; this separation constitutes the state ideology. However, this illusory reality also creates the illusion of the existence of a unified structure, or what he calls, structural effects (Mitchell 2006:185). These effects result from the countless repetition of economic rational mechanisms (placing, ordering, etc.) which make the state structure appear as if it was real. For instance, the army, as a unified structure or as a whole, constitutes the effect of the organization of the soldiers’ bodies, the synchronization of their bodies’ movements, and ceaseless repetitions (Mitchell 2002;

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<sup>62</sup> Jusnaturalism is a philosophical approach that argues for the existence of a natural law which regulates human actions. That law is necessary because even though “we are free by nature [...] this doesn’t mean that freedom is automatically realized in the forms of social life. Freedom, moreover, causes problems, since we all have the same rights [...]. So, the only way is to give up the rights we have, or better put, transfer our rights to an authority. Or better yet, renounce our natural rights in order to survive. This is the beginning of the famous jusnaturalistic theory of social contract” (Milović 2013:107).

<sup>63</sup> Philip Abrams (1988), divides the study of the state in two dimensions, namely the state idea and the state system. For Abrams, even though the state emerges as a cohesive and independent institution, this apparent unity is a façade that allows the state to reinforce its power.

2006). These quotidian mechanisms produce the idea of a larger structure that contains and controls them.

Under this theoretical framework, the state is a transcendental idea whose autonomy and apparent cohesion results from the sum of different disciplinary—the control of individuals’ bodies—and governmental—the control of populations—mechanisms and the economy becomes a set of rational calculations that allows the state to give the appearance that it is cohesive and autonomous.

Inspired by this interpretation of Foucault’s governmentality, Mitchell (2006) distances himself from the idea that the economy, as a mode of production, in this case, capitalism, influences state forms of governing. He argues that instead of conceiving of the state as the result of capitalist production processes disciplining rationalities—in factories, for example—it is more accurate to look at the capitalist production regime and the state power both as consequences of the emergence of modern forms of rationality, implicated in processes of “reordering of space, time, and personhood” as well as on the “production of the new effects of abstraction and subjectivity” (Mitchell 2006:181). Following this interpretation, if both the state and capitalism are the result of modern forms of rationality, then studying the emergence, constitution and function of these rationalities, that is, of governmentality, becomes the most important task in the examining of state forms of governing.

#### **4.3 The Poulantzas and Coronil Approach on the State: Bringing Back the The Economy Beyond the Study of Modern Rationalities**

Scholars such as Poulantzas (1979) also discuss with Foucault’s early ideas on governmentality. For him, even though in Foucault’s work power is a relational concept—or as Foucault said, power is the struggle of different forces—these struggles and its resistances do not have a clear end.

According to Poulantzas (1978), for Foucault (1980), there are not uniform causes that explain the emergence of power as in the case of Marxism (i.e., the production and accumulation of surplus value in capitalism, the division of labor, etc.). For the French thinker, the causes of power are relative to the different forces struggling. However, for Poulantzas (1978), what appears to be constant in Foucault's early theory of power are the rationalizing techniques of disciplining and governmentality. These rational techniques are only ways in which power manifests, in his study of the prison, the law, mental hospitals, etc., for example. However, even though this power dimension is undeniable and useful, the problem is that even the economy is conceived mostly as rational calculations aiming to manage populations. The process of production, their relations, and the forms of power it deploys are not foregrounded.

From a Marxist perspective, Nicos Poulantzas (1979) argues that the economy, understood as a production process, also creates state forms of state power. In particular, for Poulantzas (1979) the influence of the economy in state forms of governing comes from the capitalist production process and not only from a set of rationalized mechanisms aiming to improve performance. Poulantzas argues that Foucault's disciplining forms power—the organization of individuals and territories, the creation of self-governed subjects, etc.—are not divorced from the way in which capitalism organizes labor in the production process.

According to Poulantzas, although the Foucauldian theory of the economy as a form of rationality is useful in order to highlight the ways in which disciplining and mechanisms of governmentality order individuals and produce specific subjects, the problem is that early Foucault's work, as a result of its rejection to Marxism, overlooks the analysis of the relationship between the economy as a process of production and the modern forms of state governance. Even though Foucault studies concrete institutions, according to Poulantzas, he “objects to any interpretation of the materiality of power (and thus of the State) as rooted in the relations of production and social division of labor” (Poulantzas 1978:67).

Following Poulantzas (1979), I argue that even though it is useful to study how sets of rational techniques influence the creation of mechanisms of state disciplining powers and their conditions of possibility, the studies inspired on an Anglo Foucauldian interpretation of Foucault's early work on governmentality are also limiting. In particular, because this approach does not scrutinize how the economy, as a form of production and circulation, creates specific forms of state governing. An Anglo-Foucauldian approach is useful to understand how the economy influences politics. However, it is problematic when the economy and its influence on politics is reduced only to the study of state disciplining and governmental mechanisms. And this reduction is what characterizes part of the literature on the study of economic development projects, postneoliberal states and indigenous peoples in South America.

#### 4.3.1 The State and the Process of Production, Circulation and Accumulation of Wealth in Primary Export Societies

There are two forms of state/economy interactions that the literature on postneoliberal development, as a form of governmentality, does not deeply explain: the process of circulation of state revenues and its transformation into state projects, and the process of production, circulation and accumulation of wealth that these state projects encourage.

The state does not only appropriate a set of neutral mechanisms or techniques from the economy, as the Anglo Foucauldian approach shows, but also chooses to promote processes of production and circulation of wealth derived from economic theories that involve struggles within state institutions/groups (Poulantzas 1979; Coronil 1997). State economic development projects are also involved in complex processes of production and

circulation through the circulation of state revenues and through the development of the economic theories it promotes.

My aim is not to deny the contributions of the Anglo Foucauldian approach in the understanding of how state power functions (Ferguson 1990; Li 2005; Nicholls 2014; Scott 1998). However, as Poulantzas (1979) argues, the state does not only disciplines individuals and manages populations but through the redistribution of its revenues (via development projects), influences the way in which individuals produce and circulate their products and services. These forms of production and circulation of wealth that the state promotes also constitute a form of power. In particular, because the fact that economic state development plans and theories prioritize specific forms of production over others i.e., agro-exportation over popular and solidarity-based forms of production or high standard touristic companies over community touristic projects, allows for the accumulation of rents of some economic sectors, such as, agro-exporters while harming or only partially including others, such as small agricultural producers.

In addition, as Coronil (1997) notes, even though some scholars from the dependency theory, such as, Marini (1977), Cardoso and Faletto (1998), Dos Santos (2002), among others, have studied state development and the circulation of goods and services, they have focused their analysis on how international exchange results in the extraction of surplus value of non industrialized countries by industrialized economies.<sup>64</sup>

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<sup>64</sup> Dependency theory (Marini 1977), studies the inequalities that characterize international exchange. This approach classifies countries' economies in two types, core industrialized economies and peripheral primary exporter economies. The extraction of surplus value occurs because peripheral countries' economies have a structurally dependent position within the global economy. They compete under unequal conditions in comparison to industrialized core economies. Peripheral countries sell raw chip materials and buy expensive industrialized products from core industrialized countries (Cardoso and Faletto 1998; Dos Santos 2002). This transaction implies the extraction of dependent economies surplus value.

In the same vein, some Marxist scholars, such as David Harvey (2005; 2009) and Nail Smith (2010), have argued that economic development is a mechanism, promoted by international organizations such as the IMF and the World Bank, that forces peripheral states to accept the implementation of neoliberal agendas (for example, focalized subsidies, the reduction of social spending, the privatization of state institutions, labor flexibilization, etc.) in exchange for getting credits that presumably will allow these countries to achieve development industrialization, however, this does not happen. In contrast, debt increases every year and peripheral countries become doubly dependent.<sup>65</sup>

However, even though for Coronil (1997) this literature takes into account the process of state production and circulation of wealth, it does it, at the level of international exchange. Not much emphasis is put on how the process of production and distribution of wealth functions at a national level, particularly within economies and states that depend heavily on the exploitation of natural resources, as occurs in Latin America. These approaches neither study in depth the accumulation dynamics that national production and circulation of wealth create, nor do they explore how these dynamics are linked to state aims of achieving specific forms of economic development (Coronil 1997:31)<sup>66</sup>.

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<sup>65</sup> Not only do they have to face unequal international forms of exchange, but they also have to constantly pay interests to these international funding organizations (Acosta 2002; Revelo 2008). Consequently, dependency theory argues that it is impossible for these states not only to have independent economic agendas but also to achieve development, which, in the majority of the cases, is a prerequisite for becoming an industrialized country. In the same vein, from a postcolonial approach, Arturo Escobar (1996), argues that the concept of development is a discourse through which peripheral countries not only are built as underdeveloped but also a discourse that allows for the expansion of dependence and inequality in Latin America.

<sup>66</sup> One of the reasons is that for Coronil, Marx did not put much emphasis on the role of land in the production of wealth. Even though Marx argued that wealth is obtained not only from labor but also from “naturally available material” (Coronil 1997:31), the followers of the labor theory of value are most concerned about the contradiction of labor-capital, namely, how unpaid labor under capitalism generates surplus value.

In the case of the study of the state and its development plans in Latin America under postneoliberal regimes, scholars tend mainly to describe postneoliberal states as extractivist (Acosta 2009, 2011; Bebbington and Bebbington 2011, Gudynas 2013). This literature describes postneoliberal state economic activities in relation to resource extraction and shows how it not only produces environmental damages but also dispossesses indigenous peoples of their territories and ways of life. Conversely, not much attention is put on what happens after the extractivist phase ends.

However, the postneoliberal states and their agendas should also be conceived and studied as rentist. According to Coronil (1997), the states that depend on the rents obtained from the extraction of natural resources can be described as rentist states.<sup>67</sup> These states play an active role in the process of production and circulation of wealth. For example, in the case of countries that support their economy with the exploitation of natural resources, the state “controls natural resources, which in third-world countries are often major means of foreign exchange” (Coronil 1997:65). Rentist states not only depend on private economic groups’ taxes but also on the production of their own rents (Coronil 1997:8). State natural resources should also be studied as monetary rents that form part of a processes of circulation/distribution of wealth.

Moreover, for Coronil (1997) the rentist state influences national economic development agendas not only because it produces rents, but also because it plays a role in the national production of wealth, through promoting incentives for specific economic development activities. In these cases, private economic groups’ profits also depend on the circulation of state revenues and the state’s planning of economic development agendas,

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<sup>67</sup> For a deeper discussion about rentist states look at chapter IV.

i.e., the promoting of the growth of specific industries, the increase of import taxes, etc. In this sense, state development projects are also part of the state incentives. I will add to Coronil's theory that state economic plans also promote specific forms of production and circulation that favor the accumulation of some sectors over others.

If we conceive of state economic development plans solely in relation to the extraction of natural resources, such as oil, the analysis is incomplete. As Gibson-Graham et al. (2001) have argued, the process of circulation is a crucial component that will make it possible to better grasp the complexities of the dynamics of current economies.<sup>68</sup> Following these scholars, it is important to take into account the diverse actors and interests at the stage of circulation, in this case, during the implementation of state economic plans.

In the case of rentist states, such as the Ecuadorian state, the process of circulation of rents began, in part, with state planning and the implementing of these plans. How this circulation was carried out, and the processes of production and circulation of wealth that at the same time the state incentivized, was not a unified process but depended on the struggles that different groups, coexisting within the state represented, carried out in order to implement their economic concepts and models. At the same time, the implementation of these economic development agendas also influenced communities' economies for the type of contradictory inclusion they promoted and the processes of production and circulation they incentivized.

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<sup>68</sup> This process of circulation, is also analyzed by Marx in the second volume of *Capital* (1976)

#### **4.4 Struggling to Achieve Self-Sustaining Economies in Playas del Cuyabeno and the Contradictions of State Development Projects**

As already stated, the Millennium Community project in Playas del Cuyabeno not only consisted of the construction of infrastructure—i.e., the construction of new houses for indigenous peoples, the re-distribution of public spaces within the community, and the building of a school and a medical center. This project also intended to provide a plan that sustained indigenous peoples' economies.

In order to grasp how these postneoliberal development projects affected indigenous economies, it is necessary to explore the assumed conclusion that indigenous peoples rejected postneoliberal state projects. For as Martínez (2004) has shown, the interactions between indigenous peoples and state officers are very complex and imply several strategies and negotiations.

In addition to the Millennium infrastructure, the Ecuadorian state thought about the sustainability of the Millennium Community project. Consequently, the state economic development projects it promoted became part of the daily economies of indigenous peoples in Playas del Cuyabeno. Talking about the everyday dynamics of these projects in the community tell us other stories about the struggles of indigenous peoples in relation to state development projects beyond the lens of the concepts of state disciplining and extractivism.

According to Wolf (1982), picturing these communities and assuming their economies to be isolated entities untouched by power systems such as colonialism or capitalism is precisely what makes these groups appear as if they were people without history. For Wolf (1982), it is crucial to take into account how peoples' economies and forms of survival are not unhistorical, but the result of violent encounters with colonialism, liberal state policies, intermediaries, private companies, etc. As shown in chapter I, the case of Playas del Cuyabeno, the community families' farm, forest, and hunting activities have been disrupted in various moments through their history, beginning a long time before

the construction of the MCP. Their assumed dependency on money and their decreasing contact with their natural environment also began before the construction of the MCP.<sup>69</sup>

When I arrived to Playas del Cuyabeno at the beginning of 2016, the oil price crisis in Ecuador had just begun. The year before, the oil price in Ecuador had fallen to its lowest level in seven years. The price per barrel had dropped from \$54.12 to \$37.65 in 2015<sup>70</sup> alone. This drop caused the PetroAmazonas state oil company to decrease its budget and reduce its personnel. As a consequence, during 2015, the majority of community members (usually young men) that had been contracted by the oil company were fired. In addition, the amount of motorized canoes that the community sub-contracted for this oil company also decreased exponentially.

At the beginning of 2016, the community of Playas del Cuyabeno began re-organizing their tourism groups and demanding advice from the state tourism ministry. Some community families also asked the ministry formerly known as the Ministry of Agriculture Livestock, Fishing and Aquaculture (MAGAP for its Spanish Acronym)<sup>71</sup>, to provide them with more coffee and cacao crops. In addition, in order to be able to legally offer a variety of services such as transportation, food preparation, cleaning, etc., the local community began trying to become an association in an effort to join the state's Popular and Solidarity-based Economy Project (EPS-Spanish acronym). Being part of the EPS was important for indigenous peoples, not only because it was their opportunity to directly

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<sup>69</sup> During the nineties, the Metropolitan Touring Touristic Company began a tourist route through the Aguarico River, where the Playas del Cuyabeno community is located. As a result, the members of this community decided to reorganize not only their economies but also their everyday lives according to the services—cottages, handicrafts selling, cleaning, etc.—the community began offering to this company. During the Metropolitan Touring era, most of the families from this community had monetary salaries and many indigenous families began getting modern appliances from nearby local markets. This means that their economies and contact with the environment began changing at least as early as thirty years ago.

<sup>70</sup> The New York Mercantile Exchange In: <https://www.cmegroup.com/company/nymex.html>  
Retrieved 10 December, 2018

<sup>71</sup> In 2018, the new government presided by Lenin Moreno began an important restructuring/reduction of state institutions. As part of this process, MAGAP changed its name to the Ministry of Agriculture and Livestock.

contract with oil or other companies, but also because it would allow them to avoid subcontracting, and the related abuses of individual mediators and private companies.

The community members of Playas del Cuyabeno, interested in the materialization of these projects, met several times in the new big coliseum in order to discuss and advance these and other projects. For example, met every week to talk about the construction of new tourist services, the rearranging of existing services, the distribution of owned money, the election of new authorities, and other issues.

All the members from the community met monthly in a general assembly and minga, not only to discuss different problems but also to maintain and clean the shared community spaces. In addition to this monthly minga, the community members also attend several smaller mingas in order to clean their school, the old cemetery, or to work on someone else's farm, or build, fix or repair their tourist infrastructure.

After the oil price crisis, the community members reorganized their diversified economies using communal decision-making mechanisms—i.e., they organized and attended several meetings and mingas. The presence of the state in their decision-making process was not decisive. When indigenous peoples met to decide about their involvement in relation to state economic projects, the state did not impose its point of view in relation to the community decision-making regarding these projects, at least in the majority of these cases. Even though state institutions sometimes made up part of the community's general or smaller meetings in the form of representatives from PetroAmazonas, MAGAP, or the Tourism Ministry, only a few times did state officers visit the community to supervise a project or to control their economic activities. The state's presence was not a constant and did not impose on the community's daily decision-making.

#### 4.4.1 Postneoliberal Development: Tourism, Coffee and Popular Economic Associations

One afternoon, while I was waiting at one of the small grocery stores, I saw a state officer from the Environment Ministry arrive in Playas del Cuyabeno. He talked to Oswaldo, the president of one of the three community touristic organizations that function within the community. In the conversation, the officer told the Oswaldo that the tower this group had built in one of the biggest trees of the area does not meet the state safety and environmental standards. Furthermore, they suspected that the wood used to build the stairs was obtained from the community, which is forbidden. Thus, according to the Environment Ministry the tower was illegal and unsafe. The state officer told Oswaldo that his group could not send any tourists to climb the tower until this was addressed: “We will not give you the authorizations needed for the touristic tower to function because of the way in which it was build, it was illegal. You are lucky that we are not putting anyone in jail.”

During the time I was in the community, even though the Environment Ministry representatives had warned that they will punish indigenous peoples for what they consider “illegal activities”, no punishment was executed, but they forbade residents to use the tower as tourist attraction. When I went to talk to the state officers at the Ministry of Environment Branch in Lago Agrio (the capital of the province in which this community is located), one of them said “we are not interested in putting anyone in jail.” However, despite the fact that the state did not punish them, it was not possible for indigenous peoples to benefit from the three lookouts they had built.

This is only one of several conflicts that indigenous peoples face everyday in their attempt to construct an economy that can be sustainable through time. Not only the state, but also private intermediate touristic companies, make indigenous collective and individual economic projects more difficult to achieve. They forcibly had to interact with

private companies. Due to the fact that they did not have the standards that the state requires, they have to sub-contract their services to these intermediate touristic companies who get most of the rents. As Mutersbaugh shows for the case of agro-food international standards the “shift to globalized standards has transformed rent relations in ways that benefit certain actors (that is, retailers) and imperil the earnings of others” (2005:2033).

In Playas del Cuyabeno there are three touristic collective groups, San Francisco, Balata Yaku, and La Torre (the Tower). The first one is the oldest one, this touristic group emerged three decades ago as was part of the Metropolitan Touring touristic circuit. When the Metropolitan Touring company contracted the community services as part of their Amazonian touristic package, all the members of the community created the San Francisco touristic group. However, after Metropolitan Touring left, San Francisco entered a crisis and many of its members abandoned it.

The community members that remained a part of San Francisco reorganized the group and began subcontracting with new smaller touristic companies from Quito that replaced Metropolitan Touring. Currently, the San Francisco group rents the wooden cottages that its members built together to a Quito Touristic Company named Dracaena. In exchange, they receive a small percentage of the money collected from the tourists. The amount depends on the number of passengers that spend the night in the cottages every month. In addition, this intermediate company also sub-contracts young members of the community in order to take care of the tourists when they are at the cottages. It also contracts a chef, and a canoe driver that takes the tourists from Tarapoa (the closest port) to the cottages in a motorized canoe.

San Francisco is the best organized touristic organization of the community, and most of the adult families and elders are part of it. They are constantly meeting in order to plan their next collective labor task. They meet, for example, to talk about the arrangements that the cottages need, to distribute the money obtained during the month, or to expose any problems in relation to the intermediary company. However, due to the fact that the San Francisco cottages do not meet the Tourism Ministry standards and because this collective group is not legally registered, they cannot offer this service independently, but instead have to informally rent and subcontract their touristic services. As one of the leaders of the San Francisco touristic groups said, “the state asks for high quality. For example, it asks that every cottage room have a private bathroom, with its own shower and every bathroom have a tile floor with its own sink. All the built space also has to be signposted so that the tourists know where to go if they need anything.”

In addition, no state institutions worked directly with this or the others tourist groups or helped their members in legalizing their touristic services. Bolivar, one of the members of this group stated: “we cannot become a legal company because the state now asks for a lot of requirements to legalize our touristic cottages. Every service detail has to be perfect and we do not have the money to fill all of these requirements.”

The second tourist organization of Playas del Cuyabeno is La Torre. This organization offered a touristic forest lookout built in a tree. This lookout was going to be included at the Dracaena’s tourist package. The local Indigenous peoples’ plan was to charge the visitors interested in climbing this enormous tree and observing the Amazonian landscape and forest. However, because they did not request approval from the Environmental Ministry before building this lookout, they were not able to benefit from

the tourist service they built. Thus, their group meetings were usually to discuss a solution to this problem with the state. Unfortunately, this problem has not been solved as of yet. In addition, even though the members of this group take turns sleeping at the tower and taking care of it, this lookout is mostly abandoned. In the same vein as the cottages, this lookout does not meet the state standards.

The third tourist organization of the community, Balata Yacu, is the newest one. Its members are mostly young indigenous peoples. Specifically, high school students and the youngest of families. When I arrived in the community, this group was planning on offering a new service for Dracaena. Their plan was to build a lodge for the tourists to rest in, to observe Kichwa dances, and to learn how to make indigenous handicrafts and cook the manioc cassave—a type of dry manioc and toasted bread. They had several meetings during the time I lived in the community. At one of these meetings, they concluded that they had learn more about how to dance the Kichwa traditional dances. Wearing a shirt and shorts, the president of Balata Yacu, Julián, said during the meeting that they will have to dress with Amazonian clothes and collars in order to “entertain the tourists.”

Months later, after the owner of Dracaena accepted the Balata Yacu’s new services, they began planning a minga to build the infrastructure for their new services. When the minga took place I was able to learn about the complexities of collective work and how the younger Kichwa generations maintained the minga tradition even after the construction of the Millennium Community Project. For the indigenous peoples from Playas del Cuyabeno the minga was one of the bases of their economic sustainability. As one of the community leaders noted “collective work gives us the possibility to create an economic alternative for young people in the community.”

Due to the fact that they could not sell their touristic services directly to the tourists but had to sell them to intermediate tourist companies or to sub-contract their touristic services, tourism by itself could not sustain the community economically. Thus, diversification of their economic activities was the only way in which community members could sustain themselves and their families.

After the oil crisis of 2015, many community's families began planting coffee and cacao in order to obtain more monetary revenues for their survival. The state Ministry of Agriculture Livestock Aquaculture and Fishing, MAGAP, as part of a state economic development project called the Fine Aroma Coffee and Cocoa National Reactivation Project, provided coffee and cacao seeds to this and other communities. When walking around Playas del Cuyabeno it was common to observe large amounts of coffee seeds stacked on the floor of the Millennium Community's houses, where they would lay under the sun for several days until they were dry, to later be sold to intermediaries. According to the engineer Augusta, the MAGAP state officer who went to the community to redistribute these seeds, "since the oil crisis, the amount of families that asked to be part of this project has exponentially increased." She added that before the oil crisis: "it was a struggle for me to get the people of the community interested. They were working for the state oil company before. But luckily for me, now we are working together." During the monthly communal assemblies, the Kichwa usually brought their concerns and questions about the coffee and cacao state project. In one of these meetings, they were troubled by the prices of these products. As a strategy to prevent intermediaries from taking advantage of their products by buying them at lower prices, the state had created a coffee and cacao storage center in the community. However, this center was located at and administrated by

the Santa Elena Association. Unfortunately, this mechanism did not work. The state didn't put the storage center in the most populated side of the community, but instead close to the families that did not have a good relationship with the rest of the community, for they were the ones who negotiated oil exploitation with PetroAmazonas without the community consent and the ones who had benefited the most from state oil extraction compensations. Thus, when it was possible the community members preferred not to sell their coffee or cacao to this center. For some of them, it is better to sell their products in other places. As Bolivar said, "when I have the opportunity of free transportation I prefer to sell my coffee at local markets to buyers from Lago Agrio."

In addition to the touristic companies and the coffee and cacao crops, the families from Playas del Cuyabeno also offered transportation and other services. They offered motorized canoe trips to public and private companies and services such as cleaning and food preparation, among others, to the foreigners that stayed in the Millennium Community (mostly to maintain or to repair the Millennium community infrastructure).

With the monetary state compensation for the construction of the Pañacocha state oil field, most of the community families bought motorized canoes. They decided to buy these canoes in part because before 2015, when the oil price was high—in 2014 the average price per barrel was \$95.53, according to the Banco Central del Ecuador (2014)<sup>72</sup>—the PetroAmazonas state oil field representatives contracted several motorized canoes from the community. However, they could not directly contract their services with this oil company. Due to the fact that indigenous peoples' families were not a legal association from the Popular and Solidarity-based Economy Project, EPS, their canoe services could not be

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<sup>72</sup> In English: Ecuadorian Central Bank.

directly contracted. For that reason, they had to sub-contract their transportation services to Cepega, a company owned by a white-mestizo owner from Lago Agrio.

However, not all the community families had the chance to offer their canoe service to PetroAmazonas at the same time. In order to solve this problem, the community decided to divide the contracting time among the community families. Each family had to rotate and to wait for its turns in order to be able to put its canoes to work, and then only for a limited period of time. After their turn was over, which usually lasted about a month, the next family in line had the chance to offer their services. The rotation of this job opportunity made the distribution of money as fair as possible. However, during 2016, as a result of the oil crisis, PetroAmazonas no longer had the budget to contract many motorized canoes. When I arrived, the only canoe that they contracted was the one that was community owned, the ambulance. As a consequence, the community assembly had requested for PetroAmazonas to meet with them in the community, and give them an explanation about their lack of job offers for the community during 2016.

In one of their monthly assemblies, the PetroAmazonas Community Relations Management Department representatives arrived in the community to meet with indigenous peoples. During this meeting they explained that the cause for the lack of job offerings was related to the oil crisis. They also suggested that the indigenous people should “become a legal association, so that PetroAmazonas could contract directly from the community.” However, Mariano, who was in charge of doing the paperwork for the establishment of the association responded to the oil company representatives by saying: “we have been trying to be an association of the Popular Solidarity-Based Economic project for years but they do not help us and neither does PetroAmazonas. They always ask

us for more documents, for more papers. We keep trying to legalize but it seems impossible”. At the end of his intervention, this indigenous leader also requested that PetroAmazonas give advice about becoming a legal association.

The importance of becoming part of the Popular and Solidarity-based Economy state project is related to the possibility of avoiding sub-contracting. The popular and solidarity-based economies are different forms of production and consumption based on the spontaneous association of individuals or families interested in producing goods and services (Gomez 2013). The main interest of these associative economies is not the production of capital but the improvement of the well-being of their members (Gomez 2013).

Promoting these associations was a state strategy that would make possible an increase in job opportunities and would contribute to a better wealth distribution among small producers. In order to implement this project, the state created two institutions, the National Institute of Popular and Solidarity-based Economy and the Superintendence of Popular and Solidarity-based Economy. However, due to the fact that small producers were not the main actors of the economic transformation of the economy, these institutions did not have enough state support to meet their goals. One of the main problems of this state project for the Playas del Cuyabeno community was that, in the community attempts to become part of this project, this superintendence was not so much dedicated to facilitate or to give advice about how communities should legalize their associations. In contrast, it was dedicated to seeing to it that the products and services these communities attempted to offer fit state quality standards, i.e., that canoes in perfect condition, etc. Thus, as the Playas del

Cuyabeno community case shows, in the end, these state standards became obstacles in the indigenous peoples' attempts to be a popular and solidarity-based association.

Thus, during the community meeting with PetroAmazonas, when the oil company representatives left, Gerónimo, the community president requested that Mariano, the one in charge of going to the state institutions to legalize this association, inform the assembly about his activities on this matter. He told them that even though he had gone several times to Lago Agrio, state bureaucrats from the Superintendence of Popular and Solidarity Economy “always ask me to get more documents.” Consequently, the community's attempt to become a legal association is still incomplete. As Rodrigo, the community secretary told me, one of the obstacles to becoming an association is that their motorized canoes needed to meet several standards. For instance, the motorized canoes had to be constantly reviewed by a mechanic to prove that the canoes were in good condition. However, families did not have enough money to get this review done every time, even though it was a requirement to get their canoes approved to offer transportation services. Finally, even though PetroAmazonas representatives offered their help in constituting this legal association, during the time I lived in the community, they did not fulfill their offer.

Thus, the main problem of the community attempts to be part of state economic development projects can be found in the process of circulation that these state development models generate. The community members constantly critiqued the fact that they had to sell their products and sub-contract their services to intermediaries. One of their common desires was that they wanted to be able to offer their products and services directly to the users, not only because intermediaries do not always pay them fairly, but also because they mistreat their workers. For instance, Edison a young member of the

community who worked for Cepega noted that not only does Cepega usually not pay for the money correspondent to the trips they make, but the manager also treat their indigenous workers poorly: “it is difficult to work for this man, he screams at us all the time and makes us sleep like animals. On the top of that, he never pays us fairly, it is bad but we do not have a choice.”

A similar problem occurred with the touristic intermediate company. One of the ex-workers of the tourist company said,

He [the owner of Dracaena] earns a lot of money but he only gives us two dollars for every passenger that spends the night at our cottages. I wish we had our own touristic association but he is the one who knows how to bring tourists from Quito, we do not know how [...] The Tourism Ministry offered us to promote communal tourism but it has not given us that help yet.

This description of the community’s economic dynamics and its problems shows that it is crucial to study what happens after the process of state extraction of oil, in the process of the circulation of oil revenues during the implementation of state economic projects. This analysis will make it possible to better understand the contradictory agendas of postneoliberal development and also to figure out which type of circulation model these state projects promote; what is the role of small economies in these projects, who benefits from these projects, and perhaps most notably, how this circulation prevents the Playas del Cuyabeno community from developing sustainable economies over time despite of their constant attempts to fit state projects. I argue that the impossibility for the community to get sustainable economies is, in part, connected to the fact that the state, on the one hand, promoted an economic development model that prioritized the agro-export sector, high services standards, and the increase in productivity—written in The Productive Matrix Change Strategy— and, on the other hand, dismantled and partially excluded its own

radical development economic plan that prioritized small producers and the possibility of creating a new mode of accumulation of wealth, The Rural Living Well Strategy (RLWS).

#### **4.5 The Economy as a Process of Production and Circulation: State Economic Development Plans, and the Obstacles of Redistribution**

In order to understand state development projects, not only as mechanisms that deploy an abstract economic rationality among populations but also as an imbedded process of advocating for some economic theories and of the production and circulation of state rents, it is necessary to describe the different economic development agendas that the Ecuadorian postneoliberal state tried to implement in order to achieve economic development. These models produced different forms of understanding of how the production and circulation of goods and services should take place. These plans also encouraged the growth of some economic sectors over others, for example, industrialization over agriculture, and prioritized some actors over others, e.g., agroindustry over popular and solidarity-based economies, big services companies over communitarian services.

##### **4.5.1 The Productive Matrix Change vs. The Rural Living Well Strategy: Connecting State Projects And Indigenous Economies In Playas Del Cuyabeno**

In contrast to the idea that indigenous peoples' economies are opposed to state economic plans, the case of the economies of Playas del Cuyabeno show that the community's economies are linked to state projects. Moreover, they make visible the contradictory agendas of state postneoliberal plans. There are at least three economic activities that are related to state economic projects in Playas del Cuyabeno: the touristic community services, the cocoa and coffee indigenous small farms, and the motorized canoes transportation services.

The problems of the indigenous peoples' transportation services are related to the contradictions that the state Popular and Solidarity-based Economy Project shows. Even though the state promotes the legalization of popular and solidarity-based associations, it requires that their products or services have high state standards in order to legalize them. In the case of the community motorized canoes, it required them to maintain their canoes according to high transportation standards. This is contradictory as it requires constant levels of investments (e.g., buying canoe implements in order to guarantee state safety standards, buying canoe parts, etc.) that this group cannot fulfill. Because the community members cannot be part of this project, even though the state encourages them to do so, they have to outsource their services. This means that instead of bringing their services as a legal association solidarity-based economic sector directly to public and private institutions and companies, they have to sub-contract their motorized canoes to a bigger transportation company, which not only monopolizes canoe transportation in Lago Agrio, but also takes part of the community rents and treats the workers poorly.

Community members of Playas del Cuyabeno are able to subcontract their services despite of the fact that the community members are not able to keep big companies' high quality standards as this requires high investments. This does not mean that the community members did not have to fit certain standards while subcontracting their motorized canoes. However, fulfilling big transportation company's standards is not the same as fulfilling the standards for a motorized canoe to be able to circulate. Indigenous peoples still had to maintain their canoes in good conditions. Every year a canoe mechanic had to check their canoes in order to get the canoe circulation approval. However, the implements and

approvals in order to assure workers and passengers security and safety, for example, were covered by the company subcontracting their services.

