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# Oil in Ecuador: The Traps of Transnational Capitalism

Kathleen Gould

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Vassar College

Oil in Ecuador:  
The Traps of Transnational Capitalism

A Thesis submitted in partial satisfaction of the requirements for the degree  
Bachelor of Arts in Sociology

by

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## TABLE OF CONTENTS

<b>Preface</b> .....	1
<b>Introduction</b> .....	3
<i>Framing the Thesis</i>	
<i>Methodology and Overview</i>	
<b>Chapter 1: Case Study—Texaco in Ecuador</b> .....	9
<i>A Personal Insight</i>	
<i>The Origins of Modern Oil in Ecuador</i>	
<i>The Texaco Crisis &amp; Its Impacts</i>	
<i>Dangerous Protocol: Environmental Racism at Work</i>	
<i>Who are Legitimate Victims?</i>	
<i>The Lawsuit: 22 Years of Litigation</i>	
<i>Chevron Retaliates</i>	
<b>Chapter 2: Disaster Capitalism &amp; Ecuador’s Neoliberal Phase</b> .....	32
<i>Defining Disaster Capitalism</i>	
<i>1960s: Becoming an Oil State</i>	
<i>1970s: Dictatorship as Disguise</i>	
<i>1980s: Debt, Death, and Disaster</i>	
<i>1990s: Texaco &amp; The Neoliberal Turn</i>	
<i>Indigenous Resistance and the Fight for Recognition</i>	
<b>Chapter 3: Correa Takes Office</b> .....	48
<i>The Changing Political Landscape</i>	
<i>Correa: A Moment of Transformation</i>	
<i>The Citizen’s Revolution</i>	
<i>Contradictions of the New Constitution</i>	
<i>Continued Indigenous Response</i>	
<b>Chapter 4: Case Study—Yasuní National Forest</b> .....	56
<i>Background to the Yasuní-ITT Initiative</i>	
<i>The Plan’s Capitalist Framework Protecting Yasuní</i>	
<i>Origins of the Initiative: Towards an Oil Moratorium</i>	
<i>The Bigger Picture</i>	
<b>Chapter 5: Conclusion</b> .....	70
<i>Thinking Globally</i>	
<i>Thinking Locally</i>	
<i>Alternatives</i>	

## PREFACE

I once visited The Fundación Guayasamín Museum in Quito, Ecuador. The museum is home to the most complete collection of Oswaldo Guayasamín, the famous Ecuadorian artist who died in 1999 at the age of 79 (Kapty 2012). He was born in Quito in 1919 to a mestiza mother (of mixed European and Amerindian ancestry) and an indigenous father. He was the eldest of ten siblings and lived in poverty throughout his childhood. This impoverishment and hardship as well as the global violence that characterized the 20<sup>th</sup> century greatly influenced his art. According to his son Pablo, Guayasamín's artwork reflects these experiences, "all this angst, all this happiness, all these necessities, all these injustices" (TeleSUR English 2014) are part of his work and together they challenge modern society; "His paintings say: enough of this militarization and spending for massive destruction...enough of war and the annihilation of man against man" (TeleSUR English 2014). As a whole, his work focuses on oppressed groups, primarily indigenous, mestizo, and black minorities who have continually faced discrimination and persecution in Ecuador and across the globe. Through his work and in his private life, Guayasamín admonished the forces that necessitate such violence namely colonization, corporate greed, extractive capitalism, war, genocide, and dictatorships.

I remember walking into the museum and being confronted by monumental canvases depicting gaunt figures, mangled bodies, contorted faces, huge eyes, and bold colors. It was impossible to turn away; the walls of images enveloped me and immediately conveyed the pain and horror of their subjects. As Guayasamín says of his own work, "My painting is to hurt, to scratch and hit inside people's hearts. To show what Man does against Man" (qtd. in Jáuregui, Fischer, and Mella 2008). One work that I

particularly remember is *Las Manos de la Protesta* (The Hands of Protest), part of a series called “The Hands” painted in the early 1960s (Yingling and Birdwell n.d.). It shows a figure’s mangled hands reaching outwards from the canvas and in the background an open mouth, screaming. The painting represents the frustration and anguish of indigenous peoples, their fight against the restraints of capitalism, and their movement towards freedom and autonomy.

In speaking about his subjects, Guayasamín once said, "I have painted as if I were screaming in desperation, and my screams have joined the screams that express the humiliation of so many and the deep anguish for the times we have had to live in" (qtd. in Jáuregui et al. 2008). These ‘times’ are today characterized by transnational capitalism and materialism, structures Guaysamín continually admonished through his work. He was a known critic of capitalism and the U.S. government; he was a supporter of communism, particularly of Fidel Castro (Morningstar 2014). Ultimately, however, he was an opponent of exploitation and cruelty broadly speaking.

Guaysamín was very much aware of the continuing legacy of colonization, oppression, and exploitation other cultures have suffered at the hands of Western capitalism; he challenged this throughout his life and his work continues to challenge this. And so, after visiting the museum during my junior year abroad and subsequently visiting lands ravaged by oil-related pollution and meeting indigenous leaders fighting for justice, the formulation of this thesis began.

## INTRODUCTION

### *Framing the Thesis*

The following chapters will highlight the incompatibility between transnational capitalism and racial and environmental justice, exemplified specifically by Ecuador and the oil industry. Ecuador is a nation trapped by transnational capitalism in a way that obstructs tangible progress, equality, and environmental justice despite Correa's recent reforms. While this entrapment is not unique to Ecuador, the country does have a specific historic and economic trajectory that makes it an interesting case to study. After the discovery of oil in Ecuador and its subsequent economic dependence on extraction and exportation, the country fell into a system that exploits lands and peoples and demands environmental racism.

Before moving into my methodology and chapter mapping, I first want to frame my use and understanding of environmental racism, as it will be a recurring and important theme within this thesis. As will be made clear in the following chapters, the oil industry and transnational capitalism more generally operate under an ideology that views profit and financial gain as priorities and everything else as an afterthought. In maximizing profit, corporations, governments, and other institutions exploit minority groups, those least valued by the capitalist system. This is part of the legacy of institutionalized racism, of which environmental racism is one part. For example, Dr. Robert Bullard, a sociology professor and environmental justice scholar, defines environmental racism as

Any policy, practice or directive that differentially affects or disadvantages (whether intended or unintended) individuals, groups or communities based on

race or color... It disadvantages people of color while providing advantages or privileges for corporations and individuals in the upper echelons of society (Bullard 2004:iii).

This practice has been used over and over again in every part of the world. Ecuador is not unique in its history of exploiting the vulnerable; in fact it is emblematic of many other countries. Yet, I have chosen to focus on Ecuador both because of my personal connection to the country and because of its gripping yet harrowing instances of environmental racism, one of which will be examined in the next chapter. With a range as wide as 12 to 45% depending on the source (Widener 2011:300), the indigenous population in Ecuador has continually faced threats to their lands and lives first from colonizers and now from governments and corporations. Yet, the fight for environmental justice continues as does hope for an alternative system. My thesis will incorporate this notion of hope while proving that environmental justice and self-determination remain impossible (despite Correa's reforms) because of Ecuador's position as a capitalist economy reliant on oil.

### ***Methodology and Overview***

As discussed above, my inspiration for this thesis came from my semester abroad in Ecuador and the experiences I had while I was there. Not only was I influenced by the artwork of Oswaldo Guayasamín, but I was also deeply effected by a trip to the Northern part of the Ecuadorian Amazon where I saw the drastic effects of oil drilling. Much of the background information of this thesis comes from this trip: from discussions with community members, lectures from local environmentalists and indigenous leaders, and classes with my environmental studies professor, who is Kichwa Indian and a political

and environmental activist. The remainder of my evidence has been gathered from a combination of primary and secondary sources, including (a) interviews with Correa and other Ecuadorian leaders, (b) pieces of legislation and legal documents, (c) write-ups, reports, and briefs from the government, environmental organizations, and other NGOs, and (d) journals, articles, and books from various scholars in the fields of sociology and environmental studies.

I have relied on scholars in the field of sociology to support my argument. For example, I will use Naomi Klein's *The Shock Doctrine* and her theory of disaster capitalism to explain Ecuador's neoliberal phase in chapter 2. Additionally, my critique of transnational capitalism, which runs through each chapter, relies on sociological theories of environmental racism, the neoliberal contradiction, and notions of victimhood. I have also used arguments stemming from environmental activism, particularly in my discussion on the effects of oil drilling both in Ecuador and more broadly. Overall, I used research as my main method because there are vast amounts of resources available from environmental organizations, indigenous organizations, sociological texts, video interviews, and governmental and legal documents.

However, I admit that the thesis would have been strengthened if I had been able to pull together interviews from people I encountered during my semester abroad such as professors, activists, and community leaders. This would have added an additional dimension and more nuanced voices to my argument. Yet, this was not feasible so alternatively I have attempted to be thorough in my research and represent a diversity of voices associated with the topic. Overall, in this thesis I aim to examine the history of oil in Ecuador and prove that its transition into an oil state marked a second colonization for

indigenous peoples and resulted in ongoing exploitation and the implementation restrictive policies.

Chapter 1 illuminates the role of oil within the Ecuadorian economy. It traces how the industry grew in the 1960s and transformed Ecuadorian society. The evidence for this chapter is in the form of a case study. Texaco (which was bought by Chevron Corporation in 2001) drilled in the Ecuadorian Amazon for almost three decades; when it ended operations in 1992 it left the region completely ravaged and contaminated. Chapter 1 outlines the Texaco operations and the ongoing lawsuit. It presents the case study as a prime example of blatant environmental racism and ecological terror carried out by a multinational corporation at the expense of communities and ecosystems in the fragile Amazon region.

Chapter 2 expands on this case study and historicizes it through an examination of the history of oil starting with its discovery in the Amazon in the 1960s, continuing with Ecuador's neoliberal turn in the 1980s, and ending with Correa's election in 2006. It is in this section that I elaborate on Naomi Klein's theories of 'shock' and disaster capitalism. For example, I argue that throughout Ecuador's oil history, disaster capitalism enabled restrictive neoliberal policies starting in the 1960s and continuing through the 1990s. In these moments, neoliberalism took hold and, with help from the IMF and World Bank, justified and encouraged oil exploration in the region. However, it was met with significant resistance that continues to impact legislation today.

Chapter 3 discusses the election of Correa and the initial hope that the tides were changing for the country and a progressive turn away from extractive capitalism was on the horizon. Extractive capitalism is a particularly devastating form of capitalism in

which a government or corporation seizes, drills, and digs into the land in order to extract and sell a given resource. This model increases economic instability as well as exploits, displaces, and dispossesses entire communities, as it has done in Ecuador. Chapter 3 clarifies that while Correa has made significant reforms, his government continues to rely on oil revenue, meaning the reforms were less progressive than they first seemed. The chapter explains Correa's platform, the campaign that led to his election, the passing of new legislation (such as the New Constitution of 2008), and his adoption of the indigenous concept *buen vivir*—or *sumak kawsay* in Kichwa. This expression, meaning “good living” differs from Western conceptions of the “good life” in that it relies on harmony with the natural world and the interconnectivity between all things. It makes up a vital part of indigenous Andean cosmology (Cortez n.d.). Yet, it has often been coopted by the state and by governing bodies to promote environmental rights symbolically rather than practically. *Buen vivir* is emblematic of Correa's reforms more broadly. In fact, most of the New Constitution presented empty promises to the Ecuadorian people.

Chapter 4 traces the proposal and subsequent failure of the Yasuní-ITT Initiative. Growing from environmental and indigenous groups, the plan was adopted into national policy but suffered from contradiction, ambiguity, and uncertainty, qualities apparent in the Correa administration as a whole. The initiative, and Correa's platform more generally, was framed by progressive promises but failed to present a feasible alternative to extraction. In fact, the national plan relied on capitalist logic and maintained the status quo. Thus, while some significant and beneficial anti-neoliberal changes have been made under Correa, systemic transformation is severely limited by the traps of transnational capitalism.

Throughout my thesis I provide a critique of transnational capitalism using Ecuador as a focal point. Many other countries have been subjected to the same pitfalls and contradictions of neoliberalism and global capitalism. Yet, Ecuador is a country that has seen some socialist reforms over the last few years and Correa maintains the highest approval ratings of any Latin American leader. Thus, it has been an interesting country to study because, while making steps towards greater equality and inclusivity, it nevertheless exemplifies a nation restrained by the transnational capitalist model, one that necessitates the exploitation, oppression, and dispossession of indigenous communities.

Before further analyzing this contradiction of capitalism and Ecuador's current social-political context under Correa, I will first frame the arrival of oil in the country and its effect on the economy. The discovery of oil in the Ecuadorian Amazon is often considered a second colonization in the way it brought about a new wave of dispossession and destruction for indigenous peoples and lands. The ways that corporations and governing bodies exploit indigenous communities is made clear in the following chapter, which traces the causes and effects of Texaco's 28-year long control of drilling operations in the Ecuadorian Amazon.

**CHAPTER 1:  
CASE STUDY—TEXACO IN ECUADOR**

*A Personal Insight*

During my semester in Ecuador, my environmental studies class visited the towns Coca and Tena in the Western Amazonian region. We spoke with environmental activists and indigenous leaders living in these areas, which have been greatly effected by various oil-related disasters over the last fifty years. Driving into Coca, our professor pointed out the Coca River, which joins the Napo River and then feeds into the Amazon. He explained that the year before in 2013, the Trans-Ecuadorean Oil Pipeline burst during a landslide, which caused 420,000 gallons of oil to spill into the river. This meant that Coca, a city of about 80,000 people, completely lacks potable water. The spill contaminated neighboring waterways that communities rely on for bathing, drinking, and washing (Juhasz 2014).

