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Territorial Coalitions and Rural Dynamics in Ecuador. Why History Matters

PABLO OSPINA PERALTA and PATRIC HOLLENSTEIN*
Universidad Andina Simón Bolívar, Quito, Ecuador

Summary. — This paper analyzes the extent to which transformative territorial coalitions can deliberately change the exclusive structures that afflict rural territories in Latin America. A historical comparison of three rural territorial dynamics in Ecuador demonstrates that deliberate planning is not necessary to promote an inclusive and equitable economic dynamic if a long historical process has created favorable territorial social structures. When territories do not have such social structures, they are more likely to require a strong exogenous shock to create a new and inclusive economic organization.

Key words — Latin America, Ecuador, territorial development, territorial coalitions, agency/structure, reflexivity

1. INTRODUCTION

Despite being a rather rare phenomenon, rural territorial development in Latin America is possible. This was the conclusion reached by the research program on Rural Territorial Dynamics – RTD (Berdegué *et al*., 2012; Berdegué, Escobal, & Bebbington, this issue).[1] During 1990–2000, about one out of every ten municipalities showed a trend toward simultaneous improvement in per-capita income, poverty reduction, and decreasing inequality. This means that although there is a predominant tendency for those three positive outcomes to occur separately, a few territories achieve them in combination.

A systematic comparison of 20 cases (Berdegué *et al*., 2012; Berdegué, Escobal, & Bebbington, this issue) indicates that this combination of outcomes depends on the existence of territorial coalitions that drive it within a framework of five favorable factors: (i) an agrarian structure that allows small rural producers to gain access to natural resources that are crucial for their economic activities, (ii) the linkage of the territory with dynamic markets that create substantial demand for goods or services from that place, (iii) a productive structure characterized by local connections and intersectoral diversification, (iv) a city that retains some revenues and redirects them toward the interior of the territory and/or plays a role of political "intermediation" with extraterritorial actors, and (v) public investment in public and private goods that favor territorial dynamics. Finally, territorial coalitions must act on those five factors in order to produce inclusive and equitable growth.

Many territories have coalitions, but they do not stimulate a rural territorial dynamic of inclusive and equitable growth. Fernández, Asensio, Trivelli, and Schejtman (2014) use the term "transformative territorial coalitions" to refer to those that do achieve it. A territorial coalition consists of "a series of different actors" that "engage in convergent actions around a territorial development dynamic" (Fernández *et al*., 2014, p. 23). In other words, a transformative coalition is one in which the members seek to change exclusionary structures inherited from the past.

The purpose of this paper is to show how and why transformative territorial coalitions emerge and the extent to which they deliberately decide to change exclusionary structures. We seek to analyze the extent to which these coalitions create a break with social structures inherited from the past or, on the contrary, reproduce the social conditions that led to them. This paper therefore addresses the question about the extent to which it is possible, through deliberate and coordinated action, to modify a territorial direction determined by inherited structural factors, since, as we have seen, in Latin America there is a predominance of economic dynamics that are far from inclusive and equitable.

The concept of transformative territorial coalitions is the result of theoretical work by Tanaka (2014), which aims at a deeper understanding of change and social interaction among key players in rural territories. Tanaka presents three possible theoretical frameworks to analyze the *modus operandi* of "transformative territorial coalitions." The first is rooted in authors that see actors as emerging from a territory's productive structures and interacting conflictively amid processes of economic modernization. Interaction over time will result in different political regimes (Moore, 1979). The second theoretical reference is based on works about collective action and social movements. These incorporate additional actors that do not emerge from the economic arena; emphasize the rationality, identity, and organization of the actors analyzed; and more explicitly incorporate the problem of the state in negotiation and dispute among actors (Olson, 1965; and Tilly, 1978, among the most representative). The last theoretical framework refers to the work of political scientists who explore the formation of coalitions in parliamentary arenas for the definition and negotiation of public and government policies (Riker, 1962).

Based on those sources, Tanaka (2014) suggests that coalitions that had a 'successful' influence on Rural Territorial Development (RTD) involve the convergence of more than one actor.[2] These actors may emerge from territorial economic structures or be extraterritorial or state actors or identity-related movements. Coalitions in RTD processes also organize based on a dynamic of economic growth. Depending on the composition of the coalition, on the territory's prior

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economic structure and on the objectives of the collective action, the dynamic of economic growth will be more or less inclusive, equitable, and sustainable. One key factor for Tanaka concerns the medium- and long-range objectives of these coalitions. These objectives, deliberately established, are crucial for both the cohesion and the orientation of territorial coalitions. If the objectives are very specific, sector-based or short terms, the territorial coalition could face greater obstacles to becoming a transformative territorial coalition. The question of transformative territorial social action is part of a long-standing debate over the extent to which actors can deliberately modify their conditions of existence and the extent to which inherited structural conditions limit their freedom of action. In classic social theory, the problem refers to the famous phrase by Karl Marx, that "men make their own history, but they do not make it just as they please in circumstances they choose for themselves; rather they make it in present circumstances, given and inherited" (Marx 1996, p. 32). In more contemporary social theory, various authors (Bourdieu, 1977, 1990; Giddens, 1984; White, 2008) have written about the complex interaction and feedback between "agency" and "social structures" and have developed their own conceptual solutions. Bourdieu's theory of practice includes the concepts of "practical sense," "habitus" and "fields," by which the external becomes internalized and vice versa (Bourdieu, 1977, 1990; Bourdieu & Wacquant, 1992). Giddens (1984) emphasizes structure and routine in society, based on a dual structure (agency/structure), which Bourdieu rejects as a false dichotomy (Bourdieu & Wacquant, 1992). White also rejects the dichotomy between agency and structure, especially emphasizing the way in which identity and patterns of social relationships organize the social world (White, 2008). Neoinstitutionalist theory also revisits this problem in its debate over institutional change. Mahoney and Thelen (2010), for example, state that "change agents" cannot be separated easily from the institutions they seek to modify. The characteristics of both the political context and the institutions in question would influence the type of change agents that exist, and they, in turn, would influence the type of institutional change. In other words, change agents are embedded within the context in which they act and from which they drive the desired transformations.

