



# Conceptualizing Spatial Diversity in Latin American Rural Development: Structures, Institutions, and Coalitions

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**Summary.** — This article is the introduction to a volume containing findings from a program conducted over five years in 11 Latin America countries, to answer three questions: (1) Are there rural territories that have experienced simultaneous economic growth, poverty reduction, and improved distribution of income?; (2) What factors determine these territorial dynamics?, and; (3) What can be done to stimulate and promote this kind of territorial dynamics? The article outlines the analytical and policy issues and the methodology, summarizes the remaining 10 papers in the collection, and presents a conceptual framework that itself is one of the results of the program.

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## 1. INTRODUCTION

Why do some rural territories within a given country grow with social inclusion, while others experience growth without reductions in poverty or inequality, and others simply stagnate? Rural development interventions have typically assumed that rural growth and inclusion could be induced and therefore, by implication, that the primary drivers of such growth were exogenous. Yet the fact that territories in the same country show diverse responses to the same or similar policy interventions and environments suggests that there are factors, both socially constructed and natural, that are not randomly distributed across space and which also have significant and territorially specific effects on development outcomes. Territory – and more precisely, particular conditions of territory – therefore become endogenous to development dynamics.

This article introduces a special issue of *World Development* that reports the findings of a research program whose aim was to identify such conditions of territory and to understand how, through their interactions with “extraterritorial” processes, these conditions drive patterns of rural change across Latin America. Our particular interest is in those conditions that lead simultaneously to economic growth, poverty reduction, and improved distribution of income within the territory.

Rural development dynamics are usually described and analyzed either through macro narratives (as, for example, in the debate on structural transformation in Sub-Saharan Africa), or through case studies that give a rich picture of a particular place or situation. Very rarely is there an attempt to describe and explain large-scale questions in a way that combines a discussion of both the forest and of the trees. This special issue is such an attempt, as it seeks to describe and explain key features of contemporary change in rural societies across a whole continent, Latin America, but focusing on the dynamics of a very large number of small-scale territories. Indeed, this collection of papers reports on what we believe is the largest ever coordinated and comparative study of rural territorial change in Latin America – and certainly the largest such study not led or supported by an international financial institution. Second, the theory elaborated through these papers is innovative not

only because it is interdisciplinary (the contributors come from economics, anthropology, geography, history, agronomy, and sociology) but also because it brings together theoretical traditions that have often been kept separate as a result of ideological filters. Third, its internationalism: these articles are the product of conversations among research centers based in eleven Latin American countries, three European countries, and North America. Fourth, in policy terms, the territorially tailored approach to rural change suggested by the findings of these papers challenges much current policy that is managed sectorally and from central government and implies the importance of enhanced planning powers and support capacities in decentralized public agencies as well as the need to foster market deepening.

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The research program found that only 12% of about 10 thousand subnational units (districts, municipalities, departments...) in 11 countries, experienced decade-long development dynamics that resulted simultaneously in economic growth, poverty reduction, and improved distribution of income (what we call WWW outcomes) and in fewer cases still, environmental sustainability also (WWW-W outcomes).<sup>1</sup> In the vast majority of territories, dynamics were characterized by little or no improvement in one or more of these dimensions of development (Modrego & Berdegué, *this issue*). While such territorially uneven development is partly related to the distribution of geographical assets and the effect of exogenous trends and shocks on territories, the more significant explanations lie in the spatially uneven effects of deeply rooted social structures and institutional arrangements that constrain socially inclusive economic growth.<sup>2</sup> Specific social actors invest significant resources and energy to sustain these structures through the institutions that create or reproduce them. Consequently, these structures and institutions are very difficult to change, especially in the direction of socially inclusive and environmentally sustainable growth. This resistance to change explains why inclusive dynamics are so rare in each of the 11 countries we studied, regardless of the aggregate economic or social performance of the country.

This research program has shown that escaping the fate of the majority of Latin American rural territories requires institutional change that in turn is effected by individual and collective forms of human agency. In the Latin American context, our research showed that territorial dynamics over the period from the early and mid-1990s to the early and mid-2000s<sup>3</sup> were the result of the interaction of actors (human agency) and institutions operating in a number of domains, among which five “critical factors” appear recurrently in our studies of the more “successful” territorial dynamics: (i) the level of equity in agrarian structures and, more generally, in structures of natural resource governance; (ii) the sectoral and organizational diversity of territorial economic structures and the density of interactions among them (in contrast with territories with more uniform economies dominated by one enclave or only one type of firm); (iii) the strength of linkages (capital, labor, products, services) with dynamic markets external to the territory; (iv) the presence of a small or medium city within or very close to the otherwise rural territory; and (v) the ways in which territories deal with large public investments (although evidence here is more mixed and further research is necessary). The transformation of these five conditions into territorial dynamics characterized by socially inclusive economic growth depended on “transformative social coalitions” characterized by a convergence in the agency of different actors around a similar vision of territorial development. In order to have such “transformative” effects, social coalitions need to be characterized by: a diversity of social actors; the existence of common objectives (albeit perhaps because of different motivations); sustained action over a long period of time; and power derived from different types of assets and capabilities (political, economic, cultural...).