After seeing this poisoned river, we continued to our destination where we met with a community member; he guided us around an area that served as a backyard to several nearby houses. The grassy piece of land was dotted with water bodies that were covered with greasy film from crude oil contamination. At one point, he stuck a stick into the soil where we were walking and it came out covered in mud streaked with solid black crude. We continued into another part of the forest to see a PetroEcuador production site. Surrounding the area were flame towers (that burn off hazardous waste 24 hours a day), big pits of crude oil, and pipelines, which all endanger the surrounding lands and species.

While ecological terror in the Amazon continues today under PetroEcuador and other national oil companies, it is not a new issue. It has been going on since the arrival of the Spanish colonists, which marked the beginning of environmental exploitation and

the mindset that we, as a human race, are meant to control nature rather than coexist with it. Yet, modern processes of exploitation and devastating rates of degradation began in the 1960s when oil was first commercially produced in the Amazon. One particular moment in history marked by environmental catastrophe was Texaco's 28-year control over oil fields in the Sucumbíos province. Over the years, it failed to abide by legal production standards; billions of gallons of toxic waste were dumped into rivers and hazardous waste pits were left uncovered ("A Rainforest Chernobyl" 2015). Unlike the pipe burst in 2013, this catastrophe was an intentional and deliberate strategy to cut costs despite the risk it posed. Before discussing this case in detail, I will frame the discovery of oil and its impact on the economy. I will explain how commercial production resulted in a brief economic boom, leading to increased revenue, income, and spending. This was quickly met with economic instability, massive foreign debt, and increasing inequality. Yet, oil remains the linchpin of the economy despite its volatility.

Due to economic fragility and fear of an economic downturn, Ecuador allowed Texaco to have full extractive access in the region without enforcing any real precautions or safety measures. This is the focus of the chapter: the hazardous, cost-cutting measures utilized by Texaco that resulted in three decades of destruction and pollution. The chapter will then move into the response to the crisis, when members from affected communities filed a lawsuit against the corporation in 1993. In analyzing the lawsuit and Chevron's response, this chapter will prove how the capitalist model relies on environmental racism. The company's stakeholders have converted themselves into victims in order to obscure the realities of power, dominance, and white privilege. These actions and reactions speak to broader themes of transnational capitalism and environmental racism, practices that

intersect in a variety of ways. This is apparent in the Texaco case as well as in the history of Ecuador more broadly, from the discovery of oil, through the neoliberal turn, and into the 21st century.

### ***The Origins of Modern Oil in Ecuador***

Oil was first discovered in Ecuador in 1878 when the National Assembly decreed “exclusive [development] rights to M.G. Mier and Company for the extraction of petroleum, tar [and] kerosene...in the Santa Elena Peninsula” (Dhooge 2009:4) on Ecuador’s southwestern coast. Over the following decade and into the 20<sup>th</sup> century, Ecuador adopted a mining code and began leasing land to foreign and national exploiters. However, only after World War I was significant international attention turned to Ecuador as an oil country. At this time several corporations and their subsidiaries began seeking territory for oil operations, including Royal Dutch Shell, Standard Oil of New Jersey, and Anglo Ecuadorean Oilfield Ltd (a subsidiary of Anglo-Persian Oil Company that later became British Petroleum). The latter maintained control over the Santa Elena region until the 1970s (Martz 1987:46). However, these reserves were small and not commercially viable; in fact, operations here were dwarfed by what was later undertaken to the East (Vasquez, 2014:18). When exploration moved to the *Oriente* (literally, East—the Ecuadorian Eastern Andes and lowlands of the Amazon basin), modern oil production truly began.

Large-scale operations began in the Amazon region in the 1920s when President Jose Luis Tamayo granted Royal Dutch Shell and Standard Oil a joint concession for oil exploration in the Southern Oriente. However by 1948, after decades of exploration and few discoveries, Shell and Standard Oil had both dropped out of the operation. President

Gala Plaza Lasso, who had hoped that oil would stimulate the economy, sadly proclaimed the “Oriente is a myth” (Martz 1987:52). This statement was proven wrong in 1967 when a Texaco-Gulf consortium discovered vast amounts of crude oil in the Sucumbíos province in Northern Ecuador, within the Amazon rainforest (Schaffer, Agusti, and Dhooge 2014:590). Texaco-Gulf began extracting massive quantities for commercial production. Shortly thereafter, in 1972, the Trans-Ecuadorian Pipeline was built, which transports crude oil from oilfields in the Oriente to refineries in the coastal cities of Esmeraldas and Salinas, from where it is shipped to foreign markets. Oil triggered the country’s third economic boom of the century, following bananas and cacao (Gerlach 2003:33). Like with the booms of previous eras, the Ecuadorian economy grew to depend dangerously on a single export.

This boom began with the commercial production and exportation of oil in the early 1970s, but was short-lived. Production soared beginning in the 1970s, rising from 27 million barrels in 1972 to 73 million in 1978. Oil soon comprised half of Ecuador’s total export revenue, which rose from \$195 million in 1971 to \$1.4 billion in 1977. This period marked dramatic population growth and urbanization as well as increased government income, per capita GDP, national economic output, and public spending. In fact, Ecuador’s total gross domestic product tripled between 1971 and 1977 (Pineo 2007:180). Meaning, Ecuador, one of the poorest countries in Latin America pre-oil, rose to “the middle of the pack, or about equal with Colombia and Peru” (Pineo 2007:180). However, this economic upturn was met with an even greater number of problems.

Foreign capital became a central influence in the economy for the first time and the state continually fought international governing bodies for control over resources.

Additionally, the rapid increase in revenue combined with decreased taxes resulted in income concentration and a widening wealth gap. Furthermore, state spending actually overtook export revenue, which led to foreign borrowing. In fact, foreign debt rose from \$209 million in 1970 to \$4.2 billion in 1980 (Pineo 2007:186). By, this time, the boom had come to an end and the nation was in severe debt, which led to an economic crisis (which will be discussed in Chapter 2). Despite economic turbulence, Ecuador has remained reliant on oil since its discovery and today the resource is still the anchor of the economy.

Today oil accounts for more than half of the country's total export revenue (CIA World Factbook 2015). As suggested, reliance on this volatile resource has continually presented problems for the Ecuadorian state. The government has had to consistently negotiate between profit, people, and land as the country's greatest amount of oil lies beneath its greatest level of ecological and cultural complexity and fragility. Given that commercial oil drilling in the Amazon rainforest had never been done successfully before the 1960s, Ecuador entrusted Texaco, a company that had been running oil production in the United States since the beginning of the 20<sup>th</sup> century, to control operations ("Chevron's Chernobyl in the Amazon" n.d.). Now that I have framed the context of Texaco's arrival in the country, I will elaborate on the company's conduct while there and explain how corporate negligence and corruption led to decades of contamination and maltreatment in the region. While the Texaco case is not the only disaster of its kind in Ecuador's history, I have used it as the focal point of this chapter because it is the most prolonged and most devastating.

### *The Texaco Crisis & Its Impacts*

As explained, oil was first discovered in the Oriente in 1967 by a Texaco-Gulf consortium (Schaffer et al. 2014:590). Over the next decade, they prepared for full-scale production in the Nueva Loja region of the Sucumbíos province. When oil workers moved into the area, they founded a town and named it Lago Agrio (after Texaco's birthplace Sour Lake, Texas), which became the basecamp for operations ("A Rainforest Chernobyl" 2015). To be clear, though oil operations began through a Texaco-Gulf partnership, the state-owned CEPE (Corporación Estatal Petrolera Ecuatoriana, now PetroEcuador) obtained a 25% share in 1974. Two years later, Gulf Oil left Ecuador and PetroEcuador acquired its share, becoming the majority stakeholder. However, Texaco maintained control of drilling activities and the Trans-Ecuadorean pipeline until 1990, when PetroEcuador took over. By 1992, Texaco relinquished all shares and left Ecuador, leaving sole responsibility of oil operations to PetroEcuador (Aguinda "B" "C" "D" v. Texaco Inc. 2002).

Great debate has since arisen over who is responsible for the decades-long environmental crisis, Texaco or PetroEcuador. It can be suggested that both companies are to blame for the disaster and for the unjust treatment of Amazonian communities and lands. Texaco, however, a company with over fifty years of experience, had control over operations and deliberately used dangerous protocol to cut costs, knowing that in the depths of the Amazon they would get away with it. At this point, it is unknown whether or not they will in fact get away with it; a lawsuit was first filed against Texaco (now Chevron) in 1993 when members from affected Amazonian communities sought to hold Texaco accountable. But as the years drag on and appeals continue, the corporation, the

ninth largest in the world according to market capitalization ("The World's Biggest Companies" 2015), has yet to pay a single cent. Before discussing the details of the ongoing lawsuit, I will outline the consequences of Texaco operations in the Amazon including the irreversible effects they have had on the ecosystem.

According to *ChevronToxico*, the official page for the plaintiffs in the *Aguinda v. Chevron* litigation, the Oriente was a sparse and pristine environment prior to the arrival of Texaco-Gulf in 1964. Indigenous groups in the Nueva Loja area, including the Cofán, Siona, Secoya, Kichwa, and Huaorani, had been living sustainably in harmony with the natural world for centuries ("About the Affected Communities" 2015). However, their way of life changed drastically when oil workers arrived; the corporation colonized the area, seized ancestral land, and built pits, wells, pipelines, and 1,200 miles of roads and highways ("Texaco and the Transformation of a Region" 2015). Through this colonization, local indigenous populations have dropped in numbers; the Cofán community is now fewer than 80 people while two nomadic non-contacted tribes, the Tetetes and the Sansahuari, have disappeared forever ("About the Affected Communities" 2015).

The rainforest itself has also transformed; it is heavily deforested and the soil and water systems are entirely contaminated. In 1992, Texaco left behind 1,000 open toxic waste pits which overflow when it rains, causing leakage into the soil and rivers that communities rely on for drinking, cleaning, cooking, bathing, and fishing ("A Rainforest Chernobyl" 2015). The most toxic components of crude oil are polycyclic aromatic hydrocarbons and volatile organic compounds, which impact reproductive and cellular development. For the people and animals living in this area of the Amazon, this has

meant increased risk of skin disease, reproductive abnormalities, nerve damage, and various forms of cancer (Sawyer 2004:102).

Several scientific reports provide evidence for this unprecedented level of contamination. For example, in 1993, Acción Ecológica reported increased incidences of headaches, fevers, tumors, miscarriages, skin disease and intestinal problems within local communities. Similarly, The Department of Tropical Medicine at the University of London found that local communities in and around Lago Agrio exceeded normal cancer rates by up to 30 times. And finally, The Center for Social and Economic Rights reported that drinking water near drilling sites had 1,000 times the level of contaminants deemed tolerable by the US Environmental Protection Agency (Sawyer 2004:103). Another report, *The Lasting Stain of Oil: Cautionary Tales and Lessons from the Amazon*, put together by The Assembly of Communities Affected by Texaco, describes local communities' continual struggle to hold Texaco accountable. The report shares first-hand stories about the transformation of the land and way of life that people have experienced. Humberto Piaguaje, a Secoya leader, says, "The jungle is our university, our hospital, our market. Now none of this exists. Now we have contamination instead of security for human life" (Asamblea De Afectados Por Texaco n.d.). Despite the sadness and tragedy obvious in their accounts, these communities continue to fight against Chevron for the "profound impacts to human health, animal life, the environment and the traditional culture" it has caused (Asamblea De Afectados Por Texaco n.d.). While Chevron is not the only company guilty of massive oil-related pollution, it has demonstrated an alarming indifference towards environmental and cultural devastation.

### ***Dangerous Protocol: Environmental Racism at Work***

As made clear previously, by the 1960s Ecuador was eager to develop oil as a resource, hoping it would give the economy a much-needed boost. As such, they put minimal restrictions on operations in the Oriente. Texaco capitalized on this by utilizing cost-cutting practices with basically no precautions for almost three decades (Sawyer 2004:100). In *Crude Chronicles*, Suzana Sawyer describes her own experience travelling to Ecuador and meeting with indigenous groups who lived through the devastation. She describes that these practices “boosted revenues by the billions” and were used in “all aspects of Texaco’s operations: seismic exploration, exploratory drilling, extractive drilling, processing facilities, pipeline maintenance, and pumping stations. At each juncture, Texaco employed minimal equipment, outmoded technology, and cheap labor” (Sawyer 2004:100). This corporation, like many, employed a racist, capitalist protocol. Unlike several other oil-related disasters that have occurred by accident or through short-term negligence, the Texaco disaster in Ecuador was a long-term project designed to maximize profit regardless of the human and environmental costs.

Nueva Loja, the capital of the Sucumbíos province and former Texaco basecamp, had a population of around 15,398 in 1990 when oil operations there were starting (“Nueva Loja” 2013). It was and is a biologically and culturally diverse area in Northeastern Ecuador, in the westernmost part of the Amazon rainforest. It is home to a diverse mix of people including five different indigenous groups who lived an ecologically sensitive lifestyle in harmony with nature. In fact, life for indigenous communities before the arrival of colonizers and still today is marked by careful planning of consumption and an in-depth knowledge of the habitat (Castillo 2004:64). They build

communities, plant crops, and share resources in a way that protects and conserves the land for future generations. Beatriz Huertas Castillo claims that indigenous groups are “the most efficient inhabitants and conservationists of the forest” (Castillo 2004:64). Yet, they are also able to adapt to changing realities and some communities participate in export-driven models of development, though in ways that resist exploitation and the depletion of resources (unlike modern oil production).

Overall, Andean indigenous values oppose Western concepts of private property, consumption, and materialism. Indeed, extractive capitalism threatens what Castillo describes as the “belief that the territory is also owned by other species of animals and plants, with whom humankind shares a vital and limited energy, creating a balance of energy between the species that must be appropriately managed if they are to continue to maintain the generous natural resources” (Castillo 2004:65). Despite indigenous knowledge and their success at conservation over generations, they continue to be marginalized and devalued. Their general separation from the global capitalist system, rural, poor existence, and nonwhite identity, made it so that this multinational oil corporation felt entitled to seize and exploit their land.

