
Twenty-First Century Socialism? The Elusive Search for a Post-Neoliberal Development Model in Bolivia and Ecuador

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The recent political, economic and social histories of Bolivia and Ecuador point to a broader, post-neoliberal trend emerging in Latin America. Presidents Evo Morales and Rafael Correa have closely followed the basic model of twenty-first-century socialism as an alternative to free market capitalism. In theory, both leaders have successfully re-founded their countries with new constitutions that encompass the interests of all sectors of society. In practice, however, we argue that a volatile economic climate, poorly implemented reforms, increased opposition, and low political tolerance all indicate limitations to the viability of twenty-first-century socialism as a post-neoliberal development model.

Keywords: Bolivia, Ecuador, Socialism, development, Evo Morales, Rafael Correa.

Since the late 1980s, heightened social tensions surrounding poor representation, failed neoliberal policies and persistent poverty have all led to a backlash characterised by political and social unrest in Bolivia and Ecuador. Prolonged political instability weakened traditional parties and created space for new political actors, who have gained overwhelming political support by adopting anti-establishment, anti-elite, anti-foreign messages that espouse a greater role for the state to address the concerns of marginalised classes. In many ways, this trend also points to a movement towards what has been called twenty-first-century socialism, which the leaders in Venezuela, Bolivia, and Ecuador have advanced as a framework for a post-neoliberal development strategy (Dieterich, 2005).

The term 'twenty-first-century socialism' emerged in the 1990s, as resentment toward market-oriented policies grew across Latin America. The phrase itself is often attributed to Heinz Dieterich, a German scholar of Marxism. It explicitly rejects the Soviet model of socialism, seeing it not only as dictatorial and ultimately an economic failure but also rooted in a historical context that is no longer relevant. Although often used in vague terms, twenty-first-century socialism claims to build on the mistakes of both neoliberalism and twentieth-century socialism, seeking to increase state regulation and power, but in a democratic manner that allocates resources more efficiently and does not stifle innovation or personal choice (e.g. see Petras and Veltmeyer, 2009). Collectivism is

therefore not a goal; instead the economic model aims to give individuals – particularly the poor – freedom within a socialist system to assert themselves political and economically (Harnecker, 2010). Furthermore, it promotes a transformation of historical social, economic and political imbalances by re-founding traditional institutions that will better serve the interests of the majority of the people over a privileged few (Irazábal and Foley, 2010). Although the market still exists, it can be contested and new alternatives developed (Harris, 2007). Unlike Marxism–Leninism, then, twenty-first-century socialism does not completely reject capitalism; instead, this new model rejects market policies imposed by any foreign source, seeking instead to incorporate capitalism within a humanitarian rubric. To that end, the state also assumes control over critical natural resources, and redistributes the revenue.

In Bolivia and Ecuador, Presidents Evo Morales and Rafael Correa have closely followed the twenty-first-century socialist outline: after being democratically elected into power, the new leaders enacted bold reforms that reversed the neoliberal policies of the past, redistributed the nation's wealth into the hands of marginalised classes and established new constitutions through direct democratic practices. In both cases, the leaders emerged during a prolonged period of crisis, espousing a new development strategy centred in radical political, economic and social transformations. As a political platform, the new model promised to reshape the status quo through forms of radical democracy, while also promoting an active role for state-sponsored programmes to correct historical marginalisation and inequality. Government revenues have been significantly increased in both countries through nationalisation schemes in the hydrocarbon and mining sectors, which not only allow many foreign companies to continue exploiting natural resources but also redirect larger portions of the surpluses directly to the state. Through the global debate on climate change, both Morales and Correa have pursued groundbreaking initiatives, such as the 'climate debt' that came out of the Cochabamba Summit in Bolivia (Shultz, 2010) or Correa's Yasuní-Ishpingo Tambococha Tiputini (Yasuní-ITT) initiative (Fillion Robin, 2010), which propose an economic alternative for countries most affected by the uneven relationship between industrialised and developing regions of the world. In theory, both leaders have successfully re-founded their countries with new constitutions that encompass the interests of all sectors of society. In practice, however, the reform process has often succumbed to traditional paradigms of the past, preventing any enduring transformations from taking place. We argue that a volatile economic climate, poorly implemented reforms, increased opposition and low political tolerance all indicate limitations to the viability of twenty-first-century socialism as a post-neoliberal development model.

