
Taxation without Hegemony: Land, Fiscal Conflicts, and the Limits of Post-neoliberalism in Ecuador

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Ecuador in the first decades of the twenty-first century was seemingly a country transformed. President Rafael Correa, who, together with his party, Alianza País, dominated electoral politics for a decade after 2006, proclaimed a ‘Citizens’ Revolution’ that would pursue ‘socialism for the 21st century’. The constitutional convention of 2008 redefined Ecuador as a plurinational state that recognised the collective rights of Indigenous and Afro-Ecuadorians and nature. It was also a period of sustained economic growth and political continuity unprecedented in modern Ecuadorian history, which contrasted particularly with the preceding decades’ financial crises, economic depression, popular revolts, and coups.¹ The consolidation of the ‘revolution’ was rendered concrete through a major expansion of infrastructure and buttressed by the increasing repression of independent Indigenous, environmental, and trade union organisations. Time has, however, proved this consolidation illusory: by the early 2020s, other parties were in power, Correa and many of his collaborators had been convicted on corruption charges, austerity had returned in force, and ambitious infrastructural projects had been abandoned.

One key reason for this rapid reversal was the project’s speculative dependence on the price of oil (Lyall & Valdivia 2019). But other contradictions and challenges of the Citizens’ Revolution as a political process, and particularly as a hegemonic project, also contributed to its unravelling. Taxation was one important source of controversy.² In this

¹ For example, Correa was the eighth president to take office in ten years, and the only one of those to finish an elected term.

² Correa’s government marginally increased rates of taxation and collection (as had his immediate predecessors) and made the tax system somewhat more progressive. It is

chapter, I consider two contentious processes involving land taxes that, taken together, reveal limits and contradictions of the Citizens' Revolution as a 'progressive' hegemonic project that was supposed to serve popular interests and confront Ecuador's profound inequalities. I hope that attention to these limits and contradictions might provide lessons for future transformative political projects with a more democratic and decolonising vocation.

The first controversy centres on the ongoing campaign to maintain the distinct property regime, and constitutionally-guaranteed-tax-free status, of land within the *comunas* (communes) of the Quito Metropolitan District (DMQ). This campaign has been led mainly by activists with the Pueblo Kitu Kara, part of the Confederation of Indigenous Nationalities of Ecuador (CONAIE). My analysis draws on participant observation and dialogue with leaders and promoters of the *comunas* as well as their interactions with representatives of the municipality of Quito between 2015 and 2019.³

The second controversy concerned a value-added land tax, generally known as the *ley de plusvalías*, but officially titled the 'Law to Avoid Speculation on the Value of Land and the Establishment of Taxes'. The tax at the centre of this law was intended to control speculation and insider trading in land and socialise extraordinary, unearned income from the appreciation of land values. This tax – proposed together with an equally controversial inheritance tax – was widely opposed by homeowners (especially, but not only, the more affluent among them), as well as by the politically powerful real estate and construction industries. Mass protests between 2015 and 2016 succeeded in blocking passage of the inheritance tax, and the *ley de plusvalías* had been revoked by 2018 in a referendum organised by Correa's successor, Lenin Moreno. In my discussion of this law, I draw on observations of the protests, conversations carried out with opponents and supporters of the bill, participation in academic forums about the tax, and a review of news and other media produced by proponents and opponents.

The frames of contention in the two cases were distinct: the first appealed to constitutional guarantees and Indigenous rights against a traditional property tax, and in the interests of preserving a distinct form of land tenure and community organisation; the second used a discourse

important to note, however, that taxes never became 'high' by international standards: the tax increases of this period barely brought Ecuador up to the per-capita average for Latin America, hardly a region of high taxation in general (CEPAL 2018).

³ For further discussion of methods, see Rayner (2017, 2021).

of private property rights and economic rationality to advocate against an anti-speculative land tax. The juxtaposition is itself instructive: putting these two controversies up against each other reveals the plurality of material interests within contemporary Ecuadorian society, even within the Quito metropolitan region. It also highlights the tensions between the multiple objectives advanced by a purportedly post-neoliberal, plurinational state, which pursued the conversion of communal land into (tax-paying) private property (in possible violation of the 2008 Constitution), even as it simultaneously sought to use taxation to limit the speculative buying and selling of land.