Chevron is not the only company guilty of exploiting vulnerability. It is almost a given that oil refineries, drilling sites, toxic waste dumps, and other ugly, hazardous infrastructure of modern society are located within marginalized communities. This is apparent, for example, in the southern United States. Petrochemical plants dot an 85-mile stretch through Mississippi and Louisiana called “cancer alley,” home to mostly low-income, African-American communities (Bullard 2004:iii). Similarly, Native American lands are “prime targets for landfills, incinerators, garbage dumps and risky mining

operations...Native American reservations are under siege from ‘radioactive colonialism’” (Bullard 2004:iii). This pollution increases illness only worsening poverty and unemployment, thus contributing to a vicious cycle of inequality.

In Ecuador, Chevron was able to operate under a model constructed entirely against best practice and industry expectations, which resulted in unprecedented, long-term pollution and destruction. This is an example of corporate negligence that was carried out in the depths of the Amazon, hidden from the public eye, targeting the politically powerless. While the duration, effects, and levels of harm make this case extreme, the ideology behind it is not exceptional or unique. The practice of environmental racism occurs everywhere a capitalist model is employed, whether it is oil-related pollution in Latin America, hazardous infrastructure in minority neighborhoods, or radioactive waste dumps on Native American reservations. The overlapping nature of the capitalist model is the desire to exploit communities with few resources and little political power, those least valued by dominant society and those least able to fight back.

However, even with few political resources, these communities continually resist the corporations that exploit them. As Dr. Bullard explains,

Environmental justice activists have mobilized in central city ghettos, barrios and villages from Atlanta to the Arctic Circle, Alaska to South Central Los Angeles, South Africa to rural Native American reservations and rainforests in Colombia, Ecuador, El Salvador and Brazil. These groups have organized, educated and empowered themselves to challenge government and industrial polluters (Bullard 2004:iii).

Bullard makes it clear that corporate exploitation is continually met with resistance. This will be highlighted in the following sections, which elaborate on the lawsuit filed against Chevron by indigenous Amazonian residents. However, before returning to notions of resistance, I will first draw a comparison between two environmental crimes whose differences can be attributed to environmental racism.

### ***Who are Legitimate Victims?***

Clearly, corporations exploit marginalized groups in order to continue business-as-usual away from public attention. By operating within poor neighborhoods or in rural Amazonian communities, these companies can avoid negative publicity as much as possible. However, there have been some environmental disasters that do not quietly occur in an inner-city neighborhood, in rural America, or in the depths of the Amazon. In the case of the 2010 *Deepwater Horizon* oil spill, the largest oil spill in US history, BP could not hide. An estimated 185 million gallons of oil spilled into the Gulf of Mexico, effecting 16,000 miles of coastline in Texas, Louisiana, Mississippi, Alabama, and Florida (Mackey 2010). Like the devastation in the Ecuadorean Amazon, the effects of oil on the Gulf and surrounding shorelines will have a lasting impact and, though cleanup efforts continue, much of the damage is irreversible.

Since the oil spill, BP has spent over \$28 billion on damages and cleanup costs. However, the corporation continues to claim that Halliburton and Transocean, the rig contractor and operator, are primarily to blame (Robertson and Krauss 2014). In an important court ruling on September 4, 2014, Judge Carl J. Barbier rejected those claims; “the Court finds and concludes that the discharge of oil was the result of BPXP’s ‘gross negligence’ and ‘willful misconduct’ under the CWA [Clean Water Act]” (“Ruling on the

2010 Gulf of Mexico Oil Well Blowout" 2014). Meaning, BP will pay an additional \$18 billion dollars on top of the \$28 billion already put towards cleanup and compensation. This 153-page decision issued by Judge Barbier is an example of proper procedure; all the evidence was presented and investigated and a decision was made that addressed the negligence of the company and sufficiently compensated affected areas. Yet, the Chevron court proceedings have been the exact opposite.

While BP has put US\$40 billion towards the Gulf spill, Chevron has yet to compensate a single dollar to the people and lands affected. Instead, it has spent millions negotiating terms, filing appeals, and manipulating evidence. According to *The Chevron Pit*, "a blog maintained by the team working to hold oil giant Chevron accountable for its human rights and environmental abuses in Ecuador" the difference between these two cases can be attributed to racism. To be clear, the aim here is not to detract from the immense suffering and damage caused by the BP oil spill; the communities, lands, and species impacted deserve to be compensated with however much money is needed to sufficiently clean and repair the area. However, what is troubling is that, "Chevron's contamination in Ecuador is more widespread, has lasted far longer, [and] was deliberate" (*The Chevron Pit* 2014) yet they are the ones refusing to grant reparation.

Chevron's senior staff and legal team claim that the Ecuadorian Plaintiff's demands were too high. Yet, the corporation admitted in trial to dumping "15 billion gallons of toxic water into fresh water sources in the Amazon rainforest...85 times more oil waste than BP discharged into the Gulf" (*The Chevron Pit* 2014). Additionally, when the spill occurred in the Gulf, it was all over the media; President Obama addressed the issue, assuring the public BP would pay for the damage (*The Chevron Pit* 2014). While

the case in Ecuador has been publicized to some extent, Chevron has been able to continually harass and renounce the Lago Agrio Plaintiffs in the quiet of the courtroom. This difference comes down to the victims; in the Chevron case they are poor villagers and indigenous groups and in the BP case they are Americans.

Chevron's dangerous protocol, blatant negligence, and behavior in trial make it clear that they do not value the lives and dignity of the residents of Lago Agrio. The following section will elaborate on the trial, which started with a lawsuit in 1993 and continues today without any resolution. It will also outline Chevron's response to the lawsuit, which highlights how politics of dominance, including corporate arrogance, white privilege, and institutional racism, occur at every step of the legal process.

### ***The Lawsuit: 22 Years of Litigation***

When Texaco left Ecuador in 1992, it turned operations over to PetroEcuador including its outdated technology and deteriorating infrastructure. In 1995, it organized a fake "clean-up" which was really a "cover up" project (Juhasz 2009:30). It then obtained a release from liability from the Ecuadorian government (it was conspiring with several corrupt government officials) ("A Rainforest Chernobyl" 2015). To this day, Chevron (after acquiring its subsidiary Texaco in 2001) claims that this 1995 remediation "adequately cleaned up its share of contamination, and any continuing problems are the responsibility of state-owned Petroecuador" (Juhasz 2009:30). However, when Chevron tested soil to obtain the release, they manipulated evidence; "Chevron scientists used an inappropriate laboratory test that was physically incapable of detecting significant levels of oily waste in order to 'prove' that they had remediated the sites and secure a release from the Ecuadorian government" (Juhasz 2009:31). Though, the liability release does

not apply to individuals who want to hold Chevron accountable. So, in 1993, The Amazon Defense Coalition (Frente de Defensa de la Amazonia), on behalf of 30,000 Amazon residents affected by the damage, filed a lawsuit against the company (Aguinda v. Texaco, Inc. 1993).

In the class-action suit, *Aguinda v. Texaco* (1993), the Lago Agrio Plaintiffs demanded, “compensatory and punitive damages, and equitable relief, to remedy the pollution and contamination of the plaintiffs' environment and the personal injuries and property damage caused thereby” (*Aguinda v. Texaco, Inc.* 1993). They explained the corporation’s deliberate neglect of safe practice and admonished their use of “the pristine Amazon rain forests of the Oriente and its people as a toxic waste dump” (*Aguinda v. Texaco, Inc.* 1993). The official complaint shares many stories from various plaintiffs, including Maria Aguinda,

a resident of the rural area located on the main road south of Coca, Ecuador...She is married with children and suffers from illnesses including body growths directly related to oil contamination. She is also at an increased risk of developing cancer. The only water available to her for drinking is water that she collects from the rain as all the rivers, springs and wetlands in the vicinity of her home have been contaminated with toxic crude oil. Furthermore, she is constantly subjected to chemical poisoning as she must wash her feet regularly with gasoline to remove oil contamination acquired from walking on the crude oil contaminated roads. During the summer months when there is very little rain, due to the constant spreading of crude oil on the roads, she is subjected to inhalation of

heavy levels of dust particles covered with oil that are damaging her respiratory system. She is a Quichua Indian (Aguinda v. Texaco, Inc. 1993).

Maria Aguinda, her neighbors, and her family members experience this type of hardship, endangerment, and suffering on a daily basis. Their stories convey how Chevron irreparably damaged the ecosystem of the region and the health of the communities. They reveal the ways black and brown bodies are subjected to environmental hazards, stressful living conditions, and cultural destruction at the hands of corporations. The stories also clarify that racism goes far beyond personal prejudice; it is structured, continuous, and institutional. Ruth Wilson Gilmore explains that racism is “the state-sanctioned or extralegal production and exploitation of group-differentiated vulnerability to premature death” (Gilmore 2007:28)—a definition the harrowing stories of the Lago Agrio plaintiffs exemplify.

Despite the clear environmental crimes committed by Texaco, the company’s senior staff members have spent years avoiding accountability. In fact, upon receiving the complaint, they continually lobbied for the case to be relocated to Ecuador, where they had relations with certain key government officials (Zaitchik 2014). In 2002, Chevron succeeded in persuading the US federal court to dismiss the case. The company urged that the case be heard in Ecuador under *forum non conveniens*, or inconvenient forum; Chevron argued “that Ecuador’s courts were more than capable of resolving the litigation fairly and adequately” (*EarthRights International* 2014) and would be a more convenient location for the duration of the hearing. The court agreed and the case was dismissed with the condition that Chevron comply with the judgment found by the Ecuadorian court

(*EarthRights International* 2014). Chevron would later find a way to absolve itself of this judgment, which will be discussed in detail in the next section.

Following the case dismissal, the Plaintiffs filed another lawsuit in Ecuador with similar claims. In this 2003 lawsuit, the petitioners specifically demand: (1) “The elimination or removal of the contaminating elements that still threaten the environment and the health of the inhabitants,” (2) “The repair of the environmental damages caused,” and (3) “The payment of a 10% of the total repair work” (*Aguinda v. Texaco, Inc.* 2003). Unfortunately, these demands were not taken seriously by Chevron and legal proceedings and delay strategies carried on for years. During these proceedings, both sides requested soil and water inspections in areas close to drill sites and waste pits to determine the amount of contamination. In August 2004, Chevron, the plaintiffs, and third-party court-appointed experts began collecting and testing samples (March 2006 Summary of Evidence from Judicial Inspections 2006). By the end of the inspection phase there were over 60,000 lab results from more than 100 sites, all of which showed dangerous levels of toxins (Zaitchik 2014).

As part of this judicial inspection the Ecuadorian court appointed an independent damages expert to investigate the evidence and determine what Texaco would have to pay as remediation. The expert, Cabrera Vega, explains, “thousands of environmental analyses were made by myself and the Experts for the plaintiffs and for the Defendant. The methods used to collect and analyze the samples produced reliable data that support the conclusion that the soil and water are contaminated from petroleum production activities” (Cabrera 2008:3). Given this, and after investigating and explicating a wealth of evidence, Cabrera concludes, “There is therefore overwhelming evidence that a large

part of the contamination in the Concession area was caused by Texpet operations...I believe that Texpet failed to install a system that would have considerably reduced the ecological impact for its successor in the operations” (Cabrera 2008:24). Cabrera and other independent investigators found Texpet (Texaco Petroleum Company) the main cause of the immense environmental contamination in the area, despite the company’s attempts to skew the data. As such, Cabrera recommended to the court that Chevron pay \$7-\$16 billion to cover pollution damages.

In response, Chevron organized an immense publicity campaign. According to Pablo Fajardo, the plaintiffs’ legal representative, the corporation has spent an enormous amount of money and effort “to silence...to pressure... to spread its version of the truth, to insult and offend the population of the Ecuadorian Amazon” (Witness 2009). Chevron has also tried to turn the Ecuadorian state and population against the plaintiffs by attempting to close the commercial market between the U.S. and Ecuador. Fajardo explains that the company tried “to economically asphyxiate the Ecuadorian state so that the government and the business sector would turn against us...to try and divide the country...to scare and harass the population of the Amazon” (Witness 2009). Fortunately, due mainly to indigenous resistance and public support, Chevron was unsuccessful in these attempts; the US maintained market relations and preferential trade agreements with Ecuador.

After almost two decades of litigation, numerous appeals and complaints, evidence compiling and reporting, the Lago Agrio Plaintiffs won a landmark judgment against Chevron on February 14, 2011. Judge Nicolas Zambrano Lozada, the Presiding Judge of the Provincial Court of Justice of Sucumbíos, ordered Chevron to pay US\$9.5

billion in damages with an additional US\$9.5 billion to be paid if the company failed to recognize its misconduct and issue a public apology (The Plaintiffs' US Counsel 2011). This ruling would have had historic significance reaching far beyond the victory of the Ecuadorian plaintiffs; “Not only has this case resulted in the largest environmental damages award in history, it also represents the first time that indigenous people have forced a multinational corporation to stand trial in their own country for violating their human rights” (“About the Trial” 2015). If Chevron had complied with this ruling, environmental degradation at the hands of extractive corporations would still continue throughout the world. However, it may have sent a warning and pressured directors and high-level official of these companies to uphold industry standards and encourage more honest and responsible conduct.

### ***Chevron Retaliates***

Chevron was quick to retaliate against Judge Zambrano’s ruling; that same month it filed a lawsuit against the Ecuadorian plaintiffs in the Second District Court of New York under the RICO (Racketeering Influence and Corrupt Organizations) Act, claiming, “the \$9.5 billion judgment against Chevron Corporation in Ecuador was the product of fraud and racketeering activity” (“Ecuador Lawsuit” 2014). The corporation accuses every individual and organization involved in the case—plaintiffs, lawyers, scientific consultants, environmental activists, and other allies—of attempting to extort billions of dollars from Chevron. The corporation that once claimed Ecuador’s courts were “fair” and “adequate” was now arguing that “the Ecuadorian judicial system is corrupt and subject to outside influence”—so much so that any judgment found is invalid and unenforceable (Chevron Corporation v. Steven Donziger 2011). Clearly, Chevron’s legal

team change and contradict their position at every step of the process in order to avoid accountability for its crimes.