This article will utilise the case studies of Bolivia and Ecuador from the late 1980s to better understand the nature of the transformations occurring in both countries. An examination of the social movements that were highly active before the emergence of each party highlights the demands and grievances to which the new leaders responded. The campaign rhetoric and political platforms of Presidents Morales and Correa, as well as the constitutions that were later drafted and approved, all provide a useful outline of the putative twenty-first-century socialist transformations taking place in each country and the reactions to them. Finally, the conclusion notes that, while the composition of their respective support bases and the nature of opposition groups differ, both leaders face similar challenges in pursuing twenty-first-century socialism as a post-neoliberal development strategy.

Bolivia and the Movimiento al Socialismo

At the turn of the twenty-first century in Latin America, prolonged political, economic and social crises throughout the region provided a new arena for political outsiders to critically challenge the neoliberal policies of the past. In Bolivia, nearly two decades of persistent corruption, debt and poverty prompted the proliferation of a variety of highly organised indigenous movements throughout the country, demanding better political representation and economic and social reform, through massive demonstrations, marches and protests. Following a water privatisation scheme in 2000, which caused a 400 per cent increase in the cost of water in local communities, a series of 'wars' broke out between the Confederación Sindical Unica de Trabajadores Campesinos (CSUTCB) and the Bolivian government that lasted for three years (Lucero, 2008: 154). Frequent mobilisations gained broad appeal after a rise in commodity prices made it more apparent that foreign companies were receiving a disproportionate share of rents from natural gas, causing an ever-growing number of Bolivians to join in the chorus for ridding the country of neoliberalism (Lehoucq, 2008: 115). The government lost even more credibility in 2002, when it signed the Andean Trade Promotion and Drug Eradication Act (ATPDEA), an agreement between Bolivia, Ecuador, Colombia, Peru and the United States that offered preferential trade access in exchange for a commitment to eradicate local coca production. The *cocaleros* syndicate in Chapare, led by Evo Morales, actively resisted eradication efforts and gained the support of elite-based civic committees, human rights organisations and journalists, by evoking a cultural-nationalist discourse on the religious and cultural aspects of coca production (Van Cott, 2003: 761).

The prolonged political tension in Bolivia created space for political outsiders to compete with traditional parties in national elections. In the 2003 presidential election, the parties of Evo Morales (Movimiento al Socialismo (MAS)) and Felipe Quispe (Movimiento Indígena Pachakutik) combined to win 27 per cent of the vote. In 2005, Morales won the election with 53.7 per cent of the vote, following the resignation of President Gonzalo Sánchez de Lozada and his predecessor, Carlos Mesa, who were both forced out of office after a series of major protests and road blockades shut down the economy (Lucero, 2008: 155). Morales's platform signified a radical break from neoliberal development strategies of the past, campaigning primarily against foreign interests by promising to end the US-backed war on drugs, and to nationalise Bolivia's oil and gas sectors (Lehman, 2006). During his inaugural speech, Morales outlined plans to redistribute unused land and to fight corruption and unnecessary government spending, and promptly fulfilled a promise by halving his presidential salary to approximately US\$18,000 per year (*Notisur*, 2006). He also announced plans to break free from free-market economic domination by forging new economic ties with Latin American and Asian allies, immediately signing accords with Venezuela to provide scholarships and allocate resources to rural residents, as well as trade agreements for diesel and soya beans (*Notisur*, 2006).

One of the main factors contributing to the success of the MAS in the 2005 elections was the party's inclusive appeal, which incorporated the concerns of a wide array of Bolivian voters. In his study of ethnic-based parties in Latin America, Raúl Madrid provides a framework for understanding the compatibility between populist and ethnic appeals, a phenomenon he calls 'ethnopolitism'. In the case of Bolivia, Madrid points out that the government was easily able to form a coalition between the diverse interests of existing organisations by making symbolic and rhetorical appeals to a variety of indigenous organisations throughout the country, as well as by espousing many

traditional indigenous demands, such as educational rights and land reform (Madrid, 2008: 486). The party has broadened its support base by nominating white and *mestizo* leftist intellectuals, such as vice-presidential candidates Antonio Peredo and Alvaro García Linaera (respectively), and by recruiting several non-indigenous candidates for legislative seats (Madrid, 2008: 488).

Although this inclusive approach harnessed significant popular support, it also caused tension within the party. In a 2007 interview, Lino Villa, an indigenous senator and long-time MAS leader, complained that ‘the indigenous movement is isolated. We have the President and the Ministry of Foreign Relations, but the middle class has the rest of the ministers . . . now the middle class defines the strategy of Evo Morales. The indigenous class is only for mobilisations’ (quoted in Madrid, 2008: 490). While the demands of most social movements are typically more radical than the MAS as a whole, having a sector with a history of mobilisation provides the government with a useful strategy for pushing its agenda through the system. The Morales government has co-opted many movements by absorbing leaders from grassroots organisations into its party, allowing the government to merge anticipated social protest with political strategy during times of crisis, and only encouraging formal political participation during periods of relative stability (Kohl, 2010: 116).

