The Passive Revolution of Good Living: Class Struggle and Productive Transformation Policy in Ecuador (2007-2017)

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to Isa, my favorite cadre

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Content

Introduction

I

The global economic crisis of 2008 generated a broad set of interpretations about its nature and implications. Beyond the usual calls for austerity frequently made by international organizations in these kinds of situations, some scholars pointed to its structural causes and its links to the accumulation model that emerged in the middle of the 1970s – neoliberalism – . Some of them even suggested interconnections with other crises, particularly in the liberal democratic system and global environmental sustainability. The progressive deterioration of the social arrangements that made this accumulation model possible was considered by authors like Demirovic, Alvater and Brie[1], as a beginning of a postneoliberal cycle.

These reflections found an empirical field for debate in the leftist Latin American governments of the new century. Emerging as a result of the social contradictions generated by the early implementation of the neoliberal policies of the Washington Consensus, the policies and political discourses of these governments appeared to be a response to some of key contradictions of the historical juncture.

Latin America was indeed the scenario of many early anti-neoliberal struggles. One of the first uprisings against neoliberal policies in the region occurred in 1989 in Venezuela: an event known as the "Caracazo". On February 27th Thousands of people protested against a public transportation prices' increase, announced the same day in which the government of Carlos Andres Perez delivered a letter of intent to the IMF in the middle of the country's debt renegotiations. The social unrest became looting and rioting, being used by the government as an opportunity for violently repressing the population – with thousands being killed – and imposing thereafter the measures contained in the letter (Mila 2015, 49). Similar episodes occurred all over the continent, including the first indigenous uprising in Ecuador in 1990 and the one of the EZLN in Mexico in 1994.

The succession of popular struggles that characterized the following years all over the subcontinent is well known, and usually described as the foreword of the leftist turn that followed therein. But

1 See their articles in Development Dialogue January 2009: Postneoliberalism: A beginning debate,The Dag Hammarskjöld Centre, Uppsala.

focused on the social movements' dynamics, a lot of the accounts of the period may be loosing sight of other processes that occurred meanwhile. In particular, two initiatives born in Brazil under the tutelage of the Workers Party, the Sao Paulo Forum and the World Social Forum, played a fundamental role in the configuration of the subsequent political phenomena.

The Sao Paulo forum is a periodic gathering of Latin American leftist political parties and popular organizations. Held for the first time in 1990 with the participation of 48 parties, including the Cuban Communist Party, the forum attempted to contribute to the generation of a broad alternative program for the regional left, in a context marked by the "real socialisms collapse". Robinson's article about the forum, written two years after its first meeting, summarize some of the main features of this "new Latin American left" program, which principles had remarkable similarities with those of the region' leftist governments of the following decade: a) it conceived an indivisibility between revolution and democracy -including formal democracy-, meaning that revolutionary projects should be fought for in "plural social and civil societies" and electoral competition; b) it rejected the "armed struggle fetishism"; c) it affirmed that political projects should be developed attending national contexts, featured by more and more complex cleavages than the one that divides two contending classes and therefore d) "fundamental transformations" in Latin America will happen as a result of national-popular programs and multi-class alliances; the program also affirmed e) the need of replacing ideology with concrete programs with specific policies and objectives; and finally, it stressed the idea that e) there is no contradiction between struggling for reforms and doing it for revolution (Robinson 1992).

The World Social Forum, on the other hand, was held for the first time in 2001, also in the city of Sao Paulo. It gathered a broader set of participants, including academics, NGO's, grass roots organizations and transnational social movements. Several authors highlighted the "elitist" nature of the forum. Criticisms pointed out to, among other things, the high number of participants with post-graduate education, a growing presence of NGOs and the recurrent presence of leftist politicians that attended the space in order to boost their national and international popularity (Buckley and Worth 2019).

Those two forums were not the only spaces for anti-neoliberal forces convergence. In a genealogy of the alter-globalization movement, Pablo Iglesias – which years later will became one of the

founders of *Podemos* in Spain – places its origin in the Intercontinental Gathering for Humanity and against Neoliberalism, organized by the EZLN and gathered first in Chiapas in 1996 and the in Spain one year later. The space was key for the organization of the anti-summit demonstrations of the years to follow (Iglesias 2005).

Running almost parallel to the social movement studies boom that invaded sociology at the end of the century, the alter-globalization and anti-neoliberal movements were specially portrayed by this "movementist" approach. Other authors, like Arato y Cohen (2000) used instead the category of "civil society" of Gramscian origin, that better captured the most 'institutional' dimensions of the process, that accompanied and even made possible the more attractive direct action.

This complexity was already manifested in the World Social Forums of that time, portrayed by the most "radical" literature – as in the case of Buckley and Worth (2019) or Michael Hardt (2002) – as an space co-opted by an academic, political and NGOs' "elite", that silent and repress the most anti-systemic alternative that activists and grass roots organizations represent. Surprisingly, those "radical" authors seemed to lack the necessary reflexivity for recognizing their own membership to the "elite" they seemed to be denouncing. What this contradiction seems to show to us is the fact that, intertwined with the emergence of the social movements that carried out the direct action that featured the anti-neoliberal struggles, there was a parallel constitution of a fraction of intellectuals, professionals and politicians linked to that struggle, that deployed a war of positions within the civil society and built a political project seeking to assault also the terrain of the state' institutionality.

II

The IV Summit of the Americas, held in the Argentinian city of Mar del Plata in 2005, marked a new stage in the Latin American antineoliberal struggle. The original agenda was modified by the governments of Canada and the US in order to prioritize the discussions around the Free Trade Area of the Americas, projected as an expansion of the North American Free Trade Agreement. The positions of the already existing Latin American leftist governments, as well as the mobilizations carried out during the III Peoples Summit – a social movements anti-summit that ran parallel– , frustrated the US and Canadian intentions, indicating the ongoing regional political twist. The biggest demonstration of the People's Summit was leaded by the Venezuelan president Hugo

Chavez and the indigenous *cocalero* leader Evo Morales, which one year latter became the first indigenous president of Bolivia.

By 2008, 8 of the 12 South American Countries were governed by leftist political parties, a political phenomena labeled as the "Pink Tide". This was, no doubt, an impressive geopolitical change. The Union of South American Nations – USAN – was created in 2008, becoming the first American intergovernmental forum where Canada and the US where excluded, rapidly followed by the creation of the Community of Latin American and Caribbean States in 2010. The degree to which the Pink Tide weakened the US hemispherical dominance was clearly expressed in the XIX summit of the Organization of American States, in which the article where the expulsion of Cuba from the organization – imposed by the US right after the Revolution's victory – was revoked by a majority's decision and under the leadership of several Pink Tide governments.

Among all the Latin American leftist governments that emerged during that period, those of Venezuela, Bolivia and Ecuador got the special attention of leftist academics and activists all over the world. Their political projects seemed to be a result of the confluence of antineoliberal, anti-colonialist and anti-developmentalist struggles, all of them with different levels of success and intensity, condensed in what some have characterized as "national-popular" projects (Lander 2011).

One of the most interesting cases is the Ecuadorian one. Like other Latin American countries, Ecuador began the implementation of neoliberal measures from the beginning of the 1980s, later intensified during the 1990s. The deregulation of the financial sector drove the country to a deep economic crisis at the end of the decade, leading to the adoption of the US dollar as its official currency. Inflation, unemployment, inequality and corruption generated a legitimacy crisis of the traditional parties leading to increasing political conflict, to the point that in one decade -from 1996 to 2006-, the country had 8 presidents. In that context, the 2006 political campaign of Rafael Correa was focused on three issues: first, the end of the so called "long Neoliberal night"; second, the fight against the *partidocracia* – a reference to the traditional parties of the country – ; and third, as a result of a mixture of economic and environmental concerns, "the change of the productive matrix", which would imply a radical turn in Ecuador's insertion in the global economy, reducing its dependence on oil through its replacement with more sustainable activities.

The later proposal was later on framed within the notion of *Buen Vivir – Good Living* in English, *Sumak Kawsay* in Kichwa – , which included a broader set of environmental, political and social concerns, and that articulated indigenous movement' demands with those of other antineoliberal movements. The *Buen Vivir* was elevated to a constitutional principle, and seen by several intellectuals all over the world as an answer to the multiple – economic, environmental and political – crises that the global society has been living since the century turn.

Once in power, Correa's government took measures to counteract the power of financial capital. In 2007 he called for an audit of the public debt, which identified certain portions of it as illegitimate. After declaring a cessation of payments of almost 70% of its debt, the Ecuadorian government bought it thereafter, using 3.3 billion USD for purchasing bonds originally priced in 10.3 billion (*La Nación* 2009). With that move, the average of public budget destined to debt service was reduced from 24% to 4%.

At a national level, the so called Citizens' Revolution reduced the maneuverability and political power of financial capital. First, in the Constitution approved in 2008 by referendum, there is an explicit prohibition for the bankers to hold stock in the media; secondly, by a new referendum in 2011, a broader ban was imposed, this time restricting bank owners to financial activities and forbidding their participation in other business sectors. Thereafter, the government established an Organic Financial and Monetary Code, strongly criticized by the financial associations.

Using the institutional devices developed to expand democracy, Ecuador – as many other countries in the region did – , nationalized its main natural resources, cutting northward capital flows, and redirecting the extractive surplus to strengthening its state apparatus, providing health, education and focalized subsides to specific sectors of the population[2]. As a result, it reduced its levels of

2 At the beginning of the Morales administration, three private industries controlled the 100% of Bolivian hydrocarbons, which represented 30% of the GDP. The government nationalized this sector, as well as the electric and telecommunications sectors. Public investment rose from UD 626 million to 5000 and the extreme poverty fell from 38.2% in 2005 to 24.3% in 2011. See Unidad de Análisis de Políticas Sociales y Económicas, 2012 (http://www.udape.gob.bo/) . In the Ecuadorian case, Correa's Government began with two parallel processes: first, an international debt default, and the nationalization of hydrocarbon. Poverty decreased from 37.6% in 2006, to 27.3% in 2013. See Secretaría Nacional de Planificación y Desarrollo, 2012 (http://www.planificacion.gob.ec/conozca-los-100-logros-mas-importantes-de-la-revolucion-ciudadana/).

poverty and inequality, all while cutting the traditional linkages with the economic powers that had controlled the State for decades and opening political spaces to traditionally excluded sectors.

But, on the other hand, Ecuador and the other countries of the so-called 21th Century Socialism sustained the predominance of capital accumulation logics, without redistributing the means of production – except for the nationalization of strategic sectors – , maintaining an economic structure based on commodities' extraction for the world market, generating thus social and ecological conflicts, and stirring radical opposition from the main social movements. After the initial enthusiasm that accompanied the electoral victories of those leftist projects, there has been a strong debate around their nature as political phenomena.

III

Both, the electoral victories of those Pink Tide governments and the policies implemented by them, generated intense political struggles all over the continent. No less intense has been the academic debates that accompanied those dynamics.

One of the first lines of interpretation sought to identify the cleavages between the diverse set of political proposals that featured the regional political turn. More or less, this line of division was drawn dividing the most radical left from the one that seemed to recover components of a moderate and "rational" social democracy. Castañeda and Morales (2008), for example place the Venezuelan Hugo Chavez and the Bolivian Evo Morales among the former, whist the Brazilian Lula and the Chilean Bachelet would be examples of the latter. The works of Weyland (2009), Moreira et al. (2008) and Panizza (2008) follow more or less the same line of interpretation. Some authors have recovered the notion of "populism" in order to characterize the politics of the most "radical" left, associating the notion either to irresponsible economic policies, or to specific configurations of top-down political representation (Roberts 2009; de la Torre 2009).

As French (2009) has pointed out, this dichotomy reflects a liberal approach that valuates the political processes by their relationship with notions inherited from the European Enlightenment experience, falling short in grasping the complexities of Latin American societies. In a similar vein,

Cameron has rejected the dichotomy, pointing out to the much more complex nuances that differences the political and social dynamics that, at the national level, preceded the left electoral victories. Reversing the stigma, Ellner (2012) highlighted the steady radicalization and the multiple political traditions that sustain the multi-class alliances behind the leftist political projects of Bolivia, Venezuela and Ecuador.

A landmark article from Gudynas (2009), – where the category of "neo-extractivism" was coined – pointed out to the problematic contradiction that stemmed from the fact that those progressive governments had to rely on commodity exports in order to carry out their progressive social policies. This article is part of a broader literature that focuses on the correlation between the social policies implemented by the Pink Tide governments and the extractive sector reforms in a context of global increase of the commodities' prices (Lander 2011). From this perspective, those neo-extractivist governments dealt with the neoliberal model contradictions through a redistribution of the extractivist rents via cash transfers and focalized social policies. Following this thesis, some scholars suggest that these governments betrayed the social movements that supported them, creating a continuity with the core of the neoliberal model, developing a governance model that allows the commodification of nature and the expropriation of communities on behalf of multinational capital (Svampa 2011; Acosta 2012; Ceceña 2009). Some others have used the Gramscian category of "passive revolutions" (Webber 2017; Modonesi 2013; Hesketh and Morton 2014), in order to understand the de-radicalization that the transition from anti-neoliberal social movements to Pink Tide governments seems to have originated in the regional political landscape.

However, this tension between extractivist rents reliance and progressive social policies falls short when describing the complexity of the policies deployed by The Pink Tide governments. To the extent that the overcoming of this reliance on commodities' dependence has been a central feature of those governments' political discourse, authors like Bresser-Pereira (2007) and Leiva (2008) have traced their ideological links with structuralism and Keynesian-inspired developmentalist projects.

Some other scholars have used the category of "post-neoliberalism" for describing what they see as a product of a learning process by which a "new left" has become capable of developing an alternative model of accumulation, which combines the economic growth with a renewed version of

the welfare state constituted by a set of policies oriented toward expanding citizenship, generating thus a new kind of social contract (Grugel and Riggirozzi 2012; Ramirez and Stoessel 2015; Heidrich and Tussie 2009; ECLAC 2007). The same category has been used instead by other authors to highlight the continuities of those governments with the former neoliberal administrations (Acosta 2012; Ceceña 2009; Veltmeyer 2012).

Debating with the latter, Ramirez (2012) and Tapia (2009), among others, have pointed to a continuity between the antineoliberal struggles and the Pink Tide governments, suggesting that some of the most anticapitalist or heterodox tendencies within them have found significant constraints at the moment of their implementation, due to the complex correlation of forces, not just at the national but also at the international context. They argue that, in spite of those constrains, some of those Latin American governments have recovered certain levels of "state autonomy" with respect to the dominant economic powers.

Identifying a series of questions that the existing literature on those political protects leave open, Burchardt and Dietz have highlighted the need of looking at the decision making processes behind extractive rents distribution (Burchardt and Dietz 2014: 480). More broadly, Brand (2009; 2011) have criticized the perspective that prevails at the moment of analyzing their governmental action, recalling the theoretical discussions of the 1970s around of the nature of the state, that seek to understand it more as a battlefield of social forces. As Brand asserts, from this perspective, the apparent contradiction between the electoral discourses and the current policies, should be understood as a result of that struggle. Moreover, this contradictory character of the policies implemented reveals a lack of *hegemony,* or a *non-hegemonic juncture.*

Indeed, despite the abundant and relevant academic production about these Pink Tide governments, there is a lack of empirical description of *how state action reveals the social struggles of the particular juncture,* and there has yet to be a dense description of a particular case.

It is from the identification of this gap, that my research looks at the relationship between class struggle and the state administration during this period. More specifically it asks how the relations of force between classes and fractions influenced the policies – specifically the productive transformation policies – , under the Ecuadorian "Citizens' Revolution". Among all the sectoral

policies, those which aimed to productive transformation are fundamental, as they where intended to overcome the reliance on commodities extraction, that as several authors have pointed out was one of the fundamental shortcomings of the political process.

IV

In order to carry out this task, I draw upon two of the most important theoretical contemporary streams in critical political science: the Neo-Gramscian studies and the "relational approach" to the state. Regarding the first, and in the same line of Hesketh and Morton (2014), Webber (2017) and Modonesi (2013), I use the category of "passive revolutions". But I agree with Roccu (2017), on his observation that most of the most recent contributions on the latter have not explored the role of state power in the configuration of those political phenomena. There are few exceptions, nevertheless. The works of Kees Van der Pijl – from which I also draw upon – are of course an exception, but they was already published during the 1990s, and for some reason not taken into consideration in the more recent debates regarding the category. Another important exception is the work of Allinson and Anievas (2010) on the Meiji Restoration, which explores the role of one specific "state class" in the Japan transition towards capitalism.

In order to better understand the relationship between state and class domination, I use the "relational approach" to the state, originally coined by Poulantzas but brought back to contemporary theoretical discussions by Bob Jessop, among others. I consider that this category will help us to avoid those characterizations that portraits the social contradictions of the period as a confrontation between, on one hand the state as the place of the dominant classes power, and on the other the popular classes as completely external to the state.

Relational approaches to the state may, however, fell short when describing the specificity of state power, as already pointed out by Ralph Miliband. In order to overcome this shortcoming I will relay in the contributions of some non-Marxist authors, mostly Max Weber, Charles Tilly and Pierre Bourdieu.

Regarding my methodology, I developed a qualitative case study, with an analytical-synthetical procedure illustrated in detail at the end of my first chapter. I proceed identifying and

operationalizing the relevant dimensions of the historical situation, collecting the information required through qualitative techniques, finding the connections between those dimensions once characterized, and reconstructing thereafter the historical situation that constitutes my object of research.

As for the data collection I have relied on secondary and primary sources. Among the latter I drawn upon the existing literature on the case, as well as national and international institutions reports. I carried out also experts interviews, mostly with senior functionaries of the CR administration. The latter operated as "key informants" that facilitated the search of the relevant information, which was contrasted with the information gathered in through the sources, as well as with the media coverage of the period.

My general argument can be summarized as follows: During some specific junctures of Ecuador's 20th century, the state seemed to feature some degrees of relative autonomy with respect to the country's dominant classes. During those episodes, the military was the leading political force. However, From the 1970s onwards there was an increasing importance of what can be called a 'cadre fraction' (van der Pijl 1998, 2004): a specific 'state class' fraction characterized by a legitimacy and political power grounded in specialized knowledge and planning capabilities. I argue that the so-called 'Citizens' Revolution' -CR- was a political project that emerged from this specific class fraction. Breaking the "catastrophic equilibrium" in which the anti-neoliberal forces and the dominant classes ended up at the beginning of the century turn, those cadres implemented a series of reforms aimed to weaken the dominant class fractions of the neoliberal stage. However, some structural constrains, as well as some ideological limitations – some of them inherited from the anti-neoliberal social movements – , established the limits to the most radical potentialities of the political project.

The thesis is divided into 6 chapters, that at the same time can be considered as forming two sections. The first one, mostly theoretical (chapters 1 to 3) and the second one predominantly empirical (chapter 4 to 6).

In chapter 1 I focus on meta-theoretical issues, which means, those ontological assumptions that ground every theory in social sciences. I argue that several events in the historical and philosophical

fields demand to Marxist inspired theoretical approaches to use other meta-theoretical frameworks than the one developed by Hegel in the 19th Century. I propose as an alternative the "materialist dialectic" of Alain Badiou, using it as a grounding for my theoretical categories. In this chapter in particular, I show how the materialist dialectic can help us to bring into contemporary discussions some meta-teoretical intuitions already envisioned by Antonio Gramsci.

In my second chapter, after having a glance to some contemporary discussions regarding the category of social classes, I outline an "integral analytical approach" – as that envisioned by Erik Olin Wright in his last work – grounded on Badiou's materialist dialectic, which recovers several elements from set theory. Based on this theoretical framework I portray the class configuration of Ecuador during the years prior to the CR.

In chapter 3 I explore different theoretical contributions around the state, in order to better understand its relationship with class struggles. Here I present my understanding of the so-called "relational approach", which is grounded on contributions from Gramsci and Poulantzas. Furthermore, in oder to better grasp the instances in which state's "relative autonomy" manifests, I suggest to incorporate the category of "state fractions", referring to specific social groups whose power lies in their relationship with the state. I briefly explore the role of two specific state fractions, the army and the cadres, in some specific episodes of Ecuador's 20th century where the state seems to manifest some degrees of "relative autonomy" with respect to the country's dominant classes.

Chapter 4 is an analysis of how class domination operated during the country's transition towards neoliberalism. It focuses first, on how specific state interventions contributed to the configuration of the country's neoliberal power bloc, and specifically the consolidation of the "monopolist capitalist class" identified in chapter two. It then describes the process of implementation of neoliberal reforms, with the political dynamics that followed, including the rise of the anti-neoliberal movements coalition.

In chapter 5 I use the category of "passive revolutions", in order to grasp the particularities of Ecuador's "Citizens' Revolution". First, I describe the "catastrophic equilibrium" in which the anti-neoliberal coalition and the neoliberal power bloc found themselves at the beginning of the century

turn, and the way it was broken by the intervention of the CR cadres. Then, using the neoliberal regime description presented in the former chapter, I trace the anti-neoliberal reforms implemented by the CR. I show thereafter how the way in which those reforms were implemented – "from above" – lead to an increase in the political conflicts. Then, I use the ITT-Yasuní initiative as an example of the way in which some radical initiatives were dismissed during the process.

Finally, in chapter 6 I focus on one specific policy area: productive transformation policy. I start describing the CR hegemonic project, as reflected in the way the concept of "good living" was used in the national development plans. From there, I explore the "class character" of the state intervention on this area, looking at the way state power was used in oder to change class power distribution, as well as the limits found therein.

V

I liven in Ecuador from 2008 to 2015, which means, for most of the period that covers my research. I arrived as a Political Science Master's student of the Latin American School of Social Sciences. My first days in Ecuador where right before the constitutional referendum of 2008. I was astonished by the politization of the daily live. It was almost impossible to remain indifferent in front of the debates that occurred in public and private spaces regarding the reforms that the "Ctizens' Revolution" were starting to implement by then. It cannot be said that the academic environment where I was involved was particularly friendly regarding those changes. Most of the academic staff of the Political Science department where critics of Correa's government, a position strengthened by the liberal theoretical approaches that dominated the program. There where also abundant criticisms from the left. Coming from Colombia, a country that still today has not had a leftist government, I was shocked. The "Citizens' Revolution" was the kind of government that the Colombian leftists were dreaming to have by then. This pushed me to follow Ecuador's political dynamics with particular attention, attempting to understand the origin of the contradictions that featured the juncture.

At the end of my Master's I have the opportunity of participating in a series of researches on specific political phenomena of the period: the results of the 2011 popular consultation, the impact of the Colombian armed conflict in the norther border and the political conflicts in the country

between 2009 and 2011. This scholar experiences allowed me to grasp some particularities of those political processes, often through field work in the different regions of the country. From 2012 onwards I worked as senior advisor in different institutions of the government, getting first hand experience of many of the processes that are described in the following pages. That has been one of the most enriching experiences that I have had so far, both in intellectual as well as in political sense. The research presented in the following pages is an attempt to better understand political project of which, although marginally, I was part of.

Consequently with the postulates of critical theory, there is no pretension of objectivity in my scholar work. The research that the reader has in her hands now, is framed on my broader political involvement, and conceived as part of the self-criticism that the Latin American left has to carry out, now that first progressive wave of the region's new century's has come to an end. Self-criticism not in an apologetic way – as some actors both from the left and from the right seems to expect – , but in the sense of what Badiou calls "a torsion": the movement from practice to theory, in order to become again practice, political practice. The conviction that such a practice can success just only on the extent that it is based on an accurate diagnosis of our failures and our current situation is the best warranty that the reader have, that the one who writes this pages has done its best for carrying out the corresponding task.

Chapter 1

‘Forcing the situation’: meta-theoretical issues and Neo-gramscian analysis

“Engels says explicitly that 'with each epoch making discovery even in the sphere of natural science [not to speak of the history of mankind] materialism has to change its form'. Hence, a revision of the 'form' of Engels' materialism, a revision of his natural-philosophical propositions, is not only not 'revisionism' in the accepted meaning of the term, but, on the contrary, is demanded by Marxism”

V. I. Lenin
Materialism and Empirio-Criticism

Introduction

As mentioned in the introduction, the Latin American leftist turn of the beginning of the century has been studied from almost all the theoretical streams of political science, ranging from Neo-institutionalism to Marxism, and including post-colonial as well as post-Marxist approaches. Some recent works around the topic have been also inspired by the theoretical categories of Antonio Gramsci; as my work aims to follow also this path, I want to contribute in the following pages to the theoretical discussions on the field of the so called Neo-Gramscian studies.

Despite the abundance of significant scholarship regarding Gramsci’s categories and their implications for political analysis, there are still some gaps in that area, many related with the so-called meta-theoretical issues: abstract notions regarding the nature of being and its relationship with knowledge, that constitutes a precondition for any kind of research. Those topics had been subject of a growing interest in political science (Hay 2006), a symptom of the decline of positivism dominance in the field and the expansion of critical perspectives, a process featured also by a growing popularity of post-structuralism. This meta-theoretical revival has focused, for example, on issues like the relationship between agency and structure (Hay 2006; McAnulla 2002) or between the material and the ideational (Marsh 2010) as well as the ontological and epistemological issues behind the concept of power (Torfing 2009). For abstract those problems may seem, they have huge implications for theoretical and methodological choices (Marsh 2010) as well as for the way we use theoretical categories for understanding social phenomena.

Precisely because of their significance for social research and contemporary discussions in political science, in the present chapter I will bring meta-theoretical issues to the fore, looking to their connection with Antonio Gramsci's work, source of my theoretical categories. I recognize that Gramsci's reflections may not be enough for answering many of those questions, which because of their nature need to be addressed using the resources of philosophy (Furlong and Marsh 2010). In order to carry out this task, I will draw upon the so called "materialist dialectic" of Alain Badiou, chosen for reasons that will become clear on the following pages.

The first chapter will be divided in four sections. In the first one I will present some of the main meta-theoretical issues discussed in contemporary political science. In the second one, I will show the way in which some of those issues are also present in the works of the revolutionary thinker Antonio Gramsci. In the third section, I will suggest how the materialist dialectic of Alain Badiou can contribute to disentangle those meta-theoretical problems in a way that is compatible with the one explored by Gramsci. The last section will be dedicated to a re-elaboration of some of the Gramscian categories that I will use in my work, grounding them in Badiou's materialist dialectic.

1. Meta-theoretical problems in contemporary political science

Meta-theoretical issues are typically related to the two main subfields of philosophy: ontology and epistemology. The first one studies the problem of "being" itself (Hay 2006: 80) or, in the words of Furlong and Marsh, it attempts to answer the question of "What is the form and nature of reality and, consequently, what is there that can be known about it?" (2010: 185). Epistemology, on the other hand, deals with the the limits and possibilities of getting some knowledge of being, of that what exists.

Both questions involves the relationship between two fundamental philosophical categories: subject and object – or consciousness and being –. Important debates within the field of ontology move around the question of which of them holds what is called the 'ontological primacy' – the originative existence, from which the others derivates –, whose answer divides the philosophers into two streams: idealists – those who grants it to consciousness – and materialists – those who grants it to being –. The approaches held by each tradition representatives are, of course, more sophisticated than that: Kant, for example, despite being labeled as an idealist vindicates the

existence of a "being-in-itself" independent of consciousness, dismissing however any possibility of getting a knowledge of it (García Morente 2004). Marx, on the other hand, places himself as a materialist, but making of the category of praxis – understood as the relationship between object and subject as manifested in human labor – the center of his own ontology (Bloch 2004).

Those philosophical questions have been reflected in political science. A good example of that is the debate between fundationalists and anti-fundationalists. Under the first label are those who defend that there exists "a real world" independent of our knowledge of it. Anti-fundationalists, on the other hand, argue that the world is "socially constructed" – usually through discourse –, in different fashions depending on cultures and contexts – a position that blurs the distinction between ontology and epistemology – (Furlong and Marsh 2010). A dual classification around this issue is however still very broad, as it gathers together different and even opposed approaches. Fundationalists would be, for example, both Marxists and positivists, whilst as anti-fundationalists one may label the followers of all kinds of hermeneutic approaches.

In his presentation of the meta-theoretical debates in contemporary political science, Hay (2006) defends the thesis that ontology comes before epistemology: the issues regarding the nature of being precede those others related with knowledge. Following this assumption, he defends the existence of a "political ontology": a subfield of political science focused on the implications of ontological issues, highlighting three, among a broader variety of problems, which involve the relationship between a series of "binary oppositions" (Marsh 2008: 284) : a) individual and groups, b) structure and agency and c) the material and the ideational (Hay 2006: 88). Lets have a look at those issues, to see more concretely how meta-theoretical questions influence political sciences.

Let me start with the relationship between individuals and social groups. Here the discussion is about the possible existence of collective entities with organic features that cannot be reduced to the interaction of individuals. Such a possibility was the inaugural claim of sociology, in the famous formulation of Emile Durkheim who defined a social fact as that which has "an existence of its own, independent of its individual manifestations" (Durkheim 1982: 59). Durkheim's thesis was directly opposed the one defended by Stuart Mill, who claimed that "[h]uman beings in society have no properties but those which are derived from, and may be resolved into, the laws of nature of individual man" (in Hay 2006). Methodological individualism, which holds "[...] that the intentions

and actions of individuals constitute the bedrock of any social order" (Glynos and Howarth 2007: 84) is clearly related with Mills position, whilst those theories that vindicates the existence of different kinds of collective entities, like so called "social systems", are closer to the one of Durkheim, usually establishing causal relationships between them and individual's behavior (Hay 2006: 89) through concepts such as roles and functions.

It is not difficult to see how the former problem is deeply tied to the one about "structure and agency" relationship, where structure refers to social determinants and constrains for social action, whilst agency refers to the capacity of choice – generally attributed to individuals –. On very basic terms, the problem refers to the existence of the so called "free will" and its limits.

This problem has been described by Marsh as a dichotomy where "agency refers to individual or group abilities (intended or otherwise) to affect the environment" whilst "[s]tructure usually refers to context; to the material conditions which define the range of options available for actors" (Marsh 2010: 277). Marsh's characterization of structures as "material" is however unfortunate: the genealogy of the concept lead him back to Saussure and his research on language. Here it seems that somehow, the Marxist structure/superstructure dichotomy – where the former refers to the economic and the latter to the ideological dimensions of social life – permeated his understanding of the "structure".

The more recent theoretical approaches to this problem have attempted a conceptualization that suggests a reciprocal interaction between the two terms, as it is the case with the "structuration theory" of Anthony Giddens, and the "morphogenetic approach" of Margaret Archer (Hay 2006: 90-92). For Giddens, the distinction is analytical: the two categories are two sides of the same coin; Archer choses instead a chronological distinction, defining structure as the product of past agency. Hay and Jessop have criticized those conceptualizations suggesting, in the so called "strategic relational approach", a new version of the binary opposition, this time as one between "strategic actors" and "strategic selection context" (Marsh 2010: 286). In Jessop's words:

> […] social structure can be studied as involving structurally inscribed strategic selectivity; and action can be analyzed in terms of its performance by agents with strategically calculating structural orientation. The former term signifies that structural constrains always operates selectively, they are not absolute and unconditional but always temporally, spatially, agency-and-strategy-specific. The later term implies that agents are reflexive, capable of reformulating within limits their own identities and interests, and able to engage in strategic calculation about their current situation (Jessop 2007: 41)

Marsh have criticized this approach, as it states that structure – structural context – has no independent causal power. If that is the case, it means that Hay and Jessop privilege agency, and more specifically ideas – choices – as determinant. In order to overcome this limitation, he suggest to introduce not just an analytical, but also an ontological distinction between the two terms, something that would allow for a truly dialectical conceptualization of their relationship (Marsh 2010: 220). As I will show in the following pages, the materialist dialectic of Alain Badiou may offer us the conceptual tools for establishing this ontological distinction.

If the strategic relational approach of Hay and Jessop can be labeled as agency oriented, the theory of Pierre Bourdieu is a good example of an structure oriented theory. In Bourdieu's own words, his approach seeks to avoid both, the "narrow rationalism" that seeks to understand human behavior appealing to "explicit reasonable statements of an autonomous individual, fully conscious of its motivations", as well as to oppose those extreme structuralist approaches that seek to reduce the agents to an "epiphenomena of the structure". He suggests then that social action can be understood as the interaction of *fields,* "objective structures", constituted through the differential location of the social agents depending of their access to different types of capital, and *habitus*, "incorporated structures" that operate as dispositions that shapes the agents potentialities [3] (Bourdieu 1997: 7).

From a completely opposite point of view, discourse theory has adopted Derrida's approach, where "Structure is another name for the closure of a topography, a construction, or an architecture, whose internal order is determined by a privileged center that keeps everything in place". Derrida attributes the notion "to the desire to master the anxiety that emanates from being implicated in the process of structuration", partially fulfilled through the idea of a center, a "transcendental foundation" (Torfing 2009: 115). It is in this deconstruction of the concept that Derrida finds its own notion of discourse: in its own words, "[…] in the absence of a center or origin, everything becomes discourse" (in Torfing 2009: 115), a configuration of differences where the "play of the meaning" can extend almost infinitely due to the absence of the center.

It is clear how Derrida's notion of discourse, as well as its use by discourse theory eliminates the possibility of an ontological distinction between structure and agency. I hold that this task is still

3 Our translation

fundamental, as the concept of structure seeks to explain or at least describe the regularity and stability of the social practices, whilst the category of agency attempts to grasp its opposite: the changes of of those regularities, in other words, "social change" (Marsh 2010: 212).

The ontological distinction between object and subject and the confrontation between materialism and idealism have also influenced the discussions regarding the role of the "material" and the "ideational" in the configuration of social phenomena. As in the former binary oppositions the question is about which of them holds the decisive – "determinant" – role: either "intentions" or "ideas" on the side of "the ideational", or "materiality" and "institutions" on the case of "the material" (Marsh 2010; Hay 2006). The best example of a still valid debate on this regard, is the one regarding the influence and even causal relationship of the economic sphere on the political [ideological] one. Post-marxism represents the most radical "autonomization of the political" (Meiksins Wood 1986), whilst Marxism is largely characterized by a defense of the determination of the political by the economic, however accepting different degrees of "relative autonomy".

Despite being considered as ontological in nature, those meta-theoretical issues had been discussed with little connection to contemporary developments on philosophy. And regardless their importance in contemporary political science discussions, they had not been very prominent in neo-Gramscian studies. In order to contribute to those omissions, I will establish in the next section a dialogue between the theoretical categories of Antonio Gramsci and the contemporary philosophical works of the French philosopher Alain Badiou, in connection with some meta-theoretical issues that I consider crucial for my own research.

2. Meta-theoretical issues in the work of Antonio Gramsci

In an article published in 2017 in the New Left Review, Perry Anderson called attention upon the increasing popularity of the revolutionary intellectual Antonio Gramsci. As Anderson pointed out, the interest in Gramsci's intellectual production may be explained by (i) the broad -both "topical and spatial"- range of intellectual problems covered by the Prison notebooks and (ii) the fragmented nature of his work, which make his ideas "less binding than a finished theory", therefore "more appealing to the interpreters of every sort -a score inviting improvisation-" (Anderson 2017: 17).

The latter feature has generated quite diverse approaches that claims a Gramscian pedigree, but that nevertheless defend theoretical assumptions difficult to reconcile.

And probably some of the most notorious differences have to do with meta-theoretical problems. The latter are also the most frequent source of attacks against the more Marxist versions of neo-Gramscianism, labeled as "determinist" or "economist", as a result of a certain contemporary feeling of mistrust regarding any "materialist" or even "structuralist" approach.

In order to answer those challenges, so called neo-Gramscian studies have chosen three basic strategies. The first strategy can be described as an exegetic one: it seeks to answer to those criticisms with arguments already present in the texts of Engels, Marx and Gramsci. It can be characterized as a defensive strategy, as it attempts to show how the critics direct their attacks against strawmen, vulgarizations or superficial readings of those authors. It presuppose, however, the existence, within the classics, of an answer for every challenge imposed, falling into a sort of anachronism, at the same time imposing a limit into the creative capability that critical theory should always exercise.

A second strategy has been to use Roy Bhaskar's "critical realism" as a meta-theoretical framework. Although this strategy relies in a contemporary philosophical production that debates with both positivist and postmodern approaches, it maintains the link between Marxism and Hegelian philosophy, a link already questioned in the works of Gramsci himself, as I will argue in the following pages.

A third alternative has been a substantial modification of the concepts used by Gramsci, recasting them through the philosophical premises of the linguistic turn and Lacanian psychoanalysis: the so-called post-marxism, conceived some years ago by Ernesto Laclau and Chantal Mouffe. It has the merit of articulate many of the philosophical discussions that emerged during the second half of the 20th Century. However, as it was pointed out by Ellen Meiksins Wood, it takes the "relative autonomy" of the political sphere to its last consequences, risking to move towards a "randomization of history and politics" (1986).

As mentioned in my introduction, I have chosen an alternative strategy: to use the materialist dialectic of Alain Badiou as a meta-theoretical foundation for my use of the Gramscian concepts. Several elements justify this choice, as I will argue in the following sections. For now, let me briefly mention three: materialist dialectic is a) a philosophical system built by Badiou in order to provide Marxist inquiries with a post-Hegelian meta-theoretical framework; b) it debates with several contemporary philosophical approaches; and d) it attempts to reformulate the problem of agency and structure, which happens to be also one of the key issues within the Gramscian theory, as Stephen Gill clearly pointed it out several years ago (1993).

In order to carry out this task, let me start highlighting some of the most important meta-theoretical problems present in the works of Antonio Gramsci. I will start presenting his critique to the prevalence of teleology in historical materialism, followed by his reconceptualization of social change, that involves the categories of structure, crises and "collective will".

a. Teleology and predictability

There is undeniable influence of the Hegelian system in the works of Marx: even Lenin considered that an adequate understanding of Hegelian dialectics was a requirement for a proper understanding of his Capital (Kouvelakis 2010). It is also known that the Bolsheviks' leader identified dialectical materialism as a sort of meta-theory of historical materialism, that resulted from an inversion of the Hegelian system, turned upside down through the vindication of the ontological primacy of being over consciousness (Lenin 1961: 31-32). The question of what from the Hegelian system remained and what got canceled through such an inversion is still an open question, that can be partially answered looking at the works of Marx and Engels, as well as at the subsequent literature.

Among all the elements that constitute the Hegelian system, there is one that plays a key role within historical materialism: the concept of teleology. In Hegel's *Science of Logic*, the long process that starts with being and its first determination has no other destiny than the self-counciousness of the Absolute Spirit. In his *Philosophy of History*, with an isomorphic movement, universal history and its apparent irrationality finds its sense in the secular realization of the same Absolute Spirit, now incarnated as the modern Nation-State with its correlative bourgeois political domination. The movement of dialectical overcoming that characterizes those processes does not cancel the necessity

of each historical moment for the fulfillment of each corresponding end -the *telos*-, which validates everything that otherwise would have been seen seen as irrational or contingent.

Historical materialism, especially in its first versions – like the *Communist Party Manifesto* and the *Contribution to the Critique to the Political Economy* –, attempts a secular version of this philosophy of history, looking for a teleological principle capable of giving sense to the totality of the historical dynamics. As Elster suggests:

> It was certainly because Marx believed history to be directed towards a goal – the advent of communist society – that he felt justified in explaining not only patterns of behavior, but even individual events, in terms of their contribution to that end (Elster 1985: 29).

this interpretative strategy had, Elster argues, an influence in his formulation of the laws that regulates the tendencies of capital accumulation: "[…] the tendency of capital to destroy itself was for him a tangible fact, given prior to the analysis of the specific mechanisms whereby it comes about" (Elster 1985: 124). It is then the teleological principle, inherited by Hegel, what sustains the supposed prediction capability of historical materialism, in a broad range of issues like the constant decline of the rate of profit or the unavoidable victory of the international proletariat.

Paradoxically, it was precisely the first victory of the socialist forces what casted doubt on that prediction capability, as Gramsci highlighted later in a well known article written few months after the Bolshevik victory: *The revolution against* Capital. Gramsci recognized there how this historical event "have exploded the critical schema" which supposed that "the history of Russia would unfold according to the canons of historical materialism" (Gramsci 1988: 33). Bolsheviks victory does not just rejected a series of predictions, but also destroyed the theoretical assumptions in which they were based, demanding its reformulation.

Gramsci identified with surgical precision the problem to be solved: historical materialism, also in Marx, was "contaminated by positivist and naturalist incrustations" (Gramsci 1988: 33). Did that mean that the formulation of laws and the prediction capability are natural sciences' prerogatives that cannot be extended to the social ones? The potential consequences of this epistemological impasse were huge, and included a possible replacement of the principle of necessity with the one of contingency. Gramsci, however, chose a different path: "Marx foresaw the foreseable", he declares. Even in social sciences it is possible to predict, he seems to indicate, but such predictions

operates only “under normal conditions”; in the Russian juncture of beginning of the century, the latter were canceled by war, an event that “galvanized the people's will”, providing the conditions for a socialist victory (Gramsci 1988: 34).

This relationship between that which can be predicted and that which escapes predictability, between necessity and contingency, constitutes a central component of Gramsci’s inquiry, marked by a formula enunciated by him several years latter. What it is required in this theoretical task is to move within two principles, contained in Marx’s *Contribution to the Critique to the Political Economy*:

> 1. that no society sets itself tasks for whose accomplishment the necessary and sufficient conditions do not either already exist or are not at least beginning to emerge and develop; 2. that no society breaks down and can be replaced until it has developed all the forms of life which are implicit in its internal relations (Gramsci 1988: 200)

Let me risk an interpretation of this assertion: the task is to rescue the prediction capability of historical materialism – while at the same time establishing its limits –, avoiding simultaneously the two ‘deviations’ that Gramsci himself fought against during his entire political life: economist and voluntarism. In other words, to properly conceptualize the relationship between the revolutionary subject and those structural conditions that constitutes the possibilities of its own will’ accomplishment.

b. Structure, crises and subjectivity

Now, what is the nature of those structural conditions? In an article written in 2018, entitled *Utopia*, Gramsci suggest a definition of structures (and laws):

> Why do the great majority of individuals perform only certain actions? Because *they have no social goal other than the preservation of their own physiological and moral integrity*. It therefore comes about that they adapt to circumstances and mechanically repeat certain gestures which, through their own experience or through the education they have received (the outcome of others' experience), have proved themselves to be suitable for attaining the desired goal: survival. This *similarity in the activity of the majority* induces a similarity in its effects, *so giving a certain structure to economic activity: there arises the concept of law*. (Gramsci 1988: 47. Emphasis mine)

Structure, refers then to regularity in the social practices. A regularity that has its origin in necessity, understood not any more as a teleological principle, but instead in its more possible secular sense –as what is required in order to survive –. And such a regularity, that just by analogy

can be called a law, is just a pseudo-lay indeed (Gramsci 1988: 47) as it includes the possibility of its own cancellation. Gramsci even suggest the factor that can lead to such a break:

> Only the pursuit of a higher goal can destroy this adaptation to the environment. If the human goal is no longer mere survival, but a particular standard of survival, then greater efforts are expended and, depending on the dissemination of the higher human goal, the environment is successfully transformed and new hierarchies are established (Gramsci 1988: 47)

Gramsci identifies there what makes possible a breaking of the law, and therefore the structural transformation: it is required "a higher human goal" that transcends necessity, and that as such locates itself outside the structure, which has to be transformed. I will come back to this point. Let me highlight for now that, whilst for historical materialism the decisive factor in the transformation process was itself structural – the productive forces and their contradiction with the existing relations of production –, here it seems to be something quite different, what I provisionally will call a political subjectivity. That hypothesis seems to take us dangerously close to voluntarism; in order to avoid such a risk it is necessary to go back to a fundamental question: the structural conditions required for such a transformation to occur. Also in *The revolution against* Capital Gramsci gave us a clue about the direction to follow on that regard; in particular, he highlights the fact that the Bolsheviks operated in a context where structural normality was interrupted:

> […] *under normal conditions*, the canons of Marxist historical criticism grasp reality, capture and clarify it […] This is what happens *under normal conditions*. When events are repeated with a certain regularity. When history develops through stages which, though ever more complex and richer in significance and value, are nevertheless similar. But in Russia the war galvanized the people's will (Gramsci 1988: 34).

Bolsheviks will operated then in a context marked by a momentary breaking of that what he called a "pseudo-law". This observation put him behind the track of those kinds of junctures that he will characterize later as *crises*. The recognition of the latter's importance do not lead him to the opposite deviation: economism. As he will insist years later in *Analysis of situations, relations of force*

> […] It may be ruled out that immediate economic crises themselves produce fundamental historical events; they can simply create a terrain more favorable to the dissemination of certain modes of thought, and certain ways of posing and resolving questions involving the entire subsequent development of national life (Gramsci 1988: 372)

It was precisely on this point that Gramsci criticized Rosa Luxemburg, regarding her apparent underestimation of the role of "the 'voluntary' and organizational elements" as a result of a certain "'economistic' and spontaneist prejudice". "Of course, things do not remain exactly as they were"

before, but such an event does not replace the necessary work of "one's own troops" organization, the training of "the necessary cadres" and the "necessary ideological concentration of the identity with the common objective to be achieved" (Gramsci 1988: 226)

The outbreak of a structural crisis and the temporary interruption of structural regularity is therefore not enough for a structural change to occur. The existence of collective will, capable to take advantage of such a situation is also necessary (Gramsci 1988: 241); a collective will whereof Gramsci finds a model in Jacobinism. Gramsci decoupled here "historical Jacobinism" – the concrete historical organization that lead the mos radical stage of the French revolution – from the model of political subject that it represents – what Peter Thomas has recently labeled as "meta-jacobinism" (Thomas 2018) – "[…] which consists in (apparently) *forcing the situation*, in creating energetic irreversible *faits accomplis*, and in a group of extremely energetic and determined men driving the bourgeois forward with kicks in the backside"[4] (Gramsci 1988: 254). Such a 'group' cannot result from chance, but on the contrary from a long process of construction:

> The decisive element in every situation is the permanently organized and long prepared force which can be put into the field when it is judged that a situation is favourable (and it can be favourable only in so far as such a force exists, and is full of fighting spirit) (Gramsci 1988: 209)

This combination of the political will and the organization that bears it, crystallizes in the Gramscian idea of the "modern Prince"

> The modern prince, the myth-prince, cannot be a real person, a concrete individual. It can only be an organism, a complex element of society *in which* a collective will, which has already been recognized and has to some extent asserted itself in action, begins to take concrete form. History has already provided this organism, and it is the political party - the first cell in which there come together germs of a collective will tending to become universal and total[5] (Gramsci 1988: 240).

The characterization of such an organism and the "evolutionary" process of the collective will towards universality were central on the development of his concept of hegemony. The features of this processes are clearly described in *Analysis of situations, relations of force,* in his sketch of the criteria to be used in order to establish a progressive force' maturity degree in a specific political juncture. This evolution certainly includes, but it is not exhausted in the capacity of successfully configuring a new general interest. On the contrary, it includes also the capability of representing an

4 My emphasis.
5 My emphasis.

"ethico-political hegemony", which means an "intellectual and moral leadership" (Gramsci 1988: 211; 249):

> The modern Prince, as it develops, revolutionizes the whole system of intellectual and moral relations, in that its development means precisely that any given act is seen as useful or harmful, as virtuous or as wicked, only in so far as it has as its point of reference the modern Prince itself, and helps to strengthen or to oppose it (Gramsci 1988: 243).