According to Pablo Fajardo, Chevron claims, “there is a judicial lynching in Ecuador against [them]” (Witness 2009). He rightfully asks, “How is it possible that a company that has already caused the deaths, directly or indirectly, of hundreds of people, today, is the victim?” (Witness 2009). Chevron continues to convert itself into a victim while denying decades of injustice and abuse against Amazonian villagers. This theme, the reconfiguring of the perpetrator as the victim, is recurrent in sociological discourses regarding white injury and white supremacy. For example, in *The Possessive Investment in Whiteness*, George Lipsitz looks at the ways dominant sectors of society obscure the realities of racism and white privilege. By proclaiming to be “over” racism and “color-blind”, white elites absolve themselves of wrongdoing, conceal institutional failures and discrimination, and render minority groups as the causes of their own problems (Lipsitz 1998).

Chevron exemplifies this through its actions during the court proceedings. By framing themselves as victims of a “judicial lynching,” Chevron’s executives not only distract the public from the real issue at hand but also obscure their own race and class privilege. This privilege, combined with a systemic investment in whiteness, means that the system works in the company’s favor at the expense of the real victims. In this way, Chevron partakes in

a countersubversive consensus mobilized around the alleged wounds suffered by straight white men. At the heart of this effort lies an unsolvable contradiction between their economic goals and the cultural stories they have to tell to win mass

support. The advocates of surrendering national sovereignty and self-determination to transnational corporations rely on cultural stories of wounded pride, of unfair competition from abroad, of subversion from within by feminists and aggrieved racial minorities...(Lipsitz 1998:74).

Clearly, Chevron perpetuates the racial and economic hierarchy, while disregarding justice, fairness, and decency. By claiming white injury and villainizing the plaintiffs, the corporation enables white supremacy and institutional racism, which can be considered byproducts of transnational capitalism more generally.

The evidence Chevron gathered to file this lawsuit came from hundreds of hours of footage from the documentary film *Crude*. In the outtakes, the plaintiffs' lawyers, primarily the lead American lawyer Steven Donziger, are seen "making candid, tongue-in-cheek and exaggerated statements that, taken completely out of context (as Chevron has done) suggest an effort to intimidate and manipulate the court" ("Chevron's Efforts to Undermine the Rule of Law" 2015). The context of the *Crude* footage in combination with the undeniable evidence found after years of scientific inspections, prove that the RICO suit was simply a last ditch effort on Chevron's part to distract focus and deny accountability. The corporation feels it is too great to be held accountable and to answer to a group of Amazonian villagers. Unfortunately, thus far, it has proven to be right. On March 4, 2014, Judge Kaplan of the U.S. District Court for the Southern District of New York ruled that the \$9.5 billion Ecuadorian judgment was the product of fraud and racketeering activity, and thus unenforceable ("Ecuador Lawsuit" 2014).

Those fighting on behalf of Chevron continuously cheat the system. They not only have biases against the Ecuadorians' legal representatives but against the indigenous

plaintiffs themselves. In A Writ of Mandamus, the petitioners detail the inappropriate and antagonistic behavior of Judge Kaplan towards the indigenous plaintiffs and their legal team. The petitioners explain that in the RICO complaint, “Judge Kaplan has been careful to qualify his reference to the Ecuadorian Plaintiffs with the derisive modifier, ‘so-called,’ lest he inadvertently confer any semblance of legitimacy on these people” (Petition for Writ of Mandamus 2011). Kaplan also called the case “not a ‘bona fide litigation,’ but rather, a ‘mud-wrestling’ match unworthy of the respect and comity ordinarily afforded the courts of sister democracies” (Petition for Writ of Mandamus 2011). This attitude delegitimizes the concerns of the plaintiffs and minimizes the severity of Chevron’s environmental crimes.

To this day, the plaintiffs have no relief but they have not given up resistance efforts. As Pablo Fajardo explains, "We don't want their money. All that we want is for them to clean what is dirty, that the water be cleaned, that our children could live in an environment without pollution without having the risk of dying of cancer or leukemia. We just want to live with dignity. That's what we're asking for in this lawsuit" (Witness 2009). Fajardo’s statement reflects the opposing values held by Andean indigenous groups, on one hand, and Western capitalists, on the other. For indigenous groups, sovereignty, self-determination, and dignity are not equated with individualism, private property, or money, but rather entail the recognition that human beings are one indivisible part of a whole. If we are all connected so intrinsically, there is less emphasis on individualism, competition, and the desire to exploit others for one’s own gain. This is what Fajardo makes clear; that the affected communities want justice for their bodies and

lands in order to restore their traditional cultures and relationships with Mother Nature (Cultural Survival, Inc. n.d.).

However, instead of treating the Ecuadorian plaintiffs and lawyers with respect and working towards a just compromise, Chevron has spent exorbitant amounts of money—some estimates are as high as US\$2 billion (*The Chevron Pit*. 2014)—on legal fees. It may seem surprising that a case like this, one that is entirely unjust, unsound, and almost ridiculous, is possible. Yet, the justice system, the business sector, and the US state in general rely so heavily on institutionalized racism and white supremacy to keep capitalism untarnished and keep the wealthy and powerful wealthy and powerful. So, sadly it is not entirely unexpected that a large, multinational, extractive corporation has not shown acknowledgement or respect to the indigenous residents they initially targeted and exploited.

The arrival of the oil industry in the 1960s marked Ecuador's entry into the global market, transnational capitalism, and the vicious traps associated with it. It only became worse as Ecuador began to rely almost exclusively on oil leading to economic crises and neoliberal reforms in the 1980s and 1990s. Under Correa, the state has seen important changes with increases in representation, inclusivity, and public spending. However, the country remains trapped within the exploitative system and a true systemic change towards an alternative has yet to begin.

## **CHAPTER 2: DISASTER CAPITALISM & ECUADOR'S NEOLIBERAL PHASE**

The previous chapter illuminates the disheartening environmental crisis that occurred in the Ecuadorian Amazon starting in 1967 when Texaco discovered oil in the area. The consequences of the disaster are extensive and ongoing and the plaintiffs attempting to hold the corporation accountable have yet to see any form of remediation. The crisis was made possible by clear economic and social changes that began as soon as oil was discovered and continued due to pressure from the IMF, World Bank, the United States, and other powers of the North. This chapter will outline how exploitation was first justified in the 1960s so that Ecuador could enter the global market, pull itself out of economic turmoil, and mitigate the effects of US corporate dominance. However, in making these changes, the Ecuadorian state and international governing bodies not only allowed but enforced the exploitation of peoples and lands. This chapter will present a brief history of Ecuador focusing on the impact of oil on the economy. It serves as a prime example of the consequences of North-South relations and the neoliberal contradiction. Economies of the global North, predominantly the United States, venture South looking for resources to profit their own economies while disregarding the wellbeing of Latin American populations.

The oil boom spurred the economy and catapulted Ecuador onto the global stage. While the nation had experienced periods of economic growth, from banana, cacao, coffee, sugar, and shrimp exports, these paled in comparison to the rapid boom of oil export profits (Drekonja 1980:77). However, this economic prosperity was temporary and came at a cost; Ecuador now depended on a single volatile resource as well as foreign investment and global markets. As a small country, Ecuador has little import on the

international industry, making it susceptible to global pressures and interests. Ultimately, the cost of this skewed relationship is burdened by indigenous and *campesino* populations like the Lago Agrio plaintiffs. The State, corporations, and international economies continually disregard their health, cultures, and ways of life as they seize lands, displace populations, and extract resources to accumulate capital.

This chapter will begin with an analysis of the Shock Doctrine, a term coined by journalist and activist Naomi Klein. Klein defines “shock” as political, social, economic, and environmental disasters that hit a country as well as the restrictive policies that governments and corporations implement in response to those disasters. She argues, “countries are shocked—by wars, terror attacks, coups d’état and natural disasters...they are shocked again—by corporations and politicians who exploit the fear and disorientation of this first shock to push through economic shock therapy” (Klein 2007a:30). It will be argued that economic and environmental shocks in Ecuador during the 20<sup>th</sup> century were exploited by the state and by corporations to initiate the country’s neoliberal era.

Once this perspective is established, the chapter will more specifically address Ecuador’s process of economic globalization, beginning with the oil shock of the 1970s, the debt crisis of the 1980s, and the neoliberal transformation of the 1990s (Sawyer 2004:11-12). The chapter will show that responses to environmental and cultural “shocks” do not just end with the implementation of oppressive, neoliberal policies. “Shocks” are also met with organized, unified resistance from indigenous groups, environmentalists, and political activists. They continue to fight against the state and against corporations for their rights and, while still facing immense oppression,

exploitation, and racism, their continued mobilization has impacted legislation over the years.

### ***Defining Disaster Capitalism***

In her groundbreaking book *The Shock Doctrine* (2007), Naomi Klein coins the term “disaster capitalism.” She traces the idea back to the economics of Milton Friedman, one of history’s foremost proponents of free market capitalism and indirect creator of the economic exploitation of “shock.” In the 1982 preface of *Capitalism and Freedom*, Friedman states, “Only a crisis —actual or perceived— produces real change. When that crisis occurs, the actions that are taken depend on the ideas that are lying around. That, I believe, is our basic function: to develop alternatives to existing policies, to keep them alive and available until the politically impossible becomes politically inevitable” (Friedman 2002:xiv). For Friedman and his successors, this meant the imposition of market liberalization, privatization, and government deregulation. In reality, this economic framework signaled a “socially regressive era based on the unfettered accumulation of wealth by a tiny minority...all in the name of human ‘freedom’” (Beams 2006).

This ‘freedom’ only applies to a select few; under capitalism, the majority suffers under global economic pressure and corporate dominance. In her book, Klein elaborates on the contradictions and corruptions of transnational capitalism. She examines the social and economic re-engineering in the wake of, among other disasters, the tsunami in Sri Lanka, Hurricane Katrina in New Orleans, the Iraq war, and Pinochet’s violent coup in Chile (Klein 2007b:48). Through her research in these regions, she finds that, “the preferred method of advancing corporate goals [is] using moments of collective trauma to

engage in radical social and economic engineering” (Klein 2007a:8). In these moments of crisis, populations are disoriented by fear, confusion and preoccupation for their own survival. Historically, governments and corporations have taken these opportunities to liberalize trade, open markets, privatize, and reduce public spending, without the usual resistance (Norberg 2008).

This concept of disaster capitalism can be seen not only in the countries examined by Klein, but also in other historical moments worldwide. It can be argued that the economic and political instability of Ecuador in the 1960s, including a series of military overthrows, shocked the nation. This distraction allowed the state and US corporations to exploit the Ecuadorian Amazon and its residents. In turn, the “shock” that radiated throughout Ecuador in the following decades—the environmental and human costs of extraction and the economic volatility of oil dependence—allowed for the imposition of conservative, neoliberal policies during the 1990s. In this way, the Ecuadorian state, under pressure from international intervention, capitalized on the shock that oil brought to the nation. This can be seen as an overarching theme throughout Ecuador’s recent history, starting with the commercial production of oil in the 1960s and ending with the neoliberal phase of the 1990s. It can also be seen at more specific economic and political moments, including the political instability of the 1960s, the 1982 debt crisis, and the publicized impact of Texaco in the early 1990s.

### ***1960s: Becoming an Oil State***

The political history of Ecuador is somewhat similar to other Latin American countries in that the nation has often been the setting of coup d’états, military dictatorships, protests, and revolutions. However, in 1952, after President Galo Plaza had

completed his four-year-term with relatively little conflict, President José María Velasco Ibarra succeeded him, also completing his term. This marked a period of relative stability for the nation (L. 1953:130). Yet, the country returned to the norm of instability the following decade when Velasco Ibarra once again took office (he served as President for a total of five times between 1934 and 1972, four of which ended in removal by the military) (Pyne 1975). This term, beginning in 1960, was marked by expensive promises to the poor, political polarization, deteriorating relations between administration and congress, and outbreaks of violence between leftists and anticommunists. The turning point came when Ibarra imposed a series of new sales taxes, causing riots throughout the country and eventually leading to another ousting by the military in 1961. His successor, President Arosemena Monroy, faced similar issues and in 1963 was also removed by the military (*Library of Congress Country Studies* 1989a).

This time, the military junta opted to impose reforms and eliminate the communist left before returning the country to constitutional rule. However, drops in banana exports led to an economic crisis that forced the junta to increase taxes. Once again, riots broke out across the country, eventually causing the military reformers to step down. In 1966, interim President Otto Arosemena Gómez took office until the new constitution took effect in 1968 at which point proper elections were held. Surprisingly, Velasco was elected yet again. As before, a fragile relationship with Congress and a high turnover among cabinet ministers caused a stalemate. In response, in 1970 Velasco dismissed Congress and the Supreme Court and initiated dictatorial rule (in what is known as an *autogolpe*) (*Library of Congress Country Studies* 1989a). In 1972, after

massive popular protest, he was once again removed by the military (Kimerling 2006:417).

Right in the middle of the political turmoil and repeated military intervention, the state granted Texaco-Gulf exploratory rights in the fragile Ecuadorian Amazon. The economic instability in Ecuador, brought on by its increasing dependence on Northern markets and foreign investment, provided an opportunity for corporate interests. In the hope of rescuing the nation from an economic downturn, the country allowed Texaco to have full extractive access without enforcing any precautions or safety measures. Texaco took advantage of the situation and exploited the Amazonian region and those living there while the majority of the population was distracted by political upset and ongoing riots. The beginning of Ecuador's transformation into an oil state can be understood as an alteration of disaster capitalism. Instead of an environmental crisis serving as a distraction to allow political and economic re-engineering, the political situation in Ecuador in the 1960s was an engineered crisis that authorized corporate negligence and massive cultural and environmental destruction. Yet, Ecuador also witnessed standard disaster capitalism, as defined by Naomi Klein, when the irreversible, unprecedented damage at the hands of Texaco was publicized and recognized around the country.

