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Leaving Oil in the Soil

Transnational Class Power, Capitalism and Neo-extractivism in Ecuador



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Abstract

In 2009, a ground-breaking environmental initiative was presented to the international community by the Ecuadorian government under president Rafael Correa. The proposal entailed leaving the biodiverse Yasuní natural park -which contained 20% of Ecuador's oil reserves- untouched in return for international donations to compensate for expected oil profits. In 2013, drilling for oil in Yasuní commenced, despite widespread domestic popular and political support for preservation of the park. While a lack of donors partly accounts for this outcome, this thesis fills the gap in the literature by accounting for a structural-historical explanation for Ecuador's continuing reliance on oil and extractivism. Following a Critical Realist ontology supplemented by a Neo-Gramscian theoretical framework, the thesis employs an explaining-outcome process-tracing analysis in order to answer the research question "why did the Yasuní initiative fail?" The outcomes of the process-tracing analysis suggest that the shift toward the export of primary goods in Ecuador's economy following the 2000's commodity boom and the ensuing increased government dependence on oil rents for the financing of its social welfare programmes are at the core of the Yasuní initiative's failure. Despite the Correa administration's efforts to diminish the direct political power of the corporate cadre, the structural power of the transnational capitalist class in Ecuador was maintained to such an extent that dominant economic interests prevented the success of the Yasuní initiative. Through this combination of structural and agential causal factors, Ecuador continues down its neo-extractivist path.

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List of abbreviations

CR – Critical Realism

FDI - Foreign Direct Investment

GPE – Global Political Economy

IBRD - International Bank for Reconstruction and Development

ICC - International Chamber of Commerce

IDA - International Development Association

IFI - International Financial Institution

IMF - International Monetary Fund

IR – International Relations

ISI - Import Substitution Industrialization

MNC - Multinational Corporation

TCC - Transnational Capitalist Class

THM – Transnational Historical Materialism

TNC - Transnational Corporation

WB - World Bank

WEF - World Economic Forum

1. Introduction

The current era of human history is defined by a plethora of interconnected crises which give rise to an all-pervasive uncertainty about our planet's and species' survival in the future. Global warming, deforestation, loss of biodiversity and the disruption of geothermal streams are some of the existential threats which our natural environment faces (Rockstrom et al., 2009). Many have pointed toward the increasingly exhaustive demands of the global world-economy as the culprit for these problems (Moore, 2017; Martinez-Alier, 1995; Crutzen, 2006). The impetus of capital accumulation which has become ingrained into the operating logic of the modern globalized economy requires natural resources which are running ever scarcer and at the same time create emissions harmful to the environment (Moore, 2018). A myriad of anti-systemic responses to neoliberal global capitalism and its ecological consequences are to be found throughout academia and civil society: from ecological economics inspired by Hermann Daly's writings on the steady-state economy (2014) to the more activist European Degrowth movement (Kallis, 2011; Latouche, 2004). This thesis will focus on a distinctly Latin American manifestation of the tensions between growth-based economic development and ecological integrity. The political battle over whether or not to extract oil in Ecuador's Yasuní national park embodies an ideal-typical case of the struggle between traditional pro-growth interests and counterhegemonic, pro-environment interests.

The late 1990's and 2000's mark Latin America's 'Pink Tide', with socialist-leaning governments emerging in Venezuela, Brazil, Argentina, Bolivia and Ecuador, among others (Chodor, 2014). In 2006, Rafael Correa of the left-of-centre social-democratic Alianza Pais party was elected the next president of Ecuador. Correa's ambitions were to reduce poverty, raise the minimum wage and increase the standard of living while moving away from Ecuador's neoliberal model of development (Morales-López, 2012). In 2009, the Correa administration approved a new national constitution which would serve to consolidate some of the progressive tenets of Ecuador's new socialist course. Most importantly, the constitution establishes the legitimacy of Buen Vivir, a Latin American conception of development which diverges wildly from the neoliberal conception of development which had taken hold in Ecuador (Political Database of the Americas, 2011).

Buen Vivir translates to living well. Of paramount importance however, is that BV should be taken as a set of principles prescribing a markedly different understanding of living well than the Western concept of wellbeing founded on notions of growth-induced human development (Gudynas, 2011). In conjunction with individual social indicators such as levels of education, disposable income, physical health and self-reported happiness, Buen Vivir -also called *sumak kawsay* after the Quechua term- places an especially strong emphasis on the importance of living in harmonious coexistence with nature in a minimally exploitative manner (Gudynas, 2011). Take for example articles 12 and 14 of the Ecuadorian constitution (Political Database of the Americas, 2011): .

Article 12. The human right to water is essential and cannot be waived. Water constitutes a national strategic asset for use by the public and it is unalienable, not subject to a statute of limitations, immune from seizure and essential for life.

*Article 14. The right of the population to live in a healthy and ecologically balanced environment that guarantees sustainability and the **good way of living (sumak kawsay)**, is recognized. Environmental conservation, the protection of ecosystems, biodiversity and the integrity of the country's genetic assets, the prevention of environmental damage, and the recovery of degraded natural spaces are declared matters of public interest. [bold text by author].*

Shortly after the implementation of Ecuador's constitution, president Correa launched an initiative to 'keep the oil in the soil' of Yasuní park (Rival, 2010). Underneath the soil of this wildlife refuge,

characterised by its great biodiversity and cultural value, lies 20% of Ecuador's oil reserves. Correa's initiative amounted to this: if the international community would provide for 50% of the expected financial gains that Ecuador would generate by drilling and extracting oil from Yasuní, it would leave the park and its biodiversity completely untouched (Rival, 2010). This frame embodied a win-win deal for both Ecuador and strongly developed Western states, since the latter could use their ample financial resources to sponsor the conservation of Ecuador's Amazonian wildlife. This form of North-South environmental justice in which the polluter pays never came about and the drilling of Yasuní park commenced in 2013 (The Guardian, 2013).

As part of the wider range of efforts, both in- and outside of academia, to examine the tensions between our modern economies and the viability of our planet's future, this thesis will delve deep into the Ecuadorian case. By uncovering the structural causes which resulted in a failed environmental initiative, the thesis aims to shine light on the societal and political-economic conditions necessary for change which envisions a brighter ecological future. It is important to devote attention to known cases where ecologically-sound change did not come to fruition despite an initial momentum, since this allows us to identify the deep-seated and sometimes not so visible challenges to a sustainable future.

1.1 The riddle of failed ambitions from a Neo-Gramscian perspective

The eco-political consequences of Correa's terms in office did not correspond with prior expectations. For many, the political decision to conduct resource extraction in the Yasuní park constitutes the epitome of a general disappointment with Correa's cabinet, which has given rise to a multitude of popular uprisings (Becker, 2013). This begs the question, why did the Yasuní initiative fail and did extractivist operations commence in the Yasuní park, despite the Correa government's ambition to start upon a new ecologically sustainable development path?

Current theorizing on the initial emergence and consequential failure of the Yasuní initiative focuses on immediate and clearly visible political and economic causes. Such explanations can be categorized along the following lines: a) policy capture through corporatist decision-making, b) institutional competition in global environmental governance, c) political-ideological changes in donor countries, d) domestic policy inconsistencies and e) the resource curse. The literature section will start with an exposition of these strands of thinking.

While explanations of an immediate and direct nature are undoubtedly crucial for understanding the rise and fall of the Yasuní initiative, they do not yet account for the most fundamental and structural causes underlying the Ecuadorian government's failure to transform the principles promised by its 2009 constitution into actual policy. When assessed separately, these explanations put forward by the current literature appear somewhat contingent and disconnected. What is missing is an analysis of the underlying political-economic structure of Ecuador's position in the global world economy, which potentially serves as the root cause for the combination of factors leading to the failure of the Yasuní initiative. That is exactly the aim of this thesis: to provide a comprehensive analysis of domestic and global power structures through which Ecuador's Yasuní initiative was relegated to the dustbin of history.

Inspired and informed by the Neo-Gramscian school of International Political Economy originally developed by such authors as Robert Cox and Stephen Gill, this thesis will apply Neo-Gramscian concepts and frameworks to the case of Ecuador and Yasuní. A Neo-Gramscian framework provides a broader analytical point of departure for understanding contemporary Ecuadorian politics than do more conventional analysis of immediate empirical causes. Going beyond immediate causes, this thesis argues that the Yasuni-ITT initiative failed due to the persisting hegemony of neoliberal economic policy within Ecuador and the international community.

The Ecuadorian political arena can be seen as a site wherein hegemonic and counterhegemonic forces are playing out a struggle for power. On the one hand are the policymakers, oil workers and lobbyists, who side with the argument of traditional development through economic growth, which is spurred by extractivism and the trade of biophysical resources on the world market. On the other hand are the collectives of Indigenous populations, NGO's and the political left who strive toward an alternative conception of development and wellbeing embodied in the principles of Buen Vivir. The Ecuadorian case is however not a clear cut example of opposing social forces fighting for dominance, since both hegemonic and counterhegemonic tendencies are to be found within singular institutions, political parties, governments and even persons.

Ecuador's constitutional adoption of the rights of nature constitutes the formation of a counterhegemonic struggle which challenges the neoliberal structure of the global political economy. Going further, the Yasuní proposal was Ecuador's first tangible counterhegemonic challenge proposed to the international community with global implications and possibilities for enacting change in the structure of global environmental governance. Had it succeeded, the Yasuní initiative would have served as a precedent for environmentally just practices: having financially rich and historically heavy-polluting states compensate less affluent states for the preservation of its natural environment. The fact that this scenario has not occurred, means that the transformative potential of the Ecuadorian counterhegemonic bloc has as of yet not been realised. For the analysis, it is of central interest to uncover why and through which exact societal conditions the Yasuní initiative did not materialize. Thus, this thesis' guiding research question is: *Why did Ecuador's 2009 Yasuní initiative fail?*

1.2 A Critical Realist analysis

The analysis presented in this thesis is underpinned by a Critical Realist ontology. In essence, this entails an acknowledgement that, next to the empirically observable nature of reality, there are unobservable processes and occurrences which nonetheless exist (Joseph, 2007). Critical Realists speak of an independent reality which does not depend on being present in the human experience. The existence of reality is not conditional to human knowledge. In other words, CR does not conflate ontology with epistemology. In a social scientific context, this implies the necessity of going beyond that which we as human researches can directly observe. Relating to the case of the Yasuní initiative and its current explanations, this need is also clearly present. For that reason, a Neo-Gramscian perspective focussing on those less visible structures of power, domination and hegemony which nonetheless define the operating space within which our social realities play out, was chosen as a fitting theoretical framework for the analysis.

While being wary of the positivist insistence on empirical measurability, this thesis will still depend in part on observable socio-political and economical processes within Ecuador and the international community in order to construct a critical yet plausible framework through which to arrive at an uncovering of the root causes of the Yasuní initiative's failure and the continuation of extraction-based development in Ecuador. A process-tracing analysis is chosen as the fitting method to make a Critical Realist analysis feasible. The method of social-scientific process tracing allows for using empirical evidence -or fingerprints- to make inferences about the causal mechanisms inherent in social processes. This setup makes it possible to analyse the historical developments leading up to the contemporary configuration of societal powers in Ecuador and the world at large. By analysing the development of global capitalism from its conception in the era of 19th century imperialism as well as the subsequent emergence of a transnational capitalist class and a neoliberal *common sense* enforced by the international institutions of Bretton Woods, it becomes possible to account for the formation of a neoliberal state in Ecuador. In turn, this provides the conditions for constructing a comprehensive

structural explanation of the social forces resulting in Yasuní's failure and a persistent growth-based development model.

By analysing a case of failed counterhegemonic contestation manifested in the Yasuní initiative, this thesis contributes to the understanding of international power inequalities and how hegemony directs outcomes in specific scenarios. Moreover, by providing an explanation of a more structural-historical nature than those offered in the literature thus far, the thesis underlines the importance of critically assessing the influence of global power asymmetries on contemporary domestic outcomes. Far from contending that a Neo-Gramscian approach is the only way to go, this thesis' ambition is to show that the adoption of a critical lens focusing on structural causes of the most fundamental sort aids in developing a fuller and more informed understanding of the socio-political processes and power asymmetries which shape concrete politics and policy outcomes. Furthermore, the analytical framework used throughout this thesis can serve as the basis for further research toward subaltern and counterhegemonic political movements, in doing so uncovering structural explanations that remain hidden in plain sight when predominantly focussing on empirical observations without taking the extra step of synthesising these into more general causal frameworks.

Going forward, the literature review (chapter 2) will offer a detailed overview of current empirical explanations of the Yasuní case, in which the five aforementioned categories will be substantiated with existing literature. A more in-depth assessment of these explanations' shortcomings will be provided, upon which a detailed exposition of Critical Realism and its practical applications in social science will be given in chapter 3.1 of the theoretical framework. Chapter 3.2 of the theoretical framework will give an overview of the development of the Neo-Gramscian research programme of IPE, as well as its fundamental concepts. Then chapter 4, the methods section, will develop the specific process tracing design suitable for the analysis at hand. Chapter 5 is subdivided into three subchapters, one for each individual process-stage of the structural-historical section of the analysis (see figure 2). Then, chapter 6 will continue with the contemporary-empirical section of the analysis. This gives ample room for discovering in depth the agents and activities giving rise to social developments, thereby making it possible to construct a causal chain of events leading to Yasuní's failure. Chapter 7 contains a critical reflection on the findings of the analysis in the form of a discussion and conclusion.

2. Literature review

Conventional approaches toward explaining the failure of the Yasuní initiative depend on directly observable findings, whether they be of a material or ideational nature. These explanations certainly offer an initial understanding of the economic and socio-political processes in and beyond Ecuador which served as the immediate prerequisites for the failure of the Yasuní initiative. While not being wrong in any sense, heterodox approaches applied to the case of Ecuador and Yasuní lack depth in that they do not uncover deeper causal structures beneath the immediately visible. Such causal structures cannot be seen through an exclusively empirical lens. It is for that reason that the philosophical position of Critical Realism (see chapter 3) will inform the analytical *modus operandi* of this thesis. The aim is to show the merits and deficiencies of rationalist and constructivist thought and to illustrate how a Critical Realist ontology can address and amend these deficiencies.

In the following section the existing literature on the failure of the Yasuní initiative will be grouped according to their rationalist or constructivist focus. The former focuses mainly on tangible, material factors, while the latter focuses more on the ideational realm (Checkel, 1998). It should be noted however that significant overlap is possible, and that the distinction between rationalist and constructivist viewpoints on the failed Yasuní initiative should be taken as differences in degree rather than differences in kind. Furthermore, much theorizing already alludes to, or bases itself on empirical

material surrounding the Yasuní case. The boundary between theory and empirics will be kept as clear as possible for the purpose of clarity, but once again overlap does occur. Empirical factors relevant to the theory will only be alluded to briefly in this literature section, in order to devote more attention to them during the analysis.

The tensions between rationalism and reflectivism are often taken to encapsulate the most recent 'Great Debate' of International Relations. Lake (2013) gives a concise account of the theoretical history of this debate. Rationalism includes realist and liberalist positions within IR theory, which focus on a positivist methodology. These strands of theory concur that while social reality is complex, it is necessary to measure and analyse only that which is observable. Often, empirically available objects of analysis come in the form of material factors. Reflectivist authors critique rationalists for having a blind spot towards norms and values, while such ideational factors have an important role in the social reality of international relations (Lake, 2013). Since the 1980's Scientific- or Critical Realism, which will be explored in chapter 3.1, with its emphasis on methodological pluralism has emerged as a middle ground between rationalism and reflectivism (Kurki & Wight, 2010).