Such contradictory projects and discourses point to a political formation that does not derive from a compelling national hegemonic project.⁴ The absence of such a project has limited the spread of institutions of the capitalist state – such as registered private property in land – as well as the forms of ‘consensus’ (or delimited contention) that surround processes of institutional homogenisation and consolidation, including the legitimacy of the national state and the use of taxation in the service of ‘national interests’. By the same token, there is remarkable diversity in forms of property and government.

Much of the significance of the Citizens’ Revolution is that it seemingly came close to consolidating such a hegemonic order at the national scale. Alianza País was the first political party to win electoral support throughout the national territory in a context of universal suffrage (Errejón & Guijarro 2016). It did so while promoting an emphasis on national interests and national inclusion (‘the country is for everyone’), even as it drew sharp lines between the Ecuadorian people and its internal and

⁴ My understanding of hegemony draws on Gramsci’s prison writings as well as scholars who have worked closely with them (Crehan 2002, 2016; Thomas 2009, 2020). While the term is often employed in anthropology as a shorthand for domination exercised primarily through culture or ideology (Crehan 2002), Gramsci’s hegemony was developed primarily to understand the dynamic organisation and leadership (*direzione*) of revolutionary change, including capitalist state formation (Thomas 2009). This bourgeois hegemonic project implied the creation of new state forms and institutions as well as capillary organisational and cultural work by ‘intellectuals’ (e.g. Crehan 2002, 2016; Riley 2010; Thomas 2009). There is, of course, also an extensive debate over what hegemony means more specifically in the post-colony or periphery. The title of the chapter references Guha’s (1998) foundational argument, although the specific relationship to his argument will remain undeveloped here. Considering that the recent literature on ‘post-hegemony’ in Anglophone Latin American studies (e.g. Beasley-Murray 2010), like much anthropological treatment, also starts from a particularly idealist definition of the concept (Thomas 2020), a principal goal of this chapter is to demonstrate the analytical utility of a concept of hegemony that begins with a processual focus on how institutions are created and transformed.

external enemies (the privileged classes, US imperialism, the Indigenous and ecological movements). Programmatically, despite invocations of 'socialism', the project promoted a consolidated and stabilised path for capitalist development, which combined redistributive measures such as progressive taxation, better wages and working conditions, and the nationalisation and socialisation of natural resource rents, with the creation of infrastructure for capitalist development, through the support of strategic areas like tourism and biotechnology, as well as fostering institutions such as the registration (and taxation) of private property in land. Such a combination of social reform with the creation of an infrastructure for capitalist accumulation is typical of processes of 'passive revolution' that have sought to consolidate capitalist hegemony (see Morton 2011; Rayner 2021; Thomas 2009: 145–152).

As a hegemonic project, however, the Citizens' Revolution had some particular features that both conditioned and limited it. In the first place, its activists and intellectuals were largely drawn from a segment of the middle class with professional experience in academia and non-governmental organisations (Errejón & Guijarro 2016: 39). Already facing opposition from economic and political elites, Correa quickly entered into conflict with the full spectrum of movement organisations, including trade unions, environmentalists, feminists, and the Indigenous movement, while his substantial popular support remained largely passive and electoral. The style of 'technopopulism' (de la Torre 2013) reflects this: led by middle-class professionals, it adopted a vertical and technocratic approach to reform, and promoted an abstract concept of citizenship that delegitimised the demands of specific social groups, especially trade unions and Indigenous peoples, as 'corporatist' (Errejón & Guijarro 2016; Ospina Peralta 2011).⁵

The tax policies of the Citizens' Revolution – and the resulting controversies – were shaped by these characteristics as a hegemonic project. The emergence of a normative tax politics is an underappreciated aspect of capitalist hegemony: arguments about taxes centre conflict around a delimited set of distributional questions, which have been made still more tractable for the wealthy through the idea that taxes harm 'economic growth' and 'kill jobs' (King 1983; Crehan 2016: 134–141).⁶ If this tax

⁵ This assertion of universality from a position of particularity is, of course, a classic hegemonic move.