Throughout his presidency, Morales has been successful in maintaining high levels of popular support through bold economic, social and political reforms that promise to correct the imbalances brought by neoliberal policies of the past. In May 2006, the MAS government issued a decree nationalising the hydrocarbons sector and called for a renegotiation of contracts with companies operating in the oil and gas industries, a move that increased his approval rating to 80 per cent (Lehoucq, 2008: 117). Within three years of taking office, he altered the terms of foreign investment to increase government revenue, significantly redistributed the nation’s wealth into social programmes and distanced Bolivia from US policy by expelling all US counter-narcotics agents from the country (Farah, 2009: 5). As president, Morales would eventually support the ATPDEA, but, as an activist, resented the influence of the US government in dictating anti-narcotics policies in Bolivia. He also fulfilled his promise to enact deep and lasting structural reform by securing the passage of legislation calling for an election of delegates to a constituent assembly to draft a new constitution, later obtaining 137 of the 255 seats.

By January 2009, a national vote of 61.4 per cent approved a new constitution that re-founded Bolivia as a pluri-national, communitarian state, institutionalising policies to address equality and sovereignty. As the preamble states:

We’re constructing a new State . . . based on respect and equality for all, with principles of sovereignty, dignity, complementarity, solidarity, harmony and equality in the distribution and redistribution of social goods, where the quest for the common good predominates; with respect for economic, social, juridical, political and cultural plurality of the inhabitants of this earth; in collective coexistence with access to water, work, education, health, and housing for all. We will leave in the past the colonial, republican, and neoliberal State. (Political Database of the Americas, 2009)

For Morales and the MAS, the new constitution signified a crucial step toward the broader movement of twenty-first-century socialism. Morales has rhetorically radicalised this notion, stating in a 2009 interview that he was a ‘marxista-leninista’, underlining that ‘the principles of Marxism are part of the indigenous movement’s fight

for liberation, for equality, for dignity and above all for territory' (quoted in *Noticias* 24, 2009).

In practice, Morales's economic reforms have not signalled a dramatic shift towards socialism but rather a pragmatic way for a centre-left government to better capture the capitalist surplus necessary for state spending. This is what Peck and Tickell (2002: 389) have labelled 'roll-out', where 'new forms of institution-building and governmental intervention have been licensed within the (broadly defined) neoliberal project'. Policies aim to work within neo-liberalism rather than attempting 'roll-back'. According to Vice-President Álvaro García Linera, Bolivia's economic policy represents more of an 'Andean capitalism' than socialism, by way of 'transferring a part of the surplus of the nationalised hydrocarbons (oil and gas) in order to encourage the setting up of forms of self-organisation, of self-management and of commercial development that is really Andean and Amazonian' (quoted in Stefanoni, 2005). This policy is evident in the nationalisation of the hydrocarbon and mining industries, where the state has secured much needed investment capital through profit sharing and joint venture schemes, while also maintaining a positive relationship with the International Monetary Fund (Haarstard and Andersson, 2009). 'Annex F' to the decree nationalising the country's oil and gas has undermined nationalisation policies, however, by transforming contracts for operating into contracts of shared production and allowing oil companies to carry out exploration and exploitation activities independently in the name of the state company, Yacimientos Petrolíferos Fiscales Bolivianos (YPFB) (Leiva, 2008: 231). For the most part, foreign companies have agreed to the terms of the MAS government because nationalisation is accepted in principle, but payments and prices are negotiable. As Leiva argues, 'it remains to be seen not only whether the state can redirect part of the economic surplus but also what portion of the surplus from the national oil and gas sector the government will be able to actually control' (Leiva, 2008: 231).

In addition to the challenge of maximising gas revenues, the MAS has also had to balance its political and economic policies within the broader context of a volatile global economy. Although the government has demonstrated pragmatism with regard to nationalisation policies, internal polarisation and unpredictable regulation have damaged its investment climate. Annual FDI averaged US\$452 million between 1990 and 2000, but by 2007 was US\$204 million (United Nations, 2008). A slowdown in investments has generated doubts regarding Bolivia's ability to fulfil contracts with many of its major gas consumers, most notably Argentina, which has begun to secure gas supplies from other sources, such as the United States and Spain (Romero and Schipani, 2010). In addition, the global economic crisis adversely affected Bolivia's economy through declines in remittances and commodity prices; by 2009, this caused a significant drop in real GDP growth rates. Trade with the United States also slowed after President George W. Bush suspended Bolivia's participation in the ATPDEA (arguing that the Bolivian government was not combating drug trafficking sufficiently), thus ending Bolivia's preferential access to US markets.