The argument with which we intervene in this long-standing theoretical debate is that the actors' deliberate, coordinated, and planned action plays a minor role in the configuration of rural territorial dynamics in the territories analyzed. Inherited structural factors and previous history weighed more heavily. This does not mean that history is decisive, but history matters, because it is very difficult for actors who share a common cause to try to change those historical pathways when the conditions under which they act are not conducive to change. Collective efforts to change historical pathways should therefore consider the importance of critical junctures (Pierson, 2004), where fractures or disjunctions occur that can leverage coordinated and deliberate action. In other words, at these critical junctures it is more clearly possible to forge a path in a new direction.

We address the research question through a comparative analysis of three cases of rural territorial dynamics (RTDs) in Ecuador. The first RTD takes place in the province of Tungurahua, in the country's central highlands, a territory of nearly half a million inhabitants, half of whom live in rural areas. The case of Tungurahua was crucial for the conceptualization of the Rural Territorial Dynamics program, because it has evolved around all of the five factors identified reported in this volume by Berdegué, Escobal, and Bebbington since at least the last decades of the 19th century. Its economy is based on small-scale agriculture and highly diversified rural manufacturing, consisting of a large number of small enterprises, a rural–urban network of markets that connects local producers with extraterritorial markets, and a well-developed road system that has been expanding at least since the mid-20th century, when the province's capital city became a hub for economic exchange between Quito and Guayaquil, Ecuador's two largest cities.

The other two RTDs analyzed, which are located in two rural territories in the western part of the province of Loja, in Ecuador's southern highlands, offer a significant contrast: the populations are smaller (50,000 and 10,000 inhabitants, respectively, 90% of whom live in rural areas), and the territorial economies are highly specialized in the production of corn and coffee. In addition, the territorial coalitions originated in transformations during the 1990s, and their activities are based on explicit territorial plans and strategies, that is, on the conscious coordination of activities by their actors, especially the powerful extraterritorial ones that are involved in each of the two cases. In this region of the Ecuadorian Andes access to dynamic markets and public infrastructure is very recent compared to Tungurahua's RTD. Local actors have not had the opportunity or incentives to diversify their economic activities or establish strong ties with an urban center. The result is an economic structure that is highly dependent on a single product and therefore much more vulnerable to external shocks. We will argue that Loja's territorial history shows that isolation and inequality in access to productive assets marked not only the structures that must be radically modified, but also the very composition, capacity for action and power resources of the coalition that drives change.

This paper is organized as follows: Section 2 presents the methodology used to select and analyze the three RTDs. Sections 3 and 4 analyze the emergence and historical evolution of the coalitions in Tungurahua. Section 5 focuses on the context in which the transformative territorial coalitions emerged in Loja and in their interaction with the other five factors that are decisive for territorial dynamics. The last section discusses the results of the comparative study from the standpoint of the theoretical problems presented in this introduction.

2. METHODOLOGY

The case studies consisted of two phases. In the first one, a series of maps was prepared tracing the evolution of three economic variables: poverty, income inequality, and local per-capita consumption in Ecuador during 1995–2006 (Larrea, Landín, Andrande, Wrborich, & Fraga, 2008; Larrea, Larrea, Andrade, & Maldonado, 2011).[3] Three rural territories that combined simultaneous improvements in the three variables were selected. The second phase consisted in an analysis of the emergence and functioning of the RTDs, using a combination of quantitative and qualitative methods.

In Tungurahua, a representative survey was carried out with merchants in the Ambato Wholesale Market, the core of the territory's trade system, while in the territories in Loja, two surveys were carried out with producers and traders of corn and coffee.[4] The three case studies also included ethnographic fieldwork, interviews, focus groups, participatory observation in workshops and assemblies of both producers and merchants, as well as other qualitative methods. The economic activities analyzed in this study were selected according to a typology of rural parishes, which was based on 17 economic, social, and demographic variables.

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The empirical data of the three case studies come from ethnographic fieldwork, interviews, focus groups, participatory observation in workshops and assemblies of both producers and merchants, as well as other qualitative methods. The fieldwork was conducted between June and December 2009 in Tungurahua and between June and September 2010 in Loja. The interviewees included businesspeople, representatives of industry, peasant organizations, non-governmental organizations, local financial institutions and agroindustry enterprises, local government officials, academics, and qualified informants. Approximately 167 interviews, 11 ethnographies, and four focus groups were conducted. Some of the qualitative information was coded and analyzed in Nvivo (QSR International, 2012), combining content analysis with a more deductive approach based on the study's guiding questions. [5]

3. WHY HISTORY MATTERS IN TUNGURAHUA

The purpose of this section is to show that the RTD in Tungurahua is based on an economic structure whose origin and development cannot be attributed to the intentional and coordinated actions of a "reflexive" territorial coalition (Giddens, 1984). In other words, the processes and structures underlying the RTD in Tungurahua were not the result of actions that were coordinated or designed to produce an effect at a territorial scale. Rather we will show that the emergence of a transformative territorial coalition in Tungurahua is the path-dependent outcome of an evolution that began with a particular set of economic transactions that decisively influenced the fate of the territory.

