SOCIAL MOVEMENT MOBILIZATION AND HYDROCARBON POLICY IN BOLIVIA AND ECUADOR

by

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June 2010

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This thesis seeks to explain the variation between Bolivia and Ecuador in terms of social movement mobilization around hydrocarbon policy since the early 2000s. In Bolivia, protest movements, which gained widespread national support, emerged demanding the renationalization of the industry. In contrast, in Ecuador protests around hydrocarbon policies have remained regional. This is a curious development since it conflicts with the findings of current studies on indigenous movements in these countries: in Bolivia, studies have found that indigenous movements are characterized by their regional mobilization, unable to unite around common interests, whereas in Ecuador, indigenous movements are known for their ability to unite under a national movement and political party. This thesis argues that each country’s experience with the neoliberal economic model and the political strength of indigenous movements were significant factors that affected mobilization around hydrocarbon policy. Furthermore, the study also seeks to explain the variation across country in the relative strength of indigenous groups that live in the hydrocarbon-rich regions. It argues that the movements in Bolivia’s hydrocarbon-rich region are limited relative to their Ecuadorian counterparts by the strength of elite-led autonomy movements, geography, and a historic regional divide.
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<tbody>
<tr>
<td>SOE</td>
<td>State Owned Enterprise</td>
</tr>
<tr>
<td>NEP</td>
<td>New Economic Plan</td>
</tr>
<tr>
<td>MRTKL</td>
<td>Movimiento Revolucionario Tupak Katari de Liberación</td>
</tr>
<tr>
<td>MBL</td>
<td>Movimiento Boliviano Libre</td>
</tr>
<tr>
<td>IMF</td>
<td>International Monetary Fund</td>
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<tr>
<td>GDP</td>
<td>Gross Domestic Product</td>
</tr>
<tr>
<td>YPFB</td>
<td>Yacimientos Petrolíferos Fiscales Bolivianos</td>
</tr>
<tr>
<td>OPEC</td>
<td>Organization of the Petroleum Exporting Countries</td>
</tr>
<tr>
<td>CONAIE</td>
<td>Confederación de Nacionalidades Indígenas del Ecuador</td>
</tr>
<tr>
<td>IFI</td>
<td>International Financial Institution</td>
</tr>
<tr>
<td>MAS</td>
<td>Movimiento al Socialismo</td>
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<tr>
<td>MNR</td>
<td>Movimiento Nacionalista Revolucionario</td>
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<tr>
<td>YABOG</td>
<td>Yacimientos-Bolivian Gulf</td>
</tr>
<tr>
<td>SOTE</td>
<td>Sistema Oleoducto Trans-Ecuatoriano</td>
</tr>
<tr>
<td>ISI</td>
<td>import-substituted industrialization</td>
</tr>
<tr>
<td>COB</td>
<td>Central Obrera Boliviana</td>
</tr>
<tr>
<td>CSTCB</td>
<td>Confederación Sindical Unica de Trabajadores Campesinos de Bolivia</td>
</tr>
<tr>
<td>FEJUVE</td>
<td>Federación de Juntas Vecinales</td>
</tr>
<tr>
<td>LPP</td>
<td>Law of Popular Participation</td>
</tr>
<tr>
<td>ASP</td>
<td>Asamblea para la Soberanía de los Pueblos</td>
</tr>
<tr>
<td>SEMAPA</td>
<td>Servicio Municipal de Agua Potable y Alcantarillado</td>
</tr>
<tr>
<td>CIDOB</td>
<td>Confederación Indígena del Oriente de Bolivia</td>
</tr>
<tr>
<td>CPIB</td>
<td>Central de Pueblos Indígenas del Beni</td>
</tr>
<tr>
<td>CABI</td>
<td>Capitanía del Alto y Bajo Izozog</td>
</tr>
<tr>
<td>MIR</td>
<td>Movimiento de la Izquierda Revolucionario</td>
</tr>
<tr>
<td>APG</td>
<td>Asamblea del Pueblo Guaraní</td>
</tr>
<tr>
<td>TCO</td>
<td>Tierras Comunitarias de Orígen</td>
</tr>
<tr>
<td>NGO</td>
<td>nongovernmental organizations</td>
</tr>
<tr>
<td>CIPCA</td>
<td>Centro de Investigación y Promoción del Campesinado</td>
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</table>
INRA  Instituto Nacional de Reforma Agraria
CPSC  Pro-Santa Cruz Civic Committee
OPIP  Organización de Pueblos Indígenas de Pastaza
CONFENAIE  Confederación de Nacionalidades Indígenas de la Amazonía Ecuatoriana
FETRAPEC  Federation of Ecuadorian Petroleum Workers
ECTAPE  Committee of Petroecuador Workers
FOIN  Federación de Organizaciones Indígenas del Napo
MUPP  Movimiento de Unidad Plurinacional Pachakutik Nuevo País
CMS  Social Movement Coordinator
PSP  Patriotic Society Party
NACLA  North American Congress on Latin America
ONHAE  Organización de las Nacionalidades Indígenas de la Amazonia Ecuatoriana
ACKNOWLEDGMENTS

It is a pleasure to thank those who made this thesis possible. First and foremost, I owe my deepest gratitude to my thesis advisor, Dr. Maiah Jaskoski. Without her patience and support, the completion of this thesis would have been impossible. I could not have wished for a better advisor. Thank you so much for the knowledge and guidance that you so graciously gave me!

I would also like to thank my second reader, Dr. Harold Trinkunas. Thank you for your support.

Thank you also to the Dudley Knox Interlibrary Loan Staff—without your services my research would have been impossible. I appreciate your patience and understanding.

Finally, this thesis would not have been possible without the support of my wonderful family. Bryan, you are my best friend; thank you so much for taking care of me and supporting my work—it meant so much to me and you truly are an inspiration! Brook and Virginia, you have been here throughout this whole process and you never even knew! Thank you so much, little ones, for being great motivators and the best little girls ever! I could not, nor would I have ever wished to have done this without you! To my parents, Fred and Arlene, and my brother, Freddy, and sister, Sara—your continued love and support really have made this possible. I love you!
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I. INTRODUCTION

A. MAJOR RESEARCH QUESTION

In recent decades, private-sector control over natural resources has been a controversial subject in Bolivia and Ecuador. This thesis seeks to explain variation in the public-private nature of natural resource ownership and control, focusing on the hydrocarbon industry, which stands out for being highly politicized during the 1990s and 2000s. Following transitions in both countries away from a state-led development model and toward an export-oriented one during the 1980s and 1990s, many groups in society have mobilized against private participation in natural resources, particularly in the hydrocarbons sector. These protests have shaped Bolivian and Ecuadorian politics in important ways, not only by successfully reversing privatization projects but also contributing to the resignation of two sitting presidents in Bolivia and continuous contention between social organizations, private hydrocarbons companies, and the state in both countries.

Research on Bolivia and Ecuador is rich in analyses of the formation of social movements against private involvement in the oil and natural gas sectors, as well as the role of these movements in bringing about a return to greater state involvement during the past decade. The present study will analyze variation across time and across country in the nature of these social movements and in their role in increasing public participation in the oil and natural gas sectors since 2000.

B. IMPORTANCE

This research will inform our understanding of the politics surrounding resources, resource access, and economic development in Bolivia and Ecuador. Because the public/private trajectories of these natural resources is so highly salient for politics in these countries, a systematic analysis of variation across country and across time is critical for understanding political dynamics. The privatization of natural resources such as hydrocarbons, citizens’ access to state revenues from production, and state oversight of
the industry’s activities (especially concerning the environmental effects of production) are especially important given that they have caused numerous politically salient, sometimes violent, protests. Furthermore, the balance of state versus private control of hydrocarbons has implications for economic growth and redistribution: Whereas capital investment and private sector participation in the natural gas and oil sectors are expected to aid economic growth, state involvement in these sectors will likely be necessary to improve social welfare in Bolivia and Ecuador.

Lessons learned about natural resource politics and their implications for Bolivia and Ecuador’s economies can extend to other Andean countries, where protests also contribute to unrest between society, the state, and private foreign interests, as was the case for electricity in Arequipa, Peru (2002), and the Doe Run Smelter in La Oroya, Peru (2009). Finally, in a global context of natural resource scarcity, a study on when and why the Bolivian and Ecuadorian governments may increase their role in the hydrocarbons sector holds importance for international investment interests, considering that political instability and government involvement in the sector are widely expected to deter investment.

C. PROBLEMS AND FINDINGS

The goal of this thesis is to explain the causal mechanisms of increasing government involvement in Bolivia and Ecuador’s hydrocarbons industries, in contexts in which private investment in the sector has remained significant. It will further explain how the neoliberal economic model acted as a catalyst to indigenous mobilization, which in turn became strong enough to force the state to increase its involvement in the hydrocarbons sector. The analysis highlights cross-country differences in mobilization around hydrocarbons policies, behavior that strays significantly from what the current literature suggests. In Bolivia and Ecuador, indigenous movements have been highly mobilized and politically powerful over the past two decades. In both cases, indigenous mobilization in zones of hydrocarbons extraction has been particularly noteworthy. Above all other issues, demands of these movements—both in gas and oil regions and more broadly—have centered on issues of land ownership and environmental quality,
both of which have been threatened most intensively by natural gas and oil companies. In spite of these dynamics, in both cases left-leaning governments have passed reforms that have increased national involvement in the hydrocarbons industry; reforms have only partially heeded indigenous demands for land ownership or environmental protection. This thesis identifies the dynamics by which the governments increased national involvement in hydrocarbons, in an effort to support ongoing production and increase revenue flows, thereby disregarding some indigenous movements’ demands.

The countries provide important variation. For instance, in Bolivia, the party in office grew out of the indigenous movement itself, whereas in Ecuador that was not the case. Furthermore, in Bolivia, regional divisions and tendencies characterize indigenous movements, whereas in Ecuador we observe a strong national movement. Given this variation, it is curious that in Bolivia, mobilization around hydrocarbon policies in particular gained significant national momentum and support, while groups located in the gas-rich regions remained largely at the margin of such protest. Throughout the 1990s, experts considered the indigenous organization in the hydrocarbon-rich eastern region of Bolivia to be the most important indigenous confederation in the country.¹ Despite early abilities to mobilize, these lowland groups have not protested as effectively or as aggressively as the organizations in the hydrocarbon-rich regions of Ecuador. The first formal organizing of the Bolivian groups against hydrocarbons interests took place in 2004 and included only silent protest. Actions to physically stop the hydrocarbons industry have been mostly absent from these organization’s strategies. In contrast, in Ecuador, known for strong national indigenous mobilizations, protests over hydrocarbons policies has remained largely regional; these groups have protested aggressively, successfully halting oil production.

As a first task, this thesis seeks to explain state involvement in the hydrocarbons sector alongside continued participation of private companies. Literature on the effects of the neoliberal economic reforms of the 1980s and 1990s suggests that in both countries there has been a backlash against policies encouraging private involvement. This has

caused the population and the government to embrace increased state control of primary export industries. While the state has increased its involvement, it has been adamant about maintaining private involvement through the successful renegotiation of contracts to increase the government’s take of revenues. The thesis will explain this ongoing private involvement by showing that the state has proven to be ineffective and inexperienced, thus requiring private investment or expertise. Furthermore, private participation in the natural gas and oil sectors persists because of the revenues that private international companies can bring to Bolivia and Ecuador, which the state can eventually use to appease popular demands for increased state involvement.

As a second task, the thesis puts forth an explanation for the different paths by which popular mobilization triggered increased state involvement in hydrocarbons in the two countries. Indigenous organizations and communities have been especially significant in mobilizing and protesting against private involvement. In Bolivia, the gas wars in 2003 and 2005 were protest movements that gained nationwide support. In contrast, in Ecuador protests remained regional. Research on the contemporary history of indigenous movements in Bolivia points to the growing strength of indigenous movements overall, evidenced by the election of the first indigenous president, Evo Morales. Recent literature on Ecuador’s indigenous movements, however, suggests that there has been a loss in the power and influence of the national indigenous organization and party in recent years. This thesis argues that the current trajectories of these movements had a significant effect on the mobilization efforts around the hydrocarbons sector.

Though indigenous mobilization has been significant in affecting hydrocarbon policy in both countries, there is important variation concerning the indigenous organizations in the hydrocarbon-rich regions of these countries. In Bolivia, organizations from the oil and natural gas region were largely absent during the gas wars protests (though they did support the initiative). In Ecuador, indigenous organizations and communities in the oil rich region of the country have been most effective when protesting separately from the national movement or using a set of demands separate from that of the national movement. This thesis argues that the presence of strong, elite-
led civic movements based in the eastern region of Bolivia has stifled the demands of the indigenous movements based there, influencing the relative success of these movements. In contrast, in Ecuador, there are no similar elite movements in the oil rich region. The significant actors in this region—indigenous, colonists and oil workers—all protest against oil policies. Although these groups are not formally united, they do share the same basic goal of increased state control of the sector. The historical regional divide within Bolivia further affects the lack of strength of the indigenous movements in the oil and natural gas rich region specifically, the Guaraní.

A description of the recent trajectory of the hydrocarbons sector in Bolivia and Ecuador follows. This description will cover the events that took place within the sector, from the privatization efforts in the 1980s to the increased state involvement in the 2000s. The discussion will set the basis for the subsequent chapters covering indigenous mobilization that occurred during that period.

**D. THE RECENT TRAJECTORY OF THE HYDROCARBON SECTOR IN BOLIVIA AND ECUADOR: INCREASED STATE CONTROL**

State involvement in the hydrocarbons sectors in Bolivia and Ecuador has increased significantly from the initial implementation of the neoliberal economic model. In implementing this model, the state privatized many state owned enterprises (SOEs), international investment was highly encouraged, and social spending was severely limited. The Bolivian state implemented this model with rigorous policies that aimed to cut the fiscal deficit by increasing prices (especially on oil and gas), raise revenues with tax overhauls, and balance the national budget by cutting government spending in health education and other services. The implementation of these policies had severe consequences for society, especially when a number of formerly state owned mines shut down, resulting in massive layoffs.

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3 Postero, *Now We Are Citizens*, 126.
In contrast to Bolivia, Ecuador’s implementation of these policies was less severe.⁴ This was due to the inability of then President León Febres Cordero to challenge state-market relations during the intended implementation of the model in the 1980s.⁵ The state then had trouble fully implementing reforms in the 1990s due to the mobilizing efforts of Ecuador’s national indigenous organization.⁶ Since the reforms would greatly affect the rural and popular sectors, these groups mobilized in opposition to these policies. Although these factors disrupted the complete implementation of the neoliberal economic model in Ecuador, the state was still able to enact policies that affected the livelihood of certain groups. Policies targeting the oil sector and aimed at increasing exploration and production led the government to make a series of amendments to the hydrocarbon law in order to encourage private investment. The resulting increase in oil exploration, drilling, and production have had negative consequences for the populations living in the oil region.

The implementation of neoliberal economic stabilization policies in general negatively affected populations in Bolivia and Ecuador. Weyland suggests that successful exploration activities during this period (a result of increased private involvement in the sector) led populations to reject stabilization measures as useless in the face of increasing hydrocarbon wealth.⁷ Populations also responded with demands for the state to regain control over the hydrocarbon industries in both countries. The following sections will discuss the recent cycle of public/private involvement in the two countries. This discussion will serve as the context on which the remainder of the thesis rests.

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⁵ President León Febres Cordero was himself a coastal industrialist and maintained close ties with the business class, Lucero, *Struggles of Voice*, 127.

⁶ Ibid.

⁷ Kurt Weyland, “The Rise of Latin America’s Two Lefts: Insights from Rentier State Theory,” *Comparative Politics* 41, no. 2 (2009): 146. Successful exploration was the result of increased private company involvement.
1. Bolivia: Popular Backlash Against an Extreme Neoliberal Project

The following analysis of the Bolivian case will review how Bolivia took its hydrocarbon industry from one extreme to the other in a little over 12 years, from the partial privatization of the industry in 1994 to the partial nationalization in 2006. The implementation of neoliberal economic policies privatized the hydrocarbons sector and encouraged foreign involvement. During this period, the state was privatizing a number of sectors. The natural gas industry experienced the intended results when increased exploration resulted in the discovery of large reserves. Immediately following the discovery of large reserves, the population began to reject privatization and demand renationalization of the resource. This sentiment helped fuel violent protests and elect a president who had been influential in these protests and who campaigned for renationalization.

In 1985, the Bolivian government implemented a significant structural adjustment program called the New Economic Policy (NEP), which sought to privatize SOEs and heavily encourage foreign direct investment. As mentioned above, the economic policies implemented as part of this model were very harsh, and the popular sector, including indigenous groups, suffered the most. Together with efforts of the NEP, the state privatized the hydrocarbon industry through the 1994 Law of Capitalization as part of then President Sánchez de Lozada’s (1993–1997) Plan for All (“Plan de Todos”). The Plan for All was met with little opposition due to support from two leftist parties in congress, the Movimiento Revolucionario Tupak Katari de Liberación (MRTKL) and the Movimiento Boliviano Libre (MBL).8 The Law of Capitalization—also passed with very little opposition—approved the partial privatization of telephone companies, airlines, trains, and oil and gas companies.9 The law called for the sale of 50 percent of each

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9 Kohl and Farthing, *Impasse in Bolivia*, 86.
industry to private-sector firms through a competitive bidding process. Of the remaining ownership interest, Bolivia’s pensions system received 49 percent, and the employees of the formerly public companies, one percent.10

In 1996, before leaving office, Sanchez de Lozada passed the Hydrocarbons Law (Law 1689), also as part of his Plan for All. The Law of Capitalization and the Hydrocarbons Law read that capitalization of hydrocarbons would split the industry into activities of production and transportation.11 The goal of splitting the industry was to spur the entry of more foreign firms. The legislation also reduced wellhead royalties owed to the state from 50 percent to 18 percent in all “new” discovery sites.12 The government wrote this legislation with the intention of increasing investment and exploration.

Privatization of SOEs in Bolivia was highly encouraged by the World Bank, the International Monetary Fund (IMF), and the U.S. government, with the expectation that privatization would, “create firms that [were] more efficient, reducing corruption and leading to faster economic growth.”13 In line with these expectations, the state passed these laws with the intent of boosting Gross Domestic Product (GDP). Yet the sale of the state oil company, Yacimientos Petrolíferos Fiscales Bolivianos (YPFB), to American, Dutch, Spanish and Argentine companies did not yield the expected results.14

Following the privatization of the hydrocarbons sector, GDP increased but remained below government projections, due to a number of setbacks.15 Poor global economic conditions, especially Argentina’s economic crisis, severely affected the


11 According to legislation, production included exploration and exploitation activities.


13 Kohl and Farthing, Impasse in Bolivia, 105.


15 Kohl and Farthing, Impasse in Bolivia, 113.
Bolivian economy. Furthermore, the capitalization of the hydrocarbon industry, as well as other industries, led to massive layoffs similar to those experienced when state mines closed in the 1980s.\textsuperscript{16} The number of YPFB workers decreased significantly from 9,150 in 1985 to only 600 in 2002.\textsuperscript{17} In the hydrocarbons sector, although capitalization was disadvantageous for the popular sector, increased foreign involvement resulted in the discovery of large amounts of natural gas in the late 1990s, sparking a renewed desire for resource benefits. This newfound wealth, among other things, caused Bolivians to reject the neoliberal economic reforms and demand renationalization, a popular sentiment during the 2003 and 2005 national protests.\textsuperscript{18} The 2003 protests were particularly violent, and President Sanchez de Lozada resigned as a result.