### ***1970s: Dictatorship as Disguise***

General Guillermo Rodríguez Lara led the armed forces that ousted President Velasco in 1972. A self-described revolutionary nationalist, Rodríguez was determined that oil would benefit the masses not just the wealthy elite (Kimerling 2006:418). He developed a five-year plan called The Comprehensive Plan for Transformation and Development (1973-77), which outlined as objectives, “national integration, improved

living conditions, and strengthened economic output through the more rational use of natural resources” (Kimerling 2006:419). The plan was not progressive as its main tool for reform was oil itself. However, through oil policy, the regime attempted to move away from neoliberal ideology and towards nationalization, increased public spending, and government consolidation and regulation. It promoted poverty alleviation and a greater voice for marginalized communities (Kimerling 2006:419).

Initially, the regime was successful in asserting greater control over the oil sector and accumulating a greater share of earnings. It had an immediate effect on oil policy; it formed the national oil company CEPE (Corporacion Estatal Petrolera Ecuatoriana, now Petroecuador), reduced the amount of land leased to Texaco-Gulf and other corporations, increased spending on infrastructure, and raised taxes for foreign companies (Kimerling 2006:419-420). However, Texaco and other corporations attacked the idea of nationalization and threatened the Ecuadorian state by cutting back on exports. Accepting that they overestimated their power, the state attempted to mitigate economic problems by imposing a duty tax on luxury imports. This outraged the Chambers of Commerce and led to a bloody coup on January 11, 1976, after which Rodríguez was removed from power and replaced by a junta called the Consejo Supremo de Gobierno (CSG) (*Library of Congress Country Studies* 1989b). The junta revoked the reforms proposed by Rodríguez and shifted power back into the hands of multinational oil companies. With the threat of nationalization eliminated, the state had secured the virtues of privatization and encouraged foreign investment and export production (Sawyer 2004:152).

This is where disaster capitalism becomes most apparent. Ecuador’s first commercial oil reserve was discovered in 1967 and the Trans-Andean pipeline was

completed in 1972. Meaning, for the first time, Ecuador was commercially extracting and exporting oil in mass quantities. Additionally, Ecuador officially joined OPEC in 1973 (Sawyer 2004:11). A small, pristine, primarily agrarian country with no prior experience in the industrial world was now the setting of corporate activity and extraction. By the 1970s, an exploration project had turned into full-blown extraction and production; indigenous lands had not only been invaded and seized by oil workers, but also completely transformed and contaminated.

Many environmental organizations, indigenous groups, and political activists had conveyed this message to the rest of Ecuador and while some of the public supported oil activities, others united in protest. At this exact time, in 1976, a conservative military junta in cahoots with Texaco and other corporations replaced a nationalistic general. Rodríguez's proposals for reform were immediately revoked and the state's goal became the maintenance of the status quo and corporate dominance (Kimerling 2006:421). In this instance, a crisis occurred at the hands of Texaco, and was used to implement neoliberal policies that would only exacerbate the problem. As Klein explains, "Every time a new crisis hits – even when the crisis itself is the direct by-product of free-market ideology – the fear and disorientation that follow are harnessed for radical social and economic re-engineering" (Klein 2007b:49). This would not be the last time that the Ecuadorian state and private business would conspire to implement neoliberal policies.

### ***1980s: Debt, Death, and Disaster***

Despite implementation of conservative policy and nearly a decade of dictatorship during the early 1970s, Ecuador's economic growth, stimulated by new oil wealth, indicated an element of prosperity and stability; "the government budget expanded some

540 percent, whereas exports as well as per capita income increased a full 500 percent” (*Library of Congress Country Studies* 1989c). However, oil continued to benefit a select few while unskilled urban masses and rural communities remained in poverty. Thus, the new oil state meant increasing inequality and an expanding wealth gap (*Library of Congress Country Studies* 1989c). Additionally, even for the elite, this prosperity was temporary, as an impending economic crisis would break out by the turn of the decade.

When Ecuador returned to civilian rule in 1979 with the election of Jaime Roldós Aguilera, economic instability, political stalemate, and military monitoring set the scene for a difficult democratic transition. Despite party fragmentation and opposition from Congress, Roldós was able to make steps to expand civil liberties. For example, for the first time in Ecuadorian history the indigenous population was allowed to vote when the literacy requirement was eliminated (Smith 2009:276). Roldós became known for his firm stance on human rights. During his short term, he reduced the workweek to 40 hours, increased minimum wage, increased taxes on foreign corporations, and proposed a charter that outlined principles of universal justice and human rights (Chakana Chronicles 2014). Unfortunately, Roldós’s human rights focus and anti-neoliberal reforms did not continue under his successors. His Vice President, Osvaldo Hurtado, took office upon his death and made decisions to favor the private sector and corporate interests (Martz 1987). Oppressed groups that were briefly given some relief were once again marginalized. However, indigenous groups were not silent and their resistance would become most palpable towards the end of the 1980s and into the 1990s.

Two separate and very different crises occurred at this time, just after Ecuador had returned to civilian rule, allowing for yet another sequence of political and economic

re-engineering. The first was the death of President Roldós and his staff when their airplane crashed in the Andes near Ecuador's border with Peru on May 24, 1981. The New York Times reported that, “the plane was flying through a rainstorm and dense fog when it smashed into the mountains and exploded” (The Associated Press 1981). However, many did not think the crash was an accident and the death of the President caused controversy. Some suspected the Peruvian government as the two countries had an ongoing border dispute (*Library of Congress Country Studies* 1989c). Others suspected the United States government because the Carter administration was generally opposed to Roldós’ reformist stance and his relationship with revolutionary leaders in Nicaragua (The Associated Press 1981). Regardless of speculation, the catastrophe spread shock and fear throughout the country, which were in turn “harnessed” in order to implement neoliberal economic development (Klein 2007b:49).

The second crisis of this time period was the outbreak of the foreign debt crisis. As explained, Ecuador has now transitioned into an oil country, meaning it relies almost exclusively on a single, volatile, nonrenewable resource. Given this vulnerability, Ecuador was hit hard by the fall of oil prices at the beginning of the decade. This caused a massive increase in foreign debt leading to a full-blown debt crisis in 1982; between 1974 and 1982, foreign debt had risen from 18 percent to 60 percent of the GDP (Sawyer 2004:11). These two disasters were immediately followed by a series of neoliberal programs imposed by three separate regimes during the 1980s that intended to “increase export production (especially oil), open the economy to foreign investment and trade, and reduce the state’s productive and distributive functions” (Sawyer 2004:11). This started with Ecuador’s first modern austerity program under President Hurtado and grew

increasingly conservative throughout the decade. Neoliberal reforms included cuts in public spending, reductions in trade restrictions, and a general commitment to free market principles and government deregulation (Sawyer 2004:12). In this instance, the 1982 debt crisis was a disaster that neoliberal proponents took advantage of in order to increase corporate dominance and decrease government regulation, the very things that caused the debt crisis in the first place. This pattern of disaster capitalism would continue with increasing severity in the following decade.

### ***1990s: Texaco & The Neoliberal Turn***

Even after the neoliberal programs of the 1980s, international financial institutions continued to pressure the Ecuadorian state to make changes. As a nation that relied heavily on foreign capital and investment, it was susceptible to the interests and demands of foreign economies and authorities. So, when the IMF and World Bank decided they would only grant Ecuador loans if they implemented specific neoliberal policies, the country was forced to comply. During his inaugural speech in 1992, President Durán Ballén promised to increase oil reserves and encourage corporate investment. Soon thereafter, he withdrew Ecuador from OPEC so that corporations could produce more than the country's quota. This allowed for production to go from 275,000 barrels a day in 1990 to 373,000 barrels a day in 1993. Later that year, amendments were made to the Hydrocarbon Law, effectively reducing restrictions and transferring power to private corporations (Sawyer 2004:95-96).

These efforts were referred to as “modernization” programs that intended “to intensify export production, privatize public property, and cut government spending...to stimulate transnational investment, boost the GNP, reduce state expenditures, and

increase government efficiency” (Sawyer 2004:12-13)—the mantra of neoliberal ideology. Proponents hoped this would boost the economy and allow for stable democracy yet in reality, neoliberal programming increased corporate authority and decreased rights and representation for individual citizens.

Once again, this economic restructuring came at a point when the population was overwhelmed by crisis. As discussed in the previous chapter, Texaco left Ecuador in 1992 after three decades of illegal, negligent oil activity. The damage the company caused, both to the land and the people of the Lago Agrio region, was immense and irreversible. The following year, The Amazon Defense Coalition (made up of 30,000 Amazon residents) filed a lawsuit against Texaco (now Chevron). This marked the beginning of an epic, drawn-out, discouraging court battle that exemplifies the contradictions and corruptions of transnational capitalism. Through the disclosure of the case and associated documents and reports, the devastation of the Amazon was acknowledged throughout Ecuador as well as across the globe. Environmentalists, political activists, and indigenous organizations banded together to expose the wrongdoings of the corporation, demand accountability, and call for an oil moratorium. This environmental crisis and subsequent reaction once again exemplify the disaster capitalism complex in which conservative, oppressive policies take hold while the opposition is distracted by another problem. Fortunately, the Texaco crisis was not only met with neoliberal programming, but also with the most organized indigenous movements in recent history.

### *Indigenous Resistance & The Fight for Recognition*

Fortunately, the moments of crisis that characterized the 1980s and 1990s not only catalyzed neoliberal decision-makers but also indigenous groups. Indigenous communities have been mobilizing continuously since the first arrival of Europeans and through a second ‘conquest’ (the arrival of oil workers in the 1960s). Often, these movements were squashed under the weight of neoliberal programming. Yet, the 1990s provided a crucial turning point. The neoliberal landscape—increased oil production and decreased state support as well as economic instability—motivated indigenous peoples throughout the country to demand an alternative to the current hegemonic, capitalist agenda. The victories of the 1990s were ultimately a product of continuous struggle against the dominant political, economic, and social structures of recent history (Jameson 2010).

The manifestation of this struggle included the 1986 formation of CONAIE (The Confederation of Indigenous Nationalities of Ecuador): “an autonomous indigenous organization, independent of political parties, or any state, foreign or religious institution” (CONAIE n.d.) that has engaged in local, regional, national, and international issues since its inception. In 1990, they organized the largest uprising in Ecuador’s history to protest the unjust legal system, the failure of the government to process land claims, and general lack of indigenous representation. The uprising began when CONAIE led a takeover of the Santo Domingo church in Quito. Shocked by the group’s organization and the amount of indigenous and non-indigenous support, the state called in the police and cut off the protestors from the outside world. In response, rural indigenous communities marched into Quito, blocking roads and shutting down transportation systems. The

takeover was so widespread and effective, that the state was unable to contain it and the President agreed to meet with CONAIE and hear their demands (Colloredo-Mansfeld 2009:80).

CONAIE presented a list of sixteen demands, which, among other things, included the declaration of Ecuador as a “plurinational state”, the return of lands and land titles to indigenous nationalities, an environmental plan to solve water and irrigation problems, legal recognition and funding of indigenous medicine, and funding of bilingual education (“Los 16 Puntos” 1990). In general, the CONAIE representatives were demanding control over their own affairs and greater recognition within society. After meeting with the government, the CONAIE leaders had not gained any legal outcomes with any of their sixteen points. Politically, however, it was an important moment; indigenous communities were now recognized as political actors and this uprising provided a guideline for similar mobilizations throughout the following decade (Zamosc 2007).

Although resistance from indigenous leaders and organizations was consistent throughout Ecuadorian history, the most effective moments came when mobilization was orchestrated and intended to address specific policies. Thus, the 1990 uprising addressing land rights as well as the 1994 protest against oil operations were particularly influential. In January 1994, President Durán Ballén held *Séptima Ronda de Licitación*. The *Séptima Ronda* negotiations were part of Ecuador’s neoliberal agenda, under international pressure from the IMF and World Bank, to amend the Hydrocarbon Law and expand oil operations. It would allow international corporations to bid for lots of land in the Ecuadorian Amazon for oil exploration and extraction. It was met with massive

resistance from indigenous and environmental groups, which included the occupation of the Ministry of Energy and Mines building (Sawyer 2004:92-93). The occupation had significant effects: it delayed negotiations and in the end only one of the four lots up for bidding was sold. In this instance, indigenous resistance affected the economy and multinational corporations, as it deterred the international community from investing in oil (Sawyer 2004:117).

In general, the 1990s not only marked a time of neoliberal restructuring but also a time of great social and political unrest, resulting in significant indigenous organizing. Movements broke out in response to various aspects of the neoliberal agenda yet the process has been collective and cumulative. While certain aspects have responded directly to the extraction of oil from indigenous lands, it is not strictly about oil and it is not strictly about Ecuador. As Miguel Lluco, former congressman and president of the National Indigenous Federation of Ecuador states, “we have to acknowledge with precision that this is not only a matter for Ecuador, it’s a wider matter” (Gómez 2002). This wider matter means a global critique of neoliberalism and transnational capitalism, which includes the intersecting issues of extraction, exploitation, and oppression. It is also about redefining development and modernization, terms that have been continuously used to justify neoliberal programming, extractive industries, and environmental degradation across the globe. If we can re-conceptualize the meaning of development in a way that values human and environmental gains over corporate gains, we may have a chance of finding an alternative system.

For example, the 1994 CONAIE Manifesto makes it clear that while oil policy is “commonly hailed as the source of Ecuador’s development” it is in fact “the core of

‘antidevelopment...the exclusion and marginalization of our pueblos in the negotiations, decisions, and benefits’ surrounding petroleum” (Sawyer 2004:117). Unfortunately, a redefinition of development has not occurred; the nation is still an oil state dependent on foreign capital and corporate interests. As we will see in the following chapter, important progress has been made under Rafael Correa to improve conditions in the country. However, the reality of transnational capitalism and destructive extraction remains much the same as it was in the neoliberal phase of the 1980s and 1990s.