In the case of the cocoa and coffee planting, despite MAGAP's constant distribution of coffee and cocoa seeds, this state economic projects fails in creating sustainable economies in the communities. For, even though the state provides indigenous communities with cocoa and coffee seeds as a way to increase its production and to promote the participation of small solidarity-based economies, at the same time, the mechanisms it creates to avoid intermediaries do not function.

The communitarian touristic services present two further problems. One is that the Tourism Ministry requires that tourist cottages have high standards of quality in order to legalize them. This again means that communities have to make constant monetary investments which is not possible for them to do, as most of them do not have the capital required. The other problem is that the Tourism Ministry does not give advice, nor does it guide the creation of communal touristic services but merely promotes them on its web page. For that reason, indigenous peoples have to informally sub-contract their cottages and other touristic services to bigger tourist companies from Quito in order to partially benefit from tourism.

The obstacles that the community faced in order to benefit from these state projects are related to how these projects were implemented, the diverse agendas and approaches they contain, as well as the struggles over different state groups.

#### 4.5.2 The Contradictions of Postneoliberal Economic Development Views And Projects

Even though state economic postneoliberal models in Latin America have been described as the continuation of neoliberal extractivism (Bebbington & Bebbington 2011),

following Postero (Goodale & Postero 2013), I argue that rather than having a unified approach, postneoliberalism has different and sometimes contradictory economic agendas. For instance, in Ecuador, different state groups struggled for more institutional and political support in order to implement their economic plans. These struggles partially explain the contradictory agendas that postneoliberal economic development entailed.

As described in the previous chapter, there were at least three different agendas/groups within the postneoliberal state. Each of them had a singular view of which was the best economic model in order to achieve development: an agro-ecological economic model—which was promoted in the partially disappeared Rural Living Well Strategy; a neostructural economic project that lies in the 2013-2017 Change of the Productive Matrix Plan; and a more neoliberal oriented project influenced by MIPRO. I was able to investigate the two first economic agendas.<sup>73</sup>

On the one hand, most state officers promoting the agro-ecological economic model worked in SENPLADES or MAGAP. The SENPLADES state officers (who were still working for the state) can be described as urban middle class intellectuals from Quito, the Ecuadorian capital. Some of them had previously worked as professors (at the Central University, at the Salesiana University in Quito) and had published articles critiquing agroindustry. Before working for the state, they had also worked for NGOs dedicated to create better commercialization circuits for small producers from rural Ecuador. Other state officers (who were also the ideologists of this approach) were no longer working for the

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<sup>73</sup> By the time I went to Ecuador, the group that promoted the neoliberal agenda had been partially incorporated into the group represented by neostructuralism. For more information about a third economic agenda within postneoliberal Ecuador see: Andrade and Nichols (2017).

state but instead, they were writing about the state as part of their Ph.D. dissertations. Others were working for the state but as private consultants.

The state officers promoting this approach (and that I was able to interview) shared a sentiment of disappointment in relation to small producers' peripheral roles within state economic agendas. They also felt frustrated for they had the opportunity to implement an agro-ecology oriented approach but, in the end, this approach was practically left aside. After one of my interviews ended, Oscar, a state officer in charge of the planning of this approach and who was working on the Rural Living Well Project, at a very small office at MAGAP, finally said: "The state made me loose my time, I spent so much time working on this model and, for what? Now you see me in this small office. It is frustrating. So much work for nothing!"

On the other hand, state officers promoting the so called Change of the Productive Matrix Plan, under a neostructural approach, emerged from the strategic sector's group. They were state officers and engineers that were linked or had worked for electric and oil companies before. Both sectors conceived of as strategic industries for the country's economic improvement.

This group's state officers, such as, the ex-vice president, Jorge Glass and his advisers, became progressively important within the government for, while working in the Ministry of Telecommunications and Information Society, they gained prestige in obtaining international funding for the state. After well managing this ministry they became in charge of the Ministry of Strategic Sectors which included, oil, mining, electricity and other sectors. However, this group managed not only these economic sectors; they also became in charge of the redistribution of resources obtained from oil and mining

investments among local communities. To this end, they created the state company Strategic Ecuador. This company was in charge of managing state rents aiming to implement development projects in communities located close to strategic sectors projects, such as, the construction of new oil and mining companies, and hydroelectric projects, among others.

Even though the state group implementing a neostructural approach benefited agroexporters and big services companies, the concrete links between this group and agroexporters and other companies goes beyond the scope of this dissertation. It is clear that this group benefited agro exporters over small producers. Nevertheless, more research is needed in order to better understand how state officers directly represented agro exporters' interests beyond the choosing of a neostructural economic model.

Once Glass became vice president of Ecuador, his group implemented a neostructural approach as the state's most important economic development plan. A great part of this plan was funded with state rents recovered from the restructuring of state oil contracts.

Due to the fact that the distribution of oil revenues between the Ecuadorian state and private oil companies was uneven before Correa's government, —only 12.5% of the revenues were allotted for the state versus the 87.5% that corresponded to private earnings (Fontaine 2003:11)—one of the first measures of the postneoliberal government was the restructuring of oil contracts. As a result, instead of twelve, around sixty percent of oil revenues went into the state fiscal coffers. In addition to this, the first Living Well Development Plan claims that it was necessary to create a “different form of producing wealth” whose main aim was not the production of surplus value but the creation of a new

form of production (SENPLADES 2007). It also argued for a more even redistribution of wealth as a strategy to overcome historical inequality. This was going to be achieved through decreasing land concentration and redistributing it to the poor, through a more even distribution of irrigated systems, etc.

However, during the first and second periods of Correa's presidency, these goals were only partially accomplished. By the third period of his presidency, the agenda had changed. The state was no so much interested in the creation of a new form of accumulation of wealth. The overcoming of inequality became less visible as it was transformed into poverty reduction, and the more even re-distribution of land and irrigation systems were poorly accomplished. It is necessary to question how and why these changes occurred.

At the beginning of Correa's first presidential period, different leftist groups supported the postneoliberal political party named Alianza Pais: indigenous political leaders, workers' unions, leftist political parties, and university scholars, among others. However, after this initial period, this support was gradually revoked due to the extractivist agenda and lack of tolerance of the government. For instance, the government began legal prosecutions against some indigenous leaders who opposed extractivism, accusing them of terrorism; the government also created parallel indigenous organizations, etc., in order to bypass indigenous leaders, etc.

Despite the fact that many important leftist groups stopped supporting the government, others remained part of the state at least until 2015, the Socialist Party, for example. The groups that stayed struggled to get their agendas implemented. These groups controlled specific state institutions. While SENPLADES has been conceived as the institution with the most leftist agenda of the state (Andrade and Nichols 2017), the

Ministry of Strategic Sectors, and then the Vice-presidency, were conceived of as the most pragmatic<sup>74</sup> institutions of the state. These groups had different economic development agendas and struggled to implement them.

An analysis of the postneoliberal development state plans (2007-2010<sup>75</sup>; 2009-2013; 2013-2017) makes it possible to see how the state agenda progressively changed its views on development.

The first development plan (2007-2010) mostly contains the history and diagnosis of Ecuador's economy as well as some principles in relation to the state view on development; however, it also promoted solidarity-based economies and highlighted its importance for the national economy: "alternative economic forms of organization and production rise income' levels of the rural and marginal urban population of the country, it diversifies their sources of income and it makes possible a fair distribution of value" (SENPLADES 2007:58). In particular, it argues for an economy that includes small producers. According to this plan, tourism is crucial for overcoming existing inequalities within rural sectors. The plan proposes a form of tourism based on "cultural and ecological diversity, conducted by indigenous communities or popular associations" (SENPLADES 2007:58).

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<sup>74</sup> According to one of the leftist ex SENPLADES sub- Secretariat (who was studying her Ph.D. at FLACSO when I interviewed her), one of the mistakes of the SENPLADES leftist intellectual group was that they were not pragmatic enough. According to her, being pragmatic meant to get things done fast. She remembered how when she and her team work presented the proposal containing an agro-ecologic approach to high state authorities, they had a long presentation, however, when the Strategic Sector group arrived with their presentation, their presentation was short, less theoretical and more quantitative. It used specific percentages rather than concepts in order to show how it was a better proposal than the SENPLADES one. It required less time in order to show results. According to her, this was one of the reasons why their proposal was not chosen.

<sup>75</sup> Even though the first plan's agenda ended on 2010, with the second election of 2009 another plan was designed before the end of the first plan.

The second development plan (2009-2013), presented after the approval of the new Ecuadorian Constitution approved in 2009, has the most elaborate and leftist and radical state development agenda. This plan proposes a “new mode of accumulation and redistribution of wealth” (SENPLADES 2009:93) whose aim is, not the production of surplus, but the possibility of reducing “inequality” and overcoming the condition of the country as primary-exporter (SENPLADES 2009: 95). This plan even critiques the very concept of private property. According to the plan, the only way to create a more egalitarian society is to “face the structural causes of inequality, such as the concentration of the means of production, treating land and water as simple commodities, and ignoring the right of people to its access” (SENPLADES 2009:101). One of the strategies to achieve this change consisted of the promotion of the popular and solidarity-based economic sector. For instance, it claims that the state strategy of “production of wealth will be through communitarian tourism services” and that “from the productive process the surplus will be distributed through the reinforcing of the popular and solidarity-based economy” (SENPLADES 2009:58).

The idea of this plan was to incorporate redistribution into the very process of producing wealth. That way a new mode of accumulation would emerge. In addition, the strategy also stated that, due to the fact that one of the most important comparative advantages Ecuador has is biodiversity, it was possible to transform it into an added value that would allow for the development of a strong communitarian touristic sector.

However, the third development plan (2013-2017) neither proposed a new accumulation mode nor critiqued the concept of private property. Instead, it proposes the Change of the Productive Matrix—the transition from a primary export economy to a

diversified economy, using knowledge as a new added value as well as technological development. In order to achieve this goal, it relied on the development of big strategic-competitive sectors. For instance, the construction of hydroelectric projects that made it possible to decrease the dependency on oil production. It also proposes the development of the new exportable products (coffee and cocoa) and services (tourism) sectors, as a strategy to diversify the economy. Furthermore, this plan also states that “the participation of the industrial and service sectors in the Gross Domestic Product, leaves enough space for the involvement of primary rural sectors” (SENPLADES 2013:73). Therefore, it did not rely on the development of a solidarity-based form of production to be the foundation of a new form of accumulation and circulation of wealth. Instead, small economies were solely conceived of as peripheral actors—linked to bigger economic sectors—whose main purpose is helping in the reduction of poverty.

How these planned transformations are related to the everyday of state officers’ practices and struggles is what remains to be answered. I argue that the reasons that explain these changes are related to the struggles among diverse state groups: The SENPLADES leftist planners and the state officers from the Vice Presidency and the Strategic Sectors state institutions.

#### 4.5.3 The Solidarity-based Economy vs. Diversification and Productivity

At the beginning of my research on state Ecuadorian institutions, and under a political economic approach in anthropology (Kingsolver 2010; Wolf 1982), I decided to follow the economic development projects that became part of the daily economic activities in Playas del Cuyabeno. My aim was to figure out the meaning and the aims of these projects, from the state officers’ perspective.

I did fieldwork on the state during Correa's third presidency, between 2013-2017. The economic ideas the state was officially implementing during this period were: the creation of new energy projects in order to overcome oil energy dependency, the construction of big research universities in order to materialize the society of knowledge—the idea was that knowledge will become the new resource to sustain the economy through the creation of added value to Ecuadorian products—and the diversification of agricultural and services export products through increasing its productivity. As already noted, changing the mode of wealth accumulation was no longer part of the official state agenda during this period.

However, I argue that changing the mode of wealth accumulation was not simply rhetoric contained in the first and second development plans, or merely an official discourse, but was instead part of a struggle within state groups, a struggle that took place during the first and second postneoliberal mandates. These more leftist concerns were partially institutionalized and transformed into a written strategy.

During my interviews, several state officers talked about the same project, the so-called Rural Living Well Strategy, which represents the written version of a more redistributive economic model within the postneoliberal state. After these interviews I began searching for the members of the team that proposed and was in charge of creating this strategy, and began talking to most of them. They were either still working at state institutions such as SENPLADES, MAGAP, the Happiness Secretariat,<sup>76</sup> or had become

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<sup>76</sup> The Happiness Secretariat was created in Ecuador in June of 2013. This Secretariat was created in order to build the Living Well society. When I went to interview an ex SENPLADES state officer I saw a blackboard full of ideas about meditation, yoga, yin and yang draws, etc. Rather than creating a cultural revolution (which was the idea at the beginning), the ministry of Happiness put its efforts into broadcasting the Living Well TV program. This program showed

private state consultants. They told me their stories about how the planning of this strategy began, and why it was never fully implemented.

At the beginning of Correa's second election in 2009, after the approval of a new constitution, SENPLADES began working on the construction of a new mode of accumulation and redistribution of wealth. One of the pillars to make this transformation possible was the role of agricultural popular and solidarity-based economies from the rural areas. Small producers were crucial for this transformation. According to the Ecuadorian National Institute of Statistics and Census (2018), more than the 20% of this economically active population works for the agricultural sector.<sup>77</sup> Thus, conceiving of these small agricultural economies as one of the foundations in order to achieve economic development was, at the same time, as one of the members of this team said, "an attempt to create a mode of accumulation of wealth whose aim be redistribution, and the decreasing of inequality."

Therefore, in order to achieve this objective, the plan got institutional support from SENPLADES. This state planning institution created the Sub-secretariat for the Rural Living Well Strategy and formed a team of state officers which began working on the strategy. After listening to the trajectories of the members of this team I discovered that before working for the State most of them had worked for NGOs associated with an agro-ecological approach on agriculture and were deeply environmentally consciousness. One of the members I interviewed, for instance, lived in La Floresta (a Quito neighborhood) in

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the experiences of peasants and communities who live happy lives, that is, a healthy, fair, and sovereign life.

<sup>77</sup> National Agricultural Census of 2000 and the National institute of Statistics and Census, INEC in <http://www.ecuadorencifras.gob.ec/censo-nacional-agropecuario/> Retrieved 15 October of 2018.

a big eco-friendly building. Another member told me about his yoga and meditation practices as well as his recycling efforts.

The first thing that one of them explained to me about the Rural Living Well Strategy was the difference between a state project and a state strategy. A strategy, as opposed to a project, gave any state agenda a higher status. State projects are agendas that belonged to one state institution, had to be approved by SENPLADES, and did not necessarily have to be followed by other state institutions. A state strategy is an agenda directly created by SENPLADES, as a result the strategy's contents and aims are policies that have to be included on every state institution plans. In other words, a state strategy is a national public policy whose aims need to be accomplished by the rest of the state institutions.

One of the most important aims of the Rural Living Well National Strategy was the incorporation of the rural economy as the main actor to achieve a redistributive economic development and the agrarian revolution the government had offered. The team in charge of the planning of this strategy had radical views about popular and solidarity-based rural economies. They not only wanted to redistribute wealth but also to achieve “food sovereignty in Ecuador.” In addition to stories that the members of this team told me, I was able to access the final document they presented to the rest of the state authorities before the strategy was broken into a small project, deinstitutionalized, surpassed by the Productive Matrix Change Strategy in 2013, and its philosophy changed.

This document stated that one of the most important problems that small producers have to face, and that needed to be solved, was high land concentration in the country. In particular, while monocultures have 80% of land and 67% of irrigation water, family and

small producers' agriculture have only the 20% of land and the 37% of irrigation water.<sup>78</sup> Other issues that needed to be solved were the lack of proper irrigation systems for the majority of small agriculture farms, the lack of alternative commercialization circuits that benefit small producers, and the state's exaggerated focus on policies and investments that favor the agro-exporters.

The general view of the strategy was to develop "public policies that will be principally focused on guaranteeing the right to create social and sustainable economic systems in which family and small producers' agriculture be the priority" (Rural Living Well National Strategy Team 2013)<sup>79</sup>. According to this agenda, small producers' agriculture was one of the most important sectors that would allow the country to achieve redistributive economic development. In addition, small agriculture is described as a sector that has the potential to increase job opportunities for the rural sector, as well as to give better income for the producers (if better circuits are created). One of the principal objectives of this strategy was to sustain a big percentage of agricultural production for small producers. As a result, the country would be able to achieve food sovereignty through the development of an agro-ecological and bio-diverse model of production which guarantees the access, use, and usufruct of the family and small producers' agriculture to the means of production. In order to do this, the strategy established as one of its objectives the redistribution of land and irrigation systems. It also called for the decrease of agro-toxin usage and for the organization and exchange of organic certified seeds around the national

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<sup>78</sup> *Ibid.*

<sup>79</sup> Rural Living Well National Strategy Team, Unofficial Presentation of the Rural Living Well National Strategy. SENPLADES 2013.

territory. Finally, it was going to decrease intermediaries through creating new and improved, already existing, small commercialization circuits.

Unfortunately, this radical agenda was barely implemented. In 2012, already five years since Correa's first election, the agrarian revolution and the SENPLADES strategy not had yet had the opportunity to be presented to the executive branch in order to be approved. Although MAGAP was also helping in the process, these institutions were working separately. The delay in the possibility of presenting this process was because there were other state groups that had a different agenda which favored other economic sectors, like the agro export sector. For that reason, the Nacional Secretary of Public Administration (SNAP), an institution aligned to the Strategic Sector of the state and not interested in the achievement of this more redistributive agenda, blocked the possibility for SENPLADES to present this project to the executive branch. As Carmelo, one of the SENPLADES team members who was working for the Happiness Secretariat remembers:

Our strategy was never presented. [By 2013] there were different filters you had to pass, in order to presented a project to the executive power. I remember, it was SNAP, the institution, that invented this structure, so any plan you had needed to be presented to the executive power. As a result, MAGAP and SENPLADES began fighting to present the project. That is what SNAP did. It made us fight with each other to present the project, we were more separated instead of working together [...]. I believe that the strategy of these people was to put up some bureaucratic obstacles so our strategy could not be implemented. We kept trying but one day a letter arrived from SNAP letting us know that there is no interest in implementing our project anymore. But, of course, while this happened to us, the Matrix Productive Change project met everyday with the executive power, so their agricultural project was advancing. We were left with our proposal in our hands. I was even robbed two times, one day, they stole my computer with the project on it, so we could not present it. [...]. It was someone from the right wing of the government. They took the hard drive of my computer and cleaned it. They just wanted the Strategy to Eradicate Poverty and not to overcome inequality. I tried, but it was not possible for me to do this.

The members of the Rural Living Well Strategy's team talked about how their project was excluded from being one of the state planning strategies. For them, the gradual exclusion of this radical project, at least regarding rural agriculture, was done because there were other groups within the state that wanted to promote the agro-export sector in Ecuador, and they tried to fight with them. As Carmelo points out:

There was a fight with the right side of the government, represented by Nathaly Celi<sup>80</sup> and her 'combo'<sup>81</sup> even some representatives of MAGAP and the agrarian presidential assessors. They wanted, at all costs, the creation of productive chains for the development of agro-exportation.

In addition to the impossibility for the SENPLADES team to present the Rural Living Well Strategy, by the middle of 2014, the oil price began falling from around \$95.70 per barrel (at the beginning of the second half of 2013) to \$50 per barrel<sup>82</sup>. Thus, when the oil price dropped a crisis began in 2014, the government began giving priority to the state strategic sector group projects, because these were the ones who offered to increase productivity in the least amount of time. As Verónica, one of the ex-members of the Rural Living Well Strategy team and a Ph.D. student at FLACSO said: "Ecuador began having problems with oil prices, so it was logical, if you do not get money from here, you support something else [...] you prioritize the fastest vision." So not only the prioritization of the state Strategic Sector' agendas but also the oil crisis contributed for the debacle of a more redistributive economic development model.

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<sup>80</sup> From the testimony of other state officers from the postneoliberal state, Nathaly Celi was one of the representatives, within the government, of a more neoliberal oriented approach. She was minister of the Coordinator Ministry of Production Labor and Competitiveness until October of 2015.

<sup>81</sup> In Spanish, combo is a slang used to replace the word group. In this case, the interviewed refers to Nathaly Celi's group.

<sup>82</sup> Petroecuador. Statistic Reports in <https://www.eppetroecuador.ec/?p=3721> Retrieved 03 of October of 2017.

While the Strategic Sectors' group was interested in how to achieve a faster economic growth and increase of productivity, the leftist state faction was concerned about the redistribution of wealth. The former became the winners of this process; they were the ones that were able to create, manage, and lead several institutions as well as plan the dynamics for the strategic economic sectors, sectors such as, oil, mining, hydroelectric, etc. The latter were merely given small spaces within state institutions.

Therefore, it was not so much that the more redistributive economic projects were not part of the Ecuadorian postneoliberal state, or that the state simply changed its radical agendas in favor of a more neoliberal project (Bebbington & Bebbington 2011; Moore & Velazquez 2011). State leftist agendas, concerned with the creation of a new mode of the accumulation of wealth and redistribution, were not eliminated from the state, but reduced, isolated, and blocked. Their importance was minimized through several mechanisms such as avoiding or obstructing its articulation to other state institutions/agendas, placing leftist plans within small spaces at state

institutions, restructuring the institutions they led at the beginning, and absorbing or breaking others into smaller sections (sub-secretariats).

The case of the attempts to achieve an agrarian transformation precisely shows how more redistributive projects became less influential in the decision making of the Ecuadorian postneoliberal state. For instance, the Rural Living Well National Strategy, which contained a radical agenda for the transformation of rural small economies, was not eliminated but reduced. In this case, this process was done in two ways, through the restructuring of state institutions, making changes to its view on small rural economies, and through the transformation of its status, from a state national strategy to a state project.

On the one hand, as already said, SENPLADES had created the Secretariat for The Rural Living Well National Strategy (RLWNS) as a national strategy that would lead the agrarian revolution in Ecuador. However, in 2013, this secretariat was eliminated. The government was no longer interested in radical agrarian change and it replaced this strategy with other strategies/plans. Instead of the RLWNS, it planned and advocated for the implementation of two different strategies, namely, the Change of the Productive Matrix and the Strategy for the Eradication of Poverty. Some of the elements of the Rural Living Well National Strategy were incorporated as part of the Strategy for the Eradication of Poverty. However, this meant, not only that the leftist government group that advocated for agrarian revolution did not have anymore institutional support to do so, but also that the state's view in relation to small agrarian economies had changed. Once the pillars for a radical transformation of the economy, now small agrarian economies became a target to decrease poverty. From being the main actors, with potential to achieve a change in the mode of accumulation of wealth in Ecuador, they became the poor who needed assistance. As Verónica described it, “during Correa’s third presidential period the idea of the rural revolution disappeared and, instead appeared the topic of [...] decreasing poverty, it is like rural, necessarily meant poor and the only thing left to do with rural producers was to make them less poor.”

On the other hand, due to the fact that MAGAP was also involved in the implementation of the The Rural Living Well National Strategy, the Secretariat of Rural Development was created in order to support this agrarian transformation. However, even though this Secretariat was part of MAGAP (until 2016, when it was finally eliminated), the The Rural Living Well Strategy became solely a small project, which was not even

financed by the state but through international cooperation instead. Even though this MAGAP project still has a radical idea about the Ecuadorian agrarian transformation, its status as a small project of a ministry did not allow for it to have the resources or the power of decision making to influence national state agrarian policies.

Thus, by 2013 the Ecuadorian radical rural-agrarian revolution had become a small project at MAGAP and its contents incorporated into the new government strategy for the rural sector, the Strategy for Equality and Eradication of Poverty. This new strategy stated that it was necessary to increase productivity in urban and rural areas. It also aimed to “promote the access of the poor to dignified jobs, improve their income [...] and to guarantee their equal participation with productive chains.” (SENPLADES 2014:143). This implied that, instead of making them the center of the strategy for the transformation of agriculture, they only became somewhat included in the more productive agro-export agricultural system, characterized for the diversification of agricultural products that could be exported, and which became the new desirable postneoliberal model for agricultural transformation. In addition, even though the poverty strategy’s aim was reducing intermediaries that hurt small producers, at the same time its main interest was the inclusion of small producers into bigger agro-export business.

In this context, even though the ex-RLWS team members from SENPLADES and state officers from MAGAP were aware that state economic agendas regarding the inclusion of small producers, for example, were not as radical as they planned them to be, most of them kept working for the state. Some of them did not leave the government for they still believed they could do small things to benefit small producers. Isabel, the director of General Coordination of Commercial Circuits at MAGAP (and one of the ex-advisors

of the team involved in the creation of the RLWS) explained that despite of the fact that the RLWS was not fully implemented, she works hard in the organization of popular fairs so that small producers could sell their products without intermediaries.

Other state middle ground officers aligned to more redistributive agendas deeply critiqued and complained about how things were done. Rolando, one of RLWS ex-team members, working in MAGAP, explained that despite of the state limited view on small economies, he has his own agenda. Despite of state decision making, he tried to work his own system “behind the table” so that state system of evaluation, for example, did not interfered with the implementation of his own agendas, such as, the assignation of resources to small producers’ projects.

#### 4.5.4 The Productive Matrix Story: The Consolidation of the Strategic Sector

The contents of the Strategy for the Eradication of Poverty should be understood as the other side of the coin of the Productive Matrix Change, the other main strategy that the postneoliberal state proposed, as the state planned to achieve economic development in 2013. These two strategies, however, should also be conceived of as the consolidation of a process in which, on the one hand, more redistributive agendas have extensively lost political power, again, not by being eliminated but by being reduced, isolated, and deinstitutionalized, and on the other, the state Strategic sectors’ group becomes hegemonic and its strategy becomes the most important economic development plan of the state. Officially, the productive matrix is:

The manner in which a society is organized in order to produce goods and services. This manner is not restricted to technical or economic processes but to the set of interactions among different social actors who utilize the resources available to them in order to further productive activities. This set, which includes products, productive processes, and the social relations resulting of these processes, is what we call the productive matrix (SENPLADES 2012:7).

It is important to add that there were two different projects of the Matrix Productive Change Strategy. The first one was led by SENPLADES and other state institutions representatives, such as, MAGAP, MIPRO, among others. It claimed the necessity to overcome the Ecuadorian primary export model through the construction of a society of knowledge and to change the country's mode of accumulation. It included the RLWS as one of its main planning tools and it was published in 2012. The contents of this plan began being discussed within the state institutions after the approval of the new Ecuadorian constitution in 2008.<sup>83</sup> The second one was created in 2013 and led by the Vice Presidency.

In 2013 after the postneoliberal government won its third presidential election, the president gave new functions to the vice-presidency. The vice-presidency would be in

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<sup>83</sup> The first Matrix Productive Change Strategy argues that the problem of the then-existing model of the productive matrix, was that it is a "primary exporting model" that "has merely produced primary goods for international market and has high levels of concentration of wealth" (SENPLADES 2012:7). This means that this type of productive matrix not only makes the Ecuadorian economy depend on the fluctuation of international prices of primary goods but also reproduces social inequality. For this reason, this strategy claimed it necessary to replace this primary export model for a less dependent and more inclusive one. Due to the fact that it was SENPLADES who designed this plan, it also stated that it was necessary to overcome the mode of accumulation of wealth, as it excluded several economic actors, such as, small producers, in order to create a more democratic and inclusive model based, not in resource exploitation, but in the construction of the society of knowledge, a society that become a leader in the production of technology and knowledge. This approach, had as its ideal model, the South Korean development case. For that reason, some government consultants from South Korea visited the country sometimes in order to examine the Ecuadorian experience and to give advice about the country's process. Although this plan already talks about the diversification of products for exportation and import substitutions, it also takes into account the transformations on resource redistribution. For instance, "the creation of new schemes to generate, distribute and redistribute wealth, the elimination of territorial inequalities and the incorporation of historically excluded actors in the development scheme" (SENPLADES 2012:11). It even takes into account the Rural Living Well Strategy, as one of the main strategies and planning tools, that needed to be articulated to the process of the productive matrix change (SENPLADES 2012:22). The idea of this plan was not only the aggregation of value (knowledge) to already existing products or the import substitution of some products (i.e., pharmaceutical industry), but also the transformation of the social relations in more equal relations, through the development of individuals' capabilities (SENPLADES 2012:12).

charge of implementing a reformulated Matrix Productive Change Strategy. This meant that SENPLADES was no longer the institution in charge of the productive matrix change planning. Even though SENPLADES had a more redistributive economic development agenda, its influence in state decision making was diminished and the vice-presidency became the new institution in charge of the planning and implementation of the state economic development plan.

The Vice Presidency's new role shows the consolidation of a process in which the Strategic sector state groups not only gained power in the state decision making regarding planning, but also succeeded in having its own planning state institution. This period (beginning in 2013) shows not so much a struggle between the state SENPLADES group vs Strategic sectors groups, as it occurred during the first and second presidential periods, but the consolidation of the Strategic sectors group within the state.

When talking to different state officers from SENPLADES, they shared a nostalgia for the times when SENPLADES used to be the intellectual planning state institution. As Mónica, a SENPLADES worker in charge of the state decentralization process and a state officer who had worked for this planning institution several years expressed:

We used to meet to think about state planning [...] to think about solutions for the territorial concentration of wealth, for example. Now we are more worried about the design of power point presentations. We do not have freedom to think anymore. SENPLADES is not even close to what it used to be.

In this context, instead of allowing for the Strategic sectors group to also lead SENPLADES the postneoliberal government transformed the Vice Presidency into some sort of a parallel planning state institution. It coordinated not only the state strategic sectors, i.e., the oil production management, the construction of hydroelectrics, etc., but also the agendas for agriculture transformation. The Vice Presidency became a bigger institution,

with political support inside the government, the resources, and the personnel necessary in order to achieve the planning of Ecuador's economic development plans.<sup>84</sup>

#### 4.5.5 Cepal's Neostructuralism, the Vice Presidency, and the Planning of Postneoliberal Economic Development

The Vice Presidency Productive Matrix Change Strategy was deeply influenced by the United Nations Economic Commission for Latin America and the Caribbean, (CEPAL)'s view. CEPAL is known for being the institution which lead the implementation of a structural approach for development in Latin America between the fifties and the seventies (Murray and Overton 2011). Structuralism is an approach focused on the necessity of import substitution industrialization, and state intervention within the economy—through a process of nationalization of strategic industries and the industrialization of Latin American economies. This approach's aim is to overcome both structural dependency and the condition of being primarily exporting economies.

Currently, CEPAL promotes a neostructural approach, which is less radical than its first version (Leiva, 2008; Murray and Overton 2011). neostructuralism differs from structuralism in that the concept of core and periphery, which was the foundation of dependency theory and structuralism, "is not explicitly evident" in this new version (Murray and Overton 2011:311).

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<sup>84</sup> Jorge Glass, then Vice President, was the one who lead this process. At the beginning of Correa's government, he was the president of the National Telecommunications Council, and then the Coordinating Minister of Strategic Sectors. He was considered the most efficient person within the government. As Inés, Glass' ex-advisers said: "president Correa publicly said that he was the most efficient state officer. He knew how to get money, in particular from China, and how to get things done fast. I worked for him for several years. Together we created several state institutions, including Strategic Ecuador, he worked fast and Correa liked that."

This approach promotes the necessity for “changing productive patterns with social equity” but “without the need for structurally transforming the status-quo” (Leiva 2008:105). neostructuralism is also interested in diversifying exports through a productivity increase and by adding value to the raw materials that Latin American countries produce and export. For example, rather than exporting raw cocoa, neostructuralism encourages the production of exportable manufactured chocolate.

However, according to Leiva (2008), neostructuralism has contradictory claims. On the one hand, this model emerges as a response to neoliberal agendas imposed in Latin America during the nineties, that is, it promotes a higher participation of the state in regulating the market. On the other hand, this approach accepts the neoliberal necessity of an economic model based in exportation growth. For neostructuralism, it is the increase of exportations what will make it possible to decrease social equality.

The originality of neostructuralism lies in the idea that it is possible to change a region’s “productive structures” while at the same time achieving “social equity” (Leiva 2008:xxi). For this approach, the connection and interdependency between political and social institutions with the market is called systemic international competitiveness, and it is this type of competitiveness that will make it possible for Latin America to attain equality and economic growth at the same time. As Leiva argues:

With the new macroeconomic concept of systemic international competitiveness, it was presumed that Latin America would increase participation in the world market through exports with greater value added, which at the same time would increase living standards for workers. Export competitiveness would no longer rely mainly on cheap labor but would also rely on increasing technical innovation and raising labor productivity. Democratic stability and institutions promoting consensus and social dialogue (*concertación social*) became both a necessary condition and an outcome of “systemic competitiveness.” Improving and intensifying the interface between the different subsystems that generate conditions for systemic competitiveness requires levels of consensus-building that can only flow from

democratic institutions. At the same time, improved living standards resulting from genuine competitiveness reduce social conflicts enhancing political stability and legitimacy. Thus a mutually supportive and self-expanding virtuous circle between economic competitiveness, social integration, and political stability would be forged by the fires of globalization (Leiva 2008:13).