2.1 Rationalist explanations

2.1.1 Policy capture through corporatist decision-making

One distinct way of explaining the failure of the Yasuní initiative follows from analyses of decision-making processes within national policy formation and the influence of oil interest groups. Fontaine and Narváez (2007) point toward the high level of political influence of oil companies -specifically state-owned Petroecuador- in Ecuador. Given Ecuador's economic reliance on oil throughout history, this shouldn't come as a surprise. There is a clear revolving door effect, with many high-ranking politicians ending up in executive positions within Petroecuador, and vice versa (Fontaine & Narvaez, 2007). Moreover, there have been corruption scandals which show that Petroecuador attempts to penetrate state politics in order to generate lucrative oil-drilling deals and other benefits. For example, in 2016, it was announced by the Ecuadorian presidential legal secretary and the vice president that around a dozen government officials were suspected of receiving bribes from Petroecuador in return for a government decree to operate a 1.2 billion dollar refurbishment of Petroecuador's main refinery (Economist Intelligence Unit, 2016). Among those implicated was Carlos Pareja, a former minister of hydrocarbons and executive officer of Petroecuador who holds close ties with president Correa. In a different case, a representative of Swiss commodities trader Gunvor pleaded guilty to cooperation in bribing Ecuadorian politicians in return for beneficial oil-drilling licenses for Petroecuador (Swiss Info, 2021). The Gunvor representative had acted as a middle man, in order to obscure the bribing operation being conducted by Petroecuador officials.

The exposure of corruption scandals show how Correa's government allowed for a form of business-power referred to as corporatist decision-making (Keyman, 2010). This model of political decision-making is described by Roberts (2011) as a configuration wherein influential business corporations act as insider groups and work in close cooperation with political bodies. Corporations do not only influence the formative process of policy generation, but also the subsequent implementation. Power is concentrated tightly within the corporate decision-making model, with inside (oil) interest groups bargaining among themselves and political bodies to reach a consensus. Being a closed model, outsider groups -such as the interest groups striving for preservation of the Yasuní park- have little influence on the decision-making process.

Keeping in mind the corporatist decision-making model, it starts to become clear that oil companies might have been closely involved with the Yasuní initiative from its inception, striving toward its failure. Rival (2009) points toward a number of instances underlining this dubious involvement. Mere days

before the proposal of the Yasuní initiative in 2007, president Correa signed a memorandum with Lula da Silva of Brazil regarding the participation of Petrobras -Brazil's national oil company- in the event that drilling would commence. At the same time, other state-owned oil companies, such as Russian Lukoil, Venezuelan PDVSA and Chinese Sinopec and CNPC, were declaring their interest for gaining licenses to drill in Yasuní park.

Fontaine (2005) argues that the oil sector's political influence, be it legal or illegal, has played an important part in pushing the Correa administration toward pursuing Plan B of drilling for oil in Yasuní park (see chapter 2.2.2). It follows from this that the failure of the Yasuní initiative can for a large part be attributed to the activities of Ecuador's oil lobby. This explanation puts an emphasis on agency of organizations, and especially executive level individuals within those organizations, both oil companies and political bodies.

2.1.2 Institutional competition in global environmental governance

Other explanations have focused on the competitive element (with regard to attracting funding) between the Yasuní initiative and other frameworks of global environmental governance. In his commentary on the lost political opportunities surrounding the Yasuní initiative Fontaine (2016) points towards the direct competition between Yasuní and REDD+: "[...] it must be considered that the financial mechanism designed by the Yasuní trust fund also competed with other tools of international financial institutions, such as REDD and REDD+, through which investors can exchange bonds and the rights of carbon emission" [translation by author].

In another commentary (2010), former Ecuadorian Minister for Energy and Mining Alberto Acosta lists the differences and points of contention between the Yasuní initiative and REDD/REDD+. Acosta argues that the REDD framework makes it possible to supplant the original jungle by simple forestry, leading to a loss of biodiversity. Moreover, the jungle is converted to a mere provider of ecological services, in the guise of a carbon sink. The jungle is thereby transformed into a commodity. At the same time, the indigenous inhabitants of the Yasuní park are alienated from the management of the territory since economic purposes prevail over local administration. At best, indigenous communities become forest rangers. On the geopolitical impact of REDD/REDD+, Acosta (2010) writes:

In addition, this mechanism would put us in a position in which we have to compete with Mexico, Brazil, Congo and other countries that are major deforesters. For these countries, REDD represents a new portfolio of both forestry and conservation projects with which they simply seek financial benefits. Its [REDD's] application is a prelude to more distancing between countries that should walk together in the construction of global climate justice [translation by author].

A crucial difference between REDD and Yasuní's funding mechanisms is that Yasuní is based on compensation. This aspect has been hailed as a mechanism for enacting North-South justice (Acosta et al., 2009) but also as a reward for doing nothing. As Derk Niebel, former German minister of Development has said regarding the Yasuní initiative: "I also wouldn't set up a fund as a reward for Somalian pirates to stop pillaging cargo ships" [translation by author] (TAZ, 2011). Scholz (2014) points out that the specific compensation mechanism of the Yasuní initiative was seen by politicians as a less favourable alternative to the framework of UN-REDD, which was being constructed at the time.

The commentaries offered in this subsection identify the tensions between the Yasuní initiative and the more established global environmental governance frameworks of REDD and REDD+. Acosta already hints at the dominance of United Nations initiatives led by the coalition of the 'rich' countries. In the analysis section, these structures of dominance -and the consequences for the Yasuní initiative- will be unpacked further.

2.2 Reflectivist explanations

2.2.1 Ideological changes in donor countries

This strand of reasoning points towards observable changes in donor countries' political and ideological sentiment towards the Yasuní initiative. The most notable case here is Germany. In a response to Martin (2014), Scholz (2014) offers an alternative explanation for the absence of international financial support for the Yasuní initiative. Scholz focuses on the case of Germany, which in 2008 had pledged to donate over 50 million euro's each year, but then retracted this shortly after (Science, 2011). The 2009 elections in Germany had caused a realignment of political forces, with the government coalition at that time consisting of Christian democrats and liberals (Scholz, 2014). The liberals, who were opposed to the previous consensus on development policy, were somewhat surprisingly awarded the ministry of economic cooperation and development.

The newly appointed German minister Derk Niebel offered three reasons for retracting financial support for the Yasuní initiative (TAZ, 2011). The first was a perceived danger of setting a precedent for compensation requests by other petroleum-exporting countries. The second reason offered was a preference for the REDD programme, reminding us of the previous subsection in this chapter. Finally, the last reason for retracting financial support to the Yasuní initiative was an absence of long-term guarantees for keeping the oil underground. The case of Germany's involvement with the Yasuní initiative offers an insight into foreign politicians' motivations for not supporting the Yasuní initiative. Germany serves as the most striking example because its retraction had to be explicitly defended by the minister of economic cooperation and development. Other countries have not given such substantial replies, but one can assume that the arguments offered by Niebel also apply to leading politicians of other potential donor states (especially in the European Union). This instance shows how the specific political alignment in donor countries has played an important role in the failure to garner much financial support for the Yasuní initiative; certainly in Germany, and probably in other states. Moreover, the German response illustrates the relevance of ideas and morality. Niebel's response embodies the stance that nothing is free, and that Ecuador should not be compensated for 'doing nothing'.

2.2.2 Domestic policy inconsistencies

This strand of explanation focuses on the Correa government's pursuit of policy alternatives which stand in stark contrast to the aims of the Yasuní initiative and the constitutional principles of Buen Vivir. Pamela L. Martin (2011) relays an anecdote of how former minister of Energy and Mining Alberto Acosta handed out t-shirts with the slogan "Yasuní is our Oxygen, No to Petroleum from ITT, Yes to Life" to cabinet ministers during a presidential meeting in 2007. Acosta recounts how President Correa became very upset, saying that it would be very difficult to defend the option of extracting oil if in the end this would prove necessary, since the T-shirts' slogan would imply that such a policy course amounted to a devaluation of human life. After discussing the issue, Acosta resigned from his cabinet position within the Correa government. Martin rightly assesses this anecdote as a symbolization of the inner-institutional struggle between pro- and anti-petroleum forces in Ecuador.

Correa's uncomfortable position toward enthusiastic advocacy of the Yasuní initiative is indeed emblematic of the Ecuadorian government's inconsistent stance during the formation of the initiative and the years thereafter.

In a policy debate (2014) published some years after her initial article on the global politics of the Yasuní proposal, Martin points towards the public pursuit of a Plan B by the Correa government as the main source of inconsistency within the Correa administration's policy. From the inception of the Yasuní initiative and during the process of gathering contributions from the international community,

the Correa administration explored alternatives in the guise of an officially recognized Plan B -literally referred to as such-. Plan B essentially amounted to a polar opposite of the Yasuní initiative: a course to expand oil extracting operations. Several important instances of Plan B in operation can be identified. First, there is the signing of an agreement between Ecuador and Russia, allowing Russian oil companies to explore and exploit Block 31 (the area directly next to the Yasuní park) (El Universo, 2009). Second, in March 2010 Correa opened up the application process of licensing for drilling in the Yasuní park (El Comercio, 2009).

The insistence on a back-up plan for the failure of Yasuní, and especially the specific steps already being put into place are to blame for the disappointing amount of necessary funds collected from other states, according to Martin (2014). She argues that this form of policy inconsistency -essentially pursuing two opposing plans simultaneously- has led the international community to perceive the Correa administration as somewhat disingenuous or at least institutionally ambiguous. This conclusion is echoed by Fontaine (2015), who states that the tensions between the Yasuní initiative and Plan B result in a zero-sum game.

2.3 Beyond the national/international divide

This section has reviewed the literature offering distinct rationalist and reflectivist explanations of the failure of the Yasuní initiative. At the same time, these can be subdivided into explanations with either a predominantly domestic or international focus. Explanations regarding governmental policy inconsistencies and the influence of oil companies through the corporatist decision-making process in Ecuador belong to the realm of domestic explanations. Political realignments in donor countries - particularly Germany- and the institutional competition between the Yasuní initiative and other mechanisms of global environmental governance belong to the international side of explanations. These explanations help guide our understanding of the immediate context surrounding the failure of the Yasuní initiative. However as noted before, the empirical observations made here do not yet tell us much about the structural causes underlying Yasuní's failure. The following subsection will make the first step toward uncovering such structural causes by examining the political economy of Ecuadorian oil from a historical perspective, thereby breaking the illusory boundary between national and international explanations. At the same, the untenable nature of an exclusively rationalist or reflectivist lens will be demonstrated by the interplay of material and ideational factors which become clear through a structural political-economic assessment of Ecuador's Yasuní case in relation to the global economy.

2.3.1 The historical context of oil in Ecuador

Oil was first discovered in the Ecuadorian Amazon in 1967, with subsequent exploitation and exportation taking place from 1972 (Larrea & Warnars, 2009). As a result, the 1970's were marked by strong economic development in Ecuador. From the 1980's forward, twice as much oil was extracted each decade compared to the 1970's. Today, oil comprises roughly one third of Ecuador's total export revenue (OPEC, 2020), making the Ecuadorian economy heavily dependent on oil. However as Larrea (2012) points out, the benefits of large scale oil exploitation were short-lived. Per capita income growth between 1981 and 2006 was 0.6% per year, while 39% of the population still remains below the poverty line. Underemployment affects 47% of the labour force and Ecuador's Gini coefficient remains at 0.5 (Larrea, 2012). These indicators show that Ecuador's increased oil extraction throughout the decades has not fully delivered on the neoliberal promise of development through economic growth. The literature offers two explanations for this phenomenon: one more liberal and one more critical.

2.3.2 The resource curse

This subchapter will focus on literature which suggests that the Correa administration, once confronted with a lack of donors for the initiative, sees no other option but to drill for oil in Yasuní park to keep up the human development of its population. Social spendings aiming at poverty eradication are costly, and Ecuador resorts to its abundant hydrocarbon resources in order to finance the development of its population. The paradoxical disjunction between resource abundance and lack of economic growth seen in Ecuador is not unique. Many resource-rich middle-income countries experience stagnating economic and social development despite their lucrative export trade. This phenomenon, referred to as the resource curse, has been researched extensively within economics and political economy (Ross, 1999; Robinson, 2006; Mehlum, 2006). In their 2015 working paper analysing the resource curse in Ecuador, Cori and Monni give an overview of the different explanations for the occurrence of the resource curse given in the literature. They describe six different aspects determining whether or not the resource curse will affect a middle-income resource-rich state: 1) the effects of the Dutch Disease (the rise of one economic sector resulting in a decline of other economic sectors, 2) the misallocation of revenue derived from resource exploitation, 3) an increase in rent-seeking behaviour, 4) the level of investment in human capital, 5) the level of institutional quality and 6) the base level of Human Development Dimensions. Basing their research on a quantitative analysis of economic factors, Cori and Monni (2015) find that Ecuador indeed suffers from the resource curse due to the six outlined dimensions.

In a more qualitative commentary, Bebbington and Humphreys-Bebbington (2011) relate the Ecuadorian resource curse to the failure of the Yasuní initiative. They recount how one of Correa's cabinet members, an environmentalist by heart, realized just how much the government expenditure relied on oil exports (p. 137): "One imagines an 'ah-ha moment' of tragic revelation as the minister recognised the resource curse incarnate, staring up at them from the accounts and challenging the foundations of several political-ecological principles they had hoped to bring to their cabinet work." The minister in question had initially been a strong proponent of the Yasuní initiative, but anticipating a lack of funding from the international community, ended up contributing to the emergence of Plan B; to drill for oil in Yasuní park (Bebbington & Humphreys-Bebbington, 2011). This anecdote shows how Ecuador's position within the global economy has been an important factor in the failure of the Yasuní initiative.

3. Theoretical framework: ontology and epistemology

Explanations for Ecuador's socio-political situation based on the economic workings of the resource curse are fine for identifying the facts and figures behind economic processes. However, they do not go much further than that. In order to better understand why the Correa government opened up Yasuní park to extractive operations despite an initial opposite intention, the critical question as to why Ecuador remains trapped in the resource curse must be posed. Which constraints do global power alignments impose upon a middle-income country such as Ecuador, and which actors and institutions play a key role? Only by answering such questions it becomes possible to link the material dimension of economics to the ideational realm of norms and values, together forming the invisible structures through which international political reality plays out. Here, a critical ontology will be introduced in the guise of Critical Realism, which will serve as the basis for bridging the gap between rationalist and reflectivist approaches. Afterwards, this ontological basis will be supplemented with a critical Neo-Gramscian epistemology.

3.1.1 Critical Realism as a philosophy of social science

In the simplest sense, realism as a philosophical notion stands for the belief in the existence of an independent reality (Joseph, 2007). Independent, because reality's existence does not depend on the knowledge we have of it. In other words, in CR, the ontological status of reality is not conflated with the epistemological issue of the knowledge we have of it, as is the case for interpretive schools of IR, notably constructivism and poststructuralism.