### CHAPTER 3: CORREA TAKES OFFICE

#### *The Changing Political Landscape*

In the previous chapters I discussed the economic and political landscape in Ecuador from the 1960s through the 1990s. I first addressed the environmental devastation caused by what is now Chevron Corporation. The ongoing court case, and the history of oil in Ecuador more generally, reveals how capitalism necessitates and justifies environmental racism and cultural destruction. The previous chapter also elaborates on Ecuador's transition into an oil state. Economic instability combined with political turmoil and environmental crises sent "shock" waves through the country, leading to the repeated implementation of neoliberal policies, which only exacerbated the existing economic and social issues. This pattern of political and economic turmoil remained a defining characteristic of Ecuador up until the election of Rafael Correa in late 2006 (Beittel 2013:2).

Indigenous resistance and mobilization, social unrest, and inequality remain pervasive in Ecuador today. However, Correa has made important changes; his three terms as President can be defined by a sense of popularity and economic stability, a far cry from previous decades. In this chapter, I will outline some of these significant changes and how they impacted the Ecuadorian people and the economy. I will then examine Correa's distinct platform as a progressive socialist and his framing of the Citizen's Revolution. The remainder of the chapter will elaborate on the ongoing traps of transnational capitalism. Despite writing a new constitution and championing the values of *buen vivir*, Correa and his administration continue to rely on oil and the extractive activities necessary for commercial production. Meaning, Ecuador, multinational

corporations, and international institutions continue to target and exploit indigenous communities and other marginalized groups in order to remain active participants of global capitalism.

***Correa: A Moment of Transformation***

The economic and political instability characteristic of Ecuador in recent decades, as the previous chapter explained, continued into the new millennium with much of the same patterns. In 2000, the government dollarized the economy, which helped control inflation but did little to improve inequality, economic uncertainty, and Northern corporate dominance (Ghosh 2012). When Correa was elected in January 2007, he replaced the interim government of Alfredo Palacio, who came to rule after former President Lucio Gutierrez was impeached in 2005. He was the seventh President to be ousted in a decade, a familiar pattern in Ecuador. However, this political instability changed when Correa took office. This January 2015 marked his eighth year in office maintaining the highest approval ratings of any Latin American leader (Becker 2013a:43). Under his presidency, “poverty had dropped, employment was up, wages were up, literacy and health measurements were up, and the equality gap was closing” (Becker 2013a:43). Additionally, increases in public spending meant great improvements in hospitals, schools, transportation systems, and roads. This growth and unlikely stability came despite global crises including falls in oil prices and a global recession (TeleSUR 2015).

Correa also reorganized oil contracts with multinational corporations. As before, Ecuador relies primarily on oil export revenue. However, in previous decades most of the profit was funneled to the big international oil companies. After renegotiations went into

effect in 2010, the state's shares rose from 13% to 87%. Correa also increased taxes, particularly corporate taxes, by a total of 40%, increasing public investment to 10% of the GDP (the highest in all of Latin America) (Siddiqui 2012). Increased taxes and contract negotiations led almost half of the oil companies to leave the country, after which state-owned companies took over operations. Regardless "the state oil revenue rose by US\$ 870 million in 2011" (Ghosh 2012). As a result, the government doubled social spending which allowed for the beneficial, poverty-alleviating measures mentioned above. Economist Jayati Ghosh even described the nation as "the most radical and exciting place on Earth" (Ghosh 2012). In the following sections, I will determine the accuracy of this statement, starting with a discussion of Correa's rise to power and political campaign.

### ***The Citizen's Revolution***

Prior to his election, Correa was very much aware of the general distrust and dissatisfaction among the Ecuadorian public regarding political parties, neoliberal policy implementation, and exclusive representation. So, he created his Alianza Patria Altiva y Soberana (Alianza PAIS) platform, which promoted a detachment from neoliberalism and its powerful parties. Correa put forth La Revolución Ciudadana, or Citizen's Revolution, a movement that promoted an active role of the state, greater inclusivity and representation, and the importance of national interests over foreign capital (Kennemore and Weeks 2011:274). Speaking of the Citizen's Revolution, Correa explained

Latin America holds the grim title of most unequal region in the world, and the Andean countries are the most unequal part of that region. This is why it was crazy to apply the neoliberal system, supposedly based on competition and the liberation of the market, in countries like Ecuador in recent decades. What

competition were they talking about? It was a massacre. Now we are reducing inequality, and poverty with it, through a combination of four things...[1] making the rich pay more taxes...[2] giving equality of opportunities...[3] governing the market and improving the labour system...[4] distributing adequately our social patrimony (“Rafael Correa Interview: Ecuador’s Path” 2012).

Correa proposed the drafting of a new constitution, in order to fulfill the initiatives mentioned above, which was approved by popular vote in 2008. Much of the public was pleased that the promises Correa made during the elections were being fulfilled with concrete policy. The New Constitution, with newly garnered support, established such reforms as increased public spending, greater share in oil revenue, greater state regulation, and improved social services. This series of victories on Correa’s part enabled, according to Jayati Ghosh, “recognition of human rights and the rights of nature, and its acceptance of plurality and cultural diversity” (Ghosh 2012). Ghosh even claims that the case of Ecuador proves, “we are not condemned to the gloomy status quo...societies can do things differently...the rest of the world has much to learn from this ongoing radical experiment” (Ghosh 2012).

However, it would be simplistic to claim that Ecuador’s transformations have been a “radical experiment” that challenged the “status quo” (Ghosh 2012). While I am not attempting to undermine the significance of these economic, political, and social changes, I do hope to clarify that much of the same exploitation and exclusivity continues under President Correa. The changes that have been made in the past decade have relied significantly on extractive activities and oil revenue. Thus, many of Correa’s policies have in fact been reminiscent of Ecuador’s neoliberal past in that they encourage

investment in extractive industry. For example, even though the 2009 Mining Law granted the state half of corporate revenue, it allowed foreign companies to continue mining operations in the first place (Kennemore and Weeks 2011). Acción Ecológica explains how this reveals Correa contradictions; the Mining Law, “written in the neoliberal model, is favoring foreign investment over social and environmental concerns, putting the extraction of minerals over the rights of communities, as well as allowing open pit mining and the destruction of biodiversity” (qtd. in Kennemore and Weeks 2011:275). Correa also put forth plans to privatize water and “grant corporations “preferential access to water sources with little restrictions on contamination” (Kennemore and Weeks 2011:276). Due to these many contradictions, activists and indigenous groups tend to see Correa’s administration in much the same way they saw the governments of previous decades.

### ***Contradictions of the New Constitution***

The contradictions mentioned above are made more clear when we examine specific components of the New Constitution. Article 71 of the Constitution states, “Nature, or Pacha Mama, where life is reproduced and occurs, has the right to integral respect for its existence and for the maintenance and regeneration of its life cycles, structure, functions and evolutionary processes. All persons, communities, peoples and nations can call upon public authorities to enforce the rights of nature” (2008 Constitution, Republic of Ecuador 2011). This makes Ecuador the first country to recognize the rights of nature. Yet, Correa continues to allow multinational and state-owned corporations to explore and extract materials across the country, primarily in the Amazon rainforest. Similarly, Correa has discussed plans to privatize water, even though

the Constitution explicitly states, “The human right to water is essential and cannot be waived. Water constitutes a national strategic asset for use by the public and it is unalienable, not subject to a statute of limitations, immune from seizure and essential for life” (2008 Constitution, Republic of Ecuador 2011). In reading the constitution, it becomes clear that it promotes an ideal scenario to works towards, not the reality of Ecuador as it is today.

The final point I will make regarding the contradictions within the constitution is in relation to the state’s use of the term *buen vivir*, or *sumak kawsay*, an ancient Kichwa word meaning “good living.” It is a term that has significance for indigenous groups across South America and has defined indigenous ways of life for thousands of years. According to the Pachamama Alliance, *sumak kawsay* “is a way of living in harmony within communities, ourselves, and most importantly, nature.” (Pachamama Alliance 2015). It has been adopted into the 2008 Constitution; the section *buen vivir* affirms,

The right of the population to live in a healthy and ecologically balanced environment that guarantees sustainability and the good way of living (*sumak kawsay*) is recognized. Environmental conservation, the protection of ecosystems, biodiversity and the integrity of the country’s genetic assets, the prevention of environmental damage, and the recovery of degraded natural spaces are declared matters of public interest (2008 Constitution, Republic of Ecuador 2011).

However, *sumak kawsay* epistemology is in direct opposition with neoliberalism and global capitalism. It promotes people over profit and rejects capitalistic notions of development, which emphasize wealth accumulation and commodification. Ecuador remains an extractive economy that relies on oil and participates in the system of

transnational capitalism. Thus, true *sumak kawsay* is not possible in Ecuador at this economic, political moment.

### ***Continued Indigenous Response***

This notion, that transnational capitalism prevents Ecuador from establishing true transformation, is reflected in indigenous response to the Correa administration. According to Marc Becker, Correa “emerged out of a liberal framework that emphasized individual rights...his citizens’ revolution deemphasized social movements and reinforced colonial and liberal ideologies that oppressed and erased the unique histories of indigenous nationalities” (Becker 2011:48). So, while both Correa and indigenous movements hoped to revoke neoliberal legacies and implement steps to increase equality and inclusivity, “they increasingly clashed on how to realize those objectives” (Becker 2011:49). Ultimately, Correa, like his neoliberal predecessors, sees development primarily in economic terms, whereas, indigenous groups see development in cultural, social, and communal terms. For example, Pachakutik delegate Carlos Pilamunga says, “Western development is concerned only with politics and economics...We [indigenous peoples] are also concerned with cultural elements, plurinationality, and the environment” (qtd. in Becker 2011:50). Clearly, conflict is inevitable when epistemologies and ways of life do not align, which is why indigenous movements and mobilizations have continued through Correa’s presidency.

However, most activists, indigenous peoples, and environmentalists still consider Correa’s presidency a step forward from previous regimes, but they emphasize that anti-capitalist progress has yet to be made. The country continues to drill for oil in the most fragile areas on earth and continues to exploit indigenous lands and bodies under the

banner of development. Correa has championed himself as a twenty-first-century socialist seeking an alternative to the free market capitalism of the past (Kennemore and Weeks 2011). While successful in improving living conditions and social services, an accomplishment I do not wish to minimize, it is clear that a true post-neoliberal model has not been achieved. In the past few years, Correa has contradicted his own reforms, has responded to political movements with violence and repression, has returned to the World Bank, and has expanded oil drilling and mining operations (Acosta 2014). In fact, he passed a new Mining Law in 2009 and amended the Hydrocarbon Law in 2010 (2012 Investment Climate Statement 2012) in order to provide tax incentives to encourage foreign investment in mining and oil exploitation. Additionally, indigenous groups and environmentalists continually face government repression and criminalization. For example, in a town in the Amazon in 2007, “Protesters were opposing an oil company’s activity in the region by setting up roadblocks to prevent access to oil fields...Correa responded by declaring a state of emergency. Police violently dragged community members from their homes, arresting twenty-three people” (Dangl 2010). So, while important changes have been made during the Correa administration, instances such as this are reminiscent of earlier oppressive regimes.

Thus, perhaps Ecuador is not “the most radical and exciting place on earth” (Ghosh 2012) but rather a country that has undergone major change in the last decade and remains a player in the game of transnational capitalism. This issue is highlighted in the next chapter, which will discuss Correa’s contradictions more explicitly using one prime example: his decision to drill for oil in the most culturally and biologically fragile area in the Ecuadorian Amazon.

#### **CHAPTER 4: CASE STUDY—YASUNÍ NATIONAL FOREST**

In the previous chapters, I have examined the costs of oil extraction in Ecuador. In Chapter 1, I explained how the state's desire to boost the economy and gain a place in the global market led to minimal restrictions for international exploiters. In this context, Chevron utilized dangerous, cost-cutting standards for almost three decades, resulting in irreversible environmental damage and human rights abuses. The corporation's racist attitude led to a 22-year litigation that still lacks a resolution. As discussed in Chapter 2, these oil-related crises served to distract the local and global population while Ecuador established a series of neoliberal reforms. The previous chapter proves that Correa has made some important changes, but most have been purely symbolic and lack any real action because of Ecuador's continued reliance on oil.

In this chapter, I will discuss the background of the Yasuní-ITT Initiative and Correa's recent decision to forgo the plan. First, I will describe the environmental and cultural importance of the park itself. Then I will frame the initiative as Correa's attempt to keep a particularly biodiverse section of the Amazon, Yasuní National Forest, safe from oil operations by calling for international contribution. I will claim that, despite good intentions, the plan was set out to fail. Not only did the government undermine the seriousness and feasibility of the plan, but it also commodified the environment itself and adhered to distorted capitalist logic; it restricted the oil moratorium to one specific region and continued extractive operations elsewhere in the country.

Next, I will claim that Correa distanced the plan from its original objectives, which were rooted in indigenous resistance. I will clarify that the idea behind the Yasuní-ITT Initiative began decades ago when indigenous and environmental activists sought a

feasible alternative to capitalism. The latter section will elaborate on the idea that this case study is not unique; it is an example of a common struggle developing nations and resource economies face in a system that pits national issues against each other to smoke screen the contradiction and exploitation inherent within capitalism. Finally, I will clarify that just because the government dropped the initiative does not mean the search for a post-petroleum society has ended; indigenous and environmental organizations continue to practice and promote alternative systems.

### ***Background to the Yasuní-ITT Initiative***

The Yasuní National Forest (Parque Nacional Yasuní) is one of the most biologically diverse areas in the world. Part of the Amazon River Basin, it covers 3,800 square miles in Eastern Ecuador along the border with Peru (Wallace 2013). The park was declared a UNESCO Biosphere Reserve in 1989 and is considered home to the greatest number of tree and insect species anywhere on the planet. The territory is also home to the Waorani indigenous people and two non-contacted nomadic Waorani tribes—the Tagaeri and Taromenane—both of whom live in voluntary isolation with no peaceful contact with the outside world (Koenig and Zuckerman 2013). A region of the Park, known as the Ishpingo Tambococha Tiputini (ITT), sits on top of almost one billion barrels of crude oil (Sovacool 2013:194).