To overcome economic obstacles, Morales has participated in regional cooperative efforts and sought new trade relations. In 2007, Bolivia, along with Argentina, Brazil, Paraguay, Ecuador and Venezuela, founded the Bank of the South, an institution designed to reduce the member states' dependency on the international capitalism embodied in the World Bank and International Monetary Fund (IMF). Bolivia has also struck multi-billion dollar investment deals with the Russian state gas company Gazprom, in addition to several negotiations with Iran. However, Morales's ideological position in favour of state-owned firms limits many of his trade relations. Since he

took office, Venezuela has provided financial assistance to Bolivian municipalities, the armed forces and the police, and the two countries are working closely to expand investments in the oil and mining sectors as part of the Venezuelan-sponsored Bolivarian Alternative for the Americas (ALBA). To avoid legislative barriers, none of the funding provided by Venezuela passes through the normal budgetary process, instead flowing directly to government officials with little oversight (Farah, 2009). In his study of Venezuelan foreign policy, Javier Corrales (2009) refers to this type of aid as 'social power diplomacy', which attracts allies because it provides governments with far more autonomy over domestic policy than is the case with the conditionality that comes with Western aid. However, this can foster corruption: since 2006, for example, there have been four new chairmen appointed to the state oil company, YPF, following several scandals within the top levels of management that led to their arrests (Garcia, 2009). In 2008, an Americas Barometer survey in Bolivia showed that 32.9 per cent of Bolivians reported being victims of one or more forms of corruption within the same period, one of the highest rates in the region (Moreno et al., 2008: 23).

Despite the challenges inherent in a volatile global economy, the MAS's nationalisation scheme has generated significant government revenue in the short term to fund a variety of social policies. In October 2006, Morales implemented *Juancito Pinto*, a cash transfer programme that provides educational bonuses to children in public primary schools and aims to reduce Bolivia's high infant and maternal mortality rates (Riggiozzi, 2010: 75). In November 2007, the Morales government introduced *Renta Dignidad*, a modified version of the universal non-contributory pension scheme introduced in the 1990s, *Bono Solidario* (BONOSOL), which expanded the benefit from citizens over 65 to include those over 60 (Riggiozzi, 2010: 74). While social reforms have been effective in addressing the concerns of historically marginalised sectors of Bolivian society, it remains to be seen whether they represent deep and lasting transformations. Morales's salary and income policy, for example, is only a moderate improvement from the past, prompting protests.

The new constitution sets very high standards for indigenous rights, land redistribution and environmental protection, though many new policies have been contradictory in their implementation. An entire section of the constitution, 'Title II, Environment, Natural Resources, Land, and Territory', recognises indigenous communal land rights and biologically protected areas, and grants environmental rights, also outlining redistributive land policy and the terms of sustainable resource extraction and allocation to advance the development of the country. More often than not, however, the government has failed to uphold these basic principles in favour of policies that foster immediate political and economic gains. The policy of granting land titles in the lowlands to indigenous supporters in the highlands, for example, has not only violated the constitutional land titles of lowland communities, but has also made significant incursions into biologically protected areas and national parks. One explanation for the selective implementation of such policies is the composition of social movement leaders in government ministries that, following decades of mobilisation around regional demands, are rarely in a political position to act outside a narrow set of interests (Kohl, 2010: 116).

In addition to consolidating divergent sectors, the MAS will also have to reconcile the inherent contradiction between the exploitation of natural resources as an economic model and its self-projected image as defender of *Pacha Mama*, the Quechua word for Mother Earth. In December 2009, Morales denounced the United Nations Copenhagen Climate Summit for failing to address the true nature of climate change in marginalised countries, a move that gained international media attention. The following year, he

hosted the World Peoples' Summit on Climate Change and Rights of Mother Earth in Cochabamba, where thousands of activists attended from all over the world, mainly from developing countries. For many, the Cochabamba Summit represented a significant step in balancing the uneven debate on climate change, as it called on wealthy nations to recognise and pay a 'climate debt' to countries adversely affected by global power imbalances (e.g. Shultz, 2010). However, the Bolivian government has weakened its reputation as the forerunner in the debate, as it has failed to challenge the fundamental basis of its economic model, accelerating the extraction of natural resources in efforts to fund its social programmes. In 2009, tensions arose between Bolivia's lowland indigenous organisation, the Confederación Indígena del Oriente Boliviano (CIDOB), and the MAS over the monitoring of natural gas operations, which often occurs illegally in recognised territory without the necessary consent (Farthing, 2009).