Vice President Carlos Mesa became interim president and immediately distanced himself from Sanchez de Lozada’s gas policy, promising changes on the issue regarding the control of natural gas. In 2004, a referendum rejected the 1996 hydrocarbons law and proposed new strategies for gas exploitation. Mesa argued that current contracts would be respected but renegotiated wherever possible and proposed that future concessions would pay at least 50 percent in royalties.\textsuperscript{19} Mesa’s proposals won in the referendum vote, but social organization pressures continued throughout the writing of the new legislation.

Amidst ongoing protests against the privatization of gas, congress passed the 2005 Hydrocarbons Law, increasing taxes from 16 to 32 percent and maintaining royalties at

\footnotesize{\textsuperscript{16} When the state mining corporation, COMIBOL, closed in the 1980s, 22,000–23,000 out of 28,000–30,000 workers were dismissed. Deborah J. Yashar, \textit{Contesting Citizenship in Latin America: The Rise of Indigenous Movements and the Postliberal Challenge} (New York: Cambridge University Press, 2005): 184.}

\footnotesize{\textsuperscript{17} Kohl and Farthing, \textit{Impasse in Bolivia}, 112.}

\footnotesize{\textsuperscript{18} Weyland, “The Rise of Latin America’s Two Lefts,” 155.}

\footnotesize{\textsuperscript{19} Postero, \textit{Now We Are Citizens}, 213.}
The Hydrocarbons Law also mandated the reestablishment of YPFB, which would now be responsible for mediating all natural gas contracts and designated as the only importer and wholesale domestic distributor of gas products. The new law mandated the renegotiation of existing contracts and gave a 180-day period within which the contracts had to be redrawn and approved. The new law was not sufficient to stop protests and ease the pressure on President Mesa, and in June 2005, congress accepted his resignation. Bolivians elected indigenous union leader and activist, Evo Morales, president in 2006 on his campaign promise to nationalize the natural gas industry.

Immediately following his election, President Morales (2006–present) nationalized the natural gas industry. This nationalization promised Bolivia more than 50 percent control of the industry, while foreign companies would continue to operate and manage facilities. The 2006 nationalization differed from the 2005 Law in that control of hydrocarbon reserves went to YPFB, and most importantly, the state would take 51 percent ownership of the corporations operating in the hydrocarbons sector. The nationalization, like the 2005 law, also required that existing contracts be renegotiated, but this time with a strict six-month timeline from May to October 2006.

In sum, in Bolivia, the government enacted harsh austerity measures that aimed to stabilize the economy but that also negatively affected the population. Natural gas discoveries led the population to reject the new economic model including privatization.

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22 Carlos Miranda, “Gas and Its Importance to the Bolivian Economy,” in Unresolved Tensions: Bolivia Past and Present, ed. John Crabtree and Laurence Whitehead (Pittsburgh, PA: University of Pittsburgh Press, 2008), 178. Under nationalization, foreign companies act as contractors for YPFB. Their production is now marketed through the state company and the industry has to pay 50 percent of its income to the state, in taxes while YPFB participates in the profits from contracts.

of SOEs. Evo Morales rose amidst popular unrest was elected president, and he subsequently “nationalized” the natural gas industry.\textsuperscript{24} The government chose to increase its control significantly by renegotiating contracts with foreign companies.

2. Ecuador: Austerity Plans and Popular Pushback

Like Bolivia, Ecuador implemented reforms to attract increased private oil activity; reforms followed a decade later by legislation that increased the state’s control over the industry. Throughout the 1980s, Ecuador dealt with fluctuating oil prices and the disillusionment that came from unsuccessful oil drilling and a growing foreign debt. As a result, Ecuadorian governments from 1981 forward undertook a number of austerity programs, which carried conditions such as cutting education and health services, reducing subsidies on consumer goods, and eliminating state jobs.\textsuperscript{25} Though neoliberal reforms were limited relative to those in Bolivia, they were still present.

Ecuador responded to low oil prices and growing debt by increasing oil production, often times producing more than the allowable amount set by the Organization of the Petroleum Exporting Countries (OPEC). As a result, in 1992 Ecuador withdrew from OPEC on the decision of then President Duran Ballen.\textsuperscript{26} Duran Ballen took further steps to liberalize the sector in an attempt to improve Ecuador’s financial situation and increase its oil production.

The state implemented reforms in response to a number of economic analysts who reported that Ecuador’s oil reserves were decreasing.\textsuperscript{27} Only proactive exploration and

\textsuperscript{24} Linda Farthing and Benjamin Kohl, “Material Limits to Symbolic Victories: Bolivia’s Social Movements and Natural Resources,” (paper presented at the 2009 Meeting of the Latin American Studies Association, Rio de Janeiro, Brazil, June 10–14, 2009), 2. Although the Morales government declared that it had nationalized the industry, it is not nationalization in the classic sense, which includes the expropriation of assets. Some political and social actors continue to remain angry at the fact that Morales did not expropriate these companies and fulfill popular demands.

\textsuperscript{25} Allen Gerlach, Indians, Oil, and Politics: A Recent History of Ecuador (Wilmington, DE: Scholarly Resources Inc., 2003), 43.

\textsuperscript{26} Suzana Sawyer, Crude Chronicles: Indigenous Politics, Multinational Oil, and Neoliberalism in Ecuador (Durham, NC: Duke University Press, 2004), 95.

\textsuperscript{27} Experts estimated that as of December 1992 only 3.2 billion barrels of proven oil reserves would be available for extraction and production. Sawyer, Crude Chronicles, 94.
heightened production activity would help Ecuador. Since Ecuador required foreign investment and expertise, President Duran Ballen began pushing amendments to the hydrocarbons law through congress.28

World Bank advisors worked closely with the state to amend the Hydrocarbons Law, aimed at decreasing state involvement in all activities. Among other things, the law introduced a new type of exploration and exploitation contract called production-sharing contracts. Until this time, the existing arrangements were risk-service contracts, according to which foreign companies rendered their services to Ecuador in return for a share of discovered oil. Concretely, private companies would explore on their own dime; if they found oil, the state would reimburse the company, but if not, the companies ate all of the expenses. Private companies had to account for all expenses so that when they made a discovery the Ecuadorian government would reimburse them. In contrast, the new product-sharing contracts would eliminate this type of surveillance of multinational activities in the oil sector and decrease the risk borne by private companies, which no longer had to pay for failed exploration.29 The state awarded new contracts to companies that committed the most capital and that proposed the most detailed exploration plans.30 With no reimbursement involved, the state no longer needed to monitor multinational activity, which was an incentive for companies to minimize their costs.31 The amendments to the hydrocarbons law triggered increased private involvement in and privatization of the hydrocarbons sector.

Ecuadorian governments did not make any significant changes in the hydrocarbons sector from the implementation of the privatization policies through the late 1990s. Ecuadorian presidents were barely able to stay in office, much less make any sweeping changes to legislation. After President Abdalá Bucaram had served only six months, he was removed amid corruption scandals in 1997. President Jamil Mahuad would be removed just a few years later, a case that illustrates just how powerful

28 Sawyer, Crude Chronicles, 96.
29 Ibid.
30 Ibid.
31 Ibid.
mobilization against the neoliberal economic model could be in Ecuador. Shortly after Mahuad took office, the state spent billions attempting to bail out a number of banks that were in crisis. Because of these expenditures, the state cut back significantly on social spending, while wages fell and unemployment rose. These activities led critics to label the Mahuad government as a “predatory state,” redirecting resources to benefit the elites. Approval of Mahuad decreased when he replaced the sucre with the U.S. dollar “in hopes of reassuring foreign investors and the IMF.” Already unhappy with the governments’ neoliberal economic policies, the population was disappointed with the path he was taking. In January 2000, an indigenous-military coup ousted Mahuad. The event took place amid ongoing protests initiated and led by the national indigenous movement, the Confederación de Nacionalidades Indígenas del Ecuador (CONAIE). Following these events, presidents were under pressure to undertake neoliberal reforms in order to encourage confidence in investors. The oil sector however, remained unchanged, as presidents were unable to liberalize the sector further, due to congressional disapproval and indigenous opposition.

Literature on hydrocarbon policy in Latin America suggests that in 2004 and 2005, Ecuador’s financial position improved and opened the way for the government of Alfredo Palacio to increase state control in the oil sector. Almost a year into his presidency following another early removal of an Ecuadorian president, in April 2006, Palacio called for changes to the hydrocarbon law. In what some labeled as a turn toward

33 Ibid.
34 Ibid.
35 Ibid.
36 Ibid.
38 Ibid.
39 Ibid., 34.
more state involvement, he increased the state’s fiscal take to 60 percent. Following the amendment to the hydrocarbon law, the Ecuadorian government cancelled Occidental Oil Company’s contract, citing the illegal sale of 40 percent of its rights to a Canadian Company. These events happened amidst continued regional popular unrest in Ecuador’s northeast, particularly within the indigenous populations, some of whom were embroiled in a legal battle with Occidental.

The election of Rafael Correa in 2006 brought about a further increase in the state’s fiscal take, increasing windfall profit taxes from 50 percent to 99 percent. The Economist defines windfall profit taxes as taxes on profits that are made unexpectedly. In the case of oil, windfall profits result from market price fluctuations and therefore, taxing these profits should not harm the company.

As of now, private companies are still involved in the sector with an increasing role for the state company, Petroecuador, especially after the addition of Occidental’s block 15 (following the cancellation of Occidental’s contract). According to one World Bank publication, Ecuador’s oil sector is experiencing a critical situation: “In particular, the government-owned company Petroecuador is undergoing a major crisis…operating with restricted budgets, [with] poorly maintained installations and numerous wells on which production has been halted, and causes significant environmental damage.”

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40 The amendment originally proposed by Palacio was 50 percent but a left-leaning congress increased this amount. Benton, “Political Institutions, Hydrocarbons Resources, and Economic Policy Divergence,” 34.


44 Mayorga-Alba et al., “The Oil and Gas Sector,” 126.

45 Ibid.
proposed solution, put forth by staff of the International Bank for Reconstruction and Development, will include attracting more investors for upstream and downstream activity.\textsuperscript{46}

To summarize, like in Bolivia, successive Ecuadorian presidents first privatized then gradually increased state involvement in the hydrocarbons sector. However, the degree of change in the most recent shift toward state participation was not as extreme as it was in Bolivia due to the limited implementation of neoliberal reform policies in Ecuador.

E. LITERATURE REVIEW

Recent research has sought to explore the causal mechanisms behind privatization and increased state participation in the hydrocarbons sector in Latin America. Much of the literature lacks analysis of these policies in terms of across-country comparisons of social movement mobilization around hydrocarbons policies. The literature suggests that, unlike the Ecuadorian case, indigenous movements in Bolivia have historically been unable to unite under a national Bolivian organization. However, during the mobilizations against private involvement, we see a national movement emerge in Bolivia with a strong indigenous support base. At the same time, organizations in the hydrocarbon-rich region of Bolivia did not join in the national protests and were unable to organize their own regional efforts. In contrast, indigenous organizations in Ecuador have historically been strong and able to organize under a national organization and party. However, we see that in the mobilization against oil privatization, regional organizations are strongest, and there have been more successes—in terms of the state addressing demands—in the oil rich regions relative to those in Bolivia. This thesis builds on scholarship that is more helpful for explaining variation: literature on neoliberal economic policies, studies indicating the necessary role of private investment in the hydrocarbons industries, research on the strengths and influence of regional and national indigenous organizations, and work on the conservative, elite-led autonomy movement in eastern Bolivia.

\textsuperscript{46} Mayorga-Alba et al., “The Oil and Gas Sector,” 148.
One major focus of research on natural resources in Bolivia and Ecuador focuses on international factors. Specifically, scholars argue that international pressures encouraged privatization, which, in turn, led to a backlash. According to this perspective, social movements rising up against privatization successfully reversed, or at least limited, privatization. However, this literature fails to explain the variation we observe across time. There have been a number of episodes of nationalization within each country over time, and in each case, the state either had to turn to private investment or expertise in order to salvage a weakening industry or due to pressures from international financial institutions as conditions for loans.

For purposes of this thesis, the literature on the roles of international institutions and actors helps to explain the implementation of the neoliberal economic models and subsequent structural adjustment policies that acted as a catalyst in mobilizing previously marginalized sectors of society. These policies illustrate the importance that international pressure can have on countries that are struggling economically, especially those that are dependent on hydrocarbons exports.

International Financial Institutions (IFI) and multinational corporations’ involvement in the economy has been critical for the growth of these economies. Morales points out, “The conventional view is that if Bolivia wants to develop, it needs to take part fully in patterns of international trade and attract flows of foreign capital to finance the investment needed for future growth.”47 This is also true of Ecuador’s government, which welcomes the continuous presence of IFI and multinational investment.

IFIs and multinational companies have historically been very important actors when looking at who controls Bolivia and Ecuador’s natural resources in particular. As mentioned above, it was due to IFI pressure that radical economic policies were initiated in 1985 with the NEP in Bolivia and austerity measures in Ecuador in the 1980s and

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The pressure from IFIs has undoubtedly put heads of state in a position to make extreme policy changes concerning the economy while at the same time inflaming the population to protest these very changes.

In spite of the economic benefits to neoliberal policies, due to their high social costs for much of the population, involvement by international players has caused a backlash among the population as can be seen in the protests against economic policies launched by the Bolivian and Ecuadorian governments.

In Bolivia, the NEP implemented in the mid-1980s had the negative effect of inciting indigenous resistance toward neoliberal economic policies and had its worst effects on poor women and children, forcing mothers to work and children to remain uncared for and forcing rural women to migrate to urban areas to find work. Kohl and Farthing argue that, “perpetuating the long history of indigenous exclusion, the NEP did nothing to incorporate Bolivia’s rural and indigenous population in sharing even the limited fruits of neoliberal market development…these groups emerged as an increasingly potent force in both the countryside and urban shantytowns.”

The move to liberalize the economy in Ecuador took a similar path, though these policies were not nearly as draconian as they were in Bolivia. The oil crisis in the 1980s significantly decreased the price of oil, and on top of that, an earthquake in 1987 damaged Ecuador’s only oil pipeline, halting exports for five months. These events exacerbated economic conditions as governments scrambled to secure foreign investment and undertake structural adjustment programs in order to stabilize the economy. Economic “belt-tightening” began in 1981, and every administration from then on pursued economic austerity programs. The outcomes were similar to those in Bolivia;

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48 Kohl and Farthing, *Impasse in Bolivia*, 82.
49 Ibid., 83.
51 Gerlach, *Indians, Oil, and Politics*, 44.
52 Ibid., 43.
these policies served as a catalyst for social mobilization. As Gerlach explains, “Social problems multiplied as services waned, prices rose, and the state’s financial ability to confront them diminished.”

While literature suggesting that international institutions have been influential in the Bolivian and Ecuadorian hydrocarbons sector (in the past three decades especially) is useful, it does not recognize the persistent reliance of the state on private investment and expertise to develop and operate the industry. In many instances, the governments themselves determined that either investment or experience was needed to help manage, operate and develop industry activities. Scholarship on the history of the hydrocarbons industries in both Bolivia and Ecuador suggests an enduring relationship of interdependence between the state and private oil companies across time. In both countries, this relationship began before the discovery of hydrocarbons and remained present to some degree in instances when the industry came under state “control.”

To support my argument of continued private involvement in Bolivia and Ecuador’s hydrocarbons sectors, I will turn to research on the rentier state. According to the literature, the rentier state “is one where the rents are paid by foreign actors, where they accrue directly to the state, and where only a few are engaged in the generation of this rent (wealth), the majority being only involved in the distribution or utilization of it.” In the case of Bolivia and Ecuador, I find that the state is able to use revenues from natural gas exportation for social spending, thereby buying off actors that demand more state control of the sector.

To explain the variation across country concerning indigenous movement mobilization and the nature of protest—i.e., national versus regional—I will utilize literature focused on the emergence and trajectory of social movements. Social movements in Bolivia and Ecuador are perhaps particularly critical when considering the

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53 Gerlach, Indians, Oil, and, Politics, 45.
54 See George D. E. Philip, Oil and Politics in Latin America: Nationalist Movements and State Companies (New York: Cambridge University Press, 1982).
condition of the hydrocarbons sector in each country; natural resource policies have triggered intense popular mobilization powerful enough at the national level to remove two sitting presidents in Bolivia and at the regional level to halt production in Ecuador. However, as is true of scholarship that points to international factors, research on social movements alone cannot explain the variation of private-public involvement in the sector across time or across country. Since indigenous populations did not begin mobilizing around hydrocarbon issues until the 1980s and 1990s, these movements did not have an effect on the cycles of nationalization-privatization that occurred before the 1980s.

Turning away from social movements, scholarship concerning indigenous-based political parties can help explain the cross-country variation in protests. The analyses of the Bolivian and Ecuadorian cases will draw on literature on the rise and strengthening of Evo Morales and his political party, Movimiento al Socialismo (MAS) in Bolivia, and on the split and weakening of Ecuador’s national indigenous organization, CONAIE.57

Scholarship examining the Bolivian gas wars suggests that these events became national protests due to the perception of gas as a national symbol. In exploring literature to assist in my research, I turn to an argument put forth by Spronk and Webber, which suggests that protests against hydrocarbons enjoyed a national support base in Bolivia due to the fact that gas is important for the future of the country. Spronk and Webber argue that gas is “structurally significant” in that it is “an important input in industrial capitalist economies, unevenly and scarcely distributed in the world, relatively easy to establish oligopolistic control over, and a central source of revenue for economic development and state building.”58 Negotiations between the state and social movements on the gas sector are really efforts to influence the future of the state. The Spronk and Webber analysis will be useful for explaining the Bolivian case. However, it does not provide an acceptable explanation for why oil protests in Ecuador are more concentrated. For the analysis on Ecuador, I will be using literature that focuses on particular regional protest events and Amazon indigenous communities.

57 Lucero, Struggles of Voice, 13.
58 Spronk and Webber, “Struggles Against Accumulation by Dispossession,” 33.
To explain variation in regional involvement in natural resource protest across country, I look at the relative strength of these movements and analyze the influence of the right-wing regional autonomy movement in Bolivia’s eastern regions. Sub-national political actors have increasingly played a strong role in policymaking. As Kent Eaton points out, “Decentralization has given subnational government’s increased fiscal resources, greater administrative powers, and much higher levels of political independence, all of which can encourage subnational leaders to identify and advance territorial interests that may not conform to the interests of the center.” 59 These elite led groups are strong enough to either stifle or neutralize indigenous organizations in the oil rich region of Bolivia. No such conservative mobilization has existed in northeastern Ecuador.

F. METHODS AND SOURCES

Primary and secondary sources were used for this study. Across time, a majority of the thesis focuses on the period from 1985 to the present in Bolivia and from 1992 to the present in Ecuador but also analyzes the historical evolution of hydrocarbons in both countries. Across country, analysis focuses first on the trajectories of protest regarding hydrocarbons policies and second on indigenous organizations in the hydrocarbons rich regions of each country.