These ‘bundles of factors’ are not constrained to the boundaries of the territory: in all cases they also involve supra-territorial structures, institutions, and actors. In that sense, there is no simple distinction between “territorial” and “extra-territorial” factors in explaining territorial development. Furthermore, as the articles in this special issue will show, what matters most is how these factors interact, both in the territory’s history as well as in the present.

The remainder of this article proceeds as follows. Building on this introductory discussion, we introduce elements of a

theoretical framework for analyzing the drivers of territorially based development. This framework is itself a product of the program, and as we elaborate it we make connections to particular papers that illuminate particular elements of our argument. In the third and final section we present the research strategy and summarize the articles in this collection.

## 2. AN EMERGING CONCEPTUAL FRAMEWORK

Over a period of five years, from 2007 to 2012, the associates in the RTD program worked in 11 countries in Latin America in order to address three major questions: (1) Are there rural territories in Latin America that have experienced simultaneous economic growth, poverty reduction, and improved distribution of income?; (2) What factors determine such kinds of territorial dynamics?, and; (3) What can be done through public policy but also from other spaces of public action, in order to stimulate and promote this kind of territorial dynamics?

Answering the first question was largely a descriptive (though large-scale and methodologically complex) exercise (Modrego & Berdegué, *this issue*). The remaining two questions required a conceptual framework that could both address our hypotheses regarding the roles of institutional form and human agency in processes of territorial change, and at the same time account for why institutional forms differ across territories, why institutional persistence and change are spatially differentiated, and why the outcomes of similar institutional forms vary across space. The program developed this conceptual framework through a process that iterated between empirical research, synthesis and conceptualization, the emergence of new research results, and then further synthesis and conceptualization. In the following subsections we first explain our approach to territory and spatial unevenness. We then present our approach to the relationships between human agency and institutional change, as well as the relations between factors that are conditions of the territory and those which are in some sense “extra-territorial.”

### (a) *Territory and uneven territorial dynamics*

We start by defining what we mean by territory and by territorial dynamics. A territory is a space with a socially constructed identity (Schejtman & Berdegué, 2004)<sup>4</sup> and over which some form of authority is exercised (Agnew, 2005). This socially constructed identity can be the result of a diversity of factors, including a distinctive history, ethnicity, culture, economic structure, biophysical conditions (climate, ecosystems), infrastructure (particularly that which determines connectivity and transportation flows), large private investments, social conflicts, and the influence of political-administrative boundaries, or a combination of several of the above. People in a territory as defined here share a social identity, but the territory need not be a “homogenous” unit along a number of dimensions.<sup>5</sup> This definition resonates with Storper’s (1997) idea of a territory as a stock of relational assets. We use the term “territory” instead of other alternatives, such as “region,” for two reasons: the practical one is that in Latin America, a “region” usually covers a very large area, such as Northeastern Brazil or the Pacific region of Nicaragua; the normative reason, is that the intellectual history of territorial development has some of its roots in European debates and policies that make frequent use of the term “territory.” By territorial development dynamics we refer to processes of change in *both* the social and economic structures and institutional framework of territories, *and* the territorially

based development outcomes (growth, social inclusiveness and environmental sustainability) that derive from these processes.

One of the central analytical problems facing any interpretation of rural territorial development dynamics in Latin America is to explain why it is that the great majority of the region's sub-national units<sup>6</sup> demonstrate stagnation or reversals in one or more of poverty, growth or equity while only 12.5% have made progress against each of these three indicators (Modrego & Berdegué, *this issue*)? How can one explain the fact that some territories have made transitions to forms of development characterized by synergies among growth and the reduction of both inequality and poverty, while the majority has not?

The acutely uneven geography of territorial dynamics is an analytically significant problem. There is more debate on how far it is also a significant policy problem. Some versions of neoclassical economic geography would read such unevenness as an unavoidable and even necessary element in gradual and long term processes of market-driven development. In this rendering, territorial development policies are considered to be largely ineffectual, distracting from the benefits of agglomeration economies, and thus advisable only in extreme cases where factors such as cultural, ethnic, religious, or gendered differences prevent people and capital from moving from lagging places to others where they can realize their full economic potential (World Bank, 2009).

For others, this spatial "unevenness" is a consequence of social factors such as inequality, poverty, and inefficiency traps (Barça, 2009; Bloom, Canning, & Sevilla, 2003; Massey, 1984, Ruben & Pender, 2004) and of politics and political economy at the level of supra-territorial decision-making (Ades & Glaeser, 1995; Henderson, 2005, 2009, 2010; Kim, 2011; McCann & Rodríguez-Pose, 2011) that impede market-driven processes of regional convergence, impose significant burdens on the people that live in those places, subtract from the overall welfare and growth potential of the country as a whole, and lead to social and political tensions that can strain developing democracies that are often characterized by weak institutions. In this view, territorial and place-based development policies become an essential component of wider development strategies (Barça, 2009; McCann & Rodríguez-Pose, 2011; Schejtman and Berdegué, 2004).