The increase of value added exportations via the manufacture of raw materials through the use of technology is the best strategy to improve labor conditions and to overcome inequality. This approach argues that through export diversification and the use of technology, which implies an increase in productivity, the region will overcome its neoliberal competitiveness solely based on reducing production costs through cheap labor. For this approach a systemic competitiveness based on productivity rise will actually increase the workers' wages. For instance, the development of a more productive form of production will be an incentive for workers to get trained in the new technical skills that the transformation of productive processes requires. Consequently, according to this approach, a more trained labor force will translate into an increase of productivity and this will generate rises in salaries. The role of the state is to encourage and support workers' training and preparation

The planning of the Productive Matrix Change Strategy of 2013 was deeply influenced by a neostructural approach. Thus, the 2013 strategy was the result of a planning collaboration between Cepal and the Ecuadorian Vice Presidency. Javier, one of the Vice presidency state officers, stated that when Glass became the vice president,

His team made an alliance with Cepal, which gave them important technical support. Together they created the Inter Institutional Committee for the Productive Change Matrix that included representatives from all the productive state institutions, the Coordination Ministry of Production Labor and Competitiveness, MCPEG, the Ministry of Industry and Productivity, the Coordination Ministry of Knowledge and Human Talents, the Ministry of Tourism, and MAGAP. The idea was to make a diagnosis about which products had the potential to generate added value in the country. CEPAL began researching the industries that the Productive Matrix Change Strategy would promote.

Under a CEPAL's point of view, the Productive Matrix Change Strategy claims for the necessity of the diversification of exportation products, and for the increase of productivity in order for the workers to have better salaries.

First of all, the strategy highlighted that for 2013 oil and its derivatives still represented the 57% of the total exportations of the country (Vice presidency 2014). This implies that the Ecuadorian economy was still highly specialized or dependent on the exportation of one product. This is a problem as it makes the economy vulnerable to international price fluctuations that one product. In order to overcome this vulnerability, the Productive Matrix Change Strategy appeals for the urgency of diversifying production and exportation. This diversification will be achieved through adding value to Ecuadorian products from the inclusion of “technological innovation and knowledge” (Vice Presidency 2014:5). The addition of value to Ecuadorian products will be translated in the increase of productivity which is crucial to achieving a systemic competitiveness that will be sustainable through time.

Second, according to the Productive Matrix Change Strategy, one of the main problems of the Ecuadorian economy is related to the low productivity of some economic sectors, for instance, agriculture. Even though this sector is described as one of the most important economic sectors in the country—agriculture, together with fishing and cattle raising represents 25.3% of the working population (SENPLADES 2014:146)—Ecuador has “the lowest average productivity among the principal agricultural producers in Latin America and the Caribbean” (Vice Presidency 2014:59). Thus, even though the strategy recognizes some of the advantages of small producers—flexibility, low resources management, and organization (Vice Presidency 2014:35)—it also argues that the problem

of low agricultural productivity is due to the fact that it is mostly produced by small producers or peasants. The problem with this type of agriculture is that it has “inadequate seeds planting, lack of disease control, and lack of fertilization” which reinforces low productivity (Vice Presidency 2014:59).

The solution to overcome low agricultural productivity is through its incorporation, via production chains, to state prioritized agro-export products, such as cacao and coffee, tourism, and others<sup>85</sup>. The state will encourage the incorporation of popular and solidarity-based economies to these export chains. The theory is that incorporating small economies into sectors that have higher productivity will make it possible for small economies to benefit from this incorporation as this will allow for “technological and knowledge transmission” (Vice presidency 2014:35).

In addition, the Productive Matrix Change Strategy also encourages the construction of exportable Ecuadorian services, for instance, tourism. According to this strategy, due to its biodiversity, Ecuador has an important touristic potential that needs to be developed as part of the Productive Matrix Change. However, this sector presents several problems that needs to be overcome in order to become an exportable service. In particular, the different actors involved in touristic services “present different development degrees,” which is problematic because, while some formal touristic industries give quality services, such as, appropriate infrastructure, small “informal touristic groups” do not (Vice Presidency 2014:65).

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<sup>85</sup> According to the Productive Matrix Change Strategy, “twelve productive chains will be prioritized. From the agrifood sector: Cocoa, coffee, mariculture, dairy products. From the basic industries sector: Oil derivatives, metalworking industry, pharmaceutical industry, rubber and plastic, paper and paperboard. From the services and touristic sector: Logistics and transportation, software and Communications and information technologies” (Vice Presidency 2014:38).

The strategy proposes that it is necessary to create “more competitive and innovative services” with “high quality standards and environmental friendly” through the establishment of clear “quality norms” (Vice Presidency 2014:65) aligned with the International Standards Organization (ISO)<sup>86</sup>, international touristic standards. These standards require adequate infrastructure, safety infrastructure, environmental sustainability, among other things.<sup>87</sup> The strategy also states that the state will implement constant “inspections” in order to guarantee that these standards are fulfilled (Vice Presidency 2014:66). While the role of private sectors is conceived of as crucial in order to achieve the transformation of the touristic sector, communal and informal companies are barely included as part of the chain, they are not the principal sector that will achieve touristic transformation with high standards.

In this context, state economic projects, not only imply the circulation of state revenues, these projects also influence the creation of specific modes of the circulation of goods and services. In particular, the Productive Matrix Change Strategy, under its neostructural approach, assumes that the connection of small economies to more productive sectors will generate more equality. However, as it usually occurs with the state’s abstract assumptions, this was not the case. This state approach assumes that the connection of small economies to more productive sectors will improve small economies’ productivity and wages.

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<sup>86</sup> Officially, ISO “creates [documents that provide requirements](https://www.iso.org/standards.html), specifications, guidelines or characteristics that can be used consistently to ensure that materials, products, processes and services are fit for their purpose” in <https://www.iso.org/standards.html> retrieved 12 January of 2019.

<sup>87</sup> For more information, see: <https://www.iso.org/committee/375396/x/catalogue/p/0/u/1/w/0/d/0>

Moreover, if this approach states that small economies should be connected to more productive sectors, it assumes that intermediaries will incentivize small producers to become more productive. Nevertheless, as the indigenous peoples' daily economic activities and problems showed, these bigger and more productive companies paid lower prices for indigenous peoples' goods and services or did not pay for their services at all. Thus, this state economic development approach resulted in labor exploitation and the dispossession of indigenous revenues during the process of circulation of indigenous goods and services. Put another way, the connection with more productive sectors did not increase indigenous peoples' wages. To the contrary, while on the one hand it did not help the community small economies to be sustainable and reproduces bad labor conditions, on the other it allows for the accumulation of wealth among bigger tourist, transportation, and agro-business companies.

#### **4.6 Tying Up Missed Links: Postenoliberal Development Double Blinds Preventing Economic Sustainability in *Playas***

As shown, the obstacles that indigenous peoples from Playas del Cuyabeno have to face in order to improve their economies are not disconnected from the ways in which the state puts its rents into circulation through the implementation of state economic plans, agendas, and the struggles this implementation involves.

In Playas del Cuyabeno, community families accepted the seeds that MAGAP offered and some became coffee and cocoa producers. They also were interested in improving their touristic service groups. In addition, they tried to become an EPS association as a way to offer their transportation and touristic services. In this way, the community families tried to become part of the state economic development plans and the

implementation of postneoliberal economic development models and projects in order to achieve a self-sustaining economy.

Even though the state maintained the formation of EPS associations, according to the state 2013 Productive Matrix Change economic development plan—which followed a neostructural approach—community’s economies were not the principal agents of the country’s economic transformation as it occurred with the Rural Living Well Strategy. Instead, indigenous peoples’ economies were conceived of as informal. In the same vein, small producers and communitarian services were not seen as economic agents but mostly as individuals who should overcome poverty through the incorporation of their small economies into “virtuous chains”—linked to bigger agro-exporters, touristic and transportation companies—that will increase their productivity and increase their services quality standards (Vice Presidency 2014:66). These state assumptions about communities’ economies influenced the production of specific forms of circulation of goods and services in the Ecuadorian economy. Forms that resulted in contradictory forms of inclusion of community economies but favored bigger entrepreneurs.

These assumptions and contradictory forms of inclusion were not the result of a state’s unified plan on economic development (Li 2005). Instead, in the case of the postneoliberal development in Ecuador, these plans were the result of the existence of different visions on economic development within the state. That is, the Productive Matrix Change Strategy and the SENPLADES view (The Rural Living Well Strategy). From these different views, it was the Strategic sector state group and its institutions the ones who achieved putting in the center of state planning their economic development agendas, forms of production, and circulation, and creating their own planning institution, the vice-presidency.

The postneoliberal state did not eliminate more leftist economic agendas, such as the Rural Living Well Strategy; instead, these agendas were deinstitutionalized, assimilated, dramatically reduced and transformed. Not only was the Rural Living Well

Strategy Secretariat eliminated from SENPLADES and its implementation became a marginal and small project within MAGAP, but its main objectives were transformed through giving them a different approach, namely the Eradication of Poverty Strategy.

Even though the Eradication of Poverty Strategy did not discard the role of the solidarity-based economies from state economic planning, it largely decreased its importance. From being one of the main actors in changing the form of accumulation of wealth, solidarity-based economies, such as, community economies, became mere links within a circulation process which idealized the role of bigger companies in order to achieve development. For this state approach, small producers became mere providers that needed to be linked to what the state conceived as more productive sectors (such as, agricultural export business, high standard touristic companies and transportation services, and others) in order for them to increase their productivity and to produce higher standardized exportable products and services. In this way, the small power in the decision making that leftist agendas had was translated in the implementation of a type of economic development that, rather than building a more equal redistribution of revenues, it allowed for the accumulation of rents.

The coexistence of the Strategic sector group's view—at the center of the state economic development—and of the SENPLADES Rural Living Well Strategy created contradictory economic development agendas that effected communities' economies. For instance, even though, on the one hand, one of the aims of the former was to decrease poverty through the formal inclusion of small economies to more productive chains, on the other it put obstacles to this formal inclusion. For instance, even though it officially promoted the decrease of inequality and the inclusion of informal and solidarity-based economies, it also requested for these economies invest in obtaining high service standards. This contradiction shows that the idea of including small economies to more productive chains of circulation is not consistent with its aim of creating sustainable economies that allow for indigenous peoples to overcome poverty.

What the state development Matrix Productive Change project asked from small economies was impossible. Even though it describes these economies as sectors which only have few monetary resources and it critiques its informality, at the same time, it demands that these economies have the capital to invest in improving their standard services, as the obligatory requirement for their inclusion to the formal productive chains. In the case of Playas del Cuyabeno, these contradictory views resulted in the impossibility for the community to legalize their transportation and touristic services as part of the EPS. In this sense, it reproduced what it wanted to eliminate, that is, the informal inclusion of small community projects to more productive economic sectors.

Thus, even though the state postneoliberal Productive Matrix Strategy economic model is not much interested in the transformation of the country's mode of accumulation of wealth, it does encourage a specific form of circulation of products and services and of accumulation of wealth that forces small economies to connect to intermediates—who seek part of indigenous revenues—as a condition to be part of economic 'virtuous chains'. In other words, the postneoliberal economic development agendas create a mode of accumulation that neither radically decreases the structural inequalities that have historically existed in the country, nor allows for the creation of sustainable economies, as in the case of the indigenous peoples from Playas del Cuyabeno shows.

The maintenance of inequality in the country and the reproduction of the accumulation of wealth in a few sectors has a political component. It is not enough for the state to have an agenda to overcome inequality, but the concepts it utilizes in order to addresses it (mode of accumulation of wealth versus decrease of poverty), the institutionalization it creates to achieve this goal and the processes of economic circulation it promotes though its economic development plans and projects also influence its continuation or its decrease. In the case of the Ecuadorian postneoliberal development plans, instead of creating more redistributive agendas for community economies though putting them in the center of state planning, the 2013 economic development plan allowed

for the continuation of a process of accumulation of wealth by the agro-export sector and high standards services companies.

#### **4.7 Conclusion**

Inspired by an Anglo Foucauldian interpretation of Foucault's understanding of political power, some literature has mainly conceived of development as failed projects that rather result in the implementation of economic/instrumental rationalities which, at the same time, increase state forms of control. Under this view, the effects of development that matter and that are highlighted are the disciplining mechanisms of naming, placing, and managing individuals and populations.

Following this approach, scholars studying the MCP and its effects in Playas del Cuyabeno argue that this project not only imposed radical changes in the economies of this community but also disciplined indigenous peoples and increased state control in the community (Espinosa-Andrade 2017). This community was also alienated from their economic activities within the forest and became more dependent on monetary resources for their economic reproduction (Cielo et al. 2016; Goldaras 2014; Espinosa-Andrade 2017). However, in this chapter I showed that the state implementation of postneoliberal economic development projects in Playas del Cuyabeno and the community families' position in relation to these projects contradicts the well-shared hypothesis that these projects were imposed upon this community and that they resulted in the increase of state everyday forms of control. In contrast to radically opposing postneoliberal economic agendas, I showed how these community families struggled to fit into state projects, such as the EPS or the production of cocoa and coffee projects.

Community families tried to be part of and used state projects as part of their struggles aiming to achieve the economic sustainability of the community. Rather than

radically opposing postneoliberal economic development projects, this community tried to take advantage of both, their activities in the forest and the economic projects the state offered, precisely as their strategy to diversify their economies and, in this way, to achieve self-sustaining economies.

Moreover, although much of the literature portrays the postneoliberal economic agenda as a unified and abstract plan, aiming to increase extractivism and to better control targeted populations (Espinosa-Andrade 2017; Nichols 2014; Vallejo 2014), following Coronil (1997) I showed that for the case of economies that depend on the extraction of natural resources, such as the Ecuadorian economy, focusing solely on the phase of extractivism as a strategy to analyze state economic development plans is limiting. For after resources are extracted from the ground, the state distributes oil revenues in order to encourage forms of production and circulation of goods and services that benefit/include some economic sectors and exclude or partially include others.

In this chapter, I examined different state economic plans and their effects while state resources are put into circulation and transformed into state planning and in the implementation of state projects. I showed how different groups/agendas coexisting within the postneoliberal state struggled in order to implement their economic development models. As a result of this struggle, these plans were partially, unequally and contradictorily implemented in Playas del Cuyabeno. These ambiguities deeply affected the community's possibility of achieving self-sustaining economies—in this sense, the negative effects of postneoliberal economic development in Playas del Cuyabeno lay not so much in that these plans resulted in the implementation of quotidian forms of state control but in the inconsistent and contradictory agendas that postneoliberal state plans involved.

It was a challenge for the community of *Playas* to be part of these projects. On one hand, state officers in charge of the implementation of economic projects sometimes visited the community, but only sporadically coming to promote, talk about or give advice about

state projects. On the other hand, the state institutions created obstacles to indigenous peoples' decisions and opportunities in order to be part of the very projects they wanted to promote. Even though the state encouraged indigenous communities to be part of the EPS project, it at the same time increased transportation services standards as a requirement to be part of the EPS; this made impossible for indigenous peoples to be part of this project as they did not have the capital to invest and to fit these standards. In the same vein, even though the state encouraged indigenous peoples to improve their touristic services yet, at the same time, imposed high touristic standards that require big capital investments that communitarian tourism cannot afford.

The lack of state support towards more redistributive agendas caused double binds among the members of the of Playas del Cuyabeno community. Although, on the one hand, the postneoliberal state encouraged indigenous peoples to be part of state projects (in its attempt to achieve a type of redistribution that benefits small producers), on the other hand, it created obstacles, such as the implementation of high standards, that prevented these very same producers from being a part of the state's projects, favoring wealth accumulation of big agro-exporter and touristic companies instead. Thus, the lack of state support to its own redistributive agendas explains not only the accumulation of part of the agro-export sector and of big services companies within postneoliberalism but it also elucidates one of the reasons that explain the partial failure of postneoliberal agendas in decreasing existing historical inequalities in Ecuador through the redistribution of state oil rents.

## CHAPTER 5. OIL CIRCULATION IN THE FORM OF MONEY: PRIVATE APPROPRIATION OF RENTS



Figure 5.1 The Millennium Community Project Houses and the Aguarico river. Photo: Karla M. Encalada-Falconí

### 5.1 Introduction

During the circulation of state oil rents, after oil is sold and transformed into money, a process of private accumulation begins to happen. The importance of how state oil rents circulate among the private companies involved in the process of implementing state projects, and how they are distributed and accumulated, has been overlooked in recent studies about postneoliberal states. As already mentioned (chapters two and three), the literature analyzing postneoliberal forms of governing and the effects of their development models has mainly focused on the extraction of natural resources and their effects among different populations, among them indigenous peoples, and peasants (Chicaiza and Yanez 2013; Khol and Farthing 2012; Lyall and Valdivia 2015; Moore and Velásquez 2011). Even though this literature has provided information about how resource extraction has

affected indigenous peoples' environments and organizations (Herrera and Latorre 2013; Valdivia 2015), it has not given enough attention to the process of circulation of these rents. In particular, it has not examined in depth how the extraction of natural resources during the process of its circulation in the form of money, influences the everyday practices of the diverse actors involved (for instance, people affected by state development projects and private economic groups) and its role in the partial failure of state postneoliberal development and redistributive projects, after more than a decade of its implementation.

For Purcell et al. (2016), postneoliberal states have increased resource exploitation. This has allowed several scholars to describe postneoliberal states as primarily extractivist (Bebbington and Bebbington 2011). According to this literature, in the last instance, extractivism has made possible the repetition of the resource curse (Acosta 2009, 2011; Gudynas 2013). However, for Purcell et al., from a Marxist perspective, although this literature highlights the negative ecological effects of extractive activities, it neither pays much attention to “the relationship between natural resource, rents, and production” nor has it “adequately dealt with the form taken by new [...] development initiatives” (Purcell et al. 2017:2). The study of the circulation of rent is crucial as it also constitutes a “material relation of production” whose circulation process creates “processes of capital accumulation” (2017:2) that are at the core of understanding postneoliberal state economic development models and redistributive agendas, their failures and effects.

Using Harvey's concept of differential rent<sup>88</sup> and Coronil's reflections about states depending on the exploitation of natural resources (1997), I argue that during the process of circulation of postneoliberal state rents, the private economic companies that the state works with (in order to built state development infrastructure or provide the state with supplies for redistributive projects, for example) created several mechanisms to appropriate

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<sup>88</sup> I will explain the concept of differential rent in the third section of this chapter.

state rents. This appropriation has a role in the success or failure of state development goals and has affected communities' daily lives.

In contrast to the literature which argues that postneoliberal states have deployed master plans in order to civilize populations through the implementation of disciplining and authoritarian mechanisms (Coba 2015; Burchardt et al. 2016; Espinosa-Andrade 2017; Goldaraz 2014), Wilson and Bayón claim that the development projects of the postneoliberal Ecuadorian state constitute a mere façade of modernity. As already explained, for them, in the case of the Ecuador, rather than existing civilizing state master plans, there was “no project” at all (Wilson and Bayón 2017:93). The explanation for the failure of the Millennium community project, according to these scholars lies in the state's intention of expanding its extractive frontier. However, even though I agree that one of the reasons for the construction of the MCP was the expansion of resource extraction, I argue that the partial failure of this project does not lie so much in state practices of governmentality among the Kichwa of Playas del Cuyabeno resulting from state abstract master plans (Scott 1998) or in the absence of a plan at all,<sup>89</sup> but rather is the result of the everyday practices of rent seeking of the private construction companies involved in the planning and construction of this project. For instance, they cheapened the construction materials used, and inappropriately built several portions of the MCP infrastructure, the sewage system, among others.

Through the ethnographic example of the construction of the infrastructure of the Millennium Community Project in Playas del Cuyabeno, one of the first MCPs built in the country, my aim in this chapter is to show how state development projects and redistributive efforts were weakened through the dominance of rent circulation and its accumulation. Put another way, my objective is to illustrate the tension between the circulation of money and the redistributive projects, such as the MCP, that characterize

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<sup>89</sup> As already shown in Chapters II and III there were different agendas of state development planning within postneoliberalism.

Ecuadorian rentier economy and how it was expressed in the everyday practices of different actors.

To this end, I will first analyze how the community members of Playas del Cuyabeno experienced the transformation of oil into money, that is, after the state gave them monetary compensations as a result of the negative effects of the construction of a new oil well in part of their territories. Then, I will show how indigenous peoples, state authorities and private construction companies' workers experienced the inauguration of the MCP, and explore their expectations and examine how these hopes changed after this inauguration. Next, I will briefly examine Harvey's theory of Ground-Rent as an entry point for this chapter. A Marxist perspective on rent will allow me, not only to think about oil beyond its extractive phase but also trace its circulation process, the actors involved, and their practices, expectations and disappointments in relation to postneoliberal redistributive agendas. In addition, I will briefly examine the historical role of rent in the Ecuadorian economy. Then, I will study how the state in Ecuador was able to recover the majority of oil rents produced in the country and began to plan and implement development and redistributive projects with these rents. I will then discuss the assumptions of the state about private economic groups' motivations in the implementation of redistributive state projects. I will also describe how the construction of the MCP took place, the process of its rapid deterioration, and the role of the construction company involved in this process. Finally, I will illustrate the diverse mechanisms that construction companies' owners and workers used to in order to appropriate state oil rents and how this affected redistributive agendas.

It is important to clarify that, by any means, I am suggesting in this chapter that state officers are never involved in the process of state rent extraction or that they never knew about private mechanisms of rent appropriation. To the contrary, as Coronil (1997) has showed, for the case of Venezuela during the seventies, in many of private rent extraction cases state officers allow, form part, and benefit from private appropriation of

state rents. Of course, they play an active role in this process. For instance, in the case of the construction sector, not only do state officers usually help construction companies get state contracts in exchange of receiving bribes—as the majority of construction companies assert, usually ten percent of the contracted project—they also helped construction companies get state contracts by manipulating the reference terms or requirements of the state projects so that the company they previously arranged with, gets the contract.

Every day new cases about state officers' corruption practices are found. Big state corruption scandals emerge everyday in South America, especially among postneoliberal governments. These types of scandals are repeatedly revealed. In the news, new cases of leftist presidents or state officers accused of corruption are shown. For Instance, Cristina Fernandez, ex-president of Argentina was accused of corruption. In Brazil, ex-president Ignacio Lula da Silva was incarcerated as a result of his possible involvement in receiving bribes from Odebrecht, a Brazilian private construction company. In Ecuador, in 2017 the ex-vice president Jorge Glass (and the leader of the Strategic Sector group) was incarcerated after been accused of receiving bribes from the same construction company, Odebrecht. During the last twelve months, many of the leaders (ex-ministries, ex-deputies, ex-advisors and sub secretariats from different sectors) of Correa's government have been accused of corruption. This includes state officers from all state groups. The ex-tourism minister left the country before his trial finished, the ex-Judicial Secretary of the Presidency is serving house arrest. Many other functionaries that were part of the Strategic Sectors and of SENPLADES<sup>90</sup> groups of Correa's government are involved in new corruption or administrative rent appropriation cases daily.

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<sup>90</sup> State officers from different state institutions/groups have been accused of corruption cases. Not only from the Strategic Sector group but also from the SENPLADES group. For instance, and although this has not yet been proved, the Comptroller General of the State began to investigate the ex National Secretariat of Planning at SENPLADES, René Ramirez, for some irregularities in the use of public funds and monetary transfers from SENESCYT to the International Centre of Advanced Communication Studies for Latin America.

However, while state administrative rent appropriation cases are more researched, studied, and shown every day, the role of private companies' mechanisms of extraction of state rents remains practically unseen. Private economic groups in Ecuador, such as the construction sector, have managed to appear to the public as opponents and as distant from the postneoliberal state projects and from their corruption practices. At the same time, scholars studying state corruption and the media do not make visible the mechanisms of private rent extraction or analyze how these practices affect redistribution. They focus on the study of state officials' practices of rent capture but not the private economic groups that participate in it. In this way, the state is pictured as the only corrupt evil against which, mass media, scholars, and people in general, should target their critiques, while the market, that is, private companies' practices and responsibility remain clean, and for the most part, hidden.

For this reason, in this chapter, my aim is not to deny state corruption, for it is undeniable, but to contribute to the study of the private appropriation of state rents. For if state officers are usually part of the process of state rent capture, private economic sectors constitute the other invisible side of the coin of this process. In particular, my aim is to show how private economic companies were not necessarily opponents, separated from postneoliberal state projects. Instead, they were constantly trying to get state contracts/projects, to work for the state, and to find mechanisms to appropriate state rents. In the process, they carried out lobbying practices and took advantage of their knowledge about the functioning of their economic sectors in order to get these projects and to capture state rents. They were precisely the ones who extracted and accumulated most of postneoliberal state oil rents. For this reason, this chapter is an attempt to make more visible the responsibility that private economic companies also have in the failures of the postneoliberal state redistribution and development projects.

After living in the community of Playas del Cuyabeno and observing the rapid deterioration of the *Milenio*<sup>91</sup> infrastructure, I followed the private companies involved in the process of its construction. I aimed to better understand how this construction process took place and to find out to the reasons of its deterioration. In the process, I was introduced to other construction owners/workers. Talking to some individuals involved in the MCP construction made me think about the practices of private sectors when contracting for the state. While talking to different small and middle construction companies, I focused my research on figuring out some components of these practices. One of the limits of my research is finding connections and ties between private construction companies and state officers/institutions, as well as the role of the latter in the private extraction of state rents.<sup>92</sup> More research is needed in order to better figure out how these ties are built and how they also made possible private mechanisms of rent extraction.

Due to the fact that talking about the mechanisms of extraction of state rents is a sensitive topic, it is important to say something about my research methods for this chapter. As I explained in the introduction, I talked to medium and small size construction companies' owners and workers. I presented myself as an academic studying in the U.S. and also affiliated with FLACSO. I let my informants know that the interviews in which they would participate were part of my dissertation research project. I also informed them that some fragments of their testimonies could be published as part of my dissertation. In addition, I assured them that I will not register their names or the names of their companies and that I will use pseudonyms instead. In addition, when I asked questions about the mechanisms of rent extraction, I did not ask them which mechanisms they have used to appropriate state rents; instead, I asked them if they knew about other companies' practices

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<sup>91</sup> This is the expression many indigenous peoples from Playas del Cuyabeno use in order to talk about the community town. Now, the space of the Millennium Community.

<sup>92</sup> During my fieldwork I heard a few times that some state authorities of the postneoliberal state had private companies linked to state contracts, in the transportation sector, in the communication sector, in the touristic sector, etc.

of rent extraction. The fact that they were not directly admitting any responsibility made them feel more comfortable to talk about this sensitive topic. As a consequence of this, however, some of their responses were sometimes ambiguous. I did not make them clarify if they were talking about their own rent appropriation practices or if they were talking about someone else for I conceived of this ambiguity as an additional layer to protect these informants.

## **5.2 ‘I was also bitten by the Millennium Illness’: The Transformation of Oil into Money, State Compensations and The Inauguration of the MCP**

Heading styles allow you to format your headings and subheadings consistently As a result of the reformations of the Hydrocarbon law of 2010—stating that that 12 percent of oil revenues must be spent on the implementation of redistributive projects in the communities that surround oil extractive projects—the families of Playas del Cuyabeno affected by the construction of the new Pañacocha oil well got a monetary compensation from the state, compensation that accorded to the degree to which their farm lands were affected. This community received around one hundred thousand dollars divided among the community members. Each family received between five to twenty thousand dollars depending on how much their lands had been impacted. As a community member, they also each received around one thousand dollars. Before the construction of the MCP, which was announced by the government in 2010, indigenous peoples from Playas del Cuyabeno were able to witness the transformation of oil into money.

In Playas del Cuyabeno, after the state decided to open the Pañacocha well, located in part of the territory of this community, most indigenous families from the community received different monetary compensations (communal, familiar, and individual) from the state oil company PetroAmazonas. By receiving these compensations, they became part of the circuit of circulation of oil in its form of money. In addition, several indigenous men, such as, Jerónimo—one of the indigenous leaders from Playas del Cuyabeno that before

worked at CONFENAIE— and many others, got a job in PetroAmazonas, either constructing the state oil well, or transporting the oil company workers and builders of the MCP.

Before the crisis of the fall of oil prices in 2015, important amounts of oil as money circulated from the community through the Aguarico River to Lago Agrio. During the circulation of oil as money, some community families transformed the new currency into small investments in consumer goods (the acquisition of motorized canoes, for example).

When I arrived to the community in 2016, the oil crisis deepened. The circulation of oil as money was not a big part of the community dynamic anymore. For example, as a result of the crisis, Margarita, an indigenous woman from the community, decided to move back to her finca, leaving her two kids at her house in the *Milenio*. Laura, another indigenous woman who always made her voice heard during the community assemblies, was also disappointed. Since the crisis, her brothers were not giving her part of the money they earned as a result of transportation services they offered (they had bought a motorized canoe together with part of the compensation money they received from the state.) She remembered how it was before the crisis began, and talked about the transformation of the community after each family received its monetary compensation from the state. About the time when the circulation of oil as money influenced the everyday dynamics of Playas, she says:

People became crazy with the money. Everybody bought new furniture, new motors for their canoes, new mattresses, electrical generators, televisions, new beds, everything. Everybody went to Lago Agrio to get what they wanted and then, they went back to their farms [the new houses were not built yet]. You could see canoes going back and forth through the river, full of objects.

Olger, a young Kichwa man from the community, who now works for a touristic company that rents one of the indigenous peoples' cottages called Dracaena, tells a similar story about the time when the community received their monetary compensations. He explained that even though some families “got a lot of money” and others less, “the whole

community went crazy. They began buying new clothes and new things.” At the time, he was going between Lago Agrio and the community and he remembers how:

You could see them hanging out in the town [Lago Agrio] during the weekends, they went there and you saw some of them sleeping at the best hotels, eating at the best restaurants and partying at discotheques. When I came to the community for vacations, everybody was hanging out and partying. Some, ‘drank all the money’, they drank it all. I only received one thousand five hundred dollars, I decided not to do the same. I knew I had to pay my school tuition. I had to save that money, and I did it, but I saw them spending all their money.

According to Olger, during this time “all of them went to the pueblo” and “the community got so quiet during these months. As if nobody lived here”. His own family changed and disappeared during this time, as he explains:

My father also went super crazy, oh! He bought a motorized canoe, he bought three additional motors, a refrigerator, new beds and closets. He really went crazy! He got a new stove with a huge oven and new fans for when it is hot. And that was it! He eventually ran out of money but, can you believe it? My parents forgot about me. When they got the money, they did not call me for almost four months. My parents and my brothers forgot about me, neither of them came to visit me or called me. And when I came and visit them. Oh my god! People did not care about anything. Everybody was getting drunk, even in my house.

However, according to Olger, these scenes did not last long. As people ran out of money, in Playas, they could not go to the pueblo every week or live in the same way anymore. As he explains:

This situation only lasted around two months, after that, people did not have much money left. Nobody wanted to buy beers for anyone anymore. It was kind of funny. During these months, there were people who did not even say hi to me when they saw me. They acted as if they were rich. Only after the money disappeared they began talking to me again.

During fieldwork in the community, many community members, such as Olger, margarita, among others, talked to me about this story. The time when it was possible to see their canoes, full of goods, going back and forth through the Aguarico river. The monetary compensation the state gave indigenous families did not last long. This is part of

the illusion that surrounds economies depending on the extraction of oil, such as the Ecuadorian economy. According to Coronil (1997), who argues that the illusion is the idea that oil, when appropriated by the state and transformed into rents, can improve peoples' lives indefinitely when, in reality, and in the best scenario, it only makes their lives better in the short term.

In Playas del Cuyabeno, where the state implemented different compensatory and redistributive development projects (the implementation of productive projects, monetary compensations, among others) illusions of oil rents emerged. After the state oil company PetroAmazonas gave most indigenous families their monetary compensations (in 2010 during the inauguration of the Pañacocha oil well, located close to this community), president Correa also announced the construction of the two first Millennium Communities in Playas del Cuyabeno and Pañacocha (another community located close to this oil well), with the money obtained with oil rents. A big symbolic check was given to them with the amount of 21.2 million dollars (Wilson and Bayón 2017:85)<sup>93</sup> for the construction of this project. After three years of planning and constructing the infrastructure, the Millennium Community was inaugurated in Playas del Cuyabeno in the last third of the year of 2013.