G. THESIS OVERVIEW

Chapter II will describe the history of private involvement in each country across time, demonstrating that a dependence on foreign investment and expertise was critical and explains why we observe ongoing cycles of nationalization and privatization. The third chapter will analyze how actors mobilized at the national level in Bolivia over the last two decades to affect hydrocarbon policy. The fourth chapter will be an analysis of social mobilization against oil policy to show how interests mobilized regionally in

Ecuador. The final chapter will be my conclusion, followed by a short description of the implications of increasing state involvement in both countries and a discussion of the complex relationship between indigenous groups and private companies.
II. PRIVATIZATION AND NATIONALIZATION CYCLES: THE ENDURING INTERDEPENDENCE BETWEEN THE STATE AND PRIVATE HYDROCARBON COMPANIES IN BOLIVIA AND ECUADOR

Increased state involvement in hydrocarbons in Bolivia and Ecuador since 2000 has not been an isolated event. Bolivia and Ecuador have experienced cycles of privatization and nationalization of their hydrocarbon industries since oil was discovered in Bolivia (in 1936) and in Ecuador (in 1967). This chapter seeks to illustrate the relationship between the state government and private actors from the industries’ infancy to the implementation of neoliberal economic reforms and privatization. It emphasizes the interdependence between state and private actors; history shows that successive governments relied on private involvement even during nationalization projects. Through an historical analysis of hydrocarbons in the two countries, this chapter will show that even without the pressures of neoliberal economic policies, governments required private involvement in some capacity.

Low state capacity in the hydrocarbons industry in each country has necessitated the continued involvement of private companies in the form of experience, expertise, and financing. As a result of this involvement, relationships have developed over time between the companies, the government, and the general population. These relationships have been strained at times, often creating an unwelcoming attitude by the public due to the belief that the companies were taking the country’s wealth and destroying the environment in the process. Most often relations between the companies and the government have been difficult due to the government demanding more revenues and higher production, or the companies demanding more exploration contracts. An across-time analysis of the hydrocarbons sectors in Bolivia and Ecuador will inform the understanding of how the lack of state capacity has necessitated the involvement of private companies in both countries.

As we saw in Chapter I, Bolivia and Ecuador took their hydrocarbon industries from a period of significant private control to a period of increasing state control.
Although state control has increased, both countries have maintained a degree of private involvement amidst environmental disasters and hydrocarbon company opportunism. This activity might be puzzling when only looking at the current trajectory of the hydrocarbon industry. However, a look at the history of state and private involvement in these sectors reveals that the maintenance of private involvement amidst disasters and protests is necessary to sustain the profitability of these sectors. The Bolivian and Ecuadorian states have maintained a relationship of interdependence with private companies throughout the history of the industry.

A. BOLIVIA: LACK OF CAPITAL TO DEVELOP THE INDUSTRY

The hydrocarbons sector in Bolivia has historically been a contentious subject. Indigenous tribes used it long before the Spanish arrived to cure wounds, keep fires going, and set flame to battle arrows.\textsuperscript{60} Oil, as well as other natural resources, was declared property of the Spanish King during the Spanish conquest.\textsuperscript{61} Details surrounding the discovery that would lead to commercialization of oil differ,\textsuperscript{62} but what is clear is that the initial bonanza spread throughout the country as local elites scrambled to stake their claim on the new riches.\textsuperscript{63}

Foreign involvement in the industry was necessary at the outset, since elites maintained claims in the mining industry as well as the emerging petroleum industry. Elites were often unable to supervise the surveying of new petroleum claims, and as a result, they turned to entering into partnerships with experienced foreign prospectors who

\textsuperscript{60} Dangl, \textit{The Price of Fire}, 119.

\textsuperscript{61} Ibid., 120.

\textsuperscript{62} Details of the first discovery differ in that one author cites the first petition to an oil concession as being made to the government of Jose Maria Acha in 1865 and the first discovery of oil in 1875 and another author cites its discovery as 1895. Philip, \textit{Oil and Politics in Latin America}, 193; Erick Detlef Langer, \textit{Economic Change and Rural Resistance in Southern Bolivia, 1880-1930} (Palo Alto, CA: University of Stanford Press, 1989), 47–48.

\textsuperscript{63} Ibid., 48.
would do the work in return for a portion of the concession.\textsuperscript{64} Another reason foreign involvement became necessary was that many claimants lacked the capital to begin production and required foreign investment.

We observe increased state control over hydrocarbons amid ongoing private involvement in the sector going as far back as exploration and initial exploitation. In 1916, the Bolivian government temporarily halted petroleum licenses in order to issue new regulations and increase taxes.\textsuperscript{65} Despite the new regulations, claimants continued to sell the rights as concessions, opening up the emerging industry to foreign interests. In the early 1920s, U.S. companies began to move in and succeed in developing the industry. These companies offered high prices for areas believed to be the most lucrative. People sold off a number of large concessions to either the New York-based Richmond Levering Company or the William Braden interests. In 1921, New Jersey-based Standard Oil acquired the Richmond Levering Company and the William Braden interest in an agreement signed by the Bolivian government.\textsuperscript{66} By 1928, the company had made significant investments and produced 6,000 tons of crude oil annually.\textsuperscript{67}

In the early 1930s, increased exploration and development brought new problems and issues for the Bolivian government and Standard Oil. The most significant result of these issues was the Chaco War between Bolivia and Paraguay from 1932–1935. A popular belief among Bolivians is that the Chaco War was the direct result of the competition between Standard Oil (operating in Bolivia) and Royal Dutch Shell (operating in Paraguay) to claim the probable oil and gas rich lands of the Chaco.\textsuperscript{68} However, many historians agree that in fact the Bolivian government provoked the war in order to divert attention away from political and economic problems, namely a failing oil

\textsuperscript{64} Langer, \textit{Economic Change and Rural Resistance}, 48.

\textsuperscript{65} One of the new regulations encouraged the consolidation of claims, recognizing that claimants were unable to develop the fields individually.

\textsuperscript{66} Dangl, \textit{The Price of Fire}, 120; and Langer, \textit{Economic Change and Rural Resistance}, 49.

\textsuperscript{67} Langer, \textit{Economic Change and Rural Resistance}, 49.

\textsuperscript{68} Dangl, \textit{The Price of Fire}, 120.
industry. Philip argues that Bolivia initiated hostilities in order to secure access to the Paraguay River—for shipping oil—and the Chaco region—to build a pipeline.

Standard Oil and the Bolivian government were in a peculiar position due to the government’s desire for development and the company’s lack of confidence in the Bolivian oil industry. At this point Standard Oil was losing interest in further investing in Bolivia’s natural resources, because it had experienced a number of obstacles blocking effective oil production and exportation. For instance, in 1925, Standard Oil petitioned the Argentine government to build a pipeline from Bolivia to a deep-water port on the Paraná River in Argentina to facilitate its export. Not only did the Argentine government reject the petition, it also raised tax rates on Bolivian oil, making any export unreasonable. As a result, Standard Oil capped some of its Bolivian oil wells, adjusted production to meet domestic needs, and began to move equipment out of the country. In a context of Standard Oil’s decreased production and growing criticism of the company among the population, the Bolivian government scrambled for ways to encourage Standard Oil to increase production. The government’s solution was to initiate hostilities with Paraguay in order to gain access to a river port and land to improve development of the oil sector.

While it is not completely clear who was ultimately responsible for the initiation of hostilities between Paraguay and Bolivia, the period following the Chaco War became a turning point for Bolivia both economically and politically. One response to the war was that for the first time, Bolivia’s government kicked out an international investor (Standard Oil) due to its illegal practices: “After the Chaco War, an enraged Bolivian public demanded that Standard Oil leave the country. The government eventually sent the company packing for clandestinely exporting Bolivian gas to Argentina, completing the first expropriation of property from a U.S. multinational corporation.” In 1936, shortly

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69 Kohl and Farthing, Impasse in Bolivia, 44.
70 Philip, Oil and Politics in Latin America, 195.
71 Ibid., 194.
72 Ibid., 195.
73 Dangl, The Price of Fire, 120.
after the expropriation of Standard Oil, Bolivia created the state-run company. YPFB’s control over the sector gradually expanded and when the state officially expropriated Standard Oil in March of 1937, YPFB was already controlling a significant portion of the industry.\footnote{Philip, Oil and Politics in Latin America, 196.}

Another significant response to the Chaco War was the formation of groups opposing the ruling elites, who collaborated closely with foreign oil interests. As Kohl and Farthing write, there emerged a new “Bolivian identity coupled with a well-articulated contempt for the rule of the landed and mining oligarchy.”\footnote{Kohl and Farthing, Impasse in Bolivia, 45.} At this point four key anti-elite movements emerged. First, university students along with sons of the elites with contempt for the politics of their parents organized, later forming the core of the revolutionary movement, Movimiento Nacionalista Revolucionario (MNR) that would later become the motivating force behind Bolivia’s 1952 Revolution.\footnote{Ibid.} Second, two groups of junior military officers formed, military socialists, and the other, nationalist fascists. Members of these groups would later form the leadership of the military government that ruled between 1964 and 1982.\footnote{Ibid.} Third were the unions based in the mines, railroads, and urban print shops. The growing left-wing political parties strongly influenced these groups, which organized Bolivia’s first general strike.\footnote{Ibid.} The fourth type of groups to mobilize was Bolivia’s highland indigenous groups, the Quechua and the Aymara.\footnote{Ibid.}

Shortly after the nationalization of oil in 1937, the crucial role of private capital for the sector became clear once again, this time simply because the Bolivian state did not have the capital to expand. Initially after the nationalization of the oil sector, growth did increase, especially after Standard Oil turned over maps and geological data to YPFB as

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\begin{enumerate}
\item Philip, Oil and Politics in Latin America, 196.
\item Kohl and Farthing, Impasse in Bolivia, 45.
\item Ibid.
\item Ibid.
\item Ibid.
\item Ibid.
\end{enumerate}
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part of the 1941 compensation agreement.\(^80\) The U.S. government offered a loan to Bolivia to build an oil pipeline within the country with the intention of developing the oil fields in the oil-rich, eastern department of Santa Cruz. The refinery, built in the city of Sucre, resulted in the increase of the cost of the project.\(^81\) The increase in costs and the decreasing price of domestic oil consumption began to damage YPFB’s financial situation: “YPFB soon found itself in what was to be a characteristic position of technical adequacy but financial near-bankruptcy.”\(^82\) By the mid-1940s, the Bolivian government was seeking foreign investment to aid the declining YPFB.

In the 1950s, once again we see ongoing reliance of private investment and expertise. The period leading up to the 1952 Revolution and the revolution itself temporarily halted efforts to attract foreign investment in oil, and in this context YPFB managed to boost output significantly, even reaching a period of self-sufficiency. Despite the increased successes of YPFB, the state developed the oil code in 1955, granting concessions to a number of private oil companies.\(^83\) Gulf Oil ended up being the most successful and further proposed the construction of the Sica-Sica Arica oil pipeline through Chile.\(^84\) Unfortunately, because of declining expertise, YPFB was unable to produce enough oil to make the pipeline profitable. Standard Oil had given YPFB its maps and geological data, enabling YPFB’s initial success. However, once the company had developed the reserves identified by Standard Oil, the company was unable to undertake successful exploration activities. This decline in expertise, coupled with an economic stabilization plan that significantly cut YPFB’s funding, led to an overall decline in oil output.\(^85\)

\(^80\) Philip, *Oil and Politics in Latin America*, 453.

\(^81\) Ibid. The initial plan was to link the Camiri oilfield to a refinery in Cochabamba, but political pressures forced the route to change from Cochabamba to Sucre.

\(^82\) Ibid.

\(^83\) Ibid., 456.

\(^84\) Ibid., 457. The agreement between Gulf Oil and the Bolivian government was a result of the Bolivian government’s desire to decrease its dependence on Brazilian and Argentine consumption and develop other primary exports.

\(^85\) The economic stabilization plan was enacted in 1956. When YPFB approached the state with its budget input, the company proposed its lowest expenditure estimate being “pared to the bone” at $14m, the Bolivian government allocated the company $10.8 million. Philip, *Oil and Politics in Latin America*, 456.
As YPFB was in decline, Gulf Oil was experiencing success as it began producing oil in 1962 and selling it to YPFB for domestic sale.86 That year, Gulf Oil petitioned the government to begin supplying the department of Santa Cruz with natural gas.87 The state never granted permission for Gulf Oil to supply Santa Cruz. Instead, the government drew up plans for Gulf Oil to sell the gas to YPFB, who would then supply Santa Cruz. This decision signaled that it would not be acceptable for any foreign company to supply Bolivians with oil or natural gas. By the mid-1960s, with the decline of YPFB and the rise of Gulf Oil, YPFB became a client of Gulf Oil. Gulf Oil invested more and produced significantly more than YPFB during this period.

Struggles over the public-private balance of control over oil, and ongoing private involvement in the sector, continued under military rule. In 1964, General René Barrientos seized power in a military coup. Though nationalization rhetoric had been increasing, Barrientos was interested in further development of the industry through foreign companies as well as YPFB. At the same time, he publicly denounced the 1955 oil code, specifically because it had given concessions to foreign companies.88

While General Barrientos played to both sides, there was a lingering and increasing nationalism growing within the army, which triggered nationalization policies starting in the late 1960s. General Alfredo Ovando was a significant opponent of General Barrientos and called for the nationalization of basic industries, to include natural gas, which had not been included in the 1955 oil code. Support within society for nationalization was increasing when Barrientos died in a helicopter crash in 1969. Vice-President Luis Siles Salines took over the presidency and immediately called for a partial nationalization, or at least a renegotiation of contracts.89 In August 1969, Siles

86 Philip, *Oil and Politics in Latin America*, 459.
87 Ibid., 456.
88 Ibid., 456, 262.
89 Ibid., 266.
introduced a bill to congress to nationalize hydrocarbons. On September 26, 1969, General Ovando took advantage of Siles’ weak hold on power, seized power, and further nationalized Gulf Oil on October 17, 1969. An oil and gas boom followed the nationalization, due to (1) YPFB capitalizing on the prior work done by Gulf Oil and (2) the new construction of the Yacimientos-Bolivian Gulf (YABOG) pipeline to Argentina in 1972.

Beginning in the 1970s, private involvement in Bolivia’s oil sector increased once again. In 1971, General Hugo Banzer seized power in a coup. In 1972, the Banzer government passed a new policy opening up the hydrocarbons sector to foreign investment. Although research failed to uncover the reasons for this opening, Philip addresses two factors. First, the opening was the result of political bargaining on the part of the Bolivian government, which had received a promise of financial and technical aid from the USSR in return for the restoration of diplomatic relations in the 1960s. The Bolivian government at the time had no clear intentions of accepting this aid. However, it publicized the event in hopes of receiving aid from the U.S.—a counteroffer to Soviet support—to fund exploration activities. Although it was explicitly against U.S. policy to give aid to state-owned enterprises, the Siles government was able to secure aid from the U.S. government. A second factor that affected Bolivia’s economic opening was the rise to power of an economic conservative from Santa Cruz, General Banzer. In this political climate, the World Bank and Bolivian government arrived at an agreement

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90 Philip, *Oil and Politics in Latin America*, 267. A series of moves by Gulf Oil during this period sought to weaken President Siles’ position. Gulf Oil first sought help from the World Bank to pressure the Bolivian government to forgo nationalization. When that tactic failed, the company offered free natural gas to Santa Cruz for 20 years. The offer enraged Siles’ opposition, who contended that this type of activity would result in a backlash by others in need of the resource.

91 Ibid., 269.

92 Ibid., 102.

93 Ibid., 103.

94 Philip suggests that the U.S. decision hinged on the events of the Cuban Revolution. Ibid., 103.
According to which the Bank agreed to fund a new natural gas pipeline to Argentina, and the government compensated Gulf Oil following the company’s expropriation.\textsuperscript{95}

Even amid the oil boom of the 1970s, the weakness of YPFB’s capacity showed. Throughout the 1970s, YPFB enjoyed great success, due to the new pipeline to Argentina and high oil prices.\textsuperscript{96} In fact, many government authorities came to rely on oil revenues, which the state disproportionately directed toward the department of Santa Cruz.\textsuperscript{97} However, irresponsible spending and decreasing oil prices began to cause financial difficulty for YPFB. According to Kohl and Farthing, the success of the hydrocarbons industry was short-lived as Bolivian debt continued to grow, and when crisis hit in the 1980s, Bolivia privatized state industries yet again.\textsuperscript{98}

As illustrated in this section, governments in Bolivia implemented policies to encourage or increase private investment in the oil then natural gas sector on many occasions. This discussion illustrates that the state has exhibited weak capacity in hydrocarbons on an ongoing basis.

B. ECUADOR: PRIVATE DISCOVERY FOLLOWED BY PUBLIC SQUANDERING

Ecuador, like Bolivia, has an economically important and politically salient natural resource sector, ranking fourth highest in oil reserves in the Latin American region.\textsuperscript{99} Like Bolivia, the utility of oil has been known for centuries: it was turned into tar and used for a number of things before the Spanish conquest and later fell under the control of the Spanish conquerors. Standard Oil also came to Ecuador, as it did to

\textsuperscript{95} Under Siles, Gulf engaged in negotiations to push the World Bank to agree to fund the new pipeline. After the Bolivian government expropriated Gulf in 1969, the company continued to lobby the World Bank to fund the pipeline in order to secure compensation from the Bolivian government, since a new pipeline would ultimately bring in more revenue. Final approval of the agreement between the World Bank and the Bolivian government did not take place until General Banzer took the presidency. Philip, \textit{Oil and Politics in Latin America}, 111–112.

\textsuperscript{96} Ibid., 462.

\textsuperscript{97} Ibid., 462.

\textsuperscript{98} Kohl and Farthing, \textit{Impasse in Bolivia}, 51.

\textsuperscript{99} Manzano and Monaldi, “The Political Economy of Oil Production,” 82.
Bolivia, in 1921. Similarly, private involvement in the industry in Ecuador has been as important and necessary as it has been in Bolivia. The case of Ecuador differs from Bolivia in that Bolivians were the original claimants of oil and encouraged foreign involvement to help develop the industry. In contrast, in Ecuador, the Texas-Gulf consortium made the first significant discovery.

Texaco-Gulf’s 1967 discovery of large amounts of crude oil launching an economic boom in 1972, when the company began transporting oil through the Trans-Ecuadorean Pipe Line, Sistema Ole ducto Trans-Ecuatoriano (SOTE). The SOTE pipeline begins in Nueva Loja in the northeast province of Sucumbios, rises 13,000 feet to cross the Andes, and ends at the Pacific port of Balao in Esmeraldas province. The pipeline was privately funded and built and was to be privately operated for 25 years. The SOTE pipeline initially transported 250,000 barrels per day, but as time went on it was enlarged in order to meet production, demand, and expected increases in oil production.

As evidence of just how reliant Ecuador’s government was on the private sector, as of 1966 the Ecuadorian government was aware that it did not have the capacity to effectively administer, control, and regulate the industry. Eventually this situation forced the Ecuadorian government to renegotiate concessions established in 1969. The government also had to re-establish its state company, Corporacion Estatal Petrolera Ecuatoriana (CEPE), which it had initially established under questionable legal terms.

As was true in Bolivia, military rule in Ecuador brought to power governments with nationalist tendencies, in general and in particular in hydrocarbons. In 1972, General

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100 Gerlach, Indians, Oil, and Politics, 33. Until the 1960s, there were few discoveries, very little production, and an eventual loss of interest in finding a large number of reserves.

101 Ibid., 33.

102 Ibid.

103 Gerlach, Indians, Oil, and Politics, 33.

104 In the same year that the pipeline opened, surveyors estimated Ecuador’s reserves at 3,200 million barrels with future exploration most likely yielding more. Philip, Oil and Politics in Latin America, 274.