⁶ This preserves control over the 'decisive nucleus of economic activity', for Gramsci (1971: 259–260) the minimal condition of a class's hegemony.

politics has been more consolidated in the capitalist core, a normative package of tax policies and discourses has also diffused widely as an institutional template for capitalist states (see Scott 2009). This normative tax politics delimits rather than eliminating controversy – taxes, after all, are contentious. But within the set of normative tax policies, some kinds of taxes attract particular controversy and are more prone to variation. Inheritance taxes are a notable example, because they implicate concepts and commitments of kinship and family (Beckert 2007), and raise a fundamental contradiction in the liberal tradition between rewarding hard work and treating private property as an absolute good (see Hetherington 2011: 120–122). An even more controversial kind of tax are those designed to socialise unearned income from land rents, like the *ley de plusvalías* discussed in this chapter – so much so, that it is hard to find an example of anyone actually implementing such a tax for a significant period of time, which leaves them outside the normative tax policy package. This is interesting, given the long history of liberal thinkers who have lent support to such taxes, including Thomas Paine, David Ricardo, and Henry James; as with inheritance taxes, liberal theory can countenance attacks on propertied interests that are, in really existing capitalist societies, politically impossible.

The normative taxes play other important roles in building the institutional infrastructure for capital accumulation. Property taxes encouraged the spread of private property in land in early modern Europe (Scott 1998), while from the late twentieth century, the drive to encourage land registries and property taxes to the rest of the world became a key part of a hegemonic project to universalise North Atlantic capitalist state and property forms (Scott 2009; see also Krupa 2015: 100).

Aspects of this now globally circulating, hegemonic tax politics are certainly present in Ecuador. Public culture and policymakers have assimilated its models, categories, and arguments. ‘Progressives’ look to high-tax European social democracies, while the argument that taxes ‘smother economic growth’, in the words of Christian Democratic Party leader Jaime Nebot, has been widely disseminated (Paz y Miño Cepeda 2016). Christopher Krupa (2015) shows how a plan to introduce property taxes in the rural, and largely Indigenous, Ecuadorian canton of Cayambe in 2002, drew on globally circulating discourses of property, development, and state decentralisation. Crucially, however, this project was transformed by the context of conflict over land and labour and the long tradition of the exercise of state-like authority by large landowners. The consolidation of a hegemonic tax politics has been limited by the diversity of ways of life and forms of property and governance.

The absence of a consolidated, hegemonic tax politics provided openings for approaches to taxation that depart from the normative package (this was after all, a 'revolutionary' process), including the *ley de plusvalías* (promoted by Alianz País) and a juridical category for tax-free communal property (promoted by the Indigenous movement). But the limits of the Citizens' Revolution prevented it from consolidating more transformative proposals. The *ley de plusvalías* is emblematic: as a radical technocratic intervention that did not directly respond to the demands of any organised social group, it could not survive the intense opposition that it provoked, and certainly contributed to the erosion of Correa's support. By contrast, the recognition of communal property and its tax-free status, which responded to demands from communal leaders and activists, seems more likely to endure.

Disputing the 'Property' in Property Tax

There are more than forty-five functioning *comunas* within the DMQ, communities and territories with a distinct mode of property and governance. In general terms, they are characterised by Indigenous ancestry, government through assemblies and an elected council (*cabildo*), collective celebrations and work brigades (*mingas*), and a distinct, usufruct-based property regime – although each of these aspects varies in practice, as the *comunas* in the DMQ are remarkably diverse, ranging in population from a few families to 10,000 persons, and from substantially rural to highly urbanised.

They are also surrounded by political and juridical ambiguities, a product of the unresolved paradoxes of an exercise of power – at once profoundly colonial and perennially unsettled – that regularly provokes processes of contention and renegotiation. Formally, they are regulated by the 1937 Law of Communes, although the law is increasingly being challenged as a limitation on the *comunas*' constitutionally guaranteed right to autonomy. Despite the law and the Constitution, the *cabildos* often struggle for recognition – by the municipal government, by residents of Quito in general (including those involved in buying and selling land), and even the *comuneros* themselves, a phenomenon that communal leaders and activists describe as 'invisibilization'. Their territories do not appear on maps, for example.

The relationship between the *comunas* and the municipality is often particularly contentious. Conflicts have involved land use, water, communal property, and the payment of property taxes (Rayner 2017, 2021).