The emergence of a political subject like the so called "modern Prince" leads then to a reconfiguration of the entire ethico-political field. This reconfiguration is a result of the modern Prince intervention, made possible by two factors: first, a level of "collective political consciousness", featured by the transcend of its own corporate interests that "can and must become the interests of other subordinate groups". This moment corresponds to what Gramsci calls the "relation of political forces". But the latter is not enough in itself, as it is tied to other two dimensions: "a relation of social forces which is closely linked to the structure, objective, independent of human will", related to the material forces of production and the way they constitute "the basis for the emergence of the various social groupings", and the properly "military" level – which however, also has a political dimension too – (Gramsci 1988: 204-207). The former factors implies that, for fundamental the subjective dimension may seem, it requires for its own success a series of "structural" conditions.

Finally, it is necessary to highlight that every moment of crisis is an opportunity of action not just for a progressive collective entity, but also for other collective wills that seek the latter's suppression and the restoration of the threatened order. Such crises are moments of intensified struggle, where

> […] incurable structural contradictions have revealed themselves (reached maturity) and that, despite this, the political forces which are struggling to conserve and defend the existing structure itself are making every effort to cure them, within certain limits, and to overcome them (Gramsci 1988: 201)

Summarizing, a) Gramsci both identifies and rejects the teleological heritage that subsisted until then in historical materialism; b) recognizing, however, a limited prediction capability on the latter, based on the identification of regularities in social behaviors, that constitutes the so called "structures"; c) those regularities, however, are susceptible of being interrupted in what Gramsci featured as moments of crisis, that are necessary but not sufficient for leading to structural change; d) as for the latter to occur a collective will is also necessary, in order to force the situation producing changes on the parameters that determinate the structure; and finally e) this collective

will is characterized by its capability of projecting itself beyond the economic interest, towards the ethico-political field, as well as for its "organizational" nature. In the next section, I will present how the materialist dialectic of Alain Badiou can give us a meta-theoretical framework that allows us to ground those intuitions.

2. fundamental notions of Badiou's materialist dialectic

Under the label of "materialist dialectic", the French philosopher Alain Badiou gathers the three main components of his philosophical system: a *Theory of the subject*, presented in a book with precisely that title published in 1982; an ontology, contained in *Being and Event*, published in 1988; and a phenomenology (or logic), presented in *Logic of Worlds*, published in 2006. Badiou's philosophical work aims to provide Marxism and revolutionary struggles with a new dialectic, built in many senses against the Hegelian one, at the same time challenging several assumptions of the linguistic turn. Each version of materialism is part of "a fierce polemical apparatus" (Bosteels 2011: 47), each of them developed against one particular idealism, and for Badiou the linguistic turn is the idealism of our times (Badiou 2009: 185-189).

Badiou's philosophical work has three major sources: the first is Marxism, and more specifically Maoism, in the form that it took during the turmoil of May 68, enriched by debates with philosophers like Foucault and Deleuze. The second is the revolution around the "doctrine of the subject" contained in the psychoanalytical theory of Lacan. The third is set theory, a subfield of mathematics grounded in the works of Cantor, Gödel and Cohen, among others. Regarding the latter, one of the main arguments of Badiou's philosophy is, indeed, that mathematics represents the most systematic form of ontology, to the extent that set theory is an axiomatic and rigorous reflexion of what can be thinkable regarding being-in-itself.

Let me start then with a summary of the main arguments of Badiou's ontology; this will be followed by some basic notions of his phenomenology, that will ground a brief introduction to his concepts of event and subject.

a. Ontology of the multiple

The starting point of Badiou's ontology is a radical breakaway with respect to Hegel: a rejection of any concept of totality like the one of Absolute Spirit that, as mentioned before, grounded the Hegelian system. To the Hegelian thesis that "there is nothing but the Whole" – the Absolute Spirit –, Badiou opposes his own: "There is no Whole" (Badiou 2013: 141). Thus, facing the disjunction that opens ontology's history, where it is necessary to choose between two opposite statements: 'what exists is One' and 'what exists is multiple', he takes the opposite way with respect to Parmenides, vindicating the multiple nature of being (Badiou 2007: 25). This decision is precisely what justifies the use of set theory – the theory of multiplicities – as a ground for his ontology (Badiou 2007: 25-33). It worth to mention that set theory, and in particular Russell paradox, which demonstrates the logical inconsistence of the concept of Universe – a set that contains all the other sets –, validates retrospectively Badiou's decision (Badiou 2013: 109-110).

But does this thesis mean that ontology must dispense with a concept of unity? Badiou's answer is no. There is unity, but just as the result of an operation, "the counting-as-one", which produces it from an existing multiplicity. The same operation authorizes to derivate from the concept of the one the concept of the two and so on, a procedure that allows to think the infinite set of the cardinal numbers, used to measure the size of all the other multiples -infinite sets included-. It is necessary to bear in mind that, neither the "counting-as-one" nor any other operation can cancel the multiple nature of being. That which is counted as one is still a "denumerable" multiple, thought as a set, subset or "element" only as a result of the logic of the counting, but never due to an intrinsic oneness (Badiou 2007).

Those are the basics of the "doctrine of the multiple" -Badiou's ontology, grounded on set theory-: a) the whole is not; b) oneness is as a result of an operation; and c) every element counted as one is itself a multiple (Badiou 2007).

Those notions indicate that all unity is the result of an operation on being – which is multiple – of a "structure". The later is, in Badiou's ontology, "an operator", or to be more precise "that what prescribes, for a presented multiple, the regime of its count-as-one" (Badiou 2007: 27). Therefore, an structure is that which grants being with its consistency; the notion of "presentation" on the other hand, refers to "multiple being such as it is efectively deployed" (Badiou 2007: 550) and thus, a

"consistent presented multiplicity" – which means the sum of a multiple and a "regime of the count" [structure] – is called a "situation" (Badiou 2007: 554).

In his ontological system, Badiou posits a distinction between being and structure, that unties the knot of being and language which features the linguistic turn, against which his materialist dialectic is constituted (Badiou 2007: 50). In mathematics, this is Zermelo and Fraenkel's version of set theory, that opposes the one of Cantor and Frege. For the later, there is an identity between language and existence. As Badiou explains, Frege assumes that

> […] every concept which can be inscribed in a totally formalized language (and ideography) prescribes an 'existent' multiple, which is the one of the terms, themselves inscribable, which fall under this concept. The speculative presupposition is that nothing of the multiple can occur in excess of a well-constructed language, and therefore, that being, inasmuch as it its constrained to present itself to language as the referent-multiple of a property, cannot cause a breakdown in the architecture of this language if the latter has been rigorously constructed. The master of words is also the master of the multiple (Badiou 2007: 43).

Under Zermelo and Fraenkel theory, instead, there is a gap between language and existence. When a given set is build through formal language, the existence of another set is presupposed, from which all the elements of the former come from. What language does is to "separate" – hence the name of Zermelo's *separation axiom* –, the elements of the set thus built from another reference set, instead of to create them through their nomination (Badiou 2007: 50).

This constitutes, regarding contemporary meta-theoretical discussions, a departure from the post-structuralist thesis – of Wittgensteinian inspiration – that declares "the 'discursive' nature of all actions, practices and social formations" (Glynos and Howarth 2007: 109). To this assumption, Badiou opposes the Lacanian concept the real, *impasse* of the symbolic – of formalization – (Badiou 2009: 50; 2007: 23). There is an excess of being over structure, and therefore, over language, and it is precisely the recognition of this excess – or primacy – what grants Badiou's ontology its materialist character. This excess also grounds his dialectic and therefore, his theory of structural change, as we will see in the following sections.

b. Objective phenomenology

Ontology is the science of being-in-itself, and the only multiple that can be thought-in-itself – without reference to any other being [set] – is the void: the multiple with no elements. It is from the

concept of the void that Badiou builds indeed its entire ontological system. The thought of particular beings is therefore not a matter of ontology, but of phenomenology. However, as ontology is the science of being *in general*, its laws are not canceled in phenomenology, but on the contrary constitute the latter' basis. In other words, the fundamentals of the "doctrine of the multiple" still apply regarding the appearing of particular beings.

Opposed to the thought of being-in-itself, the one of particular multiples requires a minimal identification of the elements that compose them; it is therefore always mediated: it starts with the thinking of another set from which all the elements of the multiple to be thought are "taken". If the whole were to exist, this problem would be easily – and universally – solved. But as the whole does not exist, the thinking of every particular multiple operates in relation to another particular multiple. More precisely, when thinking a multiple, its first determination is the localization of its elements - and itself, therefore- in relation to another multiple. This explains the distinction between ontology, the thought of being-in-itself, and phenomenology, the thought of "being-there" (Badiou 2013: 112-113). In order to think a multiple, therefore, you have to think of another 'reference' multiple where the elements of the multiple to be thought are located. Badiou call a "world" the reference multiple were a particular multiple-being is thought (Badiou 2013: 113).

Two things bear noting here. First, as the whole does not exist, there is not one but several worlds. Second, that nothing forbids a being to appear in more than one world. If that is the case and a being appears in more than one world, the self-identity that through its appearing in different worlds can remain cannot come from its being-there (as the latter results from its appearing in one specific world) but from its being as multiple (its ontological being) (Badiou 2013: 117).

Appearing in a world therefore implies a double differentiation: through appearing, a being differentiates with regard to its own being-in-itself and with regard to other beings that co-appear in the same world: Appearing is relational, and it consists in a series of relations of identity and difference: Badiou calls "transcendental" [or logic] the operational set that regulates them. The concept of transcendental in its phenomenology is a re-elaboration of his ontological concept of structure (Badiou 2013: 118). As every world gets its consistency from a transcendental, it can be said that the former is the equivalent, for phenomenology, of the ontological concept of "situation" (Badiou 2007: 99).

The former notions allow us to think the one of "object". An object is a multiple being, plus its indexing in the transcendental that regulates the world where it appears (Badiou 2013: 220; 251). The indexation of a being is no other thing that the sum of its relationships of identity and difference with itself and with the other objects that co-appear with it in that world. Now, it bears noting that the evaluations of those relationships are always evaluations of degree: more or the less identical, more or less different. This means that a transcendental introduces order in appearing. Lets remember again that there are multiple worlds, and the same being can appear in more than one, each appearing being regulated by the transcendental that correspond to each particular world (Badiou 2013: 117).

It can be seen how Badiou's concept of transcendental -as well as the one of object- is built without any reference to a subject. This means that a subject – like the the "human animal" – is not required for order in a world to exist. In this sense, Badiou's philosophy distance itself from Kant's concept of transcendental, conceived by him as a "subjectivated construction". Badiou's transcendental is, instead, an "immanent given" (Badiou 2013: 101), therein again its materialist character. In his own words:

> We know from an indisputable source that such and such a world precedes the existence of our species, and that, just like 'our' worlds, it stipulated identities and differences, and had the power to deploy the appearing of innumerable beings. This is what Quentin Meillassoux calls 'the fossil's argument': the irrefutable materialist argument that interrupts the idealist (and empiricist) apparatus of 'consciousness' and the 'object'. The world of the dinosaurs existed, it deployed the infinite multiplicity of the being-there of beings, millions of years before it could be a question of a consciousness or a subject, empirical as well as transcendental. To deny this point is to flaunt a rampant idealist axiomatic (Badiou 2013: 119)

The concepts of being, worlds, transcendentals and objects allow us to thing the problem of change, that as mentioned before, relates to the distinction between being and structures (in ontology), or being and transcendentals (in phenomenology).

c. Excess of being, event, and subject

The logic of appearing (of being-there) is constituted by the indexation of an object by the transcendental of the world where it appears, an indexation that encompass "the *deployment* of of its

relationships with other beings"[6] that co-appear there (Badiou 2013: 359). This means that the notions of temporality and modification are included in this logic, thought from their relational character. As Badiou highlights, "[…] we accept the great relativist lessons of physics, from Galileo to Einstein and Laurent Nottale, as self-evident: the phenomenon integrates into its phenomenality the variations that constitutes it over time" (Badiou 2007: 359).

It is clear therefore, that those modifications does not challenge, but instead are prescribed by the transcendental. A "real change" is something quite different to the extent that it challenges the transcendental and opens the possibility of its transformation. For "real change" to occur it is necessary, first of all, a momentary interruption of the transcendental regulation.

As I mentioned before, Badiou affirms that there is always an excess of being over the transcendentals [structures]. This point is fundamental, as this excess haunts them on permanent basis, manifesting occasionally as a suspension of the laws that constitute them. This is what is called "a site", where "impelled by being, an immanent overturning of the law of appearing takes place" (Badiou 2013: 366). Subversion of being over the transcendental -and therefore, over appearing-, a site cannot remain in place. It has the form of a "passage", a "visitation", "it appears only to disappear" (Badiou 2013: 369), therein its "momentary" character.

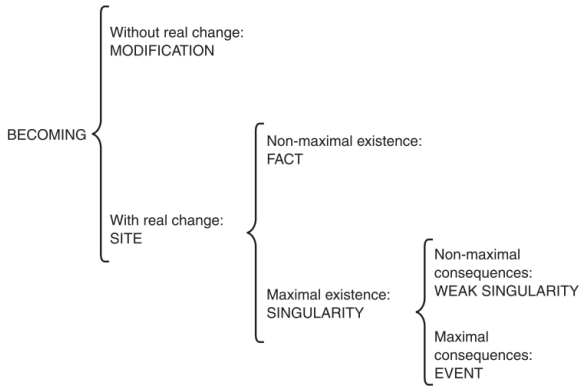
But the sole appearance of a site is not enough for bringing change. This site has first to exist with a maximal intensity, and second, to produce a set of strong consequences. Depending of those conditions, a site – subversion of being over the transcendental – is classified, as a "fact" if its intensity of existence is minimal or as a "singularity" if it is maximal (Badiou 2013: 374).

A singularity opens the possibility for a transformation of the transcendental that regulates the world were it occurs; but such a transformation will depend on the consequences of its appearing. A singularity whose consequences are strong enough as to modify a transcendental is called an event (Badiou 2013: 363-380). The occurrence of sites, facts, singularities and events are features of what Badiou calls historical words [or situations], as opposed to natural ones, where change manifests only as modifications (Badiou 2007: 185). It is one of the points of departure of Badiou with respect

6 Our emphasis.

to Hegel, that presuppose "[…] the universality of the laws of the dialectic, which is to say, in the end, the isomorphy between the dialectic of nature and the dialectic of history" (Badiou in Bosteels 2011: 15).

Graph 1.1: Typology of the modes of "becoming" in Badiou's Logic of Worlds



Source: Badiou (2007)

The meta-theoretical implications of this are also fundamental. The possibility of structural change – usually labeled through the category of contingency – is not, therefore, something that results from the structure itself, but from the excess of being over the latter. This approach distances therefore from "structural marxism", but also from post-structuralism, which locates contingency within the structure itself, making it one of its main features. It is what their advocates call "the radically contingent character of social logics" (Glynos and Howarth 2007: 117), which become "inconsistent" as a result (Glynos and Howarth 2007: 70). Locating contingency instead in the excess of being over structures, materialist dialectic can conceptualize the latter as highly consistent -they are the proper origin of consistency-, without eliminating contingency, which is however conceived as exceptional. Pushed by a debate with Žižek, Laclau will incorporate in his own theorization an equivalent concept to the one of singularity, labeling as dislocation:

> Dislocation refers to the emergence of events that cannot be symbolized, represented, or in other ways domesticated by the discursive structure, and, therefore, leads to a more or less complete disruption, or breakdown, of the discursive system of signification (Torfing 2009: 119).

Now, what defines the consequences of a singularity (or an event)? A subject intervention. And a subject, for Badiou, is a 'formalism', a 'figure' (Badiou 2013: 49). Depending on its orientation with regard a singularity/event, Badiou identifies three "figures": there is one kind of subject that aims to produce and to maximize the event consequences, a second one that seeks to negate them, or minimize it, and a third one that seeks their occultation, and if necessary the elimination of the first kind of subject. In politics they correspond to the revolutionary[7], the reactionary and the fascist subjects (Badiou 2013: 45-78).

It is clear here how Badiou's concept of subject has nothing to do neither with the Kantian one, nor with concepts such as 'individual' (Badiou 2013: 68). A human being -what Badiou calls a "human animal"-, as any other being is a multiple [a set]. It can participate of a subjective formalism, but it is not itself a subject. However, as the latter is a formalism or figure, it has to be bore by a set. A "body" is, within Badiou's philosophical system, a being [multiple] capable of bear a "subjective formalism" (Badiou 2013: 449). Given its nature as a multiple, a body can be the bearer of more than one subjective orientation.

This separation of a subject with respect to the being that bears it de-sustantialize the concept of subject, redefining the ontic assumption that usually supports the discussions about the relationship structure and agency. On Žižek words

> "The traditional debate as to the relationship between agent and structure thus appears fundamentally displaced: the issue is no longer a problem of *autonomy*, of determinism against free will, in which two entities fully constituted as objectives mutually limit each other. On the contrary, the subject emerges as a result of the failure of substance in its process of self-constitution [the event]" (Žižek in Bosteels 2011: 71).

It is from this failure that a revolutionary subject operates, producing the consequences of this failure. The totality of the consequences produced by that subjectivity is called a "truth" (Badiou 2013: 597). A good approximation to the meaning of this concept can be achieved referring to Badiou's own interpretation of Antigona's tragedy. There, Antigona is the bearer of an idea of fairness that challenges the law that regulates the world "Tebas". The triumph of the revolutionary subject, represented by Antigona's successful struggle to bury her brother within the city walls, required a compatible new concept of justice, that demanded the change of the existing law (Badiou

7 It named, indeed as "communist subject" (Badiou 2013: 78)

2009: 158-168). The task of a subject is, therefore, to "force a truth" within a word (a situation), in a way that this truth, when successfully forced, changes the law of the structuration process, modifying the entire world where it operates.

This philosophical conceptualization of social change is rooted in Althuser's intuitions regarding the relationship between novelty and revolution. As suggested by Bosteels,

> For Althusser this sudden irruption of novelty, which is neither generated nor developed from a previously given origin but instead introduces another structure into the existing order of things, is the essential object of what he now calls a logic of emergence, which is still no other, he adds, than the materialist dialectic as understood by Marx and Freud. [Badiou] seeks to map a subjective process onto the rare emergency of a new consistency-that is, onto the appearance of a new structure in which the subject not only occupies but exceeds the empty place of the old structure, which as a result becomes obsolete (Bosteels 2011: 75)

And this relationship between the event and the subjective intervention, is tied to Althusser's concept of overdetermination, related with Lenin's idea of the weakest link, something that bring us back to Gramsci and his reflections about the Bolsheviks revolution:

> In Lenin eyes this unique historical event is made possible in the most backward of imperialist countries by the sharp accumulation and condensation of multiple contradictions and heterogeneous tendencies. Once they fuse and become antagonistic, the latter constitute the objective conditions that retrospectively can be shown to have precipitated the revolution. The resulting impasse or dead end is then the site where the party, as the chain without weak links, can subjectively force its way into history. To be more precise, the fact that such a structural impasse becomes visible is already the retroactive effect of a subjective passage (Bosteels 2011: 57).

It is important to bear in mind that those interventions of a revolutionary subject that seeks to produce and maximize the consequences of an event, imply choices in contexts of uncertainty -marked by contingency-. This results from two factors: 1) a singularity, starting point of the subjective formalism, implies the temporary interruption of the laws that regulates the structuration processes, so the subjects' choices as well as the results of their struggles cannot be defined by it; and 2) The inexistence of the whole eliminates the possibility of a *telos* – and a teleology –; therefore it is impossible to know in advance if a given singularity will become an event. It is possible to research on the conditions in which a subjective intervention will operate, but it is impossible to predict its outcome. Politics is, in that sense, a dangerous affair.

4. Recomposing the Gramscian categories from the materialist dialectic

In the second section of this chapter I have shown some of the answers given by Gramsci to the meta-theoretical problems faced by historical materialism during the post-October revolution period. This was followed by a short presentation of some of the main elements of the materialist dialectic of Alain Badiou. In the following pages I will show the convergence points between those two theoretical efforts in order to, from there, build my own meta-theoretical conceptualization.

Let me start with Gramci and Badiou's common rejection to the concept of *teleology*, inherited by Marxism from Hegel, and used as meta-theoretical ground for the prediction capability associated to historical materialism. In the case of Gramsci this rejection is the result of the empirical evidence provided by the Bolshevik revolution, whilst in the case of Badiou it comes from his critic, based on post-Cantorian set theory, of Hegel's idea of totality.

This rejection forced them to look for an alternative concept, capable of explaining the consistency of social practices. Both authors recur to the notion of *structure*. In the case of Gramsci, structure refers to "regularity" in the social practices, whilst for Badiou it refers to "operational sets" that regulates appearing [presentation]. Although in his *Logic of worlds* the French philosopher calls transcendental – or logic – those operational sets, the former use of the signifier "structure" reveals an Althuserian and Lacanian influence, and facilitates the connection with broader discussions in social theory.

Despite vindicating the pertinence of the concept of structure, both authors ground the possibility of social change on the occurrence of an impasse on the structuration process. In the case of Gramsci this intuition inspire his notion of organic crises. In the case of Badiou, this is the origin of his concept of singularity.

For both authors however, the impasse of the structuration process is not enough for social change to occur. It is required what Badiou calls a subjective intervention, or what Gramsci characterize as the political intervention of a Jacobin force. In both cases this dynamic has two dimensions: for Gramsci, it is constituted by a) the development of a political consciousness from the purely economic to the ethico-political, and b) the constitution of the political organization itself. In the

case of Badiou, this duality is represented by a) the subject as a formalism – the production of the event consequences –, and b) the production of a body, multiplicity that bears this subject. The set of consequences of the event that a subjective intervention produces is called a "truth", and Badiou identifies four types of truth procedures: politics, arts, sciences and love (Badiou 2013; 2007). It is possible to suggest that the production of truths on those spheres corresponds to the ethico-political leadership described by Gramsci.

When successful, a subjective intervention implies the subject' capacity of 'forcing the situation' (Gramsci 1988: 254; Badiou 2007: 424): for Gramsci, this means the recomposition of the ethico-political field and therefore the constitution of a new hegemony; for Badiou the incorporation of a new truth within the structure [transcendental] that regulates the situation [world], generating its modification. This implies for both a victory of the new over the old, therein the creative character of the subject. Such a victory of the revolutionary subject is however uncertain, given the rejection of the notion of *telos*, declared by both, Gramsci and Badiou.

Those common meta-theoretical connections authorize us to seek a convergence between the two authors, in the building of my theoretical framework. As my methodological approach debts too much to the famous Gramscian text Analysis *of situations, relations of force* and in order to highlight the connections between the two authors, I will use the signifier *situation* instead of worlds, and *structure* instead of transcendental, incorporating however the theoretical innovations contained in *Logic of worlds* with respect to *Being and Event*.

I can now define my task in meta-theoretical terms: it consist in the study of the "citizens' revolution", an *object* that appears in the historical *situation* "Ecuador during 2007-2017". It is clear that both, the object and the situation are multiple beings, and that the former is indexed on the latter. It is precisely the combination of its being as multiple and its indexation in a situation what authorize us to define the CR as an object. That it is a multiple is revealed in the fact that it is composed by several elements, many of them described in the following chapters: the different policies, the 'cadres', the conflicts within the administration and so on. But it is its indexation by the *structure* of the situation – which regulates its relationship with the other objects that co-appear in the situation – what grants it with its 'oneness': the CR stands in opposition to the traditional political parties in the political arena, it imposes policies to the different economic sectors, it

attempts a reform of the public sector and so on. It is, then, an element among all the others that compose the situation. Elements of the situation are also, for example, the more than 17 million inhabitants, the earthquake of 2016, the country's oil reserves under the Amazon, the private media outlets, etc. All of those elements – themselves multiples beings –, relating to itself and to the others according to the situation's structure.

Many of the multiple beings that appear in the situation under analysis may appear in other situations – historical or not –. Millions of the inhabitants of the country, for example, belong to the situation "catholic church", and the 2016 earthquake belongs to the situation "natural disasters of the 21th century". But those other situations are regulated by a particular structure each, indexing those beings in a particular way; the latter matter to me only as objects indexed by the structure of the situation I am studying, making those other indexations irrelevant.

It is important to keep in mind that the envelop that limits what belongs to the situation I am dealing with does not coincide with the limits of the Ecuadorian nation-state. International phenomena belong indeed to the situation, but they do so, again, as indexed by its structure, becoming then a specific object. The global economic crisis of 2008 for sure belongs to the situation in question, but indexed by its structure it becomes a different object that the one the same being constitutes when appearing in another situation, lets say, for example "US economic history". This consideration is fundamental: it allows me to avoid spurious distinctions between "the internal" and "the external", quite problematic in analysis like the one I are attempting here. Same thing applies to the chronological criteria: the multiple "Ecuador's state formation during the 20th Century" belong to my situation, but in a very particular way: it "appears" through its effects, for example in the persistence of corporatist institutional arrangements, or the relative strength of the different state class fractions (see Chapter 3).

At a fist glance, the situation seems infinite, as any situation potentially is (Badiou 2013: 334). However, it does not correspond to me neither the enumeration nor the description of all its elements and their multiple relationships; my interests focus first of all on the structure that regulates them, an more specifically, in certain elements of that structure. Let me explain this: we know that a structure is an operational set. As any other set, is composed; in this case, by other

operational sets. For analytical reasons, I will call *logics* the operational sets that constitutes the structure of the situation (its operational subsets).

There is, for example, the logic "capital self-valorization", that operates counting the elements of the situation as "fixed capital" or "variable capital", or classifying the elements of the set "population" in function of their relationship with the element "capital". There is also the operational set "racism", that counts that population depending of some fenotipical features (Whitten. Jr. 1999). Another logic operating in this situation is what Rubin (1997) called "sex/gender system", and that for theoretical reasons I would like to call sex/gender logic, that builds relations of domination on the basis of sexual biological differences. The indexation of the inhabitants of the situation by those three logics, as I will show in my next chapter, regulates their relationships with the other objects that co-appear in this world. Those relationships are not static; on the contrary, structural logics unfolds as modifications: changes structurally regulated. They manifest, therefore, as social practices – relational and structurally regulated –.

Now, political science does not deal with all the logics that constitutes the structure of a situation. It is concerned specifically with those logics that establish "relations of power" among human beings. For reasons that will become more clear in my next chapter, I will focus on those logics that, in the situation which concerns us, prescribe relationships of "domination" and "exploitation".

Lets remember that a historical situation is much more than a structure. It also includes those excess of being over the structure that opens the possibility of a structural change [real change]. The first condition for that to occur is the momentary interruption of the structuration process: a site. I will use the concept of site in order to meta-ontologically ground the Gramscian category of crises. Conjunctural crisis are *facts*: sites with minimal degrees of existence, and with no consequences: they "do not have any far-reaching historical significance" (Gramsci 1988: 201). Organic crises are instead singularities, that may become an event: the starting point of the process that leads to social change.

For a singularity to become an event [for an organic crisis to become a revolution], a successful subjective intervention is necessary. This implies, as mentioned before, a struggle between the different subjective orientations. As a singularity temporary challenges the structural logics, the

answers to its appearing – that can imply either production, negation or erasure of its consequences – require some degree of creativity; they constitute, therefore subjective interventions.

In order to apprehend the confrontation between the three subjective orientations, it is necessary to consider their twofold dimension. On one hand, there is the ethico-political dimension which, on the side of the revolutionary subject, implies the generation of a new principle that substantially modifies the pertinent structural logics. On the other hand, there the subject's "bodily" dimension: it is necessary to produce an organization capable to force this new principle within the situation. This means the constitution of a new multiplicity, different to those already originated by the structure. This new multiplicity will, however, fully or partially integrate those structural multiplicities, establishing with them relationships of union, conjunction, belonging and so on. It will be, in this case, an hegemonic organization, in the way exemplary implemented by the Bolsheviks, and later on conceptualized by Gramsci and why not, Laclau and Mouffe. The multiplicities required to form such an organization are however diverse in nature, there are not just "identities" nor human beings; they include economic resources, means of communication and even means of coercion, a composition defined by both, the situation and the subjective intervention. From the relative forces of the different subjects and their actual deployment within the situation, there can result different outcomes: a revolution, a restoration, a counterrevolution or a passive revolution. I will discuss this in more detain in chapter 4.

The aforementioned categories allow me now to delimit the scope my research: I will research on an *object,* the "citizen's revolution", that belongs to the *situation* "Ecuador 2007-2017", in its interaction with the *structural logics* that, for the latter, prescribes relationships of domination and exploitation, as well as with the *subjective interventions* operating in order to change those logics.

Chapter 2:

Social classes in Ecuador at the beginning of the Citizens' Revolution[8]

Introduction

The former chapter presented the main meta-theoretical notions grounding my research; this one define its main theoretical category: social classes. I pursue three objectives in the present chapter: first, to present some recent discussions about this concept, highlighting some challenges that its use currently faces. Second to propose an "integral analytical approach", inspired by the contributions of Pierre Bourdieu and Erik Olin Wright and capable of overcoming some of those challenges. Third, through the incorporation of some meta-theoretical contributions outlined in the first chapter, I will provide a conceptualization of "logics of power" as a grounding for my own concept of class. My fourth objective is to analyze Ecuadorian class structure at the beginning of the "Citizens' revolution", using the theoretical and meta-theoretical framework outlined in these two chapters.

To this end, the chapter is divided in three sections, which correspond, more or less, to the objectives outlined above – the last two objectives are dealt within the last section – . Lets start by looking at some recent discussions regarding the category of social classes, developed around the increasing inequality that features contemporary global society.

1. Contemporary challenges to the category of social classes

An increasing academic interest on the issue of inequality followed the rise of the Occupy Movement, self-defined as a rebellion of the 99% of the US population against the 1%, which in 2007 was hoarding 37% of the national wealth. The return of inequality to the public and academic debate implied the rediscovery of the extremes of the social pyramid, an particularly the long-time-properly-hidden "upper class". As Jose Gabriel Palma points out

8 A very early version of this chapter was published under the title "'Us' and 'them': Theoretical insights about the class division in contemporary capitalism" in Oksana Balashova, Ismail Doga Karatepe, Aishah Namukasa (Eds.) Where have all the classes gone? A critical perspective on struggles and collective action. Labor and Globalization Vol. 8, Rainer Hampp Verlag, Augsburg, München.

> [p]erhaps the most striking stylized fact of traditional mainstream explanations of high inequality, like those put forward by the Washington Consensus institutions and by the many economists circling around them, is that until very recently they have focused almost exclusively on the middle of the distribution. It is only very recently that they are starting to look at the bottom 40 percent — as if there was an absolute taboo against looking at the top. The great freshness of the work of Piketty and associates is that, finally, a few mainstream economists dared to defy that taboo (Palma 2014: 25).

This pervasive blindness was not just an economist's disease: it was also present in the field of sociology. In a recent empirical study about social classes, their authors declare:

> [...] one of our most striking findings is the delineation of an 'elite'. [...] If one has to detect the most important cleavage in Britain today, it is not between 'middle' and 'working' class, but between a relatively small corporate (or 'professional- executive') elite and everybody else. [...] One struggles to read any sustained studies of the social composition of small elites within sociology even though it is clear that their relative income and wealth has increased dramatically (Savage et al. 2014: 12).

This empirical evidence put into question the postwar optimism reflected in the Kuznets thesis, according to which the high levels of inequality characteristic of early stages of capitalism were bound to be overcome with the advance of industrialization and development. At the same time, the struggles that followed the 2008 economic crisis in different places around the world challenged economic determinisms like the one behind the Kuznets model. As the extensive research done by Piketty shows us, "[t]he history of distribution of wealth has been deeply political, and cannot be reduced to purely economic mechanisms" (Piketty 2014a: 738). To spell it out more clearly, inequality is not the relentless work of an invisible hand, but the result of a political struggle. It seems that both, the current levels of inequality and the confrontations behind it, invite us once again to use the categories of social classes and class struggle for analytical purposes.

A brief overview of some of the recent works on social classes and inequality allows us to identify three conceptual problems that any contemporary use of the category of social classes should be able to address.

The first problem has to do precisely with those at the top of the "social pyramid". Despite its recent forced return to the spotlight, the nature of the "elite" as well as the source of its economic power continue to be obscure, and some of their characterizations did not help to make it clear. Standing, for example, refer to them as a group of "[…] obscenely rich individuals, wallowing in their billions and allowed to thrive while being feted by cringing governments" (Standing 2012: 589). In their study of Great Britain class structure, Savage et al. describe them as

> the most advantaged and privileged group [...]. They are characterized by having the highest levels of every form of capital. […] a relatively small, socially and spatially exclusive group at the apex of British society, whose economic wealth sets them apart from the great majority of the population. […]" (Savage et al. 2013: 16)

The huge inequality identified by the authors, should invite us to investigate the underlying mechanisms, and the extent to which the different positions within the labor market – as either buyers or sellers – can determinate those fundamental differences in the distribution of economic, – as well as other forms of power – .

Some methodological choices may not help to clarify this issue. One of them is the prevalent way to address inequality looking at the "deciles" or "quintiles" of the population. Given the extraordinary level of concentration of wealth, revealing patterns of differentiation can be found within a "big" and perhaps heterogeneous group such as the top 10%, especially at the national level. For example in Britain, the threshold for belonging to the richest 10% was a little more that £1 million in 2015 (Office for National Statistics 2015: 15), yet, the threshold for belonging to the top thousand individuals was one hundred times this number, while the richest man in the country was worth more than £13 billion (Ward 2015). This heterogeneity within the 10% is not exceptional. Recent analysis by Oxfam has shown that the top 1% already hoards more wealth than the rest of the global population, whilst the 65 richest individuals in the world possess the same amount of wealth as the poorest 50% – more than 3.7 billion – (Oxfam 2016: 11). Similar trends feature Latin America: the total wealth owned by Carlos Slim in the Mexican stock market exceeds by 38% the wealth owned by the rest of the Mexican population (Caballero 2015), a figure that allows us to suspect that there may be substantial differences between Slim and many of the other hundred of thousands of Mexicans included within the 'top decile'.

A second methodological issue relates to the "occupational" characterization of "this elite". The role that occupational income plays for some agents in the contemporary levels of inequality cannot be denied as there exists, "[…] a veritable separation of the top managers of large firms from the rest of the population" (Piketty 2014b: 24). There is no doubt that the extraordinary bonuses, commissions and other forms of payments for CEOs and managers are a source of the wealth for many members of the "elite", but these should not be considered as wages: the extreme differences in "labor" income between workers and managers should be necessarily an indicator of a qualitative

difference. As interesting as income variations between occupations may be, there are important differences between the inequality generated by labor income and the inequality that results from capital ownership or control: They correspond to different social forces, and especially, as Piketty recognizes, different hierarchies (Piketty 2014a). The bonus paid by high corporations to top executives not necessarily have to be considered as something similar to wages, or "income from labor", but better as theirs lion's share in the dynamics of social exploitation.

In this sense, one can see the problematic use of the term "elite" to refer to those at the top of the social structure, identified through their share in the distribution of social wealth. Focusing on the outcome of the process of distribution, this specific act of nomination, as Bourdieu himself would call it (1987) ignores the underlying dynamics that lead to it. The "elites'" relationship with the means of production – meaning their condition of "capitalist" class – as a probable origin of their capacity for economic capital accumulation certainly does not have to be assumed a priori, but it should be considered as a valid hypothesis at the moment of explaining their privileged position.

A second problem of has to do with the nature of the so called middle classes and their relationship with the working class. As Savage et al. have pointed out, contemporary class dynamics are featured by "[…] the blurring and fragmentation of conventional 'middle' and 'working' class boundaries" (Savage et al. 2013: 27). In a similar vein, looking at the social representations of middle classes in thirteen developing countries, Abhijit Banerjee and Esther Duflo found that, "[t]he defining characteristic of its members is that they have *a steady, waged job*"[9] (Therborn 2012: 16).

Even if originally the category recalled an income differentiation with respect to the working class, this feature has been progressively lost. In his compelling book about the "demonization of the working class" in the UK, Owen Jones shows how the self-identification as 'middle-class' has begun to mean barely "non-poor" (2016: 142). In a similar fashion, contemporary research about the middle classes in developing countries uses income thresholds of between 2 USD and 13 USD per day (Therborn 2012: 16).

9 Our emphasis

Although income differences are not so substantial anymore, there may still be some occupational differences between these two groups. For example, Poulantzas used the label "new petty bourgeoisie" for gathering the 'mental' workers, supervisors, workers of the service sector and many other groups that, from his point of view cannot be labeled either as bourgeois or workers (Poulantzas 1975: 287-292). However, it is interesting to notice that the tendency for many of those actors to become simple wage earners as a result of the logics of capital accumulation was already pointed out by Marx and Engels in their Manifesto:

> The bourgeoisie has stripped of its halo every occupation hitherto honored and looked up to with reverent awe. It has converted the physician, the lawyer, the priest, the poet, the man of science, into its paid wage laborer (Marx and Engels 2000: 34).

The former quote shows that, for Marx and Engels, qualification was not a criterion for class differentiation, and professionals can definitely be part of the working class. However, the "proletarization" process of professionals may be incomplete, and the labor market may ensure differences within the latter and the rest of the working class, in terms of wage, prestige and labor conditions. Symbolic privileges and power may mask the way qualified labor force is also subjected to domination and exploitation.

This points out to the political role of the middle classes. Jose Gabriel Palma has shown an important fact regarding middle classes, inequality and distribution. It is what he calls the '50/50 rule': the social groups between the 5^{th} and the 9^{th} deciles of the population in every country, have a relative homogeneous share of income across the world, which correspond, proximately, to the 50% of the total national income (Palma 2014). That implies that the significant changes in distribution -like those which characterize neoliberalism- tends to occur in the tails, which is to say, in the incomes of both the richest 10% and the poorest 40% of the population. The prevalence of this tendency does not mean that the condition of the middle and upper middle class is immune to political dynamics. As Palma pointed out, they had struggled for maintaining or improving their share through a wide spectrum of political alliances, either with the popular sectors or the upper classes (Palma 2014: 14).

This should invite us to think about the differences between qualified and non-qualified labor more in terms of fractions, divisions within one single class, rather than in terms of boundaries between two different classes. Indeed, the concept of class fractions, used extensively for characterizing the

internal division within the capitalist class, has not been, however, so frequently applied to the working class.
Something similar can be said regarding our third problem: the relationship between the working class and those at the very bottom of the pyramid.

Standing has found that the "rapidly withering core working class", constituted by "those with stable full-time jobs [...] is shrinking in numbers, power and influence, losing laborist benefits while receiving wages that are not what they used to be, not 'family wages' any more" (Standing 2012: 589). This phenomenon has evolved in tandem with the emerging of new occupational groups. An important example is the *precariat*, a category originally coined by Standing to describe "[…] millions of people scattered around the world, living and working in insecure jobs and conditions of life" (Standing 2012: 589). Savage et al. describe the precariat as "[clearly the most deprived of the classes that we have identified, on all measures, yet they form a relatively large social class, […] a significant group characterized by *high amounts of insecurity* on all of our measures of capital" (Standing, 2014: 250).

If we consider the working class as a historical entity, changes in labor conditions should not be dealt with as the emergence of a new class. What should be recognized here is the precarization of those conditions for increasing sectors of the working class, probably as part of the broader question of the neoliberal reconfiguration of the labor-capital relations (Harvey 2007). From that point of view, what we are dealing with when we talking about fragmentation is a differentiation within the working class— a process that has occurred in many ways throughout its history in different specific contexts.

Lets exemplify this fragmentation through the relationship between two categories often used synonymously, the proletariat and the working class. It can be said that each of these refer to different properties, moments, or dimensions of the same social class. The first denotes the lack of means of production; the second, the alienation of the labor force –waged labor – into which the proletarian is dragged as a result of the first dimension. If the second is the moment of exploitation, the first is the moment of exclusion, and constitutes its historical premise.

The hiatus between the moment of exclusion and the one of exploitation represents a central theoretical – and political – problem in a social context where, as a result of the development of the productive forces, the quantity of labor required for the dynamic of capital accumulation, especially in the productive sector, has been globally reduced. Today, more than ever, it can be said that being exploited is a privilege. The gap between the proletariat and the working class has been increasing substantially, as highlighted by Therborn (2012) in his article about social classes in the 21st century. It is worth to mention that the scholar uses the category of "plebeians", referring to the heterogeneous "workers and the popular classes in all their diversity" (2012: 15), thereby avoiding the use of proletariat because of its identification with the working class. Yet, whatever the theoretical strategy to grasp this group, it should be able to address both its historical character and the mechanisms behind its constitution as a social group.

2. Towards an "integrated analytical approach"

In order to answer to the aforementioned challenges, in the following section I look to the contributions of two influential scholars whose work has been focused on the category of social classes. Lets start by looking at some key components of Pierre Bourdieu's approach in order to elucidate how it can be improved and strengthened. This will be done following some recent suggestions from Erik Olin Wright, who has proposed the building of an "integrated analytical approach" to social classes.

a. Pierre Bourdieu's theory of social classes

The work of Pierre Bourdieu constitutes one of the most important contributions to the analysis of social classes, not only because of his remarkable empirical research, but also because of his theoretical insights. Bourdieu defined his approach as a "relational perspective", where "one needs only to take up the relational or structural mode of thinking characteristic of modern mathematics and physics" (Bourdieu 1987: 7).

For Bourdieu, social classes are constituted by the differential distribution of agents within the social space that result of the "unequal distribution of the sources of power", which in contemporary

societies can be measured by three types of capital: economic, social and cultural. Each agent possesses a determinate volume of capital, composed by different proportions of each kind. Then,

> […] With the set of common principles which measure the relative distance between individuals, we acquire the means of regrouping individuals into classes in such a way that agents in the same class are as similar as possible in the greatest possible number of respects [...] and in such a way that the classes are as distinct as possible from one another – or, in other words, we secure the possibility of obtaining the largest possible separation between classes of the greatest possible homogeneity (Bourdieu 1987: 5)

One of the main consequences of this conception is that, for Bourdieu, class boundaries are not self-evident:

> The boundaries between theoretical classes which scientific investigation allows us to construct on the basis of a plurality of criteria [can] be conceived of as lines or as imaginary planes, such that the density (of the trees or of the water vapor) is higher on the one side and lower on the other, or above a certain value on the one side and below it on the other. Objects in the social world always involve a degree of indeterminacy and fuzziness, and thus present a definite degree of semantic elasticity (Bourdieu 1987: 13)

There are three elements of Bordieu's theory that from my point of view deserve particular attention. The first one is that the classification process implied in a class analysis is not just a scientific one, but one that actually happens in the daily social practices. Bourdieu seeks to go beyond what he calls "the opposition between objectivism and subjectivism": between an objectivist approach that believes that social scientists can classify social agents as objects in a process of knowledge that subverts the lay "common sense" and a subjectivist approach, for which social agents construct social reality as an aggregation of those inter-subjective constructions. Instead, Bourdieu aims to explore how "agents are both classified and classifiers," as they "classify according to (or depending upon) their position within classifications" (Bourdieu 1987: 1-2).

The second element is the mechanism through which this classification occurs, that at the same time secures the production and the reproduction of the social classes. The distribution of the social agents along the social space also regulates the acquisition of certain "dispositions" from which their daily strategies and behavior are shaped. Social differences are therefore "inscribed in the body" in the form of what Bourdieu calls "habitus", defined as "both the generative principle of objectively classifiable judgments and the system of classification (*principium divisionis*) of these practices", or "the internalized form of class condition and of the conditionings it entails" over the social agents (Bourdieu 1984: 170; 101):

> This sense of one's place is at the same time a sense of the place of others, and, together with the affinities of habitus experienced in the form of personal attraction or revulsion, is at the root of all processes of cooptation, friendship, love, association, etc., and thereby provides the principle of all durable alliances and connections […] (Bourdieu 1987: 5)

The third element of Bourdieu's theory that I would like to highlight here, is the way different logics regulate each kind of capital, and the problems posited by their interaction. Each kind of capital differentiates with respect to the others by the internal logics that regulate its distribution within its respective "field". Therefore,

> [t]here is an economy of practices, a reason immanent in practices, whose 'origin' lies neither in the 'decisions' of reason understood as rational calculation nor in the determinations of mechanisms external to and superior to the agents. Being constitutive of the structure of rational practice, that is, the practice most appropriate to achieve *the objectives inscribed in the logic of a particular field* at the lowest cost, this economy can be defined in relation to all kinds of functions, one of which, among others, is the maximization of monetary profit, the only one recognized by economism[10] (Bourdieu 1992: 50).

However, this "relative autonomy" of the fields is called into question by one of the main properties of capitals: their interchangeability. One of the main postulates of Bourdieu theory is precisely that it is possible to exchange different kind of capitals: to transform for example a given amount of economic capital into cultural or symbolic capital, or vice versa. The latter possibility, however, requires the establishment of exchange rates, that cannot be defined within each individual field. In order to solve this theoretical problem, Bourdieu suggests the existence of a "field of power" where the battles among the agents for the valorization of its prevalent kind of capital takes place (Bourdieu 1997: 50-51).

There is no doubt that Burdieu's theory contains fundamental contributions for contemporary class analysis. First of all, it highlights the existence of different sources, as well as different logics of power beyond economic capital. Second, it incorporates the concept of *habitus*, which describes the link between social classes and social practices. A major merit of that concept is that, despite going beyond "class interest" -in the sense that it incorporates non-rational or pre-rational choices-, still follows an "economy of practices", differentiated depending of the "field". A third element is that, precisely through his concept of *habitus*, Bourdieu gives us a way to anchor class differentiation in

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the social practices themselves, instead of seeing it as a political interpellation or a scientific exercise.

However, despite its many merits, Bourdieu's approach has an important shortcoming. In particular, it equates the concepts of "economic capital" and "money". This conflation erases qualitative differences between salaries and profits, that, as Marxism affirms, play an important role in the configuration of class inequalities. For the same reason, it does not provide theoretical tools for thinking about relations of exploitation. It seems then that, as Radice (2015) suggests, the incorporation of some elements of Marxist theory of social classes may be useful if one wants to increase the heuristic power of an approach like Bourdieu's. Lets take a look at how that may be possible, following the direction suggested by the Marxist theorist Erik Olin Wright.

b. Olin Wright's "integral analytical approach"

The conceptualization developed by Bourdieu -and used by Savage et al.-, as well as its limitations as compared to others, can be better appreciated through the lens of Erik Olin Wright, who for decades worked on the concept of social classes. In his last book, Olin Wright identifies three major streams in social sciences on the issue: one that focuses on "individual attributes", another one that identifies mechanisms of "opportunity hoarding" and a third one that understands class as the result of relationships of domination and exploitation. Lets look at the main features of each of these approaches.

The "individual attributes" approach identifies individuals' birth or acquired attributes that shape "opportunities and choices in the market economy" influencing the "material conditions of life" of such individuals. Relevant attributes can be gender, education, race, religion and so on, whilst "material conditions" may include income, housing, social security, access to health and similar goods and services (Olin Wright 2015: 4-5).

Many studies of this kind, for example, identify education as the attribute that most influences living conditions. From that point of view, class division is generated as follows: the social and personal background of certain individuals facilitate their acquisition of those socially relevant

attributes – educational qualifications – , giving them access to the jobs and occupations that offer a better economic reward – conditions of life – (Olin Wright 2015: 5, 2009: 17).