To help to understand the set of factors that constitute the path-dependent process, we will divide the case of Tungurahua into four moments: 1870–90, 1920–30, 1940–80, and 1990–2010. The first moment occurred in the second half of the 19th century, when small- and medium-scale agricultural production and commercialization expanded in Tungurahua, with apples, pears, and plums as the main products. The key factor in the emergence of the agro-commercial complex was access to basic resources, such as land and water, by a large number of small producers. The relatively balanced distribution of agricultural land and irrigation water resulted from a redistribution process that began in the last quarter of the 19th century, and which became consolidated after 1930 (Ibarra, 1987). During this period, the land tenure structure in Tungurahua was modified, mainly through the market and through often-violent peasant resistance to efforts by landholders to concentrate land in a few hands. The number of estates controlled by the five largest landowning families in the territory decreased from 64 in the 1860s to 14 in 1930 (Marchán & Andrade, 1986; as cited in Ibarra, 1987, p. 41). From early on, small and mid-size farmers also had access to irrigation water, because some landowners and merchants built irrigation systems so they could divide and sell their land at a higher price (Metais, 2000; Núñez & Vega, 1992; Ruf, 2001, 2006). The key element in this evolution, which has been rather infrequent in Ecuador's agrarian history, is that while the process of redistribution of land and access to water was occurring, a system of rural markets expanded throughout the territory. Thanks to that expansion, small farmers, transformed into merchants, obtained the means necessary to purchase land.

The first favorable *conjuncture* between territorial and extra-territorial processes occurred during the cacao boom on the coast in the late 19th century. During those years, demand for agricultural products from the central highlands increased. In the territory of Tungurahua, that growing demand mainly stimulated small producers and provided them with resources to purchase more land and invest in irrigation infrastructure. In short, concomitant with the expansion of the food market in Ecuador's coastal region, the number of large estates decreased, and smallholding expanded.

The characteristics of this agro-commercial complex are crucial for understanding the emergence and functioning of the RTD. The data gathered during the fieldwork and the review of the secondary literature indicate that a large part of the system of rural markets, which was centered in Ambato, the capital of the province, was created before 1900 (Bromley, 1975; Hanssen-Bauer, 1982; Ospina *et al*., 2011). The early expansion of a commercial network supplied by small farm production provided the territory with a significant group of independent small-scale farmers who were closely tied to food markets and inter-regional commerce. They were not small farmers in an equitable structure in an isolated territory, as occurred in the corn-growing territory of Loja, nor were they small farmers dependent on an omnipresent system of traditional large estates, as in the coffee-growing region of Loja.

Rural–urban integration based on smallholder agriculture through the continuing expansion of this particular commercial structure has persisted over the decades, despite tendencies toward concentration in favor of larger merchants. During the fieldwork in 2009, 60 weekly fairs were counted, distributed in 19 rural markets throughout the territory (Ospina *et al*., 2011). In addition, the Ambato Wholesale Market, the system's central market and a warehousing and redistribution platform of national significance, includes 1,525 permanent vendor stalls that operate five days a week (Hollenstein, 2011). The second-largest wholesale market in the central highlands—located south of Ambato in Riobamba, the capital of the neighboring province of Chimborazo—has about 630 wholesale merchants and concentrates its activities in one day per week.

Over time, the physical proximity of farms and spaces for commercialization made it easier for the rural population, especially women, to become merchants. The gradual but substantial inclusion of farm households through rural women's commercial activity can still be seen in the family histories of wholesale merchants in Ambato: 87% of the market stalls are managed by women, and a large percentage of their parents (63%) and grandparents (79%) were dedicated to agriculture and commerce (Hollenstein, 2011).

It was through this "symbiosis" between production and commercialization (Martínez & North, 2009) that smallholders created stable commercial networks based on family and community ties, resulting in a commercial structure less unfavorable to small farms. In other words, the "strong ties" (Granovetter, 1973) resulting from family and community bonds are accompanied by a series of norms and rules that govern exchange and income redistribution in a relatively more equitable manner. This is clearly seen when family networks in Tungurahua are compared with agricultural trade in Riobamba. Burgos (1997 [1970]), for example shows that a strong ethnic cleavage separated indigenous producers from urban merchants, most of whom were white or *mestizo*s. Burgos (1997 [1970]) argues that the ethnic cleavage in the rural commercial system formed the basis of a social structure called "internal colonialism," which concentrated agricultural surplus in the hands of urban elites of Riobamba.

It is important to note that the particular commercial rural–urban network in Tungurahua was not only the result of the everyday social interaction between small farmers and urban merchants, but also the adaptation of the formal rules that governed these transactions. One institutional aspect of major

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importance, for example, was the reorganization of the spatial–temporal pattern of rural and urban fairs, after the main market day in Ambato was changed from Sunday to Monday. Originally considered a compromise between conflicting interests of the Catholic Church and the municipal government, the institutional change gave the rural/urban commercial network competitive advantages, enabling it to further expand throughout the territory.

A second key moment in the consolidation of the social underpinnings of the territorial coalition in Tungurahua occurred in the 1920s and 1930s. A new food price increase in Ecuador, this time due to the cacao crisis and a lack of the hard currency needed to sustain imports, revived brutal competition for land resources. By that time, however, independent smallholders already had the strength to resist the interests of *latifundistas* and the material means to support themselves, and they were sufficiently autonomous to avoid dispossession from above. [6] Small farmers therefore contributed to the conservation of a tenure structure that had been under construction during the previous half-century. Without the successful resistance by powerful and independent smallholders who were connected with markets, the price increases, and the expansion of food trade with the coast during the early decades of the 20th century would have benefited social and economic actors other than the small farmers, muleteers, and merchants.

The years during 1950–80 constituted a third moment in which the agro-commercial complex contributed to the consolidation of Ambato's growth and to rural economic diversification, representing a Latin American variant of the Third Italy (Bagnasco, 1977, 1988) and Taiwan (Ho, 1979, 1982). Thanks to the persistence of independent smallholders who were linked with markets, but who also had become merchants, the economy diversified toward manufacturing based on small family enterprises. The new elements of the rural non-farm economy included textile production (producers of jeans in Pelileo were studied by Martínez and North (2009) and North (2008)), metal mechanics (specializing in the manufacturing of vehicles, a crucial complementary service), leather production and shoemaking, furniture, musical instruments, and food processing (Hollenstein & Ospina, 2011). As a result, today the rural population active in manufacturing sectors is considerably higher (15%) than in neighboring provinces, where it barely reaches 7%, or in Loja, where it stands at less than 5% (Larrea, Landín *et al*., 2011).