105 Ibid., 275.

106 Ibid., 275.
Guillermo Rodriguez Lara headed a coup d’état which ushered in a period of military rule. The military government felt at this point that “the corrupt politicians would not make good guardians of the nation’s recently discovered wealth and believed that the military was entitled to share in the abundance.”107 During the 1970s, the government took steps to increase state control in Ecuador’s hydrocarbons sector, first with the formation of CEPE (mentioned above) and the gradual takeover of private companies throughout the sector. At this time, General Rodriguez Lara appointed a new Natural Resources Minister, Naval Captain Gustavo Jarrín Ampudia, who lacked a firm background in this area but was nonetheless a staunch nationalist that envisioned a gradual nationalization of the sector.108

Jarrín immediately brought together a group of Ecuadorians and foreigners experienced in the sector and sympathetic to nationalization.109 At this point, Jarrín seemed well positioned to nationalize the industry; with the discovery of the oil reserves and the foreign investment already committed, he believed that the Ecuadorian government had the advantage.

The first actions that Jarrín took concerned the Texas-Gulf consortium. The government issued Decree 430, mandating the renegotiation of contracts. The biggest impact of the decree had to do with territory. Jarrín wanted to ensure that CEPE regained a large amount of Texas-Gulf’s territory so that the state could play a significant part in the future development of the industry.110 For Jarrín, sacrificing immediate wealth could offer more benefits in the end, as the state-owned company at this time was unable to develop the land effectively. Eager for immediate development and wealth, conservative groups opposed this idea. By 1973, all parties agreed upon the new contracts. Texas-Gulf gave back a large amount of territory and agreed to invest further in the industry and increase production, and finally CEPE was able to buy 25 percent of the consortium.111

107 Gerlach, Indians, Oil and Politics, 36.
108 Philip, Oil and Politics in Latin America, 277; Isaacs, Military Rule and Transition in Ecuador, 42.
109 One of these experts happened to be Mariaco Bilbao, who had been the Bolivian Minister of Hydrocarbons and head of the Bolivian state oil company YPFB.
110 Philip, Oil and Politics in Latin America, 279.
111 Ibid., 280.
Because of these contract renegotiations, as well as increased taxes on the sector, Gulf Oil demanded its own nationalization. In September 1974, Gulf Oil’s holdings came under CEPE control, and at this point CEPE controlled 62.5 percent of the consortium.112

During the 1970s, Ecuadorians greatly benefited from the increased oil wealth. Ecuador joined OPEC and complied with the production ceiling intended to increase revenues for oil producing countries.113 Throughout the period of military rule, a number of social and political entities received a portion of the oil revenues, with the military receiving the largest share.114 To support its policy of import-substituted industrialization (ISI) to stimulate industry and employment, the government directed a portion of the oil revenues toward industrial development.115 The government also used large subsidies to address consumer demand and encourage economic growth: by 1978, approximately one-half of the budget was devoted to food and energy subsidies, exemptions, and credits.116

The Rodriguez Lara government began to lose support in the mid-1970s because the population believed that the benefits from the oil revenues were not trickling down fast enough. In 1979, the military transferred power to civilians, in response to more demands for democracy. Upon the return to democracy, the new civilian government discovered that the military had used oil reserves to borrow large sums of money in order to sustain development.117 As a result, foreign debt had grown twentyfold during the 1970s, from $209 million in 1970 to $4,167 million in 1980.118

While research does not suggest an objective need for foreign involvement, it does continually emphasize that governments throughout the 1970s believed that private

112 Philip, Oil and Politics in Latin America, 290.
113 Gerlach, Indians, Oil and Politics, 34.
114 Gerlach points out that from 1972 through 2000, 45 percent of oil revenues went to the armed forces, and that this percentage was not included in approved budgets, and therefore, was not exposed to congressional oversight. Gerlach, Indians, Oil and Politics, 36.
115 Ibid., 37.
116 Ibid.
117 Ibid., 39.
118 Ibid.
foreign involvement was important, especially when Ecuador began exporting oil in 1972, when the industry was very new to the country. For instance, Philip writes, “the events of the years 1972–1976 may be regarded as providing something of a learning process for Ecuador.”\textsuperscript{119} Successive governments during this period continued to find validity in the governments’ claim in the 1960s that “the state does not dispose of sufficient personnel to be able to carry out satisfactorily the administration, control and regulation of all aspects of the oil industry.”\textsuperscript{120} The removal of Jarrín in 1974 from the Ministry of Natural Resources for his hard-line, nationalist rhetoric demonstrates such an attitude. Furthermore, after the nationalization of Gulf Oil, the Ecuadorian government discouraged any pro-nationalization rhetoric by refusing to turn it into a political issue. Governments during these early years were adamant that the state did not have the capacity to capitalize on its newfound oil industry.

Following the return to democracy, in 1989, President Rodrigo Borja took over the remaining shares of the Texaco-Gulf consortium, and the state restructured CEPE, renaming it Petroecuador.\textsuperscript{121} Despite the growing state involvement in the sector, President Rodrigo Borja denied that he was nationalizing the oil sector and maintained that the country needed foreign investment and expertise to modernize and expand the industry.\textsuperscript{122} With increased state involvement, however, the Ecuadorian government had its own source of revenue, diminishing its historic dependence on the oligarchy, which traditionally controlled economic and political resources.\textsuperscript{123} Ecuador was able to modernize its economy and create many new jobs with the oil revenues (and international lending agencies, a result of the militaries’ borrowing activities mentioned above). Ecuadorians then came to depend on oil and international lending agencies to fund

\textsuperscript{119} Philip, \textit{Oil and Politics in Latin America}, 274.


\textsuperscript{121} Gerlach, \textit{Indians, Oil and Politics}, 36.

\textsuperscript{122} Ibid.

\textsuperscript{123} Ibid., 37.
development. A dramatic drop in oil prices in 1986 significantly affected the country and forced the government to reconsider its role in the industry, ultimately triggering considerable privatization measures starting in the 1990s.

To summarize this historical account of Bolivian and Ecuadorian state involvement in the hydrocarbons sector, in both cases the state and private companies have had a longstanding relationship. Successive governments in both countries have nationalized the industry, while maintaining some degree of private involvement. Despite the fact that the popular sector has perceived these companies to be a destructive force, no matter how ideologically opposed to the presence of these companies, governments have been unable to maintain self-sufficiency in the industry and thus require the presence of these entities. Even though Bolivia and Ecuador have moved toward increased state involvement in recent years—claiming that they are “taking back” their resources (physically and symbolically)—it seems that they cannot afford to abandon foreign involvement altogether. Grounded in this analysis of continued private-sector involvement, then, the remainder of this thesis will turn to analyzing the different paths by which popular mobilization has encouraged the most recent turn toward state involvement in hydrocarbons in the two countries.
III. UNDERSTANDING NATIONAL PROTEST IN BOLIVIA BY EXAMINING REGIONAL MOBILIZATION AND PROTEST

The prior chapter demonstrated that historically, the public-private balance in the hydrocarbons sector in both Bolivia and Ecuador has shifted multiple times, though across all periods, some degree of private investment has remained critical. The analysis now turns to analyzing social mobilization behind the most recent nationalization measures. This chapter focuses on Bolivia, and the following chapter will analyze the Ecuadorian case.

In Bolivia, social mobilization surrounding hydrocarbons—specifically, natural gas—has been intense over the past decade, involving a nationwide support base that transcends social sectors that emerged to protest against natural gas policies. These events took place in the Andean regions with no hydrocarbon activity, with mostly indigenous populations based in the same region attending and leading protests. Curiously, though indigenous groups from the gas-rich regions of Bolivia supported these protests in principle, they were absent from the main protest events and did not carry out protests in their own region. This behavior is particularly puzzling, given that analyses of Bolivia’s indigenous movements have recognized lowland indigenous groups as politically mobilized and prone to protest.124 Furthermore, given that Bolivia’s regional indigenous movements are notoriously strong in their own right but lack the ability to establish a cohesive national movement, it is curious that a nationwide support base—including several separate indigenous groups—was formed in support of nationalizing natural gas.

This chapter explores the mobilization behind the nationalization of the hydrocarbons sector. The mobilization of indigenous groups as well as other sectors of the population played a significant role in hydrocarbon policy outcomes and most significantly the nationalization in 2006. The analysis places this mobilization within a broader context of general frustration with the government and its privatizing policies in

124 Lucero, Struggles of Voice, 91; Postero, Now We Are Citizens, 68.
the early 2000s. Protests quickly gained momentum, as we will see in the first water war of 2000, the subsequent gas war of 2003, a second water war in 2005 and the second gas war of 2005. The rise of Evo Morales and his MAS party at the time presented the popular sector with an important political alternative. Though the water wars began locally, they did gain a significant amount of popular support that encouraged mobilization during the gas wars, since many of the participants were the same in both cases. The plight of the populations that initiated the water wars gained national notoriety, adding to widespread discontent with the state’s economic policies. A proposed plan to export natural gas through Chile was also a factor in the mobilizing of the gas wars, because it hit a nationalist nerve.\textsuperscript{125}

This chapter will analyze the events and actors interested in affecting hydrocarbon policy. First, I will highlight anti-privatization policy protests among Andean actors, which are located farthest away from the natural gas industry. A description of the emergence of these organizations will follow, highlighting why protests gained national support. I will then describe the lowland indigenous organizations and communities from the natural gas region of Bolivia, in order to highlight the relative weakness of these groups compared to the Andean groups. The analysis will then identify factors that explain this relative weakness of lowland indigenous groups.

A. NATIONAL-LEVEL PROTEST AGAINST HYDROCARBON POLICIES

Bolivia’s indigenous organizations have a long history of protest. An examination of these protests is important in order to understand the current state of the hydrocarbons sector in Bolivia. There have been a number of protests by indigenous and non-indigenous organizations living in the Andean region of Bolivia, as well as oil workers. The nationalization of gas came on the heels of the so-called gas wars in 2003 and 2005. This section describes the major protests surrounding hydrocarbons since the significant gas discoveries in the 1990s.

\textsuperscript{125} Postero, \textit{Now We Are Citizens}, 209.
1. Anti-Privatization Protests by Unions and Andean Organizations

When the Bolivian government began to privatize industries as part of its neoliberal economic reform policies, the hydrocarbons industry was among them. Although capitalization limited private ownership to 50 percent of the shares of YPFB, in 1996 President Sanchez de Lozada offered Enron 55 percent of the state company’s shares, igniting mass protest against the granting of majority ownership to a private company.126 In response to protests, the state sent the armed forces to refineries and natural gas facilities to avoid any interruption in production.127 Tensions were apparently relieved when Enron decreased its purchase to 42 percent, and Shell bought the remaining shares, eight percent.128

During this same time, another struggle was taking place. Reports suggest that during these protest events in 1996, leaders of the YPFB petroleum workers’ union reached agreements with the government, ensuring oil refineries and oil and natural gas pipelines would remain in state hands.129 The agreement further stipulated that YPFB would remain responsible for handling the domestic sale of hydrocarbons products.130 Conflict arose surrounding the construction of a new pipeline. According to reports during this period, the government, oil workers, and unions—especially the main labor union (Central Obrera Boliviana, COB)—agreed on the need for a pipeline, which would require foreign investment to pay for construction.131 At this point, unions and

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The above protests beginning in 1996 mark a 10-year period in which the hydrocarbons industry was privatized, resulting in protests to bring the industry back under the control of the state. The main initiators and participants were labor union members from the YPFB petroleum workers-union and the COB, although workers from many other sectors also joined in the protests.\footnote{Workers from the public health and mining sectors joined in these protests. Calvin Sim, “Workers Bitter at Pay and Privatization Tie up Bolivian Capital,” New York Times, 28 March 1996 http://www.nytimes.com/1996/03/28/world/workers-bitter-at-pay-and-privatization-tie-up-bolivian-capital.html?scp=1&sq=Workers%20Bitter%20at%20Pay%20and%20Privatization%20Tie%20up%20Bolivian%20Capital&st=cse (accessed 19 March 2010).} It is important to note here that the Confederación Sindical Unica de Trabajadores Campesinos de Bolivia (CSUTCB), Bolivia’s main Andean indigenous organization, retained close ties with the COB, and participated in some anti-privatization protests in the 1990s.\footnote{A 1999 interview with Felipe Quispe, leader of the CSUTCB, demonstrates that the two organizations have not separated, interview cited in Lucero, \textit{Struggles of Voice}, 86; John Crabtree, \textit{Patterns of Protest: Politics and Social Movements in Bolivia} (London: Latin American Bureau, 2005), 84.} As we will see, these cross-sector relationships will be an important factor in the national level mobilization around the nationalization of the hydrocarbons sector.

\footnote{135} A 1999 interview with Felipe Quispe, leader of the CSUTCB, demonstrates that the two organizations have not separated, interview cited in Lucero, \textit{Struggles of Voice}, 86; John Crabtree, \textit{Patterns of Protest: Politics and Social Movements in Bolivia} (London: Latin American Bureau, 2005), 84.
2. The Gas War 2003

Objection to privatization policies continued to simmer, and a significant round of protests began in September 2003, lasting six weeks. Protestors demanded that Bolivia use its natural resources for development and not sell resources to foreign companies at low prices. The massive protests against the privatization of the natural gas sector, and industry activities in general, did not lead to policy change in these areas. Furthermore, state participation in this sector failed to reach the levels desired by protestors, who demanded state involvement in oversight of the industry, state ownership rights, consultations by the oil companies with local communities in gas regions, and an increased share of the revenues for non-producing departments.

The issue that triggered the Gas War in 2003 was the government’s plan to export natural gas through a Chilean port to the Pacific Ocean. The plan was controversial for two reasons. First, it would move Bolivia’s gas through Chile, a longtime rival of Bolivia and the reason that Bolivia was landlocked. Second, estimates found that Chile would sell the exported gas to Mexico and the United States for more than 20 times the amount it would pay to Bolivia’s government. Protestors also demanded greater access to Bolivia’s natural resources. In this case, natural gas would be useful in producing diesel, heat, electricity, and fertilizers.

In addition to protests against the export arrangement and access, environmental issues were also at stake during the Gas War of 2003. One highly visible case was an oil spill in Bolivia’s Desaguadero River in January 2000 by Transredes, a subsidiary of

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136 Postero, *Now We Are Citizens*, 204.
138 Bolivia lost its access to the Pacific when it was defeated by Chile in the 1879 War of the Pacific.
139 This estimate was calculated by Carlos Arze, the director of the Center for Studies of Labor and Agrarian Development, (CEDLA) in La Paz. Dangl, *The Price of Fire*, 121.
140 Ibid., 122.
Enron and Shell that affected more than 30,000 residents.\textsuperscript{141} Investigations and Transredes employed doctor’s reports on the incident found that the population in the area suffered no significant damage and the companies involved were not responsible.\textsuperscript{142} However, research published in 2008 suggests that communities are still experiencing the affects of the spill.\textsuperscript{143} A number of other popular sectors also had a stake in the national protest, among them the national trade union confederation, which called for a renationalization of the hydrocarbons industry in order for the state to regain control of the revenues for development projects.\textsuperscript{144}

Another group of communities, organized by the Federación de Juntas Vecinales (FEJUVE) participated, protested property taxes alongside protests against natural gas policy.\textsuperscript{145} In October 2003, 200,000 people—including members of Andean indigenous communities, neighborhood associations, and labor unions, as well as street traders and university students—came together to protest the government’s economic policies.\textsuperscript{146} State violence to quell the protests only made matters worse as protestors called for the resignation of Sanchez de Lozada.\textsuperscript{147} In October 2003, the violent protests of the gas wars forced Sanchez de Lozada to resign. His Vice President, Carlos Mesa, was sworn into the presidency following this event.

### 3. The Second Gas War 2005

The swearing in of Mesa did not stop anti-privatization protests. Once Mesa became president, he immediately distanced himself from Sanchez de Lozada’s gas

\textsuperscript{141} Dangl, \textit{The Price of Fire}, 121–2; Christina Haglund, “A River Turns Black: Enron and Shell Spread Destruction across Bolivia’s Highlands,” in \textit{Dignity and Defiance: Stories from Bolivia’s Challenge to Globalization}, eds. Jim Schultz and Melissa Draper, 45 (Los Angeles: University of California Press, 2008). This incident is significant since the spill was located in the Andean region, affected the most important source of water in the area and therefore gained a certain amount of notoriety among the population.

\textsuperscript{142} Haglund, “A River Turns Black,” 45.

\textsuperscript{143} Ibid.

\textsuperscript{144} Postero, \textit{Now We Are Citizens}, 204.

\textsuperscript{145} Ibid.

\textsuperscript{146} Ibid.

\textsuperscript{147} Lucero, \textit{Struggles of Voice}, 126.
policy, promising legislation change. The new hydrocarbon law signaled progress but was not sufficient to stop protests and ease the pressure on Mesa, as Andean indigenous leaders and COB leaders maintained that the industry needed to be nationalized.148 Leaders of these organizations continued to stage strikes and protests, and in June 2005 congress accepted Mesa’s resignation.

In sum, in instances of protests surrounding the privatization and exportation of natural gas resources, the participating groups included a significant mix of the popular sectors residing in the Andean region of Bolivia. Petroleum workers, union members, indigenous organizations, and neighborhood associations were all instrumental in bringing together large populations for protest events. Notably, these protests lacked the presence of a significant group: the indigenous organizations from the oil and natural gas rich regions of Bolivia.149

B. EXPLAINING NATIONAL MOBILIZATION SURROUNDING HYDROCARBONS

The above analysis described the gas protests, highlighting one key factor that contributed to the formation of a national movement, opposition to exporting gas through Chile. In Chapter I, we saw that the harsh nature of neoliberal reforms—including privatization—further served to spur protest in favor of nationalizing the gas sector. The remainder of the chapter will highlight additional factors that contributed to the formation of the national movement: the water wars protests, which represent the beginning of the backlash against neoliberalism and which brought together different sectors of society; and the emergence of first and second-generation Andean indigenous movements, who played a significant role in the protests. In addition, the analysis will also discuss indigenous populations that reside in the oil-rich region of Bolivia to demonstrate their limited role with respect to the natural gas industry.

148 Postero, Now We Are Citizens, 213.

149 Though absent from the actual protests, the Guaraní and other eastern indigenous organizations fully supported renationalization of Bolivia’s natural resources. Ibid., 211.
1. Water Wars Spark Discontent Across Many Popular Sectors

The massive protests known as Bolivia’s water wars in the Andean region of Cochabamba began in November 1999. These protests were the culmination of years of water mismanagement. In this context, the World Bank threatened to withhold aid if Bolivia’s government did not privatize the water sector, pressuring the government into privatizing Cochabamba’s water resources in 1996.¹⁵⁰ This protest event was important in bringing together a number of actors, many of whom were the same participants in the gas wars. These events gained widespread national support as populations grew more agitated with the government’s economic policies, especially its preference for private involvement in the economy.