The second approach goes one step further to address the idea of "opportunity hoarding". This concept sheds light on the way in which the ability of certain individuals or groups to access the attributions that may ensure better living conditions is related to the exclusion of other individuals. This approach also identifies the mechanisms used to ensure this dynamic of exclusion; academic credentials and professional certifications, for example, but also citizenship, unionization, etc. Different forms of social power allow some social agents to hoard certain kinds of opportunities, leading to differential locations within the so-called labor-'market' dynamics, impacting on the distribution of economic resources (Olin Wright 2015: 6-8)

The third approach identified by Olin Wright is the one that relates social classes with relationships of domination and exploitation. This approach, among which so-called Marxism is prominent, is characterized by the emphasis it places on one specific kind of opportunity hoarding: private ownership of the means of production. Private appropriation of the means of production implies the exclusion of certain social agents from those means, thus, forcing those excluded to alienate their physical and intellectual powers in exchange for means of subsistence. The owners of the means of production, in turn, use the latter for obtaining an economic benefit (Olin Wright 2015: 9-11).

The individual attributes approach is typically a non-relational one, to the extent that it does not see, either the economic conditions or the economic activities of the individuals – or clusters of individuals – as related. The access to certain conditions of life by some individuals has nothing to do, in principle, to the non-access of those excluded from it. The opportunity hoarding approach goes one step further conceiving access and non-access to living conditions as related, nonetheless conceptualizing the economic activities of the different clusters as non-related. Finally, the domination and exploitation approach, conceives both, access and non-access, as well as economic activities as relational (Olin Wright 2015: 10).

From this classification, Wright suggests that there is the possibility of an integrated model, wherein each approach grasps a different dimension of class configuration. The exploitation and domination approach, he says, studies the major class division within contemporary societies – the

one between workers and capitalists – . The "opportunity hoarding" approach, on the other hand, points out the processes of differentiation that secures privileged positions for the middle class with respect to the working class. Finally, the "attributions and conditions" approach describes the way individuals are distributed into different positions within the class structure (Olin Wright 2015: 12).

It seems that a "integral relational approach" like the one suggested by Olin Wright may be the best suited for answering some of the contemporary challenges that the concept currently faces. But in order to build such an approach, I agree with Radice on the fact that that " [...] a single ontological and epistemological framework" is necessary (2015: 286). If, as Bourdieu suggests, in order to study class configurations one should appropriate the way of thinking of "modern mathematics" (Bourdieu 1987: 7), I suggest that this can be done by using the developments of set theory, in the way advanced in the preceding chapter. In the next section I will suggest a way to do so, linking the ontological reflections of the former chapter with a concrete class analysis: the class configuration in Ecuador at the beginning of the so called "Citizens' Revolution".

3. From structural logics to social classes

a. Power logics

In the last chapter I defined the scope of my research, asserting that political science should focus on the structural logics that prescribe relations of power, and on the subjective dynamics deployed in order to subvert them. I also highlighted the importance of the logics that produce relationships of "domination" and "exploitation". Lets develop those assertions here.

I defined structure and logics as "operational sets". This means that, as beings, they are certainly multiples, but of a special kind, whose function is to "prescribe", to regulate the relationships – of identity and difference – within a given situation, relationships that also manifest as "modifications".

I also affirmed that "power logics" prescribe relationships between the elements of one specific set: "human beings"; they are, therefore "social relations". This does not mean that they do not prescribe relations with other kinds of objects. On the contrary, the relationships of identity and

difference among human beings they prescribe, usually involves relationships of those human beings with non-human beings, including those required by the former in order to survive – so called "means of life" or "means of production", for example – .

To the extent that "power logics" prescribe relationships of identity and difference among human beings, they constitute social relations. To the extent they prescribe modifications, they appear as social practices. As power logics "prescribe", they can be understood as what Bourdieu calls "dispositions", or even what discourse theorists call "regimes of practice" (Glynos and Howarth 2007: 47).

Now, what do I mean by "power"? Here, I find miself on a slippery slope. Marxist tradition has been reluctant to use a "general concept of power". As Poulantzas has pointed out, it may be because

> […] one of the merits of Marxism is, precisely, the one of having let aside -in this as in another cases, the big metaphysic waves of the so-called political philosophy, the shadowy and misty general theorizations and abstractions that pretend to reveal the big secrets of Politics, State and Power[11] (Poulantzas 1980: 17)

For Poulantzas thus, the radical historicism of classical Marxism does not allow such a thing as a "general theory of power". Weber showed similar caution when he defined power as a "sociologically amorphous concept" (Max Weber 1944: 53), preferring to use the alternative concept of domination. This distinction between power and domination has, however, been underestimated by several theoretical approaches (Torfing 2009).

To separate the concept of power from the one of domination, implies the possibility of the former manifesting in other kinds of dynamics beyond the latter, recognizing it as a somehow disperse phenomenon. This is the point of view of Foucault, who declares that

> […] power must be understood in the first instance as the multiplicity of force relations immanent in the sphere in which they operate and which constitute their own organization; as the process which, through ceaseless struggles and confrontations, transforms, strengthens, or reverses them [...] Power is everywhere; not because it embraces everything, but because it comes from everywhere (Focault 1990: 93).

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Foucault's description of power was however criticized by Poulantzas, as it may "dilute and disperse power in innumerable micro-situations", something that can make us "underestimate considerably class struggle", also ignoring "the central role of the State"[12] (Nicos Poulantzas 1980: 47).

Lets accept the Marxist rejection of any a-historical concept of power. But lets also agree with Foucault on the fact that, while it is true that power is often concentrated, it may be also true that it can be relatively scattered and manifest in other ways than through domination. To exclude the latter possibility is to refuse the use of the concept of power for understanding dynamics like "resistance", "rebellion" and "revolution".

If we want to find a historically-grounded concept of power, we should start looking where it manifests itself most intensively, particularly in relationships of domination and exploitation. Domination, understood as "[…] the ability to control the activities of others" and exploitation as "[…] the acquisition of economic benefits from the labor of those who are dominated" (Olin Wright 2009). I have said that, for me, social relations manifest as social practices. However, power, by definition, cannot be *actual*, but *potential*. The concept of power cannot refer then to human activity itself, even less to a specific activity, but to the capacity behind any given activity. If that is the case, there is a Marxist concept — one central for understanding dynamics of exploitation— that I can draw upon for building my own concept of power: the concept of *labor-power:*

> We mean by labour-power, or labour-capacity, the aggregate of those mental and physical capabilities existing in the physical form, the living personality, of a human being, capabilities which he sets in motion whenever he produces a use-value of any kind (Marx 1982: 270).

Lets then understand power as "[...] the aggregate of those mental and physical capabilities existing in the physical form, the living personality, of a human being". This would imply that the production of value is one among other manifestations of power, an approach that allows us to skip the political vs. economic subsystems differentiation that characterizes structural-functionalism.

"Physical and mental" capabilities are distributed, without extraordinary variations, among all human beings. This allows us to recognize a certain "dispersion" of power. Logics of domination and exploitation, on the other hand, redistribute that power, concentrating it. There may be various

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ways in which power can be redistributed and concentrated, and there is one in particular about which Marx was keenly aware: its commodification. As he suggests in his *Economic and Philosophical Manuscripts of 1844*,

> That which exists for me through the medium of money, that which I can pay for, i.e., that which money can buy, that am I, the possessor of money. [...] Therefore, what I am and what I can do is by no means determined by my individuality. [...] As an individual, I am lame, but money procures me 24 legs. Consequently, I am not lame. […] I am mindless, but if money is the true mind of all things, how can its owner be mindless? What is more, he can buy clever people for himself, and is not he who has power over clever people cleverer than them? [...]. Do I not possess **all human abilities**?[13] (Marx 1993: 73).

I have then an empirically-grounded concept of power, that gives me the capability of describing logics of both, concentration and dispersion, and that can be used for both, political and economic phenomena. I have also a concept for domination, a dynamic of power aggregation, and for exploitation, a specific modality of domination, both taken from Olin Wright (2009). Finally, using Marx, I have described one very specific mechanism of power aggregation – and alienation – , consisting in its commodification. It seems that these concepts are theoretically consistent. The question now is to what extent they are also empirically pertinent. Among all the logics that operate within the situation "Ecuador 2007-2017", it may be the case that the logics of domination and exploitation are marginal.

There is a simple way to test the importance of those logics within the situation under analysis: to have a look to their relative weight with respect to other logics. If, as I said, structural logics manifest as social practices, we should then look at what human beings of the corresponding situation do. A national survey of 2012 gives us a good idea: an average Ecuadorian dedicated 73.6 hours to fulfill biological needs – 55 of them corresponded to sleep – , 25.2 hours to work in a "paid job", 24.14 hours to non-paid care activities and 15.9 hours for "love and friendship, contemplation, self-knowledge and political participation" (Ramirez 2018: 167). Of course, this is an average and those activities are differentially distributed, but those figures show to us that an average Ecuadorian employs an important amount of time selling its own labor power, substantially higher than the one dedicated to other activities. The prevalence of labor power commodification indicates the importance of the logics of domination within the structure under analysis, also suggesting the existence of exploitation logics operating therein. It may then be worthwhile to examine the way

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those relationships operate, keeping in mind that they are relationships of identity and difference that generate sets, usually called "social classes".

b. Social classes in Ecuador at the beginning of the Citizens' Revolution

One can draw on some guidelines from Badiou's materialist dialectic in order to rebuild a concept of social classes. The first is the recognition of being as multiple, which means that any oneness that we attribute to any particular being is the result of a given logic. Therefore, if we think class as an object it means that, in doing so, we are describing the logical indexing of a multiple being. And, as any other multiple, a social class then tolerates different relations with other sets, like conjunction, inclusion, belonging and so on. This means that the co-belonging of one element to two different – and in principle opposed – sets does not imply the latter's inconsistency. In other words, a set that contains, for the situation under analysis, all the elements that have the property "to sell its own labor power" and another set constituted by all the elements that have the property "to be a capital owner" can perfectly have a conjunction, however small this conjunction may be.

The second element to be kept in mind is that when I, using the resources of ontology, build a given set – like the set "bourgeoisie" or "proletariat" –, I am not creating such a set, I am "separating it" – axiom of separation (see Chapter 1 section 3a) – , or in other worlds, distinguishing it from the other set to which its elements belong – the situation under analysis – . Furthermore, I completely follow here Bourdieu's thesis that a non-ontological (built without resorting to formal language) but similar process is operated in the daily production and reproduction of the social classes, by those same human beings indexed in the logic I are attempting to grasp.

Badiou says that "man is the animal that appears in a very great number of worlds" and that it is, therefore, "the being of the thousand logics" (Badiou 2013: 114). In this section, and based on the empirical findings mentioned above, I will follow Gramsci's intuition regarding the fact that one of those structural logics is ruled by the principle of necessity, understood here not in a teleological sense, but in the most secular way: that the existence and reproduction of the human animal implies the fulfillment of some needs, and that what is required for their fulfillment, as well as the means for producing it, are differentially distributed among human beings through discernible operational

sets. This means that it is possible to identify the patterns of such a distribution that are is far from arbitrary. We can then identify practices of production, distribution and consumption that are both, social and relational, and that exhibit features of regularity and predictability. Such regularity and predictability expose the operational sets that prescribe those practices, among which so-called "capital self-valorization" stands out.

Thus, such practices and the logics that prescribe them index the human animals that participate in them in a differential distribution that configures sets and subsets – classes and fractions – . However, as we know, there is always an excess of being that cannot be grasped by the structure. This means that the operational logic "capital self-valorization" can index a human animal as, lets say, variable capital, but in this human animal there exists a multiplicity of elements that escape this indexation. This excess can, of course, be indexed by other structural logics, but we say that it exceeds the logic in question as the latter lacks the operational resources required for its indexation.

This being said, I can now use what we know of the logic of "capital self-valorization"[14] (Marx 1982) for identifying different social classes in the situation "Ecuador", using the aforementioned resources of ontology.

Lets start with the definition of a set that I will call "capitalist class", which gathers all the elements of our situation with the property "to possess and/or to control capital". I will "separate" from the situation, those elements that possess the aforementioned property. An important distinction is that, as a logic is an operational set that allows us to establish identities and differences among beings, one can index and "order" all the elements that possess the property, starting from those which maximally possess it[15], to those which do not possess it at all. The degree of belonging of the latter to the set capitalist class is, of course nil. We will see how, for example, Alvaro Noboa Naranjo,

14 "The formula ' capital-value in search of additional value' is now understood as capital organizing a process of self-valorization (Verwertung), a process of constant searching for increases in its own value through the unity of the labour process and the process of production of increased value (Einheit von Arbeitsprozess und Verwertungsprozess)" (Marx 1982: 36)

15 This notion of "maximally" possessing a given property is derivative from Badiou's concept of "phenomenal component". Within a transcendental, a "property" operates as a function – a phenomenal component – that gives a particular value to each element, depending on the degree to which it belongs to it – the extent to which the mentioned element possesses the property in question – . Among all those elements, there is at least one that maximally belongs to the phenomenal component, which means maximally possessing the given property (Badiou 2007: 213).

banana magnate and richest man in the country, represents the maximal belonging to the set "capitalist class" for the situation Ecuador within 2007-2017, followed very closely by Juan Eljuri, Isabel Noboa and so on. This indexing will then continue all the way down ordering elements with lower degrees of belonging, including for example, the owners of small businesses.

It is important to notice that the internal differentiation among the elements of this set is huge: 90% of large companies are concentrated in the top 2% of the set (Sarmiento 2017: 50). That means that 88% of the elements of the set "capitalist class" belong to it to a very weak degree. Lets make two subsets through this differentiation, and call this huge subset "petty capitalist class" in order to distinguish it from the other, which we will call "monopoly capitalist class". The latter is a tiny, compact and homogeneous set. It is almost impossible, in order to disaggregate it, to use criteria like the economic sector where they have their investments – commonly used for class analysis – , as all of them diversify their investments in all the sectors of the economy. Something similar happens if one tries to use the geographical location of their investments, a criterion that was quite important a century ago, but that is now almost obsolete (Pastor 2016).

Lets now separate another set, constituted by the property "to sell one's own labor power". We will get a huge set that corresponds to a little bit more than half of the economically active population (EAP) of the country. Lets call this set "working class". From this huge set, we can obtain several subsets, depending on the operations we choose. The most elementary operation that we can use here has to do with the conditions of such a transaction: either by those established by the law, or the so-called "informal" conditions. The former represent a little more than 40% of the working class whilst the latter represent a little more than half. That distribution changes if we apply this operation over two previously separated subsets that divide the workers between those who live in the cities and those who live in the countryside: the size of the subset 'informal workers' will be of only 23% of the first subset and more than half of the second (Instituto Nacional de Estadisticas y Censos 2016).

We can also separate the working class set distributing its elements depending on to whom they sell their labor force: whether to the monopoly capitalist class or to the petty capitalist class. We will find that the first subset represents just around 15% of the working class. If we use a different criterion, for example, "to sell one's own labor force to the public sector", we will find a subset of

less than 20% of the working class (Ministerio del Trabajo 2015). If we take the level of qualification, we will find a subset constituted by 35% of the latter holds a higher education degree (Secretaría Técnica del Frente Social. Unidad de Información y Análisis-SIISE 2004: 98). It bears noting that the two latter subsets have a big conjunction: by 2007, 42.8% of the subset "workers of the public sector" had a higher education degree; for the private sector, the subset of workers with higher education amount to only 12.7% (Instituto Nacional de Estadisticas y Censos 2014: 32)..

We can obtain several subsets using alternative properties in order to select elements from an original set. But such an exercise would make sense only if we can establish correlations with other operational components of the logic "capital self-valorization". Lets see what happens if we relate the aforementioned sets to the operation "income distribution".

The first problem that we will face in this endeavor is to obtain the data required regarding the monopoly capitalist class. Available information values only the wealth – of some of its more visible members, but not their monthly income (income figures are aggregated for the top 20% of the distribution). As mentioned in section 1, the usual way of analyzing income, looking at quintiles or deciles, hides more than what it shows. For example, in 2007 the top decile in Ecuador concentrated 42% of national income (Sarmiento 2017). But the concentration of income in the very top may distort the picture of the internal distribution within the decile. The available data regarding the income of the top 20% – top quintile – reflected an annual average income of about $8 340 USD for the period 2006-2014 (Atuesta, Cuevas, and Zambonino 2016: 217). However, the companies of just one constituent of this quintile, Alvaro Noboa Naranjo, had an average annual income, during about the same period, of $650 USD million (El Universo 2009).

This huge difference of income within the top seems to be confirmed by the percentage of "sales" and their relationship to company size: in 2009, 3.7% of the companies classified as "big" – owned by the monopoly capitalist class – concentrated more than 70% of sales at the national level (Instituto Nacional de Estadisticas y Censos 2016: 50). This data suggests that there are substantial differences in income between the high bourgeoisie and all the other social groups, including the petty capitalist class. The latter seems to have an income more similar to that of some fractions of the working class. Table 2.1 confirms this, also showing the income differences between formal and informal sector in Ecuador during most of the neoliberal period.

We can see how there are substantial income differences among private employers depending on whether they are in the formal or in the informal sector, something that can also be observed among wage earners. One can also see here how the income differences between public and private wage earners are not so strong.

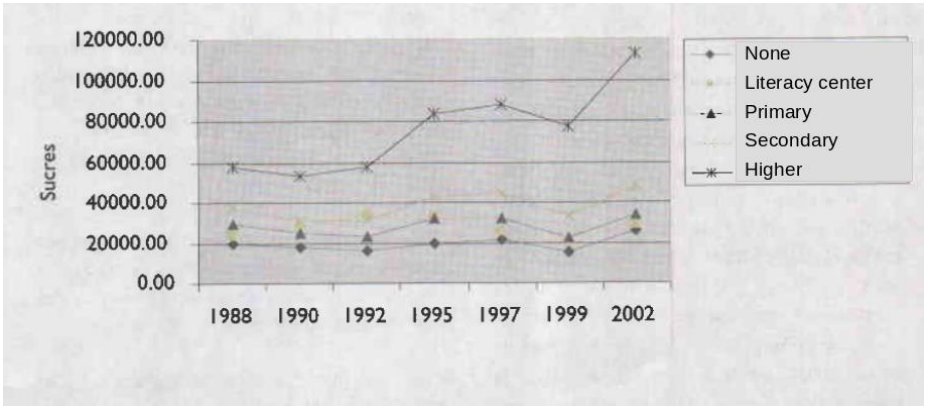
Table 2.1: Real monthly income by occupation and sector (1990-2005)

Sector	Occupation	1990	1995	1999	2000	2005
Informal	Boss	147,7	356,5	150,5	318,6	378,5
	Self-employed	96	169	68	114,9	171,4
	Private wage earner	65,8	110,2	48,1	70,7	144,4
Formal ("Modern")	Boss	261,1	849,3	399,9	618,2	829,5
	Self-employed	128,1	300,1	146,3	272,2	347,9
	Government wage earner	143	265,6	140,3	184,1	461,4
	Private wage earner	144,2	230,4	115,3	174,7	295,2

Source: STDS, 2007.
*The general income decrease of 1999 corresponds to Ecuador's economic crisis (see chapter 4)

Now, lets look at the relationship between the level of education and the average real income of the workers:

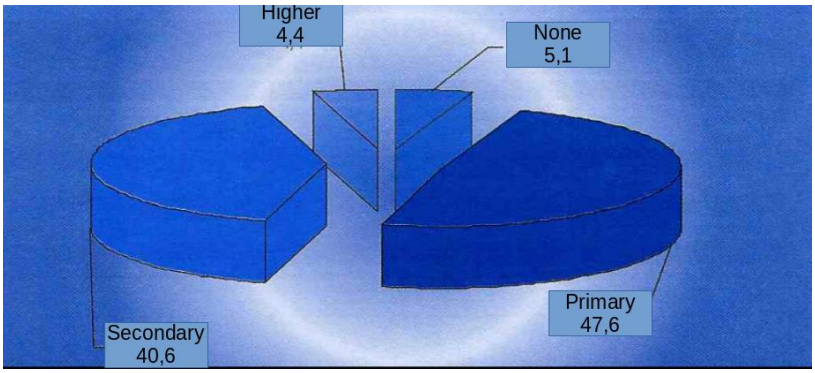
Graph 2.1.: Real income and Education (1998-2002)



Source: STDS 2004

We can see here that there exist substantial differences in income among the workers depending on the level of qualification. Lets now relate qualification with access to the formal labor market:

Graph 2.2: Level of education and participation in the informal sector (1990)



Source: STDS, 2006

The above data allows to establish a provisional identification of classes and fractions in Ecuador, justified by the proportion of national income that each of those groups receive.

One class — the capitalist class — is defined by the ownership and control of capital and it is divided into two distinctive fractions: a monopoly capitalist class, that concentrates around 90% of the means of production and a substantial but undetermined amount of the national income, and a petty capitalist class, or petty bourgeoisie, that owns and controls a very small proportion of the national capital and receives an income closer to that of some fractions of the working class than to that of the monopoly capitalist class. This petty capitalist class is divided into a formal and informal subset, where the latter obtains a lower income than the former, very close to the one of an average formal worker.

We then have a second, huge set, constituted by those who sell their own labor force in order to obtain their means of life. Here, we found two significant lines of cleavage. The first one has to do with the labor market where they sell their labor force (formal or informal); the second is the level of qualification. We know that the latter influences the former: participation in the formal labor market depends of the level of qualification. We can then divide the working class into several fractions. First, a highly qualified working class fraction that receives the highest wages and that

participates mostly in the formal sector. Second, an intermediately qualified labor force that participate of the formal labor market and obtains relatively good income, especially compared to the actors of the informal sector. Finally, a fraction of informal workers which receives the lowest income among the aforementioned groups. It is fundamental to divide the working class into urban and rural. Among the latter, informality, low income and low qualification will predominate with respect to the former.

But these two large social classes do not exhaust the Ecuadorian population. Between 2007 and 2014, approximately 35% of employed Ecuadorians self-defined as “independent workers”. They can also be divided into formal or informal independent workers. Their income is similar one to that of non-independent workers of the same sector (formal or informal). It is very likely that the highly qualified independent workers are located within the formal sector and the low qualified workers are located in the informal sector. In the informal urban sector by 2005 and for the urban sector, there is a predominance of trade-related activities (57.3%), followed by manufactures (16.6%), transportation (10.6%) and construction (9.1%) (Secretaría Técnica del Ministerio de Desarrollo Social 2006: 55).

The aforementioned dimensions do not, of course, exhaust the logic of “capital self-valorization” for the world "Ecuador". Further fractions can be identified and described. And it is clear that, as this is a process of “separation” of sets, the aforementioned identifications of classes and fractions does not have to exhaust the diversity of inhabitants of the world where the inquiry takes place.

Now, as we have noted above, there is not just one, but several situations, structures and logics, and a human being can be, and always is, indexed by many of them. We can, therefore, “cross” the indexing of the logic “capital self-valorization” for the situation under analysis, with the indexing deployed by the logic we called “racism”. Lets look at the sets formed by the properties “to be an afro-Ecuadorian” and “to be indigenous”. We will find that the conjunction of those subsets with the one formed by the property “to be poor” – that results from the operations of distribution – is huge: 9 out of 10 indigenous and 8 out of 10 afro-Ecuadorians are poor. This seems to be related to two aforementioned properties: the participation in the informal sector and the level of education: in Ecuador by 2001, the average net enrollment rate of higher education was 11.9% , but in the case of the indigenous population it reached only 2.4%, and 4.5% among afro-Ecuadorians. In terms of

labor sector, 6 out of 10 indigenous people worked in the agricultural sector. In the case of construction, there was a predominance of indigenous, afro-Ecuadorian and mulattos[16], which were also the least represented groups within the public employees (Secretaría Técnica del Frente Social. Unidad de Información y Análisis-SIISE 2004: 56; 134; 152). Whilst by 2005 there were no substantial differences in participation in the informal urban sector between afro-Ecuadorians (43.7%) and white-mestizos (44.6%), there was an over-representation of indigenous people (62.8%) (Secretaría Técnica del Ministerio de Desarrollo Social 2006: 57).

We can also identify "working class fractions" crossing the indexing of the logic "capital self-valorization" with the logic "sex/gender" (Rubin 1997). In 2003, those indexed by the latter as women, for example, have to sell their labor force to the informal sector more often (46.1%) than those indexed as men (43.6%)[17]. They were also paid less than men: within the formal sector, the average labor income of a woman was of 323.4 USD, compared to the 390.9 USD paid to men. In the informal sector the gap was wider: 144.4 USD for women, 203.3 USD for men. Women also sold their labor force for domestic employment at a much higher rate than men (11.6% compared to 0.9%). Precariousness for women was even higher when crossed by the logics of racism: whilst the participation of indigenous people in the informal sector was then, on average, 62.5%, for indigenous women it reached 70% (Secretaría Técnica del Ministerio de Desarrollo Social 2006: 57-71).

The degree in which women are exploited is even more glaring outside the labor market. We do not have the data corresponding to the years intermediately preceding the CR, but we can have an idea looking at the available information, corresponding to 2012 when a woman in Ecuador dedicated, on average, 38.4 hours for unpaid care work, while a man dedicated only 9.9 hours (Ramirez 2018: 167).

So far we have a "snapshot" of the class division in Ecuador, elaborated with available data from secondary sources, corresponding to the years immediately prior to the "Citizen's Revolution". The relationship with capital as the main criterion for class differentiation. Furthermore, class fractions within the working class were identified, using criteria that proved to be pertinent for explaining

16 Descendants of indigenous people and afro-Ecuadorians.

17 This proportion correspond to the urban sector.

patterns of income inequality— specifically access to formal labor and levels of qualification. It has been found that both phenomena are linked, and that qualification operates as a mechanism of selective inclusion in formal labor. It was found that those class cleavages are related with the operations of another logic: racism. Categories formed by its operations have significant conjunctions with the set formed by those who, in the situation under analysis, have the property "to be poor". Here also, exclusion from qualification leads to exclusion from the formal labor market, which has distributional outcomes.

As can be seen, I incorporated into my analysis one form of cultural power: what Bourdieu would call "cultural capital". Here, qualification operates as an opportunity-hoarding mechanism that selectively improves the living standards of one specific sector of the working class that is highly concentrated within the public sector.

I have also shown that the class division thus described is highly related to income differences. Furthermore, the extraordinary income gap between the capitalist monopoly class and the working class suggests that dynamics of exploitation are strongly present in the logics that shape such a class configuration.

Despite these findings, I still have to prove that my approach can answer the other challenges highlighted in section 2. In other words, I still have to demonstrate that this approach is capable of first, grasping the historical changes of class structure and second, describing the relationship between the dynamics of exploitation and domination. I tackle these tasks in the following chapter.

Third chapter:
State and Class domination

Introduction

In the last chapter, I defined power as "[...] the aggregate of those mental and physical capabilities existing in the physical form, the living personality, of a human being" (Marx 1982: 270). I also said that the process of capital self-valorization is a dynamic of exploitation – and therefore, of domination –, as it consists in "[…] the acquisition of economic benefits from the labor of those who are dominated" (Olin Wright 2009). To the extent that, in its development, capital self-valorization configures social classes, it can be said that exploitation requires a specific type of domination: *class domination*.

As mentioned in the introduction, my research focuses on class struggle, and specifically on the way it manifests in the productive transformation policy during the Ecuadorian so-called "Citizens' Revolution". Given the fact that this task supposes the existence of a link between between public policy – a specific kind of state intervention – and class struggle – which includes class domination – , in this chapter I develop the theoretical grounding for understanding this link, briefly illustrating some categories using the Ecuadorian case. After this, in chapter four, I will explore this connection in more detail, through an analysis of a specific period of Ecuador's recent history (1972-2005)

Thus, this chapter is specifically focused on class domination and its relationship with the state. It is divided into four sections. In section one, I discuss this relationship using theoretical contributions from Poulantzas and Gramsci. In section two, I explore the meaning of the notion of the state's "relative autonomy", drawing upon different theoretical approaches. In the third section, I present my own understanding of some of the categories discussed in the preceding sections, followed by an empirical illustration.

1. State and class struggle

a. Hegemony and class domination

I suggested that domination and exploitation are not the only way in which power manifests itself. Power is also present in dynamics such as insurrection, resistance, rebellion or revolution, of which the last two are facets of a more complex phenomenon: *class struggle*, whose history is also – as Marx and Engels famously stated – , the history of mankind (Marx and Engels 2000).

The way in which class domination constitutes the premise and foundation of capital self-valorization is extensively described by Marx in Capital, in the chapters about so-called "primitive accumulation". Coercion, in particular, was the mechanism for the exclusion from the means of production – specifically land – of those who, as a result, became proletariats. They constituted the first generations of the European working class, dragged into the labor market through a "bloody legislation" (Marx 1982: 873-904).

The historical process that went from forced land expropriation to legislation against vagrancy, summarizes the transformation of the coercive dynamics during the constitution of the nation states. Two processes were fundamental therein: first, the monopolization of coercion, and second, the apparent separation of "the political" and "the economic" spheres. The first process was identified by Weber and Tilly as the foundation of the modern nation states (Weber 1978; Tilly 1985). The second was identified by Meiksins Wood (1981) as one of capitalism's peculiarities: opposed to what happens under other modalities of exploitation, coercion – and more specifically violence – rarely occur within the sphere of production, but instead is exercised outside by an "external apparatus". In her own words:

> "This is the significance of the division of labour in which the two moments of capitalist exploitation — appropriation and coercion — are allocated separately to a 'private' appropriating class and a specialized 'public' coercive institution, the state: on the one hand, the 'relatively autonomous'[18] state has a monopoly of coercive force; on the other hand, that force sustains a private 'economic' power which invests capitalist property with an authority to organize production itself — an authority probably unprecedented in its degree of control over productive activity and the human beings who engage in it (Meiksins Wood 1981: 81).

18 I will come back latter to this notion of the state's "relative autonomy"

It is clear then that for Meiksins Wood, as for Marxism in general, the state constitutes the fundamental class domination apparatus. However, Meiksins Wood uses the notion of "relative autonomy" in order to highlight the complex way in which this class domination operates within the state.

Despite recognizing this class character, one has to be aware that class domination is neither exclusively exercised through the state nor exclusively based on coercion. Those important qualifications were already posited by Gramsci. As pointed out by Guha (1997), Gramsci argued that a relationship of domination operates as a combination of coercion and persuasion (or consent). This duality is indeed at the core of his concept of hegemony,

> […] characterized by a combination of force and consent which balance each other so that force does not overwhelm consent, but rather appears to be backed by the consent of the majority, expressed by the so-called organs of the public opinion (Gramsci 2011a: 156).

This consent is not restricted to what can be narrowly understood as economic or political affairs. As suggested in chapter one, hegemony implies an ethical and intellectual leadership; furthermore, "[...] a conception of the world, which manifests itself in an explicit way in the fields of art, law, economy and in all life manifestations, individual and collective" (Gramsci 2007: 239)[19] .

Although in hegemony "force does not overwhelm consent", one should be aware that coercion is never excluded. Poulantzas warned against those narratives which suppose a historical transition in the exercise of power from authority-coercion to manipulation-persuasion (1980: 186). Violence, he says, is a premise of ideological domination, which also implies social practices that constitute "bodily orders" (Poulantzas 1980: 29). The mechanisms and institutions for the administration of bodies are fundamental for the redistribution and concentration of power. And as Gramsci suggested, they are not limited to the state institutions.

There are some other dimensions where the concept of hegemony increases the complexity of our understanding of class domination. As Buci-Gluckman pointed out, during its elaboration, Gramsci made a "double displacement": first, moving from the potential hegemony of the proletariat to the

19 Our translation

existing one of the bourgeoisie; second, from using the category in relation to "class constitution" towards what she broadly called the "problematic of the state" (Buci-Glucksmann 1986: 65). The first "displacement" links the two constitutive poles of class struggle, domination and revolution.

Gramsci seeks in the revolutionary experience of the capitalist class a model for the strategy of the proletariat. But he is also aware of the fact that the revolutionary experience of the capitalist class shaped its further domination capacity, precisely over the proletariat (Buci-Glucksmann 1986: 65-66). The second "displacement", on the other hand, allowed the conceptualization of the so-called "integral state". As mentioned in chapter one, Gramsci used the concept of hegemony to describe the process of constitution of what we called a "revolutionary subject". But, by connecting the category to a form of domination, he also ended up developing a new concept of state:

> For it should be remarked that the general notion of state includes elements which need to be referred back to the notion of civil society (in the sense that one might say that state = political society + civil society, in other words hegemony protected by the armour of coercion) (Gramsci 1988: 235).

Thus, hegemony is exercised not just by the state apparatus but also by the organizations of the so-called civil society. One should be aware, however, that neither is coercion exclusively administered by state, nor is persuasion exclusively exercised by civil society. Civil society organizations can exercise coercion, and the state plays a major role in the making of consent. It is in this sense that he identifies hegemony with the moment of "consent in the life and activities *of the state and the civil society*" (Gramsci 1988: 194)[20].

The category of hegemony is then fundamental for understanding the dynamics of domination, as they manifest in both, civil society and the state. But regarding the latter, further specifications need to be made about its relationship with class domination and with class struggle. Lets explore a theoretical notion that may be useful in this task: war of movements.

20 Our emphasis

b. State and war of movements

State domination is a class domination: it has, therefore, a class character. When assessing the latter, one should be aware of avoiding two common forms of reductionism: one that conceives the state as a thing, as something that can be taken by whomever to do whatever she wants; and its opposite, where the state is conceived as a subject, attributing to it a unity and consistency that is supposed to express its own internal rationality (Poulantzas 1980: 131-132).

Opposed to these two approaches, Therborn points out that "[…] state power is exercised, not according to a pre-stablished functionalist harmony, but in and through the struggle of antagonistic classes" (Therborn 1980: 146). In the same direction, Poulantzas proposed a *relational definition of the State*, wherein it is conceived as "[…] a relation, a material condensation of the relation of forces between classes and class fractions, as it is expressed always, in a very specific way, in the kernel of the State" (Poulantzas 1980: 154).

This "relational approach" is fundamental, to the extent that it avoids both aforementioned reductionisms. Poulantzas sees the State as a set of power niches, subject to cooptation from different political forces:

> Each state branch or apparatus and each of their respective sections and levels […] frequently constitutes the power-base and favored representative of a particular fraction of the [power] bloc, or of a conflictual alliance of several fractions opposed to certain others. In short, it is the specific concentration-crystallization of a given interest or alliance of particular interests (Poulantzas 1980: 133).

This representation of the state seems to us, if not inspired, at least quite compatible with Gramsci's representation of the integral state:

> The massive structures of the modern democracies, both *as state organizations,* and as complexes of associations in civil society, constitute for the art of politics as it were the 'trenches' and the permanent fortifications of the front in the war of positions[21] (Gramsci 1988: 233).

Gramsci's and Poulantzas' approaches provide more complexity to the notion of class domination when exercised through the state, first of all, by clarifying that this domination is exercised not by one, but by several classes, or class fractions. Gramsci suggests that it is not enough for a ruling

21 Our emphasis

class to dominate the opposing classes; it has also to *lead the allied* ones (Gramsci 2011: 136). In the same sense, Poulantzas introduces the notion of "power bloc", referring to the conflicting alliance of the different capitalist class fractions and other dominant classes or fractions coming from other modes of production. This alliance, he says, is organized through the state by the hegemonic class – or class fraction – (Poulantzas 1980: 127).

However, both the so-called "relational approach" and the notion of the state as scenario of a "war of positions", posits another fundamental problem: the possibility of other forces than those of the dominant classes operating within the state. This possibility seems indeed compatible with the concept of hegemony:

> Undoubtedly the fact of hegemony presupposes that account be taken of the interests and the tendencies of the groups over which hegemony is to be exercised, and that a certain compromise equilibrium should be formed - in other words, that the leading group should make sacrifices of an economic-corporate kind (Gramsci 1988: 211)

There is no doubt that at least some of those "compromises" may be a response to the political action of subaltern groups. But such a response still reflects a "passive" – even external – presence of the dominated classes within the state. Certainly, the metaphor of "war of positions" evokes a more active presence. In this direction, Poulanzas explicitly criticizes the fact that

> […] the overwhelming majority of writers tend to consider the state as monolithic bloc imposed on those [dominated] classes from without, and as an impenetrable and distinct fortress upon which they can react only by external assault and encirclement. According to this view of things, contradictions between the dominant and the dominated classes remain contradictions between the state and the popular masses situated outside the state (Poulantzas 1980: 140)

Instead, he suggests, class struggle shapes the state also as a result of the dominated classes' presence within:

> the dominated classes and their popular struggles have a specific presence within the structure of the state […] the precise configuration of the state apparatuses as a whole, and the organization of any one apparatus or branch of a given state […] , are dependent on the relationship of forces not only within the power bloc, but also between that bloc and the popular classes […] This explains the differential organization of the army, the police, and the church in various states, and accounts for their particular histories that are also traces left in the state structure by popular struggles. (Poulantzas 1980: 141)

Shaped by the conflicting relationships between the dominant classes and fractions of the power bloc, and traversed by the popular struggles of the dominated classes, the state's complexity escapes the control of each class and class fraction, including the hegemonic one. This is Poulantzas

understanding of the notion of the state's *relative autonomy* (Poulantzas 1980: 127). Such interpretation leads him to posit that state power can only be understood as "the power of (certain) dominant classes"; therefore, the state "is a site and a center of the exercise of power, but it possesses no power of its own" (Poulantzas 1980: 148).

This notion is still present among the contemporary promoters of a "relational approach" in state analysis. Jessop in particular, explicitly rejects any distinction between class power and state power (Jessop 2007: 31). Such a conceptualization was, however, already criticized decades ago by Miliband in his famous exchange with Poulantzas:

> State power is the main and ultimate—but not the only—means whereby class power is assured and maintained. But one of the main reasons for stressing the importance of the notion of the relative autonomy of the state is that there is a basic distinction to be made between class power and state power, and that the analysis of the meaning and implications of that notion of relative autonomy must indeed focus on the forces which cause it to be greater or less, the circumstances in which it is exercised, and so on (Miliband 1973: 88).

Miliband suggests investigating the specificity of "state power", focusing on the notion of "relative autonomy" (Miliband 1973: 87). The next section presents some theoretical contributions that may help in this task.

2. State power and "relative autonomy"

As mentioned before, the notion of "relative autonomy" has been used by several Marxist scholars in order to highlight the fact that, although state domination is a class domination, it often seems like there are other forces operating within the state, opposing or limiting the will of the dominant classes. The relational definition of the state, as conceptualized by Poulantzas, offers a plausible hypothesis of the source of this relative autonomy. However, it may be the case that in his effort to highlight its class character, Poulantzas and his followers may be underestimating or ignoring other important dimensions of the state, as suggested by Miliband. In this section, I will explore the way in which different theoretical approaches have tried to grasp the state's specificity, in order to determine how these approaches can contribute to a better understanding of this problem.

a. The power of bureaucracy

Weber defined the state as a political organization whose […] administrative staff successfully upholds the claim to the monopoly of the legitimate use of physical force in the enforcement of its order" (Weber 1978: 54). The exercise of its domination he said, rests on the existence of this administrative staff, constituted by its military and bureaucratic personnel. The state exercises domination based on coercion and legitimacy: the latter understood as "a probability" for a given order of being considered as generally valid (Weber 1944).

He identified also three fundamental processes that contributed to the constitution of the modern nation states. First, the official's "separation from ownership of the means of administration", analogous to the process described by Marx regarding the workers and the means of production (Weber 1978: 219; 221; 958). If in a feudal society there were not clear boundaries between the lord's household and the state administration, the drawing of the line was a fundamental feature in the configuration of a state in the way we understand it nowadays. As Therborn puts it, "that is, indeed, the peculiarity of Bourgeois Revolution, and the political meaning of "bureau" (Therborn 1980: 91).

A second dynamic was the constitution of a specific kind of legitimacy, based in a "rational" system of decisions. Opposed to other forms of justice administration, we find here a "rational law" ordered around formal principles, predictability, and independence from the will of the "sovereign". That is what ensures its compatibility with the "rational accounting" characteristic of the modern capitalist enterprise (Weber 1978: 217; 975; 1394).

The third dynamic, related to the two former, was the constitution of one specific kind of administration: bureaucracy, conceived as technical, objective and highly efficient (Weber 1978: 973-977)

The importance of bureaucracy was not ignored by contemporary Marxists. Lenin was very aware of the fact that it "[…] is the basic structure through which the capitalist class rules" (Olin Wright 1979: 197). Consequently, he drafted a political plan for what to do with the state after the

revolution: it was necessary to smash the bourgeois state, and to then create a proletariat one, bound to gradually wither away (Lenin 2014: 54). Things were not so easy, however. Few years after the revolution, the Bolshevik leader bitterly complained: "we are been sucked down by the rotten bureaucratic swamp into writing papers, jawing about decrees, drawing up decrees–and in this sea of papers, real live work is being drowned" (in Olin Wright 1979: 220).

At least in this sense, Weber was more "realist". The German sociologist was quite skeptical about the success possibilities of his revolutionary contemporaries. He mocked the "naive idea of Bakuninism" of destroying state domination altogether through the destruction of the public documents that backed "acquired rights". Such an initiative "overlooks that the settled adhesion of man for observing the accustomed rules and regulations will survive independently of the documents", something that ensures a prompt reorganization of all the administrative and military units that conform the state after any momentary destruction, as those caused by "revolts, panics or other catastrophes" (Weber 1978: 988).

Weber held a similar skepticism regarding any "revolution" that implies a "forceful creation of entirely new formations of authority". Such a project was doomed to fail, when facing the increasing internal "rationality" of the state's inner structure. Revolutions have to be replaced by *coups d'état*, where the head of the state is replaced, but keeping the bureaucratic machinery in place (Weber 1978: 988).

Weber seems to suggest, however, that it is possible for a revolutionary force to take control of the state and to instrumentalize it for its own ends. Given the "impersonal character" of the bureaucratic machinery, he says, it "is easily made to work for anybody who knows how to gain control over it" (1978: 988). He even indicates the reliance on the existing administrative staff as the reason for the German Revolution's success (1978: 266). However, he says, the "political 'master' will always be in a situation of disadvantage with respect to the officials' expertise" (1978: 991), Furthermore, "any power struggle with a state bureaucracy is hopeless" (Weber 1978: 1402).

Two elements support the state's extraordinary strength: first, the fact that bureaucracy is the most effective organization of collective action – in the public as well as in the private sector – and

second, the fact that it is constituted by an effective body of officials, part of a broader social class: "the propertyless intelligentsia and specialists (technicians, various kinds of white-collar employees, civil servants – possibly with considerable social differences depending on the cost of their training)" (Weber 1978: 302).

Weber highlights the fact that the technical expertise required for bureaucratic tasks brought the development of an educational system focused not just on the provision of the required training, but on the emission of the corresponding certificates, which implies the monopolization of the advantaged positions within the bureaucratic apparatus for their holders. A major characteristic of a bureaucratic officials is indeed their access to a different types of economic and symbolic rewards, that ties their own interests to the destiny of the apparatus they serve (Weber 1978: 1001).

Before exploring some other approaches that, similarly to Weber's, highlight the role of technical knowledge in the functioning of the state, l will briefly summarize Charles Tilly's contributions regarding the role of coercion in its constitution.

b. Coercion and state makers

Weber found the specificity of the state in its monopoly on the exercise of legitimate violence. Exploring the same questions, and after studying one thousand years of European history, Charles Tilly affirmed that coercion, like capital, tends to follow paths of concentration and accumulation, which ended up constituting the modern nation states. Contrary to Weber, however, he dismisses the role of legitimacy: after all, he says, any coercive institution capable of holding its power long enough, will end up being considered as the "legitimate one" (Tilly 1985, 1992).

State makers, Tilly argues, have interacted with capitalists[22] in many forms throughout history, developing different forms of dependency and other forms of interaction. State making consists on three fundamental operations:

22 Understood as "people specialized in the accumulation, acquisition and sale of capitals [...] they occupy the ambit of exploitation, where the relationships of production and exchange themselves generate profits, that are captured by the capitalists. They have existed several times without the existence of capitalism […] Through most of history, indeed, capitalists has operated mostly as traders, businessman and financiers, more than as organizers of production (Tilly, 1992: 41). Our translation

War making: to keep competitors outside the territories where one has a priority as the executor of coercion.
State making: to eliminate and neutralize potential competitors inside those territories.
Protection: to eliminate and/or neutralize the enemies of one's clients.
Extraction: to obtain the economic resources necessary to carry out the former three activities (Tilly 1985: 181)

State makers then provide their protection services to capitalists, both in the territory under their control and abroad. In exchange, they receive "taxes", that can be taken as a coercion rents or reinvested either in means of coercion or in the diverse state's operations. Capitalists, in turn, obtain a coercion profit, that results from the economic benefit obtained by them from the state's coercive activities, minus taxes (Tilly 1992: 44-50).

There is therefore a contradiction of interests between state makers and capitalists, as the former will intend to extract the more taxes as possible from the latter, thus reducing the capitalists' coercion profits. However, with the expropriation of the means of coercion from those who exercise it in the name of the state, this tension is substantially reduced. As Tilly says, the governments that hold the control of the state are subordinated to a dominant class, whose coercion profits they will tend to maximize (Tilly 1992: 176).

Tilly's conceptualization highlights, however, one fundamental problem. The groups in charge of state operations may have some specific interests that do not necessarily fit with those of the dominant classes. In specific political junctures, when their holding of state power may enter into conflict with the interests of the dominant classes, they may feel more interested in prioritizing the defense of the former, which is sustained not just by coercion, but also by legitimacy. Redistribution of coercive rents towards the popular sectors may be, and it usually has been, an effective method for increasing the state officials' legitimacy. Additionally, although the expropriation of the means of coercion has limited state officials' possibilities of grabbing coercion rents for themselves, they still can obtain substantial economic and symbolic privileges though indirect remunerations.

But we know that coercion is not the only mechanism of state domination. If the category of state makers, as developed by Tilly, focuses on the staff that specializes in the exercise of coercion, it may be pertinent to also analyze the staff that focuses instead on legitimacy and consent.

c. The intellectuals and the state

Although Weber identified knowledge as one of the main features of the state officials, he referred basically to their technical expertise in bureaucratic procedures. That may be inspired in his notion of "rational legitimacy" as a main feature of the latter. Lets now explore broader relationships between knowledge and the state, recovering some contributions from Gramsci and Poulantzas.

Gramsci's reflections about the state are linked to two fundamental categories: hegemony and intellectuals. His attention to the so-called intellectuals stems from the increasing importance of parliamentary politics at the beginning of the 20th Century (Buci-Glucksmann 1986: 78). Gramsci called them "organizers of the hegemony", attributing to them a fundamental role in the upholding of class domination (in Buci-Glucksmann 1986: 52). The category had for him a double but connected meaning. The first one was exclusively occupational: while it is true that everyone performs intellectual activities in their professional duties, there are some for whom those activities predominate. But this occupational dimension has also political implications, as intellectuals are "the whole social mass that exercises an organizational function in the broad sense, whether it be in the field of production, or culture, or political administration" (Gramsci 2011a: 133).

On the other hand, his well known distinction between "traditional" and "organic" intellectuals, seems to be derived from their differential relationship with social classes, in particular dominating and ascendant ones. In its constitution, an ascending class creates the group of intellectuals that give it cohesion in the economic, political and social fields (Gramsci 1986: 353). But those ascending classes have always found a "pre-exisiting" strata of intellectuals – the traditional ones – , that precisely because of their deep connection with the well established dominant classes, feel their position as natural, forgetting therefore their linkage with them and feeling themselves as "autonomous" and "independent" (Gramsci 1986: 354). A great deal of the organic intellectuals' task is precisely the "ideological conquest" of the traditional intellectuals and their "assimilation",

through an effective representation and elaboration of the emerging social class' world view (Gramsci 1986: 356).