Bolívar, Danilo and other indigenous peoples from Playas talked about this inauguration as a spectacle. In several conversations Bolívar, the ex-president of the community who was one of the most important leaders during the negotiations with the state before the construction of the state oil well and the MCP, talked about the day when “the president arrived to the community.” Bolívar describes the episode as something “incredible.” On the inauguration day, indigenous families from Playas were living in their fincas (farms). The day of the inauguration they went to the space of the constructed infrastructure and a lot of state officers were there with their white shirts with a “little and colorful” seal on the right breast, the postneoliberal government logo. It was possible to

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<sup>93</sup>Although in the contract of the MCP in Playas del Cuyabeno, it states that the state budget for the MCP was 16,082,932.00 dollars.

hear the sound of several helicopters flying over the new community space, one after the other, landing and taking off from the community's new heliport, bringing more and more state representatives from different ministries and cities. Indigenous leaders from other communities were also present. According to Bolivar, the Playas del Cuyabeno community members were dressed normally, with pants and their traditional shirts. However, some indigenous leaders from other places were dressed with seeds and feathers in traditional clothes. The videos of the MCP inauguration, uploaded by different state institutions such as the Coordinator Ministry of Strategic Sectors, and The Communications Secretariat, among others, show President Correa, with his face painted in red, interacting with various community members from several nationalities (Siona, Secoya, Cofan, etc.) who arrived to observe the inauguration of the MCP. For Bolivar, this event was important: "It was the first time that a president came to the community." After the president reviewed the different areas of the community, and checked that everything was working, all the infrastructure displayed for this show was disassembled. The helicopters took the state representatives back to Quito, Lago Agrio, and other cities. Some of the construction company representatives also left. Once they left, some of the community services that really were not functioning but had been connected for appearance's sake, stopped working properly. Right after the spectacle ended so did do some of the MCP benefits supposedly offered, such as phone services.

From the perspective of some of the people related to the company in charge of the construction of the MCP, the inauguration of this infrastructure was mostly a media show for all the people and international press that were at the event.

Days before the MCP inauguration, the construction and auditing companies had to prepare and get everything ready for the day of the arrival of the president. Equipment for the school, library, and laboratories arrived, as well as the electric stoves, refrigerators, beds, mattresses and the rest of the furniture that was going to fully equip the houses. Because few families were living at the houses yet, the workers of these companies had to

order and assemble the houses' furniture. They carefully equipped the houses designated for the president to visit with kitchens another implements. They assembled the beds and bunks of three houses' rooms, they made the beds with blankets and got everything else ready.

If they conceived of this event as a spectacle it was because they were the ones in charge of putting the scenario for the event together. Not only did they construct the infrastructure but they also became the factotums and decorators of the show that was about to take place. The spectators who arrived latter, however, including the state officers and the president himself, did not know about the behind-the-scenes assemblage of infrastructure and services. It appeared to them as a reality. Their own expectations and illusions became truth. The inauguration was concrete proof that oil rents can change peoples' lives and make them better.

When the helicopters with state representatives, mayors of different cities, and the international press touched down at Playas del Cuyabeno, the stage was set for the president to observe and approve the results of the project. When Correa arrived, he walked through the community's new built space and entered the houses previously chosen and arranged for him to see. Not only was the house furniture nicely placed and clean, but the internet, telephone, cable and other services were also working properly. In order to be sure that everything was functioning, Correa took one of the houses' phones and made a call. With a big smile, he verified that everything was in order.

Correa, however, decided to visit a house that was not prepared for the show. The construction workers got worried about it but luckily for them, the house he chose was also properly arranged so the staging did not fall apart. After that, the president went to the big new coliseum and made a speech, where he said:

Natural resources, if well managed, are a blessing, not a curse. Resources allow us to build, to build the Living Well for the people. Here and now we are demonstrating it [...]. These strategic projects are a source of happiness, of

progress, of Living Well. These is not just words, these are no stones or shots (which is the language of the loser and the violent), these are facts. Here is the proof! The Millennium Community of Playas del Cuyabeno, comrades. We want to plant the entire Amazon with Millennium Communities. Never again, will the Amazon be the region with the highest rate of poverty, as it has been until now, one of the major injustices of the history of the country. To the contrary, this will be the first region to beat poverty. Amazonians and comrades, this is the new Amazonia. The past, never again [...]. Of course, national wealth has come out of here, without luxury, without excess, without waste, but [its results] are better than in Quito and Guayaquil<sup>94</sup> [...]. Long live Amazonia. Long live the entire homeland. Ever onward to victory, compatriots!<sup>95</sup>

In the inauguration of the Millennium Community Project, after seeing the infrastructure and listening to Correa's speech some indigenous peoples, such as, Bolivar, believed that oil money could transform their lives for the better. After the speech, the president, ministries, and the rest of state authorities left.

It is not the case that Correa and the rest of state officers did not notice some of the problems of the constructed infrastructure. For instance, Correa also said in his speech: "the idea should not be to built cement houses everywhere for we have nice indigenous peoples' traditional houses models"<sup>96</sup>. Thus, he was not naïve about the inadequacy of the constructed houses. He noticed that the houses, their distribution, etc., was problematic as they looked like an urban uniform housing complex. However, despite all of this, he took advantage of the political capital that the construction of this project gave him. After all, state officers had finally achieved propaganda and proof, for their theory, supported by the Economic Commission for Latin America and the Caribe (ELAC for its acronym)'s neostructuralism<sup>97</sup> (an economic approach some scholars but no state officers use in order

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<sup>94</sup> Two of the most important cities of Ecuador. Quito is the capital of the country and Guayaquil is one of the most important economic poles of the country.

<sup>95</sup> Ex president Correa's speech during the Inauguration of the Millennium Community in Playas del Cuyabeno. October, 2013. In: <https://www.presidencia.gob.ec/>

<sup>96</sup> Ex president Correa's speech during the Inauguration of the Millennium Community in Playas del Cuyabeno. October, 2013. In: <https://www.presidencia.gob.ec/>

<sup>97</sup> For more information about this approach see chapter III.

to describe postneoliberal development), that the extraction of natural resources could make peoples' lives better, help overcome poverty and achieve development.

It wouldn't be until 2016 that state representatives from the Ministry of Strategic Sectors and SENPLADES began writing a report pronouncing that the MCP infrastructure and services were not properly working. However, it is not the case that SENPLADES officers were never aware of the problems and bad quality of state infrastructure projects. By the time I did fieldwork, after three years of the construction of this infrastructure, one of SENPLADES' state officers, working for the Investment Sub-secretariat, talked about a report on service malfunction and deterioration of the MCP infrastructure that he had been working on for quite a while. Unfortunately, I did not have access to this report for it was a work in progress.

In Playas, however, right after Correa and the rest of the state representatives left, some community members such as Danilo, noticed that the installed phone services were not working in some houses. Danilo is a young indigenous family guy who is very critical of the MCP. He has shown his concern, not only about the MCP infrastructure but also about its effects on community social life (for him people became less generous after the construction of the MCP). As he explains, "Right after the president left, the new installed phone lines were not working anymore." His conclusion is that the construction company and the public oil company PetroAmazonas "fooled the president and the media", they only wanted to make them believe 'that everything was working'." He explains that for him, "these companies connected the phone lines only so that the president could see, but after that, a lot of houses did not have phone lines anymore". Other phone lines functioned a couple of months after the president left, but they did not do so properly.

In the same vein, Julián, a young indigenous leader who is also the president of the Balata Yaku (one of the Playas touristic groups), told me laughing: "the phone lines were a mess, it was funny because if you picked up your phone, you could hear your neighbor's conversations, or if you were talking to someone on the phone, suddenly you missed that

call and began talking to someone else, the installed phones never really worked.” Similarly, Edy, a young member from Playas del Cuyabeno community, who openly supports Correa and usually claims the necessity of a “more radical revolution” said:

I think that because my house was one of the ones that in which the company workers lived during the MCP construction, and it was one of the ones Correa visited, they left the internet working for a long time. After a year, my house was the only one that had internet, we did not understand but we, of course, used it all the time, unfortunately one day it stopped working at all. No one has internet in the ‘Milenio’, it does not work.

The telephone outages Danilo, Edy and Julián describe were only the beginning of a continuous deteriorating process in the MCP. Not only were other services starting to have problems (the electricity went out, the sewer and drinking water systems collapsed in some areas), but also the constructed infrastructure itself began deteriorating (the houses’ floor starting to break, the iron columns began to rust, etc.) after only two years of its construction.

As the contract states, the Ecuadorian state gave the private company in charge of the MCP construction, the amount of 16,082.932.00 dollars, and two additional million (during the process of construction the company stated that the first amount was not enough). Even though the state gave this company around eighteen million dollars for the MCP construction, the infrastructure began getting damaged soon after the construction was finished. The illusions of indigenous peoples of having better and overall more durable houses and spaces as the result of oil exploitation did not last long, as the infrastructure rapidly got damaged. One of the reasons that explains the fast deterioration of this infrastructure, despite the amounts of oil rents invested in it, lies in how the private company in charge decided to administrate, spend, and accumulate these rents.

### **5.3 Beyond Extractivism and the Process of Circulation of Rent: A Marxist Perspective**

A Marxist perspective on the concept of rent is a useful frame to better understand the vicissitudes and partial failures of postneoliberal state development in Latin America. This perspective not only focuses its analysis on the phase of the extraction of oil and its effects, as it occurs with most of the literature focusing on extractivism, but it also gives importance to what takes place after the extraction of oil, that is, during the process of circulation of rents obtained from oil extraction, the actors involved, and the effects in the achievement or failure of redistributive development projects.

For instance, using Marx's concept of rent, David Harvey states that rent is the "percentage that capitalists have to pay to landowners for the use of a land and its improvements" (2006:331). According to Harvey, for Marx, rent is conceived mostly in relation to the negative effects it has in the process of accumulation of capital<sup>98</sup>. For Marx, rent constitutes an obstacle to capital accumulation because it is a portion of surplus value that is taken from productive capital, that is, the profits that capitalists obtain from the exploitation of workers who produce commodities. For Harvey, however, rent is necessary for capital accumulation. Not only because rent—obtained through dispossessing workers from land as their mean of production—legitimizes the existence of private property, crucial for the survival of capitalism, but also because it constitutes the foundation (it provides a place) or "condition" to produce commodities (Harvey 2006). In contrast to Marx, Harvey (Harvey 2006) argues that rent, not only impels capital accumulation but also plays a positive role in the achievement of accumulation of wealth (Harvey 2006).

The positive role that Harvey discusses is crucial to understand economies such as the Ecuadorian one, an economy that historically has been founded on the accumulation of rents (Purcell 2016). For Harvey an explanation of rent's positive role can be achieved with

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<sup>98</sup> For more information about Marx's theory of rent see: Karl Marx (1981) *Capital: A Critique of Political Economy*. Vol. III. Part Six, The Transformation of Surplus Profit into Ground-Rent. Ed. Penguin. London-England.

the study of what happens after landlords receive money for their lands and buyers obtain their land titles. That is, during the process of circulation of rents. According to Harvey, from the landlords' perspective, after receiving rents they:

Can be either hoarded or thrown back into circulation. In the former case the circulation of capital in general stands to be seriously disrupted. In the latter, the revenues can continue to circulate through the purchase of services, luxury goods and so forth, or be converted into money capital (Harvey 2006:365).

Therefore, as long as landlords put the rents obtained but into circulation, either through its consumption or through its investment into productive projects, they make possible, rather than hindering, the process of accumulation of wealth. That is, rents can be used for the consumption of diverse products, increasing the demand and allowing for the circulation and accumulation of capital.

Seen from the perspective of the buyer, land should not be conceived solely as a mean of production obtained through the loss of a portion of surplus value. For land itself constitutes a commodity whose value for the buyer lies in that it constitutes "a claim upon anticipated future revenues" (Harvey 2006:367). When land is conceived of as a commodity, capital investments (such as, the construction of better infrastructure) could be made. This will make it possible for the person who bought it to sell it afterwards for a higher price. For Harvey, the buyer can also treat land as a mere financial asset, a commodity which, through ownership title, creates a fictitious capital to be claimed in the future.

These two perspectives show how rents can contribute to the process of accumulation of wealth. When landlords allocate rents earned in new productive investments and when the buyers treat land as a commodity, that is, as an investment that will make it possible for them to obtain fictitious capital in the future, when put back into circulation in the market.

According to Harvey, this is why it is possible to conclude that rents, rather than being a portion of capital lost in the landlords' hands, are articulated to the production of capital. This occurs when rents are put back into circulation in the form of investments or when they are transformed into financial assets or into commodities. In Harvey's words, when land is treated as a commodity it "indicates locational paths for future accumulation and acts as a catalytic forcing agent that reorganizes the spatial configuration of accumulation" (2006:375). It is through this process that rents cease to be antagonistic to the requirements of a productive economy and instead become articulated to it.

Following Marx, Harvey (2006) states there are four different types of rent, namely, monopoly rent<sup>99</sup>, absolute rent,<sup>100</sup> and two types of differential rent. There are two types of differential rent according to Harvey. The first type of differential rent (DR-1), according to Harvey, comes from the different degrees of fertility of lands. Due to this difference, the value for the products obtained in the market emerges from the costs of production of goods on the worst land. This is because the costs to produce in the worst land are the highest. The extra profits that obtained after producing and selling products from better lands (where production costs are lower), are differential rents (DR-1).

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<sup>99</sup> Monopoly is a type of rent that emerges from lands which have special qualities. These qualities can be, for example: good weather for the production of potatoes or other products; high soil quality (which would increase productivity); a good location with privileged access to water, among others. If these qualities produce a unique or a better quality product, it can create a monopoly price. This price, at the same time "creates the rent" (Harvey 2006:350). The landowners of these type of lands are able to obtain monopoly rents from people interested the usage of these lands. Monopoly rents are related to the possibility of creating a monopoly price of the goods produced in it.

<sup>100</sup> Absolute rent emerges in areas of the economy that have less productivity, for example, less technological development. In this cases, land is treated as a mean of production rather than as a commodity. In order to explain absolute rent, Harvey uses the example of the agricultural sector, which sometimes produces an excess of surplus value from "its labor intensity" (2006:351), rather than from its technological innovation. In addition, because the agricultural sector has a lower amount of capital invested on in, compared to other sectors, then its prices of production, its value, is lower than the average if compared to other sectors. This difference makes it possible for landlords to appropriate the excess of surplus in the form of rent rather than redistribute it from agriculture to other more productive sectors. For Harvey absolute rent does not obstruct the production of surplus but interferes with the distribution of this surplus.

The second type of differential rent (DR-2), is what constitutes, according to Harvey, Marx's contribution to the theory of rent. Differential rent (DR-2) is the "shifting flows of capital on the land" the excess of revenues obtained from the dissimilar investments of capital into different lands. Through the increase of capital investments, the cost of production decreases and the excess will be appropriated by the producers as differential rents.

Under the frame of Harvey's theory of ground-rent, Purcell et al. (2016), state that in the case of countries whose economy depends on the exportation of raw materials, for example Ecuador and other Latin American countries, the type of ground-rent that best describes these economies is differential rent (DR-1). For as already stated in Harvey's theory of rent, state economies in countries depending on resource extraction are "based upon the monopoly over differential natural conditions of production" (Purcell et al. 2016:5). These differential conditions, in the case of Ecuador refer to the existence of oil in the Ecuadorian lands. This different condition incentivizes competition among capitals looking to have access to the oil produced in this land. At the same time, this difference allows the landowner, in this case, the Ecuadorian state, to appropriate high amounts of differential rent.

#### **5.4 A Brief History of Rent, Oil, and Postneoliberalism in Ecuador**

As the dependency theory approach suggests, Latin American countries have historically been the providers of cheap labor and cheap raw materials to industrialized nations. This fact, which has been thoroughly studied (Smith 2010; Harvey 2006; Escobar 2011), has allowed industrialized economies to increase their industrial productivity and to increase their capital accumulation over non-industrialized economies. However, according to Purcell et al., "in the process of foreign exchange, global capital cedes a

portion of surplus value in the form of rents to the landlord classes in Latin America” (2016:5).

Harvey’s approach to rent, in contrast to the dependency theory or its new iteration, the neostructural approach, states that the exportation of raw materials does not only benefit industrialized countries which transform (though better technology) raw materials into more expensive and elaborated products, but it also allows for the appropriation of a national ground rent in non-industrialized countries like Ecuador. Nevertheless, as Purcell et al. (2016) explain, industrialized countries recover these rents through different mechanisms such as the payment of state debt that Latin American countries historically have with international organizations like the International Monetary Fund, IMF.

In the case of the Ecuadorian economy, as Purcell et al. show, since the end of the nineteenth century to the present, differential rent lies at the core of Ecuadorian development. In particular, “primary commodities have historically made up over 90% of exports” (Purcell et al. 2016:6). From 1895 to 1920, the economy depended on the revenues obtained from cacao exportation, and from 1948 to 1970, Ecuador’s main export was bananas. At the same time, during this period, a financial-commercial rentier elite<sup>101</sup> group emerged and consolidated as the stronger economic group in the country, this group was able to appropriate most of the rents that resulted from the exportation of these products (Purcell et al. 2016).

As already stated, rentist economies are not separate, but instead are linked, to the production of capital. Therefore, the formed rentist groups, after being consolidated, were not only devoted to agro-exportation but also began participating in industrial projects. This was possible with the state concomitance. In particular, during 1954, the Ecuadorian

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<sup>101</sup> Due to the fact that I am not doing a historic study about rentier elites in Ecuador but just giving a brief historical context that talks specifically about their importance within the economy, I do not expand in the complexities of these groups during the XVIII and the XIX centuries. These groups were not homogeneous. Scholars such as Quintero and Silva (1991) have done a good historic characterization of these groups.

state created the Planning and Economic Coordination institution, which passed the so-called Industrial Promotion Law in 1957 which encouraged the industrialization of the country.

With the emergence of the oil boom in the country and under ELAC's theory of dependency model, these protectionist state policies intensified during the seventies in Ecuador. In 1972, after the Ecuadorian state became part of The Organization of the Petroleum Exporting Countries (OPEC), Ecuadorian oil prices increased dramatically. The Ecuadorian state intensified import substitution policies and encouraged industrialization of the the car assemblage industry and others.

Due to the fact that Ecuadorian oil belongs only to the state, it was this oil boom that gave the state a central position. That is, the state was able to control the appropriation and distribution of rents obtained from oil exploitation (Coronil 1997). The oil boom, however, did not result in the industrialization of the country for technology production was obsolete which in turn made it impossible to compete in the international market. According to Purcell et al. (2016), Ecuadorian industrialization failed because rentist elites were not particularly interested in risking their capital on state projects. In contrast, these scholars show, these groups took advantage of state incentives rather than contributing to state industrialization projects. Moreover, rentist groups rather than becoming a national industrial group preferred to create links with global markets, partnering with transnational companies.

However, during the first half of the 1980s, oil prices fell exponentially causing a deep economic crisis in Ecuador. At the same time, the crisis allowed for the implementation of structural adjustment policies in the country. For instance, the national oil industry was deregulated in order to allow foreign companies to invest in the extraction of oil. The contracts that the state signed with these private foreign companies profoundly decreased state rents. Only 20% of the rents obtained from the exploitation of oil belonged

to the state, while private international companies got the remaining 80% the country's oil revenues.

As Purcell et al. (2016) describe, during the nineties Ecuadorian financial markets were deregulated causing a deep financial crisis. After this crisis, the state created the Fund for the Stabilization of Social and Productive Investment and the Reduction Public Debt (FEIRIP). This fund assured that, from the small percentage of oil rents that foreign companies left to the state, 70% was used to pay external debt to international organizations like as the IMF. Therefore, during these decades, the state barely received any rents from oil exploitation.

According to OPEC data<sup>102</sup>, beginning in 2000, oil prices constantly increased until 2008. In 2005 the price of oil almost doubled. However, as already shown, this increase was not translated into an increase in state rents. Despite this favorable conjuncture, the state and the Ecuadorian society did not benefit from these increases. It was mostly international oil companies that worked in Ecuador who appropriated the majority of these rents. From the around twelve to thirty percent that corresponded to the state (Bustamante and Zapata 2007), the majority of these rents were utilized to pay the external debt to international organizations (Ortiz and Cueva 2013; Narvaez 2009). Therefore, even though during these decades the state was the owner of oil, the rents obtained from its exploitation were extracted from it. International organizations (in the form of debt interests) and private companies were the ones who appropriated the majority of these state rents.

Inequalities among industrialized and non-industrialized countries occurred not only though unequal international exchange, that is, when non-industrialized countries exported raw materials to industrialized economies who processed them and sold

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<sup>102</sup> OPEC data. [https://www.opec.org/opec\\_web/en/data\\_graphs/335.htm](https://www.opec.org/opec_web/en/data_graphs/335.htm), accessed April 20, 2019.

manufactured products at a higher price. Disparities also occurred when this production of raw materials was appropriated by international companies and organizations. If we take into account the process of circulation of the state's rents, that is, where it goes and who appropriates it, unequal exchange is even deeper.

It is in this context that, in 2006, Rafael Correa was designated Minister of Economy and Finances. Once in charge, he reformed the FEIRIP so that at least 20% of the state oil revenues were not spent to pay international debt. In this way, the state began recovering oil rents. When Correa became the president in 2007, he also re-structured oil contracts with private companies. These reforms involved a significant increase of oil revenues for the state. The percentage of oil revenues for the state increased from around 30% (or less) to 70% and the percentage for private companies decreased from 70% to 30% (Bustamante and Zapata 2007; Narvaez 2009:18).<sup>103</sup>

According to Coronil (1997), “the control over oil money enables [states] to transform [them]selves” (Coronil 1997:4), that is, states that have control over their rents usually increase their size, their institutions, and officers. These states are also able to better manage social problems such as poverty and inequality, among others. In Ecuador, for example, the postneoliberal state not only increased its institutions and restructured its oil company, PetroAmazonas, but it was also able to directly control sectors such as health (building new hospitals and small medical centers around the country), education (even deciding which careers high school graduates should choose), communications, and others. With the rents obtained, the state also expanded its public oil company and directly invested in other sectors of the economy, such as the financial sector and other productive areas

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<sup>103</sup> However, even though the reforms implemented during Correa's government to the Hydrocarbon Law exponentially increased the distribution of oil state rents in comparison to past governments, at the same time, the government adjudicated some oil wells to foreign state companies such as, Petrobrás (Llanés 2011). This implied that even though state oil rents increased, a process of denationalization of oil production continued during this government (Llane 2011). According to official discourses, one of the reasons for this decision making was for the state to avoid private oil companies possible millionaires demands if the state ended their contracts unilaterally (Narváz 2009)

such as the production of electricity. Several public companies were created, for instance, the National Corporation of Telecommunications, the TV Ecuador television channel, the Pacific Bank, the Electric Corporation of Ecuador, etc.

The national appropriation of the majority of oil revenues allowed the Ecuadorian state to not only to expand its bureaucratic infrastructure, but also invest in other economic sectors, as well as implement projects that officially aimed to decrease inequality and poverty, and control its opponents. It also created the illusion that the state money would “not be privately appropriated but managed by the democratic state for the benefit of society as a whole” (Coronil 1997:100). However, inequality did not exponentially decrease despite of state big investments. For example, state investment on health from 2006 to 2010 increased 7.8 times and investment on education for the same period increased 4.57 times (Mejía 2012:57).

According to Acosta and Ponce, despite of the fact that social investment in relation to GDP increased during Correa’s government, from 4.8% in 2006 to 8.1 in 2008 (2010:7), there is a slowdown in the reduction of poverty and inequality.<sup>104</sup> According to their results, from 2007 to 2010 income poverty only decreased 3.9 points in comparison to 12.3 points that income poverty decreased from 2003 to 2006, before Correa’s government (Acosta and Ponce 2010:56).

According to these scholars’ poverty decrease slowdown during Correa’s government could be related to the fact that, during the first years of 2000s, the country was recovering from the 1990s crisis, one of the worst financial and social crisis that Ecuadorians had experienced (Acosta and Ponce 2010). In addition, for these scholars, the data that measures the changes that Correa’s government tried to implement with its social policies takes time in order to be shown (Acosta and Ponce 2010).

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<sup>104</sup> These scholars use an income poverty approach for, even though they conceived of this approach as too unstable, income is the mostly available data for the dates of their comparison (Acosta and Ponce 2010:12).

I argue that in order to understand how this contradiction was possible it is also necessary go back to the process of circulation of state revenues because part of the problem of the partial failure of the state in achieving a better redistribution of wealth is not divorced from the practices of national private groups involved in the process of planning and implementation of state development.

Of course private economic groups are not necessarily separated but connected to government officials. There are different ways in which these connections are possible, that is, via friendship, state officials owning private companies, kinship, etc. However, in this research I did not focus on gathering data about how these connections work but instead focused on the practices of private groups working for the state in the construction of state infrastructure.

### **5.5 The Assumptions of the Postneoliberal State, Oil as Money, and the Accumulation of Rents**

According to Coronil, in countries whose income is contingent on the exploitation of nonrenewable resources, “rent capture conditions the organization of economic activities” (1997:32). In particular, Coronil argues that whereas societies which depend on the exportation of industrialized products have to continuously transform their productive structures (i.e., through the implementation of new technology, better forms of labor organizing etc.) in order to increase their profits, in societies which depend on the exportation of natural resources “rents have to be maximized” in order to generate dynamism in the economy (Coronil 1997:32). Once distributed, these rents involve the formation, not only of new state institutions and forms of governing but also of new forms of interaction among the different actors involved in the process of state rents circulation.

The extractivist approach to the effects of postneoliberal development has largely focused on the phase of extractivism—the extraction of natural resources— (Bebbington and Bebbington 2011; Gudynas 2013; Burchardt et al. 2016). Accounting for the effects of

postneoliberal extractivism in relation to the dispossession and environmental damages it causes among different populations and their territories is crucial, however, taking into consideration what happens after the extraction of oil, that is, when oil becomes circulating money, is problematic. It leaves out the effects of the circulation of oil in its form as money, that is, when state income circulates through the implementation of state development projects. Coronil talks about the importance of studying oil in the form of money in a society whose economy depends on oil exploitation. Talking about Venezuela, he states:

Oil's effects on Venezuelan society are most pervasive not in its form as a commodity with specific physical properties but in its form as money, not as a use value but as an exchange value. In this respect, oil's social impact occurs after it has been sold in the international market. At the surface level of market exchange, the transformation of oil into money and of money into goods and services takes on the appearance of a natural process; in exchange for oil Venezuela receives its monetary equivalent in dollars, which are then spent at home and abroad. Yet these transformations involve as well the transfiguration of the social agents that participate in these processes. Thus, if oil permeates Venezuelan society through its metamorphosis into money, it is by metamorphosing society that oil money is fully incorporated into it and achieves its multiple effects (1997:110).

One of the effects of oil in the form of money that needs further explanation is related to the accumulation of wealth that takes place during the process of circulation of rents. According to Purcell et al., "rent is not only a distributive category of economic surplus, but also a material relation" that involves "specific and uneven processes of capital accumulation" (2016:2). Thus, it is possible to say that for them, it is necessary to conceive of state rents, not only in the form of natural resources extracted from nature but also as circulating money that can potentially be privately accumulated during the process of its circulation.

In the case of Ecuador, for example, the process of circulation of oil in the form of money, especially since 2008—possible because of high prices for oil exportations— was translated into a significant increase in social investment in the form of different infrastructure (hospitals, schools, universities, housing programs, etc.) as well as in the

implementation of ambitious short-term and long-term development projects (such as, the Change in the Productive Matrix). Nevertheless, at the same time, this favorable conjuncture that aimed to use oil revenues in order to change the productive matrix of the country, achieve redistribution and diminish inequality, at the same time, paradoxically enabled “unprecedented levels of wealth concentration among the traditional financial–commercial–rentist elite” (Purcell et al. 2016:6).

According to Purcell et al. (2016), the postneoliberal state’s partial failure in the achievement of its development goals, such as a change in the productive matrix or decreasing inequality lies in that the postneoliberal state conceptions about development neither took into account the processes of accumulation of rents that the implementation of its economic models involved, nor took into consideration the circulation of rents as opportunities for private companies to appropriate state revenues.

In particular, the Ecuadorian state development model, had three assumptions that the model overlooked. First, the state model presumed that oil dependency could be overcome through the creation of a knowledge-based economy. Second, it believed that, once the state created protectionist incentives, the commercial-rentist elite of Ecuador would be part, and facilitate the process, of the diversification of exports and industrialization. Third, the state took for granted that private companies involved in the planning and implementation of its redistributive projects, for instance the construction of housing projects, would be aligned with state aims and would not try to accumulate state rents. Thus, the analysis of these assumptions makes it possible to understand why state ideas (studied in chapter two and three) in relation to the achievement of development and the decrease of inequality did not necessarily work in the way the state hoped.

The first assumption was founded in the state’s subscription to the neostructural development approach (already studied in chapter three) as the model that would change the country’s productive matrix. neostructuralism is term that some scholars (state officials never used this term in the interviews) such as Purcell et al. (2016) or Leiva (2008) use in

order to describe the economic development model of postneoliberal state. As already explained in chapter III, neostructuralism is an updated version of the theory of dependency, more conservative than the one created in the sixties (Leiva 2008). This economic development model states that natural resource exploitation, rather than increasing dependency, should be conceived of as an opportunity to achieve development. This approach also argues that rents obtained from resource exploitation can be used to create “new comparative advantages derived from knowledge-based activities” in order to overcome dependency and achieve growth and development (Purcell et al. 2016:3).

According to Purcell et al. (2016), the Ecuadorian strategy to change the productive matrix, inspired in a neostructural development model, was to utilize the income obtained from oil rents in the creation of novel technological inventions that would emerge from human knowledge innovation. This new knowledge-based technology would subsequently allow for the development of nanotechnology and biotechnology industries that, after taking off, would be the new source of state development and the motor of the Ecuadorian economy. According to this view, the problem of oil extraction lies in its finitude (oil reserves will end in a couple of decades). In contrast to oil, human knowledge is described as an infinite resource that would not only enable the construction of new development models in Ecuador, ones that, because they will no longer depend on oil international prices, will also make possible the construction of a more equal society in the long term (Ramirez 2015).

The Ecuadorian postneoliberal development approach treats human knowledge as a comparative advantage. According to this view, overcoming the dependency of the Ecuadorian economy and development on oil revenues was “the ‘intelligent’ targeting of state subsidies towards ‘knowledge-based’ production” in order to develop knowledge innovation industries in the country (Purcell et al. 2016:2). The capture of vanguard science and human knowledge combined with, for example, the Ecuadorian Amazon’s biodiversity, is what, according to the state view, would give the economy a systematic

competitiveness. This state idea was put into practice through the construction of two universities/spaces. One was the Yachay City of Knowledge, which was a tax free zone that captures talents and develops new technology in order to achieve the development of biotechnology in the country. The second one was The IKIAM Amazon Region University. This university's aim was to take advantage of the Amazonian biodiversity. The latter is strategically located, "at the heart of the Ecuadorian Amazon, in the Colonso Chalupas Biologic Reserve"<sup>105</sup> (IKIAM 2019). This location is conceived of as an advantage, as IKIAM is promoted as the only university with a "live laboratory", that is, the Amazon, where it is possible to do research and create technologies related to life sciences, water sciences, and biotechnology.

Nevertheless, as Wilson and Bayón (2017) explain, this state model did not succeed because it took for granted the fact that knowledge-based industries are not divorced from private property and international capital accumulation logics. That is, rather than encouraging a form of open and free form of knowledge, knowledge-based industries have largely legalized private property rights around knowledge in order to increase their surplus. For that reason, neither Yachay nor IKIAM were able to attract talents and foreign capitals that could enhance such type of technologies.

Secondly, the state also assumed that, once it creates protectionist incentives to limit imports and diversify exportation and industrialization, commercial-rentist elites of Ecuador would be interested in being part of these state plans. Governments assumed that these elites would facilitate the process of diversification of Ecuadorian exports and its subsequent industrialization. In other words, the state assumed that rentist elites would automatically switch their rent maximizing interests and risk their capitals to invest in state industrializing projects. However, as Purcell et al., show, economic groups in Ecuador did not risk much of their capital investing in state industrializing projects but rather took

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<sup>105</sup> IKIAM Universidad Regional Amazónica in: <https://www.ikiam.edu.ec/historia.html>

“advantage of subsidies in a way that does not require new innovation or risky investments, relying instead upon reproducing ‘easy’ forms of ISI<sup>106</sup> (toys, bicycles, car assembly, etc.)” (2016:11).

The neostructural model that the Ecuadorian postneoliberal state implemented in order to diversify its exportations also assumed that it was possible to achieve diversification through the efficient localizing of incentives (rents). This plan did not work, for economic sectors in Ecuador, rather than risking their capital to invest in state projects, used state incentives in order to achieve capital accumulation “through the appropriation of ground rent (mediated by sectorial policies)” (Purcell et al. 2016:10). The state assumed that it was possible to transform a historical rentist-commercial elite into an industrial economic group only through state economic incentives/investments. However, rentist elites were not so much interested in becoming a nationalist industrial group. As I will explain, these groups are already diversified and linked to production chains of global capitals. State incentives for them were used as mechanism for obtaining more profits.