Responding to World Bank pressure, the government contracted with Aguas del Tunari, a subsidiary of the Bechtel Company.¹⁵¹ The 1999 Water Law 2029, passed during the contracting process, “favored the use of water by international companies for mining, agriculture, and electrical purposes over human consumption.”¹⁵² The law did not guarantee equal access to water and prohibited the rural use of alternative distribution systems.¹⁵³ Concretely, the law meant that people were billed for any water they might consume, including water piping in their homes, collected rainwater, and water in community wells.¹⁵⁴ In accordance with the new law, the contract with Aguas del Tunari granted the private, international consortium control of irrigation systems and community wells.¹⁵⁵ Under the contract, the consortium billed all Cochabamban residents, even if

¹⁵¹ Ibid.
¹⁵² Ibid.
¹⁵³ Ibid.
¹⁵⁴ Ibid.
¹⁵⁵ Ibid.
they did not use water. This contract also extended to communities using wells that they had built with their own money.\textsuperscript{156} In some areas of the region, water rates increased by as much as 200 percent.\textsuperscript{157}

The government’s water privatization measures triggered considerable popular mobilization. In a context of high prices for such a critical resource—given the importance of water for agriculture and basic living needs—in November 1999 the people of Cochabamba began protesting, demanding a change to Water Law 2029. These groups felt that they were entitled to water rights through customary law and that these rights were sacred according to Andean worldview.\textsuperscript{158} The first groups to protest were mostly small farmers, but more groups joined in upon receiving their high water bills at the end of 1999.\textsuperscript{159} These groups, made up of urban workers, rural peasant irrigators, members of local water collectives, students, and ordinary Cochabambans organized themselves into the Coordinadora de Defensa del Agua y de la Vida (Coalition in Defense of Water and Life-Coordinadora).\textsuperscript{160} In response to massive protests in January 2000, government officials said that they could revise the law but not the rate increases. When protests did not let up, the government agreed to review the groups’ demands and respond within three months.\textsuperscript{161} Protests broke out again in February and grew violent with police sending tear gas into the crowds. In response to the unrest, the government froze price increases on water. In March, Coordinadora (the organization leading the protests) organized a referendum in Cochabamba, in which 96 percent of the voters favored canceling the privatization contract. On April 10, 2000, government officials met with personnel from Coordinadora and agreed to reject the contract with \textit{Aguas del Tunari} and give control back to SEMAPA, the public water company.

\textsuperscript{156} Dangl, The Price of Fire, 60.
\textsuperscript{157} Ibid., 59.
\textsuperscript{158} Postero, Now We Are Citizens, 194.
\textsuperscript{159} Dangl, The Price of Fire, 62.
\textsuperscript{160} Postero, Now We Are Citizens, 194.
\textsuperscript{161} Dangl, The Price of Fire, 64.
Aside from the privatization of Cochabamba’s water system, the state also privatized the water systems of El Alto and La Paz in 1997, a condition attached to a World Bank loan. The state gave control of El Alto’s water system to *Aguas de Illimani*, a private consortium owned partly by the French company Suez and a number of other small shareholders.162 The privatization of the water systems in El Alto resulted in rate increases of 35 percent, increases in the cost for initial sewage and water hookups and diminished access to water for more than 200,000 people living in the outskirts of El Alto.163 Small protests had taken place since the privatization. These mobilizations were not effective until FEJUVE organized these communities.164

The successes of these organizations were widely heralded as a victory against corporate globalization and a direct result of the neoliberal reforms in Bolivia, which stripped the people of their material inheritance and natural resources.165 As Postero points out, this struggle was based on the defense of cultural heritage and collective “indigenous rights” to water, and although it was not purely an indigenous struggle, it did come to adopt indigenous ideals of the protection of traditional custom and usages, or customary law (*usos y costumbres*).166 This massive protest was the precursor to the hydrocarbon protest events and many of the same organizations lent their support to the Gas War struggles.

C. NATIONAL INDIGENOUS SUPPORT FOR THE GAS WARS

If the water wars protests against the water sector privatization gained national notoriety and signified widespread discontent with economic policies, while also spurring

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163 Ibid., 182.
164 Ibid., 143.
166 Postero, *Now We Are Citizens*, 195.
the formation of groups that would also participate directly in the gas wars, another
critical factor behind the national character of the gas wars was the coming together of
regional indigenous organizations.

Indigenous populations nationwide also lent their support to the Gas War protests
despite the historic regional divide. Bolivia’s indigenous organizations have tried to
unify but have been unable to identify shared interests concerning identity and land
reform.\textsuperscript{167} Despite these difficulties, organizations still have hopes of unifying under a
national movement and strive for consensus on issues. With the anticipation of a national
indigenous organization, lowland indigenous people were in favor of the Gas War
protests in the Andean region. However, regional identities serve as an obstacle against
unifying indigenous organizations in general and more specifically around hydrocarbons
policies, and the lack of state control over the industry produced trans-regional
discontent. Postero suggests that the gas wars “represented a fairly important shift,
publicly linking the agendas of lowlands and highlands indigenous groups.”\textsuperscript{168} This
shared discontent led lowland indigenous groups to declare their support though a public
press report for the gas wars that took place in the Andes.\textsuperscript{169} This section analyzes the
politicization of Bolivia’s highland indigenous movements, which were critical actors in
the national gas wars.

\textit{a. First Generation Andean Indigenous Movements: Union Identities}

Understanding the development of first generation indigenous movements
in the Andean region of Bolivia is important to understand the identity of today’s
movements. The union (or \textit{sindicato}) identity still remains today and is even present in
eastern indigenous groups, where union identities were not historically strong.\textsuperscript{170}

\textsuperscript{167} In the mid 1980s, CIDOB proposed the creation of a national indigenous organization that would
bring together the CSUTCB and CIDOB, but the national organization never formed. Lucero, \textit{Struggles of
Voice}, 95; Yashar, \textit{Contesting Citizenship in Latin America}, 203.

\textsuperscript{168} Postero, \textit{Now We Are Citizens}, 212.

\textsuperscript{169} Ibid., 211–212.

\textsuperscript{170} Ibid., 41.
CSUTCB is significant in that it played a major role in the gas wars and has been an important support base for President Evo Morales (the first indigenous president, 2006-present) and his MAS party. The Andean movements are situated the farthest from areas of natural gas exploitation but are able to mobilize a strong movement around the nationalization of the hydrocarbons industry.

The first significant Andean indigenous movement, the Kataristas, formed in the 1970s and the 1980s. These groups emerged as a result of the 1952 Revolution and the subsequent rise to power by the MNR. A major MNR goal was to incorporate indigenous communities into the political system by extending citizenship rights and universal suffrage. The party also allowed peasants to hold political positions while also expanding education to the countryside. Through these actions, the MNR extended benefits to indigenous groups by labeling them as peasants.

The first salient issue that the MNR addressed was land reform. Until this time, only eight percent of landholders held 95 percent of Bolivia’s cultivable land, of which only 0.8 percent had been cultivated. The land reform distributed land in three ways. First, it distributed land to those who could demonstrate their pre-1953 use or occupation of land parcels that were otherwise unclaimed. Second, it expropriated land owned by large landowners (latifundios) and redistributed it to their tenant farmers. Third, it promoted colonization away from crowded population centers. Along with land reform, the MNR incorporated peasant communities into national politics by institutionalizing peasant unions that were formed before the Revolution. By doing this, the government hoped to gain control over these communities by way of the unions. In an effort to ensure the spread of union membership, the MNR provided benefits for participation, which included the ability to gain legal land rights. These MNR policies in fact did not successfully transform Bolivia’s indigenous people into peasants. In fact, the land reform resulted in a new sense of autonomy for many Andean indigenous

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171 Yashar, Contesting Citizenship in Latin America, 156.
172 Ibid.
173 Ibid., 158.
174 Ibid., 159.
communities; while the communities took on union names and membership, they retained their indigenous customs, authority structures, and practices at the local level.\textsuperscript{175}

This period of incorporating indigenous communities changed dramatically with the military takeover and installment of General Barrientos’ regime in 1964.\textsuperscript{176} The military regime sought to break the ties between the peasant unions and the MNR in order to bring the unions closer to the new regime by installing its own union leaders and limiting union activity. With the military takeover, unions no longer connected the communities and the state and came to represent merely a link between the regime and the unions, leaving out the communities.\textsuperscript{177} Eventually the military regime began to reallocate state resources away from these peasant communities toward the more lucrative agro-business interests. The state’s commitment to the peasant communities diminished as large landholders began to receive more benefits from the state and creditors.\textsuperscript{178} At this point indigenous mobilization began in the Andean region of Bolivia. The movements that emerged highlighted the importance of the indigenous identity. Networking began within the cities, and members then moved back to their local communities to organize further.

Critical to this ethnic organizing was the mobilization along ethnic lines. In 1978, in order to consolidate organizing efforts, indigenous leaders established the CSUTCB. The movement made its first mark in 1979 with blockades following the state’s announcement of an economic package that would freeze prices for agricultural goods and raise prices for fuel and commodities.\textsuperscript{179} This event is important in that it highlights the confederation’s claim that its members were “heirs to a permanent struggle against all forms of exploitation and pressure.”\textsuperscript{180} It went further to denounce the MNR land reforms, calling instead for communal property rights instead of individual property

\textsuperscript{175} Yashar, Contesting Citizenship in Latin America, 161.
\textsuperscript{176} Ibid., 163.
\textsuperscript{177} Ibid., 164.
\textsuperscript{178} Ibid., 164.
\textsuperscript{179} Ibid., 178.
\textsuperscript{180} Ibid., 179.
rights, along with communal political autonomy and customary law. The catalyst behind the emergence of CSUTCB was initially land reform, but their emergence signaled the beginning of indigenous mobilizing on various issues. The union roots of these organizations signify that Andean indigenous populations retain multiple identities, which enabled them to mobilize with other sectors of society for the renationalization of the hydrocarbons industry.

b. The Second Generation: The Cocaleros

The first generation Andean movements were the first movements to emphasize the indigenous identity in their mobilization. As a result, these movements provided the example for second-generation movements to follow in their own development. The most significant second-generation movement is the Cocaleros, located mainly in the Chapare region in Cochabamba. Like the CSUTCB, this movement is not located in the hydrocarbons rich region of Bolivia but became a significant force in the renationalization of the industry.

The catalyst behind the mobilization of this organization was the implementation of the NEP in 1985. One of the most significant reforms was the privatization and closure of state mining enterprises, which resulted in the dismissal of thousands of workers, most of them indigenous migrants. These events had a significant impact on the indigenous communities and migrant workers. Yashar points out that the reforms “obliterated the historically important mining sector, liberalized agricultural prices, and liberalized trade.” Most of the tin miners were indigenous migrants, and when the state shut down tin enterprises, many families lost income. Communities from which the miners originated were unable to absorb the workers following the closures. In this context, many workers moved to the Chapare region to cultivate coca. At this point, it is important to note how privatization of the mining

181 Yashar, Contesting Citizenship in Latin America, 180.
182 Ibid., 184; Kohl and Farthing, Impasse in Bolivia, 121.
183 Yashar, Contesting Citizenship in Latin America, 184.
184 Ibid., 185.
industry affected indigenous communities in the 1980s. Just a decade later, the communities most affected by privatization of an SOE would be aggressively demanding the renationalization of another SOE, the natural gas industry. When analyzing the impetus to mobilize around the nationalization of natural gas, not only can nationalization result in increased revenue to the state, which can translate to social benefits, but it also represented a backlash to the privatization events that took place in the 1980s and 1990s.

Following the tin mine closures, the population in the Chapare region increased with the growth of the coca industry. The coca grower’s movement then emerged, holding their first Andean Council of Coca Production in 1991 and electing their first president, Evo Morales, at their second meeting in 1993. 185 The movement linked itself to CSUTCB and argued for the legalization of coca consumption and production.

The Cocalero movement became a prominent player in indigenous organizing and political participation. Taking advantage of the 1994 Law of Popular Participation (LPP)—a municipal-level decentralization law that created local political competition in Bolivia—it developed a new political party, the Asamblea para la Soberanía de los Pueblos (ASP). In 1997, the ASP unsuccessfully fielded an organization member for president but successfully fielded four members as national deputies for the 1997-2002 term, including Evo Morales. 186

Morales and his support base began to stand out for their politically powerful activism. During his tenure as national deputy, Morales was expelled from the legislature on charges that he had instigated protest and violence among Cocaleros. 187 Due to differences between Morales and another ASP member, Morales broke with the CSUTCB and accepted the leadership of MAS. Following his expulsion, Morales began to campaign for president. 188 Morales came in second in 2002 with 21 percent of the

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185 Yashar, Contesting Citizenship in Latin America, 185.
186 Ibid., 186.
187 Ibid.
188 Lucero, Struggles of Voice, 90; Yashar, Contesting Citizenship in Latin America, 186.
vote; just behind Sanchez de Lozada who won with 22.5 percent of the vote. Morales and his MAS party enjoyed the closest number of votes to a dominant party since the 1952 Revolution.\textsuperscript{189}

Despite the 2002 defeat, Morales and MAS became significant national political forces.\textsuperscript{190} MAS not only appealed to indigenous groups but also to the old Left, campesino and workers unions, neighborhood associations, and some lowland indigenous organizations.\textsuperscript{191} Following the resignations of Sanchez de Lozada and Mesa after the gas wars in 2003 and 2005, Morales was elected to the presidency in 2005 and reelected in 2009. MAS currently holds a majority in the chamber of deputies and 12 elected seats in the senate.\textsuperscript{192}

In sum, first and second generation Andean indigenous movements were significant in the construction of a contentious civil society environment in Bolivia. These organizations supported anti-privatization of the hydrocarbon industry and were instrumental in the gas wars protests that forced two presidents to resign. The Andean indigenous movements have been a strong, aggressive political force in Bolivian politics. Although they are not located in the hydrocarbons region of Bolivia, they were and remain today committed to renationalization and greater state control of the sector.

D. THE DECLINING STRENGTH OF THE AMAZON/CHACO INDIGENOUS ORGANIZATIONS IN EASTERN BOLIVIA

In stark contrast to the high level of participation of highland indigenous groups in the gas wars, the indigenous movements located in Bolivia’s gas regions have been

\begin{itemize}
  \item \textsuperscript{190} Ibid., 436.
\end{itemize}
notably absent from the protests due to their inability to organize because of geography, right-wing autonomy movements, and Bolivia’s regional divide. This section explains the lack of participation of indigenous organizations centered in Bolivia’s gas regions in the national protests.

Bolivia’s hydrocarbon-rich east is home to a small number of indigenous communities. Many scholars refer to Eastern Bolivia as the Amazon region; however, it will be clearer to refer to the entire region as the lowlands, differentiating between the Amazon and the Chaco. The largest indigenous population in the east is the Guaraní, who live mostly in the Chaco region. The Guaraní have experienced significant victories and setbacks. Though they have been very instrumental in mobilizing the indigenous groups in the east, they were largely absent from the Gas War protests and continue to have very little influence in hydrocarbon activities.193 This section will first describe the Guaraní’s limited protest surrounding hydrocarbon policy in recent years. It will then show how curious this paralysis is by describing the Guaraní’s history of activism. Finally, it will explain the paralysis by pointing to factors that limit the organizational capacity and cohesion of this group.

Indigenous organizations in the lowlands gained significant notoriety throughout the 1980s and 1990s for their ability to negotiate with the central government. For instance, the first significant round of protests led by lowland indigenous communities occurred in 1990. The “March for Territory and Dignity” was organized by lowland indigenous organizations, specifically a Confederación Indígena del Oriente de Bolivia (CIDOB) member organization, the Central de Pueblos Indígenas del Beni (CPIB), demanding state recognition of indigenous territory.194 Leaders of CPIB complained that thousands of indigenous people were in danger of losing their territory, identity, and culture.195 The march began in the Beni and ended after 34 days, in La Paz with eight

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195 Lucero, Struggles of Voice, 93.
hundred marchers, a majority of whom were from the lowlands, though campesinos and Cocaleros also joined the march. The march was successful; through four executive decrees, President Paz Zamora granted the indigenous people the territory that they claimed. If CPIB is well known for the 1990 territory and dignity march, the lowland regional organization CIDOB—to which CPIB belongs—would ultimately be hailed as the most important indigenous organization in Bolivia during those years. Despite the fact that this organization and others enjoyed a number of successes early on, they have not mobilized against hydrocarbon policies in any significant manner. This section will argue that strong, elite-led civic committees, geography, and regionalism have all served as obstacles to the cohesive alliance of lowland indigenous communities, especially those in the Chaco region.

1. Lowland Indigenous Protest: Failed Attempts at Policy Change

As Andean indigenous groups protested privatization in the 2000s, indigenous groups in the lowlands were increasingly feeling the effects of the neoliberal reforms as transnational hydrocarbons companies began to enter the region. The capitalization of the hydrocarbons industry resulted in a significant increase in exploration, extraction, and transportation activity by companies who were free to carry out these activities with very little oversight from the state. The environmental office responsible for overseeing industry activities was itself funded by the private companies operating at the time.

a. The Chiquitano Indians and the Pipeline Project

In response to the expanding hydrocarbons activities in the region, Chiquitano Indians began a 16-day protest in 2000 to stop work on a pipeline project that

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196 Lucero, Struggles of Voice, 93.
197 Ibid., 93.
198 Postero, Now We Are Citizens, 201.
199 Ibid.
would intersect their territories.\textsuperscript{201} Though the protest negotiations did not heed the Chiquitanos’ primary demand, which was the rerouting of the pipeline, the oil companies did establish a conservation fund, “designed to mitigate the social and environmental damage caused by the pipeline.”\textsuperscript{202} Nonetheless, according to scholars, the creation of the fund was only a small victory when compared to the damage that these companies did in terms of oil spills and gas leaks, among other forms of environmental and social degradation.\textsuperscript{203} The plight of the Chiquitanos became known throughout Bolivia and worldwide and fueled the unrest that was critical in the gas wars protest.

As Chiquitano Indians protested the path of a pipeline, other lowland indigenous organizations marched in 2002 to demand a constituent assembly to address the interests and values of the indigenous and popular sectors.\textsuperscript{204} Specifically, the indigenous groups demanded territorial rights and control of the natural resources within these territories, as well as autonomous territories controlled by indigenous groups.\textsuperscript{205} The march for the constituent assembly was a failure, due to long-held divisions within the CIDOB, namely those concerning support of the Movimiento de la Izquierda Revolucionario (MIR) party and the MAS party. These divisions intensified with the country nearing national elections and ultimately affected the cohesiveness and organizational strategies of the regional movement.\textsuperscript{206} Postero argues that although these

\begin{footnotesize}
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\item \textsuperscript{201} Postero, \textit{Now We Are Citizens}, 202.
\item \textsuperscript{202} Ibid.
\item \textsuperscript{203} Hindery, “Social and Environmental Impacts of World Bank/IMF-Funded Economic Restructuring in Bolivia,” 295; Postero, \textit{Now We Are Citizens}, 202. Hindery and Postero both cite four major oil spills and a gas leak, though they do not include more specific information,
\item \textsuperscript{204} Postero, \textit{Now We Are Citizens}, 203.
\item \textsuperscript{205} This protest came after the United States Agency for International Development (USAID) had extended an aid agreement on a co-management project between the Bolivian government and the Capitanía del Alto y Bajo Izozog (CABI), an organization representing Guaraní communities. In the late 1990s, CABI had established an agreement with the state to co-manage the Kaa-Iya del Gran Chaco Park and use the revenues from the pipeline intersecting the park for social and environmental projects. Nick Winer, “Co-management of Protected Areas, the Oil and Gas Industry and Indigenous Empowerment—the Experience of Bolivia’s Kaa Iya del Gran Chaco,” \textit{Policy Matters} no. 12 (September 2003): 185; Postero, \textit{Now We Are Citizens}, 203.
\item \textsuperscript{206} Postero, \textit{Now We Are Citizens}, 203.
\end{itemize}
\end{footnotesize}
events were overall failures, they did mark the eastern indigenous organizations as an important political force.\textsuperscript{207} These protests also illustrate the waning influence of lowland indigenous groups.