Approaches to the uneven nature of territorial development place considerable explanatory burden on institutional arrangements, though they differ in the extent to which they emphasize the socio-political structures in which these institutions are embedded (Krugman, 1997; Massey, 1985; World Bank, 2009). The centrality of institutions in determining both economic growth and its distributional outcomes is well established (Acemoglu, Johnson, & Robinson, 2001; Acemoglu & Robinson, 2012; North, 1991). However, institutional analysis can often emphasize institutional reproduction rather than institutional change (Mahoney & Thelen, 2010). This is so in rational choice approaches that understand institutions as equilibrium arrangements that allow different actors to satisfy goals and expectations (Greif & Laitin, 2004), in perspectives that understand institutions as largely dependent upon historical precedents (Acemoglu *et al.*, 2001; Acemoglu & Robinson, 2012; Mahoney, 2000), as well as in sociological theories of practice that explain this reproduction in terms of deeper structures that organize both social interaction and human action (Bourdieu, 1977; Giddens, 1979). This concern for structures and their reproduction through human agency is particularly important in a Latin American context characterized by historically consolidated institutions of unequal resource access, discrimination (racial, geographical, and

gender) and elite reproduction (De Ferranti, Perry, Guillermo, Ferreira, & Walton, 2004). Such structures play important roles in the long-term reproduction of the inequality and poverty traps in which so many social groups and territories become enmeshed (Acemoglu *et al.*, 2001; Acemoglu & Robinson, 2006; De Ferranti *et al.*, 2004).

Poverty traps are "self-reinforcing mechanisms that cause poverty to persist" (Azariadis & Stachurski, 2005, p. 326), while inequality traps can be understood as "situations where the entire distribution is stable because the various dimensions of inequality (in wealth, power, and social status) interact to protect the rich from downward mobility, and to prevent the poor from being upwardly mobile" (Rao, 2006). Bourguignon, Ferreira, and Walton (2007) argue that such traps are typically best explained in terms of the political and socio-cultural conditions (racism, gender systems, *etc.*) that structure interactions among groups along this distribution. Explaining the frequency of territorial dynamics characterized by little or no socioeconomic change therefore requires an explanation of why these two sorts of trap and the institutional forms that sustain them are unevenly distributed across space, as well as why processes leading to growth with social inclusion are apparent in so few territories. The following sections lay out elements of a framework that might account for this spatial unevenness.

#### (b) *Territorializing institutional reproduction and change*

If institutions are reproduced through human practices, then institutional change requires a concept of practice that allows for transformation even if it suggests that the primary effect of practice and human agency is to reproduce existing rules and norms. First, if we acknowledge that rules are not just followed but also interpreted (c.f. Giddens, 1979), then different actors may have differing interpretations of the same set of norms and institutions. This automatically introduces potential instability into the reproduction of those institutions, implying that at any one point in time the rules that are dominant reflect the interpretations of the most powerful parties. If relationships of power shift, other interpretations may become dominant. Second, human agents both give meaning to rules, and have the capacity to reflect on them, and thus, can imagine alternatives to these rules.

Furthermore, institutions coexist and relate to each other, and from this observation two additional sources of change become apparent (Mahoney & Thelen, 2010). First, the co-existence of institutions will not be perfectly synergistic; there will be tensions and contradictions among some of these different institutions that open up fissures for change and rule breaking human agency. For instance, within a given territory the institution of communal land tenure may contradict with the institutions governing extractive industry concessions and investments and those governing environmental regulation (Humphreys Bebbington, 2013; Sawyer & Gomez, 2008); or as another example, gender norms in labor markets may contradict gender norms in the domestic sphere. While such contradictions can co-exist over time, they introduce instability to the institutions in question and create the possibility of institutional change as one or another institution is adapted to be more consistent with the other.

Second, human agents participate in, and give meaning to many institutions at the same time. This makes it possible that their experiences and interpretations of those different institutions will highlight such contradictions among institutions. This can destabilize institutions as either individual or collective agents begin to break some rules in order to be consistent

with others. Such change need not only occur through “unruliness” (Gore, 1993); it may also reflect processes of learning by agents who, confronted by the apparent failure of certain institutional arrangements, might learn from such experiences in ways that lead them to create new institutional forms. One of the open questions in the case of the salmon industry in Chiloe, for instance, is how far entrepreneurial agents will in fact learn, be creative, and redesign the institutions regulating the industry. Similar questions emerge for the case of water governance in O’Higgins (Ospina, Bebbington, Hollenstein, Nussbaum, & Ramirez, *this issue*). While these are cases of learning being driven by crisis, learning might also be driven by competition, à la Schumpeter.

Human agency is thus just as implicated in institutional continuity as in institutional change. Indeed, institutions can be so deeply rooted because they become taken-for-granted by the human agents that they are consigned to a form of unconscious acceptance and are then reproduced through this disciplined form of agency. Reproduction may also dominate because of the sorts of historically constructed and inherited relationships of power emphasized by historical institutionalist notions of path dependency and which are very resistant to change. Institutional persistence might also be due to the stickiness of the sorts of equilibrium arrangements emphasized by rational choice theories of institutional formation and stability. Thus, when political scientist Terry Karl argues that the institutional and political distortions that have emerged in mineral dependent economies “cannot be undone without a huge coordinated effort by all the stakeholders involved” (Karl, 2007, p. 258), she could just as easily have been talking about institutions existing under a range of different economic conditions.