It is important to note that while many of these sectors are almost exclusively built on small rural family businesses, some activities, such as the metal-mechanic sector, depend on large industrial enterprises managed by a relatively powerful industrial class in Ambato. Even in the case of urban industry, however, metal-mechanic activities function as a cluster, offering many (rural) workshops the possibility of providing parts to large chassis assemblers (Hollenstein & Ospina, 2014).

As in the previous key moments, the particular structure of the territorial economy is not only the result of "brute" economic forces, but is also the consequence of particular forms of social interaction governed by institutional arrangements between economic actors. The importance of the latter manifests itself in the spatial pattern of the various economic sectors in Tungurahua. First, a set of centripetal forces, which can be explained by the core-periphery model developed by Krugman (1991), have led to the concentration of manufacturing and industrial *clusters* in Tungurahua (and not in other provinces of the central highlands). The spatial distribution of productive activities within the province of Tungurahua, however, reveals the existence of centrifugal forces that create a strong decentralization toward the agricultural periphery of Ambato (Hollenstein & Ospina, 2011). Interviews and field observations indicate that the location of the agricultural fairs mentioned above and the sites of rural manufacturing overlap substantially, suggesting that the productive and commercial networks in the agriculture sector have aided the expansion of manufacturing, because the latter is socially "embedded" (Granovetter, 1985, 2005; Krippner *et al*., 2004) in the former. In addition, diversification toward manufacturing production in rural areas has always occurred in spaces delimited by the presence of determinate rural communities. The expansion of the shoemaking industry, for example, has occurred several times since the 1960s, but the successive expansions occurred in distant places within the territory rather than in a single specialized and spatially concentrated location (Hollenstein & Ospina, 2011). There are also indications that social learning processes disseminated the necessary knowledge for productive diversification through the networks once centered on agricultural production and commercialization (see also Bagnasco, 1977, 1988; North, 2005).

The distinctive gender pattern of the diversification process is yet another example of the social norms that lead the territorial coalitions. Women play a key role as promoters of productive diversification and economic innovation in Tungurahua. Surveys and interviews indicate that the smallest and least profitable economic activities, as well as start-ups, are managed by women (Ospina, Alvarado *et al*., 2012; Ospina *et al*., 2011). Hence, women often participate in innovation processes geared toward productive diversification. Precisely because of their subordinate role in overall social relationships, they are responsible for creating complementary income sources in the form of small, autonomous, experimental businesses and small, riskier activities with uncertain economic outcomes. In short, a large number of "rules of exchange" (Fligstein, 2001), determining who is allowed to exchange goods and knowledge with whom, seemed to govern the spontaneous coalitions during the first three moments of the RTD in Tungurahua.

Despite the importance of the internal social, economic, and institutional configuration, the Tungurahua RTD would not have followed its distinct development path without the positive effects of several exogenous processes on the territory's economic apparatus. These processes include Ecuador's economic policies, based on the import substitution industrialization (ISI) model, which was influential in fostering diversification of production in the territory. Beginning in the 1950s, tariffs protected domestic small and mid-size industries against international competition, and other state programs created financial incentives to encourage small businesses and crafts (for comparative purposes, see Hirschman, 1963). The beginning of the extractive oil industry in 1972 and the subsequent financial *bonanza* were key elements in the development of state-controlled economic incentives.

An essential finding though is that the same policies did not result in the diversification of manufacturing in the rest of the country's rural areas in the highlands. [7] They did, however, give impetus to new manufacturing activities in Tungurahua, where the commercial networks and small producers could take advantage of new opportunities. The metal mechanics sector, which is now a core element of the territory's economy, emerged in the 1960s and 1970s, when there was also an expansion of small-scale shoemaking in Cevallos and jeans manufacturing in Pelileo (Martínez & North, 2009).

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In sum, Tungurahua's RTD grew in a diffuse and uncoordinated way, with actors taking advantage of everyday opportunities created by successive conjunctures and their accumulation over at least four generations. A detailed examination shows that in each of these *conjunctures*, there was room for reversing the successful path of territorial development. Large landholders could have recovered land and water in the 1920s and 1930s, and then the rural food market could have been monopolized by large merchants. In all of these alternative scenarios, the import substitution policies would have benefited large landowners and corporations instead of small family enterprises.

Detailed analysis also shows that the transformation of pre-existing structural conditions before and during several conjunctures occurred not in a consciously coordinated manner, but through the accumulative effect of individual actions during 1870–1930. In the following decades, the territorial coalition protected its resources and expanded its opportunities through the diversification of family enterprises toward manufacturing. The distinct productive structure of Tungurahua's RTD is not the result of coordinated or planned actions, but arose from the cumulative and aggregate action of scattered individual and family strategies shaped by the spatial distribution of the agro-commercial complex. Neither the spatial distribution of the territorial economy, nor the type of new activities, nor the organization based on small enterprises nor industrial *clusters* were consciously planned with any sort of joint calculation.

This is why we suggest that during successive key moments after its initial moment in the late 19th century, the territorial coalition in Tungurahua followed a development path that stemmed from previous economic structures. It did not change the RTD's basic vectors, but contributed to the expansion of many of the development opportunities contained within the original structure. Along the way, the actors, who were members of the transformative territorial coalition, diversified and constructed themselves in the process of creating the territory in which they lived.

Nevertheless, the main actors of the RTD deserve to be called a territorial coalition because they acted in convergence over a long period of time, although with a high degree of organizational dispersion and the "spontaneity" of their actions. In this sense, the coalition was tacit until the late 20th century, because only under exceptional conditions did it achieve explicit coordination, as occurred during the crisis caused by the 1949 earthquake in Ambato (Hollenstein & Ospina, 2014).