Critical Realism (CR) can be seen as a distinct but closely connected variant of Scientific Realism. Usually associated with the thought and work of Roy Bhaskar, CR is firmly opposed to reducing the conception of reality to the humanly observable (Fletcher, 2017). CR proposes an ontological (re)turn, deviating from the contemporary dominance of epistemology and methodology in social scientific research. CR can be seen as a middle-way between traditional positivism and postmodernist (including constructivist and post-structuralist) accounts of the right way of conducting social science.

The framework of CR contains a three-way stratified ontology (Fletcher, 2017). First there is the empirical level, which amounts to the totality of events as humans can and do experience them. Second there is the actual, for which the filter of human experience is of no importance. The actual occurs whether or not it is observed. Lastly there is the real, which is composed of the inherent properties contained within objects that act as causal forces to produce events, i.e. what we call causal mechanisms observed at the empirical level. The three levels of ontology do not exist independently of each other but are deeply interwoven. The iceberg metaphor is often employed to illustrate this connectedness.

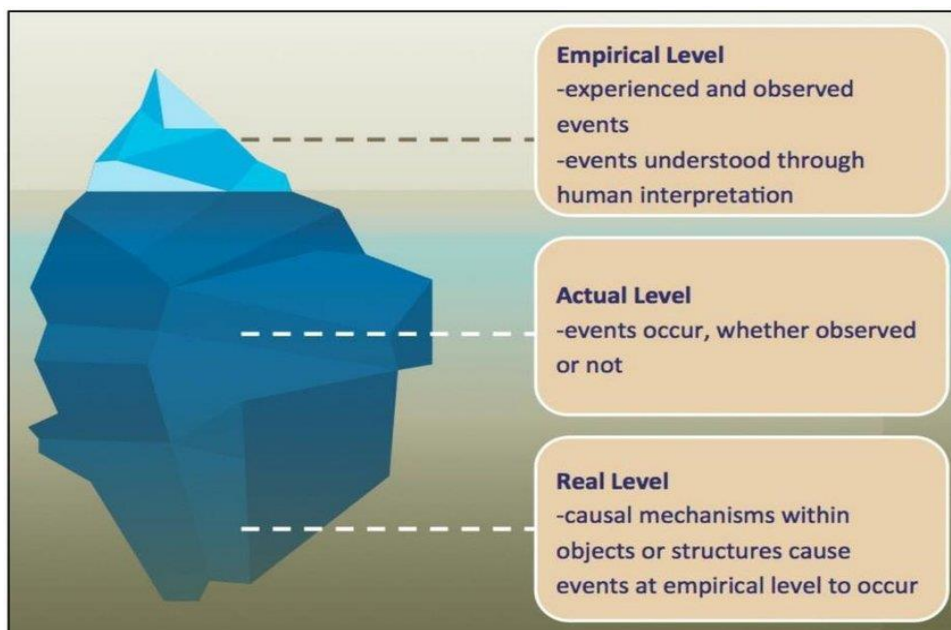


Figure 1: Critical Realism's ontological iceberg (Fletcher, 2007)

3.1.2 Critical Realism as a meta-theory of IR and GPE

The debate on the applicability of Critical Realism for International Relations and Global Political Economy research is lively and ongoing. Joseph (2007) makes a strong effort to explain how Scientific Realism relates to International Relations. As Chernoff (2007) also notes, Joseph's usage of Scientific Realism can be equated to Critical Realism, which makes sense given that he often cites Roy Bhaskar, the founder of Critical Realism. Joseph begins by making clear the distinction between realism as a philosophical notion, and realism as it is well known to scholars and students of International Relations. The latter is associated with the specific schools of political science theory that deal primarily with

concepts of anarchy in the international system, the balance of power, self-interest and the role of the state. Among this usage of political science realism Joseph not only groups classical realism, but also neorealism and neoliberal institutionalist theories.

The realism within these disciplinary schools of theory refers to an empirical realist underpinning, which only admits the existence of a directly observable reality. Scientific realism (and CR) on the other hand is a meta-theoretical or second-order position that posits the independent existence of unobservable structures and generative mechanisms (Joseph, 2007). In doing so, it is opposed to empirical realism (as found within realist and neorealist schools of IR) by pointing out the atomistic world it paints, with no regard for underlying structures. For example, Popper's positivist demarcation criterion excludes any possibility of talking and researching about unobservable structures and mechanisms, since they are unfalsifiable and thus 'unscientific'.

CR critiques realist schools of IR for their reification of the social world, through which the real nature of the international system is hidden. IR realism focuses on the level of events, drawing connections along the lines of "if a then b with a probability of x" (Waltz, 1979, p. 1) in order to establish regularities. These patterns of regularities in observed events form the basis of causal claims-making in the positivist-empiricist approach, whether it is regarding the velocity of falling objects or the tendency of democracies not to make war on each other (Kurki, 2007). Because of its positivist fundamentals, IR realism can only say anything meaningful about directly observable events and the probable regularities between them. In taking only this first empirical layer -that of events- to be the totality of reality, IR realism ignores the actual level of reality. In doing so it reinforces the status quo by pointing towards regularities between existing occurrences and saying 'this is how the world works'. In other words IR realism is merely a 'problem solving' (Cox, 1981) approach that solves problems within a limited field of analysis, without questioning the borders and definitions of that field. Joseph (2007) refers to this as IR realism's epistemic fallacy: artificially constructing conditions through which regularities are obtained, and then acting as if the world were exactly like this. Doing so, the real world is confused with the means used to study it.

Constructivism in IR arose as a challenge to the deficiencies in positivist approaches outlined above. CR and constructivism seem to have a lot in common in the sense that they form a critique on empiricist reductionism (Kurki, 2007). However, Critical Realism disagrees with the post-positivist assumption of constitutive theory, which holds that social reality is formed by discourses, language and rules (Kurki, 2007). Thus, CR deviates from interpretivist schools of IR by underlining the independent existence of these unobservable structures and mechanisms, which are not directly shaped by our knowledge of them. Despite this apparent incongruence, Kurki (2007) argues that CR can strengthen constructivist and other post-positivist research in IR by complementing its holistic, non-positivist emphasis on causality. Kurki illustrates this using democratic peace theory, a well-known IR field of research focusing on the phenomenon that democratic states do not seem to wage war on each other. Interpretivist accounts argue for the importance of understanding specific historical and discursive contexts for this, rather than just looking at observable conditions such as institutional stability, corruption, material wealth and economic interdependence. This is in accordance with the tenets of CR, giving way to possibilities of mutual reinforcement.

Regarding the positivist insistence on stringent methodological criteria and the distinction between the natural and social sciences the Critical Realist Sayer (2000) says: 'we should not expect more precision than the object allows. We should not expect something like cultural values to be unambiguous and determinate any more than we should expect a lump of granite to be malleable and indeterminate'.

3.1.3 Critical Realism, Neo-Gramscianism and the Yasuní initiative

Having made clear CR's position within philosophical debates on epistemology and ontology, as well as its relation to the most important schools of IR and GPE, how then does the Critical Realist lens affect how we study the case of Ecuador's failed Yasuní initiative? At the start of this chapter, several existing categories of explanations for the failure of the Yasuní initiative were identified. To briefly recap, these were mainly concerned with a) domestic policy inconsistencies, b) state penetration by oil companies, c) competition with REDD, d) political realignments in donor countries and e) the resource curse.

To paraphrase the Critical Realist Kurki (2007), these empiricist explanations are not wrong and while they lead to an initial and cursory understanding of the case, they do not exhaust the analysis of complex causes in the global political economy and the domestic context in Ecuador (and, most importantly, the interplay between these levels) and need to be complemented by more holistic ontological avenues.

Kurki (2007) states that "Critical Realism argues that in engaging in causal explanation, scientists, both in the natural and social sciences, need to engage in 'deep ontological' inquiry, which involves conceptualisation of the nature of the unobservable structures that lie beneath observable patterns." The Gramscian concept of neoliberal hegemony is that unobservable structure which lies beneath observable manifestations of extractivist dominance in Ecuador's battle for the Yasuní initiative. The argument of this thesis is that the five distinct categories offered previously are in fact not distinct at all, but are all underpinned by the (albeit unobservable) structure of neoliberal hegemony. In the following section, Neo-Gramscianism will be offered as a CR-consistent theoretical basis through which to examine Yasuní's failure in the context of global political-economic constraints.

3.2.1 Neo-Gramscianism and transnational historical materialism

Antonio Gramsci was a Marxist philosopher and politician who lived in Italy from 1891 to 1937. His main contribution to Marxist thought is the break with economic determinism present in traditional Marxist writings (Forgacs, 1988). Instead, Gramsci acknowledges the important role of ideas and normative influence alongside Marxism's traditional historical materialist lens. Gramsci's shift toward the ideational realm culminates in his theory of cultural hegemony. Because of his radical reassessment of Marxism and the breakaway from economic determinism, Gramsci is sometimes described as a Neo-Marxist (Haralambos & Holborn, 2013). It is certain however that Gramsci continues to be of great relevance for the more critical schools of social science disciplines. Gramscian concepts are applied in overlapping but varying ways according to the relevant subject matter of the scientific discipline in question. We will first turn to the development of specific Gramscian thought within International Relations and Global Political Economy in order to understand how this analytic lens relates to a Critical Realist ontology and the case of the Yasuní initiative in Ecuador.

The origin of the Neo-Gramscian research programme within IR and GPE can be traced to two seminal articles by Robert Cox published in *Millennium: Journal of International Relations* (1981; 1983). In these articles, Cox develops a framework of analysis which emphasises the social relations of production in the world of states and markets. He argues that changes in the social relations of production give rise to new social forces, which enable powerful actors to construct their cultural hegemony within an historic bloc (Cox, 1981). Following the publication of Cox' work, Neo-Gramscianism developed into a distinct school of GPE, with a lively discussion of its merits and faults still ongoing.

Henk Overbeek (2013), who together with Kees van der Pijl and Bastiaan van Apeldoorn constitutes the founding troika of the Amsterdam school of Neo-Gramscian GPE, equates Neo-Gramscianism with transnational historical materialism (THM). A historical materialist stance entails that "any analysis of

the world we live in must be grounded in an understanding of the way in which human beings have organized the production and reproduction of their material life” (Overbeek, 2013). Overbeek points out that this is exactly what Marx understands by *the social*: the accumulated activity undertaken by human beings towards the (re)production of their existence. It follows from this that there is no singular ontology of human nature; humans are merely beings looking for their material subsistence through the social interaction with others (Chodor, 2015). To illustrate with an example, if humans are in their general conduct towards each other -or towards nature- perceived to be egoistic beings, this should not be seen as their inherent quality but rather as the reflection of a specifically constructed social order. Note that the implications of this are grand as it relates to the case of Yasuní: the manifestation of social processes through which the Yasuní initiative failed were not inevitable but a reflection of the global political-economic world order as it stands. This thesis’ purpose is to examine and pick apart through which actors and mechanisms the global neoliberal status-quo has constrained the counterhegemonic struggle embodied by the Yasuní initiative and its proponents.

As with many theoretical traditions, there are multiple variations of Neo-Gramscianism or transnational historical materialism. However, they are more or less congruent and differences are more often due to a particular focus rather than a hard disagreement. In any case, Overbeek (2013) delineates five main themes with which Neo-Gramscian/THM scholars engage in their study of international relations and the global political economy.

3.2.2 Commodification and deepening of capitalist social relations of production

First, there is the aspect of commodification and the deepening of capitalist social relations of production. Overbeek (2013, p.166) summarizes Cox’ thought on this (1987) as follows:

[...] each society is characterized by a specific hierarchically ordered configuration of modes of production, conditioning in this way a particular configuration of social forces, which in turn conditions (and is conditioned by) the form of the state and the insertion into the international division of labour and the global state system.

The interconnectedness of relations of production, state forms and world order has material, institutional and ideological dimensions, without a predetermined hierarchy between these dimensions. However, in trying to understand contemporary change in the relationships between these dimensions, Neo-Gramscian scholars unanimously point toward an increase of commodification, which entails the incorporation of more and more aspects of peoples’ lives into market relations (Van der Pijl, 1998, p. 8). This phenomenon is driven by the necessity of continuous capital accumulation which societies face. In his 1987 magnum opus *Production, Power and World Order*, Cox gives a comprehensive account of how the drive to accumulate capital has become ingrained in modern societies (p. 406). For most of human history, reproduction of a given society’s structure has been a circular process, constantly repeated. The material, economic production of agrarian societies (often in the form of food) was extracted by a dominant political-religious class that ensured the reproduction of social order. In this way, reproduction is a circular, non-accumulative process. In the modern capitalist era however, development implies a growth-oriented, accumulative form of reproduction.

In capitalism, the labor hired by the capitalist produces more than is required for its own reproduction. The surplus is taken by the capitalist who uses it, not for consumption and conspicuous display [...] but for investment in expanding the capacity to produce in the next cycle. [...] The term capitalist is used here exclusively in this sense as a mode of development that breaks the cycle of continuous reproduction and introduces a purposive time dimension, an upward spiral of accumulation, investment, expanded reproduction. (p. 406).

Capital accumulation according to Cox's definition is considered a main characteristic of neoliberalism (Kotz, 2003).

3.2.3 Comprehensive concepts of control

Second, there is the political articulation of class interests. Once groups of people have taken hold of the powerful positions within a capitalist market society, there is the issue of maintaining their elite position. Gramsci's conception of how elite groups maintain their power is markedly different from traditional Marxism. The political power of the ruling classes is not based mainly on their control of the coercive apparatus of the state but is situated in the more subtle inner workings of civil society, through culture and institutions (Overbeek, 2013, p. 167). This ideological and moral aspect of Gramsci's conception of power and hegemony cannot be emphasised enough. In Gramsci, hegemonic class rule is thus based on consent, rather than coercion -even though the latter can be used when the ruling class sees no other option. Consent is constructed by the organic intellectuals of dominant social groups, by dispersing their intellectual and moral norms and values throughout a society. These ideas then become universal, binding subordinate classes into the fabrics of social order as they exist (Overbeek, 2013, p. 167). In Gramscian terms, this is the process of transforming particular interests into *common sense*. Van der Pijl (1989) gives a more detailed account of how this process occurs. He argues that ruling class members who have a shared sense of direction through their coalescence of interests develop implicit *comprehensive concepts of control*. These concepts serve to translate their particular class viewpoints into strategic orientations for the entire society. In other words, policy directions which in effect serve to defend the interests of the ruling class are construed as being the necessary and legitimate expressions of a general interest. This is particularly relevant to the case of Yasuní in Ecuador. In chapter 6.2 of the analysis, it will be examined how the Ecuadorian and capitalist class construes the option of drilling for oil as a societal necessity, from which all will benefit, and for which there is no alternative.

3.2.4 The integral state

The third main theme of Neo-Gramscian thought is an alternative conception of the state which deviates from orthodox definitions. For Gramsci, the state is not just the totality of institutions which constitute the organized body of a political community within a given territory. Gramsci does acknowledge the political-institutional dimension of the state, but adds that civil society is at least as important (Humphrys, 2018). Gramsci calls the combination of these two dimensions the *integral state*. In his commentary on Gramsci, the integral state is defined by Fontana (2002) as a "a socio-political order characterized by a hegemonic equilibrium constituted by a 'combination of force and consent which are balanced in varying proportions, without force prevailing too greatly over consent'". Thus, for Gramsci, "the synthesis and the interpenetration of the two spheres [of civil society and the political state] denote the meaning of the term 'state'" (Fontana, 2002).