\textit{b. The Guaraní and Hydrocarbons: Ideological Support for Renationalization Backed by Limited Protest}

The eastern indigenous organizations were virtually absent from the gas wars. Nonetheless, the organizations supported both nationalization and increased oversight and compensation for environmental damage from the private companies operating in the region. The Guaraní have an important stake in hydrocarbon policy in Bolivia. These communities, however, do not employ consistently aggressive protest strategies and their allegiances are often split between those who adhere to regional identities and those who adhere to indigenous identities. Though Morales enjoys the support of eastern indigenous organizations, most notably the CIDOB, there has been a weakening of this and other organizations as tensions over land reform, collaboration with elite-led civic committees, geography, and regional identities continue being obstacles.\textsuperscript{208}

The Guaraní supported renationalization of the hydrocarbons industry before and during the gas wars protests.\textsuperscript{209} In 2004, the Guaraní staged a peaceful protest against Repsol-YPF and Maxus companies’ operations in the Margarita gas field located in the southern departments of Tarija and Chuquisaca. Protestors demanded territorial recognition and nationalization of the industry.\textsuperscript{210} In response, the government agreed to allocate a small percentage of revenues for the development of Guaraní communities.\textsuperscript{211}

\begin{thebibliography}{99}
\bibitem{Postero} Postero, \textit{Now We Are Citizens}, 204.
\bibitem{Ibid} Ibid.
\bibitem{Ibid} Ibid.
\end{thebibliography}
Since the election of Morales and the subsequent nationalization of the industry, the Guaraní have been protesting for autonomous indigenous provinces and development funds from hydrocarbons companies.\textsuperscript{212}

In November 2005, the Asamblea del Pueblo Guaraní (APG) released a statement denouncing Repsol-YPF’s activities on the Itika Guasu Tierras Comunitarias de Origen (TCO) in Tarija and accusing them of violating the 2005 hydrocarbon law, which explicitly sets the guidelines for consulting with indigenous populations living in areas of natural gas exploitation.\textsuperscript{213} In August 2006, the Guaraní began another protest, this time threatening to shut down the pipeline to Brazil and demanding that the pipeline operator, Transierra uphold their agreement to invest $9 million in Guaraní communities as compensation for the pipeline cutting through their territory.\textsuperscript{214} These communities clearly have an important interest in the natural gas industry, but the state and private companies operating in the region have ignored their demands.

2. Explaining Weak Indigenous Mobilization in the Lowlands

Protests initiated and led by lowland indigenous groups concerning natural gas policy have been relatively weak when compared to the actions of indigenous groups in the Andes region. This is an unexpected development since historically; lowland indigenous organizations have been adept at addressing the central government and on many occasions have made significant progress in having their demands met. A history of these groups will follow illustrating the relative loss of strength in organizing efforts.

a. The Amazon/Chaco Indigenous Organizations: A History of Significant Mobilization

Like in the Andean region, a number of strong indigenous organizations emerged in the lowlands in the 1980s and 1990s. These groups began organizing purely along ethnic community lines, and in fact, according to Yashar, they surpassed the

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\textsuperscript{212} Perreault, “Natural Gas, Indigenous Mobilization and the Bolivia State,” 12.
\textsuperscript{213} Ibid.
\textsuperscript{214} According to Perreault, Transierra had only invested $225,000 at the time of the protest. Ibid.
\end{footnotesize}
Andean organizations in their ability to mobilize and confront the state.\textsuperscript{215} These organizations emerged in a way that was opposite to the organizations of the Andes, in that the state was mostly absent until the corporatist period when the state, through a series of laws, encouraged colonization of the eastern Chaco and Amazon regions. Colonization laws stipulated that the state grant land titles to colonists and large landholders. The state also declared lowland indigenous populations as wards of the state resulting in their displacement due to their inability to gain legal titles to the lands that they had inhabited. The loss of both land and autonomy served as the catalysts behind lowland organizing efforts. Networking, however, would prove to be an obstacle as the population is relatively small and long distances separate these communities. These communities relied on the transcommunity networking left over by church missions. However, nongovernmental organizations (NGOs) were influential in providing support and training aimed at building and reinforcing these networks.

In 1982, indigenous groups established CIDOB in the lowlands of Santa Cruz and the Chaco.\textsuperscript{216} The organizing of indigenous groups in the region emerged among the Izoceños-Guaranís, initiated by Bonifacio Barrientos, the “Capitán Grande” of Alto y Bajo Izozog.\textsuperscript{217} CIDOB represented indigenous interests from a number of groups such as the Izoceños-Guaranís, the Ayoreos, the Guarayus and the Chiquitanos. While the loss of their land served as the main catalyst to mobilize, a series of laws promulgated in the 1970s provided further impetus as these laws limited the communities’ access to resources such as water, animals and forest products.\textsuperscript{218} CIDOB quickly became the voice for indigenous communities in an around the Amazon with demands that include indigenous territory, organizational autonomy, the right to self government, recognition of customary law and the right to cultural survival and development.\textsuperscript{219}

\begin{footnotesize}
\begin{enumerate}
\item Yashar, \textit{Contesting Citizenship in Latin America}, 191.
\item Ibid., 198.
\item Ibid., 198.
\item Ibid., 198.
\item Ibid., 203.
\end{enumerate}
\end{footnotesize}
It is worthwhile for the purposes of this study to include a separate description of the indigenous groups based in the Chaco region of Bolivia, specifically focusing on the Guaraní. The natural gas industry significantly affects these populations, as approximately 87.5 percent of natural gas reserves exist in the department of Tarija where a number of these communities reside. The Guaraní are the third largest indigenous group in Bolivia, and are mostly subsistence farmers but are also hunters and gatherers. The event that opened up the Oriente (the eastern lowlands) to national development was the Chaco War in the 1930s. Some Guaraní fled to neighboring Argentina and Paraguay during the conflict, others supported Paraguay and worked as cattle herders for the army, after the war they were labeled traders and went to Paraguay, and yet other groups supported Bolivia and became prisoners in Paraguay until the war ended. One historian calculates that as many as 15,000 Guaraní either fled or perished in the war. There are now three main Guaraní groups in Bolivia; the Ava Guaraní from the eastern foothills of Santa Cruz and Tarija provinces, the Izoceño Guaraní from the Izozo region of Santa Cruz, and the Simba Guaraní from Tarija and Chuquisaca.

After the war, the subsequent nationalization of U.S. Standard Oil caused a dispute between the U.S. and the Bolivian government. To settle this dispute, the two countries signed the “Bohan Plan” which granted Bolivia $25 million for the economic development of the Oriente. The revolutionary government of the MNR implemented this accord. The 1953 agrarian and land reforms encouraged migration of the once isolated Guaraní groups to urban centers. In the 1960s and 1970s, international development aid further drew a number of families to these areas seeking work in the developing sugar and cotton industries. The major economic center of Santa Cruz now has a significant Guaraní population along with a large Aymara (highland

220 Postero, Now We Are Citizens, 45.
221 Ibid.
222 Francisco Pifarré, Historia de un Pueblo, quoted in Postero, Now We Are Citizens, 45.
224 Postero, Now We Are Citizens, 45.
225 Ibid., 55.
indigenous) population. Migrant neighborhoods were erected in the 1970s and 1980s mostly housing Aymara colonizers who came as a result of the 1953 land reform, and since then these neighborhoods have significantly expanded and now meet the territory lines of the Guaraní villages that were once on the very outskirts of the city. Though large migrant populations live and organize in urban Santa Cruz, a significant population remains in the southeast region of Bolivia in Tarija and Chuquisaca, where the major natural gas fields and industry are located.

As Postero points out, the opening of the Oriente presented problems for the once isolated Guaraní and other eastern groups, which were in danger of losing their lands. Because of growing intrusion by the government, large landholders, and colonizers, the eastern indigenous groups began to organize. The Guaraní were instrumental in the establishment of CIDOB but also went on to form their own organization which represents the interests of Guaraní peoples. In 1987 the Guaraní established the APG with significant support from CIDOB and a Jesuit NGO called Centro de Investigación y Promoción del Campesinado (CIPCA). The Asamblea began to promote development and cultural projects throughout Guaraní communities and to claim rights to their territorial lands.

The Guaraní found a great amount of support in NGOs, but they also developed intra- and intercommunal organizations very early. In fact, the Guaraní leader Bonifacio Barrientos staged a march in the 1930s from Izozog to La Paz to demand a community title, which the state granted in 1947. Barrientos then became the face of lowland indigenous organizing as he advised new leaders to build alliances among other indigenous groups and even began to contact these groups between 1978–

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227 Ibid.
228 Ibid., 48.
231 Yashar, Contesting Citizenship in Latin America, 198.
232 Ibid., 199.
1982, raising awareness of shared grievances and other issues. Since that time, the wide dispersal of communities has presented a considerable obstacle to organizing.

Though Guarani leaders have exhibited a strong dedication to indigenous organizing in general, their top priority has been to organize Guarani communities. Because of this dedication, in the 1990s, the APG began a campaign to encourage Guarani communities to organize locally. Postero points out that until this time, Guarani communities did not organize in any formal manner and contact came in the form of family ties only.

Importantly, though the Guaraní have been highly successful in mobilizing, there have been limitations to their actual political gains. In the 1990s, the state enacted the Law of National Agrarian Reform Institute (Ley de Instituto Nacional de Reforma Agraria-INRA), and the Law of Popular Participation established TCOs. The state established these laws to resolve disputed land claims by indigenous groups in the eastern lowlands. In 1996, Guarani communities applied for land claims totaling 10,220,340 hectares, just two years ahead of the discovery of the Margarita gas field. In 2004, the state awarded only 6.8 percent of the lands that the communities applied for, opening up the remaining land to natural resource exploitation.

b. Autonomy Movements, Regional Identities, and Limited Power of Lowland Indigenous Groups

Having illustrated the historic strength of mobilizing among the Guaraní, the analysis now turns to the obstacles that these groups face in mobilizing against hydrocarbon policy.

233 Yashar, Contesting Citizenship in Latin America, 199.
234 Postero, Now We Are Citizens, 69.
235 Ibid.
237 Ibid., 11.
238 Ibid.
This section will describe why the power of these groups is now so limited, in order to understand why the Guaraní have been absent from hydrocarbon protest. It argues that elite-led autonomy movements use strategies to incorporate indigenous communities into the departmental autonomy project by appealing to indigenous territorial demands. The indigenous-led central government attempts to appeal to these groups by proposing indigenous autonomy regimes, which would be responsible only to the central government, bypassing the authority of the elite-led eastern departmental governments. Long held regional divisions only exacerbate the position of lowland indigenous groups, in terms of being caught between state versus departmental allegiances.

Many scholars suggest that regionalism in Bolivia is quite pronounced and has pitted the west against the east for decades. The regionalism goes back to the Spanish colonial period when the Spanish divided Bolivia up into four large intendencias, which still exist today, but with the addition of five more departments. Regional struggles began in 1899 with a civil war and a resulting state set on centralizing control. The 1952 Revolution did much the same thing as the MNR sought to undertake new centralizing reforms.

In the 1950s, local elites established the Pro-Santa Cruz Civic Committee (CPSC) in order to protect their interests. This organization was initially a counter-revolutionary group that opposed the MNR. Once the MNR took power, it sought to suppress regional elections. Eaton suggests that the elimination of municipal elections closed an important political space, which resulted in the strengthening of civic committees and civic movements. At this point large agribusinesses that produced sugar, wheat, cotton, soy and beef replaced traditional haciendas. The land reforms

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243 Ibid., 76.
244 Ibid., 73.
that followed the 1952 Revolution did little in the way of redistribution of land in the east, allowing a large amount of land to remain in the hands of a very small elite.245

The boom of the Santa Cruz economy in the 1970s allowed these elites to invest their earnings into other lucrative activities, while maintaining a dominant agricultural sector, which remains the strongest in the region.246 The economic growth and state resettlement plans brought large numbers of Andean indigenous families to Santa Cruz.247 This migration provided the impetus for the intensified regional sentiment, because lowlanders felt that they were losing their lands to highland migrants. With the rise of indigenous territorial rights, the non-indigenous population presents itself as sharing its heritage with the lowland indigenous groups, thus differentiating the lowland from the Andean groups in every way. According to regionalist sentiment, “Andean Kollas are trapped in a culturally conservative irrational collectivism derived from pre-Colombian and Spanish religious and bureaucratic centralism.”248 This is in direct contrast to the Cruceños who represent a modernizing pioneer spirit.249 It is therefore important for the non-indigenous to make a distinction between indigenous groups as a way of solidifying support for regional demands. The Cruceños (people of Santa Cruz) integrate the lowland indigenous communities into their history by claiming that the communities are culturally and racially superior to that of the Andean indigenous groups.250

The CPSC has been historically opposed to centralizing reforms but until lately has always enjoyed significant influence in the central government. The indigenous protest events of the early 2000s and the elections of MAS and Morales have caused the civic committee to make strong calls for autonomy as it sees its political

246 Ibid.
249 Ibid.
250 Ibid.
influence weakening. Elite business leaders in Santa Cruz proclaimed a “Camba Nation” shortly after protest events in the Andes, and this movement has attracted wide support from the popular sector, including indigenous populations in the region. Roca argues that these actions were in response to the proclamation of an “Aymara nation” by Andean indigenous leader Felipe Quispe, and that they represent opposition to the perceived advance of the “collas” or Andean population. Concretely, CPSC’s demands for autonomy include regional control over natural resources, the right to retain control over two-thirds of all tax revenues generated in the department, and the authority to set all policies other than defense, currency, tariffs, and foreign relations.

Some Guaraní have been involved in talks concerning indigenous autonomy and the protection of their territories. Indigenous autonomy includes the control over elections of local authorities and economic-financial resources. This autonomy is part of the Morales government’s multiple autonomy proposal, which would include separate municipal and indigenous autonomies. Santa Cruz citizens perceive the state’s proposal as undermining departmental authority, since according to the government’s plan, the municipal governments would be responsible to the central government—bypassing anything less (which in this case would be the departmental governments). The national government argues, however, that it has put forward this proposal only to eliminate municipalities’ financial dependence on the central government.

253 Collas (or Kollas) is used as a marker of regional identity and refers to Andean populations in general. Roca, “Regionalism Revisited,” 77; Gustafson, “Spectacles of Autonomy and Crisis,” 356.
255 International Crisis Group, “Bolivia’s New Constitution,” 10; Postero, Now We Are Citizens, 203. The Guaraní are divided between those groups that support the central government and those that do not.
257 Ibid., 10.
258 Ibid.
Significant conflict has resulted over this issue of multiple autonomies. Citizens in Santa Cruz called for mobilization and authorities even went so far as to enact the autonomy statutes that citizens had voted for in the autonomy referendum of 2006.\textsuperscript{259} In 2007, lowland indigenous communities joined with the Democratic Autonomy Committee (an organization that coordinates action in defense of eastern departmental autonomies) to sign a “social and political pact” to defend indigenous autonomy.\textsuperscript{260} The Morales administration rejected reports of eastern indigenous leaders signing this pact, implying that those who signed were unrepresentative of actual indigenous demands.\textsuperscript{261} One constituent assembly delegate who read the pact asserted that the indigenous groups in the eastern region were actually divided and afraid of losing their lands.\textsuperscript{262} There is evidence that this is the case since lowland communities fear another large influx of Andean immigrants following major land reform legislation.\textsuperscript{263}

The business leaders who claim that they support new land reform, which would determine productive land use and implement stricter rules on large holdings, have agreed with calls for land reform in the east.\textsuperscript{264} The business leaders, however, want the state to be clear on who would get this land. They believe that the land should go to the families already established in the region, most importantly lowland indigenous families.\textsuperscript{265} These actions taken by the civic committee, whether genuine or not, serve to split eastern indigenous allegiances between Santa Cruz and the central indigenous government. Regional civic movements in the lowlands have further sought to appeal to

\begin{itemize}
  \item \textsuperscript{259} International Crisis Group, “Bolivia’s New Constitution,” 10.
  \item \textsuperscript{260} Ibid.
  \item \textsuperscript{261} Ibid.
  \item \textsuperscript{262} Ibid.
  \item \textsuperscript{263} A description of major land reforms that brought Andean indigenous groups to the eastern region of Bolivia is in the following section on the emergence of these indigenous organizations.
  \item \textsuperscript{265} Ibid.
\end{itemize}
eastern indigenous organizations, especially since lowland indigenous groups supported the gas war protests in the Andes by issuing a public press release declaring their support for the protests.266

In sum, this section has sought to explain why Bolivia’s lowland indigenous groups, which have the greatest stake in the hydrocarbons sector since they live in the region where natural gas fields are located, have not joined national mobilizations surrounding gas policy. It has found that these indigenous organizations experience difficulty organizing due to conflicting beliefs within the organizations about allegiances to the national government versus alliances with elite-led regional movements. Government-sponsored land reform continues to be an issue since there is concern about migration from the Andean region, which will encroach on indigenous people’s land. The distances between communities also present an obstacle, as it makes it difficult for these groups to mobilize. Finally, regional identities serve to separate them ideologically from the indigenous populations of the Andean region.

E. HYDROCARBON PROTEST IN BOLIVIA: REGIONAL ORGANIZATIONS LAG BEHIND A STRONG NATIONAL COALITION

This chapter has explained the trajectory of indigenous mobilization around hydrocarbon policy in Bolivia. We see that although regional indigenous movements have been unable to unite under a national organization, the issue of hydrocarbon policy has in fact been a uniting factor. This national movement was the result of shared grievances on natural gas policies, specifically those implemented in order to comply with neoliberal economic reforms. The rise of Evo Morales and MAS contributed to the success of natural gas protests as populations searched for a political alternative. Absent from national protests have been lowland indigenous groups, primarily due to influential autonomy movements that neutralize indigenous organizations and also exploit Bolivia’s regional divide.

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266 Postero, Now We Are Citizens, 212.
IV. EFFECTIVE REGIONAL INDIGENOUS ORGANIZING IN ECUADOR

In the prior chapter on indigenous mobilization in Bolivia, we saw that a nationally supported movement was a critical catalyst for the increased role of the state in the natural gas sector. Despite the regionalism that characterizes Bolivia’s indigenous movements overall, we see indigenous populations nationwide supporting significant protest events, though with relatively little mobilizing by the groups in Bolivia’s oil-rich east. This dynamic contrasts sharply with the events that have taken place in Ecuador, where regional actions are the critical factor for the increase in government involvement in the oil sector. That is, despite renowned national unity among Ecuadorian indigenous peoples, regionalism pervades in the case of hydrocarbon policy.

When exploring the current situation of the oil sector in Ecuador it is important to consider indigenous mobilization in particular, given its strong political influence in Ecuador since the early 1990s.267 These uprisings symbolized a significant turning point in the history of Ecuador’s indigenous mobilization. This chapter will examine indigenous demands by analyzing a number of protests surrounding the oil sector.

The chapter shows how Ecuador’s indigenous organizations have exhibited an impressive ability to organize nationally and press salient demands on the Ecuadorian government. It describes how Ecuador’s national indigenous movement was the result of the coming together of two significant regional movements from the Andes and the Amazon. Importantly, the chapter also shows that, the national movement has lost significant power in recent years. Mutual agreement on specific issues aided in the initial merging of these movements, while other topics of contention continued to plague regional and even local movements. The inability of the national movement to address specific grievances led regional organizations to take a different approach such as

267 Yashar, Contesting Citizenship in Latin America, 85.
submitting their own demands or protesting separately. In this context, Amazon organizations have used strategies of regional protest to force the state to address their grievances.

While Amazon indigenous groups play a significant role in policy protest, there are also other major actors in the region: colonists and oil workers. A description of these actors is appropriate to understand the force that these groups together are able to apply on the government. One important factor facilitating strong, unified mobilization for increasing state control of the oil sector is the lack of a strong conservative regional movement, in contrast to the case of Bolivia.