The most significant point of contention for the MAS government has not been over environmental issues, however, but has come from opposition in the export-oriented regions in the east and north, signalling growing (though long-standing) polarisation. The resource-rich departments of Pando, Beni, Santa Cruz and Tarija, referred to as the 'Media Luna', constitute half of the country's population and produce nearly half of its GDP. Since 2005, the region has increased its demands for decentralisation and greater regional autonomy, seeking constitutional provisions that would allow for a greater share of taxes and royalties (Lehoucq, 2008: 121). As one analysis puts it, '[t]he continuous cycle of elections, referenda, more elections, and more referenda reveals the lack of representativeness of the political institutions and the incapacity of political leaders to forge consensus in a society profoundly divided along ethnic and economic lines' (Borzutzky and Zwart, 2009: 23). Elites in the Media Luna have a long tradition of upholding a regional oligarchy, such as evading the agrarian reform of 1953, obtaining land grants and loans from military dictators between 1964 and 1982 in exchange for support, and maintaining semi-feudal social structures in most rural areas (Kohl, 2010: 109).

The deep-seated economic, social and political structure of the region presents Morales with a difficult challenge in implementing his controversial land reform policies, a cornerstone of the new constitution. Since the ratification of the constitution, polarisation between the eastern lowlands and the MAS government has only intensified. In a 27 March 2009 speech to a crowd of supporters, Morales proclaimed:

I want to tell all my union leader comrades, if they aren't with the government then they are now with the opposition. If they are with the opposition then they are on the right, they are racist fascists, they are neoliberals. Comrades of the Central Obrera Boliviana, you must define yourselves, as you are either Masistas or you are fascists. There is no other way, comrades. (quoted in Molina, 2009)

Although Morales entered his second presidential term in 2009 with over 60 per cent of the popular vote and a new constitution, many questions remain over the viability of twenty-first-century socialism as a lasting development model in Bolivia. In failing to restructure the country's economic model of extraction, development in the country remains dependent on a volatile global economy and the finicky interests of foreign investors. Furthermore, the continued exploration and extraction of natural resources throughout the country, especially in biologically sensitive areas, severely damages the credibility of the government as it seeks to project an environmentalist image in

the international arena, a platform that promises to give a new voice to previously marginalised countries.

Ecuador and the Alianza Patria Altiva y Soberana

As with the case of Bolivia, Ecuador in the late 1990s was plagued by perpetual economic crises, poor representation and political tension, following IMF-led structural adjustments that sparked a series of mass protests throughout the country. One of the most prominent social actors at this time was the Confederación de Nacionalidades Indígenas del Ecuador (CONAIE), an organisation that is unique to Latin America because it is the convergence of the two largest highland and lowland confederations at a national level (Lucero, 2008: 143). Over time, CONAIE shifted its demands towards economic concerns and heightened its presence in national politics, forming the Pachakutik Pluricultural Movement, paralysing the economy with nationwide roadblocks, and provoking uprisings that forced political elites to address subsidies, privatisation and structural adjustment (Lucero, 2008: 153). In January 2000, CONAIE and the Ecuadorian military joined forces to overthrow President Jamil Mahuad, installing former Vice-President Gustavo Noboa as leader. In 2002, Lucio Gutiérrez, a former army colonel and prominent figure in the coup, won a 54.4 per cent vote in a run-off with Noboa. Despite the fact that CONAIE made serious political gains under President Gutiérrez, who included CONAIE-Pachakutik leaders in his administration, the movement's credibility was seriously damaged because of his market-oriented policies as well as corruption charges (Becker, 2008). In fact, he worked to weaken and fractionalise Pachakutik (Mijeski and Beck, 2008). In the wave of middle-class protests in Quito that led to Gutiérrez's impeachment in 2005, CONAIE had difficulty mobilising supporters and was virtually absent.

Overall, an extended period of political, economic and social chaos seriously damaged the legitimacy of democratic institutions in Ecuador. Three successive democratic surveys, undertaken by the Latin American Public Opinion Project (LAPOP) in 2001, 2004 and 2006, demonstrated that Ecuadorians expressed a profound lack of confidence in the national government, political parties and legislature (Seligson, Donoso, Moreno, Orcés and Schwarz-Blum, 2006: 67). The crisis of representation was channelled by Rafael Correa in the 2006 presidential election through his Alianza Patria Altiva y Soberana (Alianza PAIS), which adopted an anti-establishment message and promised to put an end to the *partidocracia*, a term that embodies the traditional parties and elites held responsible for Ecuador's political and economic crisis (Machado Puertas, 2007). Correa, a US-trained economist, used his campaign to project his transformation from a humble, devoted Roman Catholic from Guayaquil to an angry, macho leader who 'relished the prospect of smacking down those who might stand in the way of his proposed Citizen's Revolution' (Conaghan and de la Torre, 2008: 272).