The main takeaway here is that, from a Neo-Gramscian perspective, politics are mainly about social forces and that states are expressions of particular configurations of social forces rather than actors of their own (Overbeek, 2004). For this reason, Cox (1981) proposes replacing 'state' by 'state/society complex' as the basic unit of analysis in IR and GPE.

3.2.5 Transnational hegemony and transnational capitalist class formation

From the preceding notions on the Gramscian state, it follows that relations between states are situated in a broader context of changing transnational social relations. This has consequences for the interpretation of hegemony in transnational relations. Hegemony should be seen as a form of class rule, rather than primarily as an outcome of power-relationships between states, as is typical of realist IR theory (Overbeek, 2013, p. 188).

Robinson (2005, p. 560) provides a more detailed explanation of the Neo-Gramscian conception of hegemony, contrasting it against IR Realist, World-Systems and traditional Gramscian conceptions. A Gramscian view of hegemony is one that “combines the loose sense of some preeminent state power in the world system with the more specific sense of the construction of consent or ideological leadership around a particular historic project.” Robinson calls upon the example of international U.S. hegemony, which according to him has not come about due to U.S. economic and military dominance, but rather due to the “development of a Fordist-Keynesian social structure of accumulation that became internationalised under the leadership of the US capitalist class”. This accumulation-based social structure being disseminated throughout the globe constitutes transnational hegemony.

Robinson (p.563) goes on to argue that understanding transnational capitalist class (TCC) formation in the context of globalisation is essential for developing a non-state-centric conception of transnational hegemony:

In the main, states have been captured by transnationally oriented dominant groups who use them to integrate their countries into emergent global capitalist structures. The globalisation of production and the extensive and intensive enlargement of capitalism in recent decades constitute the material basis for the process of transnational class formation.

This transnational capitalist class must be seen as the collective agent which constructs and consolidates a neoliberal common sense. In their research on the TCC, Carroll & Sapinski (2010) have examined the tendency to form policy-planning groups with. This will prove relevant in chapter 5.3 of the analysis, where the development of the world’s leading policy-planning groups and their efforts to disperse a neoliberal common sense will be examined. By building comprehensive networks, the corporate fraction of the TCC establishes sites which serve various strategic functions:

- Venues for discussion, discourse production and consensus formation on specific issues
- Places for crafting responses to crises of legitimacy, such as the global environmental crisis
- Advocating specific projects of regional integration, as the European Round Table of Industrialists did in the case of European integration
- Building bridges between business elites and political actors, as well as elites and organic intellectuals in other fields such as academia and media.

In light of corporate power manifested in the TCC, it is worthwhile to recount Fairfield’s (2015) distinction between instrumental and structural power of business. On the one hand, instrumental power is about the capacity of the corporate fraction to “deliberately influence political decision-making through direct participation in policymaking, or financing electoral campaigns”. This type of power is typically based on direct relationships with policymakers. On the other hand, structural power does not depend solely on deliberate, agential action by the corporate fraction of the TCC, but “stems from the profit-maximizing behaviour of private sector actors and policymakers’ expectations about the aggregate economic consequences of myriad individual investment decisions made in response to policy decisions”. Chapter 6.2 of the analysis will delve into the developments of instrumental and structural corporate elite power in Ecuador, and their influence on the Yasuní case.

3.2.6 The historic bloc of neoliberal hegemony, internationalisation of the state and disciplinary neoliberalism

Keeping in mind the literature on transnational capitalist class formation, the Gramscian integral state and transnational hegemony, the question remains which actors and organisations constitute the hypothesized neoliberal historic bloc. This transnational capitalist class must be seen as the collective

agent which constructs and consolidates a neoliberal common sense. Sklair (2002) distinguishes four fractions of the TCC, each with distinct functions:

- Corporate executives and their local affiliates (the corporate fraction)
- Globalizing bureaucrats and politicians (the state fraction)
- Globalizing professionals (the technical fraction)
- Merchants and media (the consumerist fraction)

Sklair's contribution provides an initial idea for what kind of agents and organizations to focus on in the analysis to come. Overbeek (2013) adds that any historic bloc needs a machinery of surveillance to maintain its hegemonic position. He argues that in the era of *pax Americana*, this machinery was initially made up by the Bretton Woods institutions, as well as NATO and the OECD. Cox (1987, p. 253) argues that the consensus formation -which takes place within a common neoliberal ideological framework- on the requirements of the world economy taking place within the policy processes of these institutions are the main contributing factor to *internationalisation of the state*: "the nation state becomes part of a larger and more complex political structure that is the counterpart to international production". Modern international institutions such as the International Monetary Fund, World Bank and World Trade Organizations are involved in the political and legal reproduction of *disciplinary neoliberalism*, according to Overbeek (1992). They utilize regulatory mechanisms to push and maintain neoliberal reforms. Gill (1992, p. 165) calls weathering down of democratic control inherent in this process *new constitutionalism*: "the move towards construction of legal or constitutional devices to remove or insulate substantially the new economic institutions from popular scrutiny or democratic accountability".

More concretely, disciplinary neoliberalism is often associated with the tenets of the Washington Consensus, by which is meant the tacit agreement on how to restructure developing economies, especially those of Latin America. Economist John Williamson, who served as chief advisor to the IMF is a key figure in the development of these strategies, which can be seen in table 1 (taken from Babb & Kentikelenis, 2021; adapted from Williamson, 1990). Chapter 6.1 of the analysis will critically examine the effects of structural adjustment policies á la Washington Consensus on the Ecuadorian economy and society.

Policy area	Prescription
Fiscal policy	Fiscal discipline: avoid large government budget deficits (no more than 1-2% of GNP)
Public spending	Reduce expenditures on indiscriminate subsidies; target spending on health, education and (to some extent) infrastructure
Taxation	Tax base should be broad and marginal tax rates should be moderate
Interest rates	Should be determined by the market (rather than public authorities), and positive
Exchange rates	Should be determined by the market (rather than public authorities), and competitive (to foster export-oriented economies)
Trade policy	Remove restrictions on foreign imports
Foreign direct investment	Remove restrictions on foreign direct investment
Privatization	Sell state-owned enterprises to private firms
Deregulation	Remove excessive regulations on economic activity
Property rights	Property rights should be secure

Table 1: The ten principles of the Washington Consensus (Babb & Kentikelenis, 2021)

3.2.7 Structure and agency

Another important debate relevant to a Neo-Gramscian approach to political science concerns itself with the relationship between structure and agency. Overbeek (2013) contends that the Gramscian *comprehensive concepts of control* elucidate how structure and agency are related in a political economic context:

The notion of ‘concepts of control’ thus provides a clue to understanding the nature of the relation between structure and agency. The structure is defined by the process of the accumulation of capital; the agency is that of the concrete social forces originating from the sphere of production relations and struggling continuously over the direction of the accumulation process, over the role and nature of the state, and over the world order.

At this point it should be noted that a Neo-Gramscian perspective as employed in this thesis does not aim to serve as a grand deterministic theory with fixed expectations of outcomes. In contrast to other schools of IR and GPE such as (neo)realism and (institutional) liberalism, Neo-Gramscianism does not boast having a fully comprehensive understanding of global socio-political reality. Rather, Neo-Gramscianism contents itself with elucidating particular aspects of this reality, with a focus on the interplay of material and ideational factors in the formation of power-structures and hegemony. This open, non-deterministic stance is fitting with the characteristics of Critical Realism, which prescribes using theory as an informative but fallible starting point for retroductive research (Fletcher, 2017), which will be explored in the methods section. Furthermore, a Neo-Gramscian perspective is consistent with a Critical Realist ontology, since it acknowledges the importance of measurable material factors (i.e. the empirical level of reality) as well as invisible structures of power/hegemony based on ideational factors (i.e. the actual level of reality) and the inherent properties and mechanisms within these invisible structures (i.e. the real level of reality) which have a causal effect on the material world.

4. Methods

Heikki Patomäki (2013) in a chapter of Cruickshank’s “Critical Realism: The difference it makes”, writes of the Neo-Gramscian school of GPE: “the main method of [critical] GPE has been, simply, to tell a historical story of the development of world capitalism by using a set of theoretical concepts and a number of (mostly) second-hand sources. Explicit existential or causal hypotheses are rare.” While Patomäki is arguably right in pointing out the scarcity of critical Neo-Gramscian GPE research articles that formulate and test causal hypotheses using a clear method, such a focus on method and empirics somewhat misses the point of Neo-Gramscianism’s critical foundations. However, we need not be doomed to an eternal dilemma between the epistemic fallacy of stringent positivism and the at times abstract vagueness of post-positivism, the latter of which is sometimes attributed to critical GPE scholarship. A Critical Realist ontology allows for designing a research framework which utilizes Neo-Gramscian concepts to make claims about causal processes of neoliberal hegemony-construction in relation to Ecuador and the Yasuní case.

There has been ample theory-building on neoliberal hegemony in Latin America (Morton, 2007; Chodor, 2014) and as demonstrated earlier, there are some initial empirical explanations to guide our understanding of the failure of the Yasuní initiative. However nothing has been written on the inner workings of the causal connections between the global context of neoliberal political-economic hegemony and the Yasuní case. Critical Realism provides the foundations for investigating these inner workings of the links between neoliberal hegemony as conceptualised by scholars of critical GPE (Cox,

1981; Gill, 1993; Morton, 2007) and domestic socio-political outcomes in Ecuador. This thesis is thus originally guided by concepts of Neo-Gramscian GPE but following a Critical Realist epistemological stance, it becomes clear that in the end support, modification or rejection of the Neo-Gramscian theoretical framework could all be possible in order to better explain the particular context of the failed Yasuní initiative. As Fletcher (2017) puts it: “the initial theory facilitates a deeper analysis that can support, elaborate or weaken that theory to help build a new and more accurate explanation of reality”.

4.1 Fletcher on incorporating Critical Realism in social scientific inquiry

Fletcher (2017) provides a general account of how Critical Realism can be incorporated into the typical trajectory of a qualitative social science piece. Like most research, CR research begins with a particular problem or question. The problem in this thesis is explaining the Ecuadorian government’s abandonment of the Yasuní initiative in lieu of commencing oil drilling operations, despite this course going against the grain of the national constitution and the cultural context in Ecuador.

Having established hypotheses according to an initial guiding theory, the Critical Realist notion of retrodution is introduced to a research design. Taken from Fletcher (2017):

The goal of retrodution is to identify the necessary contextual conditions for a particular causal mechanism to take effect and to result in the empirical trends observed. Retrodution moves from ‘the manifest phenomena of social life, as conceptualized in the experience of the social agents concerned, to the essential relations that necessitate them’ (Bhaskar, 1979, p. 32)

In other words, retrodution is the process of constantly moving between empirical and deeper levels of reality in order to fully understand the puzzle at hand. Applied to the Yasuní case, this means that our Neo-Gramscian-inspired hypotheses will be tested through looking for empirical evidence, while at the same time constantly asking what this empirical evidence means beyond the level of the directly observable. This implies that every time a pattern is established between our expected theory of neoliberal hegemony and an empirical manifestation thereof, we ask ourselves what the specific causal mechanism between the cause and the outcome looks like. As noted before, CR is a philosophical position and not a theory, much less a method. Therefore, we still need to opt for a specific method which can complement Neo-Gramscian theoretical concepts to conduct an inquiry into the causal mechanisms at play in the case Ecuador’s failed Yasuní initiative.

4.2 Introducing process tracing

Regarding the layered ontology of CR, Fletcher writes: “it is the primary goal of CR to explain social events through reference to these causal mechanisms [i.e. the level of the *real*] and the effects they can have throughout the three-layered ‘iceberg’ of reality [see figure 1]”. For the purposes of our Ecuadorian case, this means reconstructing how unobservable structures of neoliberal hegemony have undermined the Yasuní initiative.

This needs some clarification. How does one go about analysing that which is unobservable? The grand concept of neoliberal hegemony is of course not an empirical artefact which one can take a hold of and dissect. However, if neoliberal hegemony exists we can test whether its existence leaves any fingerprints. Some of the effects of neoliberal hegemony may not leave fingerprints, but those that do must serve as the object of analysis for this thesis. These empirical fingerprints, or clues if you will, are however a means rather than an end. In keeping with Critical Realism, the empirical fingerprints can be researched to tell us something about the deeper levels of reality which cannot directly be observed and to which (neoliberal) hegemony belongs. One might ask what these clues or empirical manifestations of neoliberal hegemony in Ecuador can tell us exactly. By unpacking the inner workings

of the causal mechanisms which are at play in the socio-political context of Ecuador, a reconstruction can be made of the influence which hegemonic neoliberalism has had on political decisions surrounding the Yasuní case.

As Mahoney & Vincent (2014) put it: the best methods for each individual CR study should be determined by its guiding theoretical and conceptual framework, which is treated as fallible and subjected to immanent critique throughout the process. A process-tracing analysis (PT) is a fitting method for conducting Critical Realist research, since PT focuses on the opening up of causal black boxes (Blatter & Gaverland, p.60, 2014). The metaphor of the black box in causal analysis corresponds almost perfectly to CR's stratified ontology, in particular the level of the *real*, i.e. the bottom of the iceberg. In PT, a causal mechanism is defined as a model of underlying and unobserved processes that bind causes and outcomes together (Beach, 2016). A PT study is defined by causal asymmetry, meaning that the implications of the presence or absence of X is studied, rather than the correlation between X and Y. For our intents and purposes, this means that the presence of neoliberal hegemony is studied in relation to the Yasuní initiative, rather than the correlation between hegemony and a selectable Y, such as decision-making processes. As Beach (2017) notes, the single-cased nature of process-tracing analyses implies that only inferences about the causal mechanism as it takes place within the selected case can be made. To generalize beyond the studied case, a PT analysis must be coupled with a comparative methods. Such an analysis of a dual nature is beyond the scope of this thesis.

Process-tracing as a method is situated between the positivist-based variance approaches of social sciences (such as natural experiments, large-n comparisons and lab experiments) and interpretive approaches (such as discourse analyses, participant observations and ethnographic approaches). This middle position between positivism and interpretivism makes PT, with its focus on causal mechanisms, the ideal method to base Critical Realist research on (Hall, 2013). Bennett & George (1997) concur that the Critical Realist quest for understanding deeper-lying processes fits well with process-tracing as a method of Political Science research.

4.3 Most suitable variant of process-tracing

The case of Ecuador's Yasuní initiative is an ideal fit for conducting a process-tracing analysis, since it is a *positive, maximum-content case* (Beach, 2017). Ecuador is a formerly colonised Latin American state with a large indigenous population whose cultures hold a deep respect for the rights of nature. At the same time, Ecuador is extremely reliant on its extraction of natural resources, especially oil, for socio-economic development. The tensions between the (nature) conservationist inclinations of Ecuadorian culture and its position within the global economy form fertile ground for analysing the mechanisms through which neoliberalism guides the course of Ecuador's politics and economy. The question remains what type of process-tracing to conduct.