A. REGIONAL-LEVEL PROTEST AGAINST HYDROCARBON POLICIES

Ecuadorian indigenous groups use protest as a means to voice their grievances on a number of issues. As we see in the history of these groups, in the Andes and the Amazon, their capacity to organize and confront the state on a number of issues is exceptional. Like in the Bolivian Andes, unions played a significant role in aiding in the development of Ecuadorian indigenous organizations. Not only did unions present an example of coordination and organizing, but they also use protests and strikes as a mechanism for confronting the state directly. Local, regional, and national protests, strikes, and other uprisings have become the most preferred way to mobilize and approach the Ecuadorian state.

1. 1990: A Turning Point in Indigenous Mobilization

The first major indigenous uprising occurred in May and June 1990, when a group of highland indigenous peoples occupied the Santo Domingo Cathedral in Quito and went on a ten-day hunger strike.268 This uprising signaled the public christening of Ecuador’s national indigenous movement, as it was the first organized effort by the national organization CONAIE.269

268 Donna Lee Van Cott, From Movements to Parties in Latin America: The Evolution of Ethnic Politics (New York: Cambridge University Press, 2005), 110; and Sawyer, Crude Chronicles, 45.
269 Yashar, Contesting Citizenship in Latin America, 146.
What began in Quito as a hunger strike quickly spread throughout Ecuador and included Amazonian provinces. A large number of indigenous communities participated, regarding the mobilization as a chance to voice their grievances and demands. Yashar highlights a point that is important for the present analysis, as it demonstrates the importance of local decision making practices: “the 1990 uprising exhibited the importance of local decision making bodies, since it was these actors that made the decision to participate in the event.”

The uprising immobilized Andean cities for one week with coordinated roadblocks, market boycotts, the occupation of government buildings, and land invasions. CONAIE used this opportunity to present their 16-point platform, which identified demands pertaining to education and cultural rights, land, and improvements in rural development and the cost of living. The points that are the most significant to this analysis include the demands concerning land titles through which the groups plan to regain territory lost to oil exploration or to protect land from future oil exploration.

The protests ended when then President Borja agreed to meet with CONAIE leadership to discuss indigenous demands. During these discussions, the indigenous leaders presented a separate set of demands from the Organización de Pueblos Indígenas de Pastaza (OPIP), an Amazonian organization. At this point negotiations stalled because of OPIP demands, which included an appeal for self-rule, political autonomy, and the right for Amazonian communities to participate in decisions concerning oil. President Borja was open to demands concerning economic issues but refused to negotiate on questions concerning political rights, especially self-rule and autonomy. Although negotiations stalled, this first significant nationwide uprising convinced Ecuadorians, specifically indigenous communities, that protest was a legitimate medium to express grievances and demands.

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270 Yashar, *Contesting Citizenship in Latin America*, 146.
271 Van Cott, *From Movements to Parties in Latin America*, 111; Sawyer, *Crude Chronicles*, 46.
274 Ibid.
2. OPIP Protests for Communal Lands

In 1992, OPIP staged a march from Puyo, in Pastaza department, to the capital city of Quito to address territorial demands. OPIP leaders put forth a proposal called the Acuerdo Territorial, which defined indigenous territories within the province of Pastaza: “They demanded the legalization and autonomous control of ancestral territory (not land) and that this territory be granted to indigenous nationalities (not ethnicities).”275 As in 1990, these demands again concerned the state and provoked the interest of conservative political figures and the military, which initiated two government reports.276 The report by the Ministry of Defense claimed that indigenous groups, OPIP specifically, were associated with guerilla groups and therefore were determined to set up their own indigenous states.277 Despite such concerns, Borja transferred 1,115,475 hectares of land to the Shiwiwar, Quichua, Achuar, and Záparo communities.278 Indigenous communities eventually benefited from mobilizing, with the titling of 600,000 hectares of Amazon land for the Huaorani and 1,115,475 hectares of land for the Quichua of Pastaza following a march in April 1992.279 However, these land grants were restricted to surface rights; existing land grants to settlers and the state’s subsoil rights remained intact.280

Though it aided Pastaza communities in gaining land rights, the 1992 march had negative consequences for the cohesiveness of these communities. The state only ceded a

275 Sawyer, Crude Chronicles, 48.
276 Ibid., 49.
277 Ibid.
278 Yashar, Contesting Citizenship in Latin America, 127.
279 Yashar, Contesting Citizenship in Latin America, 127; Sawyer, Crude Chronicles, 42; Van Cott, From Movements to Parties in Latin America, 111. Sources conflict regarding the date of the march and the amount of land distributed. Sawyer cites a 1992 march with communities gaining 1,115,175 hectares while Van Cott cites a 1991 march with communities gaining 1,115,475 hectares. Yashar, Contesting Citizenship in Latin America, 127
280 Yashar, Contesting Citizenship in Latin America, 127.
little over half of the land that OPIP had demanded as ancestral lands and further divided the land into 19 blocks, assigning each block a land title. Sawyer argues the following:

- These new juridical segments bore no resemblance to how indígenas themselves delineated their territory or perceived divisions within it.
- The titled land blocks did not correspond to divisions within indigenous authority structures, or to their land-use patterns, or to their understandings of their identity as nationalities.

These actions taken by the state illustrate a tactic of dealing with indigenous communities using the “divide and conquer” approach. Indigenous leaders complained that these blocks misrepresented their communities and illustrated the intentions of the state to divide the groups, undermine their solidarity, and erode their cultural practices. Breaking up these territories did indeed undermine the cohesion of these communities.

3. OPIP Protests, Again

In January 1994, OPIP members coordinated a protest with CONAIE and the regional Amazonian indigenous organization, Confederación de Nacionalidades Indígenas de la Amazonia Ecuatoriana (CONFENIAE). They occupied Ecuador’s Ministry of Energy and Mines, demanding that the state hear their grievances on oil activity within their territories. Large groups of indigenous people stationed themselves outside of the government building as participants in the protests.

The catalysts to this event were the changes made to the Hydrocarbons Law and the Séptimo Ronda. The state implemented a new hydrocarbons law in response to dismal forecasts on the future of Ecuadorian oil. The new law provided a legal mechanism through which the state could extend attractive investment opportunities to

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281 Sawyer, *Crude Chronicles*, 51.
282 Ibid.
283 Ibid.
284 Ibid., 91.
foreign oil companies.\textsuperscript{285} The Séptimo Ronda was to follow, at which multinational corporations would have the chance to bid on the rights to 10 new oil concessions located in the Amazon.\textsuperscript{286} Four of the 10 concessions were in Pastaza in indigenous territories.\textsuperscript{287} After a five-hour standoff, the Minister of Energy and Mines agreed to meet with the protestors. Indigenous leaders presented their demands, which included the suspension of oil exploration, mediation by a human rights group, an investigation into the activities of oil companies in the Amazon, creation of a system for monitoring activity, and a requirement that companies negotiate with OPIP, rather than with individual communities.\textsuperscript{288} These demands illustrate the grievances of OPIP and Amazon indigenous communities. It further illustrates a rejection of the “divide and conquer” strategy that the state and oil companies had utilized to sustain unfettered access into the Amazon.

4. Oil Workers Protest Privatization

The interests of the oil-worker activists in oil sector policy is based on an understanding by the workers of what their company represents; the first and most prestigious national company with an interest in the improvement of the lives of Ecuadorians.\textsuperscript{289} As discussed in Chapter I, and paralleling the Bolivian case, Ecuador’s economic troubles forced the government to encourage foreign investment in the hydrocarbons sector from the 1980s through the 2000s. Proposed stabilization policies enflamed much of the popular sector. In 1995, petroleum workers chained themselves to a homemade pipeline at one of Quito’s busiest gas stations to protest the privatization of

\textsuperscript{285} Sawyer, \textit{Crude Chronicles}, 96.

\textsuperscript{286} Ibid.

\textsuperscript{287} Ibid.

\textsuperscript{288} OPIP presented the following five demands: 1) a 15-year moratorium on oil exploration, 2) international mediation by the Inter-American Commission on Human Rights of the Organization of American States, 3) an investigation into the activities of Texaco in the Amazon, 4) the creation of a system for monitoring all petroleum activity, and 5) insistence that ARCO stop dividing communities and negotiate only with OPIP. Sawyer, \textit{Crude Chronicles}, 238, footnote 43.

the Trans-Ecuadorian Oil Pipeline, SOTE.\textsuperscript{290} The protest turned into a hunger strike, which gained a great amount of media attention and forced the government to abandon plans for privatization.\textsuperscript{291} Petroecuador oil workers responded with strikes to new proposals to privatize the sector in June 2003. Events disrupted exports and cost the state millions in lost revenues.\textsuperscript{292}

Petroleum workers are organized into unions, the two most important being the Federation of Ecuadorian Petroleum Workers (FETRAPEC) and the Committee of Petroecuador Workers (CETAPE).\textsuperscript{293} While the initial focus of these unions was labor rights, their position evolved into one of “petro-responsibility” to the nation, with the view that their struggle is not for workers’ compensation but rather a political struggle that will determine the direction of a new state and economy.\textsuperscript{294} Since its founding in the 1970s, Ecuadorian society has perceived the state oil company as the first and most prestigious national company in Ecuador. In this context, activist oil-workers cite a social responsibility to the Ecuadorian population and because of this, they have been very critical of neoliberal restructuring.\textsuperscript{295} While this sector is not demanding a greater share of the resources or compensation, it is committed to pursuing a social purpose toward Ecuadorian citizens.\textsuperscript{296}

5. The Aggressive Techniques of Amazon Colonists

Besides Amazon indigenous populations and oil-workers, there is still one more relevant actor when it comes to oil protest in Ecuador, the Amazon colonists. The impetus to mobilize for the colonists does not rest on a symbolic relationship, like that between the oil-worker and Ecuadorians, nor does it rest on demands surrounding

\textsuperscript{290} Valdivia, “Governing Relations Between People and Things,” 466.
\textsuperscript{291} Ibid.
\textsuperscript{292} Ibid.
\textsuperscript{293} Ibid.
\textsuperscript{294} Term “petro-responsibility” taken from Valdivia, “Governing Relations Between People and Things,” 466.
\textsuperscript{295} Valdivia, “Governing Relations Between People and Things,” 466.
\textsuperscript{296} Ibid.
recognition of ancestral territories or customs. Rather, the colonists’ grievances stem from a long held feeling of entitlement, since colonists moved to the region strictly hoping to gain from the newly discovered oil, as part of government policies granting incentives to those who colonized the Amazon in the 1960s–1970s.297

In August 2005, the colonist populations of the Sucumbíos and Orellana provinces led a bi-provincial strike, which stopped oil production.298 Protestors closed streets and airports and invaded pumping stations in an effort to bring the government to the table to negotiate for a greater share of the oil revenues.299 The government responded by declaring a state of emergency, suspending constitutional rights in the two provinces, which only served to inflame and escalate protests.300 The protests halted temporarily, to allow for talks with the government but eventually resumed and continued. In February 2006, protesters occupied pumping stations for Ecuador’s two main pipelines, disconnecting valves, shutting off power, and taking petroleum works hostage.301 In order to stem unrest, which continued into the early months of 2006, the government passed legislation in April 2006 to increase the state’s fiscal take on oil revenues to 60 percent.302

These protests were the response of shared grievances among colonists who live in the Amazon region. Ecuadorians had migrated from the coast and the Andean regions to the Amazon in hopes of finding a new livelihood. The discovery of oil brought new hopes for some colonizers who wanted to gain from the new industry.303 Some settlers thought that moving near extraction sites would encourage local economic development, while the anticipation of petroleum job attracted others.304 Valdivia suggests that the reality of the oil industry—specifically, the fact that it has not produced the jobs that they

298 Ibid.
299 Ibid.
300 Ibid.
301 Ibid.
304 Ibid.
had hoped, it did not encourage economic development and people did not get rich from settling on land with petroleum reserves—has set in among colonists. As a result, the populations of the oil producing provinces of Sucumbíos and Orellana now focus on the unmet expectations of the oil industry, the state, and oil companies. These groups are not protesting to limit oil activity, like indigenous groups. Colonists merely want to have their expectations met, which would mean increasing their access to oil revenues produced in this region.

B. EXPLAINING REGIONAL MOBILIZATION SURROUNDING HYDROCARBONS

How can we explain the regional character of oil protest in Ecuador that led to increased state control over hydrocarbons? The remainder of this chapter argues that Amazon indigenous groups initiate and lead many of the protests mentioned above. Similar to the Bolivian case, we see the continued participation of a single regional indigenous organization. However, in Bolivia, Andean organizations, which do not live in the natural gas region, protest natural gas policies. Draconian neoliberal economic policies that adversely affected all popular and indigenous sectors, union identities, and indigenous appeal enabled Andean organizations to play such a role in Bolivia. In contrast, in Ecuador the overall implementation of neoliberal economic policies was limited, though its strongest effects were within the oil sector, affecting mostly inhabitants of the Amazon region. In that context, inhabitants of the oil-rich east—and not highland indigenous groups—have been the main initiators and leaders of these protests.

Like Bolivia, Ecuadorian indigenous movements emerged in response to regional issues. There are strong regional organizations from the Andes and the Amazon. For the purpose of this thesis, acknowledgement of the main Andean organization, Ecuador Runacanapac Riccharimui (ECUARUNARI, established in 1972) is sufficient. A focused description is not required to understand the role of those indigenous movements. ECUARUNARI was instrumental in the unification of the regional movements under a

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national confederation. As illustrated by the above description of oil protests, the national confederation, Amazon indigenous organizations, colonists, and oil workers are the most important actors concerning oil policy.

1. Amazon Indigenous Movements: The Foundations of Highly Effective Mobilization

Historically, the state has been non-existent in Ecuador’s Amazon. While the state made a concerted effort in the 1960s and 1970s to incorporate and strengthen its presence in the Andean region, it did not make any similar efforts in the Amazon region.306 Andean indigenous communities fought to gain autonomy, while Amazonian communities largely maintained their autonomy. State-building projects, political parties, and even census workers avoided the Amazonian region throughout much of Ecuador’s history, leaving these communities to develop and maintain their own political systems and customs.307 Boundaries in this region were very fluid and depended on the needs of the communities living within them; defined only by use, as Yashar points out:

Communities were essentially defined by extended families or a group of extended families. They were largely dispersed, autonomous, and itinerant—moving not infrequently to take advantage of different ecological niches and needs. Hence, while a family did not have titles or exact boundaries to delimit what was theirs, patterns of use defined the right to reside there—even if only temporarily.308

As was the case in the Bolivian Amazon region, a set of laws, most importantly those addressing land reform, provided the catalysts that influenced Amazonian communities to mobilize and take action, beginning in the 1980s. The laws that had the most significant effect on the Amazon region were the 1964 and 1973 land reform laws, the 1977 Law of Colonization of the Amazon Region, and the 1981 Law of Forestry and Natural Areas and Wildlife Conservation.

307 Ibid., 110.
308 Ibid., 112.
While the land reform laws extended a degree of land, social, and civil rights to Andean indigenous communities, they did the opposite for Amazonian communities, as they encouraged colonization of the Amazon region. In this context, the state opened up the region to anyone willing and able to clear, farm, and graze these areas. The state did not extend to this region the project aimed at registering communities for granting land titles. As a result, the government did not recognize the territories of the original inhabitants. Colonizers, ranging from farmers and ranchers to Andean indigenous groups, were able to claim lands that Amazonian communities previously inhabited. This encroachment by colonizers and the state were critical catalysts that politicized Amazonian groups.

Aside from the colonization issues, the discovery of oil also led outsiders to claim Amazonian indigenous territories and trigger indigenous mobilization. In 1982, the government passed hydrocarbons and tax laws to attract foreign investment in the region. Oil exploration and development became a national imperative when the military regime (1972–79) labeled it a national security issue and began to penetrate the region in order to secure these areas and ensure the rule of law. These events served to challenge the autonomy of the indigenous communities that inhabited the areas. As Yashar points out, the movement of international oil interests into the region did not include titles to large land areas (like the colonization); it merely focused on oil resources and the additional infrastructure needed to support the new industry. Despite the fact that the industry did not command as much land as the colonizers, it did present

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309 Yashar, Contesting Citizenship in Latin America, 113.
310 Ibid.
312 Yashar, Contesting Citizenship in Latin America, 114.
313 Ibid.
environmental issues to the region. The state failed to regulate oil company activities on a consistent basis, which resulted in environmental damage, forcing first the animals and then some of the people to flee further into the forests.314

If the above-described events politicized indigenous groups in this region as they sought to defend their livelihood and develop state-indigenous relations,315 other factors provided indigenous groups the capacity to organize. In response to grievances concerning land issues, the state required these groups to register as associations, comunas, or cooperatives in order to gain land titles and access to the state in general.316 The efforts of religious groups to civilize and Christianize individual communities and families resulted in the development of networks among communities.317

Three very important organizations emerged because of the threats posed to indigenous livelihood combined with these networking opportunities. The Federación de Centros Shuar was founded in 1964.318 This group in particular is important because it provided the framework that subsequent Amazonian organizations emulated. The Shuar utilized effective networking and communication techniques, forming nine centers with schools and clinics. Five of these centers would work in agriculture.319 Literacy and religious programs on the radio were the preferred method of communication between these centers.320 The Shuar were able to gain land titles by actively working their lands to gain resources. Shuar leaders came to be significant actors in both the regional and national movements.

Another significant organization was the Federación de Organizaciones Indígenas del Napo (FOIN), originally founded in 1969 (under a different name). The basis of this

315 Yashar, Contesting Citizenship in Latin America, 116.
316 Ibid.
317 Ibid., 117.
318 Ibid., 118.
319 Ibid., 120.
320 Ibid., 119.
organization was to defend their land and fight abuses by authorities. Leaders of this organization, like the Shuar leaders, gained invaluable language training and techniques from missionaries, in order to aid in their dealings with authorities. In defending their land, the FOIN pushed for land titling but took a unique approach: aware of the ability of outsiders to pressure or otherwise persuade individuals to sell land rights for goods, the organization agreed to communal land titles so that members would be unable to sell land without communal consent. The organization also sought to ensure that any disputes remained within the communities, avoiding possible abuses and fines imposed by the state.

The third significant organization to emerge in the Amazon region was the Organización de Pueblos Indígenas de Pastaza (OPIP), which formed after the Shuar organization and FOIN and was influenced by other indigenous organizations. By the 1970s, the state recognized the economic benefits of the oil industry and foreign investment and welcomed increased oil activity. The resulting effect was the formation of OPIP, which, like other organizations, were threatened by the encroachment of outsiders and sought to regain land rights. OPIP is a strong and significant organization in Pastaza, as illustrated in the above protest events. The communities rely on OPIP to deal with the state and advance the development of indigenous communities.

The three organizations are undoubtedly the most important in the creation of a regional organization. In 1980 the Shuar, FOIN, OPIP and other Amazon organizations founded Confederación de Nacionalidades Indígenas de la Amazonía Ecuatoriana (CONFENAIE), to represent Amazon indigenous groups. The goal of this regional organization was to coordinate among communities and defend land their rights and

321 Yashar, Contesting Citizenship in Latin America, 123.
322 Ibid., 123.
323 Ibid., 123.
324 Ibid., 126.
325 Ibid., 124.
326 Ibid., 129.
cultures. Additionally, the organization demanded an end to colonization, access to social programs, and a percentage of oil and mining revenues.

It is important to note the demands of CONFENAIE concerning oil. The organization sought increased access to oil revenue as of 1989. However, OPIP protests demanded a moratorium on exploration in 1994 and mediation with human rights organizations. Sharper demands in 1994 were likely in response to the recognition of health and environmental dangers stemming from the industry.