President Correa publicly announced a proposal called the Yasuní-ITT Initiative at the UN Climate Change Forum in New York on the 24<sup>th</sup> of September 2007. According to Correa, the initiative was a plan to indefinitely refrain from exploiting the ITT oil reserves, which contain around 920 million barrels of crude oil (Correa 2007). Correa claimed the initiative would 1) combat global warming by avoiding fossil fuel

production in a biologically and culturally fragile area; 2) protect the biodiversity of Ecuador and the non-contacted indigenous cultures of Yasuní; and 3) consolidate a new form of sustainable development in the country focusing on social development, conservation, and renewable energy (Larrea and Warnars 2009:219).

According to Correa, the initiative would contribute to the global fight against climate change by preventing the release of more than 400 million tons of carbon dioxide into the atmosphere (Correa 2013). He claimed that while “climate change knows no borders, we must point out that its distribution and impact are inequitable” (Correa 2007). By elaborating on the asymmetrical rates of fossil fuel consumption across the globe, Correa pointed to modern, “privileged” societies as those most responsible for the current reality of global warming (Correa 2007). In Correa’s view, “Ecuador is prepared to make enormous sacrifices, with a sense of justice and creativity, to counteract global warming” (Correa 2007) even though it is not majorly responsible for it. Correa used this justification to encourage monetary compensation in exchange for keeping Yasuní Park untouched.

The Ecuadorian government called for an international contribution of at least US\$3.6 billion, a value of approximately half of what the government would receive if it drilled and exported oil from the ITT region.<sup>8</sup> In a televised speech from the Government Palace on August 15th, 2013, Correa explained this idea of compensation, claiming

What we were asking for was not charity; it was joint responsibility in the struggle against climate change...the compensation demanded was perfectly logical in environmental and economic terms: it constituted fair payment for generating environmental resources. Without the Amazon jungle, the main lung of

the world, life on the planet would probably disappear. Despite that, we Amazon countries received nothing in return (Correa 2013).

However, after five years the government had received just US\$13.3 million in funds with \$336 million further in pledges. As such, the Ecuadorian government made the decision to drop the plan; on August 15<sup>th</sup>, 2013, when Correa publicly announced the end of the initiative, he stated, “the world has failed us” (Correa 2013).

It is unfortunate that the plan failed because it had great potential for the country. Leading up to the 2007 announcement of the initiative and in the years following, both the government and civil society consistently discussed the benefits that would come from keeping Yasuní intact. They claimed that the plan would have introduced a new way for developing countries to earn revenue while keeping fragile ecosystems intact. We all depend on places like Yasuní National Forest to survive; forests play a crucial role in the carbon cycle, allowing for clean air, healthy soil, and ecosystem regulation. The plan could have pushed Northern economies to recognize this and to take accountability for global climate change (Sovacool 2013:10).

The plan would have also protected the non-contacted tribes of the area from likely extinction and the surrounding communities would have been spared cultural and physical hardship. According to Carlos Larrea, a professor at Universidad Andina Simon Bolivar in Quito, the Initiative “can enhance national distributive environmental justice because the project protects indigenous peoples' cultures, rights and their environment, of both contacted and non-contacted groups, and will reduce national poverty” (Larrea and Warnars 2009:223). By refraining from drilling, the economy would have had to relinquish billions of dollars of oil revenue. However, the money accumulated from

donors and investors would have gone into a Yasuní-ITT Trust Fund, which would have been used for sustainable development projects like renewable energy programs, reforestation campaigns, as well as social services such as education, healthcare, and tourism (Larrea and Warnars 2009:221). The initiative also had the potential to establish a more equal redistribution of power between the government and civil society: it would have required participation and cooperation from various sectors of Ecuadorian society, including the government, indigenous groups, environmental and political organizations, and other NGOs. It may have helped to alleviate poverty through the advancement of social services and environmental programs and in turn would have created more job opportunities (Sovacool 2013:209). However, these potential benefits would only have been possible had the initiative been set up in a very different way.

Indeed, several scholars and activists claimed that “the ITT Initiative offers new ways to think about collectively building a post-petroleum economy...that frees the nation from dependence on extractive industries” yet, they specified that in order to achieve this it has to “be seen as a public policy and the political implications of the initiative must be thoroughly considered” (Acosta et al. 2009:2). Unfortunately, the Correa administration framed the proposal in a way that did not thoroughly consider political implications. The plan did not offer an alternative to transnational capitalism because it was ideologically framed around capitalist rationalization.

### ***The Plan’s Capitalist Framework***

In this section, I will discuss the reasons that the plan ultimately failed. In fact, I will argue that the way the government framed the initiative set it up for failure from the outset. This is because of two main reasons. Firstly, the Correa administration conveyed

inconsistency, contradiction, and confusion regarding the logistics of the plan, which often deterred contributors from donating. Secondly, and even more significantly, the plan was framed by distorted capitalist logic and as such, failed to provide an alternative to transnational capitalism.

Throughout the duration of the initiative, the Correa administration conveyed to the international community that it was not entirely serious about following through with the plan. Nevertheless, some countries, organizations, and individuals did donate. The greatest source of support came from Ecuadorian citizens and civil society organizations within the country, which strongly backed the proposal. In fact, nearly 80% of Ecuadorians support keeping Yasuní untouched (Martin and Scholz 2014). Additionally, “Bo Derek, Leonardo DiCaprio, Edward Norton and Al Gore” (Watts 2013) among others, gave individual donations. In terms of foreign governments:

Italy wrote off \$51m of its external debt as a contribution, and Germany offered \$50m in technical assistance to Yasuní rather than the ITT project. Chile, Colombia, Georgia and Turkey donated token amounts. Belgium, Brazil, France, Lebanon, Indonesia, Turkey, Spain and Qatar also promised donations. By the start of this year, pledges totaled \$300m, according to its negotiators, but it is now apparent that only a fraction of that amount was actually deposited in the trust (Watts 2013).

As you can see, some countries and individuals gave significant amounts while others pledged amounts and waited to see how the initiative progressed. Some withdrew their support as the initiative dragged on for over six years. Many nations did not give at all, likely because environmental problems in “developing” countries are generally not

priorities of “first world” economies or capitalist systems. However, these nations may have also been skeptical of the actuality and legitimacy of the proposal. This conclusion can be drawn due to the fact that the Correa administration was pursuing two plans at the same time. Plan A was the Yasuní-ITT Initiative: to suspend oil operations and receive contribution from the international community. Plan B (what actually happened) was to move ahead with oil operations if the minimum compensation was not received (Vidal 2013).

In an interview a year before the initiative was dropped, Alberto Acosta, the former president of the National Constituent Assembly of Ecuador and former Minister of Energy and Mines, claimed the existence of a Plan B conveyed a sense of mistrust over the state’s intent and seriousness regarding the initiative. In describing necessary conditions for the plan to be successful, Acosta stated, “Building trust is fundamental...one day [Correa] says he is for it and the next he says he is against it and these constant contradictions and inconsistencies undermine confidence...If we are to make this revolutionary initiative succeed, the government must give absolutely clear signals” (ELLA Programme 2012). Acosta then described that the government was simultaneously drilling for oil in Block 31, which is right next to the ITT Block. He claimed that Block 31 would only be profitable if ITT was also exploited, suggesting that the government anticipated that Plan A would fail. Additionally, Block 31 is upstream from the ITT Block, meaning any spills or accidents will contaminate both areas. In general, Acosta urges the government to forget Plan B altogether and concentrate fully on an alternative to oil exploitation (ELLA Programme 2012).

Similarly, further threats to the seriousness of Plan A can be seen in the operations the state engaged in while the initiative was underway. For example, Correa was expanding oil activities elsewhere in the country, working on mining projects (Arsel and Pellegrini 2013), privatizing water (Becker 2013b), and negotiating a secret US\$1 billion deal with China for rights to drill in Yasuní (Hill 2014). This not only conveyed to potential donors that Ecuador was not dedicated to the plan, but it also revealed that Ecuador was still entirely bound within a capitalist model. For the proposal to be credible, Ecuador had to have demonstrated a commitment to pursue an alternative to resource extraction (Moncel 2009). Calling an oil moratorium within one specific field within the Park holds little value when many lands across the country, and even neighboring oil fields, are continually exploited and extracted.

Members of *Amazonia Por La Vida*, an Acción Ecológica campaign, elaborate on this notion in a letter to Correa. The letter assesses why the plan failed and argues that the government missed the true objective of the original plan entirely by continuing to rely on a capitalist, extractive agenda. In their view, the initiative should not have been a one-off environmental achievement but rather a “genuine civilizational change...to call attention to the impacts extraction has had on nature and the environment (and ultimately people); to question the commodification of nature through carbon markets; to try to map out a future without petroleum” (Amazonia Por La Vida Campaign n.d.). In this way, the national Yasuní-ITT initiative lacked an underlying concept of transformation and anticapitalism. Instead, it attributed a monetary value to a portion of land (one of the most culturally and biologically diverse regions of the planet) and as such, worked within a national system of economic development and global system of transnational capitalism.

Moreover, the plan adhered to capitalist logic through its logistical arrangements with the international community. Its ideology grew increasingly financial in that the government adapted the plan for trade on the carbon markets. Meaning, in return for contributing to the initiative, international donors would receive Yasuní Guarantee Certificates (CGYs), which would be equivalent to one metric tonne of CO<sub>2</sub> (Silvestrum VoF, the Netherlands 2009). This exchange enforces the extractive economic model because CGYs would “have the same function as carbon credits and allow GHG emissions to be offset elsewhere.” (Carrapatoso and Kürzinger 2014:146). Therefore, investors would simply gain the right to emit more greenhouse gas in a different capacity. This rationale not only perpetuates the current exploitative system but it also disregards other values of leaving Yasuní intact, such as the protection of indigenous cultures, territorial rights, species biodiversity, and ecosystem regulation.

By tracing its flawed and contradictory logic, this section has illuminated why the plan could never have worked. When Correa abandoned the initiative in 2013, many activists and indigenous leaders were not surprised. Indeed, CONFENIAE (the Confederation of Indigenous Nationalities of the Ecuadorian Amazon) President Franco Viteri explained that drilling in Yasuní was just “one more example of the neoliberal, pro-imperialist, and traitorous character of the current regime” (qtd. in Becker 2013b). They foresaw its failure because of the way the Correa administration transformed the proposal from its initial form. In fact, the origins for the initiative can be traced to indigenous resistance; over twenty years ago, CONAIE (the Confederation of Indigenous Nationalities of Ecuador) called for an oil moratorium throughout the Ecuadorian Amazon. Eventually, their ideas moved up and Correa eventually formed the Yasuní-ITT

Initiative. However, once a national program, the initiative grew more and more detached from its roots in indigenous epistemology.

### ***Origins of the Initiative: Towards an Oil Moratorium***

Indigenous and environmental organizations conceived of a plan that would later become the national Yasuní-ITT Initiative. Specifically, in the mid-1990s when Chevron (then Texaco) left Ecuador, CONAIE presented a list of demands to the government in order to bring justice to those harmed by oil development in the Amazon region. The demands included compensation for the destruction, proper cleanup of the contamination, and further investigation into illegal oil operations and human rights abuses in the region. In the last demand the Vice President of CONAIE Rafael Pandam declared, “a 15 year moratorium on further oil exploitation until the above conditions are met” (The Center for Economic and Social Rights 1994:ix). This CONAIE declaration was the first written proposal for an oil moratorium in Ecuador. The Ecuadorian government at the time did not honor the moratorium, because the economy was and is dependent on oil and 15 years without drilling would require an economic alternative, which had not been established. However, over the next decade, similar proposals followed and the idea gained support within the country. As resistance to oil operations grew, the government eventually adapted the suggestion of an oil moratorium into national policy.

While these original proposals influenced the creation of the official Yasuní ITT Initiative, the ideologies, models, and goals of each plan were markedly different. These differences are made clear in a 2013 report called *Towards a Post-Oil Civilization: Yasunization and Other Initiatives to Leave Fossil Fuels in the Soil*, which traces how the idea to leave oil in the soil formed and progressed within Ecuador. In the publication,

Esperanza Martínez, co-founder of both Acción Ecológica and Oil Watch, claims that the idea of an oil moratorium was “born as a critique of oil capitalism...[and] included a profound questioning of the extractivist model” (Temper et al. 2013:11). She continues to explain that the proposal began as an attempt to find an alternative model, one that does not necessitate deforestation, cultural and environmental destruction, and the depletion of resources.

However, the push towards an alternative to extractive capitalism was abandoned when Correa adopted the proposal. The demand for monetary compensation transformed the plan into a capitalist model that values monetary compensation above environmental and human rights. Additionally, mining and other oil activities were in full swing elsewhere in the country. Thus, the government turned the initiative into a one-off moment of environmentalism, unmatched by systemic, anticapitalist change. The economy continues to rely on extraction and corporations continue to destroy communities. The following section will first elaborate on Correa’s responses to these aforementioned flaws. It will then explain that, while many are quick to blame Correa for the initiative’s failure, the decision to drill in Yasuní is part of a bigger issue; it is a product of the overlapping systems of transnational capitalism, globalization, corporate power, and racism. Like many leaders, Correa has attempted, and in some areas succeeded, to improve the quality of life and secure the rights of citizens. Yet, ultimately, he fails to break from a capitalist mode of governance.

### ***The Bigger Picture***

The contradictions explained in the previous section are not unique to Ecuador; they are common traps leftist governments face when they promote environmental

conservation but end up working within the same old capitalist construct. Ivonne Yáñez, a founding member of Acción Ecológica and Oilwatch, calls this *The Green Economy*, nothing more than rigid capitalism in which,

...the cycles, functions, structures, components and everything else encompassed by nature are converted into new commodities and incorporated into the market for environmental or ecosystem services...the transformation of the care and protection that the peoples have traditionally given to the forests, grasslands and water resources into a type of work – remunerated through monetary incentives – and their incorporation into the chaotic international financial system (Temper et al. 2013:160).