I would like to highlight two elements from this conceptualization. The first one is the relationship between the intellectuals and the state – the integral state – . Gramsci characterizes the intellectuals as "the functionaries of the superstructures". Intellectuals are the dominant class' "custodians" of the "social hegemony" and the "political government", functions that they fulfill in both, civil and political society (Gramsci 1986: 357). This is what Buci Gluckman called "the double nature of the intellectuals": as "organizers of the social hegemony" and as "a social layer dependent on the state" (Buci-Glucksmann 1986: 133).

The second element has to do with their classification within the economic structure. Although it is clear that they are not a class, they are

> […] the producers of ideology or knowledge, as well as the "new modern intellectuals", employees, technicians and engineers, but also the public servants, the administrative workers, the organizers of the party... in one word, a big part of those which we can call "middle classes" (excluding the petty bourgeoisie in the strict sense: small traders and small land owners). As Gramsci would say […] in an Italian sense [middle class] is synonymous with small and medium bourgeoisie: 'it means, negatively, those who are not part of the people, the workers, nor the peasants; it means, positively, the intellectual layers, the liberal professions and the bureaucrats" (Buci-Glucksmann 1986: 51, translation mine).

This problematic "location" within the social classes, acquires increasing complexity when one considers their "affiliation" to the "fundamental groups" or social classes that, from Gramsci's point of view, seems to be mediated by ideology. This "affiliation" is, however, unstable, as Buci Gluckman points out:

> […] when the apparatus of hegemony dissolves, when the exercise of hegemony becomes difficult and random, this bureaucracy (the famous intellectuals) tends to play a relatively autonomous role (Buci-Glucksmann 1986: 133)

I will come back later to this problem. Let me for now highlight the continuity of some of these reflections with the late work of Poulantzas. As pointed out first by Weber, then by Gramsci, a substantial part of state functions have to do with non-coercive functions. For Poulantzas, the "material specificity" of the State rests, precisely, in the way social division of labor manifests itself through the differentiation between the State and the relations of production:

> […] in the totality of its apparatuses -this means, not only in its ideological apparatuses, but also in its repressive and economic apparatuses- the State embodies intellectual work as separated from the manual (…) it is in the capitalist State where the organic relation between intellectual work and political domination, between knowledge and power, is accomplished in the most complete way (Poulantzas 1980: 61).

Poulantzas also agrees with Gramsci that intellectuals play a significant role as organizers of hegemony (Poulantzas 1980: 68), giving the State discourse its specificity as "[…] a discourse of action. A discourse intertwined, of course, with dominant ideology, but also nourished by the science-knowledge hoarded by the State" (Poulantzas 1980: 63). As hegemonic, this discourse pretends a status of "neutrality". However, one should be aware that the state, as his "relational definition" highlights, is shaped by class struggle.

Despite refusing any notion of "relative autonomy" based on anything besides social classes, Poulantzas recognizes that the intellectuals and state officials may develop specific political orientations. First, because of their "material dependence on the state", they have their own particular interests that, in principle, do not coincide with those of the fundamental political classes. But second, one should also be aware of the effects of their appropriation of the discourse of the state's role in the establishment of social justice (Poulantzas 1980: 156).

As we have seen, the category of intellectuals as developed by Gramsci serves to highlight the relation between knowledge and class struggle. In his research, Gramsci recognized the relationship of the purely political function of this social layer with their occupational positions, both within the state as well as in civil society – therefore, within the integral state – . The increasing role of the "functions of the hegemony" fulfilled by the state boosts the importance of the intellectuals in its function and organization. And if, as Gramsci and Poulantzas seems to recognize, intellectuals can operate in specific junctures with relative autonomy from the dominant classes, it is plausible that this relative autonomy, when exercised precisely for those intellectuals that operate as state officials, may manifest as a "relative autonomy" of the state apparatus.

The theoretical contributions outlined provide the tools to relate the problem of the state's relative autonomy to the presence and particularities of the state's staff. But we know that, as a performer of both, coercion and persuasion, the state is constituted by quite different categories of personnel. In

order to better grasp their differences, certain contributions from Bourdieu, Wacquant, and Farage are particularly useful. Lets now have a look at them.

d. State and capitals

Bourdieu and his colleagues adopts contributions from some of the aforementioned authors. For example, grounded on Weber's conceptualization, they define the state as "[…] an X (to be determined) which successfully claims the monopoly of the legitimate use of physical and symbolic violence over a definite territory and over the totality of the corresponding population" (Bourdieu, Wacquant, and Farage 1994: 3).

The genesis of the state, Bourdieu et al. argue, results from the concentration of different forms of capital: "capital of physical force, or instruments of coercion", economic capital, cultural or (rather) informational capital and symbolic capital (Bourdieu, Wacquant, and Farage 1994: 4). The concentration of those different forms of capital leads to the emergence of one specific kind of capital, which they called "statist capital", that allows the state to "exercise power over the other fields and over the different particular species of capital", including the definition of their rates of exchange (Bourdieu, Wacquant, and Farage 1994: 4).

An interesting theoretical development is the category of "informational capital", of which cultural capital is one component. Informational capital results from the state's capability of "totalization", which results from "census, statistics and other forms of national accounting," of objectivation, achieved mainly through the cartographic representation of the territory and "codification" as a mechanism of "cognitive unification" (Bourdieu, Wacquant, and Farage 1994: 7).

As mentioned in the former chapter, from Bourdieu's point of view, it is the differential distribution of the different forms of capital that forms classes and class fractions. One could then suggest that, in a way analogous to what is usually done with capitalist class fractions, the relationship of social agents to each type of capital can be a criterion for identifying different fractions within the state. Thereafter, in order to properly grasp the different agents and fractions' positions within class struggle, one must consider multiple dimensions: the struggles that occur within each field for the

accumulation of its respective capital, but also the struggles that take place within the state, in the competition between capitals for their respective valuation. Furthermore, Bourdieu et al. suggest also to take into consideration the specific logics that dominate the bureaucratic field:

> […] sociology cannot for all that remain blind to the effects of this norm which demands that agents sacrifice their private interests for the obligations inscribed in their function ("the agent should devote himself fully to his function"), nor, in a more realistic manner, to the effects of the interest to disinterestedness and of all those forms of "pious hypocrisy" that the paradoxical logic of the bureaucratic field can promote (Bourdieu, Wacquant, and Farage 1994" 18).

It must be said, however, that Bourdieu et al. avoid the use of categories such as "classes" and "fractions" to describe the social groups that interact within the political field, limiting themselves to identifying the different capitals therein. In order to build such a conceptualization, I would have to draw upon other contributions, like Kees van der Pijl's reflections regarding the cadres and other state classes.

f. State classes and the cadre class

Kees van der Pijl highlights the specificity of the state with respect to the dynamics of capital self-valorization. For him, capitalist development unleashed two characteristic processes, highlighted by Marx in his Grundrisse: commodification and socialization. Within the first, goods, services, nature and human beings are "subjected to a discipline that defines them and treats them as commodities" (van der Pijl 1998: 8). Within the second process, on the other hand, there is an increase in the interdependence of all social processes, as a result of the dynamics of social division of labor and exchange of commodities that characterize capitalist production (van der Pijl 1998: 9). Socialization implies "[…] the planned or otherwise normatively unified interdependence of a functionally divided society" (van der Pijl 1998: 15), that results from the action of capital, and especially the state and state-like international organizations.

There are three main areas of social life where the expansion of commodification configures terrains of class struggle: original accumulation, capitalist production and social reproduction (van der Pijl 1998: 36). To the extent that the commodification of those areas implies the risk of exhaustion of the "social and natural substratum", a broad set of social dynamics has emerged, aiming to keep that process under control (van der Pijl 1998: 15-17).

The state operates in this context, "by demarcating a provisional structure of socialization for commodity production", generating the necessary infrastructure, guaranteeing social reproduction, and drawing limits for commodification in order to avoid the exhaustion of the natural and social substratum. In this process, it generates an "abstract universality", a representation of a "general interest", creating structures of social protection, ensuring the conditions for capital accumulation and positioning the national economy against its competitors (van der Pijl 1998: 26).

It can be seen how this notion of "abstract universality" is inspired by Gramsci's category of hegemony. As with the former, there are specific social groups devoted to the task of ensuring its operation. van der Pijl suggests the category of state class, referring to the social group whose power "[...] primarily resides in its hold of the state apparatus rather than in a self-reproduction of its social base" (van der Pijl 1998: 79). He focuses in particular on the role of what he calls the cadre class, the state class that has knowledge as its main "capital", and the higher education institutions as its reproductive apparatus (van der Pijl 1998: 154).

This fraction has played a fundamental role in areas like planning, social protection and social reproduction. van der Pijl traces its political development from its emergence as unions bureaucracy, where it starts to differentiate from the rest of the working class, getting higher visibility and influence with the creation of the International Labor Organization. It latter plays, he argues, a fundamental role in the constitution of the welfare state during the post-war period.

The increasing relevance of the cadres has to do with two factors. First, the growing requirements of socialization and social coordination that the process of capital self-valorization requires, which give ever more relevance to the activities of planning and social coordination. Second, the development of a sort of class consciousness in the cadres, who recognize themselves as "the class of the class-less society", moving them toward the struggle for limiting the expansion of commodification in increasing spheres of social life (van der Pijl 1998: 165) Coinciding with Buci Gluckmann's interpretation of the Gramscian thesis, van der Pijl suggests that this phenomenon appears in contexts of crises of hegemony:

> This always happened under the conditions of a severe crisis of the bourgeois order, and, in our view cannot fail to do so again in light of their objective role in sustaining social cohesion. As before,

> however, their political orientation in such a crisis will depend on whether they will seek to uphold the privileges of the ruling class or, under the impetus of popular movements, feel compelled to circumscribe and look beyond capitalist discipline (van der Pijl 1998: 137)

Before presenting my own understanding of the notion of state classes, I will briefly refer to the problem of one specific type of states — "peripheral states" — and their particular relationship to both, the category of state classes and the notion of relative autonomy.

e. The question of Peripheral states

Most of the scholars that have dealt with the emergence and consolidation of the modern nation states have highlighted their deep relationship with the expansion of dynamics of capital self-valorization, such that the latter defined the mode and the pace of the former. Those differences in temporarily also defined power relations among nation states, especially when the most powerful ventured beyond their borders, in the search of raw materials and a cheaper labor force.

Marxist analyses regarding these phenomena initially focused on the problem of imperialism, understood as a geographical expansion of capital that responded to both, the declining rate of profit and the consolidation of monopoly capital (Lenin 1916; Luxemburg 2009). Imperialism implied, as Lenin pointed out, political control as a requirement for its economic dynamics (Lenin 1916), so inter-state economic differences were translated into political ones, that had been maintained after the end of the formal imperial relations.

Understanding those differences as well as the deep interdependency of the global dynamics of capital self-valorization, Wallerstein suggested that World-economies "[…] are divided into core-states and peripheral areas", in a social division of labor that ensures the flux of economic profits from the center to the core. Furthermore, he says,

> I do not say peripheral *states* because one characteristic of a peripheral area is that the indigenous state is weak, ranging from its nonexistence (that is, a colonial situation) to one with a low degree of autonomy (that is, a neo-colonial situation) (Wallerstein 2011: 1320)

Although I agree with Wallerstein on his geopolitical differentiation of peripheral and central zones as resulting from the changing dynamics of capital, I do not agree on his underestimation of the political and economic implications of the existence of peripheral states. Furthermore, I posit that it

is possible to use the theoretical contributions outlined above, originally designed to think about core states, for understanding the political dynamics that occur in peripheral ones.

However, it is fundamental to keep in mind the specificities of state-making in peripheral areas. As Lopez-Alvez points out, in Latin America this process, which started after the wars of independence and were highly reliant on foreign economic resources (López-Alves 2000: 19). This was the origin of foreign national debt, a fundamental mechanism of economic domination and exploitation by the countries of the core. The process of state making also featured the leadership of warlords – so-called "caudillos" – during the civil conflicts that followed independence, which led to the constitution of the national armies, often through the incorporation of the rural poor, with different political implications (López-Alves 2000: 45).

On the economic side, this process led those national states to dependence, a situation where "the economies of one group of countries are conditioned by the development and expansion of another economy" (Palma 1978: 901). This conditioning results from the terms of trade on one hand, and foreign control over the national means of production, on the other (Evans 1979: 27).

Despite dependency, the economies of peripheral national states can achieve a certain degree of development. As pointed out by Evans, such development is still "dependent". In his empirical analysis of the Brazilian case, he found, this 'achievement' was the result of a "triple alliance" between the state, multinationals and local capital (Evans 1979). In this process, as Amin points out, the state bureaucracy played a fundamental role (Amin 1976).

In order to better conceptualize the relationship between capital and state bureaucracies in peripheral contexts, lets briefly recall van der Pijl's use of the Gramscian category of "passive revolution.".

Taken from the work of the Italian philosopher Vincenzo Cuoco, in order to characterize the building of the Italian nation state in comparison -and in relation to- the French Revolution, the concept was re-elaborated by Gramsci to describe "revolutions 'without revolution'", processes of "revolution-restoration" where "molecular changes" were made from above to deal with the most

urgent contradictions of a given social formation, maintaining important features of the order in crisis. Here, Gramsci had in mind the kind of transitions to bourgeois national domination that implied different kinds of arrangements with the earlier dominant classes, therefore lacking the "'radical' Jacobin component", and, as a result, preserving certain features of the former social configurations (Gramsci 1988: 249-274).

This particularity of passive revolutions was at least partially a result of the inability of the ascending class to create a hegemonic articulation with the peasants and the lower classes in a national-popular project, reducing that 'revolutionary' nature of the bourgeois revolutions highlighted by Marx and Engels in the Communist Manifesto. Callinicos sees this side of the category as a fruitful and pertinent contribution to the Marxist discussions about revolutions, which can even "arguably" be extended to some cases of the 20th Century, like Atatürk's Turkey or South Korea's Park Chung-Hee (Callinicos 2010: 496).

van der Pijl adopts Gramsci's idea that hegemony implies the leadership of the ascending bourgeoisie in all the spheres of the social life, starting with the economic one. This does not imply that the state withdraws from the economy, but rather that there, the state proceeds under the leadership of civil society (van der Pijl 1998: 68).

van der Pijl calls this kind of state/civil society configurations "Lockean states", opposing them to the "Hobbesian" ones. The latter predominate in those countries pushed towards peripheralization as a result of the expansion of stronger ones. Under Hobbesian state/civil society configurations, it is the statethat takes the leadership. The differentiation of the two spheres becomes postponed and the state becomes the subject of "social development" (van der Pijl 1998: 66).

What is the social content of this dynamic? As van der Pijl argues, revolutions are not carried out by a social class, but by a vanguard that carry out this task on behalf of the ascending social class. But it can be the case, that this vanguard does not necessarily dissolve once the revolution is done. If the emerging classes fails in their process of constitution, or turn out to be too weak for the historical tasks incumbent upon them, "temporary structures get a chance to crystallize and become encrusted

in institutions". It is precisely those bureaucratized vanguards what van der Pijl identifies as the origin of state classes (van der Pijl 1998: 80).

The peripheral and semi-peripheral condition of certain states is then a context that favors the emergence of Hobbesian state/civil society articulations. State classes may take leadership in the process of social and economic development, given the lack of will or competence of the national capitalist class. This is directly related with the "peripheral condition of the national states", something already intuited by Gramsci:

> The conquest of power and the assertion of a new productive world are inseparable: propaganda for one is also propaganda for the other; in reality, it is only in this connection that the unitary origin of the dominant class, which is simultaneously economic and political, resides. However, when the push for progress is not closely connected to a local economic development, but it is the reflection of international developments which drive its ideological currents [born on the basis of productive development of the most advanced countries] to the periphery, then the class bearing the new ideas is the class of intellectuals and the conception of the state changes aspect. The state is conceived as a thing in itself, as a rational absolute (Gramsci 2011c: 229) .

Such junctures may be among the most tangible manifestations of so-called state autonomy. Before exploring how such a phenomenon has manifested in Ecuador's recent history, lets formulate some theoretical orientations, inspired on the contributions outlined above.

3.. State class fractions in Ecuador's 20th century

a. Theoretical remarks

The conceptualizations provided by Weber and Tilly have many interesting implications. One of them is the possibility of understanding the State as a specific modality of collective action, an organization like any other, but with unusual resources – economic, coercive and so on – , used to acquire the two kinds of labor power required for the exercise of domination: coercive and administrative (Weber 1944: 223).

The historical increase of the "functions of hegemony" required the recruitment of many different categories of qualified labor force, whose knowledge extended well beyond bureaucratic procedures. This includes the large number of professionals devoted to the generation of consent. Fundamental in this task are the so called "cadres", in charge of the "social coordination" activities

at the national – and transnational – scale. I am referring here to those high and middle rank officials in charge of planning, execution and evaluation of the public policies. This is, no doubt, the exercise of hegemony as a "national project" and as a "discourse of action" in the way suggested by Poulantzas.

The different functions required by the "social protection" activities assumed by the states, also implied the recruitment of large numbers of professionals in fields like health and education. The provision of those services are central for the state's legitimacy, and the workers involved in those tasks have been key political forces in the popular struggles for the de-commodification of those areas of the social life.

Poulantzas' metaphor of the social division of labor, where intellectual labor corresponds to the state is quite accurate. As extensively argued by Mazzucato (2015), capital has relied on the public sector for the activities of education, research, development and venture capital finance to ensure increasing productivity in the dynamics of capital-selfvalorization. As a result, states have developed massive higher education and scientific research apparatuses, with the corresponding scientific staff.

Because of the nature of their tasks, those special categories of qualified workers held forms of power that clearly differ from economic power. But, more fundamentally, they have to operate under logics different than those of capital self-valorization. First, because as mentioned by van der Pijl, the state has to deal with the social conflicts and contradictions that cannot be solved by capital; and second, because the constitution of hegemony requires the overcoming of class division, through the reintegration of those divided by class boundaries around a single "national project", and a certain notion of a "general interest". Although this notion of "general interest" hides the irreconcilable class contradictions that confront exploiters and exploited, it pays a fundamental role in the professional identities of the various categories of state officials, with different ideological consequences that should not be underestimated (van der Pijl 1998; Bourdieu 1994; Poulantzas 1980). In particular, this notion may become stronger among those within the state in specific junctures, leading them to positions that may subvert specific interests of the ruling classes. Furthermore, as pointed out by Gramsci and van der Pijl, they may feel attracted to the

world views – which may constitute contending hegemonic projects – that emerge from the dominated classes in their struggles for emancipation.
I agree with Poulantzas that the conflicting character of the political alliance behind the power bloc, as well as the presence of the dominated classes therein, partially explain the so-called "relative autonomy" of the state. But this is not enough. The history of the emergence of the nation states, as well as the latter's functions of hegemony, indicates that there is something "in excess" with respect to the logics of capital self-valorization. I believe that the category of state classes is fundamental for grasping this excess.

I suggest, however, to use the category of "state class fractions". If, as Bourdeu et al. argue, the state is constituted by the concentration of several types of power, one can distinguish different fractions by the kind of power to which they are related. Cadres, for example, are a state class fraction defined by their link to cultural, or rather, "informational power". Military and police, on the other hand, are fractions linked with "coercive physical force".

All that has been said in the former chapters regarding the ontological properties of social classes is still valid regarding state class fractions. A fundamental implication is that, if one conceive the set "working class" as constituted by the property "to sell one's own labor power", state class fractions would be largely subsets of the former. This was partially implied in Weber's conceptualization, to the extent that he affirmed that a) state officials perform their duties in exchange for an economic remuneration; and b) like the workers of the private sector, they are separated from the ownership of the "means of administration" (Weber 1978: 219). Although it can be argued that they are not exploited, they are dominated, and alienate their labor power as any other worker.

I will now finish this chapter exemplifying the relationship between state class fractions and relative autonomy, using certain specific episodes of 20th century Ecuadorian history as an example.

b. Relative autonomy, development and state class fractions in Ecuador

In Ecuador, the military took control of the executive state branch three times during the 20th century: during the so-called "Juliana Revolution" (1925-1929) and during the military dictatorships of 1963-1966 and 1972-1979.

That the military takes control of the state does not imply *per se* an increase on the state autonomy regarding the dominant classes. It can be just the opposite. The military dictatorships of the Southern Cone during the 1970s, for example, carried out neoliberal reforms that would have been impossible under a parliamentary regime, acting with the full support of their respective national economic elites. In Ecuador, however, the military dictatorships operated in a different way: all of them attempted different degrees of economic reform and modernization, facing resistance from the national elites. Modernization of the national economy has been, indeed, a common project of both, the military and the progressive forces of the country since the beginning of the 20th Century.

After independence, the "criollos" – as the legitimate descendants of the Spaniards were called – were able to keep the property rights over the land. In the post-independence period, this allowed them to maintain, and even increase, their economic and political privileges, thus becoming what has been thereafter known as an "oligarchy". With the beginning of the cacao boom in the middle of the 19th century, the coast fraction of this oligarchy substantially increased its economic power, becoming an "agro-financial oligarchy". It controlled the emission of the national currency, financing the constitution of the state through a series of high-interest loans, ensuring its political control and asphyxiating the public finances (Acosta 1995: 31-40 ; Cueva 1973: 14-15).

The first military dictatorship in Ecuador, known as the Juliana Revolution, started in July 1925. This was a period of economic weakening of the agro-financial oligarchy, which resulted from the inter-war decrease in global trade, which affected cacao exports (Cueva 1973: 19; Espinosa 2010: 588). The middle ranking officials that led the coup sought, among other objectives (Coronel 2011; Cueva 1973):

- First, to limit the control of the agro-financial oligarchy over the national economy. The main measure in that direction was the creation of a Central Bank, which from them onwards had the monopoly on the issuing of national currency. The Juliana Revolution also created the National Service of Tax Revenue.

- Second, to eliminate the clientelistic use of public employment, through a seminal formalization of bureaucratic careers, especially within the army.
-Third, the institutionalization of basic social rights, through the creation of a Ministry of Work and Social Protection. The main posts of this institution were occupied by either socialists or liberal radicals that played an important role in the political articulation of the military with the unions and with the peasants and indigenous organizations.

A couple of decades before, at the end of the 19th Century, Ecuador's Liberal Revolution had founded a secular state. This generated the conditions for the emergence of a middle class, highly dependent on public employment. The process of differentiation of this middle class with respect to the popular sectors depended more on education and symbolic status rather than on economic power (Cueva 1973: 12; Ibarra 2008: 40-42). Different dynamics of political articulation between those two groups characterized the political landscape at the beginning of the 20th century, among other things through the emergence of the communist and socialist parties. The Juliana Revolution was also a manifestation of this articulation (Cueva 1973: 22). In order to achieve the reforms that the Ecuadorian emerging state classes required, the middle range officials sought an alliance with the popular sectors, through state intervention in labor and land property struggles, specifically through the Ministry of Labor and Social Protection (Coronel 2011: 752-760).

The second military dictatorship (1963-1966) was quite different, except that here the window of opportunity was once again opened by a crisis of the external sector, this time generated by a sudden fall in the international price of bananas, which ended the country's second commodity boom. The crisis led to an increase of students and workers' mobilizations, pushing the president Carlos Julio Arosemena (1962-1963) toward the left. Motivated by Arosemena's friendly position towards the Cuban Revolution, the CIA carried out in Ecuador one of its first covert operations in Latin America, ending in a military coup (Cueva 1973: 72-73; Espinosa 2010: 622-623).

This military administration, following the guidelines of the Alliance for Progress, attempted an agrarian reform and promised an industrialization program. The agrarian reform was furiously rejected by the land owners, while the anti-communist orientation of the military sector that carried out the coup alienated the progressive forces that otherwise could have supported it. As a result, the

military had to give up the power to a civil board constituted by members of the Ecuadorian elite (Cueva 1973: 77; Espinosa 2010: 622-623).

The third military administration started in 1972. The trigger this time was not a crisis but a commodity boom. With the exceptional increase in the oil prices at the beginning of the 1970s, the military took power, allegedly to avoid the looting of the oil revenue by both, corrupt politicians and foreign corporations. Influenced by a similar move carried out by the Peruvian Army in 1968, the military government declared itself "nationalist and revolutionary", decreeing public ownership over the oil sector and announcing a strong plan of industrialization and social reform, to be led by the state (Espinosa 2010: 648-650).

Again, as in the Juliana revolution, the military government established a coalition with progressive forces. But instead of the Ministry of Labor and Social Protection, the institutional space where this coalition materialized was the National Planning Board -NPB-, in charge of the design and implementation of the national development plan. The NPB was upgraded to ministerial level during this period, and the state planning functions strengthened through the creation of new institutions in charge of funding and evaluating investment projects (Moncayo 2015: 128-132; Quintero and Silva 1991: 257), new departments of planning in every ministry, and even an institution in charge of promoting development projects in rural areas, inspired by a similar initiative in Tito's Yugoslavia (Moncayo 2015: 185).

The National Planning Board was a key institution for the military government. One reason was an increasing acceptance of the idea that a process of economic development was possible only under state leadership, and more importantly, under the direction of technical experts. Now that the modernization project was the main source of legitimacy of the regime, their relevance was even higher (Moncayo 2015: 176). But, more importantly, the existence of a planning board became a requirement from international organizations, already led by transnational cadres, that conditioned any kind of cooperation to their interlocution with their local peers. Left-leaning academics, in charge of the professional training of the military, played an important role in the preparation of the coup (Moncayo 2015: 201-203).

Later, the inclusion of these and other planning cadres within the higher levels of the government gave a particular imprint to the first military administration. Ecuador's Central University, one of the main spaces for the training of the Ecuadorian cadres, was a bulwark of the communist party (Zapata 2013). The Catholic University was also moving towards the left, under the influence of the Second Vatican Council and the Medellin Conference. The National Planning Board was then predominantly constituted by Marxists, Dependency Theorists and Structuralists, with Monetarists as a rare exception. This gave a radical orientation to the first Development Plan, something that helped the military to obtain the support of the popular sectors and the socialist party (Moncayo 2015: 172-180).

The increasing relevance of the cadres was, however, the result of a more general trend. From the 1950s, the qualification of the Ecuadorian labor force increased substantially, pushing forward an expansion of the middle class. By the beginning of the 1960s, professionals represented more than half of total urban middle class employees (Ibarra 2008: 53). The main areas of professional training in Ecuador were predominantly related to education, health, humanities and social sciences. From 1950 to 1970 Ecuador's middle class almost doubled, thanks to the expansion of public employment, state intervention and bureaucratic positions in both, the public and the private sectors (Ibarra, 2008, 55). They were an important component of the social basis of the nationalist-military coup, as argued already by Quintero and Silva. The number of public employees increased, between 970 and 1979, from 61.277 to 127.273 (1999: 246-247; 257).

The planning cadres were an influential part of this qualified labor force and obtained a special place within the state administration. It bears noting that most of the members of the National Planning Board achieved their position through academic qualifications, moving up from the lower middle class, through a professional life within academia, the public sector or international institutions. By contrast, the cadres of the Ecuadorian Monetary Board, which was the second most influential institution in Economic affairs during the period, where either members of financial private institutions or their direct owners (Moncayo 2015: 289-302).

As will be described more extensively in the next chapter, the extent of the economic reform was limited, losing most of its momentum within four years, and twisting regulatory policies in a way

that benefited the traditionally dominant economic groups (North 1985). This was an expression of the political power of those groups, which, from the beginning denounced the "statist" nature of the state intervention program (Moncayo 2015: 176). The first head of the dictatorship, General Rodrigo Rodriguez Lara (1972- 1976), transferred the power to a less progressive board in 1976, which then prepared the transition towards democracy in 1979.

A crisis of the political power of the cadres came with the implementation of the neoliberal reforms that started during the first democratic government in 1982. Facing the debt crisis generated by the Volker shock, there was an explicit confrontation between the Monetary and the National Planning Board. The former won the upper hand, with the latter becoming increasingly relegated, and finally transformed into the State Modernization Board, in charge of the privatization projects of the neoliberal governments that followed (Moncayo 2015; Barrera 2001: 95-96).

With the political weakening of the progressive sectors of the military, the cadres of the NPB retreated to academia and the civil society. Already before the return to democracy, some of them had left the board and established, with the support of the military Junta, the Ecuadorian section of the Latin American School of Social Sciences (Moncayo 2015: 182 & 188).

To sum up, the early constitution of the Ecuadorian nation state implied then the recruitment of different categories of state officials that constituted the country's first layers of the "middle class". The process that led to the making of the nation state, as well as the limited economic differentiation of the middle class with respect to the popular sectors, stimulated its political articulation with the latter, increased with the creation of the communist and the socialist party as well as with the action of the radical sections of the liberal party.

The specific interests of these novel state class fractions, which demanded the consolidation of a state apparatus capable of providing them a professional career, were in conflict with the interests of the country's financial oligarchy, which by then was profiting from the state through the public debt and the control of the national currency, and which preferred an informal public employment that could be used in a *clientelistic* way. Under the favorable juncture offered by the international economic crisis at the end of the 1920s, one specific state class fraction, the army, led a reformist

alliance with the other state fractions and the popular sectors, aimed at reducing the political power of the financial oligarchy, consolidating and democratizing the state apparatus.

This created a historical closeness between some sectors of the Ecuadorian army and several progressive forces, which had several implications in different junctures of the country's history.

This closeness was precisely behind the military coup of 1972. However, this second episode was marked by the emergence of a new state class fraction, favored by the international expansion of the development discourse, and the increasing planning requirements of the state apparatus. Although the military fraction led the coup and held political power, it relied on the cadre fraction for ensuring the political legitimacy of its regime. To the extent that the cadre class fraction was ideologically influenced by critical discourses, ranging from dependency theory to Marxism, it can be said that it was at least partially attracted by the ideologies developed by the popular sectors. However, the political power of those cadres and the progressive sectors within and outside the state was not strong enough to carry out the expected reforms.

In my next chapter, I present a more detailed analysis of this relationship between class struggle, state class fractions and capital accumulation in Ecuador. More specifically, we will look at the changing dynamics of class domination as they manifested in the accumulation cycle that started in 1972 and how they influenced the dynamics of capital accumulation.

Chapter 4:
The dynamics of class domination during Ecuador's transition to Neoliberalism

Introduction

In chapter two, I presented an overview of Ecuador's class division during the years immediately previous to the so called "Citizen's Revolution". I highlighted an extraordinary concentration of capital in the hands of what I called the "capitalist monopoly class". I also suggested that the huge income gap between this class and all the others reveals relations of exploitation among them, which presuppose the exercise of class domination.

Then, in the preceding chapter, I outlined the theoretical guidelines for understanding this class domination. Furthermore, I pointed to the state as the main – though not the only – apparatus through which this domination is exercised. Following contributions from Gramsci and Poulantzas among others, I proposed to understand the state as constituted by class struggle, but also taking into consideration the presence of what I called "state class fractions". In a brief overview of some episodes of Ecuador's history, I showed how one specific state class fraction – the army – , took the control of the executive in order to achieve some progressive reforms, always with limited results.

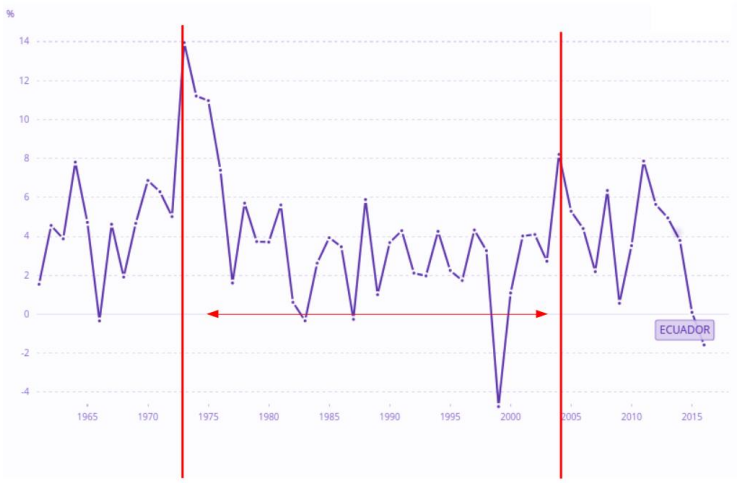
In this chapter I explore in more detail the relationship between state interventions, class struggle and capital accumulation, as it manifested during the period previous to the emergence of the "Citizens' Revolution".

In order to do so, I follow the suggestion from Scherrer, who argues that class domination dynamics are better grasped when analyzing at least one entire business cycle (2011: 223). Economic booms and crises are fundamental in the reconfiguration of the relative power between classes and fractions. Furthermore, the measures taken in order to "fix" an economic crisis reveal the latter's presence within the state, while the corresponding reactions from outside indicate the degree of social consensus achieved by the dominant classes.

Accordingly, in this chapter I analyze the period between two peaks of international oil prices (1972 and 2005) that exceptionally boosted the country's economy; the former also includes its worst

economic crisis, which occurred in 1999 (Graph 3.1). It also encompasses two periods marked by opposed policy approaches: Ecuador's last 20th century developmentalist push and the implementation of its first neoliberal "structural adjustments".

Graph 4.1: Ecuador's GDP rate of growth (1960-2015)



Source: Dataset World Bank.

The chapter is divided into three sections. In the first I describe the main features of the developmentalist stage and its relationship with the emergence of the neoliberal power bloc. In the second, I focus on the first neoliberal adjustments and the rise of the antineoliberal movement. The third section corresponds to the "organic crisis" that followed the country's economic crash of 1999. The final section concludes.

1. The military regime and the consolidation of the monopoly capitalist class

a. The developmentalist stage

From the middle of Ecuador's 19th Century an intermediary bourgeoisie – mostly constituted by members of the coast-side oligarchy[23] – emerged in the country, with its economic power rooted in the two commodity booms that boosted its economy: cacao and bananas (Pastor 2016, 47-48). At the beginning of its third commodity boom in 1972, originated in an exceptional increase in oil prices, a progressive sector of the military carried out a coup, leading to the constitution of a nationalist progressive dictatorship, like those that were already in power in Panama and Peru (Espinosa 2010, 646). Its political project aimed at the constitution of a nationalist, progressive industrial bourgeoisie, capable of leading the country's development. This project achieved the support of broad sectors of the working class (Barrera 2001: 88), the communists (Estevez and Herdoiza 1985, 193) and the peasants attracted by the promises of a long-awaited agrarian reform (North 1985, 436).

The military dictatorship that started in 1972, declared the "modernization of the economy" as its main objective. Its first policy documents suggested to take advantage of the sudden increase of the oil prices in order to mobilize the country towards an industrialized, less dependent economy. The oil boom did have indeed a positive impact on the Ecuadorian economy, offering an exceptional opportunity: Ecuador's oil barrel price increased from USD 3.83 in 1973 to USD 13.4 in 1974, boosting the country's exports from around USD 190 million in 1970 to USD 2500 million in 1981 (Acosta 1995, 222).

From the changes on the economic structure of the country it seems like the developmentalist objectives were at least partially achieved: the manufacturing sector increased, between 1972 and 1980 from 16.3% of the GDP to 18.5%, with a growth rate of 10.3%, above the 8.5% growth rate for the economy as a whole (Schaims 1985, 294). By 1980, manufactures represented 25.5% of the country's exports (Acosta 1995, 161).

However, this was largely a result of state intervention: while in 1970 the Ecuadorian State invested USD 5 billion, in 1977 it invested 27 billion, five times the total private investment between 1972-

23 The term "oligarchy" has been used by several Latin American intellectuals, referring to the native descendants of Spaniards that held the economic and political power after independence, especially through the maintenance of land property rights (Acosta 1995: 21)

1976. The oil rent proportion transferred to the public institutions in charge of the industrialization project increased from 15.8% in 1972 to 47.1% in 1978 (Estevez and Herdoiza 1985, 207).

The sub-sectors that achieved higher growth were benefited by subsidies and incentives, encouraging investment and exchange rates that subsidized imports (Acosta 1995, 135), tax exemptions on rent and input imports, export promotion and building of infrastructure (Estevez and Herdoiza 1985, 196). Industries also enjoyed subsidies in the goods and services provided by the public sector (Acosta 1995, 132). All this support was directed to capital intensive industries, and therefore to the economic actors with high investment capabilities (North 1985, 447). The manufacturing sector also benefited from price controls on food, that transferred value from the agricultural sector to the industrial capital through a reduction in the price of its labor force (Acosta 1995, 132; Schaims 1985, 322).

The food products, beverages and tobacco sub-sector, grew at a lower rate than the economy as a whole, but nonetheless represented 64% of the value added in the manufacturing sector for the period 1972-1980. This subsector in particular was probably the most benefited by the 5% increase in average real income during this period (Schaims 1985, 295). Such a modest increase was not enough, however, for generating a substantial expansion of the internal market, something that was compensated through an opening of the regional markets, especially with the constitution of the Andean Group (Estevez and Herdoiza 1985, 212; 213). Certain specific sub-sectors were benefited by the Group's policies of asymmetry reduction in favor of the country. This was the case for chemical products, non-metallic mineral products and basic metallic industries (Schaims 1985, 295; Estevez and Herdoiza 1985, 231; 239-240). As these sectors are capital intensive, large investors were again the only ones who could take advantage of the opportunity. in practice, this generated a division of labor between large and small industries, with the former limited to the internal market while the latter was able to take advantage of the regional one (Estevez and Herdoiza 1985, 213).

The strategy chosen in order to stimulate the manufacturing sector, then, was not based on a boosting of real wages that could have increased domestic demand, improving the living conditions of the working class and other sectors of the popular field. Instead, it was based on a series of direct and indirect transfers of the oil rents to larger capital holders, and on an opening to regional

markets, also for their benefit. This was, indeed, a sign of redistribution of political forces that followed the military coup.

b. The class character of developmentalism

Despite these modest but positive results in terms of industrialization, the main political commitments of the military regime to the progressive sectors were not delivered. Notably, the oligarchy was able to neutralize the agrarian reform, which became essentially a distribution of State-owned land. In 1973, the military government led by the General Guillermo "little bomb" Rodriguez Lara, presented the first draft of its plan, considered too radical even for the most "modern" representatives of the agrarian sector. They threatened the suspension of tax payments, forcing the government to substantially reduce the scope of the projected policies. But even this "compromise" was not enough for the landowners, which organized a "coup within the coup", in order to replace "little bomb" Rodriguez with a military "Supreme Board" of conservative orientation (North 1985, 441).

This was just one among other manifestations of the weakness of progressive forces relative to conservative forces. Even in the early days of the military administration, the oligarchy kept its presence within the state apparatus. There was direct representation of their interests in the Ministry of Industries, in charge of establishing the policies of incentives and support to the sector. Something similar happened in the Monetary Board, constituted by representatives of the production chambers and the private banks (Acosta 1995, 134).

This was indeed a period of consolidation of Ecuador's dominant class. The intermediate bourgeoisie that profited from the two first commodity booms diversified their interests, in both, geographical and sectorial terms, also overcoming the regional division that featured in the early internal confrontations of the country's elites. At the same time, they moved their rents to the productive sector, in a moment in which national and international conditions generated a favorable environment, ensuring the success of their investment through the support of the state apparatus and consolidating monopolistic power in all the sectors of the national economy (North 1985, 426-433).

But Ecuador's big capital was not the only winner during this the period. Another unexpected beneficiary of the "nationalist revolutionary government" policies was foreign capital. Although as a result of the oil industry's nationalization there was a substantial reduction of foreign investment as a whole, it increased substantially in the manufacturing sector and almost exclusively in sub-sectors with high growth, which were precisely those benefited from the aforementioned policies (Schaims 1985).

In this regard the Andean Group also played an important role through the *Common Regime for the Treatment of Foreign Capitals*, also known as *Decision 24*, which for the first time gave formal guarantees to foreign investors at the regional level (Schaims 1985, 300). As in other parts of Latin America, in Ecuador most investment came from the United States: by 1978, 64,7%, followed by Panama with a modest 4,8% (Schaims 1985, 307).

In 1970, 22% of manufacturing investment came from foreign capital; by the end of the decade this proportion almost doubled (Quintero and Silva 1991: 407). Estevez and Herdoiza found that the 18 biggest manufacturing companies of the country during that period had at least 12 transnational corporations as stockholders, and that in 1980 those companies concentrated 71,3% of the sales (1985, 281). The intertwining of national and transnational capital also implied interpersonal ties. Schaims, for example, identifies many last names of the traditional Ecuadorian oligarchy on the list of the managers of the mixed capital companies created during that period (Schaims 1985, 302; Estevez and Herdoiza 1985, 278).

Instead of a new national industrial bourgeoisie, the class behind the process of industrialization was the country's intermediary bourgeoisie, which, in alliance with foreign capital, used the juncture for the diversification of its economic interests, reducing the risks generated by the fluctuation of the commodity markets (Conaghan 1983, 82-84). This transition allowed them to consolidate monopoly power in all the sectors of the economy. The Superintendence of Companies declared that in 1979, immediately after the end of the dictatorship, 0.9% of the population concentrated 97% of the capital stock, with the other 3% being distributed among 16 000 stockholders. By then, 44% of the country's financial capital was concentrated by around 100 individuals (North 1985, 432).

This concentration of financial capital had already started in the 1960s with the creation of a credit system for the provision of the capital investment required for the industrialization project. Two institutions were established to this end: the public National Financial Corporation and the private Ecuadorian Financial Corporation for Development -COFIEC by its Spanish acronym-. The later was constituted by the biggest corporations of the country, and operated as a mechanism for articulating national and transnational capital. In his study about the Ecuadorian economic groups, Fierro identifies COFIEC as "the spearhead that integrated the industrial bourgeoisie, foreign capital and the state in order to consolidate monopoly capital in Ecuador[24]" (in Pastor 2016, 55). During the 1970s financial capital achieved participation in all sectors of the economy, concentrating increasing economic and political power in the country (Pastor 2016, 43). Private financial companies' assets grew 20.6 % on an average between 1970 and 1976- twice the growth rate of GDP during the same period (Quintero and Silva 1991: 254).

Credit was fundamental for the development of all the productive sectors during this period: loans increased from USD 4 696 in 1960 to USD 17 475 in 1977. Industrial credit rose by 130% between 1970 and 1977 (Estevez and Herdoiza 1985, 199). Furthermore, from 1978 onwards, when the reduction of the oil price threatened the rent's flux to the industrial sector, the Economy Ministry explicitly promoted a policy of "aggressive indebtedness" (Comisión de Auditoría Integral para el Crédito Público 2008) in a moment when the global markets where flooding with capital surplus.

As a result, one of the economic groups that consolidated its economic power in Ecuador during this period was global financial capital. The foreign debt of the country rose, from USD 20,8 million at the end of 1971 to 5 868,2 million at the end of 1981, and from 16% to 42% of GDP. The increase of the debt service was also quite important: while in 1971 it represented 15% of the dollars exports of the country, in 1981 it reached a 71% (Acosta 1995, 122).

This was the moment when, as a result of OPEC's decision to increase international oil prices, financial markets were flooded with so-called "petrodollars". Several crude-export countries invested their profits in New York investment banks, which in turn placed the money in the international market as loans for developing countries, tied to particularity favorable interest rates

24 Our translation

for the lenders. As was the case with Ecuador, almost all Latin American countries increased their foreign debt during that period. At the end of the decade, the Federal Reserve led by Paul Volcker, decided to substantially increase its interest rates, throwing most of those countries into default. This was the origin of the debt crisis that struck the region beginning in 1982 (Harvey 2007: 26-31).

c. A non-hegemonic political domination

Despite its exceptional economic power, the *sui generis* capitalist class that emerged during the developmentalist period was unable to become hegemonic. Certainly the first military administration relied in the coercive power of the state, but it was able to engage in its early 'nationalist developmentalist' project the communist party, the peasant organizations and all the country's unions. In 1975, when the oligarchies confronted the military administration, the unions organized the first cross-unions general strike to support the later. The consensus capabilities of the national bourgeoisie were, by contrast, quite limited. It imposed its will on the army's progressive sector, aware of the limits of its power within the diverse ideological orientations coexisting within the institution (Moncayo 2015, 205). The reconfiguration of the industrialization project directed by the oligarchy later faced strong opposition from the unions, which were brutally repressed in a dark episode of Ecuadorian history, when an unknown number of strikers were massacred by the army in the sugar mill Aztra in 1977 (Acosta 1995, 131; 88). It bears noting, nevertheless, that the unions were mainly constituted by industrial workers of large companies, that enjoyed privileged conditions compared to those of the broader Ecuadorian working class (Farrell, 1985). But even with those favorable conditions, consensus was not part of the domination strategy of the country's bourgeoisie.

What certainly was a political success for the country's capitalist class, was the co-optation effected within broader sectors of the army, which until then positioned themselves on the side of the popular sectors. Foreign and national capitals did not restrict their activities to the private sector. The military created several companies in areas considered strategic for the development of the country, in primary sectors like mining and agro-industry, but also in the manufacturing sector in order to fulfill state procurement demand. In those companies there was participation of both, national and transnational capitals, that enjoyed a captive market and benefits like tax and tariff exemptions (Vallejo 1991, 32-38). At the same time, with the consolidation of the army as a

corporate power, its link with the progressive sectors was weakened, and instead, new alliances of high officials with businessmen were established, opening spaces for political influence in order to favor their new common interests (Vallejo 1991, 51).

2. The configuration of the neoliberal power bloc

a. The first neoliberal intervention

As several other Latin American countries, Ecuador suffered the changes in the economic policies of the US at the end of the 1970s and the beginning of 1980s, which dramatically increased the interest rates making the payment of its foreign debt impossible (Acosta 1995: 103-104; 122-124).

As a result, although the winner of the first universal suffrage elections[25] in 1978 was Jaime Roldós, a young progressive politician, the economic conditions generated by the growing external debt and a dramatic reduction in the oil prices forced his government to start with the austerity measures that featured in the administrations of the decade to follow (Espinosa 2010: 678). Democracy in Ecuador came, then, in tandem with the coercive imposition of economic policies through the subscription of the "letters of intent" with the IMF and the Word Bank, as conditions for the refinancing of the debt (Acosta 1995: 140).

The foreign debt negotiations that followed Ecuador's default in 1982 also benefited the country's monopoly capital. As mentioned before, its manufacturing companies were created, to a large extent, through the credit offered by transnational financial capital. During the first debt renegotiation in 1983, creditors demanded to the Ecuadorian Central Bank be the only debtor of both, private and public foreign debt. The private debt -originally in dollars- was converted to Sucres -the national currency- to be paid by the private debtors in that denomination, at a highly convenient exchange rate. As a consequence, during the following years the state had to pay for the private debts in an ever more expensive dollar, while the original debtors payed back in a highly depreciated currency. Later, the payment conditions of the private debtors became even more

25 The last elections before the military coup were in 1968, with a suffrage of just the 18% (Espinosa 2010: 678)

favorable: The exchange rate was recalculated to their benefit and the payment period extended from 3 to 7 years with a frozen interest rate of 28%, in a moment when commercial ones were over the 40%. The nominal private debt assumed by the Central Bank in 1983, a total of USD 1,3 billion represented around USD 4,3 billion in losses for the state. Further "reduction mechanisms" benefited the private debtors to the tune of USD 550 million (Comisión de Auditoría Integral para el Crédito Público 2008).