In the past state actors at various levels have often pushed for the dissolution of *comunas*, especially when they have become more densely urbanised (see, for example, Jácome Calvache 2019). By the time of my fieldwork, however, the *comunas* had strong constitutional protections and were defended by an established and powerful Indigenous movement. Of particular importance here, Article 57 of the 2008 Constitution, amplifying the provisions of the 1998 Constitution, declared that the *comunas* have a right to ‘maintain the imprescriptible ownership of their community lands, which will be inalienable, unseizable, and indivisible. These lands will be exempt from the payment of fees and taxes.’ While the municipal and national states pursued more indirect strategies to make claims on communal territory, the Pueblo Kitu Kara and affiliated communal leaders and activists campaigned for the recognition of communal property. The issue of property taxes was central to the process of contentious negotiation that followed. Property taxes are bound up with the creation of certain kinds of property relations, which in turn suppose certain ways of relating to the land and organising collective life.

The importance of property tax, and its intimate relationship to the privatisation of land, was made clear to me at the beginning of my field research in 2015, when I attended a meeting between representatives of the municipality and the *comunas* to discuss the issue of taxation. The municipal official conducting the session attempted to convince the *comuneros* (commune members) that land held in usufruct was in fact a form of ‘private property’ and should be registered and taxed as such.⁷ Communal property and its tax exemption, she claimed, applied only to those lands actively used as public or common spaces (the communal meeting house, soccer fields, and the like) – and not to lands held in usufruct by individual *comuneros*, which is the majority of communal land in most cases.⁸

To bolster her argument that most land in the *comunas* is private property, she pointed out that communal land is, in fact, bought and sold. This is indeed a complex issue. In theory, only *comuneros* can buy usufruct rights. The 1937 Law of Communes allowed conversion of land

⁷ For the sake of readability, in this English-language text I use the masculine form *comunero* instead of the more gender-inclusive forms, with apologies to those who may feel less represented as a result.

⁸ At the time my fieldwork began, the city government had recently passed from Alianza País to the more neoliberal CREO party. Policy towards the *comunas* has, however, been relatively consistent across administrations.

to private property (i.e. sale to non-*comuneros*), given approval by the communal assembly and a representative of the national government, but the declaration of communal land as 'inalienable' in the 1998 and 2008 Constitutions would seem to make such sales illegal as well. In practice, communal land *has* been extensively privatised, legally or not. Most *comunas* have at least some lots officially registered as private property within their territories, and in Cocotog, for example, a large *comuna* in north-eastern Quito, the great majority of the land is private. Purchasers may also be enrolled in the *comuna*, maintaining the land in usufruct.

Even given the complexity of communal property relations in practice, the official's equation of usufruct with private property was a striking case of misrecognition – after all, communal property is not an uncodified vernacular or 'traditional' form, but a legal category that has been on the books for nearly a century, and with twenty years of explicit protection by the Constitution. In fact, however, the misrecognition reflected a more systematic (and systemic) negation. Most decisively, the municipality simply had no category in its cadastre with which to register communal property held in usufruct. And, as in the case above, municipal employees often seemed to be unfamiliar with both legal status and practices of usufruct (as are most ordinary citizens). Communal land was, as a result, often described as 'informality' – that is, 'unregularised' private property in waiting. Some of this misrecognition was certainly motivated – by the collection of property taxes, or by an ideological or material interest in the creation of private property. But it is also certainly a reflection of the 'invisibilisation' of the *comunas*, the social and cultural gulfs of contemporary Ecuador, and the influence of the globally circulating normative property regime, with its apparently neat divisions of land into 'public' and 'private'. As one representative of the Pueblo Kitu Kara said in a roundtable with agents of the municipality in 2016, 'our understanding of property is completely different from yours.' By 2019, the municipality had agreed to create a category of 'communal juridical property' (with the concession that lots registered as private property before 1998 would continue to pay taxes), although it has not been carried out as of this writing.

Recognition of communal property was a priority for the Pueblo Kitu Kara largely because the inalienability of communal land helped to maintain the *comunas'* viability as self-governing territories. The objection to paying property taxes was a part of the larger demand for the recognition of communal property, and was therefore more about the

maintenance of communal institutions than it was about the taxes as such. Of course, property taxes are an economic burden and can also contribute directly to displacement, especially where persons with low incomes are in possession of lands of high or rising values. Although Quito's property taxes are relatively modest, the *comunas* are among the lowest-income communities of the DMQ (Instituto de Estudios Ecuatorianos 2014), and some *comuneros* did raise the concerns that taxation would contribute to displacement during discussions of communal property and taxation.