Beach (2017) distinguishes between a *minimal* and *systems* understanding of causal mechanisms. Whereas the former amounts to a description along the lines of *Cause -> Mechanism -> Outcome* with the detailed links in-between still implicit, the latter aims to explicitly unpack the processes between causes and outcomes. On this more extensive approach to PT, Beach (2017) writes the following:

Here the goal is to dig deeper into how things work, but by tracing each part of the mechanism empirically using mechanistic evidence and in particular observing the empirical fingerprints left by the activities of entities in each part of the process, we are arguably able to make stronger causal inferences about how causal processes actually worked in real-world cases.

However, for studies of an exploratory nature, Beach recommends initially utilizing PT for probing the plausibility of the hypothesized causal mechanisms:

Yet when we have little knowledge of which type of mechanism (or mechanisms) links a given cause and outcome, and under which conditions one or the other mechanism provides the link, it makes sense first to engage in a form of a process-tracing plausibility probe where mechanisms are not unpacked in any detail. In this situation, we first want to know which mechanism links a cause (or set of causes) and an outcome in a given context before we get to the question of learning about the inner workings of a particular mechanism (Beach, 2017).

As is a common criticism offered from within the epistemic community of critical GPE scholars (Patomäki, 2003, p.197-200), the current GPE literature does not offer detailed insights into the mechanisms and conditions of neoliberal hegemony within specific contexts. This thesis aims to make up for that relative lack of depth by uncovering the causal mechanisms through which global neoliberal hegemony affected the Ecuadorian political decisions leading to resource extraction in Yasuní park. Since there is no ready-made theory on this yet, the research conducted in this thesis is of an exploratory nature. Following Beach's (2017) advice on under-theorized objects of research, a *minimal* process-tracing analysis which aims foremost at connecting causes with outcomes through identifying *necessary conditions*. Since this thesis is primarily interested in explaining the particular outcome of the Yasuní case in Ecuador with a lesser focus on generalizability, it makes to speak of an *explaining-outcome* process-tracing analysis, rather than a *theory-testing* or *theory-building* approach (Beach & Pedersen, 2019, p. 160). However, as Beach and Pedersen (p. 157, 2019) contend, the distinction between *explaining-outcome* and *theory-building* process-tracing approaches should not be drawn too sharply, stating that it is more a difference in degree rather than a difference in kind. Conclusions regarding causal mechanisms gathered from a case-centred PT such as the one conducted in this thesis can be applied to comparable cases. In other words, the unpacking of causal mechanisms at play in the hypothesized neoliberal influence on Ecuadorian politics can serve as the basis for further research on the political effects of neoliberal policy.

4.4 Structure of the process-tracing analysis

Having explained the uses of process-tracing and its applicability to a Critical Realist ontology combined with a Neo-Gramscian theoretical framework, the structure of the analysis will be briefly outlined here. A causal framework is designed based on the literature on Neo-Gramscian concepts and historical materialist accounts of the development of the global capitalist economy. This framework serves as an initial understanding of how historical processes might have formed the structure of neoliberal hegemony and its disciplinary institutions and how these in turn have shaped the socio-political landscape of the Ecuadorian politics and civil society -i.e. the integral state- resulting in the particular case of the Yasuní initiative's eventual failure. As noted before, a Neo-Gramscian approach is not deterministic in nature, hence its alternative moniker 'Open Marxism' (Morton & Bieler, 2013). Therefore the analysis in this thesis does not have the pretension of attempting to impose a certain fixed view on international politics and their translation into a domestic setting, but rather to shine light on the understudied phenomenon of *common sense* neoliberal hegemony and its effects in specific political cases. Another consequence of the critical nature of this research is that, following the principle of methodological pluralism, the procedures described by process-tracing scholars will be adapted to be consistent with a Critical Realist ontology. In essence, this means going back and forth between Neo-Gramscian theory and empirics. This follows a retroductive approach, identifying the causes and conditions of our findings.

As shown in figure 2 below, the trajectory of the analysis will start from a global vantage-point and then move down towards a perspective on the Ecuadorian *state*, in order to eventually explain the particular case of the Yasuní initiative. A historical narrative, for which the 19th century imperialist course set upon by countries of the global North is the point of departure, is integral to the analysis.

However, what differentiates the approach in this thesis from a more general Neo-Gramscian historical narrative construction is the focus on explicitly identifying which *agents* engage in which *activities* for every step of the causal framework (figure 2). As discussed in the methods section, this is the bread and butter of process tracing. By examining *who* does *what*, the analysis compensates for the tendency in Neo-Gramscian research to over-focus on structure, while still accounting for its importance. Furthermore, a PT approach allows for developing a more comprehensive understanding of the mutually constitutive relationship between *structure* and *agency* by demonstrating how agents' activities shape the structural social reality around them, which informed their activities in the first place.

It should be noted that because the first two stages of the process outlined in figure 2 -tracing the phenomenon of 19th century imperialism to the development of the capitalist world economy and subsequent emergence of a transnational capitalist class- are of an established historical nature, mainly existing literature will be consulted for drawing the causal connections proposed in them. This is due to the simple fact that the further away a historical process is, the more theorizing has been able to form in the meantime (given accessibility of adequate sources).

In sum, the analysis can be categorized into three overarching sections: a) the formational historical stages describing the processes of 19th century imperialism of the Global North which lead to the foundation of a global capitalist economy; b) the consolidating stages identifying how a transnational capitalist class emerged which took control over global policy, leading to a diffusion of neoliberal common sense and c) the concretizing stages explaining the effects of neoliberal common sense on the social and political relations in Ecuador which led to the rise and fall of the Yasuní initiative. As implied earlier, section a) is the most abstract but nevertheless serves as the necessary contextual backdrop for the rest of the analysis and therefore deserves to be made explicit. This will be done rather concisely. Section b) occupies a middle position between the abstract and the concrete. Theorizing by Robinson and Sklair on the transnational capitalist class, in conjunction with Carroll & Carson's empirical findings on capitalist networks will serve to elucidate how a neoliberal common sense is created. Section c) delves into specific Ecuadorian manifestations of neoliberal concepts of control by analysing documents involving politicians, business leaders and counter-hegemonic agents. This makes it the most empirical section. For clarity, the analysis will be divided along two chapters, with the process-stages of sections a) and b) being grouped together in chapter 5 due to their shared structural-historical nature, and chapter 6 consisting of section c) for its more empirical and contemporary nature.

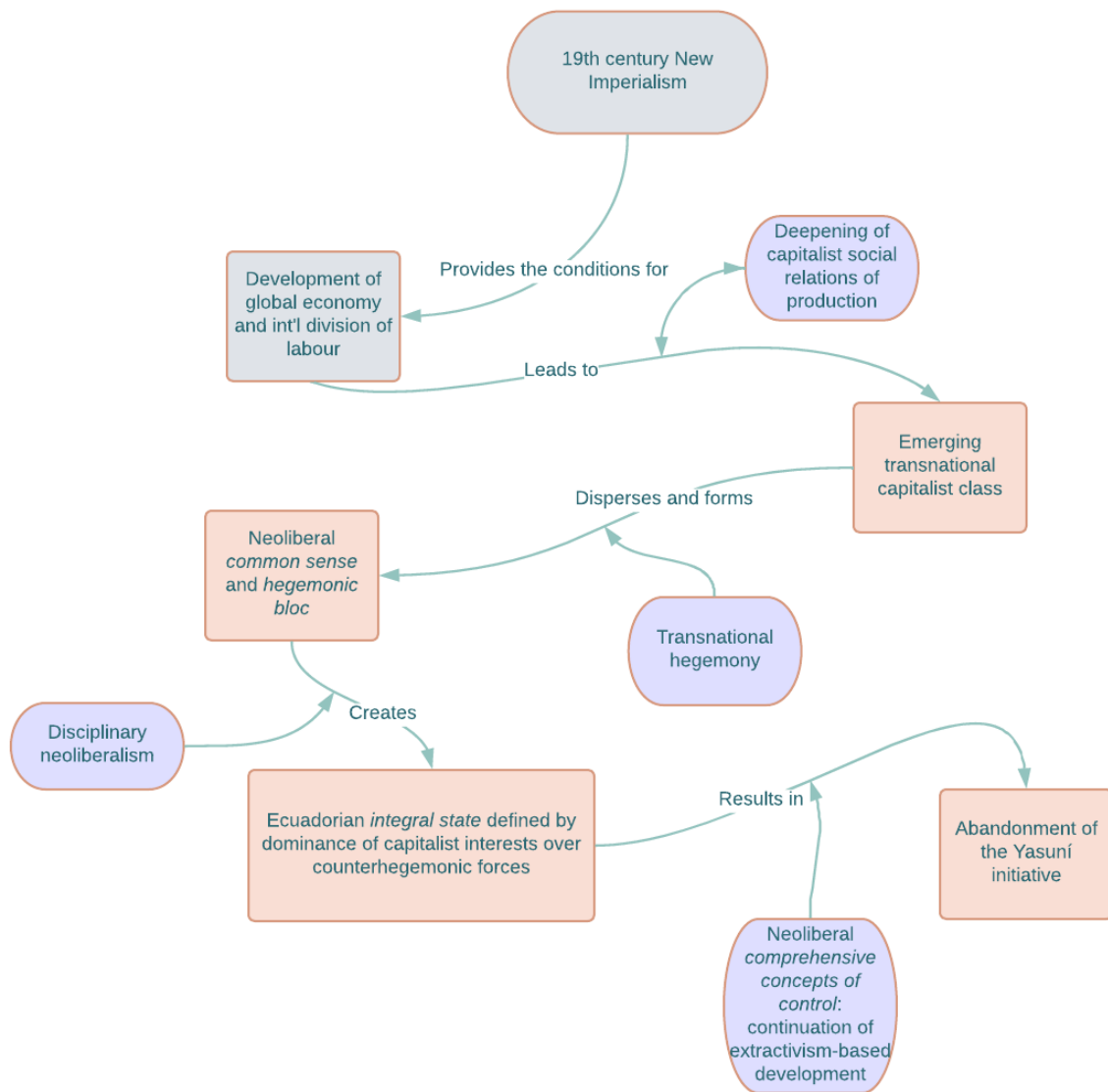


Figure 2: Causal framework

5. Analysis: section A&B

5.1 From 19th century imperialism to a global economy

Our analysis begins with the early development of global capitalism starting from the 19th century. While this issue has already been widely covered by historians and social scientists (and is not central to the research objective of this thesis), this history is nonetheless crucial to understand the origins of present-day power-relations and the mode of accumulation which underpins it. It is sometimes argued that to fully understand the origins of contemporary capitalism, one must go back to the late Middle-Ages or even further (Braudel, 1992). Due to practical constraints, this thesis will depart from the era of Industrial-age imperialism starting around halfway the 19th century. Also referred to as New Imperialism, this period is characterized by unprecedented colonial expansion and acquisition of territory by Western nation-states (Harvey, 2005). It is argued that the historical expansion of Western

power and the spreading of its capitalist system of accumulation provides the basis for the development of an all-encompassing capitalist world-economy which establishes the rules of the economic game which all states must play (Harvey, 2005). How exactly this occurred is succinctly summed up by Harry Magdoff in his 1979 work 'Imperialism: from the Colonial Age to the Present'. Magdoff (p. 37) explains how the industrial revolution sparked the 'new' imperialism:

Not only did the new industrialism generate a voracious appetite for raw materials, but food for the swelling urban populations was now also sought in the far corners of the world. [...]. Under the pressures and opportunities of the later decades of the 19th century, more and more of the world was drawn upon as primary producers for the industrialized nations. Self-contained economic regions dissolved into a world economy, involving an international division of labour whereby the leading industrial nations made and sold manufactured products and the rest of the world supplied them with raw materials and food.

As Magdoff explains, as industrialization progressed in countries of the global North, the colonised countries of the South were increasingly exploited for their abundance of raw materials which acted as the motor of ever-expanding capital accumulation through industry in the North. The developing global economy and the international division of labour will serve as the prerequisites for the emerging of a transnational capitalist class, which will be analysed in the next process-stage.

X		Part 1	Part 2	Part 3	Y
Industrial Revolution	Agents	Capitalist business owners	Global North capitalist elite + political elite	Global North capitalist elite + political elite	Initial formation of global world economy based on an international division of labour
	Activities	Seek for new ways to expand their thriving businesses; need for larger capital markets	Embark upon colonizing missions in the global South, in order to acquire raw materials for expanding industry and to feed the growing urban populations in industrializing nations	Annex nations of global South under domestic rule, creating a permanent provider of raw material and cheap labour	

Table 2: The formation of the global world economy

5.2 From the global economy to a transnational capitalist class

The international division of labour which emerged as a consequence of New Imperialism creates an economic situation where in the Global North, there is an excess of wealth. The capitalist mode of accumulation leaves more surpluses than needed for reproduction, meaning investments can be made in expanding capitalist operations (Gindin & Panitch, 2004). Concurrent with global advancements in technology, transportation and mobility, a developing international community characterised by increased openness and the flows of people and information -all of which we can subsume under the process of globalization (Sklair, 1997)- this capital surplus represents a multitude of opportunities for capitalists to extend their business operations beyond national borders. Eventually this leads to the rise of multinational corporations (MNC's), where domestic capitalists branch out into other nation-states (Robinson, 2012). At a point however, many MNC's become unrooted from national capital, most often through a series of mergers and acquisitions which transform the locus of control over the corporation from a specific national space to a more broadly dispersed supranational space.

Here it must be noted that transnationalization in the context of the capitalist class is further-reaching than mere internationalization. While the latter entails an expansion of national capital beyond the national borders, the former is the process by which national capitals fuse with other nationalizing capitals in such a manner that they become disembedded from their nation and instead are located in the supranational space which has opened up under globalization (Robinson & Harris, 2000). The economic processes which facilitate and create transnationalization are numerous and include the expansion of foreign direct investment (FDI), cross-national mergers and acquisitions creating transnational corporations, global subcontracting and outsourcing and the extension of free enterprise zones (Robinson & Harris, 2000). These new forms of economic organization link nationalist capitalists to each other, creating a coalescence of interest for capital accumulation on the global scale. In this way, the process of capital accumulation -as described in chapter 3.2.2 of the theoretical framework- is extended from a national process to a transnational process. Of course, there is no hard cut-off point for determining whether internationalization has progressed into transnationalization, in the same way that the distinction between a multinational corporation (MNC) and transnational corporation (TNC) is sometimes difficult to make. The guiding principle proposed by Robinson and Harris (2000) is to determine whether the professional-managerial elites of such corporations are mainly located in one nation -the home-base-, or dispersed among several.

There is an increasing amount of empirical scholarship accounting for the linkages between transnational corporations and their professional-managerial elite. Fennema (2012) examines the transnational relationship between banks and industry from the beginning of the 19th century, while Carroll & Fennema (2002) conduct a network analysis of the largest TNC's and their directors. In their papers, a revolving-door effect is found where managers of TNC's occupy positions within other - associated or rivalling- TNC's later in their careers, giving strength to the hypothesis that there exists a closely-knit transnational capitalist class which protects its interests by keeping influential positions available for those with conjoining interests of capital accumulation. Business leaders of TNC's constitute the corporate fraction of the TCC according to Sklair's framework (2002), reviewed in chapter 3.2.5.