Third, in a similar vein, the postneoliberal state approach to development assumed that private companies contracted for the planning and implementation of redistributive development state projects, such as the construction of housing projects like the MCP, would not maximize their profits beyond the twenty percent that the Ecuadorian state offers to its private concessioners. However, in contrast to this assumption, when the state contracted private companies to implement its redistributive projects (through the construction of infrastructure), these companies maximized their earnings beyond the state given percentage, through the invention of several rent-appropriation mechanisms. Consequently, not only did state assumptions about economic knowledge-based economies or about the diversification of exports contribute to the failure of postneoliberal development, but also the everyday practices of rent seeking.

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<sup>106</sup> Import Substitution Industrialization

The construction of the MCP infrastructure in Playas del Cuyabeno can illustrate how the process of private appropriation of rents under postneoliberalism takes place. Conceiving of state rents as circulating money that has the potential to be privately accumulated, private construction companies in charge of the implementation of the MCP infrastructure sought these rents in order to maximize their profits. These practices deeply affected the quality of state redistribution.

Nevertheless, in order to better understand how current rent-seeking practices of private economic groups in Ecuador work, and their effects in the failure of postneoliberal state redistribution as well as in the persistence of inequality it is necessary to first summarize some of the main features that historically have characterized economic groups during the last decades.

## **5.6 Ecuadorian Rentist Elites: A Brief Overview**

Ecuador has a high concentration of wealth and high levels of inequality. In 2007, for instance, only 2% of Ecuadorian families owned 90% of the economic companies in the country (Sarmiento 2017:50). According to Liisa North (2016), this concentration of wealth characterizes the history of the country. Even though the few economic groups that concentrate the Ecuadorian's wealth have changed (some of them can disappear and emerge as others) their "concentrating, oligopolistic, and monopolist character does not change" (North 2016:17). Currently, 42% of the total income is still accrued to the top 10% of the richest population, whereas only 2% of the total income is accrued to 10% of the poorest people in the country (Sarmiento 2017:50). Therefore, as North (2016) states the persisting inequality in the country is deeply related to high levels of private concentration of wealth among a privileged few families in the country.

In contrast to the Marxist idea that historically describes Ecuadorian economic groups as defined classes, that is, usually belonging to only one sector of the economy

(Quintero and Silva 1991), and to the postneoliberal state idea that these groups have national interests, economic groups in Ecuador, at least since the second half of the twentieth century, are highly diversified. These groups, such as the Noboa Corporation, Pichincha company, the La Favorita Corporation, etc.<sup>107</sup>, have not invested in a single sector of the economy and are not divorced from international market chains. In contrast, they usually have invested in different economic sectors. Consequently, they belong to different economic groups and represent different interests at the same time. The economic sectors in which these groups have invested the most are agro-exportation, commercialization (imports), transportation, industrial domestic goods, finances, and mass media.

In addition, even though many of these groups emerged and grew in Ecuador, their investments are not limited to the national level but are linked to foreign capital. These economic groups not only control most of the total national production—62 groups represent 41% of the total GDP of the country (Pástor 2017)—, but also participate in international chains of production (through importation, and the assemblage of foreign products) and invest their capital in foreign companies, that is, they are shareholders of transnational companies.

The accumulation of wealth in Ecuador during the seventies began with the cocoa agro-exportation and the oil boom. Cocoa agro-exporters were the most important economic groups in the country. It was cocoa exportation that allowed for a great accumulation of capital among this sector (Pástor 2017). In addition, with the emergence of the oil boom, foreign transnational capitals began having a great presence within the economy as a result of their investments in the Ecuadorian hydrocarbon sector. These two processes made it possible for agro-exporters to diversify their economies. Not only were they able to control several chains of transportation and commercialization of consuming

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<sup>107</sup> For further information about these groups see: Pástor Carlos. *Los Grupos Económicos en Ecuador*. La Tierra ed. 2017.

goods, but they also began investing in the financial sector, becoming financial usurers (Pástor 2017). As a result of this fusion between agro-exporters, financial usurers, and foreign investments, during the eighties, the concentration of wealth among these groups increased. Three economic sectors became important, namely, anonymous societies, banks, and insurance companies, all of them aligned with foreign capital (Navarro 1976:47). According to Pástor (2017), these groups controlled more than the 50% of the total sales in the country.

During the nineties, the financial sector became fully consolidated. It controlled a great part of the Ecuadorian economy (Fierro *in* Pástor 2017). For instance, two important financial companies consolidated during this period, the Ecuadorian Financial Company Development (Cofiec for its acronym in Spanish), and the Pichincha bank group. These companies/groups were highly diversified and linked to foreign capital. These financial companies also had investments in other sectors of the economy, for instance, the commercialization of cars, insurance companies, mass media companies, etc. Thus, during this decade the accumulation of wealth was high, “only 3% of these Ecuadorian companies controlled 53% of the total selling” (Pástor 2017:51). In addition, as a result of these high levels of capital accumulation, diversification and the fusion of the export productions with financial capitals, the Ecuadorian economy became monopolized by a few companies/families as they controlled the financial sector, the property of land, and the access to chains of the distribution, transportation, and commercialization of domestic goods (Pástor 2017:44).

Their supremacy decreased some by the end of the nineties. After the liberalization of the financial sector in 1994 (Acosta 1999), the financial sector collapsed and several financial institutions broke. However, due to the fact that the state did not have the resources to sustain the financial sector, the government dollarized the economy in order

to safeguard the interests of these economic groups.<sup>108</sup> This collapse caused a deep socio-economic and political crisis in the country. From 1998 to 2007 two of the elected presidents were ousted and 10% of the economically active population migrated to foreign countries (Acosta 1999). This crisis only began to recede at the end of the 2000s.

It is precisely as a result of this crisis that a postneoliberal party was able to win its first election in 2007. During this period, the state introduced more controls on the financial sector, re-structured oil contracts, renegotiated foreign debt, and significantly increased social spending. Nevertheless, there were some limits to the redistributive agendas of postneoliberalism. Even though poverty decreased<sup>109</sup> during these years, the Gini index (which gives information about income distribution in order to measure inequality and the concentration of wealth) barely decreased. In 2007, when Correa was first elected the Gini index was 0.54, and in 2015, at the end of his third election it was 0.46 (Pástor 2018).<sup>110</sup> In addition, the high concentration of land that has historically characterized Ecuador remained. Only 5% of Ecuadorians own 52% of productive agricultural lands (Pástor 2018). This means that, despite of high levels of social spending, during the emergence of postneoliberalism, economic groups were able to maintain or increase their levels of capital accumulation.

## **5.7 Economic Groups: A Deceptive Opposition to State Projects**

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After living in the community of Playas del Cuyabeno, I began doing fieldwork in Quito. I followed not only state institutions involved in the planning and implementation of the

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<sup>108</sup> For more information about the dollarization of the Ecuadorian economy see: Alberto Acosta (1999) *El Tortuoso e Interminable Ajuste Ecuatoriano*. Nueva Sociedad Magazine. 161(3):57-69.

<sup>109</sup> From 46% in 2007 to 30% in 2014 (Pástor 2017:18)

<sup>110</sup> Although it is important to say that according to Mejía (2012), in 2009 Ecuador had the most balanced wealth in the history of the country, that is a Gini coefficient of 0.50. In comparison to Colombia that for 2008 had a Gini coefficient of 0.585, Perú of 0.509, and Bolivia of 0.565 (2012:44).

MCP but also the private actors involved in the process of the construction of the new community town infrastructure.

With the emergence of Correa's government, the principal economic groups of the country publicly opposed postneoliberal government agendas. In particular, agro-exporters, financial institutions executives, the Commerce Chamber, the Construction Chamber representatives as well as other institutions that constituted the most important economic groups in Ecuador publicly appeared with antagonistic discourses in relation to the government decision making. However, it is not logical to think that these groups were opposed to state agendas and, at the same time, would be able to maintain their capital accumulation rates intact or even improve them during Correa's government. Even though these economic groups appeared as opponents, they were rather ambivalent towards postneoliberal agendas. On the one hand, they publicly appeared as deeply opposed to postneoliberal government projects, but on the other, they constantly tried to be part of state agendas and to participate in state projects.

Ospina (2013) argues that during postneoliberalism there was a marked distance between the state representatives and the most important private economic groups in Ecuador. For instance, according to him, no members of these groups became ministers during Correa's government. However, this does not imply that economic groups entirely turned their back on the state. Although publicly the Commerce Chamber and Construction Chamber's representatives constantly critiqued the government due to the high levels of social spending in its agendas, taxes increment, industrial protectionist policies, the increment of the state's size, among others. On the other hand, they tried to create mechanisms to influence state decision-making, to be part of the government and to use postneoliberal redistributive projects to their advantages. In one of my conversations with an ex-functionary of the institution in charge of collecting state taxes, the Internal Rents Services (SRI), he explained how the Commerce Chamber, right after Correa was elected, immediately contracted a consulting company in order to search the trajectory of the most

important government officials and to present them a detailed report about the structure of the new government. They wanted to know who the ministers were, which interests they had, and which sector they represented. They also were interested in knowing, who the most influential state representatives would be, and who would be the most accessible and open to talking to them in order to include or further their agendas within postneoliberalism. This strategy worked if we observe, for example, the MAGAP institutional structure. The structure of this ministry shows that agro-exporters were part of the state institutions and decision-making. Rather than being one unified ministry with clear goals, MAGAP had two vice-ministries, one directed by an agro-exporters' representative and the other one, dedicated to enhance small economies. While the first one got the majority of state resources, the second one did not get as much of the state resources and, especially after the oil crisis of 2013 when the ministry was mainly financed by international co-operation projects. As one of the MAGAP representatives stated:

MAGAP has two vice-ministries, with opposing agendas and projects, one is the vice-ministry of the rich, where the agro-exporters' interests are represented, and the other, this one, is the vice-ministry of the poor. Here we try to represent the interests of small peasants and popular economies.

Thus, it was clear that private agro-exporters were represented within the institutions of the postneoliberal state. Agro-exporters became part of the state decision-making in relation to agricultural policy making. By controlling part of MAGAP, agro-exporters were able to be part of the state decision-making in relation to land redistribution. Due to the fact that they were not interested in promoting an agenda to further land redistribution in the country, land concentration is still high. Thus, the reason for the failure of postneoliberalism in the implementation of more radical agendas dealing with redistribution lies not only in the contradictory agendas of postneoliberalism (studied in chapters two and three) or in the state adscription to neostructuralism, but is also a consequence of the success achievement by private economic groups, such as agro-

exporters, in finding ways of influencing state decision-making from within. Therefore, even though agro-exporters, financiers, and other economic groups in Ecuador publicly appeared as antagonists or having conflicting interests with postneoliberalism, at the same time, they tried to find mechanisms to be part of the government decision-making and to influence its agendas. As a result, during postneoliberalism, most economic groups who historically have accumulated the majority of wealth, continued to be hegemonic (Pástor 2017).<sup>111</sup>

Most importantly, with the emergence of postneoliberalism, some economic groups were not only able to maintain their companies, but were also able to exponentially grow and to achieve important levels of their companies' expansion. The first sector that was able to grow was the import and commercializing of domestic goods. This sector increased its income by 54% between 2006 and 2009 (Pástor 2017:89). For instance, the Pronaca Ecuadorian company which produces and distributes meat, was able to expand its business to the production of non-alcoholic beverages. La Favorita corporation, which commercializes food as well as other domestic products, such as cleaning products, toys, and clothes, among others things, was able to grow during postneoliberalism. In 2015 alone, the foreign investments of this Ecuadorian Corporation represented around 15 million dollars (Pástor 2017). This corporation grew in such a way that it recently began investing in the hydroelectric sector.

Another economic group that was able to grow during postneoliberalism was the construction sector (Pástor 2017). This was possible because of high levels of state social

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<sup>111</sup> The government expropriated few goods to important families. For instance, it expropriated 'La Clementina' hacienda, which belonged to the Noboa Corporation, dedicated to the exportation of bananas. In 2008, it seized more than 900 goods from the Isaias Family as a consequence of their responsibility in the financial crisis of 1999. However, the fact that these groups are highly diversified impelled (use a different word here) that state expropriations resulted in their bankruptcy. The Noboa corporation continues to be hegemonic. The Isaias family has a penal accusation as a result of the financial crisis, but they shied away from Ecuador. They now live in the U.S. They contributed around ninety thousand dollars to support Barack Obama's campaign. The United States government has not yet approved their extradition.

investment. The Ecuadorian state was interested in changing the productive matrix of the country and in decreasing the levels of poverty and inequality. In order to materialize these agendas, the state invested a great part of its oil rents in constructing the necessary infrastructure to achieve these goals. In particular, the postneoliberal development and redistributive agendas included the improvement of the country's roads, and the construction of hydroelectric projects, oil wells, among others things. The state also needed to build the infrastructure necessary to decrease inequality and poverty, this included the construction of universities, hospitals, schools, police stations, and several housing projects such as the MCP.

In the case of housing projects such as the MCP, even though it was completed, the built infrastructure began deteriorating not much time after it was finished. Therefore, this infrastructure (constructed by private companies) was not able to successfully accomplish the state's aim of improving the well-being of the targeted populations. However, the construction of this infrastructure did succeed in allowing the construction sector to accumulate high amounts of state oil rents. For instance, Holcim, a foreign multinational that arrived in the country as early as 2004, by 2011 became the 13th biggest company in the country. In 2014, this company was already number four in the ranking of the companies with the highest utilities of Ecuador (Pástor 2017).

In this context, it is possible to conclude that during postneoliberalism, the economic sectors that increased their wealth were precisely the ones that directly benefited from the circulation of state oil rents. On the one hand, according to Ospina (2013), if the import and commercialization of domestic consuming goods sector was able to grow during Correa's government, it was because of the high amounts that the postneoliberal state invested in the social sector. For the state investment in the social sector also implied the improvement of middle classes salaries. Correa's government raised the basic salary amount as well as increased the salaries of teachers, doctors, state officers, and others. For instance, the basic salary between 2007 and 2015 increased around 104%, from 170 to 354

dollars.<sup>112</sup> This increase made it possible for middle classes to increase their purchasing power. As a result, the sector dedicated to produce, import and the commercialize domestic goods was able to grow and to accumulate high levels of state rents (Ospina 2013).

On the other hand, the construction sector benefited significantly from the social and economic development projects the state required to build in order to materialize the change of the productive matrix and the decrease of inequality. The construction of these projects implied the circulation of big amounts of oil rents, from the state to the private sector. In this way, during the process of circulation of these rents, the construction sector was able to accumulate high amounts of state rents.

Some Ecuadorian scholars (Pazmiño 2017; Unda and Bethania 2010 2011) conclude that the postneoliberal regime in Ecuador did not decrease the concentration of wealth of the important economic groups. In fact, from 2007 to 2014 the biggest companies of the country “attained the highest growth registered since the seventies” (Pazmiño 2017). The success of these economic groups, according to these scholars, lies in that the state economic models and decision making were not antagonistic to the interests of these groups. However, taking into account the circulation of rents, I argue that these groups did not conceive of state economic models or redistributive projects as such, but as opportunities for the appropriation of oil state rents. In the case of the construction sector, for example, the important growth that this sector was able to achieve during postneoliberalism is related to the everyday practices this sector deployed in order to maximize the appropriation of state oil rents. These practices made possible the accumulation of wealth and caused, at the same time, the failure of state redistributive projects. The case of the construction of the MCP is illustrative in this sense.

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<sup>112</sup> National Institute of Statistics and Census in:  
<https://www.ecuadorencifras.gob.ec/institucional/home/>

## **5.8 The Circulation of State Rents During the Construction of the Millennium Community Infrastructure**

### **5.8.1 Private Companies, Their Role Within Indigenous Peoples' Lives and Postenoliberal Development: A Brief Note**

During Playas del Cuyabeno monthly assemblies, one of their topics of discussion was the presence of private construction companies in the community or their imminent arrival. Playas del Cuyabeno is located at the banks of the Aguarico river. During the first months of my arrival I observed several construction workers who were reinforcing the dam which had already gotten damaged as a result of the strong rain that characterizes the Amazonian weather.

Maximiliano is a mestizo who came to work in the community during the construction of the MCP. He married Verónica, an indigenous woman from the community. He currently works for the township Electrical Company and is in charge of maintaining the big generator that provides electricity to the community. He explains that, a year before, the community had flooded. He showed me pictures of the houses and of people mobilizing in their canoes through the MCP. Due to the fact that the houses were built up high, leaving an empty space under them, people were not much affected that time; neither the houses nor the objects in them got damaged. However, indigenous peoples, such as Danilo were already worried about the bad condition of the dam. For that reason, several workers were in the community for some months fixing the dam.

During one of the first community assemblies I attended, one of the indigenous peoples' concern in Playas was the arrival of another construction company that was coming to the community. They were going to install a new telecommunication antenna that would improve the reception of the telephone signal. In the assembly, indigenous

peoples, Laura, for example, discussed the house in which these workers were going to live. They also discussed who was going to offer them catering, transportation, and cleaning services.

In order to choose the person who was going to offer each service to this private company, they used to have a system of taking turns, that is, the community secretary, Rodrigo, had a list of each family from which to choose. Every time a company required a service from the community, indigenous leaders would tell community families whose family's turn it was. In this way, they assured not only that every family had the opportunity to offer their services but also that these opportunities were distributed evenly.

Unfortunately, in this assembly many people complained because the turn system was not used properly anymore. In particular, the secretary of the community, rather than informing the community about whose turn it was, instead asked the people who attended the meeting who wanted to give the new private company the services they required. For each service he asked about, the secretary identified the community members who raised their hands. In theory, the ones who had already had the opportunity to bring similar services during the last few months were not chosen. However, in the case of lodging services, for example, not all indigenous families had the necessary utensils or enough space to offer this service. Therefore, the families who had what was required (a big space, furniture in good conditions, etc.), such as Laura's family, were the ones who often obtained the opportunity. These decisions caused disapproval and complaints from some of the community members who argued that it was not fair that the same families were benefiting from these opportunities. Despite these complaints, the decision was not reversed.

Taking into account this example, it is possible to see that in Playas, it is not only the state representatives who arrived in the community (usually for a couple of hours), but also the private companies (who stayed in the community for longer periods of time) that form part of indigenous peoples' concerns and discussions. As the assemblies and everyday lives of indigenous peoples in Playas show, the decision-making and practices of private companies also compounded and to affect indigenous peoples' lives.

However, the role of private companies among indigenous peoples' lives and how they affected state projects remained mostly invisible. Not only scholars studying postneoliberal development under the lenses of neoextractivism but also the postneoliberal state itself erases the role of private companies in their agendas.

First, the literature on indigenous peoples and postneoliberal neoextractivist development in South America does not put much emphasis on studying the presence and influence of private companies in indigenous peoples' every day lives. In this literature (Bebbington and Bebbington 2011; Cielo et al. 2016; Lyall and Valdivia 2015; Gudynas 2013; Vallejo 2014), even though private oil or mining companies are named, they are usually assumed as indigenous peoples' opponents. However, the everyday, complex, and contradictory interactions among them and indigenous peoples as well as how their practices affected state development is not much problematized in these studies.

In the case of the MCP, scholars have not put much emphasis on the study of of private companies' practices because of theoretical and methodological reasons. Scholars studying postneoliberal development mostly describe it as extractivist. Not much is said about what happens after resources are extracted. The fact that the extractivist approach does not put much emphasis on the study of the circulation of oil in its form as money it

does not allow for a deeper analysis of the private actors, usually involved in the implementation of state plans and construction of state infrastructure. In addition, for this approach the state becomes its more important target. The state appears as the entity which extracts natural resources, disciplines, controls, contaminates and destroys the environment and the lives of indigenous communities. On the grounds that this approach usually does not problematize postneoliberal development beyond extractivism, they do not research how private economic groups that work for the state, their practices, and decision making also affect indigenous communities.

In addition, postneoliberal state discourses have contributed to concealing the role of private companies in the construction of state development and redistribution. For instance, during the pompous inauguration of the Millennium Community, the state congratulated itself for the supposedly excellent results of this project. Neither the President nor the Ministries' discourses made visible the participation and responsibility of private companies in the obtained results. Thus, state assumptions about private companies' behavior, that is, the assumption that they were going to collaborate efficiently with state projects, is one of the reasons that explains why the state representatives were not much interested in making visible the fact that these companies also form part of the decision-making in the implementation of state redistributive and development projects and their results.

After the state makes possible the circulation of oil rents, that is, when it approves a budget to implement a certain project and when it gives the money to private companies who got the projects, it is not so much the state but, as in the case of the MCP, private

construction companies who have great power in deciding how to distribute the money from oil extraction.

Even though there is an auditor who inspects and controls the construction of state infrastructure, this auditor, in most cases, is not a state officer but a member of a private company offering these services. The state does not contract auditors. Construction companies contract them. This can be problematic because, as I will show later, private companies, when they apply and compete for contracts, at the same time help build solidarities among each other in order to obtain more state contracts and to accumulate more state rents through mechanisms such as the usage of cheap materials.

#### 5.8.2 Indigenous Peoples from Playas del Cuyabeno and The Limits of State Redistribution

For instance, when talking to one of the engineers intimately involved in the construction of the MCP in Playas del Cuyabeno, he explained in detail the reasons that made the company choose the materials for the construction of this infrastructure. He asserted that for the construction of the MCP, the private company that got this contract carefully chose and bought the materials that were going to be used, in accord to the weather conditions of the Amazon and the comfort of the people.<sup>113</sup> According to him, the material used to build the floors and walls of the MCP was a good choice to keep the environment fresh. The floor of the MCP houses was built with imitation wood that came from China and is primarily made of plastic. He describes this material as very durable and suitable for humid weather. The walls were not made out of bricks or concrete blocks, as some community members such as Bolivar wanted, but were made out of polyethylene

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<sup>113</sup> The Ecuadorian Amazon's weather is extremely humid and hot most of the year.

with a very thin layer (four inches) of concrete on each side. When put together this material is called Hormi2. For this engineer, Hormi2 is a good heat and noise insulator, very durable and appropriate for the Amazonian weather. In the same vein, the material chosen to build the MCP roofs deflected the concentration of heat. These roofs are built with a material known as Kutermico (steel panels with thermal-acoustic insulation)<sup>114</sup>, which consists of two Kutermico plates and flex foam in the middle. In addition, the iron that bolsters the houses, coliseum, and the rest of the metallic infrastructure is not galvanized iron, but just iron covered with anti-corrosive paint.

According to an engineer, however, it was a challenge to build the MCP infrastructure because Playas del Cuyabeno is located in a swamp. The problem was that the private construction company assigned to design the MCP did not take this into account. As a result, they had to figure out how to make a strong foundation for the houses, the Millennium School, the market, the soccer and basketball fields, and the roads surrounding them. They also had to think about how to build the stacking cable over the Aguarico river, so that the electricity functioned. How to make the roads and the river basin was also a problem.

However, for this engineer, these problems became a challenge. He proudly said that, despite these inconveniences, the MCP was a project that allowed them to do scientific analysis and come up with new technologies. They had to be very creative, according to him, and they ultimately invented solutions for problems that building an infrastructure in a swamp created.

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<sup>114</sup> According to the engineer, this is a type of roof that is made out of two sheets of steel, stainless steel and aluminum. It is insulated with rigid Polyisocyanurate (PIR) foam, Expanded Polystyrene (EPS), or Mineral Rock Wool (MRL).

During the construction of the MCP, they first drained the marshy area and then began building the streets. One of the early problems they faced was that even though they had drained the swamp, when they began digging the community members' lands to construct the roads, water from the Aguarico river rapidly appeared and entered the foundation of the roads. In order to keep the water from ruining the road's foundation, they had to strengthen the foundations with ballasts. However, in the end the foundations of the roads were not built with ballasts due to the fact that it was too expensive to bring the ballast in order to form what is called the 'bed' of the roads that gives them stability. Instead they preferred to use the sand that they found in the surrounding area. With this sand they made what the engineer called 'sand sandwiches,' that is, they used geotextile<sup>115</sup> bags, put sand in them, and then placed them over the swamp in order to build the MCP roads above them. According to his version, for the houses, they did bring ballast in on a barge from the nearest city, but he complained that it cost a lot of money, 'un dineral'. That is why they did not use ballasts for the rest of the infrastructure.

As the engineer explains, installing electrical services in the community was also a challenge. The installation of the stacking cables was difficult for the same reason, that is, because the water from the Aguarico river hindered an efficient installation of electricity. As a solution, the engineers created what they called a new technology, that is, they sewed electrical cables to metallic piles and then tied them with pieces of cable and rods so that the cables were not pushed towards the river.

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<sup>115</sup> Geotextiles are permeable fabrics that are fabricated with polypropylene or polyester. These fabrics take the form of sacks. When this material is filled with soil, it has the ability to separate, filter, reinforce, protect, or drain.

Nevertheless, the way in which the MCP was build did not correspond with what indigenous' peoples such as Rosalía<sup>116</sup>, Danilo, and many others expected. After only three years of its construction, this infrastructure began to show several problems and quickly began deteriorating. This was a constant concern among indigenous peoples. In the assemblies or on the streets, indigenous peoples often discussed the problems of the MCP houses and services. At the same time, the communal organization's leaders and the rest of the community members made constant efforts (such as mingas or the designation of commissions to talk to local authorities, among others) in order to avoid the deterioration of their communal spaces as much as possible.

Danilo, for example, is not only critical of the MCP but he also values the communal collaborative work and makes a big effort to maintain his block in good condition. This is possible because this community organization functions not only through its communal designated authorities, the organization of the community is also divided into blocks. Every block designates a president and a treasurer. Danilo is one of the designated representatives of the Ninth of October neighborhood (each of the MCP blocks has a name and indigenous peoples refer to them as neighborhoods). His neighborhood is the most well-organized of the community. Its members meet every month in order to cut grass together on the block, to eat together, and to plan events to get resources. Danilo says proudly that people in his block were the ones who began the tradition of having an anniversary party and a name. Now every neighborhood has a name, an anniversary, and a

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<sup>116</sup> Rosalía is an indigenous woman who owns a grocery store in the community. She usually complained about the quality of the new houses for, before the MCP construction, she owned a three floor and wood house that, according to her, had more space and was better than the one the state built for her in the *Milenio*.

party every year. They also organize mingas every month. For Danilo, sharing is crucial. For him, being friendly and helping others is crucial, it is not only a question of living well but also an action that will allow him to be helped when he is in need. Sharing is also a good way of maintaining the MCP infrastructure in the best condition possible.

However, according Danilo and other indigenous peoples from the community, despite their efforts this is not always possible. Camilo, for example, is the oldest brother of one of the most important families of the community, the Noteno family.<sup>117</sup> When he was young, he was one of the community organization's representatives and a well-respected indigenous leader. He usually talks about the problems that MCP infrastructure has presented after its construction. Fabiana is a young member of the community. She works as a teacher at the MCP school and Claudio, her husband, is a young Kichwa man who recently arrived to the community to begin a family with Fabiana. This young couple does not live at one of the MCP houses because, as Fabiana says, 'when we began being together, the project was already finished. We were not able to get a house'.

Even though they do not have one of the MCP houses, they belong to the Ninth of October neighborhood as their house is located just at the front of this block. They do not resent the fact that they do not live at an MCP house because they have seen so many problems with its infrastructure.

One day, I went to Fabiana's house to make some chonta chicha (beer made from a fruit of an Amazonian palm). As we started peeling the cooked chontas, Fabiana, Claudio,

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<sup>117</sup> As explained in chapter I, the Noteno and the Chavez families are important families for they influence the *Playas* community dynamics. Both of these families claim that their ancestors were the first ones arriving to the community territories. Most importantly, many political leaders of the community belong to these families. At the same time there is a symbolic dispute between these families for both claim to be the first to arrive to the Playas community territory.

Danilo and Camilo began a heated discussion about the problems of the MCP houses. Danilo, for example, was very disappointed in the quality of the built infrastructure and the furniture. For him, the materials used in the houses' walls and the furniture are of poor quality. As he tells it:

The materials are average, the houses that the state gave us are not of good quality. The houses are of flex foam and have begun to fall apart. They put antennas up, but every time it rains these antennas make the water drop down the stairs. As a result, the railings of the stairs are rusting. Also, the doors have already fallen down in several houses. They are just made out of aluminum and because the walls have just a thin layer of concrete, they come loose very easily. If the houses were made out of blocks, this would not happen, but they are just made out of flex foam, that is why the bolts come loose. The kitchen and bathrooms furniture is made out of pressed paperboard so they are falling apart since that material is not good for humid environments. The kitchen furniture is also coming loose because after some use it breaks and gets destroyed. We try to take care of the houses but it is not possible because the materials are of poor quality.

Danilo tells the other indigenous peoples that he is also worried because the electrical system is faulty and that it was not properly installed and will collapse soon:

The electrical sockets in the houses are also broken. Did you know that some people from the community realized that the grounding rod is not made out of copper as they said but that it is painted cooper? The underground junction boxes are not working properly, the electrical current gets stuck and does not pass, that is why in some parts you can feel the electricity current. In my house, for instance, my house light meter broke. Now I have a direct connection that someone installed for me because when we reviewed the underground, everything was already rusty. The electrical current does not pass because when it rains the water stands and makes a short circuit. All the houses have the same problem. They had to make some kind of inclination in order to allow the water to easily fall. They [the construction company] placed the underground tubes very close to the surface so they are rusting.

Another concern Danilo had was related to the fragility of the constructed dam. He was concerned because the community dam was falling apart. He said: "the dam is being destroyed by the river. The bricks, everything, is destroyed. The paths and the streets next to the little parks are already gone, the river destroyed them." The problem, he continues,

is that “the dam is filled in only with sand, it does not have any stone material. That is why, when the rainy season arrives, the community streets sink.” Even though the engineer asserted that it was indigenous peoples’ decision to build the MCP on top of a swamp, Danilo says, “we asked the engineers to move the community to another area but the Environmental Ministry did not authorize it because it was the area where the pink dolphins live. That is why they did it here again, they did not want to pay the money the Environment Ministry asked for as compensation”.

Indigenous peoples know the Cuyabeno area very well. They struggled with the company to make them understand that it was not appropriate to build the MCP on the swamp area. Unfortunately, the engineers did not take indigenous peoples’ explanations seriously and did not change their plans.

The small village in which indigenous peoples lived before the construction of the MPC was located on the swamp. However, the trees and the mountains that were there protected indigenous peoples from river floods. After the area was drained and the MCP built, indigenous peoples tried to plant trees but as, Danilo said, “everything was already full of sand so it was impossible”.

Danilo also tells us that the construction company in charge assured community members that “they were going to spend a million dollars in the construction of a really good dam” but as time passed the company told the community that “the money they had was not enough.” In contrast to what the company told the community in the beginning, they only put polyethylene sacks filled with sand to protect the community from a possible river flood. Only after the community flooded and the dam got seriously damaged did another construction company in the community fix the dam.

During this conversation, Fabiana also critiqued the poor quality of the Millennium school walls. Due to the fact that she works at the school she explains how some walls have already cracked. She thinks that the walls are “not going to be in good conditions for much longer”. Claudio, her husband, tells her that he is also concerned because for him the way in which the construction company assembled the houses is dangerous:

The iron structures of houses do not have any type of security. They were just welded so they could easily break. These are not galvanized, that is, they are not protected from rust. Some of them are already damaged, rusted. Can you imagine in ten years? The coliseum, for instance, its columns and iron structures could just fall down as they do not have any protection against rusting. We told the construction company, we complained and fought with them because we wanted good quality iron structures, but they did not change their mind.

Claudio and other community members know that it was a construction company who built the infrastructure of the MCP. Not only had the construction company's representatives lived in the community, but they were also the ones who mostly interacted and talked to indigenous peoples during the construction of the MCP. Indigenous peoples, such as Camilo, consider that they had more contact with the company than with state institutions. For instance, he remembers that even though the engineers usually told them that they would use good materials for the construction of the houses, they spent oil rents on buying cheap materials instead.

According to Camilo and Claudio, the construction company was not able to build an appropriate and sustainable infrastructure in the community. One of the engineers involved in the MCP construction asserted that they used materials that were not only appropriate for the Amazonian weather, but also were innovative. Nevertheless, indigenous peoples' told experiences show that the materials they used are not the most suitable for the Amazon. These materials do not keep the houses fresh but retain the heat instead. In

addition to this, as indigenous peoples note, the materials used are not of good quality. Even one of the engineers involved in the MCP construction recognized that the Hormi2 (flex foam) they used to build the infrastructure's walls was the cheapest option. According to him, if the walls would have been made of cement, blocks, or bricks, the transportation of these materials would have been very expensive for the company.

Moreover, the floor of the houses was made out of plastic. It was not supported by a floor slab. The houses' floors just consisted of a thin layer of a wood-like material. When I visited indigenous peoples' houses, the floors were not flat anymore but had formed little mountains in the middle of their living rooms or in some cases had holes in them.