Combining Karl’s quotation with Mahoney and Thelen’s (2010) observations noted earlier, the implication is that both institutional persistence and institutional change require significant and coordinated human action. Given our interest in the emergence of territories that grow with social inclusion and environmental sustainability, our focus is on the coordinated action that fosters forms of institutional change that lead territories to escape from path-dependent forms of development in which one or more of poverty, growth, inequality, and environmental quality are not improving. The literature points to different forms that such coordinated action might take, but three seem especially important: social mobilization, coalitions and policy networks (Bebbington, Dani, de Haan, & Walton, 2008; Hall, 2010).

The role of social mobilization and contentious politics in institutional change is well documented. Tilly’s work is especially important here in that it draws attention to this relationship over the long sweep of European history (Tilly, 1998, 2004). Contention emerges as playing an important role in the emergence of democracy (in Tilly’s language) and open-access social orders (North, Wallis, & Weingast, 2009). Mahoney and Thelen (2010) refer to a similar phenomenon in their discussion of “insurrectionary” agents as one potential source of institutional change. While not all aspects of these authors’ arguments are the same, they each draw attention to the role of contention in institutional change.

A variant on the mobilization theme is expressed in accounts that stress the role of coalitions. The emergence of new coalitions might be viewed as a process of parallel institutional formation (Hall, 2010) in the sense that, if existing institutions reflect the equilibrium results of the coordinated work of those interests that endorse these institutions, then new institutions would reflect the results of the coordinated work of a differing set of interests brought together in the coalition promoting

institutional change. Other approaches would understand coalitions in more identity-based and discursive terms, emphasizing the extent to which a set of ideas, imaginaries, and aspirations is a condition of existence of a coalition, giving it identity and vision and helping bring it into being by providing an axis around which various actors can come together, perceive alignment of their interests, and act collectively (Birner, Gupta, & Sharma, 2011; Hajer, 1995).

There is no necessary relationship between coalition formation and WWW-W territorial dynamics (Fernández, Hernández Asensio, Trivelli, & Schejtman, 2014). Coalitions can also emerge in the advancement of already dominant interests that often do *not* contribute to WWW-W. When might coalitions that *do* favor WWW-W dynamics emerge? In some cases these emergent WWW-W coalitions displace others pursuing different visions of territorial development. In other instances, the process may instead involve gradual learning and calculation within a coalition, such that the coalition itself begins to see the need for institutional change and slowly shifts its own discourses on the governance of territorial development (c.f. Acemoglu & Robinson, 2006, 2012; and more generally the work on social learning – Social Learning Group, Clark, Jaeger, Eijndhoven, & Dickson, 2001). The latter is what Fernández *et al.* (2014) observed in the two more “successful” cases (i.e., leading to more socially inclusive growth) of territorial dynamics in Tungurahua, Ecuador (Hollenstein & Ospina, 2014) and in Quispicanchi, Peru (Hernández, 2014), while the former occurred in Chiloé, Chile (Fernández & Miranda, 2014).

The centrality of ideas brings us to the third social vehicle through which territorially based institutional change may occur: the operation of epistemic communities. Epistemic communities are best understood as “...a network of professionals with recognized expertise and competence in a particular domain and an authoritative claim to policy relevant knowledge within that domain or issue-area” (Haas, 1992, p. 3). Among other things, epistemic communities can play important roles in framing the “viable models” of new institutions noted earlier, as well as in framing core ideas around which coalitions and mobilizations might emerge. They may also contribute to the identities that can derive from these ideas. A Latin American example of this might be that of the policy, intellectual and technocratic networks that have worked for so many years on indigenous peoples’ territories. The products of these networks are embodied not only in research, legislation, and regulations on questions of territory, but also in the processes of territorially based identity formation and indigenous political demands that characterize a number of the territories in our program.

Such epistemic communities can serve as agents of territorially based institutional change themselves, as they seed policy and public discussions with concepts and ideas that become sufficiently persuasive that they elicit institutional change within the territory. Such persuasiveness might derive from: palpable changes within the territory that undermine the cogency of previously dominant ideas (examples of such changes in our case studies include environmental crisis, social diversification brought by increased proximity to an urban center, or new sources of economic growth); the arrival of extra-territorial information that adds credibility to new sets of ideas (c.f. North, 2006); or shifting calculations on the parts of elites as to forms of governance that might best suit their interests (Acemoglu & Robinson, 2006, 2012; Boix, 2008; Tilly, 1992). While Haas’s notion of epistemic communities focused in particular on networks of professionals whose ideas help frame policy debates, this process of both framing

discourses and then ushering them into policy formation often includes actors with other identities – supportive politicians, movement and civic cadres, business people, bureaucrats, *etc.* (c.f. Fox, 1996). These broader policy networks and their connections to coalitions and epistemic communities seem to play important roles in processes of institutional fixing and change in a number of the territories considered in this program.