In the case of the Yasuní-ITT Initiative, the Ecuadorian government attempted to commodify these ecosystem services through the carbon market. In doing this, Ecuador promoted the retention of such a system rather than the search for an alternative.

When responding to the failure of the initiative, many people are quick to blame Correa. For example, Atossa Soltani, executive director of Amazon Watch and an ambassador for the initiative lamented, "Correa has abandoned the most revolutionary and popular proposal of his presidency. With more time and better management, this initiative could have been a true model for the world for safeguarding the climate, biodiversity, and the rights of the uncontacted groups" (qtd. in Koenig and Zuckerman 2013). Similarly, Humberto Cholango, president of CONAIE stated, "This is the absolute failure of the government. This is a sad day for all living beings, for all living things" (qtd. in Koenig and Zuckerman 2013). While these statements critique the initiative's

planning and highlight the disappointment within the country, they fail to acknowledge the bigger picture: the role of transnational capitalism itself.

Many countries and leaders throughout the world drill for oil, mine for coal, build refineries and power plants, often without giving much thought to the consequences and ethics behind their decisions. Correa, on the other hand, worked with and learned from civil society, environmental organizations, and indigenous groups to figure out a way to protect Yasuní. Ultimately, however, Correa is stuck in a capitalist trap that effects many leftist leaders of developing nations who invest in sustainable energy, create national parks to protect the environment, and grant rights to marginalized groups. While these efforts are necessary and commendable, they are incompatible with modern transnational capitalism, which necessitates continuous exploitation, extractivism, and inequality.

Ecuador's economic structure, like others in developing nations, benefits industrialized, 'first-world' nations at the expense of its own population. This is what is often referred to as the "resource curse" (Becker 2013b). While Correa has raised the revenue from oil exports and increased state control over operations, Ecuador remains dependent on foreign investment and export commodities. Oil countries are known for economic instability as well as high rates of inequality and poverty, and Ecuador is no different despite improved social services. Extractive resource economies are inherently flawed and precarious given they rely so heavily on a nonrenewable, volatile resource. As CONAIE states, oil policy is not a viable development strategy but rather the principle of "antidevelopment" (qtd. in Sawyer 2004:117). It renders economies of the South vulnerable to Northern economic and corporate dominance. In this way, transnational

capitalism not only practices environmental racism and oppresses minority groups but it also exploits entire countries.

In initially discussing the initiative, Correa stated, “The real dilemma is this: Do we protect 100 percent of the Yasuní and have no resources to meet the urgent needs of our people, or do we save 99 percent of it and have US\$18 billion to defeat poverty?” (Correa 2013). In creating this dichotomy, Correa fails to recognize that adhering to the system of capitalism perpetuates poverty and inequality. Transnational capitalism obscures the workings of racism and power. It pits issues national against each other so that countries must decide whether to protect vulnerable lands and cultures or the wellbeing of the general population. Rhetoric becomes a question of either or: to save Yasuní or to alleviate poverty. This serves as distraction so that foreign countries address these problems internally while the unjust capitalist system remains untarnished.

Throughout this chapter, I have presented a fairly pessimistic view of the initiative and Ecuadorian economics more generally. Yet, it is important to note that while the national plan has been terminated, the idea behind the proposal is still very much alive. Indeed, upon hearing the plan was dropped, Esperanza Martínez stated, “The government doesn't have the right to dissolve the Yasuní-ITT initiative because this doesn't belong to them... Its ultimate fate is not up to President Correa or any one person” (qtd. in Koenig and Zuckerman 2013). Here, Martínez emphasizes that given the plan did not arise through the government, it will not end through the government. Those that initially conceptualized an oil moratorium will continue to search for alternative systems of development, ones that adhere to a vision of *buen vivir* and break from transnational capitalism.

## CHAPTER 5: CONCLUSION

In this thesis, I set out to prove that our current system of transnational capitalism and corporate dominance relies on extracting resources from beneath the earth and necessitates exploitation and oppression at every level. Thus, it is incompatible with environmental justice and sustainable living. In the introduction, I explained why I chose to focus on Ecuador, a small, beautiful country that has undergone profound political, social, and economic change over the last five decades. I described witnessing environmental destruction there as well as learning about potential alternatives. Ultimately, my time there as well as my preparation for this thesis provided me with sufficient evidence to determine for myself that modern capitalism is inherently violent and hurts far more people than it benefits.

Chapter 1 exemplifies this by tracing the history of Texaco's environmental crimes in Ecuador. The corporation's operations in the country as well as its response to the Plaintiff's lawsuit demonstrates the corporate arrogance, reversal of victimhood, and blatant racism characteristic of giant corporations more generally. Chapter 2 gives historical context from the discovery of oil in the 1960s, military rule and economic instability in the 1970s and 1980s, and the height of neoliberalism in the 1990s. Ultimately, it proves that since the discovery of oil in Ecuador, environmental and cultural "shocks" have been met with oppressive, neoliberal programming as well as unified resistance.

Chapter 3 examines the election of Rafael Correa and determines that although he has implemented some beneficial programs during his presidency, the greater transformations he once promised are obstructed by the country's reliance on extraction.

Chapter 4 takes this idea further by using the Yasuní-ITT Initiative as an example of Ecuador's inability to break from capitalist logic; the government commodified the environment and expanded extractive activities in other parts of the country, meaning the initiative was not part of a greater plan towards an alternative to capitalism. In these latter chapters, I convey that Ecuador, like many other countries, is restrained by the exploitative, unequal, profit-driven nature of transnational capitalism.

### ***Thinking Globally***

While I have focused specifically on Ecuador in each of the preceding chapters, it should be noted that the circumstances and struggles that define my discussion are not unique to Ecuador. In fact, the neoliberal era of military juntas, dictatorships, government overthrows, and oppressive policies discussed in Chapter 2 was characteristic of Latin America more generally in these decades. Similarly, while oil is an emblem of Ecuador's neoliberal phase and entry into the global market, this thesis aims to provide a broader perspective on the constraints of transnational capitalism. Similar restraints have affected other countries throughout the world, rendering them dependent on foreign capital and vulnerable to corporate intervention.

The current historical moment is defined by the structures of transnational capitalism, including immense wealth disparity, technological advancement, and market globalization unique to the 21<sup>st</sup> century. Professor William I. Robinson goes so far as to say, "The crisis of global capitalism is unprecedented, given its magnitude, its global reach, the extent of ecological degradation and social deterioration, and the scale of the means of violence. We truly face a crisis of humanity. The stakes have never been higher" (Robinson 2011). Corporations and economic elites are no longer tied to their

own nations but rather tied to each other, in what is referred to as “a transnational capitalist class” (Robinson 2011). Members of this new class, among others, are the proponents of neoliberal globalization. They claim freer markets, decreased spending, and deregulation will stimulate economic growth, alleviate poverty, and improve living conditions. Yet, if we look at the history of neoliberal policy, it is clear that it precipitates the very opposite: “widespread hunger and poverty, the massive displacement of small farmers, sweatshop working conditions, the breakdown of community, the rise of ethnic and religious fundamentalisms, increased social conflict, and an array of severe ecological crises” (Sniegocki 2008:321). Focusing on Ecuador is important because, on a small scale, it exemplifies these issues.

### ***Thinking Locally***

As made clear in Chapters 4 and 5, Correa has been able to implement a long-term agenda, unlike past Ecuadorian presidents whose presidencies brought instability and brevity. Correa’s popularity, charisma, and achievements make him a competent and historically significant leader. Yet, many are dissatisfied with his presidency, perhaps because they saw his term as potential for change that did not come. Environmental and indigenous groups strongly supported Correa against his right-wing opponent back in 2006 when he proclaimed his post-neoliberal agenda (Dangl 2010). The 2008 Constitution was meant to increase state regulation, raise public spending, nationalize resources, and grant greater rights and political representation to indigenous communities. While the government did establish some of the best education, healthcare, and sanitation systems in Latin America, other promises were not as successful. For example, when the Constitution was passed, Correa “began a public campaign to pass

legislation that would expand the operations of gold-, silver-, and copper-mining corporations in the Amazon and the southern highlands around Cuenca, as well as initiate new mining sites in the northern highlands” (Dosh and Kligerman n.d.)—meaning greater exploitation and destruction of local communities.

As explained in the last chapter, I do not wish to blame Correa for his continued dependence on extractive industry. Instead, I want to highlight that this dependence, in Ecuador and elsewhere, represents the constraints of capitalism, particularly on poor, export-driven countries. This reality will not change until the stakeholders and proponents of the system recognize their privilege, acknowledge injustice, and support other communities in finding an alternative. Correa himself is aware of his position and the obstacles he faces to break from the exploitative system. He says, “any change in Latin America, the most unequal region in the world, will face a lot of obstruction...But we have to continue because these changes are necessary...we can expect to have this opposition, very strong opposition, [from] these groups of interests, because they [will] lose their privileges” (Palast 2008). Indeed, like the Chevron stakeholders discussed in Chapter 1, many corporate executives, government officials, and members of the general population in the United States and in other powerful countries are invested and reliant on transnational capitalism, which is why it remains so integral and perpetual within modern society.

In addressing the distorted, unjust logic of capitalism, Correa rightfully claims, “we’re facing a crisis that we have not provoked, yet we are the main victims.... it has not been generated by factors external to the system, but by factors that are of the very essence of the system: exacerbated individualism, deregulation, competition and so on.

This clearly shows us that something has to change” (Goodman 2009). Indeed, the system was entirely structured in a way that disparately impacts certain groups by funneling wealth to the benefactors and stakeholders of transnational capitalism. Others, those less valuable to the system, are trapped within a vicious cycle of poverty and exploitation. The system particularly hurts those in developing countries, such as Ecuador, because it takes from workers, small farmers, local economies, and the environment, and gives to foreign corporations. There have been many to critique this unjust system we currently live in, including previously mentioned environmental and indigenous groups within Ecuador as well as groups throughout the world. While it may seem that capitalism is too pervasive of a structure to dismantle, the next section will examine some of the scholars and activists who see that a feasible alternative is possible.

### *Alternatives*

Some critics of capitalism argue that we need to reform the policies we already have and promote a more representative, fair capitalist system. These reforms, according to economist Joseph Stiglitz, include increased debt relief and welfare benefits, higher taxes, improved social services, and fairer trade rules. In general, this perspective promotes a greater role of the state and a lesser role of the market, in the hopes of valuing people over profit (Sniegocki 2008:331). However, others, particularly grassroots activists, indigenous groups, and other political analysts, urge for larger steps towards change.

These more radical activists do not view our current system, in any form, capable of providing a just, sustainable society. Instead, they speak from the bottom, from those most oppressed by global capitalism not just economically but culturally, socially,

politically, ecologically, and spiritually. These grassroots critics express, “the need for a ‘critical traditionalism’ that integrates the best of traditional cultures (e.g., respect for nature, concern for spiritual growth, and strong communal values) with liberative modern insights (e.g., the equality of women) to create ‘alternative modernities’” (Sniegocki 2008:335). This perspective emphasizes the importance of the natural world and global capitalism’s incompatibility with the rights of nature, environmental justice, and sustainable living.

These critics rightfully claim that modern global capitalism has caused irreparable environmental damage and global warming. Meaning, if we were to simply reform our existing system, it would only be a matter of time until we destroy the earth in order to accumulate capital. This vision calls for “revitalized local and regional economies, with primary emphasis placed on ecologically sustainable forms of production to meet local needs. International trade would still have a role to play, but a secondary role” (Sniegocki 2008:336). This local emphasis should be met with environmental protection, increased social services, and harsh restrictions on corporations. Given modern levels of exploitation, further changes include debt relief, fair trade agreements, and “limitations on the power of the IMF, World Bank, and the WTO” (Sniegocki 2008:336). Essentially, this vision is similar to what indigenous groups have consistently advocated for: a more representative, inclusive, and less destructive way of life.

The authors and contributors of *Towards a Post-Oil Civilization* (discussed in Chapter 4) claim that the continued exploitation of ‘developing’ countries at the hands of ‘first world’ economies creates a never-ending cycle of dependence and inequality. The

only way to disrupt the cycle is to stop viewing land and resources as commodities within the financial market. Instead, we must promote *Yasunization*:

to Yasunize is part of the language of a new civilisational paradigm that questions economic growth, fossil fuel - dependency, the ensuing climate changes and the lack of action in the face of evidence. To Yasunize entails the necessity of conserving nature and community ways of life, placing *Buen Vivir* higher than Development in the scale of values, protecting human rights and the rights of nature. If Yasuní means sacred earth, then to Yasunize is to protect the sacred earth (Temper et al. 2013).

This concept, while radical, “has captured the imagination and been taken up by other environmental justice groups fighting oil extraction on the ground” (Temper et al. 2013). The ideology behind the concept emphasizes strengthening communities and local alliances, building resistance, and rethinking notions of consumption and governance. It is not about a “simple refusal” or a “universal formula” to keep resources in the ground but rather to increase autonomy and equality for all people and to investigate feasible possibilities for a post-petroleum society (Temper et al. 2013).

While it is very important to investigate alternatives to our current system, conceptualizing them is entirely different from actually carrying them out. These changes, even at the more reformist level, are part of an ideal process of transformation, not a realistic vision of the future. As made clear through this thesis, even when a government attempts to change the system, promote greater human and environmental rights, and promote local autonomy over foreign capital, it is met with serious obstacles. These obstacles are what I have referred to as the traps of transnational capitalism. In all

parts of the world where extractive capitalism remains the linchpin of the economy, these traps signify that only temporary, superficial steps can be made as opposed to systemic transformation. Greater transformation requires *Yasunization*: a profound, global questioning of transnational capitalism and a movement to break from its vicious traps.

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