In addition to the bad quality of the floors, indigenous peoples were also concerned about the quality of the metallic structures. The problem for them is that these structures are not galvanized, that is, they are not well protected against humidity. Instead, the construction workers just welded the different pieces of the structure to each other. This is problematic because the Amazonian weather is very humid and rainy. As a consequence, these structures are rapidly rusting. According to some of the members of the community this is dangerous because rust can cause the structures to break away and, if this happens, the houses or, even the coliseum, could fall down.

For example, Danilo repeatedly said that they asked the construction company to build cement houses with galvanized metallic structures. However, the company did not listen to these requests. As he explains:

We are grateful because we would never have had something like this, but they [the construction company workers] had to build the houses with the same materials that they do in PetroAmazonas oil wells. Here they did the houses with flex foam, not with blocks, as we wanted. The engineers imagined that we, indigenous peoples, had never seen modern things. That is not true. The construction company told us that they were going to make us luxury houses, 'a house that lasts many years,

twenty years' they said. We told them we wanted to do the houses in this and that way but they always said 'no', 'it is better to do it in a different way'. We wanted things that last many years because the money was ours, it belonged to the community, but it did not happen.

Indigenous peoples' experiences of the MCP construction and of living in the constructed space shows that the private company in charge of the construction of the MCP has a great responsibility for these project's failures and for the bad quality of state redistribution. Once the planning state institution, SENPLADES, was practically left out of the planning of the MCP (as it was shown in chapter two), it was not so much the state institutions but private consulting and construction companies who planned the design of the MCP and constructed the designed infrastructure. They also decided which materials they were going to use, how the spaces would be distributed and how the problems of constructing infrastructure in the Amazon were going to be solved.<sup>118</sup>

The private construction company chosen to build the MCP infrastructure is a company that was ranked ninth on the list of the biggest Ecuadorian construction companies in 2013. Its income was 101 million dollars that year (Vistazo 2014). This company not only has a long history of contracting for the Ecuadorian state, especially for the state oil company PetroAmazonas, but it also has a vast experience in constructing

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<sup>118</sup> After the construction of the MCP, a contracted consulting company was the one that established the rules that indigenous peoples had to follow in order to maintain the MCP spaces. This private consulting company established rules such as, the prohibition of having chickens and other animals in the community, the prohibition of cooking manioc outside of the MCP houses, etc. Some scholars have inaccurately described these rules as proof of the existence of forms of state governmentality in Playas del Cuyabeno (Goldaraz, 2014; Cielo et al. 2016). However, as shown, the state did not create these rules. The state was not involved in this process. During my fieldwork in Playas del Cuyabeno, no state institution arrived to supervise or enforce these rules. In their assemblies and discussions, indigenous peoples decided to enforce some of these rules, the ones they found appropriate. For instance, they decided that no dogs are allowed to live in the MCP. They thought this was dangerous because dogs could bite children that are usually running around of the community.

infrastructure in the Amazon Region. According to their website, they have built infrastructure for local governments since the seventies. They constructed several roads and sewage systems for many Andean provinces in the country. Since 1990, they have worked in the Amazon, for the then called Petroproducción state oil company (currently PetroAmazonas). In particular, they have built access roads and several platforms for this oil company.

During postneoliberalism in Ecuador, this construction company benefited greatly from state development and redistributive projects. They obtained several state contracts including the construction of the MCP. This allowed them to grow exponentially during this period. For instance, they expanded their services beyond civil engineering. Currently, the company also offers mechanical engineering, electro-mechanic, and environmental remediation services. In addition, since 2015, they were able to expand their services to other countries. Currently, they are in charge of building a new road in the central region of Bolivia.

It was PetroAmazonas which mainly decided to designate this company for the construction of the MCP infrastructure. Even though the Ecuadorian state created the Secretariat of Public Contracting SERCOP (for its Spanish acronym)—in order to guarantee objective processes of adjudication of state projects and to control private lobbying practices—, the adjudication of the MCP construction was not done through SERCOP. State companies, such as PetroAmazonas, in order to make the process of constructing state projects faster had the power of choosing who was going to plan, build, and maintain state projects. This policy, however, changed in 2015 when the president's

office found some inconsistencies and delays in the construction of much of the state infrastructure.

While state companies had to follow the SERCOP process, the rest of state institutions could only contract private entrepreneurs through SERCOP. These two different processes for contracting with the state are the result of the coexistence of two state agendas and groups in the postneoliberal state (discussed in chapter two). These two contracting processes deeply shaped the results of the MCP. As explained in chapter II, once the SENPLADES team was left out of the MCP planning, the state Strategic Sector group, in this case, represented by PetroAmazonas oil company, and the Ministry of Strategic Sectors, had the power to decide the planning, construction, and maintenance of this project. And what this pragmatic group decided to do, in particular PetroAmazonas, was give the private companies in charge most of the power in order for them to decide how the MCP was going to be designed, built, and maintained. Moreover, PetroAmazonas was also able to independently put into circulation state rents without going through the controlling and tedious SERCOP process.

The pragmatic group of the state, mostly in charge of the state strategic sectors such as state oil production companies had a great power within Ecuadorian postneoliberalism. Not only they were able to independently assign which private companies they wanted to work with, but they also could easily put into circulation state oil rents.

According to one of the engineers involved in the construction of this project, they did a good job. Not only did they use innovative materials to build the MCP but they also came up with new technologies. For the engineer, using the existing sand that surrounds the community and creating ‘sand sandwiches’ or sewing cables to metallic piles meant

innovation and new technology. However, as some indigenous peoples' experiences showed, these solutions did not last. The electricity connections are getting damage in different spaces of the community. Also, the streets' floors are draining in some places as the sand sandwiches they invented were not strong enough.

In addition, this construction company did not put good quality materials for the electrical connections. According to Danilo, the electricity boxes that apparently were made out of copper, were just cheaper versions of them, painted as copper to give the appearance that they were of good quality. In the same vein, the construction company also faked the cement platforms they build in the first floor of indigenous peoples' houses. Even though, at first sight, these platforms look like cement, most of them only consisted of a thin layer of cement, the rest was filled with sand. Rather than building a durable infrastructure, this construction company was more concerned about how to give the appearance of a good quality infrastructure and how to decrease the costs of the MCP construction. This implied that they were not aligned, at least, with the official National Plan. In this plan, it is written that state constructed infrastructure should be of "good quality" (Plan Nacional 2009:109), that is, an infrastructure that "extends human capacities and liberties" (Plan Nacional 2009:137) and which increases labor opportunities (Plan Nacional 2009:278).

What the construction company describes as innovation and new technologies are rather unthoughtful solutions that this private company improvised in order to build the MCP infrastructure in a cheaper and faster way. The engineers did not take into consideration the durability of the new technologies they invented. They did not think about the danger they could cause to the community in the long term. Instead, they were

more focused on spending the right amount of state rents, enough to give the appearance of a successful project. Unfortunately, as a result, indigenous peoples did not get a good quality redistributive project but rather a cheap infrastructure that is rapidly falling apart. The materials that the construction company used were of bad quality and the solutions they found were improvised. Consequently, this project is deteriorating even before the five year guarantee that the company gave the state.

Moreover, looking briefly at the two different versions of the unit pricing breakdown<sup>119</sup> of the materials of MCP, one done before the construction of the project and the other one done after the end of the construction, there are some inconsistencies. For instance, the first budget states that the construction company was going to use ballast for the foundation of the MCP infrastructure. The cost for the ballast, according to this budget, was thirty-five thousand dollars. In the second budget, sand appears as the new material used. However, even though the sand was obtained for free, the costs for the sand are registered in this budget as seventeenth thousand dollars.

Moreover, one of the auditing reports states that the construction company decided to use sand instead of ballast. This decision was made after the increment of the transportation costs and their impossibility of finishing the construction of the MCP on time. This decision was approved by the auditing company. However, the reasons used to explain the costs for something that was obtained for free are not explained in the report. In the same vein, the design of the MCP states that the construction company was going to

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<sup>119</sup> It is a type of information detailed in the companies' proposals which is used in federal agencies. It details the specific quantities and pricing for pre-determined amount of itemized items. In this way contractors can check that they are accurately charged with prices for goods or services needed.

build a hotel. This hotel was going to cost four hundred and ninety-four thousand dollars (almost half a million dollars). However, the hotel was never built. How this money was spent instead, remains unclear.

In addition, even though the first budget for the construction of the MCP states that sixty-one houses were going to be built, the company built eighty-one houses. This increment took place because of the new families that community members formed during the period of the MCP planning and construction process. Thus, if the first MCP budget stated that each house costs seventy-three thousand dollars, the construction of twenty additional houses involved a budget increment of almost one and a half million dollars. As a result of this, the construction company asked the state to give them an additional two million dollars and PetroAmazonas approved this increment. Therefore, because state rents covered the construction of the additional houses, the increment in the budget does not explain the inconsistencies that this project presents.

The auditing reports of the MCP construction justify the high costs of the project asserting that there was an increase in the transportation costs. When I talked to one of the engineers involved in the MCP construction, and asked him about the increase of the MCP costs, he blamed indigenous peoples. He insisted that indigenous people overcharged the company for the use of their transportation services. According to him, it was because of the community' excessive transportation charges that the costs of the materials became higher and that the project in general cost too much. However, in order to transport construction materials, it is necessary to contract a barge and the community families do not own these types of boats. Mostly they own motorized canoes. These canoes are not big enough to be able to transport great amounts of construction materials. In addition, a trip

in indigenous peoples' motorized canoes only costs around two hundred dollars. Therefore, the engineer's attempt to blame indigenous peoples for the high costs of the project is unsustainable. In contrast, it was the practices of this construction company what was questionable. Not only did they use inappropriate materials for the MCP construction but they also did not build some of the infrastructure that the contract stated and they charged the state for some construction materials that they obtained for free.

Thus, despite of the high amounts of oil rents the state put into circulation for the construction of the MCP, this project infrastructure presents serious construction problems.

What happened to the MCP is not an isolated case. The private construction companies of Ecuador in charge of building other state infrastructure such as the roads, hydroelectric projects, etc., did not properly built this infrastructure. For instance, in the construction of hydroelectric projects, only three of these projects work (Manduriacu, Sopladora, and Coca Codo Sinclair). Thus, it is necessary to think about the degree of responsibility that private companies have in the failure of postneoliberal development and redistribution. In the next section I will explore how these companies conceive of the state and what are some of their everyday practices when getting state projects.

## **5.9 The Other Side of Redistribution: Everyday Mechanisms of Private Extraction of State Rents**

### **5.9.1 Private Solidarity and Rent Extraction Among the Construction Sector**

*“Do not worry, nothing is going to happen, and if something does, it does not matter, the state will always lose”*

This is what Jorge, a third generation executive of an important Ecuadorian construction company said when he portrayed the historical relation between the

construction sector and the Ecuadorian state. According to him, the sentence above was a common saying among construction companies' owners. When these companies got state contracts and spent state resources inappropriately, they were not much concerned with the consequences because, as he says, the state did not have enough power to legally accuse them. However, if it did, the shared opinion was that "the state always loses the trials." According to Jorge, contracting with the state was mostly seen as an opportunity to make money. For Jorge, his grandparents were a good example of how this worked, as he explains, "they were used to triple their earnings. They expected to earn three hundred percent of their investments." Others, Jorge adds, "expected and planned to get one big contract and earn enough money for the rest of their lives". When they were able to do this "they called it one hit".

Jorge explains that the state lack of control over the construction sector diminished during the Correa's government. According to him, during this period the state created more norms in order to control this sector: "before, the Ecuadorian Code of Construction was not appropriately elaborated [...]; before, few studies were required. Now this has changed, there are more norms. That is why they [the construction company owners] now say, 'damn, I am spending more money to put the same nail.' They are afraid because everything is more controlled now". However, for Jorge, despite of these forms of control, construction companies are historically used to maximize their investments, especially when contracting with the state. For this reason, they will always find new ways to increase their earnings, as Jorge explains: "they will always do this, forever, always [...]. This is something that it is impossible to change".

Construction companies utilize different mechanisms in order to be able to get state oil rents. However, they first have to be able to obtain state contracts. In order to achieve this, sometimes rather than competing among each other, they help each other. For Jorge, Ecuador is a small market so Ecuadorian entrepreneurs function through building confidence:

We limit ourselves. We say, ok, I have five friends and will work with them all my life. This is not only a market, you also have to know how to move, like in social networks, with any person. Of course, as long as your resources, your capital, is not at risk.

According to Jorge, in Ecuador: “the private world is the world of friendship, nothing more”, thus the construction sector functions not only through competition but also through establishing webs of trust and friendship and helping each other.

#### 5.9.2 Favor Exchange: Lending Names in the Assignment of State Public Contracting

Joaquin is a young architect from Quito who worked for two construction companies, as a sub-contracted worker. He thinks of himself as someone who really knows how construction companies work, especially when trying to obtain state contracts. His knowledge about the functioning of the construction sector comes from his work. As he describes it, “my job was being the little ant,” that is, not only was he the one who made the designs of the projects’ infrastructure but he also was part of the team that planned the strategies to get state contracts. As part of his job, he had to talk to state representatives from different institutions, especially in the Amazon, in order to ask them for information regarding the contracts. The company he worked for was one of the companies that applied for the construction of the MCP in Playas del Cuyabeno, however, as he says, “another company won this contract.”

As already explained, one of the institutions that the postneoliberal state in Ecuador created in order to control the construction sector's practices was SERCOP. This institution developed a software tool named The Public Contracting Platform through which construction companies compete to get state infrastructure and other state contracts. In order to participate, private companies have to upload their plans, that is, a design of the project, a proposal detailing the cost of the project, among others. There are three types of competing processes at this state platform, namely, inverted auction, minimum amount, and small amount. The process of competition in each of them differs in relation to the cost of the state project.

In the competing process of inverse auction, it is the state that establishes the budget or the costs of the project. The company that presents the lowest offer is the one that gets the contract. Minimum amount is a small budget project in which the state does not establish specific requirements that private companies have to fulfill in order to participate. In this type of contracting process, only three offers participate. From these offers, the state awards the project to the company that the state analysts working for SERCOP consider is the best offer in relation to the experience of the company, the budget they present, among others. Small amount is a competing process that refers to a state project that costs two hundred thousand dollars or more. In this type of process, the state establishes specific reference terms (which are requirements such as, years of experience, expertise, and number of their personnel, machinery, etc.). The company that best fits these reference terms is the one which gets the project.<sup>120</sup>

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<sup>120</sup> For more information about the Ecuadorian state contracting process visit: <https://portal.compraspublicas.gob.ec/>

According to Joaquin, when construction companies participate at the SERCOP platform, sometimes, rather than a competition, processes of “complementarity” and “chains of favors” among the companies take place. In this platform, construction companies not only compete to get state projects but also help each other in obtaining these contracts. For instance, in the process called small amount, as Joaquin explains:

There is a dynamic of how this works. You have a construction company and you have three other friends that also have construction companies. You talk to them and tell them: ‘lend me your name’ Then, one of them lends me his name and my other friend also lends me the name of his company. They are three. They bid and I do too. Of course they know that I need them to make me win. It is a favor. My friends know it, so they intentionally do not present a document or, in the process, they get themselves out of the competition. As a result, I win this time. In the future, if your friend has the possibility to win, you lend him your company name and that is how this works. We receive and give back these favors [...]. They appear as if they were competing but it is a fictitious competition, they are, as we say, lending. They know they are going to lose. I got first place, and they will be second, third and forth place. So there you go, there was a competition, there was a revision process, and there was a winner. Of course, as I said, next time, they will say: ‘hey dude, do you remember the time when I...’ you know? Now I need you to give me back the favor. I will lend him my name and it is done. He will win as well.

In this way, the state assumption that a public competition is going to guarantee a more democratic and impartial contracting process is not always correct. The state officers from SERCOP assume that private companies only compete among each other. They are not seen as cohesive groups that establish social networks and form friendships and trust-based alliances among themselves. They use their networks as a strategy to bypass state forms of control.

In this sense, these networks and the exchange of favors among them are not necessarily obstacles for the concentration of their wealth. In contrast, favor exchange allows these trust-based formed groups to increase their amount of state rents. If they lend their names to other friends’ companies, it is because, in the future, they expect that they will be able to get state construction contracts, using the same strategy. Through the

establishment of a fictitious competition process, they eliminate the rest of the competitors and assure that, once in a while, they will be able to get state contracts through the same process. Favor exchange among private companies makes it possible the same construction companies to be able to accumulate more state rents through the elimination of state competition process.

### 5.9.3 Overpricing and “Concealed Profits” Among the Construction Sector

In a state project, from the total budget, the state gives twenty percent to private companies. The twenty percent of the project budget constitutes their legal profit. However, according to Joaquin, in addition to the twenty percent of profits that the state offers, construction companies “want to get money from the state”; therefore, they have their own agendas of how much of the state rents they expect to get from a contract. According to him, when they apply for the construction of state infrastructure, “they work under the margin of thirty percent of profits, at least. They make a budget for the company with all the real costs and then they raise these costs by thirty percent,” that is the budget they present to the state.

This constitutes a common practice within the construction sector, that is, to get ten percent more than what the state assigns. However, this is only the beginning. In addition to this increasing of their profits, construction companies also take advantage of their knowledge and create a set of different mechanisms in order to raise the amount of rents they get from the construction of state projects. For instance, they increase the price of every construction material that they will use in a project. Mario, the owner of a small construction company in Quito explains how, when contracting with the state, they try to obtain more profits, depending on the project. As Mario explains, “every business is done

according to the duck”, which means that construction companies have these type of practices, particularly when applying for state projects:

If there is a state project that costs, let’s say, one hundred thousand dollars. First I look at my prices, the prices I work with in my company. Then, I make a budget with my prices data base. If my total budget is ninety-five thousand dollars, I will apply for the project. [in the budget presented to the state] I raise the prices of my materials, close to one hundred dollars, in this way, I am able to earn more. Let me explain. The state said the project costs one hundred thousand dollars but with my database, I realize that it only costs ninety-five. At that moment is when I decide that the project is good because it will allow me to earn more.

I asked Mario if he could give me more details about how he is able to increase the prices of the construction materials when applying for state projects and he explained:

You take the stronger [higher] items. There is always a stronger item that, if you increase its cost, even in one-dollar cent, it will increase all of your budget. That is how you play with the materials’ prices, playing with the stronger items. I could lower the cost of the concrete but, for example, in placing the windows, I apply it [the price increase]. Let’s say that, hypothetically in the market, the concrete costs me one hundred dollars. However, I decide, nope. I lower this price. I put in the budget that it costs ninety-eight dollars. But I know exactly why I lowered the price of the concrete. It is because, the cost of placing the windows is, let’s say, seventy dollars per square meter. However, in the budget, I put that it costs one hundred and fifty. In this way, I am earning twice as much money. I decide with which item I will be able to raise my profits. I am telling you, it depends on your offer. Sometimes you raise just one cent and everything else rises.

According to Mario, when contracting with the state, it is necessary to evaluate if the budget and the requirements of the project will make it possible to “play” with materials’ prices. If this is possible, then the project is worth applying for. If not, it is not. Mario’s decision making of applying to get a state project is based, not so much on the percentage of profits that the state already offers to construction companies but in whether or not it is possible to increase this percentage.

Mireya, a woman who works in the construction sector, discusses the discounts that construction companies usually obtain from their providers. However, these companies do

not include these discounts in the budget they present to SERCOP. As Mario showed, construction companies usually make two budgets. One is the budget which has a more accurate calculation of the costs of materials and the second one is the budget they present to the state. In this budget, they do not include all their profits. Mireya explains that when assigning the costs of every construction material in the budget she presents to the state, she, for example, does not include the discounts she obtains from her suppliers. As she explicates:

The discounts I get from suppliers are my profits. For example, in the budget of my application [of state projects] I state that the cement is going to cost me seven dollars and fifty cents. However, I already have my providers who give me the same cement in seven dollars and twenty-five cents. These cents are my invisible profits. This is my discount. I have earned this discount over the years so I cannot give this discount to the state.

Both cases show that construction companies play with material costs in order to get what Mireya calls ‘invisible profits’. Once state rents circulate beyond state institutions, to the private sector, the state does not have much control over how the process of circulation of its rents takes place or how these rents are spent and accumulated. After the state gives the winning construction companies the fifty percent of the total budget, so they are able to begin building the designated infrastructure, construction companies try to stick to their private budgets. They decrease their materials’ costs as much as possible in order to accumulate more state rents. Even though Mireya is right in that her supplier discount is the result of her work and experience, this discount constitutes an increase of profits that she does not include in the budget she presents to SERCOP. In contrast, this discount, as she says, remains “invisible”. That is, the state does not see it.

These examples show that construction companies obtain “invisible profits”. However, getting these profits was also possible because most state officers in charge of

approving state projects did not have the enough expertise to understand the functioning of the construction sector in Ecuador.

As Patricio, an ex-SENPLADES' analyst from the office of public investment said:

Those men [construction companies] were 'capos' [masters] at getting state money. They were really good. They delayed the projects to charge more. They did whatever [...]. Construction companies even used to send their analysts to the public investment offices and asked 'what do you need?' They never opposed anything state officers required. They satisfied you in everything you required. At the beginning, we thought they were state analysts from other ministries, interested in a project approval. However, one day we realized they were not state officers but private companies' representatives interested in getting a project. Some state ministries sent them because they were the ones who knew about the projects. State officers from the ministries did not. Ministries do not have enough state officers to take care of this. And what is worse is that, if they asked for an increase of their budgets, which occurred often, in most cases, they came here with numbers and logical justifications. Nobody could prove that the information they provided was real, you just had to accept what they said: 'I am going to build a bridge that was not there before'. You had to believe that.

According to Patricio, construction companies take advantage of the lack of knowledge that sometimes state officers have about the dynamics that take place among private actors that participate in the circulation of state rents (engineers, owners, providers, construction workers, etc.). According to Patricio, most state institutions, such as the office of public investment (in charge of approving or rejecting projects that the rest of state institutions presented), did not have enough personnel or experts who understood the functioning of the construction sector. This deficiency made it easier for construction companies to increase their state rents. Of course, it is necessary to clarify that this is not always the case for as the Ecuadorian news show everyday, many state officers are also aware and receive bribes in advance in order to benefit specific construction companies over others.

In addition, even though it would be necessary to investigate more why Correa's government did not put more emphasis in the control of the construction of infrastructure, despite of the creation of SERCOP, etc., when I did fieldwork among different state institutions in 2016, more controls were implemented. A state officer from the SENPLADES department of Monitoring and Evaluation explained that after noticing that many construction contracts had cost the state 50% more than what was stipulated in their original prices, the executive decided to install a system of cameras in every important infrastructure project, in order to observe, live, how these projects were being constructed or if the companies were working, etc.

In addition, Isabela, an officer from the Sub-secretariat of Investment commented that, one of the reasons for the government to nominate a new SENPLADES National Secretariat (the highest nomination for this institution) during the last year of Correa's government, Sandra Naranjo, was because the government aimed to better control public finances investment projects due to the Ecuador economic crisis of 2014-2015.

Perhaps state authorities did not implement better control mechanisms from the beginning of their mandate because some state officers/groups involved in the process of state rents appropriation were not interested in establishing more controls or perhaps because private construction companies found ways preventing the state to add more controls in the process of contracting and construction of state infrastructure. Due to a lack of data in this respect, these are just some hypothesis. Besides the urgency that several state officers said the government had in order to implement state development and social projects, the reasons explaining why the government did not better control the construction of infrastructure projects, since the beginning, needs further research.

#### 5.9.4 “Hidden Vices”, Labor exploitation, and Import Substitution Failures

Another mechanism that construction companies practice to seek state rents is related to the quality of materials they use in building an infrastructure. Construction private companies alter the quality of the materials they use in state projects. According to Amador, the owner of a small construction company, when construction companies want to increase their profits, “they punish the materials”. The idea of punishment, according to him, is related to how they replace the required materials with cheaper ones that fulfill the same function.

Amador considers himself as someone ethical and professional. He does not agree with the common practices that many of his colleagues deploy because these practices prejudice the image of construction companies in general. According to him, the problem is that construction companies: “try to increase their profits but, in doing so, they punish the quality of the buildings.” For that reason, he adds, “our group [the construction company guild] should work together and protest about these common practices. We should ask what happened to state buildings. We should plan audits. Otherwise, tomorrow, if there is an earthquake, buildings will fall down.” For him, more important than money is to be able to “sleep at night”. Building bad quality infrastructure could have tragic consequences that “would be the responsibility of the person who did it and, this person, will never live in peace.”

Amador has worked in the construction sector for several decades. He is aware of the commonplace practices that allow these companies to increase their profits. Based on his experience, he describes how his colleagues have increased their profits through “hidden vices”:

You have what is called hidden vices. This refers to the infrastructure that nobody will see after the building construction is finished. Nobody is going to notice, for example, if you used or not used the iron rods you were supposed to use. Hidden vices, then, are what nobody is going to see. Of course, if you use materials that are inappropriate for the foundation or structure of the building, at some point, that is going to fail. That is why, for me, it is better 'to get the cure when you are still healthy' [...]. With that I mean that it is better if you avoid these bad practices before it is too late. But, as I told you, there are engineers who do not care. Despite the good prices the state offers, they prefer to decrease the materials' quality. They are ambitious, they want to earn more.

According to Amador, construction companies take advantage of the fact that some parts of the infrastructure they build remain hidden. This allows them to accumulate more state rents. The way in which this works, as he describes is as follows:

[For example], I know that there are three types of pipelines of different qualities. Quality A, B, and C. Engineers know that the A quality one is going to last, let's say, fifty years. For this reason, it is more expensive. The B quality type is cheaper and it is not going to last as long. It should be used only for ventilation. And the C quality type is the cheapest one. Everybody knows that it is only used as a transitional material because it will not last long at all. However, what the engineers do sometimes is, they use quality B or even C pipelines, instead of the A quality as the main material for the infrastructure they are building. They use this pipeline because it costs less and nobody will notice. However, this pipeline is only going to work for a short amount of time. After that, it is going to get damaged.

In the same vein, Mireya also describes how it is possible to take advantage of constructions' hidden vices in order to increase profits, especially when working for the state:

For everything there are 'mañas' [tricks]. One knows were it is possible to hide things. In the pipelines, for example, but it depends on the project. If there is a comptroller's audit or any type of audit in a contract, they are not going to dig the floor to check which pipelines are under it. This is an item that you can hide. Thus, for example, I say that I used two hundred pipeline meters. However, in reality, I only used one hundred so, that is how the construction worker earns more. If I say that I used two hundred meters, who is going to argue with me? Of course, there are designs, but no one cares about these details. It is something that it is buried. I imagine that only one project in every one hundred is audited so, it is unlikely to happen.

In addition to this, she explains that in the construction of the foundation of infrastructure it is also possible to find ways of increasing profits. When the construction work is finished, she says, “I can say [to the contractors] that I had to dig five meters instead of the three meters that appear in the design”. This change, however, according to her, has to be technically justified. As she explains, “I could tell them, you know, the land was sandy so, in order to replace this sand with improved and more resistant materials, I had to dig more so that the foundation can support the construction”. According to her, the two imaginary meters that she supposedly excavated will make possible for her to: “get paid more. Not only for the excavation of two additional meters that I said I dug, but also for the extra materials that I supposedly had to use”.

Even though construction companies keep for themselves a bigger portion of state rents through the manipulation of the quality and quantity of materials that remain unseen in a constructed infrastructure, all state projects must have an auditor who does a constant inspection of the construction work. However, in most of the cases, these auditors are neither state functionaries nor are they hired by state institutions. Instead, private construction companies are required to hire a person who supervises the everyday construction of state infrastructure. Thus, in order for construction companies to be able to accumulate state profits, these auditors have to agree and participate in the ‘hiding’ of these ‘vices’.

According to Mireya: “audits can be malicious and terrifying. If you do not have auditors that are aligned to you, you are in trouble.” Auditors, she adds, “can make you rebuild different parts of the infrastructure you made if they find something is wrong. If they are not part of the system, they can make construction companies’ life hard.” The only

way in which “hidden vices” can be effective in increasing construction companies’ profits, then, is through hiring an auditor that also hides the vicious practices of construction companies. In this sense, the mechanism the state used in order to control and supervise the construction of its infrastructure, that is, contracting of private auditors to supervise state projects, has neither worked in guaranteeing the construction of a good quality infrastructure nor in avoiding the private accumulation of state rents.

Another mechanism that construction companies use in order to decrease the costs of the construction of state infrastructure is to lower their workers’ wages. During postneoliberalism, the state forced construction companies to provide their workers with health insurance and to pay them at least the country’s minimum wage. In the budget they give to the state, they have to break down the number of construction workers they are going to contract and the costs of their salaries, so that, the state is able to cover these costs in the assigned budget. However, construction companies do not necessarily agree with the postneoliberal state policy of paying their workers the minimum wage or giving them health insurance. Thus, in order to reduce these costs, they either lied about the number of workers they hired or paid them less through *de facto* agreements.

As Amador describes, in order to avoid giving construction workers health insurance, construction companies informally subcontract construction workers. As he explains:

What they do is subcontract. For instance, you are a specialist in building walls and I subcontract you so you can build the walls for me. But you are the only one who will be registered in the budget I present [that is, the only one who has health insurance]. If you come with ten or twenty more workers, they are not the companies’ problem anymore, the only person I will pay is you.

In addition to this, Amador also talks about unofficial agreements that differ from what is written on the budget that construction companies present to the state. In his words, “a common practice is, let’s say, I will tell my construction workers: ‘I will pay you one hundred dollars but you have to sign a receipt as if I would have paid you one hundred and fifty dollars’. Some people accept this so they can get the job”.

Both of these practices illustrate how construction companies lower labor costs in order to keep for themselves a higher percentage of the budget they present to the state. Even though the state had an agenda that included the improvement of labor conditions in the country, construction companies were not particularly interested in these state aims. For the state institutions, such as SERCOP, the construction of infrastructure was not only a mechanism for redistributing wealth but it was also a way of generating more and better labor opportunities. However, due to private companies’ mechanisms of rent accumulation, these policies were not always successful. These private companies were not aligned with state redistributive agendas. Thus, the portion of rent the state put into circulation in order to improve construction workers’ labor conditions was not necessarily given to them. In contrast, it became another source of private accumulation of rents.

As Coronil shows, in his work about the Venezuelan state, private economic groups do not act in the ways in which the state officers expect. During the period of import substitution, and the development of the industry of oil, the Venezuelan state thought that local capitalists would invest their capital in the development of an automobile manufacturing industry. However, as Coronil states, economic groups were not so much interested in “productive investments”, they preferred “the expansion of circulating money” (Coronil, 1997:248). This is, rather than investing in the production of

automobiles, they took advantage of state oil rents through the investment in the commercial and construction sectors. As a result, imports increased and state intentions of decreasing economic dependency of the Venezuelan economy failed.

In the same vein, construction companies in Ecuador were not aligned with the postneoliberal state import substitution policies or with the revitalization of local production and labor conditions. For instance, according to Patricio, SENPLADES created the National Added Value (VAE-Spanish acronym), which was a system that made it possible to calculate how much of the state public investment (that is, the amount of money that it spent in the implementation of its projects) was spent in products fabricated in the country. The state plan was that the money used for public investment also be money put in circulation that would revitalize the national economy. The idea was that, not only through the use of nationally manufactured products rather than imported ones, national economy would enhance but the use of state circulation rents as a mechanism to buy nationally manufactured products also would increase labor opportunities for Ecuadorians. Thus, if construction companies proved in their proposals that they will use a high percentage (60% or higher) of national produced construction materials, SERCOP will prioritize their proposals so these companies can easily get state contracts. However, construction companies were not necessarily interested in these state agendas. As Amador explains:

SERCOP requires that we use materials that are produced in Ecuador [...]. You have to itemize your items and give detailed information about this in your proposal. For example, you have to write, 'the truck I will use is an Ecuadorian product, and so are the gravel, the cement, the excavator, and the dump truck'. But, how do you know that? What if the dump truck's glass was produced here but the motor was not? But you will say that it was. I do not like to do this. It is a waste of time. You have to do it so you get the benefits. However, you know you are only adapting your materials to SERCOP's idea, you are cooking this information up. I

can say that this computer is an Ecuadorian product just because its screws were produced here, so I increase my percentage [of national products] but, I know, it is not true.

Rather than finding materials produced in Ecuador, construction companies try to find ways to make it appear as if the products they will use were produced in the country. Construction companies are usually not aligned to state agendas. Their motivations are neither related to the decrease of imports nor to revitalization of local production. For Amador, this was a waste of time. Import substitution was a mere bureaucratic process. Rather than finding ways to really use national products, he decided to find creative ways to make his materials and heavy machinery appear as they were produced nationally. His motivation to do this was finding ways to be better qualified by SERCOP so that he can have better chances of getting state construction projects.