As in Bolivia and Venezuela, the transformation process occurring in Ecuador espouses a broader movement towards twenty-first-century socialism, seeking to recast the political and economic status quo through new forms of radical democracy and to promote an active role for the state. Correa framed this movement in Ecuador as a 'Citizen's Revolution' in which the people of the developing world become 'the owners of our countries, the owners of our democracies' (quoted in *El Ciudadano*, 2009). Shortly after taking office, Correa signed an executive degree mandating a national vote on a proposal to hold elections for a constituent assembly, the process deemed necessary

to radically redistribute political power, put an end to the *partidocracia*, dismantle neoliberal economic reforms and restore the regulatory functions of the state. Although this was initially met with resistance from a coalition of opposition parties, the electoral tribunal held a referendum in April of 2007, in which Correa won an overwhelming endorsement of 82 per cent of the electorate (Conaghan and de la Torre, 2008: 274).

Economically, one of the greatest challenges with which the Correa government has had to deal is finding stability in a volatile global economy. In 2008, an Americas Barometer survey noted that the majority of Ecuadorians believed that economic problems were the most critical issues facing the country, a factor that weighed heavily in determining political legitimacy in the country (Seligson et al., 2008: 74). In his first months in office, Correa delivered on his campaign promises by doubling poverty assistance payments and credits available for housing loans, subsidising electricity rates for low-income consumers, and re-channelling millions of dollars into social programmes (Conaghan, 2008: 208). Funding for social programmes increased significantly in 2007 after Correa increased taxes on foreign oil companies, raising the royalty tax on profits from 50 to 90 per cent (Conaghan, 2008: 209). However, by 2008, the budget balance showed a deficit for the first time in four years, which widened significantly after the average price for Ecuadorian crude dropped, and by 2010 it reached US\$4.1 billion (Gill, 2010). In addition to a sluggish economy, in 2009 the country experienced several months of power cuts after a severe drought limited outputs from Paute, the country's largest hydroelectric plant, causing a dramatic fall in Correa's approval rating, from 72 to 42 per cent (*Economist*, 2010). Hence, the country continued to rely on imported electricity from Colombia and Peru.

In order to sustain the generous social spending necessary for continued political support, Correa declared that he would break from reliance on traditional lenders and seek external financing from political allies. In December 2008, the government defaulted on an interest payment of US\$10 billion in international debt, accusing foreign officials and bankers of profiting irresponsibly from bond deals. Correa announced, 'as president I couldn't allow us to keep paying a debt that was obviously immoral and illegitimate' (quoted in BBC, 2008). By 2009, the government had softened its policy, agreeing to buy back 91 per cent of its defaulted bonds, but under a more favourable agreement that would save the government approximately US\$300 million a year in interest payments (*Economist*, 2009). To expand its budget on social spending, the government sought financial agreements with Iran and Venezuela, and in 2009 began negotiating US\$1 billion in financing with China (Reuters, 2009). By late that year, however, Correa ended the talks, stating that negotiating with China was worse than negotiating with the IMF and claiming that the agreement threatened Ecuador's sovereignty (*AFP*, 2009).

As well as seeking new international financing relationships, the Correa government has also enacted new policies to encourage foreign investment in its extractive industries. In 2009, the legislative commission of the National Assembly approved a controversial Mining Law, which allowed foreign companies to continue exploration and extractive practices, but included new provisions that entitled the state to more than half of a company's profits (Hoffman, 2009). Acción Ecológica, an organisation that has been active in Ecuador for decades, asserted that the Mining Law was 'written in the neoliberal model, favouring foreign investment over social and environmental concerns, putting the extraction of minerals over the rights of communities, as well as allowing open pit mining and the destruction of biodiversity' (Burnach, 2010). José Serrano Salgado, Vice-Minister of Mines, asserted that the move was necessary to

break with neoliberal policies of the past, and that the law was an effective way to recapture lost surpluses (Hoffman, 2009). Regardless of the reasoning, the new law has generated significant opposition from environmental and social groups led by many former Correa supporters. Mónica Chuji Gualinga, for example, served as Correa's first Communications Minister and was a member of the Constituent Assembly, but now adamantly opposes the government following the new mining legislation. Gualinga explained the shift: 'The law absolutely contradicts the model of [sustainable] living established in the constitution ... Power has made the president change course, and now [his] goal is to win elections, not guide the country in a serious, committed way to true transformation' (quoted in *EcoAmericas*, 2009).