4. THE EMERGENCE OF A REFLEXIVE TERRITORIAL COALITION

The fourth moment in Tungurahua's RTD occurred when the nature of the transformative territorial coalition changed radically because of an exogenous shock to the territorial economy. After this moment, which occurred in the 1980s and more clearly in the 1990s, some of Tungurahua's vectors of success underwent significant readjustments. The most important transformation was unquestionably the replacement of the economic protection by neoliberal policies, with a subsequent reduction and/or elimination of various stimuli for domestic industry and agriculture. Trade liberalization, the dollarization of the Ecuadorian economy in 2000, and political instability beginning in 1995, had drastic effects on Tungurahua's rural craft- and agriculture-based economy, but also on the businesses of the commercial and industrial elites in Ambato.[8]

Although social differentiation became more accentuated, it is notable, given the magnitude of the change, that the province has been relatively unscathed (Larrea, Landín *et al*., 2011; Larrea, Larrea *et al*., 2011), as the territory did not lose its main economic or social characteristics. One important factor in this resilience is that large numbers of family enterprises developed strategies for productive reconversion. Textile producers, for example, became merchants of imported products, which they had produced before the crisis (Martínez & North, 2009). Blackberries, strawberries, chickens, and greenhouse-grown tree tomatoes began to replace products affected by cheaper imports such as fruits from Chile and garlic from China (Hollenstein & Ospina, 2014). Other economic activities such as rural savings and loan cooperatives grew exponentially.

Because of the severity of the economic crisis, however, the productive reconversion, which followed the pattern of spontaneous actions of previous periods, was insufficient. In fact, the economic disruptions and readjustments led, for the first time in the province's history, to a "territorial coalition" that identifies itself as such, competes politically and is explicitly guided by a political program that proposes specific economic strategies and policies for the territory. The Provincial Government of Tungurahua (PGT) emerged in the first decade of the 21st century as the leader and most visible expression of this coalition of social actors.

Institutional innovations under the umbrella of the PGT's 'New Management Model' (NMG) are profound and affect the form of political representation, which is based mainly on organized social groups from the private sector, civil society, and various social movements, such as the indigenous movement. Decision-making processes and strategic planning tools break down barriers between the public and private sectors, creating consultation processes and venues for interaction and negotiation of policies. In other words, the NMG seeks to create an appropriate environment for the management and systematic development of the local economy (see Gangotena, 2011; PGT, 2007a, 2007b, 2010, 2011; Hernández, 2008, 2009; Hollenstein & Ospina, 2014).

Importantly, unlike the tacit coalition that dominated territorial development during the 20th century, the PGT represents an intentional effort to coordinate the development projects of various social and economic sectors in the territory. The main objective is to replace the system of protections lost in the 1990s with a more or less interconnected set of territorial policies to promote development, agreements with the central government for financing infrastructure, and an effort to win other agreements to reestablish certain tariff and non-tariff protections in key industries in the territory such as the metal-mechanic sector and the shoemaking and textile industries (Hollenstein & Ospina, 2014).

In short, the institutional reforms carried out by the PGT were aimed "toward an economic development model that tried to fill the void left by the termination of developmentalism and ISI policies" (Hollenstein & Ospina, 2014, p. 209). In the economic sphere, the PGT developed a sort of "Fordist model" that aims to promote (local) consumption through "decent" labor conditions and an effort to improve the quality of local production to gain access to new market niches. The programs and strategies designed with a "bottom-up" planning methodology include: (i) the "Tungurahua Agricultural Strategy" (2007), aimed at small and mid-size agriculture, (ii) the "Fund for Managing Páramos[9] and Fighting Poverty in Tungurahua" (2008), (iii) the "Tungurahua Tourism Strategy"

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(2009), and the "Productivity and Competitiveness Agenda," which seeks to maintain/improve links between large businesses and small enterprises through the implementation of clusters (2010).[10]

Although some immediate political circumstances, such as widespread resistance against several long-standing local politicians during the 1990s, coincided with this change in the territorial coalition, it is necessary to focus on the deeper aspects of the transformation. As had occurred earlier in the RTD, the exogenous crisis during the 1990s, which can be understood as yet another *critical juncture* (Pierson, 2004), meant that local actors found themselves at a new crossroads with several options. At that key moment, the territory's history functioned as a sort of guidepost that led the actors to move in one direction instead of another. The most important guidepost was the belief expressed by political actors that there was no possibility of overcoming the province's structural difficulties with economic initiatives that excluded particular social sectors. Concretely, the actors in the local coalition—small farmers, artisans, small industrial entrepreneurs, and merchants—were strong enough by the 1990s to become veto players (Tsebelis, 2002), whose exclusion from the economic model could have led to serious social conflict and massive unemployment.

Our interviews indicate that Ambato's business elite played a key role in shaping the explicit or "reflexive" territorial coalition, as their own economic strategy in the recent past (promoting local production instead of extraterritorial investment) forced them "not only to find mechanisms for overcoming the crisis of production in the territory, but also to acknowledge the demands and needs of sectors that were less powerful but not irrelevant in the territorial power game" (Hollenstein & Ospina, 2014, p. 213). The various economic programs mentioned above, however, also indicate that the "not irrelevant sectors" had enough power to demand that they be included.

In summary, the critical juncture of the 1990s was an acid test for the RTD. Except for some exceptional situations, such as the Ambato earthquake in 1949, this crisis marked the first time in the history of the territory that a "reflexive territorial coalition" sought to save and renew the RTD. It is telling that the PGT sought to achieve this not so much by changing preexisting structures as by protecting the development dynamic from external and internal events that could potentially disrupt its success.