Property taxes and the registration of private property titles were also bound up with negotiations over the provision of municipal infrastructure and services. Municipal officials presented the payment of property taxes as a reciprocal exchange, arguing that insofar as the *comunas* do not pay property taxes, they should also be ineligible for municipally provided infrastructure and services. From the point of view of the *comunas'* advocates, however, municipal officials made illegitimate use of the promise of public works to convince the *comuneros* to vote to dissolve their *comunas* and convert them into 'regular' neighbourhoods. They pointed out that many of the services at issue, such as water and electricity, are financed by user fees, not property taxes, and argued that the constitution guaranteed both equal rights to public services and the right to maintain communal land tax-free.

Some *comuneros* also reject the presumption of equality behind the assertion of a shared obligation to pay property taxes. Doris, an activist with the Pueblo Kitu Kara, pointed out that they *do* pay taxes, 'every time I buy gum or a yoghurt.'⁹ But she then went on to say:

It is very clear in the law of collective rights that we as *comunas* do not have to pay taxes, because we are the original inhabitants here . . . And not because the government says we are all equals [*somos iguales*] and we should all pay. No and no. They say we are all equals but, let us see, did we have the same education? We never did. In the rural parishes it was impossible . . . I achieved something, but that was me, an effort that I made . . .

The negation of the equal obligation to pay taxes appeals to both the historical legacy of colonial domination and the unequal distribution of opportunities, with its implicit critique of the state. According to Doris, the limited educational opportunities that the state provided were only

⁹ This is a pseudonym, as are all names provided without family names in this chapter.

accessible by means of enormous personal effort (including long and dangerous journeys by bus at night). But because *somos iguales* means both 'we are the same' and 'we are equal', the negation of the phrase also points to an assertion of difference.

Underlying the conflicts between the municipality and communal activists were divergent assumptions about property, political authority, and what constituted a desirable way of life. Reflecting longstanding emphases of Indigenous politics, communal activists sought to foster the *comuna* as an autonomous, self-managed territory (see, for example, Postero & Tockman 2020; Rivera Cusicanqui 1991; Yashar 2005). This meant making their own collective decisions over communal territory, as well as attempts to foster economic independence, through agriculture, the 'social and solidarity economy', or building and maintaining their own infrastructure (Rayner 2021; Testori 2018). At the same time, the *comunidades*' ability to carry out their own works depended on contributions from *comuneros*, both voluntary and obligatory, in labour and money. Freedom from property taxes partially counterbalanced these and other obligations of communal life, but in the end the ability of the *comunidades* to carry out works is limited. The appropriate relationship to municipal was a matter of debate, and, as we have seen, *comuneros*' understanding of the relationship was often distinct from that of the municipality. Javier, who had recently finished a term as head of a *cabildo*, complained that 'all they see when they look at us is money' – that the municipality is only interested in collecting property taxes, when the *comuna* should be understood as an exemplar of participatory democracy, and receive a portion of the city's budget to self-administer for public works. At the same time, municipal service provision was sometimes presented as the first step in losing communal autonomy or being subject to exploitation by the municipal enterprises (Rayner 2021).

Importantly, it was only by active pressure from below, including protests and lawsuits, that these debates became both public and consequential. The relationship between municipal services, private property, and property tax was embedded in legal and administrative practice, making its reproduction almost routine. For the municipality, the absence of registered property and lack of access to services went together in a single condition of 'irregularity', and had to be resolved together.¹⁰

¹⁰ The following quotation from a municipal webpage for the 'Regularize Your Neighborhood' program is indicative: 'Once your neighborhood is regularized, it can access basic services like: drinking water, electricity, sewage and civil works like: roads,

The fact that there was no category for communal property in the cadastre, however, meant that registration necessarily implied privatisation. As a result, *comuneros* have been induced to register their lands as private property to receive access to services.¹¹

Notably, it was the mayoralty of Alianza País (2009–2014) that really kicked the registration of private property into high gear through the programme ‘Regularize Your Neighbourhood’ (*Regula tu Barrio*), which provided property titles together with access to urban infrastructure and services to more than a hundred thousand residents of Quito. Members of the party in and outside of the municipality promoted the programme as one of their most successful initiatives. Defenders of the *comunas*, however, denounced it for intruding into and privatising communal lands. That an emblematic project of the Citizens’ Revolution should be the extension of the form of property most appropriate to the capitalist mode of production, together with improvements in popular access to basic services, is suggestive: such a combination of capitalist institution building with social reforms to undergird political stability has characterised the more successful bourgeois hegemonic projects. In this light, it is not surprising that its militants sidelined the collective rights and property forms proclaimed in the 2008 Constitution. As we will see in the following section, however, it would be misleading to reduce the Citizens’ Revolution to a hegemonic project of the propertied classes.