In addition to the Mining Law, there has been talk of water privatisation, which has sparked a wave of opposition and protests throughout the country from groups claiming that the government has violated their constitutional rights. In late 2009, the National Assembly began discussing new legislation that would privatise water, grant companies preferential access to water sources with little restrictions on contamination and put political control over water in the executive branch rather than a collective entity (*El Comercio*, 2010). In early 2010, CONAIE began a series of protests throughout the country, chanting 'El agua no se vende, el agua se defiende' ('Water is not sold, water is defended'), hoping to strike deals with the government on the issue (CONAIE, 2010). Among the other organisations protesting against government policies are the National Union of Educators (UNE), the Federation of University Students (FEUE) and a number of trade unions, including the Ecuadorian Confederation of Class Organisations (CEDOC) (Burnach, 2010). A key point of tension between the government and indigenous organisations stems from the fact that, historically, the latter have become politically active against neoliberal policies that allowed foreign companies to enter their territory without consent, causing social, cultural and environmental degradation through unregulated and unsupervised extraction methods. Currently, Texaco faces a billion-dollar lawsuit brought by an indigenous community in the Amazonian town of Coca over the contamination of their water, air and land, which has led to illness and death. Because of deep-rooted struggles such as this, indigenous movements and activists tend to view Correa's policy through the same lens.

For his part, Correa has muted much of the criticism from environmental groups by following through with the Yasuní-ITT initiative, which the government began in 2007. Through efforts with the United Nations Development Programme (UNDP), the government hopes to preserve close to 5 million hectares of biodiversity in the Ecuadorian rainforest in exchange for compensatory contributions to an international trust fund that will offset the government's economic loss from taking the region out of production (Fillion-Robin, 2010). While the government expects to sign agreements with the UNDP over the initiative in the near future, the three-year planning process has been anything but serene. In January, Correa forced Foreign Minister Fander Faconí to resign, accusing him of 'environmental infantilism' in his negotiations with the UNDP by allowing foreign governments to add conditions to their donations (Burnach, 2010). In addition, Correa has already threatened to drill in the area if the initiative fails, raising many questions over the process of reimbursement if the government breaks agreements with its donors, or over how the plan will hold up in the future as the price of oil inevitably increases (Fillion-Robin, 2010). Furthermore, there has been little acknowledgement of the areas outside the ITT region, where extractive production will probably increase.

The credibility of Correa's programmes has also come into question as he has failed to implement many of the constitutional commitments of the 'Citizen's Revolution',

especially those that embody social equality and fundamental human rights. Article 11, Part 2, of the new constitution states that:

All people are equal and enjoy the same rights, responsibilities, and opportunities . . . The law will punish all forms of discrimination . . . The State will adopt measures of affirmative action that promote real equality in favor of those deserving rights who find themselves in a situation of inequality. (Political Database of the Americas, 2008)

In practice, there are problems granting social equity due to trends of exclusion deeply embedded in the social and economic structure of Ecuador, where women and the indigenous population continue to suffer from discrimination. Since taking office, Correa has gradually eliminated the autonomy of indigenous institutions by incorporating them into various ministries centralised in the government (Saavedra, 2009). With little change to the historical structure at the root of its cause, exclusion then becomes masked by its institutional recognition. According to the Economic Commission for Latin America and the Caribbean (ECLAC), the GINI coefficient, which measures inequality by per capita income distribution based on a scale of 0–1, rose to 526 in Ecuador in 2008, indicating a deepening of economic inequality since 2006 (Seligson et al., 2008: 75).

In addition to barriers to the proposed economic and social reforms, the promise of a ‘Citizen’s Revolution’ in political terms has not been realised either. Conaghan and de la Torre outline how political marketing techniques have become integrated with the act of governing, as ‘plebiscitary presidents mobilised public opinion and electoral support in advance of their moves to dismantle and re-make institutions’ (Conaghan and de la Torre, 2008: 270). Their study reveals that the permanent campaign in Ecuador has been a practice that Correa has had to use to stay in power, but at the cost of creating an ‘uneven playing field’ for the political opposition and compromising ‘functioning mechanisms of accountability’ (Conaghan and de la Torre, 2008: 281). Currently, the Correa government controls one newspaper and two TV channels and has come under scrutiny from both Reporters Without Borders and the Inter-American Press Association (IAPA) for pressuring journalists (e.g. see *Ecuador*, 2010). As one LAPOP report puts it, ‘democracy involves the institutionalisation of uncertainty’, meaning that political tolerance for minority rights and the civil liberties of those in political opposition must remain in place for democracy to exist and representation to be fair, just and embody the concerns of all of its citizens (Seligson et al., 2008: 18). In the case of Ecuador, the survey found political tolerance to be extremely low, ranking in the bottom four of the countries considered, along with Honduras, Guatemala and Bolivia, respectively.