5. WHY HISTORY MATTERS IN LOJA

Unlike the case of Tungurahua, the two RTDs in Loja are of recent origin and revolve around a single value chain. The first territory in Loja specializes in coffee production and the second in corn, which is mainly used to produce animal feed for chickens and pigs. Both territories evolved rapidly in the late 20th century because of rising coffee prices in international markets and the growing domestic demand for corn. Yet, the decisive factor for stimulating the two RTD were nascent territorial coalitions that emerged from several groups of actors involved in the two value chains. In both cases, the dynamics have a broad local social base and small farmers are grouped in many local associations.

Like Tungurahua, both territories in Loja have registered dynamic economic processes with a considerable degree of social inclusion, although with less social equality as in the former case.[11] Their present and future success, however, depends on a very different historical evolution than that analyzed in the preceding sections. The reasons for the very different development path are (i) the fact that the two territories could take advantage of only one of the five factors proposed by Berdegué *et al.* (2012) and discussed in this volume by Berdegué, Escobal, and Bebbington—better access to dynamic markets—along with the emergence of a territorial coalition, however recent, ii) the absence of critical junctures (apart from the recent price hike) that spurred the local economic development.

The two RTDs in Loja are embedded in a historical context with characteristics very different from those of Tungurahua. The agro-commercial complex of Tungurahua, based on constant positive feedback between small-scale productive and commercial structures, never emerged in Loja for two reasons: first, because the agrarian structure was dominated by a small number of traditional large estates, and second, because the commercial system was controlled by a local elite settled in what we could call rural cities. In this, the RTDs in Loja more closely resemble rural territories in Latin America that seek to break out of the social inertia of a past that offers little hope. Comparing them with Tungurahua, therefore, could shed light on the problems that other rural territories in similar conditions may encounter in their efforts to forge inclusive and equitable economic dynamics.

The land and commercial structure tightly controlled by the local elite strongly discouraged small-scale agricultural production and limited the spatial mobility and the autonomous connection of rural families with expanding urban markets. The two territories in Loja are located in a region that had been physically and economically isolated from national development since Ecuador's independence, as the borders with Peru became a constant source of military tension (Ospina, Hollenstein, & Poma, 2012). Only two badly maintained roads connected the two territories intermittently with Cuenca and Guayaquil, and the internal road system was almost non-existent (Bromley & Bromley, 1976). In both territories, the only markets accessible for small farmers were located in the two canton capitals—Cariamanga in the coffee RTD and Pindal in the corn RTD. Alternative wholesale markets not controlled by the local commercial elite were beyond the reach of small producers, not only because of high transportation costs, but also because of uncertainty about prices and lack of stable, trustworthy commercial contacts (Ospina, Andrade *et al.*, 2012). No city similar to Ambato was established in or near the two territories in Loja where canton capitals functioned as the urban center of a system of internal colonialism based on the economic exploitation of their *hinterland* (Bromley, 1980). Needless to say, differences in scale and population have crucial implications for the political power of territorial coalitions and opportunities for diversifying economic structures. Nevertheless, these differences are a by-product of corresponding development paths: it was Ambato's commercial centrality that allowed rapid urban growth (Bromley, 1980) where before there had been only a small, semi-rural town not very different from the two canton capitals of the Loja RTDs.

Because of its geographic isolation, Loja is one of the provinces with the least diversified productive apparatus. In 2001, the economically active population involved in rural manufacturing was barely 5%, one-third that of Tungurahua. Family farming employs very few wage earners, and women engage in few economic activities outside of the home or family farm (Ospina, Andrade *et al.*, 2012).

This clear specialization pattern has persisted and has even been reinforced with the RTDs centered on corn and coffee. Productive specialization in the corn-producing territory has reached such an extreme that it has begun to worry political

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and social leaders. Coffee growers' associations, meanwhile, have taken initial steps to diversify marketing systems with other organic products, such as the chirimoya fruit. Certain warning signals, such as the drop in coffee prices in 2012 or the liberalization of corn imports, which produced a decrease in prices and a debt crisis in 2009, reveal the dynamics' vulnerability to external destabilizing economic events.

Regarding the formation of territorial coalitions in Loja, the long-standing social and economic structures shaped a peasant population very different from the small-scale farmers of Tungurahua: either they were smallholders in a balanced tenure structure, but isolated from extraterritorial markets (the corn-producing territory), or they were small farmers dependent on a system of large estates (coffee-producing territory). They were not small farmers who had become merchants and who accumulated economic and political capital. Unlike Tungurahua, the two territories in Loja did not receive major investment in public infrastructure during most of the 20th century. Investment in roads only expanded with the oil boom that began in 1972 (Pietri-Lévy, 1995; PREDESUR, 1980), but by then they no longer had the same catalyzing effect.

Given these circumstances, none of the causal chains or critical conjunctures (Pierson, 2004) that strengthened the RTD in Tungurahua could gain a foothold in the territories in Loja. It is not surprising, therefore, that the change that led to economic vitalization in the territory occurred at the initiative of extraterritorial actors. In other words, the economic history of the two territories made it extremely likely that only an exogenous shock would be able to destabilize the power relationships forged during decades of economic stagnation. Not even the very large waves of migration experienced by the entire province could destroy from within the vestiges of a past built on large landholdings and exploitation by commercial elites in the towns.

The external shock that led to the birth of the RTDs in Loja occurred in the two territories with the sudden appearance of a series of extraterritorial actors connected with the increase in coffee prices in the global market and the growing demand for hard corn for industrial-scale chicken and egg production. With support from local agricultural producers, these extraterritorial actors began to reorganize the systems for production and commercialization of the two products. In the corn-producing territory, the external actors were agroindustrial enterprises, non-governmental organizations (NGOs), banks and savings and loan cooperatives, as well as merchants from outside the province. In the coffee-producing territory, on the other hand, the list of extraterritorial actors includes a marketing company, several NGOs, international development agencies, and organic coffee roasters in Italy, Germany, France, and the United States (Ospina, Andrade *et al.*, 2012).