Such significant savings to the private sector were not reinvested in manufacturing. Instead, they were moved to the more promising financial sector. Manufacturing production, which represented 16.6% of the GDP during the 1970s, slightly increased to a 17.6% in the following decade, but only to fall again to 14.3% in the 1990s. Simultaneously, the financial services sector almost duplicated its size, from 2.7% of the GDP in the 1970s to 5.3% in the 1980s, keeping that size during the following decade (Carrasco n.d., 25).

The stagnation and decrease of the manufacturing sector went hand in hand with the liberalization of the Ecuadorian economy, which had started already with the first democratic government. The administration agreed to a "new" division of labor in the Andean Group that consolidated the country's commodity producer role. Ecuador was chosen to be the main provider of agricultural goods, opening in exchange its borders to the industrial goods produced by its neighbors (Estevez and Herdoiza 1985, 335). This was followed by a slow but steady liberalization of the economy: Its degree of openness increased from 35.94% at the end of the 1970s to 40.88% in the first half of the 1990s, and from there to 48.33% during the first years of the 21st century (Carrasco n.d., 26).

If during the 1970s the participation of the manufacturing sector in the Ecuadorian economy increased, the democratic stage that followed was marked by a reversal of this tendency, in a process that has been described by Alberto Acosta as a "modernized reprimarization" (Acosta 1995, 157). As the big capitalists of the country had simultaneous interests in finance, industry and trade, this process was not a weakening of one class fraction in favor of others. The same actors that consolidated their economic power in the developmentalist stage through industrialization achieved increasing monopoly power in all sectors of the country's economy in the following decades. A study on the 'Ecuadorian economic groups' at the beginning of the 1990s found that in 21

subsectors of the economy, 3% of companies controlled 53% of sales; firms linked to monopoly groups, despite representing only 16% of the total, concentrated 62% of sales (Pastor 2016, 51).

Neoliberal policies had a strong impact in the Ecuadorian economic structure. From 1980 to 1992 the share of manufactured goods on the country exports fell from 25,5% to 11,9%, while the average rate of growth by year between 1980 and 1989 was -0.7%, the worst worldwide (Acosta 1995: 155). At the same time, the participation of labor in the national rent fell from 32% in 1980 to 12% in 1992 (Acosta 1995: 144). The poverty, which affected 40% of the population in 1970 reached a 65% in 1990 (Barrera 2001: 109).

b. The emergence of the antineoliberal social movements

The structural changes of the early neoliberal reforms affected also the rural areas, as the indigenous-peasant economy became more sensitive to the changes on the prices of the industrial goods used both in production and consumption. During the last three decades of the 20th century the terms of exchange between the urban and rural Ecuadorian economies deteriorated in an unprecedented way, worsening social contradictions inherited from colonial times (Barrera 2001, 130). Although the Ecuadorian governments implemented a series of agrarian reforms from 1964 onwards, under the pressure of the "Alliance for Progress" and in order to contain the expansion of the Cuban Revolution (Espinoza 2010: 723), the measures were insufficient, in part due to the increase of the indigenous population, which generated a constant reduction in the size of small landholdings (Barrera 2001: 130).

Although the unions offered resistance to the neoliberal policies deployed in the 1980s, particularly the Workers Unitary Front -FUT by their Spanish acronym-, their capacity for mobilization was restricted by the structure of the Ecuadorian economy, where formal workers represented a minority, and were weakened from 1983 onwards due to their inability to appeal to broader social sectors, as well to the aforementioned structural changes. Following Barrera, it can be said that the second half of the 1980s represented the decadence of the Ecuadorian union movement (2001: 97; 104). In this context, the indigenous movement emerged as a relevant political actor, with the uprising of April 1990.

It is worth mentioning that the *huasipungos*, the main form of labor exploitation of the Ecuadorian *haciendas* since colonial times was only abolished in 1964 (Espinoza 2010: 723). The event of the first indigenous uprising comprised then, at least two kinds of contradictions: those inherited from the colonial order that prevailed and, in several ways, even worsened with the beginning of republican history, and those that resulted for the Neoliberal reforms. In that first upheaval, exclusively indigenous claims dominated the political discourse, especially non-resolved land disputes. The indigenous organizations of the highlands played a major role in the organization of this first uprising and for them land distribution was a dominant issue. Other demands were nevertheless incorporated, such as the use of *quichua* in the public schools and the end of the different forms of discrimination carried out by the local authorities, even in areas with majority indigenous population (Barrera 2001, 113-119 Espinosa 2010: 726). One year later, during the second indigenous uprising, the communities of the Amazon were instead the leading force, this time prioritizing the problems generated by the growing colonization of the rainforest, and the environmental impact of the oil exploitation carried out by transnational corporations (Barrera 2001: 124; Espinosa 2010: 727).

The different historical trajectories of the two sets of communities generated early ideological tensions within the organization. Largely isolated even before the beginning of Ecuador's republican history, the Amazon communities strongly felt the need for autonomy from the national state. The organizations of the highlands, on the other hand, incorporated early on into the *haciendas* and subsequently into the agricultural economic life of the highlands, were deeply intertwined with the lives of mestizo peasants, and therefore had been closer to political and economic demands linked with non-indigenous popular social sectors (Barrera 2001: 147). However, despite those differences, the indigenous movement soon started to coordinate with other contesting social sectors, due, on one hand, to the historical links of the highlands' indigenous organizations with the socialist party and the liberation theology, and on the other, to the role that transnational capital played in the Amazon's social unrest, favoring the articulation with environmentalist organizations and anti-imperialist discourses.

Denouncing the lack of legitimacy of the existing democratic institutions, in 1992 the indigenous movement called for the creation of an 'indigenous popular parliament', to be constituted by representatives of a broad spectrum of organizations, including urban popular committees, women

and environmental organizations (Barrera 2001: 122). Soon the indigenous movement became the node of an alternative popular coalition, differentiated from the traditional left represented by the unions (Barrera 2001: 161). Although the two sectors of the left carried out joint actions, and in more than a few cases the indigenous organizations backed the initiatives of the FUT, there were tensions and unilateral decisions that affected the unification. Something different happened in the relationship with the unions of public sector workers, which were able to frame their struggle beyond corporative wage demands, towards the broader struggle against privatizations (Barrera 2001: 160). The teachers union also obtained support from the indigenous movement, when leading an important strike in 1993 (Barrera 2001: 163).

In 1994, the indigenous movement shifted from the reactive to the programmatic field with the publication of a document called "Political Project" by the Confederation of Indigenous Nationalities of Ecuador -CONAIE by its Spanish acronym-. The document denounced the 'uninational-bourgeois state", calling for its replacement by a "plurinational state", and the creation of a "communitarian, ecological and planned economy", based on four kinds of property: "family-personal, self-managed communitarian, state-owned and mixed"[26] (CONAIE 1994: 30). However, when referring to specific policies, the document did not specify any anti-capitalist measures: it focused instead on a deepening of the agrarian reform, the support of activities like handcrafts and tourism -where the indigenous presence is stronger-, and increasing the role of the state, both in planning and regulation of the economy. The moderate nature of these concrete objectives can be explained by the presence within the indigenous movement of sectors that from the 1970s onwards achieved certain economic power, and which played an important role in the constitution of the movement (Espinosa 2010: 724).

1995 is marked by two milestones in the Ecuadorian antineoliberal struggle. The creation of the National Coordination of Social Movements of Ecuador, and a political party, the "Movement of Plurinational Unity Pachakutik–New Country" -Pachakutik, from now onwards-. The Coordination was the institutionalization of pre-existing spaces of articulation between several contesting organizations, gathered around the indigenous movement. Pachakutik, on the other hand, was a unification of fragmented initiatives of the antineoliberal coalition in the run-up to the general

26 Our translation.

elections (Barrera 2001: 208-209). The composition of the coordination reflected the nature of the latter: the indigenous organizations of the country, the National Association of Peasant Social Security Users, the Federation of Electricity and Public Oil Workers, the Popular Coordination of Quito, as well as several women's organizations (Barrera 2001: 177).

c. Deepening the neoliberal model

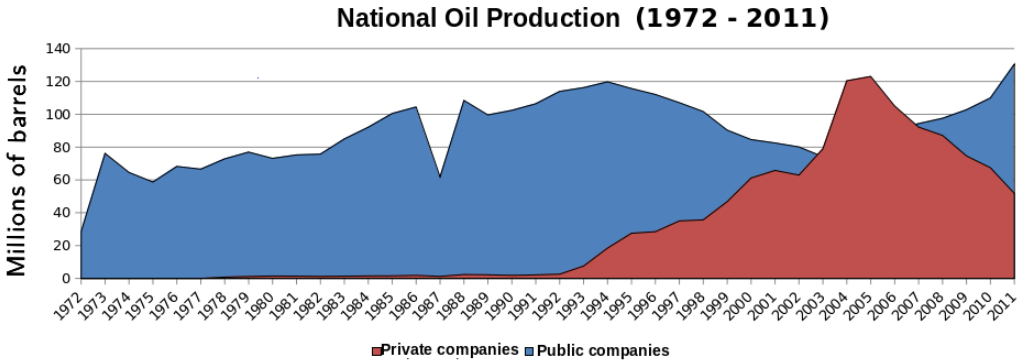
By the middle of the decade, the configuration of the conflicting forces became increasingly clear. The country elites seemed to be incapable of carrying out the antineoliberal project to its full extent. If the governments of the 1980s implemented partial austerity measures, the one of Sixto Duran Ballén (1992-1996) was the first in which "neoliberalism was both, practiced and spoken"[27] (Acosta, 1995: 156). It was also then, however, that the internal political divisions between the elites became clearer. The high levels of corruption and the concentration of the decision-making in the presidency generated mistrust between the leading economic groups regarding the way in which privatizations would be carried out, and how they would recompose the distribution of economic power (Espinosa 2010: 712; Barrera 2001: 223). This division of the dominant sectors manifested in permanent confrontations within the Congress, as well as between the Legislative and the Executive branches, frustrating the institutional changes required for the implementation of a full neoliberal program. However, Duran Ballén's administration succeeded in one area: the deregulation of finance, through the Financial Institutions Law (1994), a decisive part of the configuration of the economic crisis that would strike the country a few years later (Espinosa 2010: 702).

During this period, global financial capital may have positioned itself as the bigger winner, a position achieved through manipulation of the foreign debt. From 1980 to 2006, Ecuador's net transfers to the creditors exceeded by USD 7 billion the amount loaned to the country. Nevertheless the debt grew from USD 116 million to USD 4 USD billion (Comisión de Auditoría Integral para el Crédito Público 2008). The debt service of the country increased constantly, up to 25% of the public budget in 2007.

27 Our translation.

As privatization was part of the creditor's demands, transnational corporations recovered the control of the country's oil sector, taken by the military in 1972. Private sector participation in Ecuadorian oil production increased from the beginning of the 1990s, achieving full control of the sector at the beginning of the 21st Century (Graph 3.2).

Graph 3.2:



Source: Grupo Faro

Simultaneously, creditors pressured the country to reform the financial system regulations that dated from 1948 and were inspired by the New Deal and Prebisch' ideas. During the 1980s the Ecuadorian government agreed to a partial flexibilzation of the interest rates, changes in the legal reserve requirements and approvals for the development of new financial services and products (Páez 2003, 11).

Most of the sector's reforms, however, started in the following decade. The Investments Promotion Law of 1993 eliminated the possibilities of capital controls, stimulating cross-border capital flows without regard to origin, term or destiny. One year later, the General Law of the Financial System Institutions further liberalized the sector, making of Ecuador one of the most unregulated countries in the continent. Some of the most important features of the liberalization were: a) decompartmentalization of financial operations and deregulation of capital flows, institutions and financial instruments; b) Floating interest rates; c) Legalization of loans and deposits in dollars d) Legalization of the offshore banking; e) Legalization of "related" credits and operations within the same economic group; f) Flexibilization of the entry requirements without providing legal

framework for dealing with bankruptcy. Immediate effects were the weakening of the local currency, an expansion of the risk from the financial to the productive sector, and the acquisition, by the offshore banking of 2/3 of the onshore assets (Páez 2003, 13-16).

3. The neoliberal organic crisis

a. The political crisis

The neoliberal measures implemented, the high levels of corruption and the permanent confrontation within the main actors of the political system led, by the middle of the 1990s, to a generalized sentiment of rejection to the political parties, labeled as "party-cracy", a name that crystallized the disenchantment of the population regarding the whole democratic system.

In the 1996 presidential elections, there were two opposed political moves aiming to take advantage of this political environment. The first came from Pachakutik, allied with a civic movement from Cuenca – Ecuador's third largest city-, gathered around a popular television journalist that supported the indigenous cause, Freddy Elhers. This initial coalition built a broad electoral alliance with the Democratic Left, a well-established center-left party with certain electoral strength, to launch the candidacy of Ehlers as president, and of Luis Macas -a prominent indigenous leader- for the top spot in the Congress. The alliance, however, implied a moderation of the more explicit anti-neoliberal content of the platform, focusing instead on the struggle against corruption (Barrera 2001: 2010). The second move, from a narrow sector of the coastal elites, was the creation of a *sui generis* right wing 'populism'[28], which built its discourse as an attack of the 'oligarchy' and the traditional political parties. This strategy was represented in that political juncture by Abdalá Bucaram, a member of the Lebanese commercial bourgeoisie of Guayaquil, the major city of the coast.

Capturing the attention from the media with his showman talent, 'el loco' [the crazy] Bucaram made it to the runoff, where he confronted Jaime Nebot, the candidate of the traditional elites of Guayaquil supported by the Social Christian Party. The candidacy of Elhers, occupied the third

28 In a free interpretation of Laclau, here I understand populism as a political articulation grounded in the antagonism of the "people" with respect to the "oligarchy".

position, obtaining a 21%, against the 27% of Nebot and the 23% of Bucaram. The latter finally managed to win the presidential election, defeating his contender with a 2% margin (Barrera, 2002 212; Espinosa 2010: 690). Since Pachakutik obtained 10% of the seats in Congress, its first electoral participation was interpreted by its members as a political victory.

Bucaram's victory generated some confusion as his political stand was not completely clear. With the launch of his economic program few months after taking office, however, his neoliberal orientation became clear. But, since it was also clear that he wanted to benefit his own cronies to the detriment of other strong economic groups, his administration rapidly gathered enough enemies all along the political spectrum, facilitating the building of both parliamentary and extra-parliamentary oppositions, with political actors from the most diverse political origins.

Surprisingly, Bucaram managed to get some support within the indigenous movement. Since the end of the 1980s, neoliberal governments attempted to neutralize the political strength of the indigenous population through the creation of institutional instances dedicated to the 'indigenous problem'. The initiative was strongly supported by the World Bank and the IMF. Bucaram pushed forward this strategy, appointing as the head of the Secretary of Indigenous Affairs the then vice-president of the CONAIE, obtaining in this way the support of other leaders of the Amazon, and causing a strong division within the movement, which practically frustrated the organization's congress at the end of the same year. With the passage of the time, however, CONAIE was capable to recompose internally, as the weakening of Bucaram also affected his supporters within the movement (Barrera 200: 221-222).

In February of 1997, the popular opposition to Bucaram marked the peak of the Ecuadorian contentious cycle, in a series of mobilizations where, according to the media, around 3 million people participated (Barrera 2001: 229). In that context, the opposition in Congress gathered enough votes to depose the president, arguing "mental incapability" and replacing him with Fabian Alarcón, by then president of the Congress.

The main demand from the popular organizations was the celebration of a constituent assembly, seen also by the right-wing sectors as an opportunity to promote the legislative reforms required in order to complete the neoliberal program. The assembly thereafter occupied most of the attention of

all political actors during Alarcón's administration. Despite the political weakening suffered by CONAIE as a result of its own internal division, the indigenous movement and its allies in the mobilizations that unseated Bucaram pushed for a reconfiguration in the composition of the Congress' commissions, increasing the visibility of Pachakutik representatives. This was the moment of highest institutional participation of the indigenous movement, as at the same time several local governments were administrated by Pachakutik after electoral victories. In the same line of Bucaram's administration, after changing the name of the Secretary of Indigenous Affairs to the Council of Planning and Development of Indigenous Nationalities and Ethnic Minorities, Alarcón appointed a prominent female indigenous leader, Nina Pacari, as head of the institution. The main objective of the institution was to administer a development project for ethnic minorities, with budgets transferred by the World Bank and the Inter-American Development Bank (Barrera 2001: 235).

The demands for a new constitution forced Alarcón to call for the election of a Constitutional Assembly in 1998, which ended up reflecting the relations of force at that juncture: The conservative, neoliberal oriented political parties achieved the majority of the seats, although the progressive antineoliberal forces also gained significant representation. As a result, the constitutional text was a peculiar mixture, in which a series of economic neoliberal features came together with an increase of nominal social rights. Each side of the political spectrum felt that, to some extent, the Constitution of 1998 was a victory (Barrera 2001: 242-245).

In the same year's presidential election, the neoliberal candidate Jamil Mahuad won with an explicitly neoliberal program, in a second round against Alvaro Noboa, a banana exporter and richest man in the country, which deployed a populist electoral strategy similar to the one of Bucaram. This time, the Democratic Left and the coalition led by Ehlers participated with independent campaigns, coming in third and fourth, respectively. At the beginning of Mahuad's administration, the biggest economic crisis of Ecuadorian history exploded. Financial deregulation, achieved mostly trough the aforementioned Financial Law of 1994 led there for at least four reasons: first, it significantly reduced the reserves requirements for banks; second, it allowed banks to grant loans to companies were they had economic interests; third, it liberalized capital flows and finally, it significantly reduced interest rates. Four years later the bubble exploded, under the

confluence of a disaster in the agricultural sector -generated by a particularly strong winter-, a drop in oil prices and the international economic crisis of 1998 (Espinosa 2010: 702).

b. The economic crisis and the state interventions

The strong 'el niño' phenomena of 1997 and 1998, the economic crises of Asia, Russia and Brazil, as well as a drop in oil prices certainly played an important role in the configuration of the economic collapse of the Ecuadorian economy at the end of the decade. But the deregulation of the financial sector prepared the domestic economic and institutional conditions for the dramatic impact of those exogenous factors in the country's economy (Espinosa 2010, 702; Páez 2003, 9).

The lack of regulation and the liberalization of the interest rates, as well as the financial actors' expectations that they would be bailed out if required, encouraged risky investments, especially in real estate and agricultural production. The floods caused by 'el niño' generated massive losses, which in a global context of credit contraction couldn't be covered by the domestic financial sector, expanding the panic to other sectors of the economy. The weak institutionality couldn't offer a timely solution to the problem and the financial sector fell into an increasing liquidity crisis.

As Scherrer (2011) argues, the measures taken in an economic crisis constitute an important indicator of political power. Lets summarize the Ecuadorian state's responses to the juncture.

Systemic liquidity crisis started in August 1998. During the following months the Central Bank offered liquidity to those banks that requested it. As soon as the biggest bank of the country showed signs of bankruptcy, the Congress approved the Deposits Guarantee Agency -DGA- that offered a warranty not just to onshore and offshore deposits without limits, but also to several kinds of bank liabilities acquired until the day before. Many actors with privileged information actually bought many of them during a so called 'consolidation process', 24 hours before the Congress voted the law. Just the 36% of the USD 1.4 billion issued by the GDA were actually used for covering regular deposits (Páez 2003, 12).

The coexistence of deposits in dollars and sucres lead to a constant depreciation of the latter, counteracted by the government with different fiscal measures. When those measures were shown

to be insufficient, the government adopted a floating exchange rate that led to a macro-devaluation (Páez 2003, 50). In March of 1999, in a failed attempt to save the second biggest bank of the country, the government decreed a deposit freezing: of one year for demand deposits and savings, and of two for fixed term deposits. During that year, Ecuadorian GDP fell by a 7%

Not even this stopped devaluation, which rose to 500% in 2000, with an inflation of over 90%. It was in this context that President Jamil Mahuad decreed the dollarization of the economy (Paez, 53). The exchange rate established in this process also benefited financial capital: deposits were given back to the savers at 25% of the real value they had at the moment of the freezing and the debts of the private sector to Central Bank were calculated using the same exchange rate, being reduced, therefore, in the same proportion.

From the first debt renegotiation, the commitments established with the creditors were a priority for Ecuadorian governments, affecting monetary, economic, fiscal, trade and social policy. From 1983 onwards, creditors were represented by the so called "debt management commission" that gathered bilateral, multilateral and commercial debt holders, but that was in practice controlled by the Lloyds and Chase Manhattan Banks. The commission imposed policy guidelines in the several renegotiations that followed the default, in line with the so called 'Washington consensus'. The "social and economic stabilization program", as well as several 'action plans' 'development strategies' and 'letters' contained binding policy commitments oriented towards economic liberalization "in a camouflaged and sometimes hidden way" (Comisión de Auditoría Integral para el Crédito Público 2008). The Audit Commission of the Ecuadorian Debt identified among the creditor's requirements "State and public expending reduction, deregulations, privatization of companies and institutions with transfer of public assets and competences to the private sector, labor flexibilization and trade liberalization" (Comisión de Auditoría Integral para el Crédito Público 2008).

Their counterpart in Ecuador was, until 1998 the Monetary Board, and from then onwards the Directorate of the Central Bank. From 1976 onwards, legislation granted them 'independence from fiscal policy' (Banco Central del Ecuador 2002) which in practice allowed them to represent the country's chambers of commerce as well as local and foreign private banks, their representatives

held the majority within the directorate's composition [29] (Acosta 1995, 134). That was clearly the case during the successive debt renegotiations, from which creditors and the local private sector always benefited, but also in specific junctures, like when, for example, in 1984 the Board improved the conditions of the debtors of the "sucretization" (Comisión de Auditoría Integral para el Crédito Público 2008), or when with the liberalization of the interest rates in the middle of the 1990s contributed to an increase of the country's public debt (Comisión de Auditoría Integral para el Crédito Público 2008).

But this formal independence was, in many cases, unnecessary, given the fact that, during the period of analysis, monopoly capital in Ecuador controlled the executive almost without interruption (Table 1). Their candidates won 5 of the 6 presidential elections held between 1979 and 2003. The only exception was Rodrigo Borja (1988-1992), from the Democratic Left, who nevertheless appointed a representative of one of the biggest banks of the country as his Minister of Economy. The other presidents were all members of Ecuadorian bourgeois families, and ran with explicitly neoliberal programs. The 5th, Jamil Mahuad, who carried out the dollarization of the economy, also received the 27% of his campaign funds from the second biggest bank in the country and appointed several direct representatives of financial capital to key economic positions (El Comercio 2014).

Table 3.1: Economic groups and governments

President elected	Period	Party	Economic Group
Jaime Roldós	1979-1981	CFP	La Filantrópica (Isaias), Dunn Barreiro
León Febres-Cordero	1984-1988	PSC	Supergrupo Guayaquil
Rodrigo Borja	1988-1992	ID	Banco del Pacífico*
Sixto Durán Ballén	1992-1996	PR	Supergrupo Guayaquil, Dunn Barreiro, Wright
Abdalá Bucarám	1996-1997	PRE	La Filantrópica, A. Noboa
Jamil Mahuad	1998-2001	DP	Wright, Banco del Pacífico, La Filantrópica, Aspiazu

Sources: Pazmiño (2016); Espinosa (2010)
*Not directly: The minister of the economy, later involved in a corruption scandal, was the former director of the bank.

29 From 1971 to 1998, the Central Bank directory was constituted by one representative of the president, the Economy Minister, one representative of the Chamber of Industries, one of the Chamber of Commerce, one of the coastal chambers, one of the highlands chambers and one of the private and public banks (Banco Central del Ecuador 2002).

c. A fleeing victory of the social movements

In 2000, the indigenous movement, articulated with the public workers of the social security, oil and education sectors, neighborhood organizations, political parties and military forces, mobilized against Mahuad, deposed him, and constituted a provisional government, composed by one member of the supreme court, one of the military forces and another from the indigenous movement: a "civic-ethnic-military seizure of power", in the words of the historian Carlos Espinosa (2010: 728). This provisional government was replaced, after negotiations, by Mahuad's vice-president Gustavo Noboa, who finished the presidential term.

Three years later, Pachakutik built a electoral alliance with a new political party, Patriotic Society, gathered around Lucio Gutierrez, a Colonel that took part in the provisional government. The electoral platform was constituted around very broad objectives: democratization and state reform, decrease of the interest rates, increase of public spending, recovery of national productive capabilities, small business support, indigenous participation in public institutions and struggle against corruption. On the international front, there were sovereign claims, especially independence with respect to international financial institutions and the United States (Carvajal 2004: 7). The alliance attained the weakest classification to a runoff since the end of the military dictatorship, with barely the 20% of the votes, but defeated later Alvaro Noboa with a 54% of the votes. The number of Congress representatives of Pachakutik, meanwhile, ascended from 6 to 11, a still small but historic number for the party (Cruz 2012: 12; Ramirez 2003: 41).

Tensions within the coalition emerged at the beginning of the government, initially regarding the distribution of the ministries. Gutierrez gave the strongest ones either to his military allies or to individuals close to the dominant economic groups. However, Pachakutik got appointments in the ministries of agriculture, international relations, education and tourism (Cruz 2012: 12; Ramirez 2003: 41). Things worsened with some of Gutierrez' first initiatives: in a visit to the United States, he announced his commitment to US policy toward the Colombian' civil war, and later, after negotiations with the IMF, increased the cost of basic services and implemented fiscal measures aiming to 'stabilize the economy'. On the distribution of key positions within the public institutions, the administration exercised nepotism and cronyism (Ramirez 2003: 41). Pachakutik and members

of the indigenous movement openly confronted Gutierrez for many of those actions, but in the key moments called for restraint, containing the popular mobilization (Cruz 2012: 13).

In August 2003, the government attempted to pass through Congress a package of fiscal measures necessary to comply with the requirements of the IMF. Despite Gutierrez' threats, Pachakutik refused to support the measures. Gutierrez then requested the resignation of all of Pachakutik's members of the cabinet. Seventh months after the beginning of the government, the coalition was terminated (Ramirez 2003: 48). In order to gain alternative political support, Gutierrez approached the traditional parties, also deploying a co-optation strategy with indigenous leaders, which ensured a certain support especially in the Amazon. The indigenous leaders that stayed closer to the government blamed on the 'white-mestizos' within Pachakutik for the rupture of the alliance (Ramirez 2003: 48). Paradoxically, the members of the indigenous movement that broke with Gutierrez, also blamed Pachakutik's participation in the government on the 'mestizos' (Carvajal 2004: 9).

The electoral results of the regional elections of 2004 showed a weakened government, as Patriotic Society obtained only 5% of the national votes (Unda 2005: 130). In an attempt to get some political support in Congress, Gutierrez reached an agreement with the party of the former president Abdalá Bucaram -by then required by Ecuadorian justice- in which, in order to allow his return to the country, the members of the Supreme Court were replaced Bucaram's allies, a move that upset broad sectors of public opinion (Espinosa 2002: 750).

In April 2005 Gutierrez was overthrown by a new series of citizen protests. But this contesting dynamic showed a significant shift with respect to the earlier one, particularly regarding the actors that carried it out. The participation of Pachakutik during the early stage of Gutierrez government, weakened the summoning capacities of the indigenous movement, which by then was seen as a "traditional" social movement, incapable of creating an opposition force (Unda 2005: 130). This was also a manifestation of an ongoing exhaustion of political capital, already manifested from the end of the 1990s, and also partially resulting from the internal conflicts of the movement (Barrera 2002: 227). The calls from both, the unions and the indigenous movement against Gutierrez had a weak response, indicating the sunset of the protagonist forces of the anti-neoliberal resistance of the earlier decade.

Conclusion

As argued in chapter 3, the development project behind the military coup of 1972 emerged from the progressive forces within two state class fractions: the military and the cadres. Nevertheless the relations of force within and outside the state, drove their project in a completely different direction than the one originally conceived. Though there were some positive results in terms of growth of the national manufacturing sector, it is also true that the weakness of the progressive forces frustrated the fulfillment commitments made to the popular sectors that supported the original political project. The situation instead allowed the country's old dominant class to drive the "developmentalist push" in a direction that favored its own interests. A sector of the country's old oligarchy, which as a result of the cacao and banana boom was transformed into a commercial bourgeoisie, used state interventions to its own benefit, becoming a monopoly capitalist class and strengthening its links with transnational capital. This was a period of increase in the economic power of the Ecuadorian and transnational financial capital, as a result of policies implemented at both the international and national level.

In a certain sense, it can be said that neoliberalism came from abroad, as it was the Volcker shock what forced the country to bind itself to the policy guidelines of the financial institutions. But the economic dynamics that were unfolding at the national level prepared the class alliance that became manifest during the debt negotiations that followed. Representatives of Ecuador's financial capital – already intertwined with transnational financial capital – , represented the country during its negotiations with the lenders, themselves represented by powerful members of transnational financial capital. This ensured that the policies and measures promoted increased their economic and political power to an exceptional degree.

The implementation of the neoliberal project in Ecuador was disturbed by a particular event, the indigenous uprising of 1992. The latter was the manifestation of an "overdetermined crisis", that concentrated contradictions originated both, in the colonial and neoliberal periods. To a great extent, it was an interruption of the logic of "racism": the indigenous movement contested the different forms of exclusion their people were suffering. But, since many of those exclusions were economic, the revolutionary subjectivity that emerged also challenged important features of the contemporary configuration of the logics of capital self-valorization.

The political subjectivity that began to be configured there can be described, to a large extent, as antineoliberal. It certainly contested the main features of the neoliberal program, rarely reaching anti-capitalist claims. By 1995, the political body that bore this political subject was also more or less configured: it can be described as the union of the National Coordination of Social Movements and Pachakutik. As a multiple, this political configuration included reactionary elements that limited the revolutionary subjective development. At the same time, the prevalence of a corporatist perspective allowed many neoliberal governments to achieve provisional agreements with fractions of the indigenous movement, related with the specific indigenist claims. This limited the consolidation of a hegemonic articulation from the aforementioned political body.

But this was also the time in which the deterioration of the economic and social conditions was accompanied by a crisis of representation of the entire political system, a sign of development of what Gramsci called an "organic crisis" (Gramsci 1988: 218). This does not imply, however, that the monopoly capitalist class lost its control of the political power. There are at least four reasons why that did not happen:

One factor was the neoliberal consensus that dominated the international context. While, during the early implementation of neoliberal policies in Chile and Argentina the thought of the Chicago school was marginal, by the end of the 1980s the 'monetarist' approach was dominant not just in the IMF and the WB but also in almost all the economic departments of U.S. Universities. During the following decade, the Blair and Clinton administrations decisively pushed for the consolidation of the Washington Consensus (Harvey 2007, 93). In this extremely favorable ideological context, financial capital moved forward its own agenda through the multilateral institutions, consolidating a legitimacy based on an apparent technical rationality.

A second factor was the control by financial capital of most of Ecuador's media. An emblematic case is that of the Isaias brothers. Owners of Filanbanco, the second biggest bank in the country at the moment of the crisis, the Isaias brothers used their newspaper, radio and TV channels to defend themselves from the judicial investigations that followed the bankruptcy of Filanbanco. Fernando Aspiazu, owner of El Progreso, the country's biggest bank, implemented a similar strategy. Through his own media, Aspiazu framed its bankruptcy successfully as a regional confrontation between the central government in Quito and Guayaquil –the latter being domicile of the financial

institution—, mobilizing thousands of citizens to pressure for government support (Checa-Gody 2012, 313-315).

Third, as mentioned before, a fraction of the monopoly capitalist class had the ability to channel the popular discontent of broad sectors of the popular classes toward what the Ecuadorian sociologist Agustin Cueva called a 'limited anti-oligarchic populism' (Cueva 2012, 230). From the end of the 1970's the "Lebanese banker opposition" (Navarro in North 1985, 428), descendants of migrants that arrived in the country at the beginning of the 20th century (Pastor 2016, 49) and made their fortune in formal and informal trade (Acosta 1995, 5), developed an antagonistic discourse against the country's traditional bourgeoisie, in the midst of an increasing political and economic confrontation. This anti-oligarch articulation, condensed in the 'Concentration of Popular Forces', won the presidential elections immediately after the dictatorship – in a coalition with a political party of the highlands— , also attaining the majority of the parliamentary seats. After the death of the president Jaime Roldos in a helicopter crash, the party rebranded itself as Ecuadorian Roldosist Party and kept a significant parliamentary participation. Finally, in 1996, in the midst of the increasing antineoliberal mobilization, its candidate, Abdalá 'the crazy' Bucarám, won the presidential election, with a particular discourse that mixed anti-elitist feelings with neoliberal proposals.

Last but not least, during the peak of the speculative fever, broad sectors of the middle class and pensioners became engaged in several small-scale speculative mechanisms, attracted by the exceptional interest rates offered by the financial institutions. This may have created a short-term solidarity of interests with financial capital.

Despite the configuration of an organic crisis, Ecuador's dominant class seemed to be able to keep enough political power as to avoid a revolutionary outcome. At the same time, the mobilization of the anti-neoliberal social movements was able to challenge the normal functioning of the dynamics of domination and exploitation that constituted their operation and reproduction of power. This situation recalls what Gramsci described as a "catastrophic equilibrium". I will explore this interpretation in the next chapter.

Chapter 5:
The passive revolution of Good Living

Introduction

In my first chapter, grounded in the materialist dialectic of Alain Badiou and on theoretical contributions from Antonio Gramsci, I suggested a conceptualization of social change as resulting from the (rare) convergence of a structural organic crisis and a successful revolutionary subjective intervention — what it is usually called a revolution.

However, it may be the case that, despite the presence of an organic crisis, revolution fails: it can be followed by a restoration, a counterrevolution or a "passive revolution". In chapter three, I mentioned one particular understanding of "passive revolution" that refers to those transitions to bourgeois national dominations characterized by compromises with the former dominant classes, which imply a mixture of revolution and restoration, and where molecular changes were implemented from above (Gramsci 1988: 249-274). There is, however, a recent use of the category where the concept is used to describe "progressive aspects of historical change during *revolutionary* upheaval that become undermined, resulting in the reconstitution of social relations but within new forms of capitalist order" [30] (Morton 2007: 150-151).

From this point of view, passive revolutions are understood as counter-revolutionary processes that block potentially successful revolutionary political projects. This is, indeed, the interpretation of the concept that has predominated when used to understand the political processes of the so-called Latin American Pink Tide, as it is the case in Hesketh and Morton (2014), Webber (2017a, 2017b, 2016) and Modonesi (2013). There, the "dialectic" of the political juncture tends to be portrayed as the contradiction between a "vigorous antithesis" (Callinicos 2010: 501), represented by the anti-neoliberal social movements, and a counterrevolutionary force, in those cases corresponding to the leftist government and ultimately the state. But, as I have extensively argued in chapter three, this contradicts a "relational definition of the state" like the one that seems to be envisaged by Gramsci, Poulantzas and many advocates of Neo-Gramscian studies.

30 Emphasis mine

I would like to offer an alternative understanding of the concept. Grounded in a meta-theoretical reading of the category based on Badiou's materialist dialectic, I suggest an understanding of passive revolution as a result of the interactions between a revolutionary subjective intervention (or lack thereof) and structural conditions: although there may be a structural crisis, there may also be a limitation on the 'subjective side' such that social unrest is "sporadic and incoherent" and an *avant garde* capable of forcing the situation is absent. In such cases, there is some revolutionary subjectivity, but it has not become sufficiently developed. This generates a situation of catastrophic equilibrium where, although several factors may intervene, "[…] the decisive one is the immaturity of the progressive forces" (Gramsci 1988: 219).

The decisive role of the relative weakness of the progressive forces is certainly relevant, as it configures a "catastrophic equilibrium". However, the two categories are not equivalent, and it is fundamental to be able to conceptualize the way the latter gives way to the former. This is a process described by Gramsci as follows:

> When the progressive force A struggles with the regressive force B, not only may A defeat B or B defeat A, but it may happen that neither A or B defeats the other -that they bleed each other mutually and than *a third* force intervenes from the outside subjugating what is left of both A and B (Gramsci 1988: 269. Emphasis mine).

In my case, this third force is the Citizens' Revolution (CR), a political manifestation of what I characterized in chapter 3 as a "cadre fraction", a specific state class fraction.

In this chapter I will develop this interpretation, providing empirical evidence associated with some of the main features attributed by Gramsci and other theorists to this kind of political situation. In the first section, I will provide some indicators that support my reading of the political juncture that followed Gutierrez's destitution in 2005 as a "catastrophic equilibrium" between the Ecuador's social movement coordination and neoliberal forces. This will be followed by a description of how a novel social force led by cadres took advantage of the situation, shifting the balance of power against the neoliberal forces as the reforms carried out thereafter suggest. In the second section, I will focus on how some reforms designed and implemented "from above" led to an increase in the political conflict between the CR and different sectors of the civil society, including organizations linked to the anti-neoliberal coalition. In the third section, I will give an empirical example of how the most radical initiatives are dismissed during a passive revolution. I will refer specifically to the

ITT-Yasuní initiative, which sought to de-commodify a substantial proportion of the country's oil reserves.

1. Forcing the situation: the cadres intervention and the "post-neoliberal reform"

a. "Catastrophic equilibrium" in the anti-neoliberal struggle

As described in chapter 3, the neoliberal reforms that began with the return to democracy led to a dramatic economic crisis in 1999; the political system, exhausted by the internal confrontations among the different monopoly groups, as well as between political parties, was incapable of administering the accumulated social contradictions. In a political context characterized by a leadership crisis of the unions, the indigenous movement emerged as an alternative, re-articulating the popular field in what, in the middle of the 1990s became a twofold organization, constituted by the Social Movements National Coordination (henceforth SMNC) and Pachakutik (henceforth PK), its political party. Despite the membership of of mestizos, the indigenous movement held the majority within the latter.

The indigenous movement's capacity to lead that articulation implied the development of a political subjectivity that moved from a corporative (indigenist) identity towards hegemonic leadership. This was clearly expressed in a famous motto used by its leaders: "to look with two eyes: as poor and as indigenous, as exploited peasants as well as an oppressed race and culture"[31] (Barrera 2001: 148). However, the corporative orientation was not an overtaken obstacle. Quite the opposite, this was a shortcoming strategically used by neoliberal politicians in order to neutralize the movement in specific junctures, as was notably the case with the creation first of the Ethnic Affairs Secretary by Abdalá Bucaram, and latter with the National Council for the Development of Indigenous Peoples and Nationalities -financed by the World Bank-. The corporative approach prevailed after the overthrow of Gutierrez as both, the sectors that supported the former as well as those who opposed him blamed on the PK mestizos the mistakes made during the juncture (Ramirez 2003: 48; Carvajal 2004: 9).

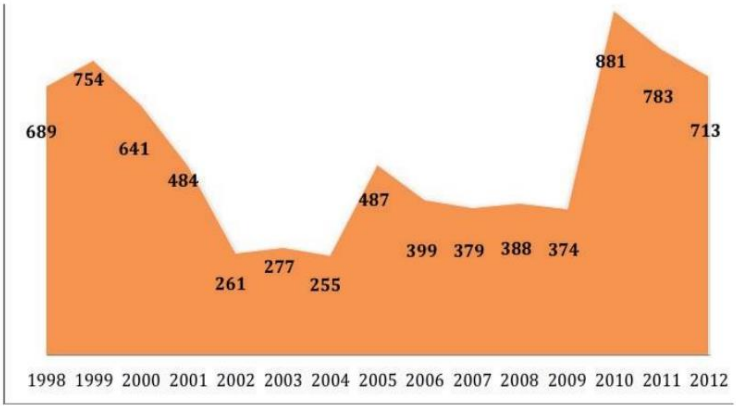
31 Our translation

That was precisely the main reason behind Pachakutik's decision to not support Rafael Correa's candidacy. The electoral results showed its negative impact, as their candidate Lucho Macas came in 6th with only 2,4% of the valid votes (Ramirez and Stoessel 2015: 44). The fact that Pachakutik's electoral potential was tied to an articulatory strategy seemed to be confirmed by the fact that it was in the previous presidential election, in its alliance with Gutierrez party Patriotic Society -PS-, when a Pachakutik-supported candidate obtained the best scores. But even there, the electoral results were modest: they moved to to the runoff with a little more than a 20% of the votes, the lowest ballot count for a runoff since the return to democracy. In general, it can be said that Pachakutik was never particularly strong at the electoral level: in the 1998 Constitutional Assembly, PK won a 10% of the seats, while in the parliamentary elections the party always won even less than that.

That explains the obstacles of translating social movement demands into the political system. However, even if the Ecuadorian indigenous movement and their allies were relatively weak in electoral terms, this was clearly not the true of their mobilization capabilities: the movement was behind all the presidential ousters of the neoliberal period, and with the SMNC hit a peak in their convening power, overthrowing Abdalá Bucaram (1997) and Jamil Mahuad (2000). However, their mobilization capacity was visibly reduced by the time the movement against Gutierrez started in 2005. The call from the already 'traditional' social movements was then replaced by the self-organization of an 'autonomous' urban middle class (Unda 2005). Either because fifteen years of mobilization weakened the social movements' capacities, or because their participation in the Gutierrez government -and their own calls to restraint at the beginning of the crisis- eroded their legitimacy, their forces for direct action were substantially weakened.

Graph 5.1 shows the number of episodes of political conflict registered in the Ecuadorian media, between 1998 and 2012. As can be seen, there was a peak in 1999 -the year when the economic crisis exploded-. There was a momentary increase again in 2005 -the year of Gutierrez destitution- , but it is clear how the years between 2001 to 2009 seem relatively calm compared to the notably higher levels of conflict at the end of both decades.

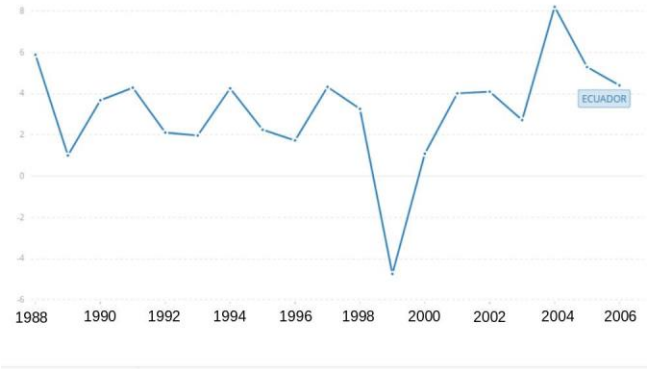
Graph 5.1: Political conflicts between 1998-2012



Source: Ramirez and Stoessel, 2013

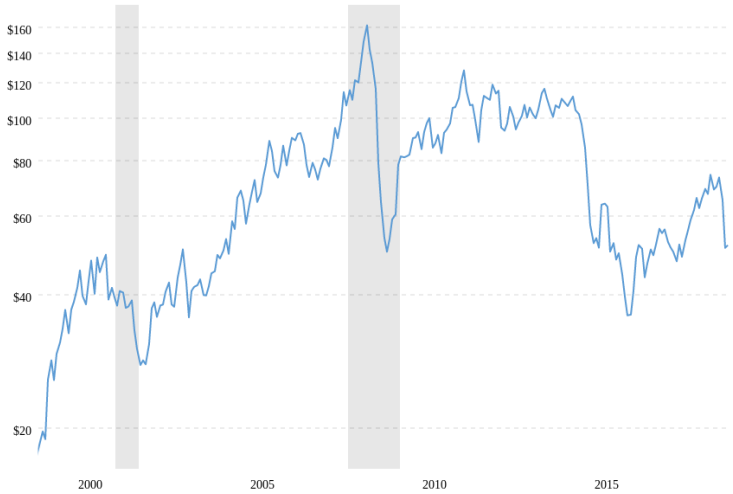
The Ecuadorian economy also recovered in the new millennium (Graph 5.2), boosted in part by the beginning of the commodities boom, and by the exceptional increase in international oil prices (Graph 5.3). Despite its negative effects, the dollarization of the economy controlled inflation, one of the most pressing symptoms of the economic instability of the previous decade (Graph 5.4).

Graph 5.2: Ecuador's economic growth (1997-2006)



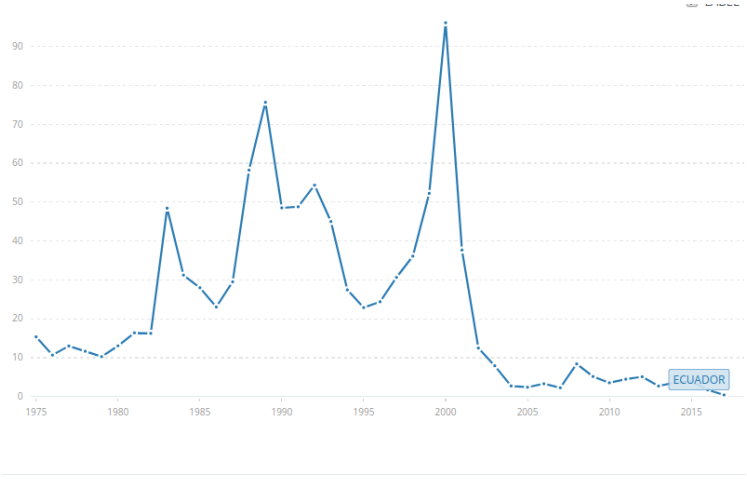
Source: World Bank

Graph 5.3: WTI International Oil Price (2000-2016)



Source: Macrotrends

Graph 5.4: Ecuador Inflation, Consumer Prices % (1975-1917)



Source: World Bank

Relatively weakened after a decade of mobilization and partly delegitimzed by their participation in the Gutierrez government, the antineoliberal social movements seemed also to be incapable of winning the upper hand with respect of neoliberal forces in the institutional arena. Although the latter was also weakened after a decade of organic crisis, it appeared to be strong enough as to keep

control of the political system: during 2006 presidential elections, Álvaro Noboa, the banana magnate, won the first round with 26.8% of the votes -6 points more than what Gutierrez coalition obtained in 2002- , followed by a new figure, Rafael Correa, with 22.8% of the votes. Something similar happened in the parliamentary elections, where the right wing traditional parties won 52% of the seats, while SP, now allied with the right, won 24%. The political forces linked to the anti-neoliberal social coalition won only 10%. This panorama looked much more like a "catastrophic equilibrium", than like the "pre-revolutionary" situation that some scholars tend to describe.

b. The rise of the cadres

A catastrophic equilibrium scenario opens, but not define a passive revolution. For the latter to occur, it is necessary that a third force take advantage of the situation. What kind of force can that be? Modonesi, for example, has highlighted the role of charismatic leaders in the Pink Tide, in a particular interpretation of what Gramsci called Cesarism or Bonapartism (Modonesi 2013). Gramsci certainly contemplated the possibility of a charismatic intervention: "[w]hen such crises occur, the immediate situation becomes delicate and dangerous, because the field is open for violent solutions, for the activities of *unknown forces, represented by charismatic men* of destiny" (Gramsci 1988: 218). The paragraph is however ambiguous, in the sense that while recognizing the importance of such individual figures, they are presented as inextricably linked with what he calls "unknown forces".

The risk of overrating the importance of either the tiebreaker personality or the social force behind it is always problematic. Marx pointed out the risks of former in its *Eighteenth Brumaire*, using as example Victor Hugo's account of Louis Bonaparte coup:

> "He [Victor Hugo] sees in it only the violent act of a single individual. He does not notice that he makes this individual great instead of little by ascribing to him a personal power of initiative unparalleled in world history. Proudhon, for his part, seeks to represent the coup d'etat as the result of an antecedent historical development. Inadvertently, however, his historical construction of the coup d'etat becomes a historical apologia for its hero".