While Correa’s plebiscitary style of politics has been an effective tool in enacting reform, questions remain over the ability of Correa to create enduring transformations that can live up to his promise of a twenty-first-century socialist project in the country. The approval of the constitution in 2008 and the 2009 presidential elections, which granted Correa another four-year term and control of the legislature, all seemed to signal that twenty-first-century socialism in Ecuador would be met with little resistance. However, the president has done very little to alter the economic model of extraction, leaving the country dependent on global price fluctuations and foreign inputs. Since beginning his second term, Correa has accelerated production in many extractive industries, generating significant opposition from groups that were highly mobilised throughout the crises of the neoliberal era. With a legacy of corruption, poverty, political mobilisation, weak support for democratic institutions, poor representation and

a series of interrupted presidencies, the viability of twenty-first-century socialism as a post-neoliberal remains to be seen in Ecuador.

Conclusion

The recent political, economic and social histories of Bolivia and Ecuador point to a broader post-neoliberal trend emerging in the region. In both cases, neoliberal structural adjustments deepened existing marginalisation by subjugating social welfare to broader macroeconomic policies and privatisation schemes, prompting waves of mass mobilisation and damaging the legitimacy of democratic institutions. Whether in the context of the MAS's 'Movement towards Socialism', as presented by Morales, or the 'Citizen's Revolution' advanced by Correa, both leaders emerged in periods of relative instability espousing the framework of twenty-first-century socialism as a post-neoliberal development solution. Both leaders have successfully re-founded their countries through new constitutions that fundamentally extend the promise of equity, rights and representation to all sectors of society, harnessing significant popular support. Throughout the process of reform, however, certain factors have remained unchanged in each case, raising questions over the viability of twenty-first-century socialism to bring deep and lasting transformations to the region.

New economic policies have not signalled a dramatic shift towards a new economic model but rather a pragmatic way for centre-left governments to better capture capitalist surplus in the exploitation of natural resources. In Bolivia, the state owns a larger share of extractive industries, granting it greater, but not complete, control. The Ecuadorian government has managed to increase profits by raising taxes under the new Mining Law, but allowed the same foreign companies to continue exploration and extraction practices independently. Internationally, both governments have promoted groundbreaking environmental initiatives that seek to correct the imbalances of globalisation, yet the continued extraction of natural resources threatens government credibility both domestically and abroad. Furthermore, the continued dependency on foreign capital investments and reliance on outside financing to maintain social spending in both cases raise serious questions over the sustainability of new policies in the long term.

Where the two governments differ the most is in the composition of their respective constituencies and the nature of growing opposition, which in both cases present leaders with challenges in realising the promise of twenty-first-century socialist reforms. In Bolivia, Morales is leader of the *cocaleros* union and leader of the MAS, which has maintained a broad-based appeal by incorporating a variety of indigenous movement leaders, as well as non-indigenous members, into its cabinet. While mobilising the more radical factions of the MAS has been an effective strategy to push reforms through the political arena, indigenous leaders tend to pursue a narrow set of regional demands over a broader view that could incorporate an array of social concerns from other sectors. Regionally, polarisation with the Media Luna has been apparent throughout the reform process, indicating a serious problem for fully implementing the land reform granted by the constitution, as well as redistributing revenues from the region, which constitute nearly half of the country's GDP.

Opposition in Ecuador, on the other hand, has not emerged from elite sectors of society but from indigenous and environmentalist groups that have a tradition of mass mobilisation around demands against neoliberal policies. Correa, a US-trained economist and

former Economy Minister, has harnessed the majority of his popular support from middle-class urban sectors that were active in destabilising the Gutiérrez government in 2005. Although his 'Citizen's Revolution' promised a corrective to the economic, political and social crises brought by neoliberal structural adjustments, policies such as the new mining and water legislation continue to alienate those groups that have been most affected by its doctrine. Furthermore, the plebiscitary-style process of reform has hardly resulted in an extension of democracy to all Ecuadorians. In both Ecuador and Bolivia, political tolerance continues to rank extremely low, suggesting an obstacle to the democratising processes that twenty-first-century socialism has promised to deliver.

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