The new territorial economic dynamics appeared on the most superficial level as technological changes induced by agents working for outside buyers, significantly increasing the productivity of the two production systems. Small coffee farmers, organized in producer associations, began growing certified organic coffee in high altitude with diversified production systems that used natural shade, increased the use of post-harvest technology and were able to sell their product at a higher price in international organic coffee markets. By 2010, 41% of the approximately 1,000 coffee-producing households had adopted the new technological method. Corn producers began to replace native seeds with hybrid varieties and combined them in a technological package consisting of a series of agrochemicals and artificial fertilizers typical of the "green revolution". During the harvest of 2010, 90% of the 2,000 corn-producing households in Pindal had adopted the new technological method (Ospina, Andrade *et al.*, 2012).

A decade after the new economic dynamics began, a new intermediation structure offered access to new markets (global, as in the case of coffee, or domestic, as in the case of corn). Although the new intermediation structure could not eliminate the traditional commercial system entirely, it created enough pressure to shift the balance of bargaining power between local merchants and small farmers in favor of the latter. [12] A decade after they began, the RTDs now consist of a mixture of new commercial channels and end markets, a new technological form of production, and price structures, and negotiation that are more beneficial for small producers (Ospina, Andrade *et al.*, 2012).

One essential aspect of the contrast with the RTD in Tungurahua is that these new coalitions have had an explicit territorial "project" since the RTD's beginnings in the late 1990s. The territoriality of the coalitions' projects is most clearly expressed in the words of extraterritorial actors, not least because there is a marked difference in economic, political, and symbolic capital between local and extraterritorial actors (see Ospina, Bebbington, Hollenstein, Nussbaum, & Ramírez, 2012). The territorial "project" corresponds to their values and economic interests and is based on a specific proposal for institutional and economic transformation, although that does not necessarily imply a complete and detailed design. In other words, they are "reflexive" coalitions (Giddens, 1984).

In the case of the corn-producing territory, a legislator from Loja who was well connected with regional banks, agroindustrial corporations, and local agronomists, explained how the "corn initiative" began by assembling a coalition of economic partners:

> I knew that [the agroindustry company] purchased corn and that the [corn-producing] area sold it. A cousin of mine who works at [agroindustry company X] put me in touch with engineer Y [currently purchasing manager for agroindustry company X]. [Later] we went to the Banco de Loja. I am a close friend of the manager and owner. [Agroindustry company X] explained to them that the business was profitable and that it already had similar agreements in other areas. If [small farmers] paid 10 percent before, how would they not pay 1.5 percent [in interest] a month? [. . .]. I used to be manager of [a public–private enterprise], so I had many contacts there [in the province of Loja]. When I was in the legislature, I always kept [agricultural engineer B] as political chief [in the corn-producing territory]. He is the heart of the [corn-purchasing] program (interview conducted by Natalia Zárate, Quito, July 16, 2010).

Besides the original triad of a provincial bank, an agroindustry company, and local engineers, second-tier organizations of corn producers and NGOs have taken advantage of this initial surge to expand their activities around the production and sale of corn (Ospina, Andrade *et al.*, 2012). The fieldwork and interviews show that the corn value chain, as a development model, is part of the discourse of both the local population and extraterritorial actors. It is no accident that promotional material for Pindal, the capital of the territory, proclaims the municipality the "corn capital" of Ecuador.

Nonetheless, the interviews also reveal conflictive relationships. During the fieldwork, the local government, with support from some corn producers' associations and NGOs, tried to establish a program both to replace Green Revolution-style technology packages with a production system that was less dependent on agrochemicals and to diversify rural economies toward sugar cane cultivation. Importantly, the local conflicts show that although the corn value chain weakened the territory's economic isolation by bringing

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together a diversity of actors around a common project, the emerging territorial coalition has not yet stabilized. Deep disagreements about the future direction of the territory (single crop *vs*. agricultural diversification) give reason to question whether that will ever occur (see Ospina, Andrade *et al*., 2012).

The actors in the coffee-growing territory also coalesce around the idea of improving the production and marketing system throughout the value chain. The coalition formed by coffee producers, their production and marketing associations, NGOs, savings and loan cooperatives, and organic roasters seeks to establish organic coffee as the economic platform on which to base other productive plans for the territory, such as the production of chirimoya or agrotourism (interview with a representative of coffee producers, Espíndola, April 4, 2010, and Ospina, Andrade *et al*., 2012). Unlike the case of corn, however, there is more consensus about the opportunity for producing high-quality coffee. For example, the fact that social groups responsible for the territory's economic stagnation, such as traditional merchants, have joined the dynamic by creating productive conversion alternatives for coffee producers is not seen by coffee producers' associations as a threat to the overall dynamic. Instead, they welcome the fact that traditional merchants have been forced to offer better prices because of competition from commercial associations of coffee producers (interview with the vice president of a commercial organization, Loja, March 29, 2010).

6. CONCLUSIONS

This article compares three territorial dynamics led by "transformative territorial coalitions" with very different histories. In Tungurahua, the territorial coalition was tacit during most of its history, formed slowly more than a century ago and had almost no extraterritorial members. Because of an exogenous shock, however, the tacit coalition very recently became explicit and has implemented significant institutional reforms. In comparison, the two territorial coalitions in Loja emerged recently, barely a decade ago, at the initiative of powerful extraterritorial agents. Since their beginning, the corn and coffee coalitions have been based on a clear-cut, though rather conflictive, territorial "project".