X		Part 1	Part 2	Part 3	Y
World Economy defined by North-South division	Agents	National capitalists	International Capitalists	Transnational Capitalists	Emergence of transnational capitalist class
	Activities	Use surplus wealth to expand business operations by directing FDI toward other countries, thus creating MNC's	Strengthen MNC's economic position through cross-national mergers, thereby becoming TNC's	Form networks and revolve influential positions among connected TNC's (revolving door)	

Table 3: The emergence of the transnational capitalist class

This section has examined the causal mechanism between the historical emergence of a global economy defined by a North-South/core-periphery division of labour and the emergence of a transnational capitalist class. The focus has been on the material dimension of accumulation-driven consolidation of class power by the TCC through FDI's and cross-national mergers. The next process-stage will delve deeper into the TCC's organizational and ideological efforts to construct policy-influencing networks which lead to a *common-sensing* of neoliberal ideology.

5.3 From the transnational capitalist class to a neoliberal common sense

Concurrent with the rise of transnational corporations are the efforts of the transnational capitalist class to create favourable global conditions in which the capitalist modus operandi of TNC's can flourish. These conditions relate to national and international economic regulations on business and politics. From the early 20th century, we see the formation of transnational policy-planning groups consisting of business leaders and influential politicians. As introduced in the theoretical framework (chapter 3.2.5), by building comprehensive networks, the corporate fraction of the TCC establishes sites from where a neoliberal ideology can be developed and dispersed.

The three most influential policy-planning groups which have contributed most to the formation of the neoliberal historic bloc will be reviewed here, as well as their mechanisms for advancing the conditions of neoliberalist capital accumulation. Each has acted as a platform for mobilizing agents from within the TCC, in order to consolidate a globalizing outlook (Miller, 2010).

Founded in 1919, the International Chamber of Commerce (ICC) is the oldest of the business policy groups implicated in the literature on transnational policy-planning groups with a neoliberal objective. Today, the organisation claims to represent over 45 million companies in more than 100 countries, making it the largest representative body in international business (ICC, 2022) Its founders, a group of

investment bankers, saw themselves as ‘merchants of peace’, propagating international trade and the ensuing economic interdependence as a means to avoid war (Carroll & Carson, 2006). From its birth, the ICC has strongly advocated for market deregulation and opposed all forms of government intervention in matters of trade and economics. A shining example of the ICC’s capacity to extend its legitimacy beyond business is its involvement in the 1992 Rio Earth Summit, which led to the creation of the World Business Council for Sustainable Development (WBCSD), making it possible for a neoliberal market-based logic to penetrate into global environmental governance affairs (Carroll & Carson, 2006). The ICC functions as a forum where capitalists and associated professionals (for example from the sectors of law and consultancy) can come together and create a shared international policy framework on areas such as investment and specific technical subjects. In sum, the ICC is characterized by an austere, free-market conservative vision, focused quintessentially on business interest. (Carroll & Carson, 2006).

Compared to the ICC, the World Economic Forum (WEF), founded in 1971 by business policy expert Klaus Schwab, has a broader strategical outlook than representing business interests alone. Transnational capitalists of the world’s largest corporations are joined by high-level politicians and directors of international governmental organizations (IGO’s) that are involved in managing the global neoliberal regime, such as the International Monetary Fund (IMF), World Bank (WB) and World Trade Organization (WTO). In chapter 6.1., these IGO’s and their activities will be the main object of analysis. For now, we look at the WEF’s aims and organizational structure.

The breadth of the constituents invited to Davos [the Swiss municipality where the WEF convenes annually] helps diffuse the hegemony of the TCC across the political as well as the cultural realm of globalized society. Hence, beyond politicians, academics, and media figures, the WEF also seeks to establish the TCC’s cultural leadership through the involvement of ‘thought leaders’ in Forum activities (Carroll & Sapinsky, 2016, p.5).

The WEF uses this broad and influential constituency to set the agenda on matters of global governance. The WEF Network of Global Agenda Councils defines the global agenda on topics in the interest of the TCC, from corporate social responsibility to environmental issues. This network consists of over a thousand experts from academia, business, civil society, government and international organizations, who are organized into 80 hierarchical councils on specific issues (WEF, 2022). These councils interact frequently, monitoring trends and risks and developing strategies for promoting its interests (WEF, 2022). Due to its high concentration of elites from the TCC combined with its focus on long-term strategic development of neoliberal policy, Robinson and Harris (2000, p.30) find the WEF to be the “most comprehensive transnational planning body [...] and a quintessential example of a truly global network binding together the [TCC] in a transnational civil society.”

In contrast to the ICC’s and WEF’s business-oriented constituencies, the Mont Pelerin Society (MPS) was founded by notable economist and academic Friedrich von Hayek in 1947 in order to develop the neoliberal project from a purely intellectual vantagepoint. After the second world war, European governments held to Keynesian economic policy defined by interventionism for the purpose of rebuilding the scathed economy (Palley, 2005). The MPS served as a site in which a countermovement of pro-free market intellectuals could organize itself to solidify and disseminate the ideological foundations of neoliberalism (Carroll & Sapinski, 2016). The MPS is perhaps one of the most striking examples elucidating Gramsci’s concept of the organic intellectual:

Every social group, coming into existence on the original terrain of an essential function in the world of economic production, creates together with itself, organically, one or more strata of intellectuals which

give it homogeneity and an awareness of its own function not only in the economic but also in the social and political fields (Gramsci, 1971, p.5).

Rather than acting as a forum for strategic discussion (vis-à-vis the ICC and WEF), organic intellectuals of neoliberalism organized in the MPS build the long-term capacity for the advancement of a 'neoliberal culture', through their ideological commitment to neoliberal principles (Carroll & Sapinski, 2016). Specifically, the MPS has contributed to the dissemination of a neoliberal common sense by eventually establishing the Atlas Network in 1981, a network of over 500 market-oriented think tanks which penetrate national policy processes in many countries (Plehwe, 2009, p. 35). Inspired and urged by von Hayek, British businessman Antony Fisher founded and oversaw the network of neoliberal think tanks, which remains the MPS's most influential legacy (Frost, 2008).

This section has examined the process through which the Transnational Capitalist Class has organized itself in transnational policy-planning groups in order to exert influence on policy processes in global governance. Following this process of influencing political processes are the efforts of organic intellectuals, most notably those originating from the Montpelerin society and the Atlas Network, to construct a comprehensive defence of neoliberal policy from a fundamental ideological, intellectual and philosophical basis. The combined efforts of all these organizations have strengthened the neoliberal historic bloc to such an extent that the tenets of neoliberalism are accepted in mainstream politics and civil society to the point of having become *common sense*. Hence the famous adage: "There is no alternative".

The next section will identify how the neoliberal common sense created for a large part by these planning groups translate into specific policy by leading IGO's, and how these have shaped the state of Ecuador as we know it.

X		Part 1	Part 2	Part 3	Y
New TCC	Agents	TCC (specifically corporate and state fractions)	Professional-managerial elites of policy-planning groups	Organic intellectuals (culturally influential persons in civil society)	Neoliberal historic bloc and common sense
	Activities	Create transnational policy-planning groups	Organize lobby and interest initiatives in order to influence national and international political conditions conducive toward market liberalization and capital accumulation	Provide an ideological defence of the economic project of neoliberalization	

Table 4: Development of a neoliberal common sense

6. Analysis: section C

6.1 Disciplinary neoliberalism in Ecuador

Having traced the development of the neoliberal historic bloc in the era of globalization, this section will analyse how influential international organizations have converted the ideological project of neoliberalism into concrete policy which has shaped the political-economic realities of many peripheral countries, including Ecuador. The World Bank (WB) and International Monetary Fund (IMF) have been especially influential in shaping Ecuador's integral state, by imposing neoliberal conditions in return for large-scale development loans (Saad-Filho & Johnston, 2005). These international financial institutions (IFI's) are arguably the two most powerful economically oriented intergovernmental organizations in existence today, and therefore will serve as the objects of analysis in this process stage.

No description of these leading IFIs' position in the neoliberal historic bloc would be complete without mentioning the Bretton Woods conference. In the last phase of the Second World War, representatives from 44 nations convened in the U.S. town of Bretton Woods to discuss the outlines of the post-war international economic order (Babb & Kentikelenis, 2018). Previously, the United Nations' precursory League of Nations had failed to organize a coherent form of international economic cooperation (Babb & Kentikelenis, 2018). The Bretton Woods conference was held to fill this gap in the era of reconstruction which was to come. World leaders aimed at creating a system of free and stable exchanges. Freedom was ensured by removing exchange controls while stability was guaranteed by pegging currencies to the US dollar, which itself was backed by immediate convertibility to gold, referred to as the gold standard (Cooper, 1975). At the same time, the IMF and International Bank for Reconstruction and Development (IBRD), later known simply as the World Bank, were created.

The IMF's *raison d'être* was to provide a financial safety net to participating countries in the case of a negative balance of payments (Babb & Kentikelenis, 2018). The IMF therefore describes its main purpose as "providing the global public good of financial stability" (IMF, 2021), in which a stable international financial system is one that provides favourable conditions for trade, since trade is seen as the prerequisite for growth. In turn, as quoted from Horst Köhler, former managing director of the Fund: "The IMF believes that economic growth is the only way to improve living standards in developing countries, and that this is best achieved through globalization" (IMF, 2002). The IMF's helping capacity can be characterised as mainly short- to medium term, for example when a country faces a pressing financial crisis.

On the other hand, the World Bank was set up specifically to provide investment capital for post-war reconstruction and development. Thus, in the first 15 years of its existence, the World Bank specialized in granting loans for specific large-scale infrastructural projects, such as ports, railroads and dams (Babb & Kentikelenis, 2018). The recipient countries were mainly European, with developing countries only entering the equation from 1960 onwards, when the International Development Association (IDA) was created as a suborganisation of the World Bank. In contrast to IBRD, the IDA was specifically tasked with improving the quality of life in underprivileged nations of the Global South (Babb & Kentikelenis, 2018). This marks the crucial difference between the IMF and the World Bank. Whereas the former addresses short- and medium-term issues, the latter focuses on a longer-term outlook for the purposes of development and poverty eradication. Executive power and vote shares in both organisations is based on contributions, with the United States, United Kingdom, Germany and France together controlling more than 50% of vote shares (Vestergaard & Wade, 2015). This matter of fact underscores the existence of a neoliberal hegemonic bloc in global society.

What the two Bretton Woods ‘twins’ share is their mechanism for enacting policy reforms in recipient countries. Since the IMF and World Bank don’t have direct control over recipient governments’ policies, they defer to an indirect form of influence. This is known as conditionality: “the practice of requiring policy reforms in exchange for access to resources” (Babb & Kentikelenis, 2018). These policy reforms, or *structural adjustments* are by and large of a neoliberal vein: they all build toward macroeconomic restructurings such as market liberalization, privatization of national assets, and an eradication of government intervention (Mueller, 2011). Not implementing the policy reforms outlined by the Bretton Woods twins leads to delays in loan payments, and eventually even the suspension of loans as a whole. This phenomenon embodies what Stephen Gill (1995) calls disciplinary neoliberalism, which he defines as: “a concrete form of structural and behavioural power; [...] neoliberal forms of discipline are not necessarily universal nor consistent, but they are bureaucratised and institutionalised [...]”(p. 411). On the relation between this form of discipline and the law-like conditionalities of the Bretton Woods twins, Gill notes:

Disciplinary neoliberalism is institutionalised at the macro-level of power in the quasi-legal restructuring of state and international political forms: the ‘new constitutionalism’. This discourse of global economic governance is reflected in the conditionality policies of the Bretton Woods organisations, quasi-constitutional regional arrangements such as NAFTA or Maastricht, and the multilateral regulatory framework of the new World Trade Organisation (p. 412).

Disciplinary neoliberalism through conditional lending is most prevalent from the 1980’s onward. As hinted at in the theoretical framework (see chapter 3.2.6 for the full list of Washington Consensus principles), the displacement of Keynesian economic policy by neoclassical economics based on free market principles during the 1980’s marks the emergence of what is known as the Washington Consensus: a set of economic policy recommendations for developing nations, particularly in Latin American (Britannica, 2022), agreed upon by the IMF, World Bank and U.S. Department of Treasury, all headquartered in Washington. Going forward, the political and macro-economic history of Ecuador starting from the 1960’s and the influence of disciplinary neoliberalism under the Washington Consensus will be examined.

Like many other Latin American countries, after having sustained an outward-oriented model of growth from the second half of the 19th century, import substituting industrialization (ISI) was pursued from the 1960’s in Ecuador (Falconí-Benítez, 2001). This implies restructuring the economy to be less dependent on other countries for the supply of goods. It follows that Ecuador experienced a moderate economic diversification and domestic market expansion in the 1960’s and 1970’s (Falconí-Benítez, 2001). While Ecuador received financial support in the form of loans from the IMF and World Bank during the era of ISI, these were not conditional to large structural adjustments but rather minor austerity interventions (Kofas, 2001). After this, the 1980’s signalled a transition into a phase of deep neoliberalism, spurred by the Bretton Woods twins and accommodated by multiple Ecuadorian governments of surprisingly varying ideological leanings. The disciplinary neoliberalism of the IMF and World Bank in relation to Ecuador’s national economic history will be recounted next.

The history of neoliberalism in Ecuador begins with Osvaldo Hurtado. Hurtado automatically came into his presidency in May 1981 after having served as vice president of the previous regime under Jaime Roldós, who died in a plane crash that same month (Hey & Klak, 1999). Voters strongly expected that Hurtado would oppose any kind of austerity or free market reforms, since his Christian Democratic party Democracia Popular advocated distributive social policies and was seen as anti-elitist (Hey & Klak, 1999). Indeed, at the time he was characterized by opponent and eventual successor León Febres Cordero as a Latin American Mao Zedong, which Hey and Klak (1999) note is somewhat of a strong

hyperbole. Despite Hurtado's left-of-centre inclinations, he put Ecuador on the road to neoliberalism by breaking strong taboos against market reform (Thoumi & Grindle, 1992). Under the supervision of the IMF, the Hurtado administration gave birth to the first large-scale economic stabilization program, including taxes on consumption, elimination of food subsidies and limits on public salary adjustments in 1982 (Conaghan, 1990; IMF, 1985). These austerity reforms were part of the IMF's conditions for rescheduling the payments of Ecuador's increasing debt and the supply of new loans (Grindle & Thoumi, 1993, p. 133).

The long-term structural adjustments expected from the neoliberal hegemonic bloc did not yet occur under Hurtado's administration. Rather, through introducing austerity under the auspice of the IMF, Hurtado paved the way for full-fledged neoliberal policy. De Janvry et. al. note: "the austerity measures implemented under Hurtado aided in reshaping Ecuadorans' expectations of the role of their government, yet a full-fledged adjustment program was not to be put in place until the election of León Febres Cordero" (1994, p. 67). Cordero, a conservative right-wing populist elected president in 1984, implemented a collection of structural reforms including elimination of price controls, deregulation of interest rates, cuts in social spending and trade liberalization. In return, his administration earned him generous treatment from the IMF, which promised a new stand-by loan (IMF, 1985). Throughout his term, Cordero and his U.S. economists implemented more trade and price liberalization and made efforts to privatize state companies (Hey & Klak, 1999). Cordero solidified the neoliberal path which the Hurtado administration had made possible, and throughout the 80's and 90's, a total of seven loan-conditionality arrangements were made between the Ecuadorian government and the IMF (IMF, 2020).