To fall into the opposite mistake and consider those individuals as accidental should also be avoided. As Sartre suggested speaking about the figure of Napoleon:

> When it is said to us "Napoleon, as an individual, was just an accident; the necessary was the military dictatorship, as the regime that liquidated the Revolution", we lost all the interest, because that we always knew. What we would like to show is that Napoleon was necessary, that the development of the Revolution created at the same time the necessity of the dictatorship and the entire personality which was going to exercise it, as it did with the historical process that gave precisely to General Bonaparte the previous powers and the occasions that allowed him -and just him- to accelerate that liquidation[32]

Lets be wary of these warnings as we return to the juncture of our Andean catastrophic equilibrium. As I mentioned in the former section, there was a change in the protests' social composition relative to that of the 1990s; something shown during the 'outlaws movement' -*forajidos* in Spanish-, that led to Gutierrez' ouster in 2005[33].

While during the 1990s and even up to Mahuad's ouster in 2000, the main protests were the so-called "indigenous uprisings", consisting of massive mobilizations from the countryside to the cities, the outlaws movement was, on the contrary, an urban one, concentrated in the country's capital. What made this contrast even clearer was the fact that Gutierrez's defensive strategy included an attempt to mobilize indigenous supporters from the Amazon to Quito; a move blocked by the outlaws. (Unda 2005; Ramirez 2005; Espinosa 2010: 751-756).

Mobilizations were coordinated through a middle class private radio station and new technologies of information and communication (Ramirez 2005). Protests were scheduled usually after 6 p.m., in order to ensure formal workers participation (Unda 2005). This does not mean that the movement was exclusively a middle class one, as there was an important presence of members of neighborhood organizations, women and informal workers organizations, but certainly there was a leadership of the middle-class urban sectors.

The outlaws movement defeated Gutierrez on the 20th of April of 2005, after few weeks of intense mobilization. Alfredo Palacio -Gutierrez's vice-president- was put in charge by Congress, finishing the presidential period under the promise of follow the "outlaw mandate". It was precisely during his brief administration that the figure of Rafael Correa emerged. Correa was named economy minister, a position that he held for only three months, but long enough to gain popularity, among

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33 That was the way in which Lucio Gutierrez labeled the participants of the firsts protests against him, during the firsts weeks of April 2005, during a public interview in a radio station. The recovered the label as the name of their movement.

other reasons for increasing bilateral cooperation with Venezuela, already under the Chavez government, and a confrontation with multilateral organizations, which rejected his economic plan suspending a previously granted loan (Ecuamex 2005).

There is no doubt that the brief period of Correa as a minister was fundamental for the dynamics to come. To avoid overestimating his role as an individual in the whole political process, it is worth highlighting some links of Correa's trajectory with the broader social dynamics that I have been describing.

Lets start with the regional cleavage. As was already pointed out by Gramsci himself in a brief note about Ecuador (Gramsci 2011: 195, §107), its republican history is marked by the confrontation between the the inheritors of the colonial order, located in the highlands, and the financial and commercial bourgeoisie based in the countryside. Over time, this became a strong divide between the two regions' populations, always with political implications. The particular biography of Correa made him appealing to the voters of both regions: Although he was born and raised on the coast, he was a respected academic of the San Francisco University, an elite higher education institution in Quito -located in the highlands-, where he moved after finishing his studies.

A similar duality marked his class background. The son of an unemployed father that was later imprisoned as drug mule in the US, Correa and his family experienced many hardships during his childhood and youth (AFP 2007). He was, however, able to pursue higher education on scholarships, including a masters' degree in the University Massachusetts in the US, and a PhD in Lovaina, Belgium. This gave him not only the image of a self-made man, but also access to different social environments, which brought him closer to the popular sectors, while showcasing symbolic qualities that garnered the respect of the middle and the upper-middle classes.

Furthermore, during several years he did social work in highlands' indigenous communities, under the leadership of Monsignor Leonidas Proaño, a key figure in liberation theology and in the country's indigenous movement (EFE 2006). As a result, he added to his proficiency in English and French, some knowledge of Quichua, an exceptional qualification for a non-indigenous politician. His background in the liberation theology, was also appealing to broad leftist sectors of the country, also increasing his popularity among non-leftist catholics.

All the aforementioned features gave him the possibility of bringing together two important — and until then opposed — political traditions in the country's electoral politics: the anti-elite popular interpellation that characterized the late coast-side politics, on one hand, and the technocratic legitimacy that predominated in the highlands, on the other.

This exceptional biography was a synthesis of the trajectory of several other members of the CR, as part broader political and social dynamics were several cadres took part of. Ricardo Patiño and Alberto Acosta, for example, key figures of the CR were also academics, and furthermore, economists, linked with the social movements. The three of them originally met in *Jubileo 2000*, a group of intellectuals and militants focused on the problem of the Ecuadorian public debt (Casinos Rosell 2013). Other members of *Jubileo 2000* belonged to a bigger network of heterodox economists and social scientists of academic spaces like the Latin American School of Social Sciences and the Catholic and San Francisco universities, spaces that constituted the policy network from where the cadres of the CR government were recruited. From their participation in the anti-neoliberal struggles in the preceding decade, many of those academics also had contacts with civil society organizations and social movements, from where key figures of Movimiento PAIS -Rafael Correa's party- were later recruited (El Comercio 2017).

The cadre character of the movement later became a salient feature of the CR government composition, making "meritocracy" an important source of legitimacy. A study about the key figures of the executive branch during Correa's government up to 2012 found that

> "[…] the majority are young, with little or no earlier political experience, of technocratic background and mostly linked to the academia. It is a 'new governing elite', generally with high professional training in different disciplines, specialists and therefore technocrats, most of them former professors of national universities, and some even from Latin American, US and European institutions [...] [34]" (Castillo 2016: 67)

That does not mean that the movement was exclusively constituted by cadres. The background of the members of the first congressional bench of the CR better characterizes the kind of political articulation they represented. Though it had a high proportion of post-graduates (33.8%), it was surpassed by the conservative Social Christian Party (50%) -the party of the coast-side elites- in that

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regard. The CR was the only political organization that had representatives with only secondary (5,9%) and technical education (7,44%), which made it the party with the most diversity in terms of educational level. This may be linked to the fact that several of the CR congress representatives came from activism, student organizations (20,3%), neighborhood organizations (7,4)%, and women's organizations (4,4%), among others (5,9%) (Barragán and García 2013: 3).

The CR was the only party that had former public servants (16,2 %) and housewives (1,5%) within their bench, which was also the youngest on average (42 years old) and with the highest proportion of women (52,9%). Of its representatives, 69,1% were elected for the first time and more importantly, 43,3% of them started their political activities after 2000 (Barragán and García 2013: 4-7), which brought them politically closer to the outlaws movement than to former contestatory political experiences.

The following question to be answered is, how this heterogeneous coalition, lead by a group of cadres, was able to take advantage of the aforementioned "catastrophic equilibrium" that characterized the political juncture?

b. A cadres coup de main

The "proud and sovereign homeland" movement — PAIS, for its Spanish acronym —, was created in February 2006, in a meeting of young leaders where Correa was invited as a speaker. Several weeks before, social organizations and leftist political parties began to discuss the possibility of a unified candidacy for the upcoming elections, with Correa's name emerging among the most popular (Cordero 2016: 111).

PAIS became the institutional umbrella for his candidacy, which from the mid-2006 discussed the possibility of a political alliance with PK. A large group within the indigenous movement opposed the alliance, due to the mistrust of non-indigenous actors that resulted from past experiences, especially with Gutierrez. Other sectors of the movement, however, supported the coalition. The negotiations led to an internal division within the indigenous movement between those who supported Correa's candidacy, and those who wanted a properly indigenous candidate. The latter prevailed, launching Lucho Macas' candidacy for PK (Cordero 2016: 112-116).

Being 'draped in the banner' of the outlaw was a major advantage for Correa's candidacy. Their initial demand, Gutierrez' departure from office, transformed into a general rejection of Ecuador's entire political system, represented by the motto "everyone must go" — que se vayan todos" —[35]. Correa vindicated it, making the fight against "party-cracy" a fundamental component of his platform. Something similar happened with the call for a constitutional assembly. That was indeed, the origin of a bold strategy: not to present candidates for the congressional elections — to be held simultaneously to the presidential ones — (Espinosa 2010: 762), a decision that not only reinforced Correa's image as an "outsider", but also prevented a probable defeat for PAIS, given its initial lack of electoral capital.

During the following months, Correa's candidacy won the support of the socialist party and several progressive individuals, but not enough to win in the first round. It was defeated instead by the banana magnate Álvaro Noboa, as mentioned before (by 4%). The dispersion of the votes reflected the deep crisis of all the political parties. The remaining votes of the left were distributed between the social democratic Democratic Left Party (14.8%), and PK (2.1%). The remaining votes of the right were also split between the Social Christian Party (9.6%), and PS (17.4%).

During the runoff, Correa had to commit to not de-dollarize the economy, a possibility used as a boogeyman against him by private media (Espinosa 2010: 762). While Noboa spent USD 6.9 million on electoral ads, Correa spent USD 2.5 million. The difference was compensated by grassroots actions, like graffiti, songs and other artistic expressions. In reaction to the biased private media coverage, Correa's supporters used Internet based strategies, from spam to alternative news websites (León 2007). Correa won the runoff with 57.6% of the vote vs. Noboa's 43.3%. However, Noboa's party obtained a 28% of the seats in the parliament, followed by 24% for Patriotic Society and a 13% for the Social Christian Party.

Correa and PAIS stuck to the plan of using the call for a constitutional assembly as a strategy to overcome that disadvantage. In a symbolic gesture, Correa refused to take oath on the constitution

35 This was one of the many connections between the Argentinian *piqueteros* movement and the outlaws.

during his inauguration ceremony (*El Universo* 2009). It was a way to declare the current divorce between legality and legitimacy, locating the latter on his side.

The path towards a new constitution was not easy, however. The Constitution of 1998 did not consider such a possibility, so the only avenue was a referendum. Such a call had to pass through Congress and the electoral court, both controlled by PS. Right before Correa took office, and taking advantage of the opposition disputes regarding the distribution of the congressional commissions, PAIS reached an agreement with PS, supporting them in the latter in exchange of passing the referendum call (*El Universo* 2007b).

Once the referendum call passed, however, Correa modified it, giving the Constitutional Assembly the power to revoke the mandate of both, president and congress. PS rejected the move, and removed the president of the Electoral Court, who had allowed Correa's move (*El Universo* 2007a). In response, the president of the Electoral Court applied a norm that allowed him to unseat any public official who attempted to block an election: 57 of the 100 Congress members were removed and replaced by their deputies. Although the Constitutional Court attempted to revoke the measure, popular mobilizations blocked the attempt. Meanwhile, Correa's interior minister negotiated with the deputies, first for the replacement of the members of the Constitutional Court, and then for the approval of the referendum. The referendum was effectively held on April 2007 and "yes" option won with 81.72% of the votes.

Both, the victory over the congress and in the referendum, substantially increased the popularity of PAIS. Since the congressional representatives also lost their political rights upon removal, the right wing parties were deprived of many of their strongest candidates for the Constitutional Assembly elections, held in September of the same year. From the 130 seats, PAIS won 78, followed by SP with 18, PRIAN — Noboa's party — with 8 and the Social Christian Party with 6. The two parties closer to the anti-neoliberal coalition of the past decade — PK and the Popular Democratic Movement — obtained 4 seats each.

From the second round of the 2006 presidential election and until the new constitution's approval, the CR held the undisputable leadership of the left. While substantial differences on specific issues continued, the leftist political parties supported the CR government, both in Congress and in the

Constitutional Assembly, organized against a common enemy: Neoliberalism (Le Quang 2013: 19). During this period, the CR held several of the features that characterize a "jacobin" force, carrying out several of the policies demanded by the social movements of both, the 1990s and the 2000s, and the majority of those contained in the 2006 Indigenous Mandate (Macas et al. 2006).

From July 2007 to December 2008, the CR executed two key popular demands, that challenged the neoliberal order as described in Chapter 4, and that will be extensively discussed in the next one: the increase in taxation of windfall oil rents to a 99%, and the creation of a citizens' commission for the audit on the foreign debt, in charge of establishing both, its legality and legitimacy. On April of the following year, the government also canceled thousands of mining concessions, including million-dollar contracts with Transnational corporations — TNCs — (*Reuters* 2009).

In September 2008, and following a Constitutional prohibition of foreign military bases on the national territory, the government recovered the control of the Manta base, occupied by the US army since 1999. The decision was a victory for several social organizations that fought against the US military presence for almost a decade (Benassi 2009).

In July 2009, the government confiscated almost 200 companies —including three TV and one radio station— property of the fugitive Isaias brothers, the financial group Filanbanco owners involved in the 1999 financial crisis (*La Nación* 2009).

Though transcendental, these were one-off decisions that do not allow to declare the existence of a post-neoliberal reform. In the following section I will characterize the reform carried out by the CR in a more systematic way, connecting it with the main features of the neoliberal domination in the country, extensively described in the preceding chapter.

c. A post-neoliberal reform

Passive revolutions are processes of reform-restauration, that introduce changes in the social structure, modifying the dynamics of capital accumulation, but ensuring its continuity. As I have described, the CR is the result of a long process of social struggle, originated to a large extent by the crisis generated by the neoliberal reforms that began in the 1980s. In order to characterize it as a

passive revolution, and furthermore to establish its progressive or regressive character, it would be necessary to characterize it in its relation to the concrete manifestation of neoliberal domination in Ecuador, described in the former chapter. I will summarize some of its main features, identifying then to what extent it was effectively challenged by the CR's policies.

Neoliberal domination in Ecuador was above all a transnational financial capital domination — with the subordinated but active participation of the national financial capital — , which operated through two main mechanisms: a) imposition of policy guidelines by multilateral organizations and b) the capture of key financial state institutions, mainly the central bank and the monetary board. These two mechanisms were used to ensure value transfer to foreign financial institutions, particularly — but not exclusively— through manipulation of the public debt. Among the policy measures imposed on the country were the liberalization of capital outflows, and the de-regulation of the financial sector, which was largely responsible of the economic crisis of 1999. During this period, national financial capital, deeply connected with its transnational counterpart, increased its political power through control of private media companies and through direct participation in the executive branch, including the presidency and the economy ministry.

In this regard, one of the first endeavors of the CR was the substantial reduction of financial capital's influence in the decision-making process within the state institutions. The main measure was the Central Bank reform. The 2008 Constitution declared monetary, foreign exchange and credit policy the sole authority of the executive (Art. 303), eliminating the Central Bank independence established at the beginning of the neoliberal era. Later, the Monetary Regime and State Bank Law (2009) created a Central Bank directorate constituted exclusively by members of the Executive branch (Art. 2).

Having established safeguards against the influence of financial capital in state institutions, the CR administration placed requirements on financial institutions to keep part of their liquid assets in the country, in a proportion that increased steadily: 45% was imposed for the first time in 2009 in the middle of the global recession; in 2012 the share was increased to 60%, and by 2012 the reserves held within the country reached a historic 80%. Between 2009 and 2012, the Central Bank also repatriated around 2 billion of the country’s national reserves, previously held in foreign financial institutions. The CR also taxed capital that left the country, generating extra tax revenues of about 1

billion per year (Weisbrot, Johnston, and Merling 2017: 9). This tax rose from 0.5% in 2008 to 5% in 2011, also increasing as a share of the state revenue, from 1% in 2008 to 10% in 2012 (Weisbrot, Johnston, and Lefebvre 2013: 14). The prices of financial services were also reduced by more than a 50% during the first years of the government, in some cases eliminating the costs entirely (*El Tiempo* 2008).

Some additional measures were taken to derive public benefit from the profits of from financial capital. The government defined specific categories of assets that had to be included in the obligatory minimum liquid reserves, including 3% in bonds from any of the country's public financial institutions, and a 2% in fixed income assets of non-financial public institutions (Weisbrot, Johnston, and Lefebvre 2013: 14). This gave liquidity to the country, which was particularly useful when the international oil prices started to decrease in 2014 (Graph 5.3).

A "Glass-Steagall-type" provision was also included in the Anti-monopoly law of 2011, prohibiting the merger of different kinds of banks, or different kinds of financial institutions —- like financial societies, investment banks and insurance firms— in a single economic group (Weisbrot, Johnston, and Lefebvre 2013: 13). In 2012, the government issued a new law, imposing special taxes for financial assets held abroad, and higher rates for those located in a tax haven. In 2014, a new Monetary Policy and Regulation Board was created, increasing the executive's capacity to keep the sector under control (*Revista Líderes* n.d.). Representatives of the financial sector constantly complained about what they considered to be a hostile and discriminatory treatment from the CR government (El Universo 2012a)

Several measures were also taken to reduce financial sector's political power, specifically regarding its links to private media. The 2008 Constitution prohibited financial institutions, their board members and legal representatives from holding controlling shares within media companies. A further referendum in 2011 prohibited both, media and financial companies from holding shares in companies outside of their respective industries. A citizen audit found that the measures would affect 118 bankers, who at that point had shares in 201 media outlets (Checa-Gody 2012: 326).

An explicit refusal to accept policy guidelines from financial institutions was a permanent policy in the CR government, even when that meant taking on more expensive bilateral debt. This was one of

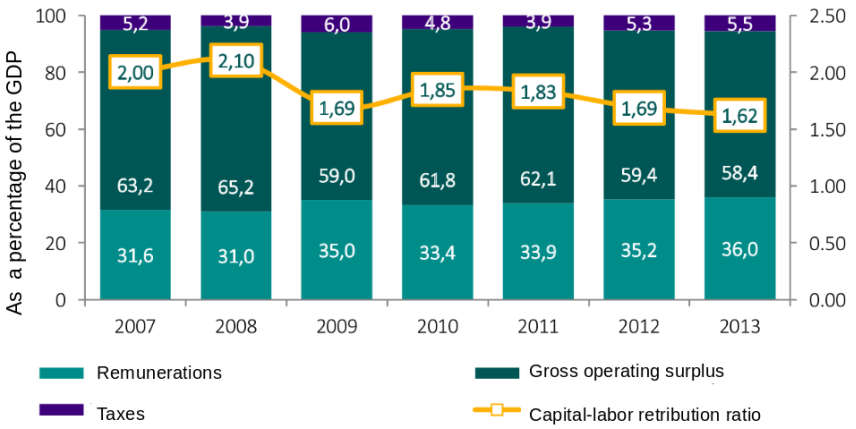
the reasons behind the increase in the bilateral relationship with China, which soon became Ecuador's biggest creditor (Bonilla 2015: 70-73).

A second important feature of the neoliberal period in Ecuador was the control of the oil sector by transnational corporations, which had started in the 1990s through a privatization process imposed during the foreign debt renegotiations. The measures taken by the CR to reclaim oil rents will be described in detail in the following chapter, as well as the international suits that the Ecuadorian state had to face as a result.

A third fundamental characteristic of the neoliberal period was labor precarization, a process that included a reduction in real wages, flexibilization and outsourcing of core firm functions to third parties. Aggravated by trade liberalization, these processes lead to an increase in informality. The CR took a series of measures to counteract these tendencies.

The 2008 Constitution (Art. 328) defined a *fair wage* as the amount required by workers to cover their own needs and those of their families; the 25th transitional provision, on the other hand, defined the *minimum wage* as the one that corresponds to the basic basket of food and services. The minimum wage was set to increase progressively until it reached the (always higher) fair wage, calculated yearly by the government, independently of any collective bargaining. The Organic Code of Production, Trade and Investments — OCPTI — (2010) established that private companies which made profit had to pay the fair wage to their workers, even if that meant using the 100% of its profits (Art. 10), implying that no profit can be distributed to shareholders until all the workers are paid with the fair wage. This legislation, as well as the government's positioning in the yearly collective bargaining processes, led to a considerable increase of the real minimum wage — a 48% between 2007 and 2016 — (Weisbrot, Johnston, and Merling 2017: 6), and to a constant increase in wages relative to capital remuneration. In 2007, of each USD 100.00 produced in the country, USD 63.2 remunerated capital and USD 31.60 went to labor; by 2013, the proportion changed to USD 58.00 to capital and USD 36.00 to labor (Instituto Nacional de Estadisticas y Censos 2014: 9). During those years, there was a constant reduction of the gross operating surplus, as shown in the following graph.

Graph 5.5: Functional Income Distribution



Source: Instituto Nacional de Estadisticas y Censos (2013)

Wage income increases operated differentially, benefiting the workers at the bottom more than those at the top. This measure also serves as a proxy of the improvement distribution by levels of qualification (Table 5.4).

Table 5.1: Urban Family Monthly Average Income per Capita: Labor and Total (2006-2014)

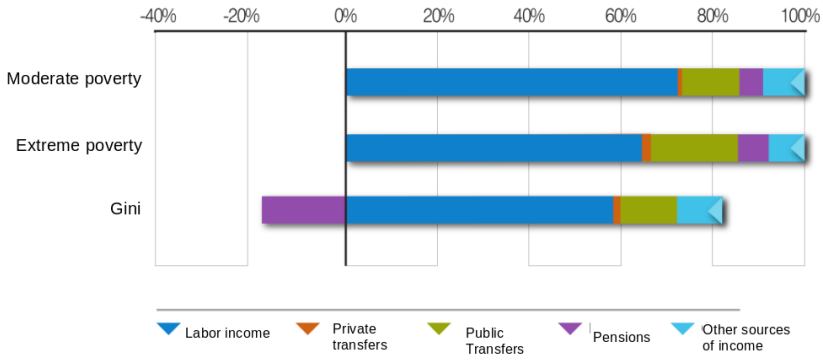
FAMILY MONTHLY AVERAGE INCOME PER CAPITA: LABOR AND TOTAL. URBAN, QUINTILE BY CONSUMPTION, 2006-2014					
		Labor income	Change %	Total income	Change %
Total	**2006**	**239,8**		**323,8**	
	2014	**298,7**	**24,6**	**415,7**	**28,4**
Quintile 1	2006	76,6		94,1	
	2014	107,9	40,9	136,0	44,5
Quintile 2	2006	108,2		134,7	
	2014	163,2	50,8	202,5	50,3
Quintile 3	2006	148,0		206,2	
	2014	207,3	40,1	269,7	30,8
Quintile 4	2006	215,9		289,9	
	2014	275,5	27,6	401,3	38,4
Quintile 5	2006	507,4		694,2	
	2014	569,4	12,2	818,2	17,9

Atuesta et al. 2016

The clear impact that changes in labor income had on the general income increases indicate the reduced role of direct cash transfers. In the case of Ecuador at least, poverty reduction during the period resulted from labor related policies, something confirmed by Atuesta, Cuevas, and

Zambonino (2016), who use a Shapley decomposition to calculate the contribution of different factors to poverty and inequality reduction in the country during the period 2006-2014.

Graph 5.6: Contribution by source of income on the changes in poverty and inequality



Atuesta et al. 2016

The impact of higher wages on poverty reduction was boosted by a substantial expansion of formal labor. Social security affiliation, which in Ecuador works as a proxy for formal labor, increased from 34% in 2007 to 53.3% in 2011, growing slowly but steadily during the following years, and reaching 58% in 2015 (Instituto Nacional de Estadisticas y Censos 2016: 5). Increases in the minimum wage also had a positive impact on the wages of independent workers, although the latter continued to follow a pro-cyclical pattern (Graph 5.6).

Graph 5.7: Real minimum wage median by occupation category and real minimum wage (2007-2015)

Instituto Nacional de Estadisticas y Censos 2015

*UMW: Unified Minimum wage

The 2008 Constitution banned labor outsourcing as well as hourly labor contracts (art. 327). A government proposal that made the neglect to affiliate full-time workers to social security a criminal offense was approved in a referendum, with a 55% of the votes (Consejo Nacional Electoral 2011); the 2014 Integral Penal Code established a punishment of 3 to 7 days of jail (*El Universo* 2014). Despite all these efforts, informality reduction was limited: from 45,1% to 40,4% from 2006 to 2016 (Instituto Nacional de Estadisticas y Censos 2014: 35).

It is probable that Ecuador's economic structure limited the possibilities of formal work expansion. Micro and small enterprises represented 83.7% of the companies registered by 2014. These companies concentrated only 11.5% of sales in the country (micro: 0.7%, small: 10.8%), but 29.6% of the employees registered in the social security (micro: 5,4%, small: 24,2%). Large companies, on the other hand, concentrated 73.3% of the sales, and a 47.8% of formal employment despite representing only the 3.7% of companies. This implies a huge productivity gap: in 2015 the average productivity (measured as sales/worker ratio) of a small company was 8.9% of a large one, where a worker generated 11 time more sales revenue than a small company (Instituto Nacional de Estadisticas y Censos 2016: 6-7). Large companies generated more and better-paying jobs than the smaller ones, but fewer formal jobs than those which small and micro-enterprises would have generated with the same number of sales.

Two final notes regarding the decrease in informality during the period: first,, it was higher in the rural areas compared to the urban ones: between 2007 and 2014, inadequate employment[36] as a share of the EAP decreased from 72.5% to 63.2% in the rural areas, and from 40% to 34% in the urban ones. Second one, in the urban areas, domestic labor was one of the sectors where formalization efforts were more focused (Enríquez and Paspuel 2017).

Finally, some some authors have argued that privatization was not a main feature of the Ecuadorian pre-CR neoliberal period. However, public services provision was limited and constituted one of the main grievances of the anti-neoliberal movements. The CR substantially increased public services provision as an explicit alternative to the cash transfers that featured the neoliberal period

36 Inadequate employment refers to those workers that do not work full time (despite wanting to) and/or earn less than the unified minimum wage.

(SENPLADES 2007 284). The government maintained, and even increased the number of families receiving cash transfers to 1.2 million (SENPLADES 2013: 120), but this nevertheless represented a marginal element of the overall social policy. "Teaching, social services and health" was the second sector in terms of contribution to GDP growth between 2007-2016, behind construction. During the same period, social expending rose from 4.3% to 8.6% of the GDP. The number of patients treated by public hospitals increased by 40.0% and spending on education grew from 0.7% to 2.1% of the GDP (the highest in Latin America). Public investment increased from 4% to 14%. falling to 10% in 2016, due to the substantial decrease of the international oil prices (Weisbrot, Johnston, and Merling 2017: 3-9).

The evidence presented in this section allows to conclude that the CR implemented a reform that tackled the main features of the Ecuadorian neoliberal regime, fulfilling several demands of the social movements of the preceding decades. However, as mentioned at the beginning, passive revolutions do not simply implement reforms, they implement them in a very specific way: from above. In the following section, I will argue that this feature explains several of the conflicts that the CR faced with broad sectors of the Ecuadorian civil society; conflicts that limited the possibilities of configuring a broad popular coalition in to confront the struggles implied by the post-neoliberal reform.

3. Political conflicts and reforms from above

As shown in Graph 5.1, immediately following the approval of the new Constitution the number of political conflicts registered in the media increased, reaching levels comparable to those of the end of the 1990s. As Ramirez and Stoessel argue (2015), this is related not only to the above described reforms, but also to the laws that the new congress had to approve by constitutional mandate. The anti-neoliberal coalition formed for the 2006 runoff was broken, forming a new configuration constituted by three fields:

> "[…] the Citizen Revolution and its political (socialist party) and social allies; a right wing opposition made up of conservative and center political forces, business associations, churches and the media; and a leftist opposition of political and social forces, including the Popular Democratic Movement, Pachakutik and former allies of the government[37]" (Le Quang 2013: 19)

37 Our translation

That the government was confronted by business associations is not surprising, given the reforms presented in the former section. However, the existence of an opposition from the left is striking, given the fact that the government implemented several of the reforms they demanded years earlier, including those in the PK candidate's platform. In this section I will describe three areas of conflict that are fundamental for understanding the political reconfiguration of the period. First, the conflict with private media; second, the conflict surrounding environmental issues — in particular mining — ; and the third is the conflict triggered by the reform of state institutions. While the latter two explain the conflict with several members of the anti-neoliberal coalition, the former was key for the reconfiguration of the entire political field.

a. The conflicts with private media

As mentioned before, the government restricted financial capital's media power. But the problem of media concentration in private hands, its relation with monopoly capital and the implications of these relationships for democracy went well beyond this measure, as the subsequent years showed. Becerra and Mastrini found that by 2004, the four biggest media operators by sector in all Latin American countries, concentrated more than 50% of the market: more than 60.0% in the case of newspapers, 70% in the case of radio and around 90% in the case of TV (Becerra and Mastrini 2010: 52). In a region were "political influence is crucial to success in business", media has become a strategic investment area (Hallin and Papathanassopoulos 2002: 184) that grants power to influence, or even blocks decision making.

In not few cases, the biggest media actors either have a direct link, or simply belong to the biggest economic groups in the region (Becerra and Mastrini 2010: 60). That may help to understand why so many Pink Tide governments had conflicts with private media (Kitzberger 2009: 160-161), which were aggravated when some of those governments attempted to modify media sector composition, introducing laws that replaced regulatory frameworks imposed by neoliberal or even military regimes. That was the case of Venezuela, with the 2004 Social Responsibility in Radio and TV Law, and Argentina's 2009 Audiovisual Communication Service Law (Orlando 2011).

Ecuador was not an exception in any of the aforementioned aspects. The regulatory framework in place when Correa took office dated from 1975, when the military were in power (Gehrke et al. 2016). Even before, several measures were taken by different administrations in order to benefit private media companies. In the constitutions of 1929, 1945 and 1967, special congressional seats where granted to "journalism and cultural institutions", almost always occupied by either major shareholders or high rank employees of private media companies. The first military administration (1963-1966) exonerated the latter from income and sales taxes. Furthermore, in 1969 they were included within the "transformation industries", eligible for benefits from the stimulus provided by the Industrial Protection Law. Probably one of the few measures taken to regulate the sector was the creation, in 1995, of a National Council of Radio and Television. But even there, representation was granted to the private media owners associations (Ramos 2013: 72-74). The presence of the powerful regulated actors within the regulating institution, in conjunction with different fraudulent mechanisms — like fictitious companies and fake transactions —, limited the antitrust measures that were created for the sector at that time (Checa-Gody 2012: 314).

It is not surprising then that, by 2007, more than 86% of the country's media was owned by the private sector (Gehrke et al. 2016: 13). As soon as the CR administration started to modify the sector's regulations, its relationship with private media became plain confrontation; and although the positioning of specific media outlets against Correa during the 2006 elections (León 2007: 54) may have played a role, the center of the confrontation was regulatory changes, several included in early commitments to civil society actors and representatives of community media, who demanded a democratization of the sector (Gehrke et al. 2016: 25).

The 2008 Constitution established communication as a "public service" to be provided by community, public and private media on equal terms. It also demanded a new communication law, presented by the government to congress in 2009. The proposal generated opposition by private media that was strong enough as to block its approval during Correa's first presidential term (Ramos 2013: 78). The CR had to wait until after the 2013 elections, when it obtained the necessary congressional majority to pass it.

The Organic Communication Law — OCL — approved in 2013 had several democratizing aspects. Notably, it included the redistribution of television and radio frequencies, until then concentrated in

private hands and in not few cases involving irregular or unethical processes. To this end, it established a citizen commission created by the government by disposition of the Constitutional Assembly (Comisión para la Auditoría de las Concesiones de Frecuencias de Radio y Televisión 2009). With the new regulatory framework, 34% of the frequencies had to go to community media, 33.0% to the private sector and 33% to public media (Art. 106). The law also restricts foreign capital participation: any media outlet with the capacity to reach more than a 30% of the population is considered "national", and therefore cannot belong, even partially, either to foreign citizens or to private companies based abroad. Exempted of that prohibition are foreign citizens with legal residence in the country (Art. 6).

The OCL also recognized the right of indigenous communities to broadcast in their own language; furthermore, all media outlets have to dedicate at least 5% of their broadcasting to indigenous and and *montubio*[38] communities, with content related with their culture, knowledge and traditions (Art. 36). The law also promotes national production: at least 50% of the content of music programs has to be produced in the country (Art. 103), as well as 80% of the advertising spots (Art. 98).

The law includes several clauses that protect the sector's workers. Art. 44 requires the media outlets to provide the economic, material and technical resources necessary for them to do their job. It also establishes differentiated minimum wages for the journalists, depending of the sector (private or community media). Since this was one of the most precarious sectors in the country, the government had already established minimum wages to journalists in 2012, with the Ministry of Labor doing unannounced inspections to verify its fulfillment, something denounced by private media as "harassment" (Ramos 2013: 78). The law also gave a six-year period to journalists to obtain a professional degree in the area, with an exception made for those who work in indigenous languages (Art. 42). Although professional journalists saw the measure as positive, journalist associations opposed it (Gehrke et al. 2016: 30).

The law also created two institutions: the Council for Regulation and Development of Information and Communication -CRDIC- and the Communication Superintendency -CS-. The CRDIC, in charge of generating secondary norms, is constituted by representatives of national and local

38 Name given to the peasants of the coast, who were recognized as an ethnicity in the Constitution of 2008.

governments and public institutions in charge of citizens' participation and anti-discrimination policies; the CS, on the other hand, has the power to impose sanctions (Gehrke et al. 2016: 8). Neither media outlets nor professional associations representatives where included within those bodies, something that may explain the rejection to which the institutional framework was subject.

One of the most criticized elements contained in the law, was a polemic legal category called "media lynching", referring to "repetitive publication of information that discredits a person or an institution", with punishments ranging from public apology to three years in prison (Art. 26).

Both, the institutional framework created, as well as the "media lynching" legal category were systematically used by private media to frame the law as punitive, characterizing it as a "gag law", in coordination with regional allies that were facing similar regulation attempts. Particularly important in this framing was the role of the Inter-american Press Association — IPA —, which explicitly positioned itself against the regulatory initiatives, something unsurprising insofar as the IPA is fundamentally a regional media business association (Orlando 2011).

As a result of those regulatory changes, the CR faced explicit opposition from private media outlets, that behaved as a political actors and its potentialities, it seemed unable to establish political articulation with those who benefited from the laws. For example, the inclusion of "media lynching", reduced the potential support that could have obtained from journalists; at the same time, it did not promote initiatives for the low rank journalists organization, which stood to benefit most (Ramos 2013: 81).

Something similar happened with public media: though there was an increase in its institutionalization, the government maintained political control over its content, something that became visible with the mass resignation of editorial writers of El Telegrafo, the most important public newspaper at the time (Fundamedios 2010). This limited public media legitimacy, seen by several citizens as government propaganda outlets.

Although the law was approved in 2013, the second administration of the CR did not redistribute the radio frequencies, as demanded by the law. This blocked the creation of the community media network that would have, potentially, counteracted the dominant role of private media. Correa

preferred instead to use a centralized strategy, directed by Vinicio Alvarado — his campaign advisor and former publicis t—, using both the public media, and the private media outlets seized from the fugitive bankers (Kitzberger 2009: 171). Although the strategy was probably effective for keeping Correa's popularity, it was not oriented towards the constitution of collective actors with the capacity to counteracting the private media's ideological power.

b. Conflicts regarding mining and its environmental impact

So-called 'extractivism' was one of the most important fields of conflict between the government and broad sectors of the center and left during the CR years. During the anti-neoliberal struggles, the claims regarding primary resource extraction — oil and mining— where twofold: on one hand were demands for a new logic in rents distribution and on the other were demands for the prohibition of some of those activities which were considered to have a high environmental impact. These two demands are not necessarily compatible. The anti-neoliberal struggle had brought together two opposed positions, and an implicit middle ground, that would seek a recovery of the rents generated by such activities, accompanied by a substantial reduction of its environmental impact.

The territorial rights of indigenous' nationalities added more complexity to the issue. During the 1990s, when several communities opposed oil exploitation in their territories, the indigenous movement included their participation in the oil rents as one of its demands. In some cases, the communities' opposition to the extractive activities was not necessarily a no-go position, but a strategy to increase the negotiation leverage with TNCs and the state (Barrera 2001: 144; 151). Furthermore, the Indigenous Mandate of 2007 demanded to the government, not the end, but the nationalization of oil and mining, as well as the use of extractive rents to promote other productive activities in the rural and urban areas. Social and environmental concerns where also part of their concerns, and the Mandate included an audit of the existing mining activities across the country (Macas et al. 2006: 3).

The different anti-neoliberal positions regarding the issue clashed during the Constitutional Assembly. Although some representatives of AP and other leftist parties suggested the prohibition

of large scale metal mining, Alberto Acosta — then president of the Assembly — , recognized the insufficient number of votes for getting the proposal through (Asamblea Nacional Constituyente 2008). The conflict was then postponed to the new mining law discussion, which according to the Constitution had to be carried out by the new congress within 180 days after the constitutional referendum.

Regarding the decision rights of indigenous communities on activities with potentially high environmental impact, there were two positions: one in favor of prior consultation, approved during the Constitutional Assembly, and one in favor of prior consent, which was defeated there. The latter, actively promoted by the indigenous movement, is binding, while the former gives the last word to the state. This was a major point of confrontation between Alberto Acosta, who vindicated communities' rights to decide, and president Correa, who said regarding the issue that this would imply that "[…] if ten families of a community say that they don't want a hydroelectric dam, the entire country gets deprived of electricity" (*El Universo* 2008). Despite their discontent regarding the Constitution's final wording on this point, Acosta, the indigenous movement and their allies supported its approval during the referendum.

The confrontation between both sides of the progressive spectrum resurrected a few months later with the approval of the Mining Law, to which indigenous and environmental organizations, characterizing it as neoliberal, responded with mobilizations that left 6 policemen injured and 10 indigenous people detained. Both sides accused the other of defending transnational interests (Tamayo 2009).

The conflict was more complex, however. In order to properly understand the confrontation, it is important to keep in mind the diversity of actors involved in the country's mining activities since the beginning of the neoliberal period. There were, of course, TNCs. Since large scale mining is a capital-intensive activity and the Ecuadorian state has no experience in it, TNCs were the only actors capable of carrying it out. But there were also artisan and small miners -ASM-, who developed smaller scale activities, which are labor intensive and dangerous, usually under either informal or illegal conditions (Melo et al. 2013: 3). In Ecuador, the neoliberal legislation that regulated the sector from 1980s onwards largely benefited the former and ignored the latter. However, because of the weakness that characterized it, the Ecuadorian neoliberal state was

incapable of securing minimum conditions for TNCs to operate or to provide any kind of regulation to limit the expansion of ASM.

Studies conducted in the south of the country have found a huge environmental impact that resulted from ASM operations, including the contamination of waterways that resulted from the release of ore-related elements, cyanide and mercury. Those activities benefited also from the worst forms of child labor, which in 2000 represented around a 5% of their labor force. In one of the biggest shanty towns formed by a succession of gold-rushes in the province of Zamora-Chinchipe, children's mercury blood contamination, the most probable cause of a series of neurological pathologies present in the area, was twice as high as what the World Health Organization considered safe. The towns formed around ASM were abundant in prostitution, murders-for-hire and several other forms of violence. Faced with this situation, governments decided to fix the problem *a la neoliberal*, promoting TNCs presence in those areas, generating conflict and violence between them and ASM (Melo et al. 2013: 8-12).

But not all the ASM carried out activities in the same way. There were simultaneously traditional practices of artisan mining, inherited from indigenous communities but practiced also by mestizo settlers, characterized by extremely low capital investment and very low environmental impact. In Zamora-Chinchipe, communities have used these methods in areas close to other kinds of machine-based small mining, usually involving conflicts around territorial control (Melo et al. 2013: 17-19).

Neoliberal [lack of] regulation of the mining sector not only brought increasing social and environmental problems. It also drove the mining rents exclusively to private agents. While gold exploitation alone may have represented around USD 1 billion between 1991 to 2008, the Ecuadorian state received only USD 29.5 million *from all* mining activities during the same period (Melo et al. 2013: 16).

The mining legislation created by the CR was, in many senses, a radical change with respect to the neoliberal state of affairs. As in the case of oil, a “sovereign margin” was established in order to secure for the state more than a half of the income from mining activities. This share is secured through the payment of different taxes and royalties, of which artisan subsistence mining is, however, exempted. Mining companies also have to pay a share to their workers, corresponding to

the 15% of the company profits (Jarrín, Herrera, and Aldaz 2013: 10-12). The requirement of multiple licenses issued by several institutions established an overlapping system, that increased (at least in theory) the likelihood of permits to be denied. The most important of these is a water use permit that the National Water Secretariat can issue only after water quotas have been previously allocated according to priorities established by law, in the following order: first domestic consumption, then agriculture and cattle-ranching and only then energy production, industries and mining (Melo et al. 2013: 14-16).

In 2013, the government proposed a legal reform, arguing that the regulatory framework was too rigid (Jarrín, Herrera, and Aldaz 2013: 16). Social organizations then declared that the reform was an attempt to adapt the law to TNC requirements, particularly the Canadian Kinros, which at the time was negotiating exploitation rights for the biggest gold deposit of the country (*El Tiempo* 2013). However, Kinros withdrew from the negotiation table, refusing the conditions contained in the law reform (Jarrín, Herrera, and Aldaz 2013: 20). Of the 5 mining projects planned by the CR administration, only the Mirador project, operated by the Chinese company Ecuacorriente was carried out (*El Telégrafo* 2012). This failure was due to TNCs refusal to accept the conditions established in the regulatory framework, even after the aforementioned reform (Jarrín, Herrera, and Aldaz 2013: 20), something that seems to contradict the argument that the government's priority was to please them.

But the regulation also generated serious discontent among the other actors involved in mining activities. This was the case, of course, for illegal and informal mining, that had started to be effectively regulated by the state. But it was also the case for traditional artisan miners that, despite the preferential treatment received by the legislation and the government, where unable to fulfill the minimum legal requirements, due to an absolute lack of economic resources. From their point of view then, the regulation seemed to favor big companies and TNCs, which had the resources to fulfill all the law's requirements. This opened the possibility of strategic alliances between them and small machine-based miners, making the implementation of regulation for this sector difficult (Melo et al. 2013: 19-21). This discontent from the mining *status quo* needs to be taken into consideration in order to understand the conflict with between the CR and the indigenous movement on this issue. Salvador Quishpe, PK prefect of Zamora-Chinchipe since 2009 and prominent indigenous voice against the CR mining policies, sided with machine-based illegal miners when the

government started to close their operations in 2010, despite being largely responsible for environmental damages in the area during the preceding years (*El Universo* 2010).

The conflicts regarding the Mirador project, the only large scale mining project actually implemented, are also a good example of the complexities involved. The opposition to the project has been led by mestizo communities that have lived in the area since the 1970s, and were recognized as an indigenous community by the National Council of the Peoples of Ecuador in the 1990s. Environmental concerns are central for their fight, which however also includes disagreements with the transnational regarding the price paid by the company for their lands. The Shuar communities, who are the original population of the area, are split regarding the issue. Some oppose TNCs, for reasons related more with unfulfilled promises than with straight opposition to the mining project, and many others support it, and are actually working with the TNC. When in 2006 a group of anti-mining local activists decided to occupy the project area as a protest, members of the Zamora-Chinchipe Shuar Federation —- which has positioned itself as pro-mining—- , used firearms against the protestors (Sánchez Vásquez, Leifsen, and Verdú 2017).

There is no doubt that the CR government planned to implement large-scale mining projects in order to obtain the economic resources that the administration required. But the elements presented show that this objective did not exclude environmental and soberanist concerns. Furthermore, the government failure to attract foreign capital undermines the claim that the CR mining regulation was designed to favor TNCs interests. It is clear that the mining regulation model of the CR challenged the business as usual of mining exploitation in Ecuador, affecting all the actors involved, from TNCs to artisan miners, and that it showed several contradictions implicit in the anti-neoliberal movement's approach to the problem.

Unfortunately, this complexity was largely lost in the political debates that took place during those years. Correa, who was not particularly environmentalist, dismissed the anti-mining positions, attributing them to a small group of middle and upper middle class activists and NGOs, casting them as “infantile environmentalists”. On the other hand, the environmental activists and the indigenous movement disregarded the CR policies as neoliberal, without introducing debates related with the fundamental macroeconomic questions over which the country has to decide — de-dollarization of the economy, first of all— , in order to abandon large scale mining projects.

c. Public sector reforms

The public sector was also a source of political conflict for the CR. That may seem paradoxical, considering the fact that its political platform included the 'recovery' of the state, opposed to the neoliberal model of privatization and public budget reduction. As mentioned before, one of the main features of its administration was the fact that it gave a leading role to the National Secretariat of Planning and Development, which was also in charge of the institutional reform of the state: from 2007 to 2016, 29 new institutions were created — including several ministries—, 108 were transformed and 115 were eliminated (Jácome 2017: 63).

The aforementioned changes and the expansion on public services led to an increase in the number of public employees: from 332 035 in 2006 to 487 885 in 2015. 97% of the new functionaries were located in the ministries of education, health, social and economic inclusion, judiciary and police forces (Ministerio del Trabajo 2015). By 2013, public employees represented 24.2% of full time employees, 16.3% of the latter working for the central state. 1.67% of central state employees were high-rank officials — from department directors to ministers— , 39.2% were technical staff, and the remaining 59.1% were part of "special categories" of public workers: military, medical doctors, policemen, teachers and professors; those "special categories" where divided as follows: 65% professors and teachers, 23% military, 11% policemen and 1.0% medical doctors (Angulo et al. 2013).

The increase in the number of public workers did not exhaust the scope of the reform, which included also modifications to their labor regulatory frameworks, generating a series of conflicts with specific sectors. In what follows, I will focus on some elements of the education system reform, which led to conflicts with teachers and professors. I choose to explain this case in particular, not only because of their relative size with respect to other categories, but also because it is fundamental for understanding the political reconfigurations within the Ecuadorian left.

In 2009, the government started the discussion around the National Teacher Career Path Law and the Intercultural Education Law. With the former legal framework, created by a social democratic

government at the beginning of the 1990s, the Teachers' Union of Ecuador -deeply tied to the Democratic Popular Movement- achieved a high degree of influence in the teachers' selection, evaluation and promotion. In particular, union representatives or their close associates held a majority on the Teaching Excellence Commission and on the Professional Defense Committee, the first in charge of the teachers' selection process and the second one of negotiating educational-sector-related conflicts (Ramirez and Stoessel 2015: 160). As in many other cases, justified with the principle that "regulated cannot be regulators", the CR government modified the structures of those bodies in order to obtain an executive majority.

The laws proposed also to eliminated the concept of "antiguedad docente", that granted teachers increasing bonuses corresponding to their years of service. The government proposal was instead that wage increases should depend on evaluations and qualifications. Furthermore, the government proposed that the teachers would lose their jobs after failing in the evaluations for two consecutive years. Additionally, the share given by the state for a specific bonus for retired unionized teachers was also eliminated and replaced by a general increase, in an attempt to harmonize the teacher retirement system with those of other public workers (Ramirez and Stoessel 2015: 154-155).

The reforms would have improved teachers income on average, but differentially: placing more value on qualification than on the service years, it would have benefited the newer and younger more than the older ones, who during neoliberal years worked with very low remuneration — the reason behind the special retirement bonus — (Posso Cevallos 2014).

These disagreements led the teachers to strike in September 2009. One month later, after negotiation, both parties reached an agreement, but the conflict left lasting consequences, especially from the weakening of the teachers union that resulted from the reforms implemented in the aforementioned bodies. As the union was deeply tied to the leftist Popular Democratic Movement — PDM —, the measures were seen as an attack on the political organization.