Socialising Unearned Gains

While these *comuneros* were defending communal territory and property, Ecuador’s middle and upper classes were mobilising against two newly proposed taxes, the value-added land tax (*ley de plusvalías*) and an expanded inheritance tax. Protestors donned black shirts in ‘mourning’ and blocked Shyris Avenue, a busy street in a high-rent district of Quito, for several weeks, as increasingly large protests were organised in Quito and Guayaquil. President Correa was out of the country, and there were rumours of a possible military coup. As a result of the protests, the inheritance law was retracted. The *ley de plusvalías*,

paving, sidewalks, etc.; and, in that way, improve the quality of life of all of the inhabitants’ (Quito Informa 2018, emphasis mine).

¹¹ There are of course many other reasons why people would want to register as private property – the apparent security of a widely recognised title, the possibility of mortgage or sale at a higher price outside of the *comuna*.

which was passed the following year, was also short-lived: Correa's successor, Lenin Moreno, included repeal of the law in a referendum as one of the first acts of his presidency, which was approved overwhelmingly by voters.

While the inheritance law was a straightforward, modest, progressive tax on patrimonies over \$150,000, the *ley de plusvalías* was both more complex and more interesting. By capturing the lion's share of extraordinary profits from land-value appreciation, the law aimed to discourage real estate speculation while socialising unearned gains. Its basic mechanism was a tax of 75 per cent on the 'excess profits' from the sale of land, which were defined as profits above the prevailing passive interest rate, allowing for deductions for construction and improvements (as well as a standard deduction). The taxes collected were to be earmarked for urban public works, with a guaranteed percentage for water and sewage.

Supporters of the tax pointed out that increases in land values were often the result of public investments, resulting in a private appropriation of public wealth. Worse, those with privileged access could influence decisions about the location of public investments or use prior information about planned projects to manipulate the land market. Correa explained the law in one of his Saturday public addresses in November of 2016, after nearly a year and a half of controversy:

This law is for the land speculators, to avoid the real estate bubbles that destroyed our migrants in Spain – and before that the same thing happened in the United States, right? So, do not be fooled by the usual suspects . . . 'if I sell my house for 120 [thousand] the state is going to take it all' . . . This law is tremendously beneficial to avoid land speculation, illegitimate gains, gains from public works . . . We build a highway, and the price of land triples, the whole country pays, the whole Ecuadorian people pays the cost of constructing the highway, but the additional value from that work is privatised, it is only for the fortunate that have lands along the highway. And it's worse when some have access to privileged information. 'Buy this piece of land because the mayor told me that in two years, they are going to build a highway or a street.' OK? That's worse, that should even be a crime, legally sanctioned . . .

The opposition to the tax invoked a range of counter-arguments in newspaper opinions, social media posts, academic forums, and the like. To begin with, the *ley de plusvalías* was presented together with the inheritance tax as the confiscation of family patrimony. Maricela, a young architect from a family of real estate developers, attended the protests against the law in June of 2015. She explained her opposition

to both taxes with the protection of family property and a rejection of an 'abusive' state:

We, the women of my family, reject these laws. What we have in the family has been achieved on the basis of much sacrifice and struggle in the face of the abuse of the local and national state, and this has cost us 30 years of confronting injustices. And in the face of that we look out for the girls of the family.

As is clear in this quotation, opposition to the taxes on inheritance and *plusvalías* appealed to the obligations and affects of family, both of which are very powerful in Ecuador, and very often take precedence over public commitments, including (or especially) those of the state.¹² Although the quotation invokes a specific and gendered family history in particular ways, the portrayal of the state as an illegitimate claimant to family patrimony was widespread. And like Doris, cited in the previous section, Maricela expresses the idea that the state underwrites an unjust social order, although in this case not as the agent of continuing colonial and class domination, but rather because it attacks the virtuously prosperous. Despite the important points of contrast, the dual invocation of injustice at the hands of the state – from opposed ends of the class structure – underscores its precarious legitimacy, particularly as an agent of taxation.