As for the World Bank's activities in Ecuador, this institution started seriously promoting policy reform through conditional loans from the early 1990's, during the presidency of the right-wing Sixto Durán Ballén. These loans were aimed at debt reduction (World Bank, 1995a), modernization of the Ecuadorian state apparatus (World Bank, 1995b) and most importantly, structural adjustment according to the ten principles of the Washington Consensus (World Bank, 1995c). These loans, among others, were designed so that Ecuador could shift its financial and commercial policies towards the global market.

It is in no small part through their agency in Bretton Woods institutions that the upper layer of the transnational capitalist class has been able to shape the political-economic outlines of the Ecuadorian state toward a neoliberal integral state with conditions favourable to business. These neoliberal adjustments met some resistance from Ecuador's underprivileged classes in the form of popular protests during the 80's, but by the time of Durán Ballén's administration, the neoliberal project becomes close to complete (Hey & Klak, 1998). The president is quoted for saying: "The time has arrived to end the shameful structure of privilege of the inefficient public sector, that absorbs state resources, provides poor services and stifles national development" (Vistazo 1994, p.13, quoted in Hey & Klak 1998). And indeed these words were followed by actions. Durán Ballén enacted a significant number of far-reaching neoliberal policies under the guise of 'modernization'. The National Council of Modernization was established within government to supervise the privatization of more state and parastatal industries than already done under previous administrations (Martz, 1995, p.5). In addition, subsidies to domestic firms were scrapped and the economy was opened up more to foreign business opportunities (Hey & Klak, 1998). From this point on, neoliberalism can be said to have become hegemonic, for certainly among policymakers and the corporate elite it is undisputable that neoliberalism is the answer to Ecuador's problems. In the words of Pablo Better, Finance minister in 1994: "Everybody believes in an open market. The differences between regimes are differences of

degree. [An open market] is common sense (Hey & Klak, 1998). Any disappointing effects of neoliberal policy such as lack of economic growth or a growing inequality were at the time perceived to be a result of the protectionist state's legacy still working through in the economy, to which the only logical response would be to implement even more neoliberal policies (Hey & Klak, 1998). There simply was perceived to be no feasible alternative in terms of macro-economic policy, for most left-wing academics and politicians resorted to a strong revolutionary discourse without concrete policy recommendations. The words of Augusto de la Torre, former director of Ecuador's Central Bank neatly sum up the prevailing neoliberal sentiment: "Finally, finally, we Latin Americans have gotten over this extremely bad trauma that threatened [our economies] a lot, which was to blame everything on the center-periphery analysis"(Hey & Klak, 1998).

In sum, this process-stage elucidates how the geopolitical context of the post-war Bretton Woods system eventually led to the economic policy paradigm embodied by the Washington Consensus, in which the IMF and WB had the mandate to impose neoliberal economic reforms on (mostly) peripheral countries of the Global South through their mechanism of conditional lending as well as their hegemonic position. Keeping in mind that the directors of these institutions form the bureaucratic faction of the transnational capitalist class, it becomes clear how corporatist interest are intertwined with broader macroeconomic policy strategies as enacted by the IMF and World Bank. This combination of forces has had the power to shape the historical development paths of many countries of the Global South, including Ecuador. This section has traced the development of neoliberal macro-economic policy as well as state-restructuring in Ecuador throughout the 1980's and 1990's. In the next process-stage, it will be analysed how these changes in Ecuadorian society have led to the framing of oil rents as a necessary condition for Ecuador's survival and development, which persists even in lieu of Rafael Correa's left-wing government.

X		Part 1	Part 2	Part 3	Y
Neoliberal common sense embodied by TCC's / policy planning groups	Agents	International elite (world leaders) & prominent economists/ policy-specialists	Professional-managerial/ bureaucratic faction of TCC, manifested in IMF and WB	Ecuadorian political elites and local U.S.-trained economists	Neoliberal integral state in Ecuador
	Activities	Create Bretton Woods institutions	Push economic and political restructuring in Ecuador, according to Washington Consensus principles	Accommodate and implement IMF/WB conditionality for purposes of development, poverty eradication. Liberalization of economy, modernization of state.	

Table 5: Development of the neoliberal integral state in Ecuador

6.2 The neoliberal integral state and the failure of the Yasuní initiative

The previous process-stage has traced the domestic Ecuadorian integration of neoliberal macroeconomic policy as advocated by the Transnational Capitalist Class whose class interests are represented through the IMF and World Bank. This section will focus on the persistence of a neoliberal common sense in the era of the Pink Tide, represented in Ecuador by Rafael Correa's Alianza Pais government. Furthermore, we look at the consequences of 80's and 90's structural adjustments on the economic and political power concentrated in Ecuador's corporate faction -specifically the oil sector.

While the neoliberal paradigm continued to reign overtly throughout the beginning of the 21st century, the 2006 election of Rafael Correa marks the beginning of what has been called Ecuador's post-neoliberal era. Some authors have anticipated Correa's new '21st-century socialism' as the reversal of neoliberal macroeconomic policy which had reigned in the past decades and from which many popular disillusion had ensued (Ruckert et al., 2017). Acosta (1995, p. 144) notes how the participation of labour in national income decreased from 32% in 1980 to 12% in 1992, while poverty among the population rose from 40% in 1970 to 65% in 1990 (Barrera, p. 109). While Correa did purposely diminish ties with the corporate sector, limiting their influence by banning configurations of backroom meetings between politicians and corporate directors, Wolff (2016) notes:

The governments' postneoliberal policies did not break with the overall capitalist, market-based development model. The political strength of both governments [Ecuador and Bolivia] was based on strong economic performance, including significant increases in social spending and public investment. In economic terms, therefore, both Morales [of Bolivia] and Correa could hardly afford a general economic downturn, which –given the economic structure of the two countries– also meant preventing a general deterioration of the business of private companies. As a result, private business retained significant structural power.

This analysis is echoed by other commentators, especially the research community that occupies itself with the politics of 'neo-extractivism' in Latin America. Extractivism in itself is a mode of capital accumulation based primarily on the extraction of natural resources, especially in the mining and oil sector, but based also on the production of primary goods for the international market (Acosta, 2011). Due to Ecuador's plentiful oil reserves, extractivism has been a main source of funding for developmentalist governments in Ecuador during the 1960's and 1970's, but became an even larger source of capital accumulation during the 80's and 90's, when presidents Febrés Cordero and Duran Ballén privatized the oil industry (Burbano de Lara, 2006). Liberalization of the oil sector meant an increased competitiveness of Ecuadorian oil on the international market, which combined with the booming price of oil led to higher oil rents throughout the 90's and 2000's ensured a high profitability of the oil sector (Mateo & Garcia, 2014). At the same time, the absolute amounts of oil produced have increased significantly throughout the initial phases of neoliberalism in Ecuador: from an average annual production of 64 million barrels in the 1970s to 129 million barrels in the 1990's and a contemporary average of 170-180 million barrels per year. The figure below, adapted from Mateo and Garcia (2014) shows the share of private versus state-owned companies in the production of oil throughout four decades, with percentages shown on the left axis and amounts of barrels (multiplied by 100) shown on the right.

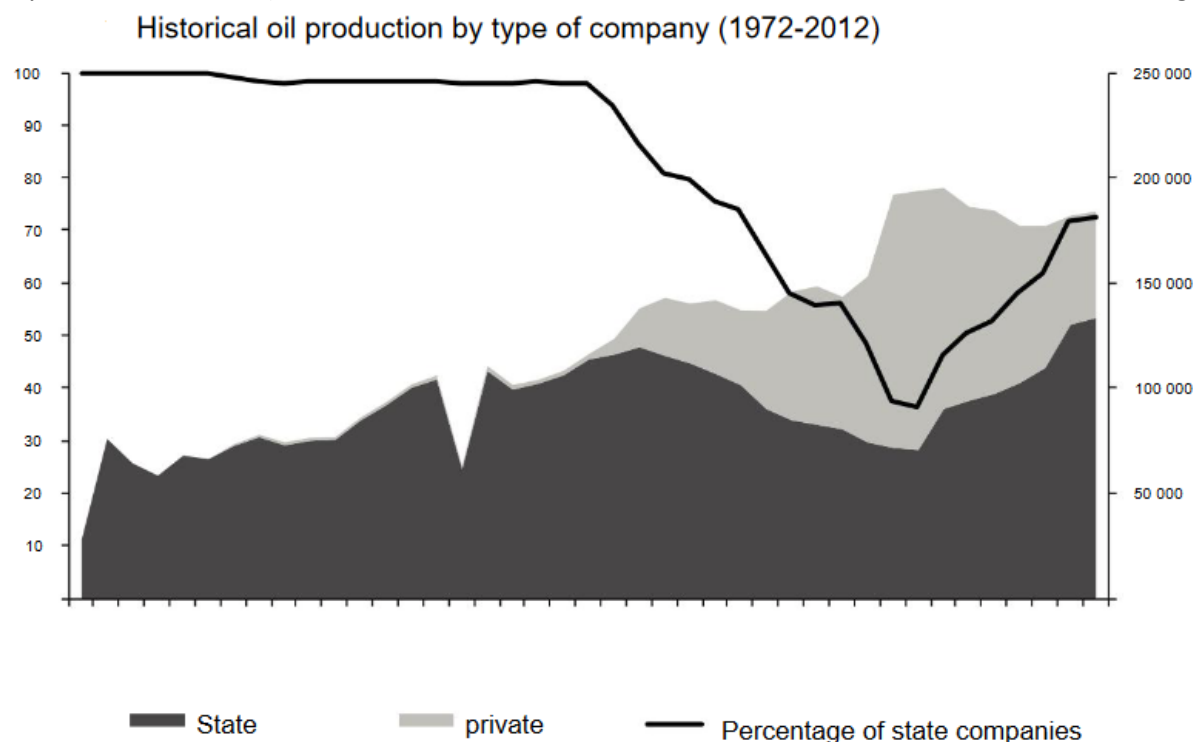


Figure 3: State versus privately owned oil production in Ecuador (Mateo & Garcia, 2014)

Mateo and Garcia (2014) point out that while the oil export's contribution to the Ecuadorian economy - expressed as an average of 12.7% of the GDP during the years between 2000 and 2012- is substantial enough as it is, this figure does not yet account for other sectors of the domestic economy's reliance on oil production. The authors demonstrate oil's role as the driving motor of Ecuador's economy by pointing toward the time-lag controlled correlation between variation in oil productivity and productivity in other sectors. Put simply, when the oil industry performs financially better or worse (due to, for example, an oil boom) other sectors correspondingly perform better or worse. This dependence on oil will prove to be arguably the main reason for Correa's so-called post-neoliberal administration's reluctance to cut down on extractivism, in spite of the fact that the government's constituency largely supports a more environmentally conscious course, with 80% of Ecuadorians supporting the Yasuní initiative (Amazonia por la Vida, 2013).

The state-oriented shift in ownership of oil production visible in figure 3 represents efforts made by the Correa government to reverse some of the privatizations within the sector conducted in the 80's and 90's under the auspice of the IMF and World Bank. However, what can also be seen is that this change of hands from private to state-owned oil corporations constitutes a persistence of extractivist operations. Many commentators have proposed the term 'neo-extractivist' to describe the Correa government along with other emerged left-wing administrations of the so-called Latin American Pink Tide find themselves (Acosta, 2011; Gudynas, 2012, 2013; Veltmeyer & Petras, 2014). The 'neo' in neo-extractivism signifies that the justification for natural resource extraction has shifted from a neoliberal impetus of capital accumulation toward a progressive left-wing need to "generate the rent necessary to support the poverty alleviation strategies and other social justice programs that characterize their administrations" (Chiasson-LeBel, 2016). Svampa (2015) explains that both left and right-oriented Latin American governments, including Correa's Ecuador have come to a tacit agreement on the necessary nature of exploiting internationally traded commodities such as oil, which she calls the 'commodity consensus'. Thus, neo-extractivism under Rafael Correa embodies the unfulfilled expectation that Ecuador would pursue a radically different development model than during the market-based commodity export-led era of the 80's and 90's.

The emergence of a neo-extractivist phase of Ecuador's political economy is conditional on the global economic cycle. Beginning in 2003-2004, global commodity prices, especially of primary resources such as oil, started to boom (figure 4, taken from Wikipedia, 2016). This has led to what the United Nations Economic Commission for Latin America and the Caribbean (ECLAC) has called a 'reprimarisation' of Latin American economies (ECLAC, 2015). As shown in figure 5 (taken from ECLAC, 2016), the high prices of oil and other natural resource commodities which started in the early 2000's served as the conditions for a strongly increased share of primary goods exports as expressed in percentages of GDP. Zooming in on hydrocarbons (oil and gas), figure 6 (taken from ECLAC, 2015b) shows Ecuador's increased dependence on oil throughout the period of the commodities boom.

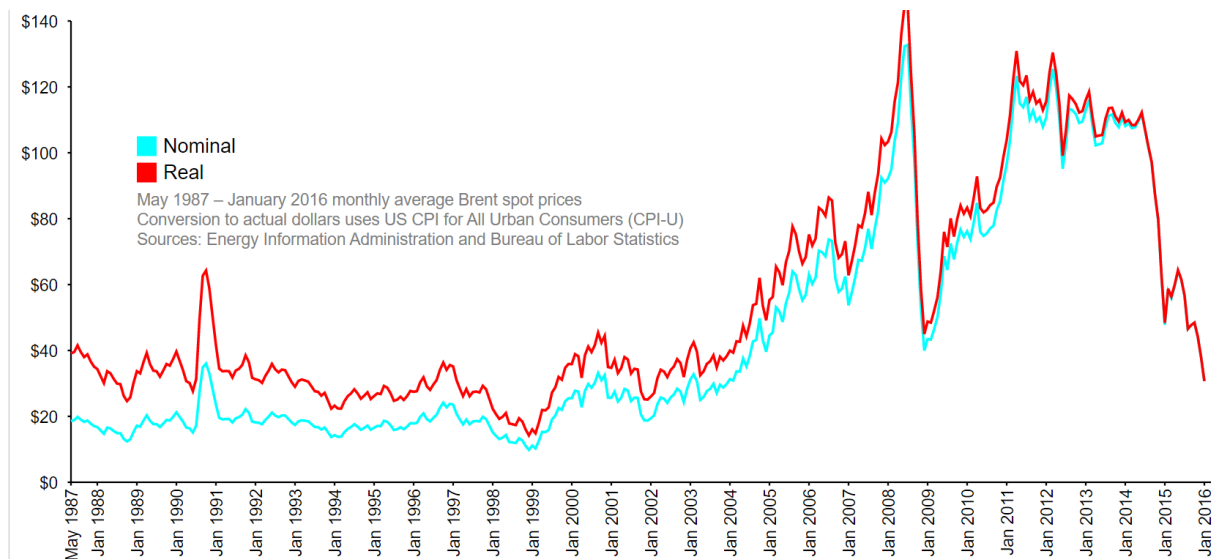


Figure 4: Global oil prices, 1987-2016 (Wikipedia, 2011)

It is no small coincidence that the failure of the Yasuní initiative runs concurrently with Ecuador's increased dependence on oil. The refocus on the export of oil as a primary good -dubbed reprimarisation by ECLAC- which resource-rich Ecuador has experienced form a devastating challenge to environmental initiatives, especially ones which propose to leave easily accessible oil under the ground. Because of the commodity boom, capitalist interests are tuned into the extraction of oil even more than during previous decades, while at the same time political interests regarding the funding of Ecuador's incipient welfare state depend on the profitability of its economic sector.