2. Division Within the Strong National Indigenous Movement

In order to understand why Ecuador’s Amazonian indigenous groups would protest hydrocarbon policies as part of a multi-sector regional movement and not as part of a national indigenous effort, it is critical to examine divisions within the country’s notoriously powerful national indigenous organization. This section describes the formation of Ecuador’s national indigenous organization and subsequently discusses divisions within it.

a. CONAIE: The Formation of a Strong National Indigenous Movement

Despite differences between highland and Amazonian regional interests, indigenous organizations were able to combine forces to create a national movement that retained the same strength that regional organizations developed. The goals of each organization were similar in that they included a desire to defend their land and their rights. The CONAIE, the national Ecuadorian indigenous organization, was founded in 1986 by ECUARUNARI and CONFENAIE. This national organization was the legitimate representative of all indigenous peoples in Ecuador, and capable of negotiating with the state on issues.

The founding of Ecuador’s national indigenous organization was not without its challenges. The first challenge that members of ECUARUNARI and

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327 Yashar, Contesting Citizenship in Latin America, 129.
328 Ibid., 131.
CONFENAIE faced was convincing regional groups that there was a shared identity between regions. At this point, the leadership turned to tactics used to develop regional organizations like networking, communicating, and building mutual trust between communities. The second and very significant challenge that the leadership faced in developing the national organization was the core principles and demands. They needed to ensure the ability of the national confederation to express the demands of each region. While land was a central issue to both of these groups, their regional understanding of the importance of land differed sharply. ECUARUNARI was influenced by a class-based opinion of land as a productive resource. In contrast, the CONFENAIE believed that land was paramount to its survival.

The views of ECUARUNARI would change with the transition to democracy, neoliberal policies, and the economic crisis. Neoliberal policies and stabilization measures forced the government to cut back on subsidies, agricultural inputs, and public expenditures. These changes negatively affected the Andean communities’ livelihood and served to shift their view of land as the fore-mentioned events imposed a new threat to their autonomy and survival. These events aligned the goals and demands of CONFENAIE and ECUARUNARI. Land rights united CONAIE and remain a core demand of the organization.

The successes of CONAIE in the early 1990s led some members to want to participate formally in politics. At CONAIE’s 1993 congress, the confederation made the decision to participate in local and municipal elections. Amazonian leaders voiced a desire to enter electoral politics and wanted to do so at the national level by joining the Movimiento Pachakutik. The idea gained widespread support in the Amazon and forced CONAIE to reconsider its stand on national elections and join the coalition movement Movimiento de Unidad Plurinacional Pachakutik Nuevo País (MUPP). The coalition movement became the political wing of CONAIE and of the Social Movement

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329 Yashar, Contesting Citizenship in Latin America, 137.
330 Ibid., 149 (footnote 120).
331 Ibid., 149 (footnote 120).
332 Ibid., 149.
Coordinator (CMS), which is an umbrella organization for non-indigenous social movements and unions. In 1996 the party won eight congressional seats and elected over seventy candidates to local and municipal positions. The elections together with the successful protests were undoubtedly a high point in CONAIE’s history. The movement began to participate regularly in politics.

b. Divisions Within CONAIE

Despite CONAIE’S political successes, the confederation began to experience difficulties in cohesion following the 2002 election of President Lucio Gutiérrez. In the run-up to that election, CONAIE and Pachakutik formed an alliance with Gutiérrez’ Patriotic Society Party (PSP). Though Gutiérrez’ campaign was in line with CONAIE and Pachakutik views, after the election he started to support austerity measures which signified a change in direction. Gutiérrez forced Pachakutik cabinet members to go along with some measures, though the members limited what they could. Indigenous organizations perceived these actions as a betrayal, and many indigenous organizations, including CONAIE, called for a change in the cabinet’s economic ministers.

The alliance between Pachakutik and the PSP crumbled when Pachakutik members began to refuse to support legislation. Following the breakdown of the alliance, internal divisions became clear as the Amazon groups criticized leaders for leaving the government, and Andean groups criticized leaders for staying too long.


334 Yashar, Contesting Citizenship in Latin America, 149.


337 Ibid.

338 Ibid.

339 Ibid.

340 Ibid.
Gutiérrez further complicated matters when he rescinded the ability of the confederation to appoint personnel in charge of indigenous affairs.\textsuperscript{341} By the end of Gutiérrez’ first year in office, CONAIE was calling for a protest to demand his dismissal, which the Amazon groups opposed and other groups ignored.\textsuperscript{342} In 2004, CONAIE tried to organize two protests, which were called off as Amazonian and other indigenous organizations refused to participate.

In sum, though the 1990s exhibited a cohesive national indigenous confederation, the 2000s showed a split within the movement. Importantly, throughout the history of the national confederation, the Amazon indigenous groups have consistently displayed their independence from the national confederation. As was exhibited in CONAIE-led protests, the Amazon groups have always had their own set of demands. During the mid-1990s, it was the Amazon groups’ desire to participate in national elections that forced CONAIE to change its decision on the matter. The Gutiérrez presidency merely served to divide the confederation further.

C. OIL PROTEST REMAINS REGIONAL

This chapter examined the actors and their demands concerning the oil industry and oil policy in Ecuador. The significant actors in protests against oil policy have included the state, oil workers, colonists, and Amazon indigenous groups. Though regional and national movements do exist, it has been local organizations that consistently address grievances and demands in the case of oil issues. The 1990 protest illustrates this fact when CONAIE leadership handed the President OPIP’s separate demands. The 1992 and 1994 mobilizations ended with OPIP again presenting a list of specific demands. The solidarity of the indigenous movement is useful when examining oil policy in Ecuador, since it exhibits the relative strength in the regional movements as compared to the national confederation. Regional struggles were enough to force the

\textsuperscript{341} Zamosc, “The Indian Movement in Ecuador,” 14.
\textsuperscript{342} Ibid.
government to increase its involvement in the sector by increasing the government’s take and announcing the renegotiation of contracts if necessary.343

As we have seen, protests around the oil sector in Ecuador differ significantly from those in Bolivia. The most effective protests in Ecuador are located in the oil-rich Amazon region, and protestors use aggressive techniques to bring the government to the negotiating table. In contrast, major oil protests in Bolivia were located in Andean cities and led by Andean indigenous groups who have no direct experience with hydrocarbon activities and do not live in the natural gas-rich region of the country.

Another important contrast between the two countries pertains to the organization of regional conservative actors. Elite-led civic committee movements are a significant force that neutralizes indigenous activity in eastern Bolivia. Similar groups are not present in Amazonian Ecuador. On the contrary, while the catalyst to mobilize is not the same for all protestors in Ecuador’s Amazon, all groups pursue the basic goal of achieving more state control in the oil sector, be that control increased revenues, limiting oil activities, or more state oversight. Protestors in the Ecuadorian Amazon therefore do not neutralize one another, as they do in Bolivia. In fact, these movements together enable the application of constant pressure on the government to change policies.344

343 Colonists, oil workers and indigenous organizations seek to physically limit or stop production during protests. These aggressive techniques have proven to be very effective.

344 I base my argument on Kent Eaton’s analysis of conservative autonomy movements in Ecuador and Bolivia. He suggests that these types of movements are present in a country’s “most vibrant subnational economic region.” The natural gas-rich region of Bolivia happens to be the economically dynamic region due to agricultural activity and not because of the hydrocarbon industry itself. In contrast to the Bolivian case, Ecuador’s oil-rich region is not the economically vibrant center of the country. In fact, as we have seen, Ecuador’s activist colonist population in the Amazon has not seen the economic vibrancy that they believed oil activity would bring and it is specifically for this reason that they oppose privatization. Eaton, “Conservative Autonomy Movements,” 3.
V. CONCLUSIONS AND FURTHER RESEARCH

When looking at the hydrocarbons sectors in Bolivia and Ecuador and mobilization around policies, there are many similarities and many significant differences. In examining across-time variations within each country, one finds that private involvement in the sector in both countries has been a continuous requirement for each country. This is important when looking at the mobilizations: while strong and forceful, they have had to concede the presence of these companies no matter how strongly movements demand their expropriation. This is evidence that when it comes to the natural resource sectors in both countries, demands for increased state oversight and control are more likely to succeed as opposed to demands to stop or limit production.

When looking at the protests demanding increased state involvement, there is marked variation across countries and across time that has to do with the ability of the protestors to evolve into or work within a national movement. The cross-country variation highlights the fact that protestors in Bolivia benefited from a national support base while protestors in Ecuador benefited from more focused regional actions. In Bolivia national mobilization is explained by the chain of events and protests that proceeded the gas wars, including the draconian neo-liberal reforms which effected a large sector of society, and the water wars which included many of the same types, if not the very same, actors as the gas wars. The techniques of MAS and Evo Morales also influenced this national outpouring of support; the party seeks to include not just indigenous groups but a large coalition from the popular sector. When looking at Ecuador’s movements, from the outset it was obvious that Amazon organizations would retain a certain amount of independence. For instance, they demonstrate their independence by submitting demands to the government separate from the demands proposed by the national movement; seeking participation in national elections when CONAIE had decided at its 1993 congress to participate locally; and refusing to
participate in CONAIE-organized protests in 2004. Scholars have attributed this behavior to regional cleavages that persist despite the formation of CONAIE.

When looking at the variation between countries concerning mobilization in the hydrocarbons rich regions of Bolivia and Ecuador, there is a decided difference in the strength of indigenous movements. In Bolivia, like in Ecuador, the indigenous groups in the eastern region are very small and widely dispersed. In Bolivia, however, the hydrocarbons sector is located mostly in the Chaco region and thus has no effect on those groups living in the Amazon region. So not only are the populations small in general, but they get even smaller when the eastern region is split between the Amazon and the Chaco. Another factor affecting mobilization in the hydrocarbons-rich region of Bolivia is the presence of strong conservative civic committees lead by business interests who support foreign investment in the hydrocarbons sector. The interests and strength of these groups encourage the support of eastern indigenous tribes by appealing to their demands for land. In contrast, in Ecuador, the populations in the Amazon are all affected by the presence of oil, which has been there for a much longer period of time relative to the Bolivian case. Ecuadorian populations have therefore felt the direct effects of the industry on their livelihoods over a significant amount of time. Though there are differences in opinion among these groups on the activities of oil, they have all figured out how to make their demands heard: using aggressive protest techniques that cut off production and force negotiations.

A. THE EFFECTS OF INCREASED STATE INVOLVEMENT IN THE HYDROCARBON INDUSTRY

This thesis explained the events and issues leading up to the recent increase in state involvement in the natural gas sector in Bolivia and the oil sector in Ecuador. The

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346 One example of these regional cleavages is illustrated by José Antonio Lucero: “conflicts at national congresses and assemblies often revolve around the problem of region.” José Antonio Lucero, “Locating the ‘Indian Problem’: Community, Nationality, and Contradiction in Ecuadorian Indigenous Politics,” *Latin American Perspectives* 30, no. 1 (2003): 37.

following is a discussion of the implications of these policy changes that have materialized thus far. While there is a limited amount of scholarly material available on the effects of hydrocarbon policy reforms, reports suggest that actions taken by both governments to increase state control of the sector has the potential for triggering renewed unrest which could in turn cause decreased private investment in Bolivia and Ecuador.

In Bolivia, the potential for renewed unrest under the Morales government is likely due to the inability of the natural gas industry to benefit the popular sector, which is what these populations had demanded in their push for nationalization. As Kohl and Farthing point out, nationalized or not, the hydrocarbons industry will not be immediately beneficial.\(^{348}\) Morales gained the support of the underprivileged population, to include indigenous groups, during his rise to the presidency. The belief among these groups is that the hydrocarbons industry can create jobs, improve infrastructure, direct revenue toward social programs, and redistribute wealth. However, the reality is that the industry provides little opportunity to skilled workers and even less opportunity to unskilled workers. While Morales has been able to direct some of the increased revenues toward social programs for children, pregnant woman, and the elderly, only 35 percent of revenues will actually go to new investments, like these social programs.\(^{349}\) Kohl and Farthing further point out that to extract natural gas resources effectively, a large amount of investment is necessary to improve or develop infrastructure, and this infrastructure often does not benefit society in the way that many Bolivians believe it will.\(^{350}\) Finally, Kohl and Farthing argue that social benefits may keep Bolivians satisfied in the short term, but current and future Bolivian governments will need to undertake major economic reforms in order for them to make the desired benefits a reality.\(^{351}\) Disappointment due to the lack of social benefits and employment opportunities resonates mostly with Morales supporters; during his campaign, Morales signaled that

\(^{348}\) Farthing and Kohl, “Material Limits to Symbolic Victories,” 3.

\(^{349}\) Ibid.

\(^{350}\) Ibid.

\(^{351}\) Ibid., 5.
nationalizing the natural gas industry and increasing the government’s take would benefit the popular sector. Furthermore, reports indicate that foreign investment has decreased and that neighboring countries are now seeking sources of natural gas that are more reliable, adding to the uncertainty caused by the nationalization.352

On the other side of this discussion on unrest are non-indigenous movements from the natural gas-producing department of Tarija, whose inhabitants demand that they receive a significant share of the increased revenues and align themselves with the Santa Cruz autonomy movements described above.353 These movements have placed an emphasis on protecting their entitlements in terms of natural gas revenues.354 Further research on these issues will reveal the position of President Morales in terms of how he will deal with these conflicting interests. As President, he is beholden to his constituency but at the same time must maintain political stability. Movements in Tarija only strengthen the demands for autonomy, but President Morales can potentially ally with these movements if he is able to yield to their demands.

In Ecuador, like in Bolivia, the implications of increasing state control over oil include renewed social unrest and a reported decrease in foreign investment. The Ecuadorian government announced its plan to renegotiate oil contracts with private companies in 2007.355 Private companies have rejected these demands and have


354 Humphreys Bebbington and Bebbington, “Anatomy of a Regional Conflict.”

decreased investment and activity to reduce their risk.\textsuperscript{356} One report suggests that the reduced investment has brought down oil production by 4.9 percent.\textsuperscript{357}

President Correa also faces increasing unrest from social forces that demand the protection of parts of the Amazon where oil exists but has not been exploited. President Correa himself initially supported this project, with his initiative to “leave almost 1 billion barrels of oil in the Ishpingo Tambacocha Tipituni oilfield unexploited, in return for international compensation totaling half of the projected revenues.”\textsuperscript{358} On its website, the North American Congress on Latin America (NACLA) suggested that progress on this project has been slow due to Correa’s unwillingness to negotiate with the countries who are supposed to pay to keep the oil in the ground.\textsuperscript{359} The NACLA website further noted that the Shuar Amazon indigenous organization claimed it would defend its territory if the state attempted to exploit resources on their land.\textsuperscript{360}

It may be too early to assess the effects of increasing state control of the industry in Bolivia or Ecuador, but this initial analysis of contemporary politics surrounding the hydrocarbon industry in the two countries suggests decreased private investment. Furthermore, government policies to spend oil and gas revenue have left many social sectors dissatisfied. These factors combined could in the future lead to a reversal of policies aimed at increasing the state’s role in the industries.


\textsuperscript{360} Ibid.
B. BUY-OFFS: THE INTRICACIES OF RELATIONS BETWEEN PRIVATE COMPANIES AND LOCAL COMMUNITIES IN HYDROCARBON REGIONS

Although this thesis has focused on opposition to hydrocarbon companies and the organizing capacity of communities in hydrocarbon regions, in fact, relations between companies and communities are more complex. I will now discuss how in some cases, oil companies have bought off indigenous communities, interrupting the potential for communities to come together and mobilize cohesively against the companies and the government.

As a first example, a Huaorani organization, the Organización de las Nacionalidades Indígenas de la Amazonia Ecuatoriana (ONHAÉ), actually welcomes oil company investment for the improvement of their livelihood. This Ecuadorian Amazonian group benefits from multinational oil companies, thereby eroding indigenous solidarity in the region. A brief analysis of the ONHAÉ case shows that it initially formed independent of oil companies, and was quickly coopted.

Four factors lead to the creation of ONHAÉ, which was founded in March 1990. First, a core group of young ambitious, educated men wanted to improve the living conditions in their communities and felt that they could act as mediators between the community and the state.\footnote{Lawrence Ziegler-Otero, Resistance in an Amazonian Community: Huaorani Organizing against the Global Economy (New York: Berghan Books, 2004), 78.} The second factor was the decreasing presence of the missionaries of the Summer Institute of Linguistics (SIL), who had acted as mediators between the Huaorani, the state and other outsiders. The missionaries had, on an ongoing basis, denounced indigenous organizing and further forbade the Huaorani peoples from engaging with these organizations.\footnote{Ibid.} The third factor was the growing influence of outsiders, to include CONAIE, CONFENIAE and OPIP, who encouraged the community to organize. The final and most important factor behind the founding of ONHAÉ was the increasing oil activity in their territory by multinational oil companies.
In 1992, ONHAE staged a march that would mark a turning point in the history of the organization and draw it into negotiations with multinational oil companies. ONHAE marched to Quito and camped on the street outside of Maxus and Petroecuador for a week until then President Sixto Duran Ballen agreed to meet with the organization. According to Ziegler-Otero, ONHAE leadership attempted to voice its grievances but ended up signing the first pact between ONHAE and the private oil company Maxus, which operated in the same zone where ONHAE members lived.\(^{363}\)

The negotiations granted Maxus permission to build roads in Huaorani territory in exchange for the construction of a school building and medicine.\(^{364}\) Although the pact was controversial within ONHAE, even after the organization held elections to replace the ONHAE leadership that had signed the first pact, the newly elected president signed a second pact with the company. This new pact called on the oil company to participate in community development by training medical workers and teachers, providing vaccinations, transporting the teachers to the communities, and limiting the access of outsiders to the Maxus roads.\(^{365}\) Because of these and other agreements, different oil companies have been able to establish a personal relationship with ONHAE, even paying for the organization’s office and paying some salaries to ONHAE workers.\(^{366}\) ONHAE receives benefits for its members from the agreements with the oil companies. However, those agreements have served to undermine other indigenous organizations: “The leadership of OPIP has been very frustrated by these separate Huaorani agreements, which it sees as weakening its own position in dealing with not only Maxus, but with all of the oil companies in the region.”\(^{367}\)

Another case involves neighboring Amazon indigenous communities, the Cofán and the Secoya, who engage in what Valdivia calls “authentic” and “inauthentic” indigeneity. The Cofán community has engaged in authentic indigeneity, in that the

\(^{363}\) Ziegler-Otero, Resistance in an Amazonian Community, 83.

\(^{364}\) Ibid.

\(^{365}\) Ibid., 84.

\(^{366}\) Ibid.

\(^{367}\) Ibid., 150.
community has collectively opposed oil operations in their territory by destroying oil infrastructure and expelling oil technicians from their territory who were there illegally.\textsuperscript{368} This behavior contrasts with that of the neighboring community of the Secoya, which has engaged in inauthentic indigeneity by owning cattle and negotiating with oil companies.\textsuperscript{369} Secoya activity resulted in the loss of support from environmentalist groups who felt that the Secoya were “weakening a pan-indigenous position against oil development.”\textsuperscript{370}

These cases are just a few examples of the complexity of the relationship between indigenous organizations or communities, the state, and oil companies. Further research on the divisiveness of this activity could address the impact on indigenous organizing, the oil industry, and political stability. Nonetheless, closing this thesis with a discussion of varied company-community relations in oil regions is paramount, as it cautions us not to assume consistency or continuity in the political positions of different social sectors with regard to the development of hydrocarbons or, particularly relevant to this analysis, for the public-private balance in the sector.


\textsuperscript{369} Ibid., 294.

\textsuperscript{370} Ibid.
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