Something similar happened with the higher education system reform, which started with the new Organic Law of Higher Education -OLHE- adopted in 2010. As in other cases, the reform principle applied to the system's government bodies was its "de-corporatization": a substantial decrease in

the participation of representatives from higher education institutions, which incidentally secured a majority for the executive (Reyes 2017: 79-83).

Two government bodies were created by the law in replacement of existing ones: the Higher Education Council and the Council of Evaluation, Accreditation and Quality Assurance of Higher Education. The later was in charge the evaluation and accreditation of all the system's institutions, which ended with the closure of 14 private universities for not fulfilling the minimal quality requirements (*El Universo* 2012c).

The Higher Education Council introduced far-reaching changes in the labor conditions of academics and researchers. For example, it established specific guidelines for the universities' government structure, giving the highest weight to the academic community, both in the election of authorities as well as in the daily decision-making process (Consejo de Educación Superior 2012). The Council also implemented regulation to secure consistency between academic requirements and wages for different ranks of academic positions. The regulation also encouraged long-term and full-time labor for academics, giving a strong weight to this item in the accreditation and evaluation of the public institutions (Prieto and Minteguiaga 2013).

The law also created researcher positions (nonexistent until then), and demanded a clear definition of the administrative, academic and research shares within labor time. Research activities, university outreach and community involvement were encouraged through institutional evaluation. The law also imposed the PhD degree as a requirement for holding a position as "principal tenured professor" the highest possible rank in the academic career track. Those who already had the position but not the degree had 7 years to obtain it, and specific scholarship programs were provided to this end (Ospina 2012).

Another major change brought by the law was the Higher Education National Test, which regulated students' admission to public institutions. The test, based on skills, defined not only the institution, but also the academic area where a student could be accepted (*El Universo* 2012b).

The CR suffered huge resistance during the OLHE implementation. One reason was the aforementioned "de-corporatization" of the system's governing bodies, which substantially reduced

the power of the Universities' authorities, which were regarded as having conflicts of interest (Reyes 2017: 102).

There was also a political reason. From the 1960s, the PDM also had political control of many of the higher education institutions (Zapata 2013). The new regulation threatened this institutional power. Something similar happened with the elimination of the open access to public higher education, with the creation of the Higher Education National Test. Open access was one of the main victories of the Secondary Students' Federation — also linked to the PDM— , and one of the major sources of PMD recruitment power (Zapata 2013: 60).

Another reason for the resistance was the fact that, in practice, establishing a PhD degree as a requirement for the top positions within the higher education system, and the increase of its weight in the institutional evaluation criteria, led to what Bourdieu described as a change in the relative value of the academic degrees (Bourdieu 1998: 145-156). This means that several actors that held top positions within the academic system without necessarily having a corresponding academic level, where forced to get back into competition in order to maintain already-obtained privileges.

Finally, despite the fact that that it was established by the law, the Higher Education Assembly — the participatory institution of the higher education government bodies — was not constituted until most of those regulations where actually designed, eliminating the participation possibilities of the interested parts. This was worsened by the legislative process, where the interaction between the executive and the higher education representatives became conflictual and led to vertical decisions (Reyes 2017; Ospina 2012).

Similar conflicts occurred with the medical doctors and with the police. The conflict regarding the latter unchained the worst political crisis since the return to democracy, and included Correa's kidnapping in a Police Hospital, and a civil turmoil in which 8 people were killed and 250 wounded (Ramirez and Stoessel 2015).

The fact that the reforms were operated from above may help to explain the resistance of the affected sectors, although the new legislation did not necessarily affect them in the long term. Several elements of the reforms, however, implied a major modification in their interaction with the

Ecuadorian state. Those forms of interaction, characterized by the government as corporatism, has a long tradition in the country: Coronel tracks them back at least to the Constitution of 1944 (Coronel 2011). These arrangements were, however, forbidden by the new constitution, which declared that

> Those who have vested interests in those areas that they shall be monitoring or regulating or who represent those who have these vested interests cannot be public officials or members of the board of directors of institutions that perform state control or regulatory powers. Public servants shall refrain from acting in those cases where their vested interests clash with those of the body or institution where they are providing their services (Art. 232)

The reforms implemented under that principle should not be underestimated. By 2015, 73 public institutions were reformed in order to fulfill that constitutional requirement. (Jácome 2017: 66)

d. Contending hegemonies

The issues described in the former sections show the complexity behind the political conflicts that emerged during the CR administration, especially after the approval of the 2008 Constitution. The conflicts regarding mining and the education sector reform, in particular, help us to understand why a political process that implemented an anti-neoliberal agenda had to face so much resistance even from the left. Those were not the only sources of conflict, of course, Ramirez & Stoessel (2015) suggest a classification based on the source of the resistance, finding four categories: a) struggles for political recognition, b) battles for the state, c) claims regarding [negative] freedoms and d) conflicts regarding development and good living. I have suggested that the way reforms are implemented in a passive revolution context, namely from above and without grass roots participation, may have contributed to exacerbating and even aggravating many of these conflicts.

Many of those conflicts relate to how the CR dealt with particularity, understanding it as opposed to the universality implied in the concept of citizenship. This permeated the entire policy of "de-corporatization", described by Lalander & Ospina, regarding the conflicts with indigenous organizations, as an attempt to achieve "the abolition of the social, economic and ethnic cleavages from the political sphere, and its replacement with a boosting of the citizenship exercise"[39] (Ospina Peralta and Lalander 2012: 17). Ospina (2011) has suggested that the main problem with this approach is that it did not try to replace the old corporatist arrangements with new participatory

39 Our translation

mechanisms. Although the constitution included many examples of the latter, they were designed not for civil society organizations, but for isolated citizens.

As a result, two political strategies dominated the political field after 2009. On the CR side, the political strategy was to build legitimacy by appealing to the electoral support. Opposition actors, from private media to leftist organizations, where explicitly confronted in public media, usually by Correa himself. Although some sectors of the CR maintained articulations with grassroots organizations and many of the latter supported the political project, there was not an actual mechanism for them to influence the decision making, clearly centralized by the executive.

On the other hand, the opposition, precariously articulated in the political system but with a strong influence within the civil society via private media, attempted to capitalize the discontent of particular groups, focusing its criticisms on Correa's "government style", featured as "authoritarian", "arrogant" and "conflictive". The opposition from the left replicated this discourse, subordinating the critics who were more focused on the CR's policies and limiting the possibilities of creating an alternative opposition (Le Quang 2013).

Both strategies faced each other during the 2013 elections, were the CR showed an exceptional increase of its electoral power. Correa won the presidency again, becoming the first president elected in a first round since the return to democracy, with a 51,95% of the total votes, an increase of 14,87% from his previous victory in 2009 (Le Quang 2013: 19-21). The CR also achieved a 'qualified' majority in the congress, with 100 of the 137 seats.

4. A selective reform: an empirical example

Reform processes like those deployed during passive revolutions are selective: even in the case of a progressive passive revolution, the most radical contents of the popular demands become excluded. This feature implies the difficult task of establishing a certain degree of radicalism, a difficult task especially when dealing with both anti-neoliberal and post-neoliberal governments. Either one assumes that, precisely because of their positioning as anti-neoliberal (and not anti-capitalist) this radicalism is already limited, or one assumes that there may be some radical, and even anti-

capitalist potential. That is Webber's position regarding the social movements in Argentina, Bolivia and Ecuador. He suggests that

> [t]he demands of those movements between 2000 and 2003 shifted in some cases from defensive struggles against neoliberal continuation in a context of recession towards offensive anti-capitalist struggles that sought a strategy of socialist transition in the novel setting of the twenty-first century (Webber 2017: 15).

Another question is if something similar is possible in a political process deployed from the state. On this point, Estevez suggests that some projected or even partially implemented policies are examples of how post-capitalist policies (or transition policies towards a post-capitalist society) may look (Estevez 2016). In the same direction, Le Quang suggests that the ITT-Yasuni initiative, which sought to de-commodify a substantial part of Ecuador's oil reserves for environmental reasons, can be considered as an "eco-socialist policy" (Le Quang 2014). To establish an anti-capitalist character of the ITT-Yasuní or similar CR policies may exceed my possibilities for the present chapter. However, the ITT-Yasuní case can be used to analyze how the most radical components of a political process become selectively excluded.

However, in order to do so, it would be necessary to establish its radical character. I suggest to proceed in a empirical way, comparing it to the other policies proposed regarding the oil sector by progressive political actors during the moments previous to the beginning of the CR.

Lets begin with the indigenous movement. The first document that can give us an idea of its position regarding oil is the "Political Document of the CONAIE" —- its first political manifesto—, published in 1994. In the introduction of its historical projection, the CONAIE declares that the priority for an indigenous movement government "[...] will be the development of the agro-industry and in general the food industry, as well as the pharmaceutical, textiles, fishing, tourism and oil industries, as grounds for the integral economic development, adjusted to the New Model of Communitarian Planned Ecological Economy" (CONAIE 1994).

More than one decade later, in 2006, the indigenous organizations presented a mandate to Alfredo Palacio's government, demanding the "nationalization of the oil and the mining sector" and "integral audits" in order to establish the "cultural, social and economic reparation" that has to be paid for the impact generated in the areas of oil exploitation (Macas et al. 2006). Two years later, in a new mandate, the indigenous organizations required the government to cancel the contracts of

Petrobras — for Ecuadorian legal violations — , and of CGC, Burlington and Agip — for human rights violations — [40]. In none of the documents did the indigenous movement demand the end of oil extraction activities, but always its nationalization and a stronger regulation of the sector (Santi et al. 2008).

Similar positions dominated during electoral junctures. The 2006 electoral platform of Luis Macas, the PK's presidential candidate that ran against Correa, went in the same direction: nationalization of the oil sector and strengthening of Petroecuador, the state oil company (Pachakutik-Nuevo País 2006).

During the Constitutional Assembly, only one of its 130 participants demanded the inclusion of an "extractivism" prohibition. A discourse focused on nationalization and responsible exploitation predominated in both, in the government party and the MPD-Pachakutik alliance (Carmel 2014: 89-101). Even Alberto Acosta, then president of the Assembly and later a notorious critic of the "extractivist policies" of the CR government, argued in favor of building a new refinery in the country (Carmel 2014: 94), tying its productive transformation to the extraction and processing of the commodity, at least in the middle term.

In a general consensus regarding the need of oil exploitation in the country for the middle term, the ITT-Yasuní initiative was no doubt, the most radical available proposal as it suggested the de-commodification of an important share of the country's oil reserves. Luis Macas' electoral platform suggested "an oil moratorium in the areas declared as intangible" (Pachakutik-Nuevo País 2006), a proposal also included in Correa's platform, which highlighted "the need to seriously consider an oil moratorium, tied to the suspension of the foreign debt service[41]" (Movimiento País 2006: 49). The CR administration recovered that idea in the "Yasuní-ITT initiative", explicitly supported by the 2008 Indigenous Mandate.

The Yasuni National Park -YNP- was created in 1979 within an area of 679,730 ha., extended to 982 000 ha in 1990. It was declared a "shelter of the Pleistocene" (Andrade 2013: 14), for its unique

40 With the exception of Agip, all those companies refused to accept the conditions imposed by the Hydrocarbons Law of 2010 and left the country thereafter.
41 Our translation.

diversity: at least 165 species of mammals, 121 of reptiles, 593 of birds, 2,274 of trees and shrubs and about 10,000 of insects per hectare, the highest in the world (Le Quang 2015: 3).

Unfortunately, huge oil reserves were also discovered there. In 1986, the state oil company signed contracts with private companies for their exploration and exploitation, triggering a public debate, among other things due to the presence of indigenous communities in the area. As was pointed out by several actors of civil society, the reserves were under the territory of the Huaoranies, an indigenous community up to then relatively isolated. The social-democratic government of Rodrigo Borja (1988-1992), created the "Huaorani territory", legally handed to the community, but without giving it the right of interrupting any extractive activity legally performed in the area.

Ten years after its creation and following a Ecuadorian state's request, UNESCO declared the YNP a Biosphere World Reserve, with an expanded area to 1 682 000 ha. In 1998, the Ecuadorian state created an "intangible zone" within the park, prohibiting intensive extractive activities in the territory, in order to protect two uncontacted indigenous communities: the Tagaeris and the Taromenanis. (Andrade 2013).

A series of studies performed between 1990 and 2000, confirmed 412 million barrels of recoverable heavy oil reserves, as well as potential reserves of 920 million, in what was called the Ishpingo, Tambococha and Tiputini block — the ITT-Yasuní block —, also known as block 43. This corresponded to approximately the 20% of the country's oil reserves, located in an area of 200 km^2 within the NYP (Fontaigne 2008: 12). Immediately following the discovery, civil society organizations started legal actions in order to stop oil exploitation in the area (Andrade 2013).

It was in this context that the idea of an oil frontier expansion moratorium started to be discussed by environmental experts, activists and NGOs, with a proposal officially presented to the Ministry of Environment in 2003 by three NGOs: Pachamama Alliance, Ecological Action and the Center of Economic and Social Rights -CDES for its Spanish acronym-. CDES published a booklet in 2003 suggesting a deal between the international community and Ecuador, were the latter would commit to protecting the Amazon and stop the oil exploitation in the region, in exchange for the cancellation of the foreign debt. The two ideas — the moratorium and the economic compensation— came together in a document presented by the NGO Oilwatch, in an international

activists meeting in 2005 (Acosta 2014: 20; Arsel and Ávila 2011: 13). As mentioned before, one year later this proposal was included in the electoral platforms of two candidates, Luis Macas and Rafael Correa.

After its victory in the presidential election, Correa appointed Alberto Acosta as his minister of Mining and Energy. Acosta took part in the design of the proposal during the preceding years, and from his appointment began to work in coordination with Ecological Action — the most important NGO during that process — on what became the official ITT-Yasuní policy. Acosta was not alone in the cause. Esperanza Martinez, co-founder of Ecological Action and Oilwatch, and Acosta's assistant during the Constitutional Assembly, declared in an interview that at least 5 of the people that worked on the proposal from the civil society became ministers during the first Correa administration (López 2017: 228, 230). The fact that most, if not all of them were also part of the CR from the beginning, suggests that their presence in the cabinet was not a civil society leaders' cooptation, but more a process of "[…] effectively taking over the state through democratic activism" (Arsel and Ávila 2011: 11).

The plan was officially presented to the president in 2007, and a few months later to the UN General Assembly by Correa himself. The initial period for collecting the compensation money was set to one year and then extended twice, until the proposal became a permanent policy in 2009 (López 2017: 229). During that period, several features of the proposal were modified: the amount to be collected, the institutional framework in which the initiative operated and its relationship with the international climate change negotiations (Arsel and Ávila 2011: 16). However, by 2010 the terms were more or less established. The international community would have to compensate Ecuador with approximately a 50.0% of what the country would get from exploiting the oil: a value settled on USD 3.6 billion, to be gathered in 10 years — USD 360 million per year. The contributions were taken either as donations, or as purchasing of "Yasuní Guarantee Certificates", issued by the government in accordance to the European Union Allowance of the Leipzig carbon market. The possibility of participation in those bonds within the carbon market was however not properly settled, and in the end they had mostly a symbolic value (Pellegrini et al. 2014: 5-6).

It is important to bear in mind what the ITT-Yasuni oil reserves represent for the Ecuadorian economy. The country, as I have mentioned before, is heavily reliant on oil exports. Furthermore,

its oil reserves are already in decline, as well as its oil production, which went from 280 000 barrels per day in 1994 to 170 000 in 2007 (Larrea in Le Quang 2015). That is why the initiative included a radical contribution to the country's energy transformation. The money gathered was projected to be used on the development of alternative renewable energy sources, reducing the domestic use of fossil fuels, an objective already included in the development plans. The interest generated by the money, calculated at 7%, was for reforestation and protection of an area of approximately the 20% of the Ecuadorian territory (Le Quang 2015: 3).

There were two particularly radical principles behind the ITT-Yasuní initiative. The first one was the "common but differentiated responsibility" on environmental problems, included in the United Nations Framework Convention on Climate Change. The principle recognizes that, although climate change is a global problem to which generation all nations have contributed, there is far more responsibility from the developed countries, derived from their share in CO^2 emissions and other environmental degradation factors associated with their own dynamics of capital accumulation. The principle demands that they take responsibility in the same proportion that they contributed to the problem generated (and profited from). This principle is linked to the concepts of "climate justice", and "ecological debt". The latter two highlight the injustice behind the unequal distribution of both, the environmental impact and the economic benefits of the processes that have led us to the current environmental crisis. Among other things, they imply that "Southern countries have the right to the same opportunities for economic development as Northern countries and must gain access to new clean technologies that do not increase pollution" (Le Quang 2015: 10).

The second radical principle is the one that claims the existence of "global common goods": Atmosphere and biosphere are examples of them, and local economic activities have environmental impacts on them that affect humanity as such. From this perspective, taking care of the YNP and the Amazon becomes then a global responsibility and an activity that benefits the whole of humanity; therefore its cost should no be paid by Ecuadorians alone, but shared with the whole international community (Le Quang 2015: 11).

At the end of 2010, the Administrative and Leadership Council of the ITT-Yasuni initiative and the UN negotiated the creation of a trust fund, where the money would be gathered (López 2017: 229), to be launched during the Copenhagen Climate Change Conference. However, one of the details of

the agreement, specifically the idea that donors would decide in which projects the money was going to be used, generated a public criticism from Correa. As a response, the whole council quit, including Fander Falconi, co-founder of Alianza PAIS and foreign relations minister. Correa then appointed as leader of the new council a diplomat with a dubious political past and with no experience on the issue. This was, in practice, eliminating the influence of the original designers of the initiative, as well as the civil society organizations linked to it. The fund was signed almost six months later, this time with state ministers in charge of project selection, but still with a mixed commission in charge of the general administration of the fund (López 2017: 129).

In August 2013, two years after the Trust Fund creation and six since the beginning of the initiative, Correa decided to liquidate the fund and start the process of oil extraction in the ITT-Yasuní. While the original objective was to collect USD 360 million per year, the Trust Fund only collected USD 10.5 million during its two years of existence. Correa announced the decision declaring: "the world has failed us" (López 2017: 229, 232).

Several scholars have tried to explain the initiative's failure, claiming a lack of commitment from the CR — especially from Correa. Some other criticisms pointed to institutional problems, like insufficient incentives for the donors or their lack of trust in the Ecuadorian state. Finally, some others suggested that the government distorted the civil society proposal, imposing both, a "monetization" of the YNP's biodiversity and a conditioning of the moratorium to the effective contributions from the international community (López 2017: 231).

However, it has to be recognized that the initiative, as well as the moratorium, were an official policy during six years, and that the small amount gathered by 2013 was a clear indicator of a lack of support on the side of the international community. Furthermore, the money gathered by then barely covered what the Ecuadorian state invested in the initiative's promotion, more than USD 9 million. Regarding the claims that it was the government that suggested setting a price on the YNP's biodiversity and made the moratorium contingent on fundraising, it worth recalling that the original proposal of Oilwatch included these proposals, when declaring that

> "Ecuador, in an effort to ensure biodiversity conservation, and to contribute to greenhouse emissions reduction, proposes to refrain from taking out the oil of the soil from the Yasuní Biosphere Reserve, **in exchange of an international recognition of income to the state**.

> The hydrocarbon resources of the Yasuní Biosphere Reserve **can be calculated in terms of equivalent tons of Carbon, and therefore also in economic terms**[42]**"**(Oilwatch n.d.).

As it can be seen, both conditionality and monetary calculation where part of the original proposal. More importantly, such conditionality was also what linked the initiative to the concepts of "common but differentiated responsibility", "climate justice" and "ecological debt".

As mentioned before, the dynamic that led to the ITT-Yasuní initiative can be understood as an advance of activists [cadres, indeed] from the civil society into the state's terrain (Arsel and Ávila 2011: 17, 14). The latter became the arena of confrontation of different actors, including those who represented the interests of the oil industry, especially from Petroecuador -the state oil company- (Acosta 2010: 22). Although after six years the initiative was abandoned, during the time it was an official policy, the initiative achieved national and international visibility that would hardly have been possible without being promoted by the state.

The IIT-Yasuni initiative shows some of the contradictions implicit in the CR political process and furthermore, in the nature of the state during this period. Arsel and Ávila, for example, highlight the contradiction between "the role of both the state as developer and as preserver" (2011: 19). Le Quang, on the other hand, describes the same phenomena as a contradiction of a project that attempts the transition towards a post-petroleum Ecuador, but that at the same time requires the resources available in the historical juncture, not only to implement such a transition, but also to implement the social policies implicit in the concept of good living (2015: 4). Pellegrini et al., on the other hand, see in the initiative the unavoidable strategy of an "oil nationalism" that vindicates the use of the oil wealth for fulfilling national needs, while simultaneously attempting a protection of the environment and the communities under voluntary isolation (2014: 7).

These contradictions, as well as the way they were settled, are clearly reflected in the official discourse of the government, when justifying ending the initiative. The Coordinating Minister of Economic Policy, declared to the public newspaper that, with the exploitation, the country would get USD 41.7 billion in the span of 23 years. During the 3rd year of exploitation the country was expected to get almost USD 1.2 million, and more than USD 4.1 in the 6th. Those funds, the

42 Translation and emphasis mine.

Minister argued, were fundamental for covering the investment deficit for the National Plan for the Good Living 2013-2017, calculated in USD 47 billion (El Telégrafo 2013).

Immediately after Correa announced the initiative's termination, NGOs and civil society organizations initiated a political campaign, oriented towards a popular consultation call, where citizens would decide about the issue. Those organizations had to present the request, with a number of valid signatures corresponding to the 5% of the electoral register. After checking the signatures, the Electoral National Council rejected 66% of them alleging different reasons, from repeated signatures to wrong formatting. The organizations that supported the call denounced different sabotaging and discrediting tactics on the side of the government. The popular consultation was never approved, and the ITT-Yasuní exploitation started in 2013.

Conclusions

In this chapter I have described some important features of the CR, that relate to the category of passive revolutions, as originally conceived by Antonio Gramsci. In the first place, I provide some empirical elements that support my thesis that the CR was preceded by a catastrophic equilibrium between neoliberal forces and the anti-neoliberal social movements. Then, following a intuition by Gramsci, I described the transition from that situation of catastrophic equilibrium to passive revolution, as the result of the intervention of the CR, a political force rooted in the Ecuadorian cadres state fraction, which took advantage of the situation to generate a progressive passive revolution. The characterization of the CR as such was reinforced by describing how the CR's policy measures tackled the main features of neoliberal domination, as manifested in the country during the previous two decades. I also described how the way in which the reform was implemented, namely from above, played an important role in the increase of political conflict that followed the approval of the 2008 Constitution. Finally, I used the example of the ITT-Yasuní initiative to describe the way that the most radical contents of the political process become undermined during a passive revolution.

Chapter 6

Productive transformation policy during the Citizen's Revolution

In the previous chapter, I used a particular interpretation of Gramsci's category of "passive revolutions" to analyze some features of the class power reconfiguration that occurred during Ecuador's "Citizens' Revolution". I argued that the latter was a political process that resulted from a break in the "catastrophic equilibrium" in which the neoliberal power bloc and the anti-neoliberal coalition ended up after the overthrow of Lucio Gutierrez in 2005.

The "progressive passive revolution" that started after Correa's victory, was led by a progressive sector of Ecuador's cadre fraction. As any other passive revolution, this one was configured through the implementation of a series of reforms "from above" and a selective rejection of some radical initiatives that emerged during the period of contestation that preceded it.

In this chapter, I explore the relationship between state power and class power in greater detail, as it manifested in one specific policy area: productive transformation. As we will see, productive transformation policy was deeply tied to the concept of "Good Living", defined by the 2008 constitution as the main objective of Ecuador's state interventions.

The chapter is divided into three sections. In the first, I describe the main guidelines of the productive transformation policies, as defined in the three development plans published during the period. Since these policies purported to draw inspiration from the concept of "good living" — as an alternative to 'traditional development' — , I try to grasp the specificity implied in this conceptual turn. In a second section, I describe the conflicts surrounding the recovery of the oil rents by the Ecuadorian state in order to achieve the economic power required to promote the transition towards a "post-petroleum Ecuador". In the third section, I focus on some of the productive transformation policies based on protectionist trade measures. The fourth section will examine knowledge-related policies. I offer some provisional conclusions at the end of the chapter.

1. Good Living as an hegemonic project

a. The emergence of the concept of Good Living

After the approval of its new constitution in 2008, Ecuador received a lot of attention for its decision to incorporate the notion of Good Living — *Buen Vivir* in Spanish, *Sumak Kawsay* in Kichwa — and the notion became a central component of the CR's political discourse.

It is not surprising that the notion became an important topic of political debate. As pointed out by Armando Muyolema, *Sumak Kawsay* is not an ancestral concept, but rather a product of "transculturation", that resulted from subjective experiences linked to contemporary indigenous and environmental struggles (Muyolema 2012). Though it is usually described as a major component of Ecuador's indigenous people's cosmovision, there is hardly any reference to the concept on record before 1992, the year of the first indigenous uprising (Cubillo-Guevara 2016). That year, in a local development plan, the Indigenous People of Pastaza mentioned it as one of the main components of the Amazon' indigenous peoples philosophy, describing the notion as that which "[…] regulates the way of living. It guides the relationships among human beings under egalitarian, communitarian and reciprocal principles; it is nourished by the dialogue with nature and its spiritual dimension" (in Cubillo-Guevara 2016: 127).

The notion was, however, notably absent from the indigenous movement's discourse during the 1990s. It is not included, for example, in the "Political Project¨, the main programmatic document of the movement published in the middle of the decade (CONAIE 1994). However, the concept re-emerged in 2003, when it appeared in the Council of Planning and Development of Indigenous Nationalities and Ethnic Minorities[43] plan. One year later, it was also included in the foundational documents of the Amawtay Wasi, an indigenous university created by some members of the CONAIE (Cubillo-Guevara 2016: 128).

From the beginning of the 21th century, the notion acquired visibility through the work of several indigenous intellectuals from Peru, Ecuador and Bolivia (Cubillo-Guevara, Hidalgo-Capitán, and

43 See Chapter 3

Dominguez-Gomez 2014). Thereafter it gained increasing presence within academic production: although initially present mostly in Latin American publications, from 2007 onwards it started to be referenced in international publications. (Vanhulst 2015: 3).

In 2006, the concept of *Buen Vivir* was included in the political programs of two presidential candidates: Rafael Correa (Movimiento País 2006) and and Luis Macas (Pachakutik-Nuevo País 2006). It was also discussed during the Constitutional Assembly, due to its inclusion within the document of proposals presented by CONAIE. However, it was still marginal within this document, and directly linked with the issue of plurinationality — a historical demand of the indigenous movement. Focusing their political strength on plurinationality, CONAIE and Pachakutik tried to put Pedro Morales, a Pachakutik assemblyman, in charge of the commission of "Territorial Management and allocation of Competences", but he instead ended up in the presidency of the "Development Model" commission (Cubillo-Guevara 2016). That is how the concept of Good Living, brought to the Constitutional Assembly in order to discuss plurinationality and the redistribution of territorial power, ended up, almost by chance, becoming a central notion in Ecuadorian debates around development.

Some authors have identified three approaches to the concept of Good Living: the indigenist, the post-structuralist and the socialist — or statist — . It bears noting that these approaches are backed, respectively, by members of the indigenous movement, non-indigenous intellectuals, and members or allies of the Pink Tide governments (Cubillo-Guevara, Hidalgo-Capitán, and Dominguez-Gomez 2014; Cubillo-Guevara 2016; Vanhulst 2015). Built in the middle of the juncture' political struggles, it is not surprising that each approach reveals the position of their defenders within the terrain of political dispute.

In Ecuador, the so-called "statist" or "socialist" approach was elaborated during the CR period, by the same cadres that led the political project, and was deeply intertwined with the elaboration of its development policy. In the following section, I will summarize how a development project emerged from the concept of Good Living during that period.

b. Good Living as a development project

During the entire period of the CR, SENPLADES was the institution in charge of the Development Plans to which all the policies, programs and investments of the public sector should be subjected (art. 280). Three national development plans were written by SENPLADES during the ten years of the Citizen's Revolution. The first plan was published parallel to the National Constitutional Assembly, when the concept of *good living* was not yet a constitutional principle. However, it was mentioned as the core of the new concept of development promoted by the government.

As all the other plans of the period, the one of 2007 begins with a historical diagnostic of the social, political and economic situation of the country. The implementation of neoliberal policies was clearly identified as the cause of the economic and political crises of the end of the 1990s (SENPLADES 2007). Therefore, the plan locates itself in the middle of a deep crisis of global economic thought, after the failure of both, neoliberalism and traditional developmentalism (SENPLADES 2007: 14). The idea of *Buen Vivir* is presented precisely as an alternative conceptualization of the latter:

> We understand development as the achievement of *good living* for all, in peace and in harmony with nature, and the indefinite extension of the human cultures. *Good living* implies that freedoms, opportunities, capacities, and potentialities of the individuals are expanded in order to achieve what societies, territories and collective identities, as well as those individuals — simultaneously particular and universal — value as their desirable goal. Our concept of development compels us to recognize, understand and value ourselves, in order to make possible our self-fulfillment and the building of a collective future (SENPLADES 2007: 54)

This definition of *good living* was strongly influenced by the capabilities approach of development theory, something which was also evident in the discussions on this topic during the Constitutional National Assembly (Carmel 2014: 98). However the concept also incorporated some basic elements of sustainability and interculturality, strongly present on the social movements claims of the former decade.

That is why overcoming the county's dependence on petroleum was at the core of the economic and even political discourse of the government during the following years. Aligned with structuralist

thought, the plan declares that, to do so, it was necessary to move towards an increase in the production of goods and services with higher value added. This implied the development of a system of science, technology and innovation, as well as an intellectual property regulation that would benefit both, technological assimilation and the protection of the knowledge produced at the national level (SENPLADES 2007: 268). The plan also highlighted the role of the state in this process, declaring a break with the neoliberal path followed by the country during the preceding decades (SENPLADES 2007: 283).

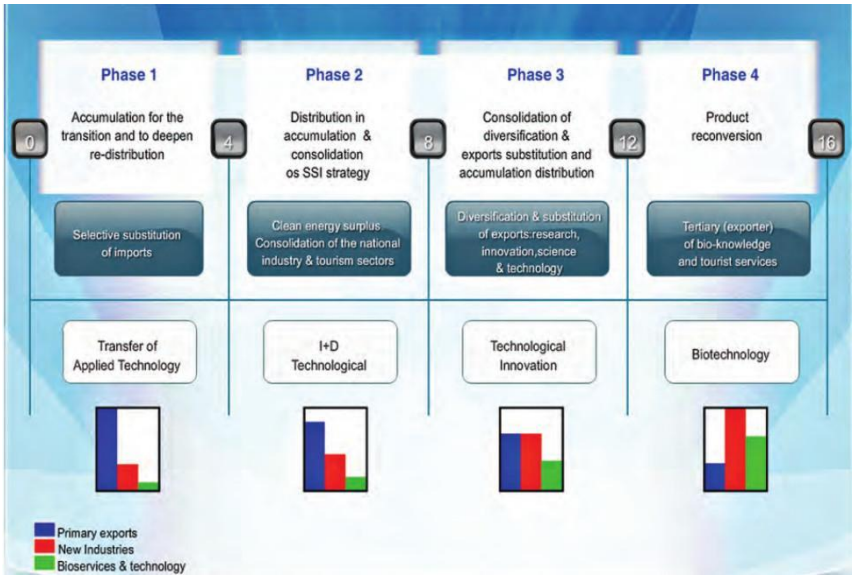
Despite declaring environmental concerns, the plan did not suggest the end either of mining or oil exploitation. It promised instead to orient the rents from those activities towards "social and productive investment", as well as to reform the regulatory framework of mining, in order to take into consideration both, environmental and social concerns (SENPLADES 2007: 272-274). In oil production, it defined the objective of generating local capabilities for producing petroleum derivatives (SENPLADES 2007: 272).

As the first plan published after the Constitution approval, the first National Plan for the *Good Living* -NPGL- published in 2013 attempted a deepening on the specificity of the notion. In particular, it highlighted the primacy of the collectivity over the individual and of the society over the state, as well as the inclusion of the principle of sustainability in the economic planning (SENPLADES 2009: 18-19).

Perhaps the most significant element of this plan was a twisting of the implications of the concept of "comparative advantage", that dominated the economic common sense in the peripheral countries during the neoliberal era. The neo-classical thesis was that countries with abundance of natural resources, should strategically position themselves within the world economy as commodity exporters, instead of pursuing industrialization, a path where they would not be able to compete. What this NPGL suggested instead was to use those natural resources to re-orient the national economy towards eco-tourism and bio-technology (SENPLADES 2009: 56). Drawing on political philosophy, the plan suggested that Ecuador should become an "eco-tourism biopolis" (SENPLADES 2009: 7).

The process for achieving that transformation was divided into four stages, to be carried out in 16 to 20 years, summarized on the following graph:

Graph 6.1: Ecuador's productive transformation project



Source: SENPLADES, 2009

The plan also posits that the role of the state, aside from generating the necessary regulation that each of the stages requires, would be to provide the conditions for productive transformation by fostering "systemic productivity" through infrastructure, clean and efficient energy, public services and institutions. An immediate task was, therefore, the "change of the energy matrix", an increase of the electricity production capacity of the country, which would reduce the domestic oil consumption (SENPLADES 2009: 96).

This massive transition would depend on the creation of a system of research and innovation that was expected to provide the scientific and technological support for the new productive sectors. In other words, "[…] a virtuous tripartite alliance: universities, (public or private), industry and public research institutes or technological research centers", which required the reform of the national higher education system (SENPLADES 2009: 59).

The strategy contained in the first NPGL sought a progressive relative reduction of the weight of the primary sector on the GDP, and not its immediate suppression. The plan states: "[i]t is not about keeping our natural heritage untouched or frozen in time, which would be an impossible task. It is about protecting it at the adequate levels" (SENPLADES 2009: 21).

The second NPGL -and third plan of the CR- was written under the feeling of optimism and success that the Ecuadorian cadres had in 2013, stemming from the electoral victory at the beginning of the year (which included Correa's reelection and a qualified majority in the Congress) and significant achievements in terms of social and economic indicators. The plan suggests a 'radicalization' of the citizen's revolution, pointing to a new goal: the "socialist knowledge society" (SENPLADES 2013b). It also shows the main points of divergence between the government's vision and other conceptions of good living: declaring that "The *Good living* has to be planned, not improvised" (SENPLADES 2013a), and that furthermore,

> It is not about going back to an idealized past, but about facing the problems of contemporary societies with historical responsibility. *Good living* does not postulate non-development, but contributes a different conception of the economy, the social relations and the preservation of life on the planet (SENPLADES 2013a: 23).

highlighting also that:

> The notion of *Good Living* has existed among native societies throughout the world, as well as within Western civilization. Its essence is universal, and it has been a constant human aspiration throughout history (SENPLADES 2013a).

Knowledge-related activities became even more central in this plan, providing more concrete ideas about the path to be taken in order to increase their role in the national economy. An important one, already outlined in the constitution, was the regulation of intellectual property, under the principles of common and open knowledge (SENPLADES 2013a: 17).

The idea of moving towards a "socialist knowledge society" is connected to the principle of sustainability: the path is described as a transition, from the exploitation of finite resources, to the production of infinite ones (SENPLADES 2013b: 17).

The idea of knowledge society here became fundamental to the productive transformation policy, to the extent that the latter is characterized as the result of the incorporation of scientific and

technological advances into the productive structures and processes that would generate diversification and creation of new knowledge-intensive sectors. This was expected to improve the quality of employment and to change the role of the country within the global economy (SENPLADES 2013a: 81).

As mentioned in chapter 3, Gramsci believed that the idea of a "new productive world" is a fundamental component of a hegemonic project (Gramsci 2011a). And it seems that Good Living became the name of the hegemonic project and productive world designed by the cadres of the CR. But, what was its class content? Gramsci differentiates between two kinds of political leadership: of the first and of the second degree. Whilst in the first case a class or class fraction exercises political leadership for itself, in the second case it does so on behalf of another class. The intellectuals, Gramsci says, "often exercise a leadership of the second degree" (Gramsci 2011b). In this sense, one may argue that, where the logics of capital self-valorization predominate, it is not possible for a non-capitalist class or class fraction to exercise hegemony of the first degree. Granted. But, it is possible that the hegemonic project of a class or fraction that exercises hegemony of the second degree can seek to change the relations of force, meaning the relative distribution of power between classes and fractions.

If, as Therborn suggests, state power "is a relation of social classes expressed in the content of state policies" (Göran Therborn 1980: 24), we should look at the policies that were actually implemented, to see how they operated with respect to that distribution of power; in other words, to establish the "class character" of those state interventions. This entails examining the way in which the governing class or class fraction — not the dominant one — *used state power in order to carry out changes in class power*.

A governing class can, for example, use state power to take economic or other forms of power from other classes, thus increasing state power; it can also reduce the power of specific classes and fractions; finally, it can use state power to increase its own class power or that of one of their allied classes and fractions. In the next section, I describe the confrontation between the CR and transnational capital on the matter of oil rents, as an example of the first kind of intervention. In

sections 3 and 4, I discuss the second and third kind of intervention, in the context of productive transformation policies.

One thing must be kept in mind: as the relational approach to the state has warned us, state interventions result from the confrontation between classes and fractions. This does not imply that there is no project behind the political interventions, but rather that the "project" that emerges is what results from internal confrontations. Furthermore, multiple subjective interventions coexist within the governing class fraction and its political project, which means that one must also grasp the conflicting relations therein.

2. The state and capital disputes over Ecuador's oil rents

As mentioned in Chapter 3, from the beginning of the 1970s oil rents were the main source of rents for the Ecuadorian state. However, all along the Neoliberal era, most of the state income was used on debt service. From 1994 onwards, a presidential decree allocated the state oil company profits to the payment of the foreign debt (Fontaigne 2008: 11); at the same time, creditors started to pressure for the privatization of the sector, fully attained one decade later. In order to recover the economic power of the state, the CR pursued a double strategy, consisting of a renegotiation of the foreign debt and a re-nationalization of the oil sector.

In 2007 the CR created an Integral Audit Commission for the Public Credit, constituted by activists and experts on the issue, both national and foreign, including among others Éric Toussaint, member of the *Committee for the Abolition of the Third World Debt*, and several members of the Ecuadorian *Jubilee 2000*. This was what Jessop would characterize as a strategic redefinition of the border between the state and the civil society (2007: 6-7).

As the commission labeled specific sections of the debt as either illegal or illegitimate, the government declared default on the corresponding bonds. That was the first time in history that a country had made a declaration for extra-monetary reasons. The market value of the bonds fell to 35% of its nominal value, whereupon the government re-purchased them, reducing the price from USD 10.3 to 3.3 billion (*La Nación* 2009) and reducing its debt service from 4.8% to 2.1% of GDP

(SENPLADES 2013b: 115). The move, however, closed several credit options for the Ecuadorian state (Acosta 2014), which until 2013 stayed out of the sovereign debt markets, using instead regional development institutions or bilateral debt in order to solve its financing needs (*Gestión* 2013).

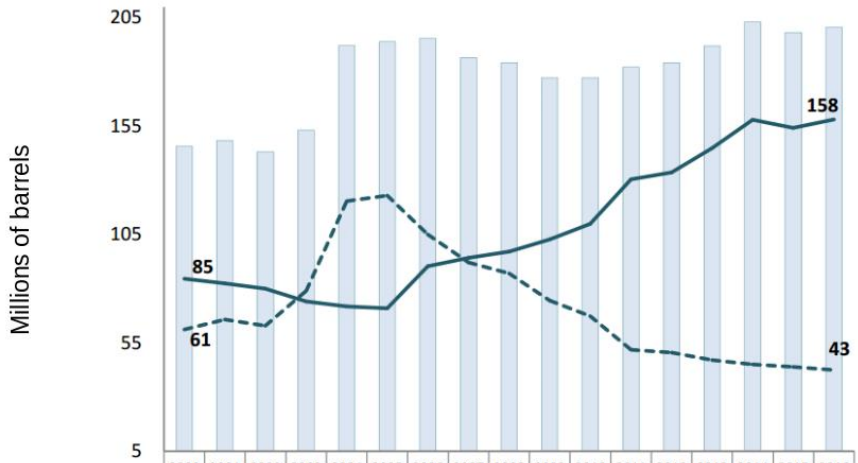
After this, the CR recovered a significant proportion of the oil rents, controlled since the 1990s by transnational corporations. The latter were enjoying exceptional benefits since the sudden increase of the oil prices in 2004, until 2006 when the provisional government of Alfredo Palacio taxed this extraordinary income by a 50%. In 2007, the Correa administration increased this tax to a 99% (*La Vanguardia* 2007). The Faro Group calculated that between 2009 and 2010 this taxation represented an increase of 46% on the tax revenue from the sector (Herrera, Lopez, and Arias 2012: 31).

The constitution of 2008 also declared the nationalization of the oil sector. After this, a new Hydrocarbons Law approved in 2010 restricted transnational companies operations to service provision contracts, were the state paid a fixed price per barrel, with the corporations assuming all the costs and risks of the operations. The service was paid only if a series of previous deductions were ensured: the transportation and commercialization costs, a state's "sovereignty margin" of 25% over the sale price, a 3% directed to the oil sector workers and a 13% for the local development of the area where the operation took place (Herrera, Lopez, and Arias 2012: 13). Seven companies refused those new conditions and decided to leave the country (*Última Hora* 2011) . However, in just one year, the implementation of the new law represented an additional increase of 53% on the states' oil rent (Herrera, Lopez, and Arias 2012).

The Graph 6.2 shows the country's oil production divided by sectors. As can be seen, there is a recovery of the participation of the public companies and a constant increase in total oil extraction. It worth mentioning that, during the return of neoliberal policies in Lenin Moreno's government, the Secretary of Hydrocarbons identified the "service provision contract" as the main reason for the lack of interest of private investors, also highlighting that Ecuador was the only country in the world that excluded other forms of private capital participation (Secretaría de Hidrocarburos 2017).

Several corporations decided to take legal actions against those measures on the basis of the Bilateral Investment Treaties — BITs — signed by the neoliberal government of Sixto Durán Ballén (1992-1996). The BITs were in fact an abdication of state power to transnational corporations, that violated the "Calvo doctrine": a Panamerican principle established at the end of the 19th Century, that locates the jurisdiction of international investment disputes in the countries where the investment takes place. The BITs instead gave investors the power to choose the arbitration forum where the legal dispute has to be resolved, including among the possibilities the courts of the investor's country of residence, international trade chambers, the World Bank's International Center for Settlement of Investment Disputes — ICSID — and the Permanent Court of Arbitration of the Hague — PCA — . The BITs were signed under the pressure of the debt creditors and international organizations, sometimes without fulfilling the requirements established by Ecuadorian law (CAITISA 2017).

Graph 6.2: Ecuadorian oil production by sector (2000-2016)



	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Total prod.	146	148	143	153	192	194	196	187	184	177	177	182	184	192	203	198	201
Publ. prod.	85	83	80	74	72	71	90	94	97	103	110	131	134	145	158	154	158
Priv. prod.	61	66	63	79	120	123	105	92	87	75	67	52	51	47	45	44	43

Source: Ecuador's Central Bank 2017

The BITs included several elements that limited the Ecuadorian state's possibilities of recovering its own economic and regulatory power, as was demonstrated in the legal struggles that followed. They use, for example, a broad definition of "investment", that includes "tangible and intangible goods", making it possible to consider under the latter "administrative rights" like concessions for natural resources exploitation, as those eliminated by the 2010 Hydrocarbons Law (CAITISA 2017: 18). The BITs also protect the investors from "indirect expropriations", a broad concept that refers to any state measure that has "similar effects" to those of an actual expropriation, including regulatory measures that may generate an "expropriation of the investor's profit" (CAITISA 2017: 19).

Most of those treaties do not include a clause of "fork on the road", that would force the investors to choose either the national or the international courts, allowing them instead to replicate lawsuits simultaneously in different forums (CAITISA 2017: 20). Furthermore, BITs also included a "survival clause" that establishes an additional period of between 10 to 20 years after being denounced by one of the parts, during which all the conditions of the agreement will still remain valid (CAITISA 2017: 19).

Grounded on the BITs signed with the US and France, Occidental, Burlington and Perenco choose the ICSID as the scenario for the legal dispute against Ecuador, arguing that the taxation on extraordinary profits constituted a case of indirect expropriation (CAITISA 2017: 48-49). The ICSID ruled in 2012 in favor of Occidental, imposing to the Ecuadorian state a sanction of USD 1.77 billion — USD 2.3 billion with interests applied — , the largest award in the history of the tribunal at that moment. One of the arbitrators, Prof. Brigitte Stern, voted against the decision of the majority, characterizing it as a "manifest excess of power" (Cheng and Bento 2012). The case was later revised by a World Bank committee, which in 2015 reduced the sanction to a little more than USD 1 billion (*Reuters* 2015); the state had to negotiate with the company, reaching an agreement of USD 980 million in 2016 (*Reuters* 2016). At the end of the following year, the Ecuadorian state also reached an agreement with Burlington for USD 380 million, after the same court ruled in the transnational's favor (*El Universo* 2017a). Perenco's case is still open, and the company is claiming a compensation for 1.5 billion. Petrobras, which refused to continue its operations in the country under the conditions established by the 2010 Hydrocarbons Law, decided also to sue the country in the PCA for USD 830 million (*El Comercio* 2015).

Those were not the only disputes filed by investors against the country: In 2014 the UNCTAD ranked Ecuador number six in the list of countries with the most lawsuits from investors (UNCTAD 2015: 3). The Attorney General's office declared in September 2018 that the country still had 36 lawsuits for around 13.7 billion and 27 notifications of new potential processes (*El Comercio* 2018). It is clear that both, the demands, the sanctions and the notifications, seek to generate a "chilling effect" in the decision making of Ecuador, also using it as an example for other states that could seek to challenge the excessive power of transnational corporations.