Social movements and epistemic communities almost by definition tend to be based on narrower identities that privilege certain dimensions of development over others. Fernández *et al.* (2014) propose that, most frequently, territorial coalitions will tend to emphasize growth, *or* distributional, *or* environmental objectives; even those that seek to promote “sustainable development” normally will emphasize one or another of the three well-known dimensions of the concept: economic, social, environmental. Coalitions that embrace a wider agenda “emerge out of long and medium term efforts that require a certain continuity across short term conjunctures” (Fernández *et al.*, 2014, p. 47).

### (c) *Extra-territorial dimensions of institutional change*

The institutions that affect territorial dynamics, and the processes driving change in those institutions, are rarely bounded by the territory itself. Hess (2004) suggests that human agents can be understood as being embedded in territories, in social relations and in networks. The latter two forms of embeddedness need not, and indeed are unlikely to, be limited to the boundaries of the territory in which they are “anchored” (Hess’s term). This is perhaps particularly clear in the case of the economic networks in which actors are involved, a theme that the Global Production Networks literature has made especially clear (Bridge, 2008; Coe, Hess, Yeung, Dicken, & Henderson, 2004). This literature is particularly interested in how actors and territories become embedded in (and also decoupled from) global networks of production, a process this literature refers to as “strategic coupling,” defined as “a time-space contingent convergence of interests and cooperation between two or more groups of actors who otherwise might not act in tandem for a common strategic objective” (Yeung, 2006, p. 14). Such couplings, which may be sought by territorial and extraterritorial actors alike, are critical in determining territorial dynamics while also drawing attention to the extent to which territories (and their conditions) and extraterritorial networks co-produce each other. These propositions are consistent with patterns revealed in very many of the territories studied in our program: witness the effects of global salmon markets and commercial networks on dynamics in Chiloe (Chile), of national and international wine and olive oil markets and companies on dynamics in O’Higgins (Chile), and of national commodity markets and food companies on dynamics in Chontales (Nicaragua) (see Ospina *et al.* (this issue), Ravnborg and Gómez (this issue), Hinojosa *et al.* (this issue)). The GPN approach (and these papers) also draws attention to the ways in which extraterritorial economic coalitions can interact with territories in ways which give new relative values to the assets of these territories and so affect both market and non-market institutions.

This articulation between, and co-constitution of, territorial conditions and extraterritorial networks, is not limited to the spheres of production. Many of the epistemic communities, policy networks, and forms of social mobilization that can shift taken-for-granted territorial institutions typically combine actors within and beyond the territory in question, and almost certainly combine ideas and discourses from beyond

and within the territory. Research on social movements preceding this project (Abramovay, Magalhães, & Schröder, 2008; Bebbington, Abramovay, & Chiriboga, 2008; Ospina, Pablo, & Arboleda, 2008) also drew attention to the ways in which extra-territorial actors were part of the movement processes that ultimately affected rural territorial development – from Southern Brazil to Northern Ecuador. Similarly, social coalitions seeking to sustain or change territorial institutions (depending on the interests at stake) also bring together actors that reflect differing degrees of intra- and extra-territoriality (Fernández & Hernández Asensio, 2014). Finally some of the sources of agency invoked in the prior discussions also imply the role of actors that are not deeply embedded within the territory (Hess, 2004) – be they of the state (e.g., education programs), the market (new companies), or society (non-governmental interventions).

In these different articulations, the nature of the relationships between territorial and extra-territorial actors is often important. In her research on water management politics in Brazil, Hochstetler (2002) has concluded that while international actors might be critical in opening space for institutional change, territorial actors are much more significant in assuring and crafting the actual change that occurs within the territory and whether it will be viable and sustained. Barca, McCann, and Rodríguez-Pose (2012) argue that political action outside the territories plays the role of triggering change that more territorially embedded actors and elites cannot or do not want to accept, but that ultimately these actors in the territory are irreplaceable when it comes to shaping programs of action that are adjusted to the contextual conditions that are born out of each territory’s particular combination of history, geography, and institutions. Hochstetler and Keck (2007) have made a similar argument for the emergence of more general environmental regulation in Brazil. While the ways in which these questions of relative role and sequence work themselves out across territories varies, there can be little doubt that they matter. It is therefore insufficient simply to say that coalitions and movement processes are important for institutional change without also analyzing the internal composition of these coalitions and movements and asking in what ways this composition affects how they influence institutional change within territories.

The spatially uneven nature of territorial dynamics thus has much to do with the geographies of these patterns of strategic couplings between extraterritorial processes and conditions of territory. Such strategic couplings are not only phenomena in the economic sphere (as the GPN literature emphasizes), but are just as important in social and political spheres where they help explain the extent to which coalitions, movements, and policy networks emerge with the strength to change the institutional conditions underlying territorial dynamics.

One institution that plays an especially important role in the ways in which extraterritorial processes and territorial conditions articulate with each other is the state. Through its policies and actions, “the state” influences the relative ease of establishing strategic couplings between the local and the trans-local. At the same time the state itself constitutes one such coupling insofar as the relationships between the national and sub-national institutions of the state are not pre-given and can be characterized by antagonism, synergy, or simple absence.