The majority of the construction companies I researched think about the postneoliberal state as a contractor that puts important amounts of money into circulation and from which it is possible to obtain extra profits while doing construction work. However, as Joaquin explains, some of them, usually the bigger companies, were not even interested in building state infrastructure. For instance, the construction companies he worked for were more worried about applying for state projects than actually about building them. As Joaquin describes, once they got a state project, they immediately “began thinking about the next project they were interested in applying for”. Thus, in order to get more projects, they contracted several experts whose tasks were solely to apply for as many state contracts as possible in the least amount of time. They prioritized the process of applying and getting state projects over the construction of the projects themselves in such

a way that, as Joaquin says, once they got a project “they preferred to subcontract other small construction companies to build the infrastructure for them.”

As Amador, said “don’t be the tailor, be the owner of the fabrics.” According to him, this means that, for some construction companies it is better not to build state projects but only to apply for them and to get them. In that way, construction companies do not lose time in having to deal with the problems that emerge when building an infrastructure. The paradoxical lack of interest of some construction companies in building infrastructure also shows how they conceived of postneoliberal state projects. Given the high amounts of oil rents the postneoliberal state put into circulation, construction companies, specially the ones who had the experience, the capital, and the personnel, became more concerned with how to capture the circulating rents than than how to actually do construction work.

According to Amador, subcontracting was a longstanding practice among the biggest construction companies in Ecuador:

Bigger companies often subcontract medium size companies to do the construction work for them. [...] Only companies that have high amounts of capital can do this because if, let’s say, the state institutions are not able pay construction companies on time for a construction work, big companies are the only ones which have cash advances from their new contracts. They use these cash advances in order to finish the construction of projects they obtained before. They say: ‘ok medium size companies, do this for me’. They divide their contracts and keep a profit margin for them. They do not have the obligation to make public this subcontracting process. They do not tell anyone about this. They are not the ones who actually build the new roads in the country. Other companies did it for them. These companies I am talking about, are the ones who got the most important state roads’ contracts but, what they did after getting these projects, was subcontract other companies that acted like that they were not part of the process. Many times, the state does not even know who the companies that built the country’s roads really were.

However, the practices of construction companies depend, as Mario said, on who the contractor is. In this vein, Mireya makes an interesting distinction between constructing for the state versus constructing for the private sector.

[Subcontracting] is the type of practice done in the construction of infrastructure, but mostly when you build state infrastructure. In the construction of infrastructure for private owners this does not happen often because, I have to be sure that everything is properly working, I supervise myself and I will consult the materials that I will use with my clients. If they tell me, 'use this material' I cannot trick them. According to Mireya, construction companies differentiate between constructing infrastructure for private clients and for the state. For many private companies working in Ecuador, constructing state infrastructure was mostly seen as an opportunity to make good money. They neither cared about the quality of materials used nor about state demands of this sector in terms of improving their workers' labor conditions or of the use of national products. Instead, they created different mechanisms in order to cheapen materials and precarize their workers, etc., so that they are able to increase their profits in detriment of the quality of state infrastructure projects.

### **5.10 Conclusion: Indigenous Peoples and the Other dimension of Oil**

Indigenous peoples in Playas del Cuyabeno celebrated another dimension of oil, oil transformed into circulating money, into job opportunities and into a new infrastructure for their community. Within postneoliberalism, they were able to obtain monetary compensations for the new oil well the state built in Pañacocha. With oil in its form as money they went to Lago Agrio, the nearest city, to celebrate. They got some things they needed for the houses in their farms (home appliances, furniture, electrical generators, clothes, etc.). They were also able to pay for some of their childrens' education in institutions outside of the community. Most of them also got motorized canoes that they were able to rent during the construction of the Pañacocha oil well, and of the MCP. While oil prices reminded high, they were able to work for PetroAmazonas. However, the good effects of this different face of oil did not last for a long time. When I arrived to the community, three years after the construction of the MCP, most indigenous peoples were

jobless, and did not have enough money to get gasoline to be able to go outside of the community to sell their products, and the constructed infrastructure they expected to last longer was rapidly deteriorating.

The deterioration of the MCP infrastructure was one of the most important concerns of indigenous peoples in Playas. As many of their testimonies show, they were particularly concerned about the destruction of the newly-constructed dam as it could be dangerous for the community when the rainy season arrived. In addition, they often discussed how the metallic infrastructure of the coliseum and of the houses was rusting and how the houses' walls, electric connections, and floors were getting damaged. However, in these discussions, they made a distinction between the responsibility of the state and the private construction company that built the infrastructure. They made this distinction because during the MCP construction they interacted with the company. The company workers and engineers were the ones with whom they argued and fought in order to get better materials, etc. For them, it was this company that tricked them. As Danilo said:

The construction company usually told us that they were going to build us luxurious houses. Houses that will last twenty years. We told them that we wanted our houses in a certain way but they said 'no'. They argued that they knew a better way. We wanted houses that last for a long time because the money was ours. It belonged to the community. We had around twenty million dollars but it was the company that took that money. We told them that the money was ours, that the state gave it us, not to them, as a historical compensation. The state owed us. The money was from the oil revenues. That is why we complained all the time to this company, because the houses, everything, the high school, the walls, everything is cracking, everything is falling down.

According to Danilo, the private company was also responsible for the deterioration of the MCP infrastructure. It was the company that administrated the money the state symbolically gave to indigenous peoples for the construction of this project. For this reason, according to Camilo, what the state should do is to take action. In his words: "Now the state should complain to the company. The state should tell them, 'I gave you the money

but you did not do what you were supposed to do.’ The houses were supposed to last twenty years but they are not going to last even five. Everything is getting damaged already.”

When the state extracts oil from the ground and sells it, oil is transformed into differential rents. The state puts into circulation these differential rents through the implementation of state projects. In this case, oil rents circulate when the state assigns a budget to private construction companies in order for them to build redistributive infrastructure projects, for example.

The process of circulation of oil as money also implies the transformation of these rents into infrastructure and profits. When the process of circulation of oil as money begins, it is not only state institutions but also private companies that participate in the process. Private construction companies are the ones in charge of transforming oil rents into infrastructure. At the same time, the Ecuadorian state also gives private construction companies a percentage of these rents, that is, twenty percent of the assigned budget. The rest of oil rents should be spent in the construction of good quality infrastructure. However, the process of circulation of state rents does not necessarily happen in the way state institutions, such as SERCOP, and others assume.

Once the circulation of oil as money begins, a process of appropriation of state oil rents takes place. Private construction companies, rather than being aligned with state laws and agendas, that is, accepting the twenty percent of profits and using the rest of state rents to build good quality redistributive infrastructure, use diverse mechanisms in order to increase their profits. They appropriate as much of the assigned budget as possible. To this end, they use bad quality materials that function similarly to good quality ones, raise the price of the materials they use, alter the materials and the construction of the unseen infrastructure, and reduce their workers’ wages.

The economic sectors that grew the most during postneoliberalism in Ecuador were the ones who directly benefited from the circulation of state oil rents. One of them was the construction sector. As a result of the state investment in the construction of redistributive

and development infrastructure during the ten years of postneoliberalism in Ecuador, the construction sector grew by an average of 9%<sup>121</sup>. In 2013, before the oil prices fell down, the construction sector represented 10.46% of the total amount of Ecuadorian GDP, that is, 6.997 million dollars<sup>122</sup>. In addition, the construction sector contributed 0.68% to the annual GDP growth rate, second only to the contribution of the oil Ecuadorian industry. Undoubtedly, the construction sector was one of the most dynamic sectors of the economy during this period.

One of the highest investments of the postneoliberal state was dedicated to the construction of infrastructure. For instance, the state invested ten billion dollars in the construction of road networks and almost seven hundred million dollars in the construction of ports.<sup>123</sup> However, the construction the infrastructure that would allow for a change of the productive matrix partially failed. For example, the infrastructure of some hydroelectric projects were shoddily built. For instance, the biggest hydroelectric project (Coca-Codo Sinclair) presented problems with its structure and some others are incomplete (Delsitanisagua, Mazar Dudas, Minas San Francisco, Quijos, Central Toachi Pilatón). In addition, redistributive projects such as the MCP in Playas del Cuyabeno and in other communities, such as Pañacocha, have rapidly deteriorated.

Despite of the high amounts of oil rents that the state put into circulation for the construction of infrastructure, the private accumulation of state rents explains, in part, why it was not possible for the state to provide of a good quality redistributive infrastructure. However, private companies' responsibility in the failure of the posnteoliberal redistribution of wealth is not problematized; in contrast, state governments and officers appear as the only ones responsible.

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<sup>121</sup> Central Bank of Ecuador, in: <http://www.bce.fin.ec/index.php/estadisticas-economicas>

<sup>122</sup> Central Bank of Ecuador, in: <http://www.bce.fin.ec/index.php/estadisticas-economicas>

<sup>123</sup> For more information see ProEcuador web page: <https://www.proecuador.gob.ec/inversiones-4/>

Perhaps Jorge was right when he said that construction companies were not particularly worried about their responsibility in the failures that most of the state infrastructure presents, because, as he said, “nothing is going to happen [...] the state will always lose.” Currently, it is the postneoliberal state that is portrayed as deeply corrupt. However, although it is undeniable that several state officers also appropriated state rents, what is problematic is that the responsibility of private companies who actually accumulated most of the rents that the state put into circulation, remains hidden. In Ecuador, construction companies and private groups in general, managed not only to ‘hide’ their ‘vices’ or render ‘invisible’ their ‘profits’, but also to conceal their responsibility, and to obscure themselves behind the state. In this sense, these companies appear to be, not the responsible, but the winners of the failure of postneoliberal redistributive projects.

## CHAPTER 6. CONCLUSION

When I first arrived in Playas del Cuyabeno, I expected to find several state institutions imposing disciplining mechanisms among indigenous peoples. That is, not only commanding how to live in the MCP spaces, or how to use and to behave in shared spaces, but also imposing their development agendas aiming to radically change indigenous peoples' subsistence economies and closeness to nature. At the same time, I imagined that I would examine how indigenous peoples navigated such state impositions and the consequent daily disciplining mechanisms while rejecting state development projects. However, after living in the community for six months I barely found any trace of state officers imposing their agendas in relation to indigenous peoples' economies. What I did find was a deeply ordered indigenous community which, due to the state inability to sustain the MCP infrastructure, used several mechanisms, such as *mingas*, in order to keep the MCP spaces in shape and to sustain the community. In addition, rather than totally rejecting postneoliberal economic projects, indigenous peoples struggled and tried to be part of the contradictory postneoliberal agendas on economic development.

I had imagined my findings this way, in part because some of the literature, has used the concept of extractivism as their entry point (Bebbington and Bebbington 2011; Chicaiza and Yanez 2013; Cielo et al. 2016; Coba 2015; Cuví 2013; Goldaraz 2014; Velazquez 2012; Vallejo et al. 2016; Radcliffe 2012) and has not only generalized the postneoliberal forms of governance but has also reified indigenous peoples' communities' interactions and struggles in relation to the postneoliberal state.

On the one hand, the extractivist approach has described the agendas and interactions between the postneoliberal state and indigenous communities in the Amazon and in the Andes as mainly antagonistic. This literature critiques the oversimplification of indigenous peoples' struggles, yet at the same time generalizes these struggles as mainly opposing postneoliberal agendas. Similarly, the postneoliberal state forms of governance

and their agendas are also oversimplified as highly authoritarian, disciplining and modernizing. The complex and contradictory interactions and negotiations that emerge daily between indigenous peoples and leaders, and the postneoliberal state agendas, institutions and officers is less thoroughly problematized.

Rather than scrutinizing the planning and implementation of state agendas, the state officials' decision making and their struggles, the approach using the concept of extractivism to describe postneoliberalism generalizes its development plans in two forms: postneoliberal development agendas are conceived of as either civilizing projects imposed vertically among indigenous peoples or as *a priori*, described as mere strategies aiming to expand postneoliberal extractivism and to content indigenous peoples. What happens during the implementation of development projects, that is, after natural resources are extracted from the ground, and indigenous peoples' struggles in relation to the implementation of these plans and their effects among their everyday lives and economies is less examined in this literature.

After doing fieldwork in Playas del Cuyabeno and looking at indigenous peoples' everyday efforts to try to maintain the state-built infrastructure and to be part of state economic projects, one of the aims of this research became interrogating the idea that all indigenous communities opposed postneoliberal development and that only a few indigenous leaders were manipulated and coopted by the postneoliberal state. This assumption is highly problematic as it oversimplifies indigenous peoples' complex agendas and desires in relation to postneoliberalism. This generalization projects upon indigenous peoples a desire that scholars under this approach would like indigenous peoples to have in relation to postneoliberalism.

While it is undeniable that many indigenous Ecuadorian leaders and communities have opposed postneoliberalism since the beginning, the case of Playas del Cuyabeno does not fit this opposition. In contrast, it is an example that shows how some indigenous communities tried to manage natural resource extraction themselves, and rather than

opposing postneoliberalism, negotiated the expansion of the extractivist frontiers in their territories by appealing for better monetary state compensations and for the implementation of infrastructural development projects.

While some indigenous leaders from the Ecuadorian Amazon rejected postneoliberal agendas, others did not radically opposed extractivism. In contrast, they saw the emergence of postneoliberalism as their opportunity to administer oil extraction themselves. Although more research is needed, I argue that this idea was not an isolated project of only few communities in the Ecuadorian Amazon. In contrast, during the first years of postneoliberalism the idea that indigenous peoples be the ones who administer resource extraction in their territories was supported by several indigenous communities along the Ecuadorian Amazon. Broader indigenous organizations such as CONFENIAE also supported this agenda. For example, this organization formally announced its support to the Alian Petrol project as the best option to manage resource extraction at the Pañacocha oil well (Wison and Bayón 2017).

These differences show that in Ecuador indigenous communities and leaders did not have a single agenda regarding postneoliberalism. Indigenous leaders such as Carlos Perez Guartambel, Domingo Ankuash, Luis Macas, among many others, struggled against extractivism. However, other indigenous leaders fought for the possibility of indigenous peoples to administer resource extraction themselves.

Scholars studying anti-extractivist social movements in Ecuador argue that at the beginning of Correa's government, indigenous peoples' agendas were not unified. Velasquez (2012), for instance, states that even though CONAIE supported an anti-extractivist agenda—which proposed the creation of zones free from resource exploitation i.e., páramos and indigenous territories—this organization was not fully part of the anti-extractivist movement. Instead, CONAIE maintained an ambiguous position towards mining exploitation at the beginning of postneoliberalism (Velasquez 2012). CONAIE did not fully support the anti-mining agenda of some indigenous communities and leaders

during this period. For instance, its representatives were not present in some of the anti-extractivist meetings and marches (Riofrancos 2017; Velasquez 2012). At the beginning of Correa's government, the relationship between CONAIE and the postneoliberal state authorities was ambiguous. It was not until February of 2010 that CONAIE finally decided to suspend dialogues with the government and officially declared its opposition to postneoliberal agendas. From that moment on CONAIE became more aligned with an anti-extractivist agenda.

Even though it is undeniable that many indigenous peoples, community leaders, and indigenous organizations radically opposed postneoliberal resource exploitation, others, such as in Playas del Cuyabeno, did not. Studying indigenous communities and indigenous leaders in Ecuador as individuals and groups who only struggle against extractivism or as groups of people who were manipulated and disciplined by the postneoliberal state is highly problematic as this portrait only tells part of the story. By telling only part of the complex interactions between indigenous peoples and state institutions/officers, the approach using the concept of extractivism oversimplifies the motivations of indigenous communities and their leaders and, in so doing, denies part of indigenous peoples' dilemmas and struggles during postneoliberalism.

For instance, in Playas del Cuyabeno, the community agreed to be part of the first indigenous peoples' oil company, Alian Petrol. The community authorities and other indigenous leaders from the region engaged in getting support from other indigenous communities along the Amazon region. Leaders such as Bolivar, were able to get the support from different indigenous communities and from broader indigenous organizations such as CONFENIAE. However, since the state's aim was to recover the administration of oil exploitation and the circulation of its rents from the hands of international corporations to the state—and not to indigenous peoples—the opportunity for indigenous peoples to administer oil wells was denied.

After violent confrontations between the Ecuadorian army and the families of Playas del Cuyabeno, the Alian Petrol project fell through. However, indigenous leaders from Playas, such as Bolivar and others, strategically took advantage of the knowledge and social capital obtained during the process of getting support for the creation of Alian Petrol and used it to their advantage. When the postneoliberal state, in 2010, reformed the Hydrocarbon law in Art. 94, stating that 12%<sup>124</sup> of oil rents must be invested in the Amazonian communities living close to strategic projects, indigenous leaders struggled hardily to obtain these benefits. This was also a struggle for indigenous peoples because the posnteoliberal state did not have a unified or totalizing agenda. In contrast, it was composed by a set of different groups struggling in order to implement their projects, despite state official discourses and laws. In this case, PetroAmazonas (which belonged to the strategic sector group, already explained) had overlooked official decrees and continued blocking the possibility of indigenous peoples to obtain the new legal benefits for the exploitation of oil in their territories. PetroAmazonas not only divided the community in order to get fake approval for the construction of the Pañacocha oil well, but it also tried to force indigenous peoples to accept the construction of this well practically without any compensation. Nevertheless, indigenous community leaders were able to surpass the PetroAmazonas state group and to negotiate better compensatory and development projects through being in contact with state representatives from the congress and presidential advisors. Thus, even though indigenous peoples in Playas del Cuyabeno were not able to obtain the concession for the administration of the Pañacocha oil well, they were able to better negotiate the extraction of oil in their territories. The results of this negotiation, that is, the construction of the MCP, is not seen as divorced from their desire of being able to have more control over the administration of oil extraction in their

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<sup>124</sup> Regional Human Rights Advisory Foundation (INREDH), Análisis sobre reformas a la ley de Hidrocarburos. October, 2016. In: <https://www.inredh.org/index.php/archivo/boletines-ambientales/160-analisis-sobre-las-reformas-a-la-ley-de-hidrocarburos> Retrieved 16 of December 2019.

territories in the future. In contrast, according to Bolivar, the possibility for their children to be educated in the constructed school and high school will perhaps allow them, ‘one day’ to have the skills needed to manage the extraction of resources in their territories themselves. Regional Human Rights Advisory Foundation.

In addition, the literature on the MCP under the extractivist approach has stated that postneoliberal development projects were not only expanding extractivism but also imposing the modernization and urbanization of the Amazon communities (Godaraz 2014; Coba 2015 Vallejo et al. 2016). However, this research shows that indigenous peoples in Playas del Cuyabeno began a process of modernization and urbanization of their *centro poblado* before the construction of the MCP. It is not the case that indigenous peoples from Playas del Cuyabeno only lived in their *fincas* or closer to the forest before the MCP construction. In fact, before the construction of this infrastructure indigenous peoples in Playas already lived in two spaces, their *fincas* and their more urbanized *centro poblado*. Their *fincas* were a space that allowed indigenous peoples to plant manioc, green bananas, etc., as well as to gather, fish, and hunt in the forest. Their *centro poblado*, a space that emerged with construction of the community school in the middle of the 20th century, was the space that allowed them to enact their communal organization; it was also a socializing space and a space to receive foreigners.

As the community became more organized, its leaders were able to get funding from local authorities, broader indigenous organizations, and NGOs, in order to build a medical center, and a coliseum, and to get Internet, solar panels, and an electric generator in the space of their *centro poblado*. They were also planning the construction of a high school. Therefore, the MCP was not necessarily a state imposition or a radical break with indigenous peoples’ daily space dynamics. In contrast to the idea that indigenous peoples from this community totally rejected modernization and urbanization, they had struggled for years in order to get funding to improve, modernize, and urbanize their *centro poblados* through better basic services, and the construction of infrastructure.

As the history of the Amazonian communities illustrates (Uzendosky 2005, 2012; Vickers 2003) the process of concentration of indigenous peoples in smaller territories began with the arrival of Catholic and Evangelic missionaries to the Amazon. These missionaries tried to concentrate indigenous peoples' houses in smaller territories (called *reducciones*) in order to attain better control of the families. Thus, before the MCP construction, most indigenous families already lived in the two spaces that structured the community. Their daily lives were already structured in relation to their activities in both spaces. They had two houses, one in their *fincas* and another one in the *Milenio*, their *centro poblado*. Consequently, the construction of the MCP at the Playas del Cuyabeno *centro poblado* did not represent a radical break with indigenous peoples' established dynamics. It is more accurate to say that the processes of urbanization and modernization of the community *centro poblado* certainly continued and deepened under the implementation of postneoliberal development.

Inspired by the classic political economic approach within anthropology, I conceive of indigenous communities not as closed totalities that function perfectly, but instead as places that are not isolated but deeply connected to broader contexts, agendas, and actors that influence indigenous communities' daily lives and struggles (Wolf 1982).

By contrast, the approach using the concept of extractivism in order to describe postneoliberalism (Bebbington and Bebbington 2011; Cielo et al. 2016; Cuví 2013; Goldaraz 2014), not only oversimplifies indigenous peoples' struggles, practices, and desires in relation to postneoliberalism, but also reifies the state agendas, projects, and decision making. If indigenous peoples are conceived of as individuals who just want to live close to nature and who were forced or manipulated by the state to accept its modernizing agendas (Coba 2015), the postneoliberal state is mostly described as a unified and authoritarian regime that violently imposes its agenda and criminalizes its opponents (Davidov 2013; Machado 2013; Martínez 2013, 2014).

Following this line of thought, postneoliberal development plans are described as civilizing projects attempting to discipline indigenous peoples (Cielo et al. 2016; Goldaraz 2014). Inspired by Foucault's studies on governmentality, much of this literature describes postneoliberal development projects as plans that failed in improving people's welfare but succeeded in disciplining individuals and controlling indigenous populations (Cielo et al. 2016 Nicholls 2014). Under this frame, the cause for the failure of postneoliberal development plans and the reason that explains its negative effects lies in the authoritarian form of governing that characterizes these regimes. The complexities implied in the planning and implementation of postneoliberal projects, the public and private actors involved, their agendas, and how indigenous peoples face its effects is not problematized under this reasoning. Instead, development projects are treated as evidence of the postneoliberal disciplining agendas (Bebbington and Bebbington 2011; Ospina 2013).

However, looking at indigenous peoples' everyday lives and dynamics in Playas del Cuyabeno as well as their concerns about the MCP—the rapid deterioration of the constructed spaces, the inadequacy of the chosen infrastructure materials etc.—made it possible to put the MCP's detrimental effects into scrutiny rather than arguing *a priori* that they constitute forms of governmentality. In addition, rather than assuming that these effects resulted from master state planning aiming to discipline indigenous peoples in order to expand extractivism, I followed the state institutions and state officers involved in the planning and implementation of this project in order to grasp the complexities of postneoliberalism beyond extractivism and governmentality.

With Abrams (1988), I conceive of the postneoliberal state not as a closed and unified totality but as a disparate political entity, composed by different interests, plans, and actors struggling to materialize their agendas within the different state institutions. Following the state institutions and actors involved in the MCP planning, I was able to find that the Ecuadorian postneoliberal state had, at least, two dissimilar political and institutionalized arms represented in specific state institutions that competed for the

implementation of their own political views and agendas in the planning of postneoliberal development. It is the differences and struggles between these state arms that explain, in part, the way in which the MCP planning took place as well as its effects.

After indigenous peoples from Playas del Cuyabeno negotiated the construction of a development project in the community, the SENPLADES group was the one in charge of the MCP planning. As a result, the SENPLADES officers in charge organized several workshops in Playas del Cuyabeno and invited other state institutions involved in the implementation of the project in order to achieve a more participatory and multilevel process of the MCP planning. The idea was also to consider indigenous peoples' ways of life and requirements in the planning of this project. For instance, even though the SENPLADES officers were more interested in using environmentally friendly materials for the construction of the houses, indigenous peoples requested cement. They preferred this material because it was going to be more durable and would save them energy expenditure as they would not have to re-build the houses after a couple of years. Despite this, the SENPLADES model was not the one the state approved. Instead, it was the strategic sectors group's plan—which promised a faster planning and implementation of the project—that was approved. This radical change was related to the ways in which the postneoliberal state conceived of investing in the social sector or redistributing oil rents.

In postneoliberal Ecuador, investing in the social was determined to be an urgent duty that needed to be done, for social investment was conceived of as a historical debt the state owed Ecuadorian social sector. It was crucial for the postneoliberal state to invest in the social as a way to decrease structural poverty and inequality. At the same time, decreasing poverty and inequality was considered as urgent because it was a necessary step to achieving development. Development, in this case, implied overcoming the country's economic dependency on resource extraction, first through the construction of the society of knowledge (see more about this in chapter three) and then through changing the productive matrix or via the diversification of the export sector. I argue that these two forms

of understanding social investment and redistribution within postneoliberalism were not mere official discourses. In contrast, they had institutional support and influenced the ways in which redistribution was implemented.

It was considered that without redistribution and social investment it was impossible to achieve development in the long term. For instance, if Ecuadorians did not improve their educational skills through state investment in education, the formation of the Ecuadorian society of knowledge (crucial to achieve postneoliberal development), whose comparative advantage is knowledge itself, was not possible.

In the short term, it was urgent to invest in the social sector for according to the state discourses, during the so-called “long night neoliberal decade” of the 90s, most of the state budget from oil extraction was not invested in increasing basic salaries, or in improving education or health services, but instead was spent in paying the international debt the state acquired with the IMF, the World Bank, etc. (Acosta 2002).

The process of assigning the budget for social investment projects was structured around the idea that it was urgent to recover the time lost during neoliberalism. That is, state institutions’ investment budgets were regulated so that they were not ‘losing time’ in paying the debt the state had with the social sector. For instance, the SENPLADES sub-secretariat of Investment Projects, in charge of approving each ministry’s annual investment program, allocated state resources depending on the efficiency (to be able to spend all money assigned for the social sector on schedule) with which an institution spent its budget the year before. A state institution was conceived as more efficient if it was able to invest all the money the state gave it during a year. If this was the case, this institution was able to spend the same amount of money the next year or, if needed, it could increase its budget. However, if an institution was not able to spend all the budget that was going to be invested in the social sector, then the next year it was punished with a budget cut.

Through this conception of efficiency, which guided some postneoliberal decision-making and development implementation, the government selected MICSE, an institution

that the strategic sector group controlled, as the institution in charge of redistributing the 12% of oil rents among the communities located closer to the *zonas de influencia*. This also implied that, even though SENPLADES began the process of the MCP planning, it was MICSE in the end, that was the institution selected to be in charge of the MCP planning and implementation.

In order to be able to invest in improving the infrastructure and economies of local communities, including Playas del Cuyabeno, faster, the MICSE group proposed the creation of a public company dedicated to managing social investment and development in these areas, namely, Strategic Ecuador. The creation of this public company aimed to rush social investment. In contrast to state ministries and institutions, public companies did not have to go through long bureaucratic controls in order to obtain state resources. Instead, public companies were able to legally bypass state regulations. However, in the case of the MCP in Playas del Cuyabeno, because the public company Strategic Ecuador was not yet constituted, the planning and construction of this project was delegated to another public company from the MICSE group, the PetroAmazonas oil company.

Once PetroAmazonas became in charge of the MCP, this company, under MICSE supervision, rather than working with the SENPLADES already planned design and consulting process, decided to contract private companies to do the job. These companies not only built the MCP infrastructure but also wrote the social rules that in theory determined how to live in the community in order to make the constructed infrastructure and MCP spaces sustainable over time. PetroAmazonas argued that it was necessary to contract private companies to do the design and construction of the MCP for at that time, this company neither had a department that was able to give institutional support for the planning and implementation of this project nor the experience related to the design, construction, and sustainability of this type of project.

Postneoliberal agendas and decision-making was not only related to the existence of several state arms and different views struggling within the state but is also linked to the

role that private companies had in the planning of development in Ecuador. The idea that the state and private sectors are alienated from each other is illusory (Abrams 1998). Instead, this apparent separation is part of how power works (Mitchell 2006). Thus, in order to better understand postneoliberal development agendas and effects it is necessary to go beyond the state itself (Mitchell 2006), that is, to follow and examine not only the diverse and complex agendas within the state institutions but also to track how the views and agendas of private companies are involved in state planning and influence the implementation of state projects as well as its results.

In the case of the MCP, the private planning and implementation of this project resulted problematic for the contracted companies practically did not take into consideration National Development Plans views which contained broader state agendas and plans. Instead, the private consulting company in charge mostly planned the MCP design according to their own views, ignoring the participatory workshops between indigenous peoples and state institutions such as SENPLADES that aimed to better figure out the best and more suitable materials for the houses, an adequate division of spaces, among others. As a result, private decision-making within postneoliberalism caused the usage of deficient materials in the construction of the MCP houses. In addition, because private companies did not take into consideration the communities' ways of life and overlooked indigenous peoples' recommendations, the houses did not have a space for indigenous peoples to plant basic food for survival in the MCP space. The lack of this space is negative for indigenous families because it prevents them from having basic food to eat in the MCP houses. If they want to get food, they now are obligated back to their *fincas* or to buy basic food staples in order to be able to survive in the MCP space.

In this context, the postneoliberal idea that it was necessary to invest in the social as fast as possible did not necessarily work as expected. Even though MICSE, and later Strategic Ecuador, was apparently a more efficient group, this was not necessarily the case. If these institutions were able to implement state projects faster, it was because they

overlooked the state's broader agendas and assigned most of the job to private companies. Unfortunately, their decision-making of assigning the planning and implementation of state projects to private companies resulted in unsustainable and poor quality projects among indigenous communities. Even though within postneoliberalism the state redistributed more oil rents in less time in the social sector, these implemented projects, such as the MCP, were not necessarily built according to broader goals of state planning or according to indigenous peoples' ways of life and were inconsistent to the Amazonian weather. Also, if state projects did not result in sustainable projects this was because private companies' decision-making was more linked to their aim of accumulating state rents than to the implementation of good quality projects (as shown in chapter four).

Some of the literature studying the MCP and its effects among indigenous communities under the concept of extractivism (Lyall and Valdivia 2015; Wilson and Bayón 2017) has not taken into consideration the role of private companies in the planning and implementation of postneoliberal development. Instead, this literature has argued that the MCP project was mainly a state mechanism resulting in the disciplining and civilizing of indigenous peoples in the Amazon. According to this view, indigenous peoples were practically forced to live in the MCP spaces. The state has forbidden them to have animals such as chickens and others in the new houses and to fence in the first-floor open areas, etc., (Cielo et al. 2016 Goldaraz 2014). However, in contrast to what this literature states, it was the private consulting company that PetroAmazonas contracted in order to plan the sustainability of the MCP, that established these rules. No state institution created them.

While living in the community there was not state institution enforcing these private rules. In contrast, due to the fact there were no state institutions in charge of the sustainability of the MCP spaces, indigenous peoples engaged in maintaining the MCP themselves. For instance, indigenous peoples used community organization mechanisms, such as monthly *mingas*, as their solution in order to maintain the MCP infrastructure and keep spaces in good shape. In addition, indigenous leaders, rather than radically opposing

the postneoliberal state agendas, not only requested the state institutions and companies such as PetroAmazonas take responsibility for sustaining the MCP infrastructure but also tried to be part of state economic development projects.

Postneoliberal development planning contained no unified imposing view, but diverse political, public and also private agendas institutionalized and coexisting within the state institutions, agendas with dissimilar conceptions about development. The existence of and struggles between these views played a crucial role in the way in which development projects were implemented, and their results and effects among indigenous communities. Thus, instead of generalizing postneoliberal state forms of governing as imposing and unified, its development projects as forms of state governmentality, and indigenous peoples as opponents or passive sufferers of postneoliberal development, I hope my ethnographic analysis showed the complexities that involved the daily interactions between indigenous peoples and postneoliberal state institutions.

In addition, the literature using the concept of extractivism and studying the MCP has concluded not only that the MCP infrastructure has imposed disciplining mechanisms among indigenous peoples daily lives but also that indigenous peoples' economies are no longer self-sustaining as they become more dependent on monetary resources (Cielo et al. 2016). According to this view, through the implementation of electric stoves and motorized canoes—which indigenous peoples bought with the monetary compensation the state gave them for oil extraction—indigenous peoples' economies are more dependent on a monetary economy for buying gasoline for their canoes, or paying for electricity for their stoves. For these scholars, the MCP has 'disrupted' indigenous peoples pre-existing self-sustaining economies, that is, getting food from their farms and from the Amazonian forest, and hunting and fishing activities (Cielo et al. 2016:128). Consequently, young families in the community increasingly must buy food instead of getting it themselves from the forest.

Since for these scholars the MCP is conceived as “the beginning of new chains of external dependency” and shows “a rupture in previously established cycles of social

metabolism” (Cielo et al. 2016:128), their conclusion is that the main aim of this project is the modernization of this Amazonian community through imposing indigenous families’ resettlement, “cutting off daily contact with the natural environment” (Cielo et al. 2016:128), and making unsustainable their previous self-sustaining economies. This conclusion implies that, as indigenous peoples lose their contact with and autonomy to cultivate their interactions with ‘nature,’ that is, with the forest, their capability to have self-sustaining economies becomes less viable.