Opponents of the *ley de plusvalías* were also successful in making the tax appear as a credible threat to many more people than could in fact be expected to be directly affected by it, given the deductions included and the distribution of property (Paz y Miño Cepeda 2016). In this they were helped both by the law's complexity and by the increasing importance of real estate appreciation in household economic strategies across the economic spectrum, which has characterised Ecuador as it has much of the rest of the world.

The campaign against the *ley de plusvalías* also invoked the priorities of economic growth and employment, which were more familiar goals of public policy, and which resonated with aspirations for a better life. Such arguments were pitched to a general national economic interest, contesting Correa's construct of the common good. Opponents particularly emphasised that the law would, allegedly, adversely affect the construction sector, and therefore employment and economic growth. In this they were aided by the conjuncture – 2015 was the year that declining oil

¹² As Jens Beckert (2007) has shown, concepts of family are important in explaining the differential acceptance of inheritance laws in the United States, Germany, and France.

prices began to seriously impact Ecuador's economy, provoking greater economic insecurity, a renewed preoccupation with the conditions of economic growth, reduced investment, and a notable decline in the construction sector, in particular. Although the decline in construction activity that did follow passage of the law almost certainly reflected reduced demand produced by declining oil revenues (Báez 2018), it was easy to attribute it to the tax.

On the other hand, the argument for the law was relatively opaque. While the promotion of economic growth and employment has long been established as a (if not the) central goal of public policy, the control of speculation was more novel, outside of the usual lines of debate. So too was the suggestion that the appreciation of land values are unearned or ill-gotten gains that should be resocialised. The argument that controlling speculation would make land and housing more widely available was also a complex one to make. That the tax was calculated through a complex formula only made the problem of explanation worse – despite the fact that the very complexity of the law can be understood as an attempt to isolate the element of unearned appreciation from the value-added activities of construction, which, in principle at least, might have neutralised the argument that the law attacked the construction industry.¹³ But this point was quite esoteric, and competed with decades of efforts by Ecuador's elites to associate taxes with the stifling of economic growth (Paz y Miño Cepeda 2016).

Finally, the *ley de plusvalías* did not respond to, or emerge from, the demands of a broad constituency, such as renters or potential first-time home buyers, that might have been counted on to argue for it or mobilise around it.¹⁴ The tax instead reflected the priorities and worldview of progressive technocracy that characterised the Citizens' Revolution, epitomised by Correa himself, an economist from a lower-middle background with a PhD from the University of Illinois. Indeed, a self-proclaimed independence from particular, 'corporatist' interests, and the pursuit of the public good defined from the perspective of an imagined abstract (albeit 'popular') citizen, was characteristic of the discourse of Alianza País (Ospina Peralta 2011).

¹³ Others argued that the law's design was too complex and unwieldy and was bound to be arbitrary.

¹⁴ Renters, who might be most concerned about increasing land values, are a relatively small proportion of the population and not an influential constituency.

It would seem, however, that the same disconnect from the established claims of organised interests which made the law politically weak had also allowed for a certain degree of creative freedom in its design. In technical terms, the tax was ambitious and interesting, notable for the precision with which it attempted to isolate the incidental gains from the appreciation of land values. This might well have been what appealed to Correa, whose creative Keynesian management of a dollarised economy impressed heterodox economists (e.g. Weisbrot, Johnston, & Lefebvre 2013). It is, after all, difficult to understand the commitment to a gruelling two-year fight over the less-than-critically-urgent problem of real estate speculation.¹⁵

Correa's political investment was certainly crucial, because – and this is also characteristic of the Citizens' Revolution – he was responsible both for the political initiative at the top and the cultural work of making the tax 'popular'. Correa accordingly dedicated a significant part of his weekly, three-hour live television and radio programme, *Enlace Ciudadano* (Citizen Link), to the theme of the *ley de Plusvalías*. As indicated in the quote above, these performances were partially dedicated to explaining the logic of the tax, supplemented by exhortations to use the online tax calculator, which would allegedly allow the great majority of people to see that they would not be affected (even if most of this majority lacked internet access). At the same time, the conflict was folded into a larger 'populist' political narrative that rested on a division between the people (*el pueblo*), on the one hand, and, on the other, the elites, 'bigwigs' (*pelucones*), speculators, and 'the usual suspects' (*los mismos de siempre*), even if the reality of widespread real property ownership – despite the massive inequalities in its distribution – probably softened the force of this appeal in this case.¹⁶