At one level, the state might be seen as a particularly consolidated set of institutions that are especially “sticky” and slow to change. Some of these institutions may be so profoundly consolidated and taken-for-granted that they are more akin to structures. The more deeply consolidated structures would

be likely to change only under processes culminating in something akin to revolution, sustained contention, or “insurrectionary” change (Mahoney & Thelen, 2010; Tilly, 2004). Less consolidated structures might change as new coalitions gain control of the state. Indeed, if the state is a network of consolidated institutions, then government might be understood as a particular coalition that takes control of these consolidated institutions while at the same time seeking to alter some of them in ways that align with the coalition’s overall interests and ideas, as well as with the pacts that exist among actors within the coalition. In some instances this coalition may operate on the basis of relatively fragile pacts (making deep and coherent institutional change more complicated), while in other instances these pacts might be far more consolidated either because of an exercise of disciplinary power within the coalition or because the actors within the constitution genuinely share a discourse.

Seen this way, neither state nor government is monolithic. On the one hand the state exists as a palimpsest of institutions and organizational forms created by different governing coalitions at different points in time, only some of which are eradicated along the way. As such, it is therefore more than likely that the institutions of the state will pull in different directions at any one point in time, and that different coalitions, both within and beyond government, will appeal to those institutions that they view as most aligned to their interests and ideas. A further implication of the theories discussed earlier is that the institutions of the state only exist through practice. This means that, for instance, while the terms local and regional/departmental state might be constant across space, the actual nature of the sub-national states varies greatly as a result of the particular coalitions that control these sub-national states, the specific ways in which these coalitions articulate with those that control the national state, and the everyday practices of local bureaucrats (Tendler, 1997). One effect of these observations is that “the state” will bring together the “national” (extra-territorial) and the “local” (territorial) in ways that vary across space depending on the relationships among governing coalitions at these different scales.

In summary, the answers to the program’s research questions about the spatial diversity of rural development need to be framed by a mid-range theory that gives the instruments to explain institutional diversity across territories. The interplay among agents, institutions, and social structures at the territorial level is the primary lens through which we seek the answers to our research questions. Territorially differentiated institutional change is conceptualized as being the result of individual, collective, and coalitional human agency that varies across space in ways that both reflect and drive the spatially uneven nature of couplings between the conditions of specific territories and extraterritorial economic, social, and political processes.

### 3. RESEARCH STRATEGY AND OVERVIEW OF THE ISSUE

The Rural Territorial Dynamics program<sup>7</sup> was conducted in eleven countries in Latin America during 2007–12 and involved a wide network of researchers from over 50 research centers. The program followed four phases. Initially, small-area estimate analysis (Elbers, Lanjouw, & Lanjouw, 2003) was conducted in 11 countries to describe the combinations of economic growth, poverty, and income inequality characterizing territorial dynamics for 10 thousand municipalities between the 1990s and the 2000s.<sup>8</sup> Based on census and

household survey data, this analysis allowed identification of those (very few) territories that had been characterized by growth, poverty reduction, and increased equality over a decadal period, as well as a larger number of territories whose trajectories had been characterized by growth and reductions in poverty or inequality.

Second, on the basis of these continent-wide maps, 19 territories<sup>9</sup> were selected for intensive research aiming to identify factors driving their dynamics.<sup>10</sup> Supplementary Table 1 gives a schematic description of these 19 territories. All these territories were characterized by growth and improvements in one or both of poverty and inequality. These territorially based studies involved extensive fieldwork combining qualitative and quantitative instruments. The comparison of these studies pointed to considerable regularity in the factors driving growth with inclusion. A subsequent series of studies – the third phase of the research – focused on these recurrent factors to identify how they operated and the conditions under which they seemed most likely to contribute to growth with inclusion. These studies drew on evidence from all 19 territories and combined this evidence with further targeted research in a smaller number of specific territories. At the end of each of these stages, the multidisciplinary team of researchers gathered to compare results, synthesize, and conceptualize. A final phase synthesized overall findings on the basis of collective debate among an inter-disciplinary team of sixteen lead researchers in the project (economists, sociologists, historians, geographers, and agronomists).

The papers in this collection report on these four research phases: the econometric, territorial, comparative, and synthetic. The second paper in the collection, by Modrego and Berdegué, reports the results of the analysis of census and household survey data for nine thousand sub-national units in nine countries. The authors report that 12.5% of the sub-national territories, with a total population of over 37 million (9.7% of the total in the study), experienced development dynamics that resulted in economic growth with poverty reduction and improved distribution of income. They also find that between-territory inequality explains between 11% and 23% of total national income (or expenditure) inequality in those countries where the estimation was done. The authors go on to discuss nine stylized trends in the relationship between growth, poverty, and income distribution at the sub-national scale.

The third article in this special issue, by Escobal *et al.* shows the appropriateness of combining two conceptual frameworks (that of the new economic geography and economic sociology) to improve our understanding of the mechanisms that allow for dynamic markets to generate more inclusive growth. The paper recognizes different combinations of “soft” factors, such as those emphasized in economic sociology, and “hard” factors highlighted in New Economic Geography, that account for the successful connection of dynamic markets and the diversification of productive structures. The study shows that socially inclusive growth generated through articulation with dynamic markets occurs in rural territories where, throughout history, patterns of landownership fostered a greater equality of opportunities. The interaction between dynamic external markets and territorial actors operating within more equal agrarian and productive structures is fundamental in the emergence of sustained economic growth with social inclusion. The study also reveals that a diversified productive structure characterized by a higher density of connections within the territory, a solid presence of small and growing businesses, and significant local capital investment offers greater options for growth dynamics with social inclusion. The study makes it

clear that there is no magic bullet; it is the combination of hard and soft factors in specific territories that allow conditions to emerge such that connections with markets generate virtuous dynamics.