In the same vein, a broader literature describes the implementation of leftist states’ development as highly authoritarian, for, according to this view, state institutions impose their abstract schemes among populations and produce unsustainable economies among targeted populations (Ferguson 1990; Scott 1998). Even though state development projects aiming to improve peoples’ economies fail in doing so, they succeed in increasing state control. Following Foucault, Ferguson (1990), argues that development projects in Lesotho that aimed to improve peoples’ economies should be examined as mechanisms of governmentality, for, by the state naming, mapping, classifying, arranging and making people more legible, these projects have political effects, namely, they increase state regulations (1990:260). For this reason, according to Ferguson (1990), it may be necessary:

To speak of a kind of logic of intelligibility to what happens when the development apparatus is deployed [...]. In terms of this larger unspoken logic, ‘side effects’ may be better seen as ‘instrument-effects’ (Foucault 1979 in *Ferguson 1990*); effects that are at one and at the same time instruments of what ‘turns out’ to be an exercise of power (Ferguson 1990:255).

The development apparatus in Lesotho is not so much a mechanism that improves peoples’ lives through agricultural transformation and poverty elimination but instead “it is a machine for reinforcing and expanding the exercise of bureaucratic state power, which incidentally takes ‘poverty’ as its point of entry” (Ferguson 1990:255).

Because some of the literature using the concept of extractivism conceives of postneoliberal economic development models and projects as forms of governmentality, it

not only pictures these models as decreasing the autonomy and ability of indigenous peoples to manage their economies but also as imposing, at the same time, unsustainable economic models.

Nevertheless, the case of Playas del Cuyabeno does not bolster the long-shared hypothesis that state development constitutes and should be studied as a form of governmentality, that is, the affirmation that the implementation of state redistribution should be conceived as an 'entry point' that successfully increases state forms of population control. The case of Playas del Cuyabeno shows instead that, even though the state implemented a development project in the community, there was no state institution enforcing indigenous peoples use of the MCP infrastructure or mandating indigenous peoples to be part of state economic projects as the literature using the concept of extractivism repeats. Even though economic projects failed in creating sustainable economies for indigenous peoples, they did not inherently imply the increase of state control mechanisms. In the case of Playas del Cuyabeno, it was the community instead, who organized the maintenance of the constructed infrastructure and who struggled to find ways to fit in state economic development projects.

Even though I support the Foucauldian idea that the effects of power (Foucault 1980; Foucault 2010) resultant from the state incorporation of economic rationalities, such as, counting, ordering, classifying, etc., can be part of the implementation of economic development models, the problem lies in that, in some of the literature on postneoliberal extractivism, the effects of economic projects are solely transformed into rationalities. That is, the main way in which the economy turns out to effect populations is through state incorporation of economic rationalities allowing for better control of individuals. However, some of this literature, examines postneoliberal economic models less as a set of conflicting economic concepts, theories and agendas, involving different public and private actors that are involved in the circulation of state rents while, at the same time, encouraging specific forms of production and circulation of goods and services, and which, in so doing,

gives priority to the accumulation of wealth of some sectors/actors in the process of production and circulation while partially excluding others and effecting indigenous communities.

Put another way, even though the extractivist approach to postneoliberal development problematizes, critiques, and examines postneoliberal economic models, it does it through reducing it to a phase of state extraction of natural resources (Gudynas 2013; Moore & Velazquez 2011). Less is said about what happens with the postneoliberal economic plans as well as its effects, after natural resources, such as oil and minerals, are extracted, that is, when oil is transformed into state rents and it circulates among diverse public and private actors. When it is materialized in the form of state projects and infrastructure and it also is accumulated.

In addition, the conclusion that the MCP succeeded in disciplining and better controlling indigenous peoples is possible only because the approach using the concept of extractivism is founded in the acceptance of a set of presuppositions about indigenous peoples' history and quotidian lives. First, it assumes that indigenous peoples' economies have not suffered many changes prior to the MCP for, according to this view, they depended mostly on gathering food, farming, hunting and fishing in the forest, rather than on a monetary economy. Secondly, it assumes that the only possibility for indigenous peoples to achieve self-sustaining economies is by being close to nature. Third, these scholars also assume that, as a result of the MCP, the state imposes new economies among indigenous peoples. Indigenous peoples are pictured as if they were trapped into these projects, losing autonomy, with any possibility for negotiation.

Thus, instead of only conceiving state projects solely as instrument-effects (Ferguson 1990)—that is, as effects resulting from institutional practices of naming, placing, classifying, etc.—it may be better to conceive them as state rents that are put into circulation. Rents that, at the same time, encourage specific forms of production and circulation of goods and services as well as forms of accumulation of wealth.

One of the concerns of Marxist scholars, beginning with Marx himself (1976), was the study of the economy as a form of production, circulation, and appropriation of wealth as well as its effects. Thus, in my attempt to think about the postneoliberal state beyond the concept of extractivism and its disciplining effects, I have used the contributions of two Marxist scholars studying the state, namely, Nicolas Poulantzas (1979) and Fernando Coronil (1997). Both of these scholars have made important efforts to grasp the state in relation to processes of the production, circulation, and appropriation of wealth.

I took Poulantzas' critique (1979) of the Foucauldian approach in relation to the study of state power and his suggestion of studying the economy as a mode of production. Poulantzas argues that state forms of governing emerge not only from the state's interiorization of a set of rational mechanisms but also from the way in which production is ordered, and the ways in which wealth is appropriated. According to Poulantzas (1978), Foucault's dismissal of Marxism, i.e. his denial of a study of power as embedded in modes and relations of production, does not make for a better understanding of the influence of the economy—as a process of production—among current forms of state governance.

I also used Coronil's idea of rentist states as political entities that have a direct involvement in the economy (Coronil 1997:65). For Coronil the rentist state is not separated but rather plays an active role in the process of production and circulation of wealth. The state does not only depend on private economic sector's taxes in order to obtain its revenues. In contrast, states which control the exploitation of natural resources, which is the case for many of postcolonial states in South America (Coronil 1997:65), also obtain rents from the exploitation and selling off their natural resources. Consequently, private appropriation of wealth also depends on how the state distributes these rents.

Following Coronil (1997), I argue that the effects of oil exploitation among indigenous communities in Ecuador, and perhaps of the rest of the society, are not only related to the phase of its extraction but also to its transformation into money (Coronil 1997:110). This is related to Marx's theory of commodities transformation within

capitalism, that is, of how a concrete commodity, such as oil, with a use value, through its participation in the market is transformed (for the owner, i.e., the state) into money, the universal exchange commodity. It is through this process that oil becomes an exchange value and the state puts it back into circulation, but in the form of money (Marx 1976). From this perspective, the impacts of postneoliberalism should not only be examined in relation to what happens during the extraction of oil as a natural resource but also after oil is exchanged in the international market and monetized. As the case of Playas del Cuyabeno shows, oil's transformation into state rents and its subsequent materialization into state plans and projects and infrastructure effect indigenous peoples daily lives in ways that do not necessarily relate to forms of governmentality but instead to what happens during the process of circulation and appropriation of state rents.

Even though several scholars have used both a Foucauldian and Poulantzas Marxist perspective in the study of power and the state (Best 1995; Jessop 2010; Laval 2015), I put more emphasis in studying the postneoliberal state economic projects from Poulantzas' perspective—that is, as Poulantzas argues, as rooted in a mode of production, circulation, and appropriation of wealth. I put this emphasis in order to give a better account on the effects of postneoliberalism in the everyday economies of indigenous peoples in Playas del Cuyabeno. As already shown, in the case of the MCP in this community, state economic development projects were not necessarily translated in the configuration of state daily disciplining mechanisms or the imposition of economic agendas. In contrast, indigenous peoples, rather than completely rejecting state economic projects they attempt to find strategies to benefit from these projects.

In addition, and following Coronil (1997), rather than studying the postneoliberal state solely as an extractivist state, I conceive it also as a rentist state. I find this conception pertinent because the literature on the postneoliberal state as neoextractivist has leaved out, for the most part, the examination of what happens after natural resources are extracted, that is, when these resources are transformed into rents and materialized as state projects.

Even though more research is needed, I hope I was able to show the actors and agendas involved in the process of circulation postneoliberal state rents.

In the case of Playas del Cuyabeno, I was able to find/follow two modes in which oil as money was put into circulation among the indigenous community of Playas: oil as money took the form of state economic development projects aimed at improving indigenous peoples' economies. Oil as money was also materialized as the MCP infrastructure. Both forms implied complex state conceptions about the economy, development, the role of private economic sectors and of indigenous peoples' economies. And were embedded in forms of circulation of these rents.

In the first case, state oil rents are put into circulation through the planning and implementation of economic projects. Through the circulation of state rents, materialized in the planning and implementation of state projects, the state, at the same time, stimulates (not without contradictions) different forms of production, circulation and overall appropriation of these rents that affect indigenous peoples' economies. For instance, the state gave priority to the productive matrix change agenda, which resulted in increased state support of the agro-export sector over small producers. In the same vein, the state also prioritized the development of high standard tourist companies over community touristic projects. This allowed for the accumulation of rents of these sectors over small-scale producers such as indigenous peoples in Playas del Cuyabeno.

It was not the case, however, that the postneoliberal state totally neglected the support of small-scale producers. There was not just one economic agenda influencing state economic planning, but at least two projects that, through their implementation, created contradictory policies that small producers, such as indigenous peoples in Playas del Cuyabeno, had to navigate. These double agendas and the ways in which they were implemented created contradictory forms of including small producers in state economic projects. In the case of Playas del Cuyabeno, these contradictions became obstacles to the

demands of indigenous peoples who aimed to be included in state projects without the necessity to subcontract their services or sell their goods to intermediaries.

The first state economic agenda, led by the leftist SENPLADES intellectual group and whose ideas lie on the SENPLADES second Development Plan (2009-2013) and overall on the Rural Living Well Strategy, claimed the creation of a new mode of accumulation of wealth. According to this idea, small producers, or what the state called the solidarity-based economic sector, should be one of the most important groups within the agricultural sector. The idea was that through a mode of production and circulation of wealth that prioritized small producers, redistribution and the decrease of inequality would be part of the very process of producing and accumulating wealth. The plan was that this process be accompanied by a radical policy of land and water redistribution in order to guarantee the access of small producers to the means of production. In order to achieve this project, state officers in charge of the planning of the Rural Living Well Strategy proposed to maintain a big percentage of agricultural production for small producers. In addition, SENPLADES' plan stated that if small producers were interested in offering their services, in sectors such as tourism, etc., they could do so through becoming a solidarity-based economy association. The state institutions and companies not only would give institutional support to this sector but also would give preference to them when contracting needed services.

The second project, the Productive Matrix Change Strategy, was implemented by the state strategic sectors' group and has been led by the vice-presidency since 2013. This group's development model was constructed under a neostructural approach. neostructuralism—an economic development model promoting the idea that Latin American (dependent) economies can achieve economic growth and social justice at the same time through increasing productivity via the implementation of technical innovation and diversifying exports. For this approach, it is precisely technological innovation which allows the addition of value to raw materials that Latin American countries produce. The

value added in manufactured goods and services would make it possible to achieve systemic international competitiveness. According to neostructuralism, this type of competitiveness is not only an indicator but also a proof that growth and diversification of exports, with an added value, would also allow for the increase of workers living standards. It is a 'virtuous cycle' (Leiva 2008), for being more internationally competitive would no longer be funded on cheap labor but by the improvement of worker's technical skills. This improvement of the worker's skills, according to neostructuralism, not only will increase productivity but also translates into increases in workers' salaries.

Under this frame, the Productive Matrix Change Strategy stated that for Ecuador to attain systemic competitiveness and to decrease poverty, it was necessary to achieve the diversification of products for export and to increase Ecuador's productivity. According to this view, the strategy to increase Ecuador's productivity via adding values to Ecuadorian goods and services—so that they become exportable—was through incorporating technological innovation in the production of goods as well as the establishment of higher services standards.

The Productive Matrix Change Strategy does not call for the exclusion of small agriculture producers but rather their integration into agricultural sectors that have higher levels of productivity, so that they could also benefit from the technological transmission that their inclusion presumably implies. In the case of the service sector, this strategy argued for the necessity of transforming the Ecuadorian service sector into exportable services. This was going to be achieved through the creation of high quality standards services via the creation of quality rules aligned with international standards.

Both the Rural Living Well Strategy and the Productive Matrix Change Strategy that formed part of postneoliberal development implemented in projects in Ecuador had different ways of conceiving of and including small economies into the production and circulation of goods and services. These agendas also invigorated different modes of

accumulation and encouraged different levels of redistribution of wealth among small producers.

On the one hand, the state promoted the idea of including small producers' goods and services as part of the country's economy through the encouragement of the formation of solidarity-based associations. This idea, stated in the Living Well Rural Strategy and promoted by SENPLADES argued for the creation of a new form of accumulation and redistribution of wealth as the core of postneoliberal economic development. Through this plan, state rents had to be spent in creating the institutional support so that the popular and solidarity-based economy (small producers) be one of the main sectors that would articulate the production and circulation of goods and services in the country. This also implied the creation of alternative circuits of commercialization that guaranteed that small producers could sell their products without giving a great portion of their earnings to intermediaries. In addition, as this project was conceived as a national strategy, state rents also had to be spent in the articulation of this plan with all state institutions. Put another way, the materialization of this project would have implied spending state rents in the creation of the necessary institutional support to facilitate a more redistributive mode of accumulation, in which small economies obtained a bigger portion of wealth for their production of goods and services. Unfortunately, this agenda became peripheral within postneoliberalism. Even though it remained part of the government, it was barely translated into institutional support or resources to be implemented. The circulation of state rents were barely put into the materialization of this strategy.

On the other hand, the state supported a neostructural approach. This approach conceived of small producers as a whole as a less productive sector that should be articulated to more productive sectors in order to improve its productivity. Under this logic, the mode of production and circulation of goods and services that this strategy proposed gave priority to the accumulation of bigger companies. The strategic sector state group, who led this project, was not so much interested in changing the country's mode of

accumulation through a radical redistribution. Instead, the group's aim was the achievement of Ecuador's systemic international competitiveness while at the same time decreasing poverty. This strategy, where most of state rents concerning economic plans were allocated—in the form of institutional support, state resources, etc.—benefited the accumulation of agro-exporters and big services companies.

The postneoliberal state in Ecuador implemented two different agendas as part of its economic development plan. As a result, indigenous peoples from Playas del Cuyabeno had to navigate the different forms of inclusion the state proposed. It is not the case that these agendas were equally implemented. Whereas the Productive Matrix Change Strategy had full institutional and economic support from the government, the Rural Living Well Strategy was only partially institutionalized, and did not have enough economic support. As a consequence, it became peripheral within state planning. The unequal ways in which these plans were implemented also explain the state's partial failure in achieving redistribution among small producers such as indigenous peoples in Playas del Cuyabeno. The partial failure of postneoliberalism to decrease inequality is related to the state's decision making and leaving out more redistributive plans.

The inclusion of indigenous peoples from Playas del Cuyabeno in state economic projects was complex, for these agendas coexisting within the postneoliberal state offered contradictory forms of inclusion for indigenous peoples trying to offer services such as tourism and transportation. On the one hand, the state did not completely eliminate its radical redistributive agenda, but maintained it peripherally. On the other hand, since 2013, the state put most of its efforts and a great part of its rents into the implementation of a neostructural economic plan. Indigenous peoples saw themselves in the middle of these contradictory forms of inclusion. That is, the state, following its more redistributive agenda, gave indigenous peoples the possibility to become a legal association of the popular and solidarity-based economy so that the community could offer touristic and transportation services, yet at the same time, consistent with its neostructural plan, the state

required indigenous peoples to have the same high standards as bigger companies do, in order to be able to legally offer services. The fulfilment of the state required standards implied the investment of great quantities of capital that only big companies could achieve.

Even though indigenous peoples struggled to become an association they failed in doing so. Instead, they had to subcontract their motorized canoes to a bigger company. This company not only treated indigenous workers from the community poorly, but also did not pay them fairly for their services. Similarly, as indigenous peoples' touristic services were not able to achieve ISO state standards, they had to work for intermediate tourist companies from Quito, which only paid them a small percentage for the services they used.

Indigenous peoples also tried to be part of the state project aiming at increasing coffee and cacao production, a project consistent with the state's necessity of diversifying exportations. However, the inclusion of indigenous peoples in this project was also problematic. Even though state officers from MAGAP provided seeds for indigenous peoples that were interested in being part of this project, it did not create real commercializing alternatives so that small producers did not have to sell their products to intermediaries. As a result, indigenous families producing coffee and cacao had to sell their harvest for cheap prices in traditional nearby markets of Tarapoa and Lago Agrio.

The postneoliberal state maintained the possibility that indigenous peoples could be part of the production of goods and services, independently, that is, without intermediaries. This possibility was real in the sense that indigenous peoples were encouraged to become a popular and solidarity-based association. However, at the same time, indigenous peoples, despite their constant efforts to become an association, could not achieve this goal. For even though the state maintained the possibility of a direct inclusion for small producers, at the same time, it did not support the creation of alternative commercializing circuits for small producers. In addition, rather than giving institutional support for small economies offering services, the state imposed equally high standards for anyone interested in offering transportation or tourist services in the country.

The second mode in which oil as money was put into circulation in Playas del Cuyabeno was its materialization into state infrastructure. The state spent a great amount of money on the construction of the MCP infrastructure. However, despite the state rents spent, this infrastructure, constructed as a form of compensation and redistribution for oil exploitation, is rapidly deteriorating. For instance, the houses, the high school, and the coliseum's walls are all cracking, the floors of houses are getting damaged, the dam is nearly destroyed, the metallic infrastructure is rusting, the electric connections are getting damaged, etc.

Focusing on the results of the construction of postneoliberal infrastructure, some scholars have shown how the state attempts to build infrastructure in order to achieve economic development and redistribution, failed to do so (Wilson and Bayón 2017). According to these scholars, the postneoliberal state had no plan at all in the implementation of development. In addition, the state overlooked the fact that the economic alternatives it proposed, such as the construction of the society of knowledge, were not divorced from international accumulation of capital, that is, the state did not think about the fact that knowledge-based industries are already largely monopolized by international corporations (Wilson and Bayón 2017). As a result of this, the postneoliberal infrastructure in Ecuador only represented a set of 'white elephants', 'mere façades' of modernization that, in reality, did not quite function in the achievement of overcoming dependency, improving the economy, and achieving redistribution, as the state expected (Wilson and Bayón 2017).

Although I agree with these scholars in that the postneoliberal development alternatives in Ecuador did not take into account international accumulation of capital, I do not agree with the conclusion that the Ecuadorian postneoliberal state did not have a plan. In contrast, as already shown, the state had more than one plan aiming to transform oil into economic development and redistribution.

These scholars establish their conclusions based on the lack of quality that several postneoliberal infrastructure projects, such as the MCP and some hydroelectric projects, among others, certainly present. Their arguments are based on the constructed infrastructure. However, what happened during the process of construction of this infrastructure, when oil is put into circulation as state rents and the actors involved as part of the explanation, is less examined. With the lens of looking at oil as state rents circulating among different actors, I examined how the process of the construction of the MCP infrastructure took place and the actors involved in this process.

Once state rents were transformed into money and were put into circulation, not only state officers but private companies participated in this circulation process. The construction sector, for example, is deeply involved in the building of state infrastructure and, in doing so, it becomes part of the process of the circulation of state rents. Construction executives, engineers, workers, auditors, etc., take part in the process of the transformation of oil into infrastructure. This process is mediated by the circulation of oil in the form of money.

When the state requires the participation of private sectors in the construction of infrastructure, in this case, as part of postneoliberal redistribution and economic development, it assumes that private economic sectors are aligned with state goals (Coronil 1997). Following Purcell et al. (2016), I argue that the Ecuadorian state's partial failure in the achievement of its development goals, such as the transformation of the productive matrix or the implementation of good quality redistribution lies in the state assumptions of the private economic sectors involvement in the materialization of development and redistribution.

In Ecuador, the state assumed that construction companies would be supportive of postneoliberal redistributive and development goals. For example, the Ecuadorian state assumed that construction companies participating in the materialization of redistributive projects such as the MCP, would not try to increase their profits beyond what the state

legally offered them (twenty percent). However, in contrast to this supposition, these companies looked at the circulation of state rents as opportunities for private accumulation, during the construction of state infrastructure. They maximized their earnings beyond the state's given percentage, through the invention of several rent-appropriation mechanisms such as the use of materials of inferior quality, etc.. Thus, in the process of its circulation, part of postneoliberal rents were transformed, not only into development or redistributive infrastructure but also into private accumulation.

By following the everyday practices of the private actors involved in the construction of the MCP infrastructure in Playas del Cuyabeno I hope this research illustrates how the process of private appropriation of rents under postneoliberalism takes place and how this appropriation deeply affected the quality of state redistribution.

In the case of Playas del Cuyabeno, indigenous peoples' families were concerned about the poor quality of the MCP infrastructure. The private construction company assigned to build the MCP did not use suitable or high quality materials in the construction of this infrastructure. The houses' floor was made of a synthetic material (plastic). The quality of the metallic structure of the coliseum was poor: construction workers just welded the structures' pieces to each other; these structures are rapidly rusting. The materials for the electrical connections were also of poor quality. According to Danilo, an indigenous person constantly concerned about the MCP's deteriorated infrastructure, the electricity boxes which were presumably made of copper, were just painted to give the appearance of copper. The cement platforms of the houses' first floor (that had to be made of cement) consisted only of a thin layer of cement, filled with sand the company found nearby for free.

Even though for the engineers involved in the MCP construction, the usage of free sand was conceived of as an innovation, the materials they used and the solutions they found in order to fill out the platforms and to avoid humidity, for example, did not work. This is because this construction company was not particularly interested in building an

expensive and durable infrastructure. Instead, the construction company was more interested in finding ways to give the appearance of a good quality infrastructure while, at the same time, decreasing the costs of the MCP's construction. The company was not interested in the durability of their 'innovative mechanisms' to solve construction problems they found being instead preoccupied with the appropriation of state rents. As a result, indigenous peoples got a poor-quality redistributive project that is rapidly deteriorating despite efforts to maintain it. The materials this private company used were cheap and the solutions they provided for the obstacles they found were improvised and unsustainable.

The engineers did not take into consideration the durability of the new technologies they invented. They did not think about the danger that the usage of cheap materials might cause among indigenous families in the mid- and long-term. Instead, they were more focused on spending the right amount of state rents, enough to give the appearance of a successful project. Unfortunately, as a result, indigenous peoples did not get a good quality redistributive project but rather a cheap infrastructure that is rapidly falling apart. The materials that the construction company used were of bad quality and the solutions they created in order to solve construction problems were *ad libitum*.

Unfortunately, the construction of the MCP is not the only case of poorly constructed infrastructure within postneoliberal Ecuador. Construction companies used several mechanisms to increase their profits when they got a state contract. For instance, they eliminated the competition process that the state designed in order to assure the assignment of a state contract. They did so through a mechanism of helping each other. As a result they got state contracts through a chain of favors. This process took place as follows: construction companies lent their name and entered the state system to participate in the state contracting process but they participated only to help another company interested in getting the contract, that is, to give the appearance that there was more than one company competing when, in reality, this company was allowing someone else to win a state

contract. In the future, the company who lent his name expected that the winning company would do the same.

Another mechanism construction companies used to appropriate state rents was what they called ‘playing’ with material costs. They would alter materials’ prices in order to get more profit. This ‘invisible profit’ is the amount of rents they capture through changing materials’ prices. These profits remain hidden in the budget they present to the state. This occurs in part because when the state assigns its rents, in the form of a budget, to private companies, but does not have much control over how this circulation process takes place, that is, over how private companies spend and accumulate these rents. Thus, construction companies, in order to increase their rents, ‘punish the materials’ that is, they substitute the materials the infrastructure needs with low cost materials that achieve similar functions. They also take advantage of the ‘hidden vices’ that is, they increase the amount of materials that remain hidden, beyond what the construction of an infrastructure demands.

In addition, construction companies were not very interested in contributing to further state goals. For instance, the state aligned the construction of infrastructure to the necessity of increasing import substitution by using locally produced materials for construction projects. The state established that if construction companies proved that the 60 percent or higher of products they used were produced nationally, the state would prioritize their proposals over other companies’ proposals competing for state contracts. The idea was that the same state rents invested in the construction of infrastructure also be the rents that enhance the consumption of nationally manufactured products. However, private companies were not interested in achieving state goals, such as the construction of good quality redistribution or the increase of consuming nationally produced materials. They conceived of constructing postneoliberal state infrastructure as an opportunity for the appropriation of rents.

In this context, postneoliberal state redistribution was achieved, but only momentarily. In the case of the MCP infrastructure, even though indigenous peoples were able to benefit from state redistribution through the circulation of oil as state rents, this illusion was transient. This partial state failure in the achievement of redistribution not only lies in the state's decision to give more institutional support and resources to less redistributive agendas but also in the fact that part of rents the state put into circulation in order to achieve redistribution were captured and appropriated by private companies participating in the implementation of state projects.

Within postneoliberalism, a process of oil extraction was not the only thing that took place. The state, with the recovery of the 60% of oil exploitation (before only 20% of oil exploitation belonged to the state), a process that transformed oil into state rents, put these rents into circulation among different populations such as indigenous peoples. As a result, in Playas del Cuyabeno, indigenous peoples experienced a different aspect of oil. Oil converted into monetary compensations, into temporary jobs and oil materialized, and into new infrastructure for their *centro poblado*. At the same time, indigenous peoples transformed oil as money into joy, they went to have a good time in the nearest city, Lago Agrio. They also transformed oil as money into modern appliances for their finca houses, into education for their children, etc..

Despite this new face that oil as money showed indigenous peoples within postneoliberalism, its benefits were only momentary. The illusions that oil brought disappeared in a flash. After three years of MCP implementation, indigenous peoples did not have stable jobs. They were struggling to be able to sell their products, coffee and cacao, or services, tourism and transportation, without intermediaries. The constructed infrastructure, which they expected to last for a long time, was promptly getting damaged and oil monetary resources practically disappeared.

Margarita, a young indigenous woman and a leader from the community, describes oil as ‘a fever’ she got. She talks about the spurious illusions that oil as money brought to indigenous peoples in Playas del Cuyabeno. As she says:

People were dazzled. People got excited in the Milenio. Everybody said, ‘let’s go live in the Milenio’ and everybody moved to the pueblo (Millenium community). We had electricity and water. We had a stove. We brought yucca, green bananas, and chickens to cook in the Milenio. Every weekend we killed two chickens and said: ‘let’s go to eat them in the Milenio, to live in the Milenio’. But after three months of doing this, my *finca* was destroyed. My platanera (small green banana farm) was destroyed. I had to work on it again because the Milenio was only an illusion, like when you give a child a lollypop. The houses are here but, how do we live here? In your *finca* you can get your green bananas, you can go hunting, fishing. In the Milenio, we cannot go anywhere because there is no gasoline. Gas is very expensive [...]. And the Milenium came from oil, they belong to the same chain. I clearly remember what the engineer from PetroAmazonas told me, pretending to be a close friend of mine. ‘Mrs. Margarita’, he said, ‘forget about your *finca*. You are suffering in vain. With oil, you will have a job for at least twenty years’. If I see that engineer today, I will tell him: ‘you lied to me, I want to see how you are going to allow me to live from oil now’. This is why we prefer tourism. We had always lived from tourism. Tourism gives you little money but it always leaves you some income. But oil, it suddenly arrived and it was suddenly gone. As if a bucket of cold water was thrown over you. Oil is over. It is over. Nothing is left. Some people did not administrate well the money they got. The money arrived and they spent it all. They dressed well. They got nice shoes. They did not buy anything [useful]. They got food. They ate a lot of food and they got fat (laugh). Now they are getting skinnier. I am also losing weight. Oil is over and I am getting skinnier as well (laugh). [...]. Oil was an illusion and I got [this] fever as well.

Indigenous peoples’ desires and expectations in Playas del Cuyabeno are not only related to the environmentalist necessity of being or living closer to nature or to keep it unchanged. To the contrary, for decades, indigenous peoples in Playas del Cuyabeno have struggled to be able to maintain at least two forms of life. One in the *monte* (the Amazon forest), and the other, in a more urbanized and technologized space, their *centro poblado*. Their experiences and expectations then, should be problematized, not solely in relation to our expectations of indigenous communities as being the guardians and saviors of nature, as some of the literature on indigenous peoples in the Amazon probably expect (Cielo et

al. 2016; Goldaraz 2014), but also in relation to indigenous peoples' necessity of sustaining these two spaces as well as the ways of being that both spaces allow to them to experience.

As Margarita's narration shows, the redistribution of postneoliberal state oil rents certainly allowed for the materialization of some indigenous peoples' desires and hopes. Oil as money allowed them to have a newly constructed infrastructure for their *centro poblado*, to have temporary jobs, to get education for their children, to get motorized canoes and put them to work, to buy modern appliances, to get new clothes, food, shoes, and to enjoy the hotels, bars, and spaces of the nearest city. However, as already said, and as it usually happens with oil exploitation, the materialization of these illusions was brief (Mitchell 2006; Coronil 1997).

Accordingly, it is not the case that redistribution within postneoliberal Ecuador was fake, that is, a mere state strategy aiming to increase state control and extractivism. The recuperation of oil rents within postneoliberalism was really translated in the distribution of state rents and its subsequent materialization into state plans and infrastructure (hospitals, schools, roads); in the implementation of state economic and redistributive projects and scholarships; in the increase of health and school personnel and infrastructure; in the annual increase of minimum wages, etc.

The postneoliberal illusion that oil exploitation would make it possible to overcome the country's dependence on the exportation of raw materials, and the decrease of inequalities in a sustainable manner not only lies in the so-called curse that the phase of oil extraction involves, namely, the environmental damage and dispossession it produces, but also in the contradictory agendas and private appropriation processes that occur during the transformation of oil into rents. It is also after the extraction of oil, during the process of its circulation as money, through the planning and implementation of state projects and infrastructure, that the postneoliberal illusion in Ecuador was materialized.

It is through the analysis of the materiality of these illusions, that is, when oil becomes rents and state ideas are transformed into implemented plans and constructed infrastructure, that it is possible to claim that the source of postneoliberal illusions lies, neither in the lack of development agendas or redistributive plans, nor in the assumed existence of disciplining mechanisms aiming to increase extractivism. The illusory nature of postneoliberalism is also related to the complexities that occurred during the process of the planning and implementation of its projects, that is, after oil becomes rents. It was during this process when development and redistribution became, not unreal promises, but unsustainable projects. And it is in this sense that, as Margarita says, they constitute ‘a lie’. ‘A bucket of cold water’ that suddenly drowns one and then disappears in a flash: ‘it is gone’.

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## VITA

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### EDUCATION

- 2020 Master of Arts, Anthropology, University of Kentucky.
- 2014 Social Theory Certificate, University of Kentucky, United States
- 2011 Master in Social Anthropology, Latin American Faculty of Social Sciences, Ecuador
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### HONORS AND AWARDS

- 2014 Margaret Lantis Award, for Excellence in Original Research by a Graduate Student, Department of Anthropology, University of Kentucky.
- 2012 First place for the Archetti Price, for the best Master thesis on Argentina, Ecuador, Norway, or Guatemala. From *The Center for Social Anthropology, Argentina*.

### GRANTS AND FELLOWSHIPS

- 2019 UK Anthropology Excellence Dissertation Fellowship, University of Kentucky.
- 2014-2018 Ecuadorian National Secretary of Science, Technology and Innovation Fellowship.
- 2016 Latin American Council of Social Sciences Grant, CLACSO, Argentina.
- 2015 Lambda Alpha Graduate Research Grant, by the Lambda Alpha National Anthropology Honor Society, United States
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### PUBLICATIONS

#### Books:

- 2016 Rusticity, and Legal Racism against Indigenous Peoples in Jail Edited by The Center for Social Anthropology and Antropofagia, Buenos Aires-Argentina

#### Articles/Book Chapters

- 2017 Theories and Paradoxes of Post-neoliberalism in Latin America: State Redistribution and Accumulation by Dispossession of The Kichwa

Indigenous peoples in The Ecuadorian Amazon”, CLACSO Buenos Aires, Argentina.

- 2015 Lessons of the Great Depression: An Interview with Dr. Peter Temin. *disClousure: A journal of Social Theory*. Kentucky, United States.
- 2012 Racism Within Ordinary Justice, *in*: De Sousa Santos, Boaventura. *Indigenous Peoples, Justice, constitutionalism and emancipation. Critical studies*, Rosa Luxemburgo Foundation.