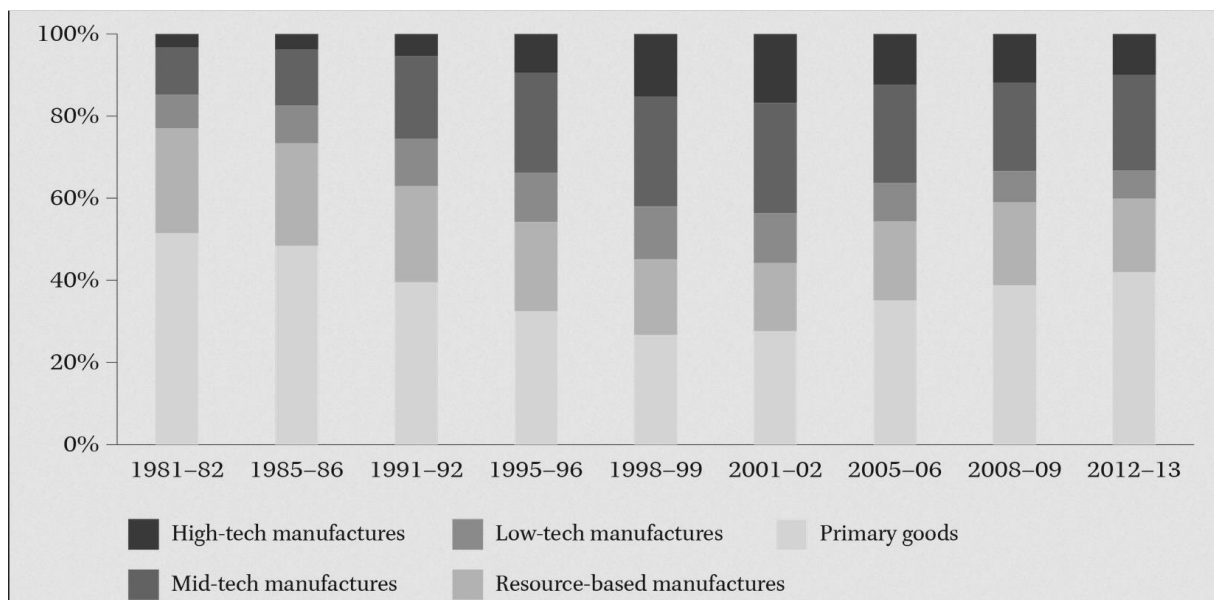


Figure 5: Latin American economic sectors expressed in percentages of combined regional GDP (ECLAC, 2016).

	Hydrocarbon revenues			Mining revenues		
	2000–03	2005–08	2010–13	2000–03	2005–08	2010–13
Argentina	10.5	10.9	7.3	0.0	0.4	0.5
Bolivia	20.6	35.7	34.4	0.3	2.1	3.2
Brazil	8.4	9.2	7.2	0.1	0.5	0.7
Chile				4.0	27.7	15.3
Colombia	6.7	8.2	12.6	0.6	1.6	1.3
Ecuador	29.3	35.3	40.3			
Mexico	30.2	33.9	29.3	0.3	0.8	1.0
Peru	12.0	10.0	9.7	1.0	10.6	7.4
Venezuela	50.0	51.2	45.5			

Figure 6: Increased dependence on oil and gas revenues, 2000–2013 (ECLAC, 2015b)

The Latin American commodity consensus and reprimarisation of economic sectors signify an important development in relation the analysis of neoliberal hegemony in Ecuador. The persistence of a reliance on resource extraction exemplifies how a neoliberal common sense is alive and well under Correa's progressive-left administration. The justifications for extractivism might have shifted from privatized capital accumulation and rent-seeking to the funding of state-led welfare spendings, but the environmental and ecological outcome nevertheless remains the same: nature and its resources play an instrumental role to fulfil societal needs. That being said, to arrive at a complete explanation of the failure of the Yasuní initiative, the 'commodity consensus' analysis must be supplemented with a closer inspection of the contemporary corporate landscape in Ecuador.

As noted before, the Correa administration has made significant attempts to curtail the power of private corporations in Ecuador. Before Correa, Ecuador's corporate elite, consisting of economic groups (*grupos económicos*) and business associations or chambers (*cámaras*) had much influence on political decision-making through their close associations with reigning political parties (Eaton, 2011). When putting together his 2007 cabinet, Correa avoided individuals close to the corporate sector (Ramírez Gallegos, 2012, p. 121). The exclusion of the corporate cadre from direct participation in government, which in previous cabinets had been a frequent occurrence (Burbano de Lara, 2006), marked the first step of cutting channels of communication with the capitalist class. As an expected consequence, capitalist elites explicitly sided with the political opposition (Wolff, 2016). In numerous speeches, Correa openly confronted the capitalist class by using rhetoric such as 'speculative' and 'corrupt' when describing economic conglomerates which he depicted as concentrating too much economic power (Wolff, 2016). In the wake of this new anti-corporate stance of Ecuadorian government, the direct influence of business appears to have diminished. However, in this light it is necessary to call upon the distinction between instrumental and structural power coined by Fairfield (2015), recounted in chapter 3.2.5 of the literature review.

Structural power of the capitalist elite in Ecuador is constituted by the government's persisting reliance on profits from the energy and export sectors in order to fund its progressive political agenda. In this sense, while the direct instrumental power of the capitalist class in Ecuador was diminished in the initial phase of Correa's presidency, the same cannot be said for its structural power over Correa's two terms in office. The capitalist class, which despite significant renationalization efforts by Correa still remains in control of over half of Ecuador's oil production (Mateo & Garcia), occupies a key position in Ecuadorian society through which the neoliberal common sense instituted in the 80's and 90's, dispersed through the TCC, remains alive. Building on that, it does not take much imagination to understand why Correa's Ecuador, despite the government's progressive ideology, resorted to drilling in the Yasuní park. When the international initiative failed to attract enough investors interested in contributing to the North-South compensation mechanism inherent to the initiative, the Correa government could have made the decision to nonetheless protect the Yasuní park and its ecological integrity. However, the state's dependence on oil rents -embodied in the commodity consensus- combined with the structural power and pro-extractivist interests of the capitalist class -derived from its key position in the oil industry- have made it so that such a post-extractivist deviation from the neoliberal common sense has not come to fruition.

X		Part 1	Part 2	Part 3	Part 4	Y
Neoliberal integral state in Ecuador	Agents	Transnational & national (oil) corporations	Allianza Pais & Correa.	Business sector & transnational capitalist class	Correa administration	Failure of the Yasuní initiative
	Activities	Accumulate more power through privatization policies and reliance of Ecuadorian development strategy on oil rents.	Construct counter-hegemonic challenge after disillusion with neoliberal policy. After elected in office, reverse some concrete neoliberal policies and decrease instrumental influence of private business actors.	While losing direct instrumental power, maintain structural power (Fairfield) through Ecuador's reliance on capitalist market-based development	Continue oil extraction based on market-based development logic, under pressures of commodity boom	

Table 6: Failure of the Yasuní initiative

7. Discussion and conclusion

From the outset, the aim of this thesis has been to uncover the underlying causal chains of reaction which have led to the failure of the Yasuní initiative -which proposed to leave the Yasuní natural park untouched in return for international contributions amounting to half of the expected oil rents- and the continuation of extractivism under ideologically left-progressive justifications in Ecuador. Previous accounts of this case have focused on issues of corporate decision-making, competition between global environmental governance initiatives, political shifts in potential donor countries and most importantly, the purported inconsistent policy of the Correa administration which was in office during the proposal and decline of the Yasuní initiative. A common characteristic of these accounts is that they focus on immediate causes without paying due attention to the structural political-economic context of Ecuadorian society. Unfortunately, questions such as 'why do corporations have strong political influence in Ecuador' and 'why does president Correa pursue extractivism despite claiming to break with Ecuador's neoliberal past' remain unanswered by only zooming in on immediate causes. Therefore, a Critical Realist philosophy of science was employed to inform this thesis. This entails going beyond surface-level explanations such as those reviewed in the literature section to gain knowledge of those levels of reality -the *actual* and the *real*- for which it is difficult to ascertain immediate empirical evidence. The Critical Realist process of retrodution -going back and forth between empirical material and causal mechanisms- made it possible to nevertheless make claims about structural mechanisms and their interconnectedness.

As made explicit in the introduction, this thesis' ambition has not been to construct the most detailed case study of the political landscape leading up to the Correa administration's decision to scrap the plan to leave oil in the soil of Yasuní park, and instead to continue down a neo-extractivist path. Rather, the aim has been to delve into the structural historical nature of global economic and power inequalities, to examine how these influence the agential room for manoeuvre of the transnational capitalist class and its corporate cadre in Ecuador. For this reason, some concessions have been necessary. In order to understand the connection between global developments and the Ecuadorian socio-political context, the historical analysis makes up a large part (almost half, page-wise) of the entire process-tracing analysis. While this has left enough space for the more empirical, contemporary-oriented chapter 6, future research would do well to expand upon the analysis of competing interests in Ecuador's socio-political arena during the rise and fall of the Yasuní initiative. Specifically, it would be worthwhile to identify specifically which agents and organisations make up the body of the capitalist elite and which activities these individuals have undertaken to consolidate hegemonic power. To be sure, this would entail an inquiry into the *instrumental* rather than *structural* power of the corporate cadre, which even though it might have been decreased under Correa, is likely to still have played a role in the dismantling of the Yasuní initiative. Methods-wise, this thesis has produced a *minimal* explaining-outcome process-tracing design. This has allowed for constructing a fundamental causal framework around a set of processes which have not been researched in depth yet. The causal framework developed in this thesis can serve as the basis upon which further research can build a *systems* process-tracing design which digs deeper into the fingerprints or mechanistic evidence left by agents through their activities. From a methodological point of view, this would strengthen the plausibility of the causal framework suggested here.

Taken at face value, a connection between the development of the global economy starting from 19th century imperialism and a failed initiative for protecting a natural reserve in the Ecuadorian Amazon might not seem immediately plausible. However, by tracing relevant historical developments starting from the 19th century in small increments and assessing the causal mechanisms between these

developments through a Neo-Gramscian transnational historical-materialist lens, it became possible to explain the persistence of neo-extractivism in Ecuador. Going back and forth between the empirical here and now of the contemporary political-economic configuration of Ecuadorian society and the abstracting of historical process-stages follows the principles of retrodution set out by CR. The process-tracing analysis in chapter 5 explained how the gradual development of the global world economy, based on an impetus of capital accumulation, led to the emergence of a transnational capitalist class of individuals who, by organizing themselves in transnational policy planning groups were able to influence the structuring of the modern world order, most notably through the International Monetary Fund and World Bank. Then, in chapter 6, the analysis went on to explain how the TCC's neoliberal economic and ideological project gained hold of Ecuador through the disciplinary practices of aforementioned institutions and the demands of the international market. This in-depth stage setting has, within the structure of this thesis, functioned as the necessary requirement for coming to a comprehensive assessment of the deeper underlying reasons for the Correa government's neo-extractivist policies.

In relation to the failure of the Yasuní initiative, what has been referred to as an amalgamation of domestic policy inconsistencies by the Correa government (Martin & Scholz, 2014) is in fact an oversimplification insensitive to the political-economic reality which Ecuador faces. Not merely in the sense of a world-systems approach through which it becomes clear that Ecuador still belongs to the peripheral group of countries whose national configurations of industry and production serve to supply core countries -specializing in services and intellectual capital- with primary goods and raw material, of which oil is arguably one of the most important. More so in the sense that the neoliberal economic and ideological project, once having been rendered complete through its implementation overseen by the IMF and World Bank has changed the fabric of Ecuador's social reality -by which is meant the country's social relations of production as well as its underlying logic of development- to such an extent that a shift in governmental politics towards Correa's left is far from enough to constitute a complete reversal of neoliberal policy, as some commentators (Ruckert et al, 2017; Gallegos, 2016; Sanchez & Polga-Hecimovich) have proposed or maybe even hoped by propagating the concept of a 'post-neoliberal' Ecuador.

In fact, such an evaluation ignores the multifaceted nature of the state and a (Neo)-Gramscian analysis reminds us that looking only at formal state power is short-sighted. Civil society is constituted by *both* state power as well as civil society, which includes the corporate cadre. Correa's apparent policy inconsistencies, seemingly wavering between his 21st century socialist ideological origins and the overt neoliberal development project of the 80's and 90's, are in reality the embodiment of the counterhegemonic struggle between progressive forces and the structural power of the transnational capitalist class manifested in Ecuador's corporate cadre. Contemporary Ecuador's integral state is thus a site of intense contestation between hegemonic and counterhegemonic powers.

That said, while the Ecuadorian situation is multifaceted and complex, the process-tracing analysis conducted in this thesis makes it possible to identify the most important causal factors for the failure of the Yasuní initiative. The argument is two-sided. On the one hand, there is the structural context of the global capitalist economy and Ecuador's position within it, the historical development of which has been traced in chapter 5.1. The increased importance of hydrocarbon exports for funding Ecuador's government expenses following the 2000's commodity boom (see chapter 6.2) already posed an existential challenge to the Yasuní initiative from its inception. This is amplified by the key role of transnational capitalist class agency, which to a large extent oversees the workings of the global economy and its domestic manifestations (see chapters 5.2 and 5.3). Of course, there can be no such

thing as complete control over the global economy, and here it is important to underline that the outcomes of this thesis do not suggest the existence of an all-knowing global elite working from the shadows as a collective master of puppets, pulling the strings of international politics any which way it likes. Social reality plays out in ways far subtler than such conspiratorial ideas suggest. The TCC should not be conceived as a singular organized collective, but rather a loosely connected network of influential economic, political and intellectual agents who nonetheless have, through their prominent positions in state, civil society and policy planning groups, managed to construct and disseminate the neoliberal project which protects their common interest of capital accumulation. The Ecuadorian branch of the transnational capitalist class is for a large part manifested in the domestic and multinational corporations responsible for the production of primary goods, among which oil.

These insights gained from the process-tracing analysis make it possible to succinctly answer the research question “why did the Yasuní initiative fail?” The reprimarisation of Ecuador’s economy following the 2000’s commodity boom and the ensuing increased government dependence on oil rents for the financing of its social welfare programmes meant that, despite the Correa administration’s efforts to diminish the direct political power of the corporate cadre, the structural power of the transnational capitalist class in Ecuador was maintained to such an extent that dominant economic interests prevented the success of the Yasuní initiative. Through this combination of structural and agential causal factors, Ecuador continues down its neo-extractivist path.

In closing, having uncovered the conditions for the failure of the Yasuní initiative, the insights gained from this thesis’ analysis can shine light on the prospects of future ecological initiatives in the vein of Yasuní. Unfortunately, it cannot be said that identifying through which conditions Yasuní failed means such conditions can immediately be altered, in the same way that knowing the reasons for a problem doesn’t necessarily imply the problem can easily be ameliorated. However, identifying root causes is always a necessary first step if such change is eventually to occur. At the same time, the insights gained from this thesis imply that to call contemporary Ecuador a post-neoliberal state is somewhat overly optimistic. While yes, the era of structural adjustments imposed under the auspice of Washington Consensus principles has passed, the pressures of the global economy ensure a continuation of extractivism for market-driven development in Ecuador.

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