Berdegúe *et al.* report on how small and medium urban centers that are functionally intertwined with the surrounding rural areas, shape territorial dynamics and their socioeconomic outcomes. Through country-wide econometric analyses and case studies of specific territories in Chile, Colombia, and Mexico, they show that the presence of a small or medium city within an otherwise rural territory is strongly associated with net gains in poverty reduction compared to rural territories without an urban core. Depending on the country and the size of the city, such poverty reduction results from increased growth and/or from improved income distribution. The authors also explore a number of specific channels or mechanisms through which urban centers can exert that influence on territorial dynamics (e.g., improved access to specialized services, greater social and economic differentiation, or changes in gender systems) and find that the relevant mechanisms, and their effects on poverty through growth and/or changes in distribution, are territory-specific.

The fifth article is authored by Ospina and Hollenstein. They compare three territories in two different Andean provinces in Ecuador, analyzing the extent to which transformative territorial coalitions can deliberately change the exclusive structures that afflict rural territories in Latin America. The authors use a historical comparison of three rural territorial dynamics in Ecuador to show that a deliberate plan is not necessary to promote an inclusive and equitable economic dynamic, as long as there has been a long process that has created favorable territorial institutions and social structures. When territories have unfavorable social structures (explained in the paper), they are more likely to require a strong shock from extraterritorial processes before more inclusive forms of economic growth will become predominant.

The sixth paper, by Ospina *et al.* illustrates how territorial and extraterritorial actors and institutions interact in shaping dynamics even in the specific circumstances of territories whose economic dynamics are fully or largely controlled by powerful national and transnational enterprises. The authors review the relationship between powerful economic actors, the institutions that regulate access to and use of territorial natural resources, and local social coalitions and other forms of collective action. They argue that the forms taken by such a relationship depend critically on: (a) whether extra-territorial actors have essentially exclusive access to the territory's natural resources (e.g., oil and gas) or if they have to compete with local actors for the same resources, and (b) the degree to which local actors benefit economically and socially from economic growth. Ospina *et al.* find that even in the best of circumstances, local actors manage to influence only the institutions that regulate the ways in which resources are used, but not those that establish who has access to them. However, extra-territorial institutions and actors, even when they have privileged access to the state and legal support, are forced to interact with local actors, institutions, and structures, with the consequence that the territorial dynamics are really co-produced by both sets of forces.

The seventh paper, by Hinojosa *et al.* (this issue) discusses territorial dynamics that are based on the extraction of natural resources, a growing reality in Latin America rural societies. By comparing the territorial dynamics that emerge from the relationships between territorial and extra-territorial actors who converge in the same rural space, in this case, Bolivian municipalities with important natural gas deposits, they show

how each territory's socio-political history and structure influence the couplings between local economies, local institutions, and territorial projects. Such relationships in turn have a strong bearing on the interaction of the territory with the multinational corporations and the national Bolivian government who are the primary actors within the gas industry.

The eighth article in this collection is the first of two by Ravnborg and Gómez. They address the extent to which territorial institutions are influenced by levels of social inequality, focusing in particular on the rules and regulations (and enforcement mechanisms) available to Nicaraguan municipal governments to protect and conserve natural resources, as well as to grant lawful access to them. The authors find a relationship between inequality and the degree of impartial, rule-based application of the law and regulations at the territorial level. In addition, the authors show that greater social equality is associated with the formation of what could be called epistemic communities involving staff from local governments and national agencies, who through such collective action gain new capacities for an application of the law that is based on citizen's rights and duties and not so much on distribution of economic power.

The article by Ramírez and Ruben uses the case of the very rapid development of the salmon aquaculture industry in Southern Chile to analyze the relationships between economic growth and gender-based inequities within territorial dynamics. The article analyzes factors affecting women's participation in labor markets and wage differences between women and men. They conclude that territory-specific gendered institutions affect the local application and effectiveness of national rules and regulations, in this case employment policies. Their results indicate that local gender systems in Chiloé had a positive influence on women's participation in the labor market, but that salary differentials between men and women remained very high (and biased against women). The article demonstrates that gender systems need to be seen as endogenous to territorial dynamics: they influence the extent and speed of territorial economic development and its distributional outcomes, as much as they are shaped by such dynamics.

The second article by Ravnborg and Gómez concerns the interpretation of relationships between economic growth and poverty reduction at a territorial level. The authors analyze the case of the Santo Tomás area in the milk-producing region of the central part of Nicaragua, which during 1998–2005 experienced economic growth and declining poverty rates, spurred by public and private investments in infrastructure and organizational development. The authors suggest that in the absence of a pro-poor social coalition, the public investments intended to develop the livestock sector to turn it into an 'engine of economic growth and poverty reduction' instead facilitated the return and strengthening of the local elite which had left the area in the aftermath of the Sandinista revolution in 1979 and led to the gradual dispossession of small-scale land owners of their property. Thus the authors conclude that the observed decline in poverty rates emerges as the result of dispossession and subsequent exodus of the poor rather than of inclusive economic growth. This case therefore serves to caution both the research and policy community that what may appear as straight-forward and sometimes convenient causal relationships between economic growth and poverty reduction may at closer scrutiny involve more complexly related processes of elite capture, dispossession, and migration.