Although the opponents of the law predictably denounced it as a 'Marxist' measure that would make Ecuador 'like Cuba or Venezuela,' its proponents pointed out that in fact it responded to a long liberal tradition critical of the gains from landed property as unearned, a tradition including David Ricardo and Henry George. What this also makes clear is that the controversy over the inheritance and land value

¹⁵ It is also ironic, perhaps, that even as this controversy unfolded, the speculative nature of Correa's project – and its reliance on ground rents – was being revealed by the fall in oil prices (Lyall & Valdivia 2019).

¹⁶ Reliable data on the distribution of landed wealth is difficult to come by, but it is certainly highly unequal. For data on Quito, see Naranjo Zolotova (2017).

taxes revealed longstanding contradictions within the liberal tradition itself, between the ideal of rewarding hard work and creativity, on the one hand, and the affirmation of ‘private property’ rights as primordial and (relatively) absolute, on the other (Hetherington 2011: 120–122).

During a broadcast of *Enlace Ciudadano* on 17 December 2016, Correa made an argument against ‘aristocracy’ and for an ‘adequate’ distribution of property that would have been familiar to many classical liberals:

In terms of inheritance, well, in the 21st century we still have families with hundreds of hectares in what is practically south-central Quito. The first question: is this right? I think it is not right. I think that this is the difference between an aristocracy, that is fruit of inheritance and a real democracy, where property is adequately distributed. That was one of the objectives of the inheritance law that was blocked by the usual suspects.

Interestingly, Correa also promoted the *ley de plusvalías* as part of an initiative to modernise the cadastral system – without addressing the longstanding exclusion of communal property discussed in the preceding section. Even assuming a kind of social liberalism which sought to marginally reform the distribution of private property to improve its functioning, the juxtaposition between enthusiasm for the *ley de plusvalías* and indifference to communal property is notable. After all, proponents of a law intended to reduce speculation on land might be expected to show interest in an institution that closely resembles property forms, such as community land trusts, that have sparked enthusiasm amongst those most concerned with this problem (Davis 2010).¹⁷ This paradox points to the social and cultural distance between the *comuneros* and the technocrats of Alianza País, and clarifies the character, and limits, of the Citizens’ Revolution.

Conclusion

In closing, I would like to point to a few of the lessons that I believe emerge from the two cases presented here. One of the predominant tendencies in the theory of hegemony as it has developed since the 1970s has cast it as a form of power or political process that is, in itself,

¹⁷ Like the *comunas*, community land trusts set aside land for the purpose of providing affordable access for housing or agriculture. They control the terms of resale to limit price increases, while the *comunas* limit sale to non-members. In cases where membership in the *comuna* is open, the two approximate each other more.

neutral in relation to the class composition of the social bloc that leads the hegemonic project – a tendency perhaps most fully elaborated by Laclau and Mouffe (2001), whose thinking has been particularly influential in defining the concept of hegemony, including for intellectuals of the Citizens' Revolution. For Gramsci, in contrast, the characteristic forms of bourgeois hegemony were integrally related to those of the capitalist state. A truly revolutionary project from below would, accordingly, have to reinvent the state as a 'non-state state' (Thomas 2009: 232–234).

Although Gramsci's own understanding of what that process of reinvention might look like responded to his own place and time, the cases discussed here reveal the ongoing importance of contestation over state forms: the attempt to 'regularise' communal property as private property threatened to undermine one of the most important institutions of participatory democracy and Indigenous autonomy in Ecuador. A different starting point – outside of the standard forms of the capitalist state – might consider the *comunas* instead as a basis for the reinvention of the state as both participatory-democratic and plurinational.¹⁸ Similarly, the fate of the *ley de plusvalías* reveals the limits of a technocratic approach to redistributive market regulations, unrooted in organisation from below.

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¹⁸ Miranda Sheild Johansson's (2018) proposal that taxation in Bolivia might build on existing forms of contributions to associations and unions (*sindicatos*) suggests one potential approach, although a redistributive project would also have to command resources beyond the Indigenous or popular community.

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