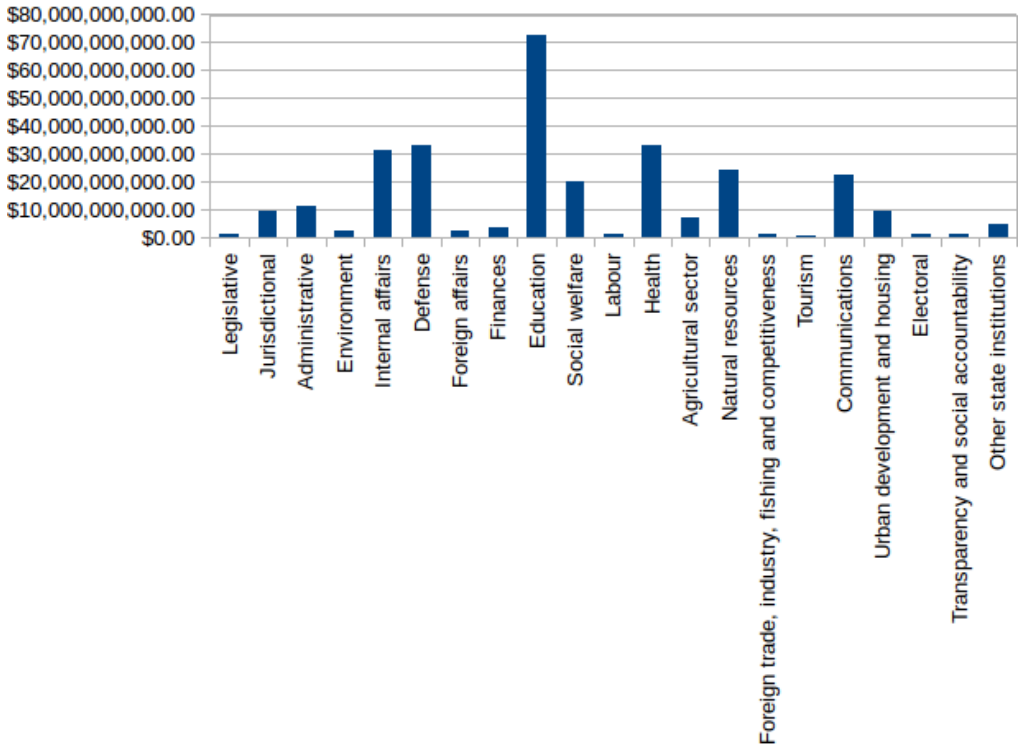
The CR then deployed different strategies to counterattack the legal actions of these corporations. In 2009, when the government denounced the agreement of accession to ICSID, the World Bank notified the country that the withdrawal would become effective six months after the decision, remaining valid for the ongoing legal processes (CAITISA 2017: 24). From 2008 onwards, the CR denounced several BITs, starting with those which were expected to have the lowest political and economic impact. After the first victory of Occidental in 2012, the state modified its strategy, replicating the experience of the debt audit through the creation of the Commission for an Integral Citizen Audit of the Bilateral Investment Treaties and the International System of Investment Arbitration (CAITISA for its Spanish acronym). The CAITISA was constituted by public functionaries, lawyers with expertise in the area and members of civil society organizations (*Transnational Institute* 2017).

From 2011 onwards Ecuador faced a difficult dilemma: In the middle of its trade agreement negotiations, the EU demanded the suspension of the BIT denunciations, as a series of leaked diplomatic cables revealed (*Periódico Diagonal* 2014). The CR government then decided to wait until the end of the negotiations to denounce the remaining BITs, indeed one of Correa's last measures as president (*El Universo* 2017b).

Despite those substantial obstacles, the CR effectively increased the state oil rents through a re-nationalization of the oil sector. An important consideration for establishing the class character of the CR policy is the use of those recovered rents. As mentioned in chapter 3, during the oil nationalization that took place during the military dictatorship of 1972, most of the oil rent

recovered was transferred to the private sector, as a strategy for the development of manufacturing. This, I have also shown, boosted the consolidation of monopoly capital in the country. It worthwhile, then, to have a look at the public spending priorities during the period under analysis:

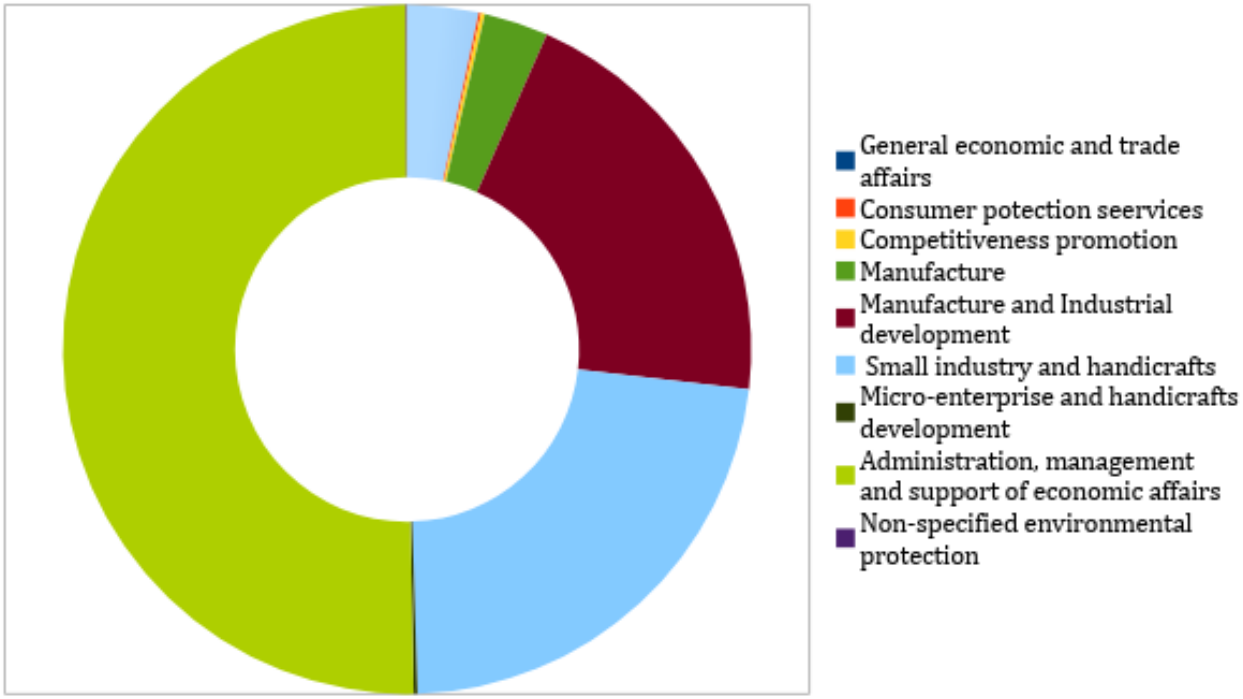
Graph 6.3: Ecuador's budgetary execution by sectors (2008-2017)



Source: Author, with data from the: Ministry of Finance

As can be seen in Graph 6.3, the state budget was used largely on education, where investment more than doubled any other sector. By contrast, compared to most of the other sectors, the amount allocated to "Foreign trade, industry, fishing and competitiveness", was quite small. The Ministry of Industries and Productivity was part of this sector, and its budget distribution is also shown in Graph 5.4. It worth noting that the budget to support the manufacturing sector is not much bigger than that allocated for handicrafts, small industries and micro-enterprises.

Graph 5.4: Ecuador's Ministry of Industries and Productivity budgetary execution by function (2008-2017)



Source: Author; with data from the Ministry of Finance

There can be two possible interpretations of the budgetary allocation described above. The first is that productive transformation was not a real priority for the CR administration. But that would mean restricting industrial policy to public budget transfers to the private sector. The second is that the government preferred instead to use other kinds of mechanisms. In the following sections I will describe those mechanisms, dividing them into two kinds: trade and industrial policy in the "conventional sense", and knowledge-related policies. As we know, the latter has considerable importance for two reasons: first, because it was the path prioritized in the NPGLs and second, because, as we just saw, education was the sector that received the largest budget allocations during the years of the CR.

3. The ‘Citizen’s Revolution’ development policy

a. Trade policy and protectionist measures

Immediately following the ratification of the North America Free Trade Agreement in 1994, the US started to work on the Free Trade Area for the Americas -FTAA-, one of the priorities of president George Bush at the turn of the century. The resistance against the possible incorporation of Ecuador to the FTAA was, indeed, one of the main issues driven by antineoliberal movements and civil society organizations in Ecuador during the 1990s and the beginning of the following decade (Estevez 2013: 91). The decision of negotiating Ecuador’s incorporation to the FTAA by Lucio Gutierrez's government was, indeed, one of the issues that reduced the legitimacy of his administration (Unda 2005).

The cancellation of the FTAA negotiations was part of the electoral platform of Movimiento País, and indeed one of the first measures of Correa’s Government (Telesur 2006). The alternative was, to work on “a strategic insertion in the global economy”, that the NPGLs and other policy documents declared as one of the conditions for achieving productive transformation (SENPLADES 2009: 51, 74, 80; 2013a: 78, 89).

In order to do so, the CR suggested an alternative framework for establishing trade relations that would boost, rather than hinder, the development of the economic capacities of peripheral countries. The Ministry of Foreign Relations and the Ministry of Planning designed a document called “Trade Agreement for the Development” — TAD —, expected to be used in the process of negotiation with other countries (*Ecuadorinmediato* 2012b).

The TAD had three components: political dialogue, trade and cooperation, and although most of its content was about general principles, there were also some binding commitments. Its art. 94, for example, recognized each country’s right to define “its own degrees of social, labor and environmental protection”. In the same vein, art. 102 rejected trade strategies based on the reduction of the protection standards in any of those areas. Art. 95 required the commitment to apply labor regulations compatible with the main International Labor Organization agreements. Art. 96

established similar requirements on environmental international agreements, like the Kyoto Protocol. Finally, while recognizing the applicability of the "national treatment" clause of the World Trade Organization — WTO — , the TAD subordinates its applicability to "special and differentiated treatment" or the "enabling clause" of the same organization. This subordinates national treatment to the rights of less developed countries to protect and strengthen their own productive sectors (Estevez 2013: 131-135).

In her analysis of the CR's trade policy, Estevez identifies a confrontation of two visions — and two factions — within the government, on the relationship between trade and development. The free trade advocates, with ties to the country's main economic groups and trade chambers, and protectionism advocates that represented instead the points of view of the antineoliberal social movements, also inspired by ECLAC's structuralism and dependency theory. Although apparently the latter had more political strength, controlling key institutions and being more closely aligned with Correa's discourse, the former held the Coordinating Ministry of Production, where the minister Nathalie Cely — a former classmate of President Correa — was in charge of writing of the Organic Code of Production, Trade and Investments — OCPTI — . Avoiding ideological debates, this faction was able to write the OCPTI in a way that subordinated national legislation to international agreement — a commercial law approach — , willingly leaving open spaces to be filled by further negotiations on those subjects (Estevez 2013: 143). The main representatives of the private sector had a close relationship with Cely and prevented the OCPTI from introducing any substantial change to the existing industrial policies (Andrade 2015).

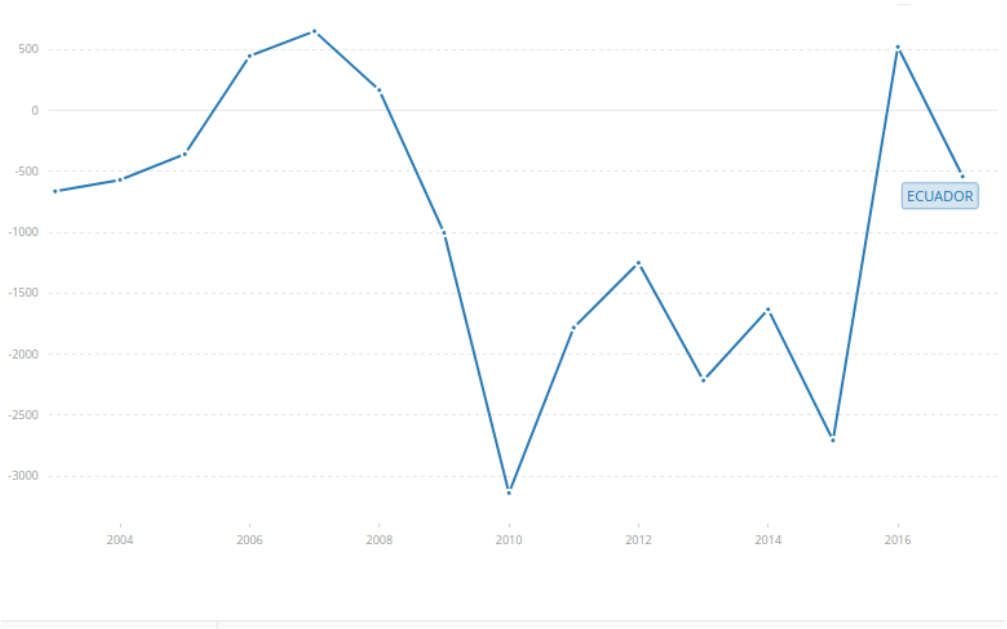
The TAD was an attempt to fill the regulatory gaps left by the OCPTI. However, the general framework of the WTO restricted the possibilities of an alternative trade regulation framework, such that, in order for the country to be able to implement the guidelines included in the Constitution, it would have had to leave the organization, a measure not taken by any leftist administration in the region, and deemed unfeasible by the CR (Estevez 2013).

Internal disputes and international regulation were factors that decisively influenced Ecuador's trade policy during the CR, but there were also economic factors that influenced the decision making in that area. Graph 5.4 shows the country's trade balance behavior. As can be seen, Ecuador

experienced a chronic trade deficit all along the period of Correa's governments. The main causes of this deficit were a reduction of the international oil price and the appreciation of the dollar (Calderón, Dini, and Stumpo 2016: 15). While a chronic deficit would be worrying for any economy, for a dollarized one such as Ecuador it was a serious macroeconomic limitation.

This macroeconomic restriction operated in two opposing ways. First, by leading the government to different strategies for decreasing imports, a non-expected protectionist agenda that generated several conflicts with different fractions of capital. Second, it increased the pressure for negotiating a trade agreement with the European Union, in order to avoid a fall in the country's exports after the end of the Generalized Scheme of Preferences+, expected in 2015.

Graph 5.4: Ecuador's trade balance of goods and services (in USD million)



Source: World Bank

Since 2013, Ecuador defined import quotas for assembled vehicles and cell-phones. From 2015 onwards the country also established exchange-rate safeguards for imports from Colombia and Peru, in an attempt to deal with the impact of the dollar's appreciation. The measures generated tensions within the Andean Community, leading to negotiations that ended in a progressive

elimination of those import restrictions. The Ecuadorian government then implemented a general, temporary and non-discriminatory balance of payments safeguard, on 2 955 tariff lines, seeking an import reduction of about USD 2.2 billion. However, some months later, and under the pressure of the private sector, a series of raw materials and capital goods were exempted from the list (Calderón, Dini, and Stumpo 2016: 113).

More interesting was the creation of a "Regulatory Agenda for the Productive Transformation". Launched the same year, the idea was to use technical quality standards as non-tariff mechanisms for the reduction of imports and protection of the country's productive capabilities. Although extensively used by developed countries, this strategy is not frequently used by developing ones. In 2012 the average number of technical standards used in Europe was 27 374, while in Africa and Latin America it was 4 988 (SENPLADES 2014). The technical quality standards generated by the Ecuadorian Service of Standardization increased for the manufacturing sector from 68 in 2012 to 6 609 in 2016 (Calderón, Dini, and Stumpo 2016: 14). The measure generated conflict with different actors of the national and transnational private sector, and was registered by private media as a "forced import substitution" (El Comercio n.d.). From 2014 onwards, the Ministry of Production created a register of authorized importers, that were allowed to import a given quantity of the products included in the technical regulations, under the condition implementing a progressive import substitution. Despite the novelty of the mechanism, the impact to the productive transformation was limited due to a lack of connection with the local productive capabilities (Calderón, Dini, and Stumpo 2016: 115).

As mentioned before, in 2011 the EU announced to Ecuador the end of its its benefits from the Generalized Scheme of Preferences+. The reason argued by the EU was the re-classification of the country by the World Bank as an upper middle-income country. As this mechanism benefits 85% of the non-banana exports of the country that enter the EU, this would represent potential additional tariffs of about USD 350 million per year, making them uncompetitive with respect to the other Andean Countries that had already signed FTAs with the EU. The measure was expected to be taken in 2015, and the EU advised Ecuador to start a negotiation process in order to be incorporated to the Multilateral Trade Agreement -MTA- already signed with Colombia and Peru. The situation

generated an internal conflict between the two factions of the government described by Estevez (2013).

Details about the confrontation between the two factions had been revealed in a series of diplomatic cables leaked in 2014. The struggle manifested in a series of public and private disagreements between two vice-ministers and their subordinates. Kinto Lucas, a leftist journalist and Vice-minister of Foreign Relations, publicly criticized the agreement offered by the European Union, characterizing it as a form of neocolonialism (Ecuadorinmediato 2012a). Francisco Rivadeneira, Vice-minister of Trade, on the other hand, pushed for the country's incorporation to the Multilateral Trade Agreement, often transgressing the general guidelines of his own superiors (*Associated Whistleblowing Press* 2014). Rivadeneira, a member of a family with a long tradition within the foreign service of the country, was described by the Business Year as "member of the Network of Export Consultants" and "highly active in economic, trade and economic circles" (*The Business Year* 2013).

While Lucas and the most progressive faction of the CR promoted an incorporation of the country into the South American trading bloc Mercosur, the sector to which Cely and Rivadeneira belonged pushed for the agreement with the EU. The discussions and the negotiations were extended to the end of 2016, when the government signed the country's incorporation to the MTA.

The government managed an official discourse were the agreement was described as something different to an FTA, but it was clear from the beginning that Ecuador obtained few advantages with respect to what was already signed by Colombia and Peru. The main reason behind the signing of the agreement was the protection of the banana sector, which would have faced losses of around USD 400 million per year, further impacting the country's trade balance (*La República* 2016).

When the negotiations for the trade agreements where in an advanced stage, the EU pressured Ecuador, via Rivadeneira, for an exemption for EU products from the non-tariff protections based on technical quality standards, as well as the other protectionist mechanisms (*El Comercio* 2016b). Afterward, Peru and Ecuador demanded an extension of the same conditions.

b. Other productive transformation policies

An additional mechanism used by the Ecuadorian state to boost productive transformation was public procurement, which represented during that period between 7.5% and 11.5% of GDP, reaching a peak of USD 10.8 billion in the 2013 period (Calderón, Dini, and Stumpo 2016: 213).

As defined in the constitution and declared in the NPGL, procurement mechanisms had to be be designed in order to increase the participation of local providers and actors of the social and solidarity economy. A system of preferences was created in order to ensure the participation of local producers, still limited by their low productive capacities: by 2014, 35% of the goods purchased by the state were produced within the country, as well as 49% of the inputs used in public works (Calderón, Dini, and Stumpo 2016: 219). The National Service of Public Procurement also created an Inclusive Catalog for allowing the participation of social and solidarity economy actors; it adjudicated contracts for a total of USD 64 million for 2015 (Calderón, Dini, and Stumpo 2016: 221). Minimal thresholds of local content where established and required for different products, and in 2016 the program Ingeniatec selected 22 providers for signing 10 year contracts for the provision of different goods, establishing specific objectives regarding local content incorporation. Those contracts committed USD 1.6 billion for the total period, with a potential increase in USD 1 billion more (Calderón, Dini, and Stumpo 2016).

There were some programs of the Ministry of Production, with limited budget, oriented toward the promotion of private investment in some of the sectors identified as strategic for the productive transformation process. Several of those programs were oriented toward the micro, small and medium enterprises, and usually had a short-term vision, and with limited impact and budget (Calderón, Dini, and Stumpo 2016: 117-119).

The OCPTI also incorporated a series of benefits for private investment, mostly related to the income tax, including discounts, exemption from advance tax payment, and discounts calculated from investments in productivity, innovation and environmental protection. There were also total income exemptions for companies investing in rural development, energy matrix transformation, import substitution and export promotion. In order to stimulate investment, the government offered "investment contracts" that ensured those benefits for a period of 15 years. Between 2013 and 2016,

there were 71 contracts for 4.9 million dollars. Many of those contracts, however, corresponded to primary sector activities considered as strategic (Calderón, Dini, and Stumpo 2016: 120).

Finally, there was also an attempt to select a series of sectors to be promoted, in order to focus economic and institutional efforts. Chang and Estevez identify at least four different attempts in that direction: the first in the Constitution of 2008; a second one in 2010 with a CMPEC study with the support of USAID; another one in 2012 by SENPLADES, with the support of Korea's Center of International Economic Studies, and a final one in 2014 by an inter-institutional committee led by the Vice-presidency and supported by ECLAC. As Chang and Estevez point out, there were actually more process of sector selection than specific projects defined to develop them. The process of selection also ended up increasing a list, from 10 to 25 subsectors, perhaps as a result of the pressure of interested actors (Estevez and Chang 2017: 5-13).

Neither the incentive policies nor the protectionist ones seemed to have improved Ecuador's manufacturing sector. While the policies were quite modest and limited, it is also true that, combined with the growing aggregate demand that resulted from the the real wage increases during the period, offered an opportunity for the sector's growth. However, the opportunities seemed to be insufficiently attractive for the private sector. In 2008 the annual capital outflow was of USD 17 billion, reaching in USD 31.7 billion in 2014. The National Tax Service calculated that, from the latter, at least a 12% went to tax havens (*El Telégrafo* 2015). The Panama Papers scandal revealed that, indeed, all the big economic groups of the country had holdings and companies in Panama and other tax havens. This process was facilitated by the conditions given by the BITs, as 77% of the country's companies had at least one investor with a domicile abroad (*El Telégrafo* 2016).

Despite all this, manufacturing was one of the sectors that contributed the most to the GDP growth for the period 2007-2015, with a growth rate of 11.2% -just below construction with 14.3% and education 11.3%-, considerably high when compared to the 1.4% of petroleum and mining (Weisbrot, Johnston, and Merling 2017: 8).

In his analysis of the productive transformation policies for the period 2007-2016, Pablo Andrade identified an internal division within the government. Andrade describes the conflict dynamics of

those internal factions dividing them into two groups. The first one, had “no explicit program with which their members could identify themselves”, but that “controls the key ministries of industrial policy and (national and international) relations with the strong economic actors and the producers of knowledge of industrial policies” (Andrade 2015: 96). The other group controlled SENPLADES and the institutions in charge of science, technology and higher education, and led the project of productive transformation based on those areas. Their vision, says Andrade was that “social transformation can and must be guided by *highly educated actors* with a broad command of science and technology”[44] (Andrade 2015: 93).

As the use of public budget indicates, it was the latter group the one that drawn the main guidelines of the productive transformation policy, which in practice meant the making of this “highly educated actors” group: the qualified labor force that would lead the path towards the “knowledge society”. In the next section I will describe the policies oriented on that direction, including the discussions on intellectual property regulation, seen as a fundamental component for advancing toward the "knowledge society".

4. The path towards the knowledge society

A new Organic Law of Higher Education -OLHE- was adopted in 2010, starting a series of reforms on the higher education system that included an increase of the executive’s representatives in the main bodies of the system (Reyes 2017: 79-83). This was part of a broader change on the long standing concept of “university autonomy” now understood as “responsible autonomy”: the universities had now to be accountable to the society and the state, and subordinate their activities to the national development plans (*El Universo* 2009).

The law introduced major changes in the academic career. It imposed PhD degrees as a requirement for “principal professor” positions, the highest possible within the tenure track. Those who already had the position but not the degree, had a 7 years period for obtaining it (Ospina 2012). Given the low number of PhDs that the country had by the begging of the reforms, the government created a program of full payed post-doc scholarships for bringing academics to the country, for supporting

44 Our emphasis

the universities during the process of transition (*El Comercio* 2014). It also created specific scholarship programs for those tenured professors who wanted to carry out their PhD studies (*El Telégrafo* 2012).

In order to obtain the number of post-graduate professionals that the higher education system and the envisioned knowledge society required, the government launched another ambitious scholarship program, that financed all the expenses for all the Ecuadorians admitted in postgraduate programs included in a rank selected by quality standards.

Four new public universities were also created during the period: a) the National Education University, oriented to the basic and secondary school teachers of the country; b) the Arts University -the first public higher education institution in the field-, c) Ikiam, the Amazon University, oriented towards natural sciences research, and d) Yachay, a high tech university and research institution. The latter three were seen as central for the transition towards the bio-knowledge society described in the development plans.

All those reforms implied an impressive economic effort. Between 2007 and 2015, the higher education budget grew from US 421 million to USD 2.1 billion, an accumulated investment of 11.4 billion. By 2015 the government awarded 18.645 scholarships for postgraduate studies abroad, proportionally granted according to the national development plans (Calderón, Dini, and Stumpo 2016: 121). The country's expending in higher education as a share of the GDP increased from 0.7% to 2.1%, the higher in Latin America, higher than the average of the OCDE countries (Weisbrot, Johnson, and Merling 2017: 7).

Those policies lead to what Bourdieu described as a change in the relative value of the academic degrees (Bourdieu 1998), in a way that several of the actors that held top positions within the academic system without necessarily having a corresponding academic level, where forced to get back into competition in order to maintain the already obtained privileges. This suggests that the reforms were not strictly "corporatist", guided by the immediate interest of the country's qualified labor force. It seems more that they pointed towards the making of a new class fraction, precisely the one that the productive transformation seemed to require, even if the measures taken affected, in the short term, their current members.

But this was just one of the many requirements for achieving a "knowledge society", as the one outlined in the development plan. A second fundamental requirement was the design of a new intellectual property regulation framework.

The need to change intellectual property regulation was already discussed during the National Assembly, and it was part of the Ecuadorian social movements concerns. The Indigenous mandate of 2006, for example, demanded that the government to block any attempt to appropriate or privatize the traditional knowledge related with biodiversity (Macas et al. 2006). The government plan of Macas for the 2006 electoral campaign also criticized the intellectual property regulation included in FTAs for its role in increasing knowledge gaps between the global North and South (Pachakutik-Nuevo País 2006).

Those concerns came from a series of emblematic bio-piracy cases related to Ecuador. The first was the patenting of the ayahuasca — a sacred plant of the Amazon — by a US citizen in 1986. Indigenous communities of nine Latin American countries fought against the registration, obtaining a victory two decades later when the patent was revoked (*El País* 1999). Something similar happened with the poison of an Amazonian frog, traditionally used by Ecuadorian indigenous communities for hunting. John W. Daly, a prominent scientist of the National Institutes of Health in the US discovered the active ingredient and patented it, using information given by the indigenous communities (*Grain* 1998). A third case involved the intaking and commercialization of DNA samples taken from a Waorani community without free and consenting knowledge by the Coriell Institute. The institute sold the genetic samples, and by 2014 the genetic data was used for at least 13 scientific published research projects (Comisión de Bioética en Salud del Ecuador 2014).

For those reasons, knowledge and intellectual property became part of the constitutional debates, and ended up in the new country's legal framework, with art. 332 which establishes that:

> Intellectual property shall be recognized in accordance to the conditions established by law. All forms of appropriation of collective knowledges is forbidden, in the areas of science, technologies and ancestral knowledge. The appropriation of genetic resources that contain biological and agricultural diversity is also forbidden.

In 2008, inspired by a meeting with Richard Stallman - a prominent promoter of Free Software -, Correa signed the 1014 decree that establishes the compulsory use of free and open source software in the public institutions. The decree accepted exceptions, extensively used since then by the IT departments of public institutions to avoid the process of migration from proprietary software (Delgado 2015).

Intellectual property became an additional source of concern for the government given the huge weight of the pharmaceutical products -especially against cancer and HIV- on the total investment on public health. In 2009 the government issued another decree, allowing compulsory licenses for local production of key generic medications, as well as chemical products used in agricultural production (Saenz 2010).

A series of diplomatic cables leaked by Wikileaks in 2011 revealed that the US diplomatic mission in Ecuador, US Pharmaceutical companies and three ministers of the government -including the Minister of health-, exchanged sensitive information and coordinated with the country governments of other potentially affected corporations in order to block the Ecuadorian government's decision (Rossi and Umbasía n.d.). The leaked memos show that the pharmaceuticals were also concerned with the presidential decision to prioritize national over foreign pharmaceutical providers, something that from their point of view constituted "a significant blow to the US pharmaceutical companies, whose sales to the public sector represent a significant proportion of the Ecuadorian market, sometimes up to 20% of the total" (Perez 2013). Although the measures had the initial support of the national producers, their encouragement became progressively reduced as they started to operate instead as *maquilas* for the transnational producers, a less risky but still lucrative operation (*La Hora* 2010).

With this background, the government, and specifically Senescyt started to work on a new intellectual property law, inspired in two different — and not necessarily compatible — approaches. The first one, inspired in ECLAC neo-structuralism, suggests that commodities-dependent countries should invest their revenues on the development of new "knowledge-intensive sectors" with higher value added products and services and less vulnerability to market oscillations. This approach, however, lacked a critical view regarding the process of intellectual property rents appropriation,

which is behind those knowledge based economies. In the words of Fernandez, Martinez and Purcell, “neo-structuralism naturalizes both ‘natural resources’ and ‘knowledge’ as factors of production, thereby obscuring the social conditions, and global context, under which they enter the production process” (2016: 2).

The second approach that became increasingly influential in the policy documents was instead very critical and aware of those social conditions, grasping them through the category of “cognitive capitalism”, and attempting to critically read the underlying political economy (Blondeau et al. 2004). This approach claims that closed intellectual property regimes are not just unfair but also inefficient, and that open and free knowledge administration enhances the productivity and innovation that is hindered by the former. This approach also recognizes the different forms of exploitation behind intellectual property regimes, grasped by some theorists of the *autonomia operaia* through the category of “cognitariat”, which refers to the broad range of intellectual workers, exploited and precarized under those regimes (Berardi 2005). Those views became stronger within the discussion of the law with the FLOK [Free/Libre Open Knowledge] Society project, launched by different institutions of the Ecuadorian government in 2012.

The FLOK society project attempted to gather policy proposals, inspired by the free and open knowledge administration regimes, like those that operate for open software production. It started some months after Julian Assange — the founder of Wikileaks — found shelter in the Ecuadorian embassy in the UK on August 2012, whereupon Ecuador became visible for the international hacker community, as well as for activists and academics interested in intellectual property and related matters. The event led to a series of initial approaches between some of these actors and some members of the Ecuadorian government, ending in a large summit on May 2014 in Quito, which gathered politicians, activists, hackers and citizens, discussing and designing proposals for the country's productive transformation (*El Diario* 2014).

The summit was followed by a series of participatory events to discuss and socialize the issues at stake, including workshops in the main cities and the countryside, the generation of multimedia content and a “wiki site” used to gather ideas and proposals for what will became Organic Code for

the Social Knowledge and Innovation Economy — COESC by its Spanish acronym — , or Código Ingenios. This site had, by 2016 more that 3 million visits, and 38,200 edits (Jefferson 2017: 25).

Despite the broad participatory process, and the remarkable engagement of progressive national and transnational civil society organizations, the final version of the code approved by the Ecuadorian congress was far from the original proposal of making of Ecuador a "haven for the free and open knowledge" — as opposed to tax havens — (Gutierrez 2013). There are some reasons for this:

The first one was the ideological contradictions present in the process and the institutions that carried out the process. Fernandez, Martinez and Purcell use Yachay, the city of Knowledge, as an example of this contradiction. Yachay is a high tech university and industrial park, defined as one of the main components of the country's knowledge society strategy, with an initial budget of USD 1 billion. Despite being administered by the same institution in charge of the COESC, the project focused on attracting several transnational corporations as investors, some engaged in bio-tech, like Pfizer as AstraZeneca, or in proprietary software like IBM and Microsoft. Those companies, however, operate with a business model that heavily relies on intellectual property royalties, contradicting the main principles that inspired the COESC philosophy (Fernandez, Martinez, and Purcell 2016).

A second reason was that the country had to take into consideration the limits imposed by the WTO Agreement on Trade-Related Aspects of Intellectual Property Rights, which regulates this area based on the principles of free trade agreements (in this case, ironically, the *protection* of property rights), and which is compulsory for all the members of the organization, including Ecuador (Estevez 2013: 89).

The third reason was the lack of a social base capable of providing the necessary political support for a radical reform against the interests of transnational corporations and their national representatives. As mentioned before, national pharmaceutical producers decided to align themselves with transnational companies and to operate as their *maquilas* for the national market.

Something similar happened with the different actors of the software industry in Ecuador, which became subordinated to the positions of the Ecuadorian Software Association — ESA —, controlled by private companies, many with shared interests with transnational corporations on the sector. The ESA, for example, argued that the compulsory use of free software for the public sector threatened the future of national companies that worked with proprietary software, under the false argument that the production of free software was dominated by transnational companies (Delgado 2016). The drafts of the COESC also included a 10% compulsory royalty for the direct creators of software, granting them the rights to use the material developed by them in subsequent creations. Surprisingly, the ESA was also able to position the discourse that this would put national companies at a disadvantage, generating the risk of massive loss of jobs, and thereby convincing the programmers to oppose the measure proposed by Senescyt (*Ecuadorinmediato* 2016).

Finally, the EU demanded to check all the drafts of the COESC to check its compatibility with its own commercial interests as a condition for the trade agreement approval, imposing a series of modifications that eliminated most of the most radical proposals contained the first versions of the law (*El Comercio* 2016a).

Conclusions

As we have seen, under a particular interpretation of the concept of "Good Living", the CR built a hegemonic discourse that sought to oppose the neoliberal one. One of its fundamental features was a reconceptualization of development as oriented towards a post-extractivist society, marked by its reliance on knowledge-related activities and to be achieved under the leadership of the state.

In order to move in that direction, the CR sought an increase of the economic power of the state by recovering the rents taken by transnational capital since the neoliberal years. This was achieved first, through a renegotiation of the foreign debt; and second, through a change in the regulatory framework of the oil sector. This implied reducing the power of the two main classes of the neoliberal power bloc.

Contrary to what was done during Ecuador's last military regime, the recovered rents were not transferred to the private sector. This does not mean that the productive transformation project was

not aimed at supporting a specific fraction of capital. On the contrary, it used other kinds of mechanisms, mostly "protectionist" ones, in order to boost national productive capital. The significant capital outflow that occurred during the years of the CR administration, are a clear sign of the lack of buy-in from the big economic powers of the country. This is easily explained by their nature as a class. As described in chapter 4, the holdings of monopoly capitalist class are dispersed across multiple economic activities and are deeply intertwined with foreign capital. It had no reason, therefore, to support the productive transformation project, which implied moving the capital invested in the commercial and financial sectors into newer and riskier activities. Something similar happened with the policies related to knowledge-intensive activities. Both, in the pharmaceutical and in the software sectors, national producers preferred to establish a more secure but subordinated alliance with transnational capital over taking risks by participating in the government's "knowledge society" project. The dominant class in Ecuador had nothing to win and a lot to lose in the adventure of challenging an international division of labor from which they have obtained so many economic benefits until now.

This shortcoming of the CR's hegemonic project is most likely a result of the ideological inheritance of dependency theory, which saw capitalist development as the only kind of development possible and, therefore, the national peripheral bourgeoisies as the actors who had to carry out the process— an interpretation that became also predominant in communism after the Sino-Soviet split (Smith 2016: 207-219). This placed the CR cadres in a particular situation: on one hand, it seemed impossible to create a development project that would not rely on the national capitalist class; on the other hand, historical experience made them skeptical enough to dismiss rent transfers to those private agents.

There where, however, some elements of the productive transformation policy that did not rely on the imagined national bourgeoisie. One of them was the higher education, science and technology sector reform. Substantial economic efforts where concentrated in these policies, through which the CR attempted to create a qualified labor force, in which the "knowledge society project" would be based. The fact that the regulation of the entire knowledge sector was initially conceived under the "free and open knowledge" principles, reveals the intention of the fraction that promoted it to create a sector of the economy not ruled by the logics of capital self-valorization.

The importance given to the qualified labor force in the development project, operated as a "mark" that reveals the structural place where the hegemonic project was conceived; the CR conceived the path towards its own utopia using the world view of the class fraction to which it belonged.

Nevertheless, a fundamental shortcoming of the CR's hegemonic project was the absence of a real social base. Either because it attempted to rely on a non-existing national bourgeoisie, or because, as described in the former pages, it failed in the task of articulating politically the existing but still reduced qualified labor force that was expected to lead the knowledge society project.

The internal disputes within the CR administration also reveal the conflicting subjective orientations that predominated therein. With regard to industrialization policies, this manifested as a confrontation between one faction that represented the monopoly capitalist class interests and a second faction that attempted to drive the latter's economic power towards the productive sector. On trade policy, the confrontation was between one faction that promoted "free trade" and another one that sought to promote a more protectionist approach. Finally, in the knowledge sector, the confrontation was between one vision that pushed for the free and open knowledge regulatory framework and one that promoted an alliance with transnational capital.

However, the limits that the CR project faced where not merely "subjective". There were also important "structural" constraints. First and foremost, dollarization. The lack of a national currency limited the state's possibilities of exercising monetary policy. This, in turn, made of the trade balance a permanent concern, that operated as an internalization of commercial capital interests within the state. This internalization was both, economic and ideological; a duality reflected, among other things, in the fact that the free trade agreement advocates of the government labeled themselves as "pragmatic" (Estevez 2013).

More important constraints were binding international economic agreements. WTO regulations, regional trade agreements, and especially bilateral investment treaties operated as effective mechanisms of reduction of state power that limited its capacity to generate policies that could affect the fractions within the neoliberal power bloc. Table 6.1 summarizes the way in which those constraints operated, in relation to the different actions and strategies taken by the CR government in order to change the country's productive matrix.

Table 6.1: Class character of the Citizen's Revolution Transformation Policies			
Power dimension	**Strategy**	**Actions**	**Structural constraints**
State Power Increase	Public debt renegotiation	Default and re-purchase legitimized by a citizen's audit commission.	International credit restrictions as a "punishment".
	Recovery of oil rents.	Changes in the legislation of the hydrocarbons' sector. BIT's denunciation, legitimized by a citizen's audit commission.	International lawsuits by transnational corporations. Transnational corporation's influence on the arbitration's system. BIT's "survival clauses"
Class power increase	Strengthening of the national productive sector.	Technical regulations (non-tariff trade protections) Short term tariff measures.	Lack of international and regional support. WTO regulations. Existing Regional Trade Agreements. Trade balance. Presence of commercial capital interests within the state decision-making processes. Capital flight and lack of buy-in from national monopoly capital.
	Strengthening of the knowledge-related sectors.	Higher education reform. Compulsory licenses for local production of pharmaceuticals. New intellectual property framework.	Resistance from the existing academic labor force. Lack of buy-in from national pharmaceutical producers. WTO Agreement on Trade-Related Aspects of Intellectual Property Rights Presence of transnational corporations interests within US and Ecuadorian states. Presence of commercial capital within the decision making process within the state.

Conclusions

In the first chapters I have explored the pertinence of the "materialist dialectic" as a meta-theoretical framework for political science. In particular, I suggested that "materialist dialectic" can contribute to a contemporary understanding of some key meta-theoretical problems contained in the work of Antonio Gramsci, regarding the relationships between subject and structure. It has been also useful as an ontological grounding for an integral-analytical approach to social classes, that recovers also contributions from Pierre Bourdieu and Erik Olin Wright. Based on set theory, materialist dialectic invite us to think classes and fractions as multiples that tolerates relations of union, belonging, conjunction, etc. It also allow us to use different criteria for identifying class fractions, not necessarily contained in the logics of capital self-valorization.

Using this theoretical framework I grasped Ecuador's class configuration during the years intermediately previous to the begging of the CR. I found, first of all, a monopoly capitalist class, that captures most of the national income concentrating also the property over the means of production. This monopoly capitalist class is clearly differentiated with respect to the petty capitalist class, a more numerous set that nevertheless concentrates a small proportion of the means of production, and whose income is, by far, closer to the one of formal workers than to the members of the former. I also identified a working class, defined by the fact that their members sale their labor power. The market where they sale their labor force, either formal or informal, is a fundamental cleavage which forms two fractions with clear differences in term of income. This cleavage is related to qualification: qualified workers predominantly sale their labor force within the formal sector, whilst unqualified or low qualified workers do so within the informal one. indigenous, Afro-Ecuadorians and women predominantly belong the informal workers fraction; in the case of the two former categories, this belonging is also related with low qualification. Informality also predominates in the rural areas, with the corresponding effects in terms of income. On the other hand, highly qualified workers, concentrated within the formal sector, predominantly sell their labor force to the state.

Badiou's materialist dialectic seems also to offer a pertinent ontological grounding for the so-called "relational approach" to the state, as it provides a concept of unity that does not cancel the multiple

nature of beings. It has to be said, however, that Badiou's own concept of state, grounded on the "axiom of the power set" has not been explored here, despite the fact that it may offer some interesting possibilities for political theory.

I highlighted also the importance of using the category of "state classes" for better understanding instances of state "relative autonomy", offering however the concept of "state fractions" as an alternative, useful for differentiating the diverse groups that constitutes the state and that nevertheless holds different kinds of power. I have focused on two distinctive state fractions: the army and the cadres. The latter category, fundamental for my general argument, refers to highly qualified workers that are predominantly located in what Gramsci called the "integral state" – public sector and civil society organizations – , and that fulfill tasks of planning and social coordination.

I have shown also how the cadres' political relevance increases in Ecuador during the second half of the 20th century. This was a result of a corresponding increase of the state's planning functions associated with the notion of "development", a process that became evident during the country's last military coup. The beginning of the neoliberal reforms, however, implied the cadre's political defeat and a temporary withdrawal to the terrain of civil society.

The reforms implemented during Ecuador's last 20th century "developmentalist" attempt under the army's leadership, allowed the transformation of the country's commercial capitalist class into the aforementioned monopoly capitalist class. During that period, this class captured substantial proportions of the country's oil rents, using them for diversifying their interests towards the manufacture, but also the financial sector. During that period this class also established strong linkages with transnational – specially US – capital, which investing on the country's manufacture sector resulted also benefited by the "nationalist" developmentalist program. The decade was also the period of consolidation of financial capital power, both at the national and the transnational level, something that generated the conditions for the neoliberal transition.

The latter was the result of an effective coordination between global financial capital and Ecuador's monopoly capital. Whilst the former co-opted the commission that represented the creditors in the country's debt renegotiation that followed its default, the latter captured the key institutional

positions that operated as national "counterpart". The measures imposed through their "negotiation", further increased the country's neoliberal power bloc class power. Among the fundamental measures imposed thus, it worth to mention the public assumption of monopoly capital's foreign debt, an increase in the foreign debt's value, privatization of the oil sector – nationalized one decade ago by the military – and deregulation of the financial sector. The latter was the main cause of the huge economic crisis that exploded at the end of the 1990s, and that lead to the dollarization of the country's economy.

The 1990s was also the period of constitution of the anti-neoliberal coalition, leaded by the country's indigenous movement, and gathered around the National Coordination of Social Movements and Pachakutik, its political party. The cycle of mobilizations carried out by the coalition weakened the neoliberal power bloc, leading to two presidential overthrows. The indigenous movement did a remarkable work of articulation with the different popular sectors; however, the "indigenist" orientation within the movement, which placed its particular demands above those of the broader popular coalition, reduced the possibilities for the movement of becoming hegemonic, opening the door for political alliances of some of its sectors with neoliberal governments, as it happened during Bucaram and Gutierrez administrations. This was not its only obstacle: the global predominance of neoliberal ideology, the control of private media by monopoly capital and the development of a "populist" movement by the Lebanese fraction of the latter, further limited its chances of success.

Pachakutik's participation within the electoral coalition that placed Gutierrez in power, its participation in the first part of his government, and its calls for restraint when his first neoliberal moves generated popular discontent, substantially reduced the anti-neoliberal coalition legitimacy. Gutierrez overthrow, achieved by a series of mobilizations leaded by middle class urban sectors, inaugurated what Gramsci would call a "catastrophic equilibrium" in the confrontation between the neoliberal power bloc and the anti-neoliberal coalition.

The 'Citizens's Revolution' can be understood, in this context, as a political project developed by a progressive sector of Ecuador's cadre fraction, that broke this "catastrophic equilibrium". Despite its manifests differences with Pachakutik and the indigenous movement, it was strongly influenced

by, and even participated in, the subjective intervention originated in the anti-neoliberal coalition. Indeed, it carried out a substantial part of the political program originated there.

The fact that the cadres conceived the state as the place from where the reforms should be designed an implemented, was partially – but not exclusively – a result of their class position. It was also a result of the intellectual tradition of Ecuador's left, which for historical reasons have conceived the state as a fundamental component of its political strategy, and a terrain that can be conquered and controlled by the national progressive forces.

The analysis of the main features of Ecuador's neoliberal stage, linked to the one of the main reforms carried out by the CR, allowed us to establish that its political project aimed to the weakening of the neoliberal power bloc. It decisively restricted the class power of financial capital at the national level, also re-nationalizing the oil sector, where most of foreign capital was concentrated. It eliminated the corporatist representation of monopoly capitalist class in several state institutions, formalized labor relations and attained a remarkable increase in the workers' income. It also increased the state presence, both in terms of economic regulation as in the provision of social services.

There is no doubt that, as Acosta (2012) affirmed, all those policies where post-neoliberal and not post-capitalist; it is also true, however, that exactly the same thing can be said regarding the political project of the anti-neoliberal coalition of the 1990s and the indigenous movement. The anti-capitalist dimensions of their grievances were indeed quite reduced, and although it may have emerged once in a while in political statements, were never part of its political programs.

This place into question those narratives that portrait the CR as a sort of betrayal to the anti-neoliberal social movements program. Opposed to those depictions that places the progressive forces on the side of the civil society and the reactionary ones on the side of the government, the evidence gathered seems to indicate that both kind of forces were present within the two fields.

However, despite the progressive features of the CR administration, the latter seemed incapable of creating a broad civil society coalition, capable of back its reform project beyond the electoral struggle. It can be said that the CR cadres made the opposite mistake that the one of the indigenous

movement: conceiving the demands from particular groups as “corporatist”, it increased the conflicts that arose from the implemented reforms, reducing its possibilities of establishing political alliances and becoming hegemonic.

A fundamental theoretical problem linked to this, relates to the kind of political leadership that a progressive force can attain in a situation where the logic of capital self-valorization predominates. I have suggested that in those cases, it necessarily exercises this leadership on behalf of the dominant classes. This does not mean that, in doing so, a progressive force cannot intervene in order to change the relations of force in favor of the dominated classes.

I explored this possibility looking at the CR productive transformation policy. Re-elaborating the notion of *Buen Vivir* – Good Living – , its cadres developed an hegemonic project were the transition towards a post-petroleum economy was a fundamental component. The latter was seen predominantly as knowledge-based, something that betrays the class position – as qualified labor power – of those who conceived the project. There is no doubt that the policies implemented recovered the rents that were captured by transnational capital, either through debt service or through the control of the oil sector. It can also be said that the CR avoided the transfer of the recovered rents to the private productive sector, probably for the lessons learned from the military regime’s developmentalist policies failure. But to the extent that the development project relied on the private sector for it success, it was seriously affected by a lack of willingness from the the monopoly capitalist class, that instead preferred to send their massive profits abroad.

But this lack of willingness was not the only obstacle that the productive transformation policies had to face. There were also important structural constrains. First, the overwhelming presence of transnational capital class power within the international institutional framework, that restricted the decisional power of the state, and that manifested in the WTO regulations, the transnational corporations control over the international arbitration system, and the neo-colonial conditions contained in the BITs signed by the Ecuadorian administration during the neoliberal period.

Furthermore, there were also structural constrains that resulted from the presence, within the state, of commercial capital. Although the monopoly capitalist class of the country has its interest diversified in all the economy’s sectors, it has always concentrated them within the financial and

commercial sectors. The state's lack of capacity for exercising monetary policy, as a result of the economy's dollarization, made of trade balance a fundamental concern, tying the interests of the state administration to those of the national exporters – especially but not exclusively banana exporters – . There was also a representation of those interests through interpersonal relationships, as well as through plain ideological dominance over specific sectors of the government – its free trade advocates – . The latter was evidenced in the open conflict that emerged in relation to the trade agreement negotiations with the EU. Those internal divisions within the CR, that show the existence of different subjective orientations within a single political project, confirm also the pertinence of the "relational approach" to the state at the moment of understanding the policy decision making dynamics.

In sum, I have provided some theoretical and empirical elements, useful for deepening our understanding of a remarkable period of Latin American history. I am convinced that the last word regarding the Latin American Pink Tide has been not yet spoken, and that many of its political consequences may be seen in the near future.

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