The final paper, by Berdegúe, Escobal and Bebbington, presents a synthesis of the main findings of the program regarding the determinants of territorial dynamics and the implications for public policies. On the basis of a systematic comparison

of the 19 case studies of *rural* territories, the DTR program identified five “bundles of factors”, in which the agents–institutions–structures interaction takes place: (a) agrarian structures and, more generally, the governance of natural resources; (b) the relationship of territories with dynamic markets; (c) the productive structure of the territory (i.e., types of firms and economic sectors, and the relationships among them); (d) the relationship of territories with nearby urban

centers; and (e) the governance of public investments. The paper highlights that inclusive and sustainable economic growth does not emerge spontaneously, but requires the concerted or at least tacitly coordinated action of a diversity of social actors, or “transformative social territorial coalitions.” The paper describes each factor and explains how the interactions among them can lead to (relatively) more successful cases of territorial development.

## NOTES

1. As the reader can imagine, there is great and multidimensional diversity among the thousands of territories included in this part of the research. After all, they encompass the bulk of a whole region of the world, everything from rural areas neighboring huge metropolises like Mexico City, to sparsely populated places right in the middle of the Amazon, to indigenous villages in the high Andes of Bolivia, to the many regions of capital-intensive corporate agriculture or oil and gas and mineral extraction. . . For this and other reasons, it is not possible to make direct comparisons between these territories, and our analysis is limited to seeking general patterns and stylized facts and trends. The paper by Modrego and Berdegué in this volume offers a more detailed discussion of this issue.

2. It is very important to understand that we are explicitly referring to simultaneous processes of economic growth with social inclusion, and not to economic growth alone, or social inclusion alone. In the latter cases, the factors at play could be significantly different.

3. The precise time period varied across countries depending on the years on which censuses and household surveys were conducted.

4. However, as most socioeconomic data are spatially referenced to an administrative unit such as a municipality or a province, we were forced to use such administrative units as proxies for territories in the first part of the program in which we analyzed the changing characteristics of 10 thousand administrative units. During the second part of the program, based on case studies, our entry point for the *selection* of territories were groups of neighboring administrative units that had shown the same development outcomes during the statistical analysis. Once in the field, the research teams adjusted the boundaries of the territory they would study through interviews and reviews of secondary information that allowed them to identify with greater precision the limits of functional units that the local population could identify as their territory.

5. There is a fundamental difference between functional, socially constructed territories as defined here, and normative spaces, sometimes called territories, that are constructs derived from technical needs to identify “homogenous” areas based on a given set of variables.

6. Because of the ways in which official data are collected and organized, the statistical analyses of changes in growth, poverty, and income distribution, had to be done at the level of sub-national units such as districts or municipalities, rather than by territories defined as places with a socially constructed identity. While there can be certain relationship between a territory and one or more sub-national units, they are not the same.

7. More information and working papers and reports (mostly in Spanish) can be found at [www.rimisp.org/dtr](http://www.rimisp.org/dtr).

8. While the original analysis included 11 countries and over 10 thousand sub-national units, the quality of the official data for two countries (Bolivia and Honduras) was insufficient to justify their inclusion in this special issue, where we only report results for 9 thousand sub-national units in nine countries. The sub-national units are parroquias in (a subdivision of a municipality) in Ecuador; municipalities in Brazil, Chile, El Salvador, Guatemala, Mexico, and Nicaragua, and; provinces in Colombia and Peru.

9. In fact, 20 case studies were started, but the final report of one of them was not accepted during the program’s quality control process, and thus we have not considered this case study in our analyses.

10. Not all the case studies are reported in this volume. However, final working documents and/or books are available at [www.rimisp.org](http://www.rimisp.org) (mostly in Spanish and in a couple of cases in Portuguese). All references in the text to these territories, unless otherwise stated, come from the following publications: Arias *et al.*, 2012; Hernández Asensio & Trivelli, 2012; Cerdan, Policarpo, & Vieira, 2012; Escobal, Ponce, & Asensio, 2012a, 2012b; Favareto, Abramovay, D’Oliveira, & Diniz, 2012; Gómez & Cartagena, 2012; Gómez & Ravnborg, 2012; Gómez, Ravnborg, & Castillo, 2011; Hinojosa, 2012; Modrego *et al.*, 2012; Ospina *et al.*, 2012a, 2012b; Quan, Ruiz Olalde, & Rocha Sousa, 2011; Ramírez, Modrego, Yáñez, & Mace, 2012; Romero, Peláez, & Frausto, 2011; Yúnez Naude *et al.*, 2011.

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## APPENDIX A. SUPPLEMENTARY DATA

Supplementary data associated with this article can be found, in the online version, at <http://dx.doi.org/10.1016/j.worlddev.2014.10.015>.

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