

MARIA'S PARADOX: OIL EXTRACTION AND MISSING DEVELOPMENT ALTERNATIVES IN THE ECUADORIAN AMAZON

Introduction

Maria lives in an area where oil operations are the defining feature. She recognizes the oil industry has detrimental effects on the development of her community: environmentally, economically, and social ly. Yet, she is still in favour of more oil activities. Why is that? This article seeks to answer that question.

History of oil extraction in Ecuador

- 1967 Texaco-Gulf drills first productive oil well
- 1972 Start of production
- 1973 Ecuador joins OPEC
- 1970s - 1980s 'Petroleum period'
- 1980s Decline in oil prices leads to economic instability and debt crisis
- 1982 Launch of austerity program, ending a decade of high growth rates ("age of petroleum prosperity")
- 2000s High oil prices create hope for economic development, and nationalization increases public investments
- 2014 Decline in oil prices
- 2017 New round of austerity measures

Oil extraction in Ecuador's national policy

Central role | Ecuador's five-decade aspiration for extractive-led development has put extractivism at the centre of its development policy and planning.

Benefits | There was no "trickle down effect", but extraction produced positive results when coupled with appropriate policies. Under leftist President Correa, the oil industry's nationalization enabled increased public spending on health, education, and infrastructure.

Challenges | Ecuador's over-dependence on oil created economic and political problems. Oil formed the main share of exports and funded a large part of the state budget. The volatility of oil prices made the country vulnerable to shocks.

Negative effects of oil extraction



Socio-economic

- Loss of territorial access (eroding old ways of securing livelihoods)
- Limited employment (few indigenous inhabitants find sustained employment in oil)
- Social problems (drug abuse, prostitution, criminality)



Environmental

- Deforestation (for construction of oil, roads, and other oil-related infrastructure)
- Loss of biodiversity
- Pollution (and ensuing health issues due to human exposure)



Political

- Corruption and state-capture
- Political marginalization (being disempowered in regards to decisions concerning one's community)

Immiserizing growth

When economic growth leads to no or limited benefits for those at the bottom of the distribution chain.

These benefits could be understood to extend beyond income and economic dynamics.

It could take into consideration societal dynamics and structures, health, life satisfaction and space for (political) participation in decision-making related to one's environment.

The problem of the extractive imperative

Failed promise of development | Though public spending funded by oil extraction enabled important improvements, extraction did not fully deliver the promise of development. Extractivism failed to deliver well-being to local communities. However, its partial successes have enabled efforts to achieve extractive-led development to continue.

Disproportionate role | Oil occupies a disproportionate role in the Ecuadorian economy, but particularly in the Amazon. Its overwhelming presence dominates economic, social and cultural dynamics. Transitioning away from over-dependence on natural resources is challenging.

Extractive imperative | Efforts to achieve extractive-led development shape local situations in such an extensive way that they obstruct other options. In the case of the Ecuadorian Amazon, there are few realistic alternatives for local communities to improve their well-being. The extractive imperative drowns out any other path to development.

Conclusion

Maria's Paradox | Communities living around extractive industries are suffering from the deterioration of their natural and social environments. However, the limited benefits of oil-led development are the only consolation. This leads to Maria's paradox: despite awareness of the negative effects, she is still in favour of more oil extraction. As there are few alternatives, while the communities are still not benefiting (enough) from the oil extraction, they want more of it rather than less.

Missing alternatives | Maria's paradox is a therefore a response to the absence of an alternative strategy for development. One could question though to what extent Maria's choice is made freely. This case shows how "the immiserizing effects of oil extraction go beyond their environmental and economic impacts on well-being, but can also be found in the way they crowd out other ways of envisioning and enacting development".

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