This paper's theoretical question referred to the weight of conscious, voluntary agency in setting the course for rural territorial dynamics. The most important aspect, from this standpoint, is whether intentional actions in the form of a territorial "project" on the part of the coalition actors are an "important advantage" for constructing an inclusive and equitable RTD (Fernández *et al*. 2014, p. 24). The main empirical conclusion of the comparison presented here is that the existence of an explicit territorial project in Loja was not enough of an advantage to compensate for the disadvantages of an economic and social history in which structural factors weighed against it. In Tungurahua, economic structures and the balance of power among actors tended "spontaneously" to reproduce conditions in which markets, a commercial city and economic diversification emerged, so that it was possible for local actors to take advantage of public policies for the expansion of infrastructure or the protection of domestic production. In Loja, on the other hand, the economic structures and the balance of power among actors tended "spontaneously" to reproduce isolation, multiplying obstacles to economic diversification, market growth, and the emergence of dynamic commercial cities. In this context, therefore, "spontaneous" means consistency and automatic adaptation of new economic processes to the previously existing structures. In the conceptualization of Bourdieu (1990), such automatic adaptation is the result of *habitus*, a set of dispositions that "tend to generate practices objectively compatible with these conditions and expectations pre-adapted to their objective demands [...]" (p. 63).[13]

What are the favorable "conditions" in Tungurahua that tended to reproduce themselves "spontaneously," and which did not exist in Loja? First, there was a relatively equitable land and water tenure structure that combined early on with exposure of small farmers to a dynamic market for food goods, which led them to become locally based muleteers and merchants. Second, that agrarian structure could be conserved because of active resistance by smallholders, despite a period in the 1930s during which there was a looming danger of reconcentration of property. Those smallholders were well positioned to take advantage of the opportunity of "diffuse industrialization" (Bagnasco, 1988)[14] promoted by import-substitution policies, government incentives, and protections for domestic production. It was thanks to this more balanced social and economic power structure, combined with the leveraging of a series of critical junctures, that the dynamic of territorial economic growth tended to be more equitable.

In recent years, however, actors in the coalitions in both Loja and Tungurahua have proposed explicit territorial projects. In Loja, they sought to transform previous structural conditions and reinvigorate local agricultural production. In the coffee-producing area, extraterritorial environmentalist actors incorporated the dimensions of ecological protection, strengthening of organizations and socio-economic equity into their vision of the territory. In the corn-producing region, extraterritorial business actors had more limited objectives of promoting the production of a raw material necessary for their own business. In Tungurahua, the coalition proposed a proactive defense of diversified local production conditions in a liberalized economic context in which they no longer could take advantage of state protection. Consciously coordinated action brought about significant changes in the three territories. But the changes in the territories in Loja, which resulted from reflexive social action, seem more vulnerable and there are more uncertainties about their sustainability over time. The reason is not just their starting point—the structural conditions on which they act have a more specialized and limited base of production—but the fact that the nature and power of the local actors who are members of the territorial coalition are different. Here, too, history carries significant weight.

The natures of the local actors who make up the transformative coalition vary depending on the pre-existing structures that condition their capacity to create new dynamics. The farmer-merchants of Tungurahua are not the same as the small farmers of Loja. While the former traveled throughout the country, participated in markets, and established business contacts with external markets and actors throughout the country to attract them to their territory, the latter migrated as laborers to work temporarily or permanently in businesses established and managed by external actors. The small farmer-merchants of Tungurahua had know-how, trade networks, social capital and economic capital to invest in their own enterprises, while the small farmers in Loja lacked these critical resources. The balance of power, control over political and economic initiative, and bargaining power of these two types of small farmers within their respective coalitions could not be the same.

The extent to which deliberate action by coalitions can lead to lasting and radical change in inherited conditions depends on the power that actors of the coalition have accumulated over time. This means that, to a great extent, conscious effort comes after—or, with luck, at the same time as—structural change. As discussed in the introductory article of this collection (Berdegué, Bebbington, & Escobal, this issue), structures are not monolithic, however, but are varied and intrinsically contradictory, which creates various opportunities for action, which actors can take advantage of to choose among different historical options. In short, the social, political and economic capacities of territorial coalitions during critical junctures seem to pave the way for maintaining the advantages accumulated in the past or for breaking their spell. In any path dependency, there is plenty of room for uncertainty (North, 2005).

Does this mean the Owl of Minerva must always spread its wings at dusk, when the storm has passed? Does it mean there is no need to plan and to try to navigate as consciously as possible amid everything that we cannot control in the world? In order to only acknowledge such a historical determinism, we suggest that one promising option is to orient economic planning according to the lessons learned from the past: better distribution of productive assets leads to more balanced power relationships in social struggles, political debates and, finally, to more inclusive economic projects. For rural territories, this process begins, more often than not, with the redistribution of land and water. To paraphrase Marx, much can be learned from those few cases, such as that of Tungurahua, in which "the tradition of all dead generations" does not weigh "like a nightmare on the brains of the living" (1996, p. 32), but endures as the dream of a brighter future.

NOTES

1. The Rural Territorial Dynamics Program was led by Rimisp-Centro Latinoamericano para el Desarrollo Rural and included studies in 11 countries.

2. Isolated actors, even powerful ones, have difficulty marking and defining a development path.

3. The maps were made using the small area estimation method (Elbers, Lanjouw, & Lanjouw, 2003, 2005). The PovMap 2.0 application was used (Larrea *et al.*, 2008).

4. The survey in the Ambato Wholesale Market included 465 of a total of 1,524 merchants. The survey in the coffee-producing territory covered 327 productive units (UPA) of a total of approximately 1,000 coffee-producing households, and in the corn-producing territory, interviews were done with 393 UPA of a total of 1,800. The two commercial subsystems were analyzed using the social network analysis method (see Modrego & Sanclemente, 2007). Coffee and corn prices and volumes by sales channel were calculated using SPSS 17 (SPSS, 2008), and the visual analysis was done using Ucinet and NetDraw (Borgatti, Everett, & Freeman, 2002). A detailed explanation of the method used to create the typology of parishes can be found in Larrea, Landín *et al.* (2011).

5. The interviews lasted between 45 and 90 min. The ethnographic work varied substantially in duration. The shortest lasted a week and involved living with two families of coffee-growing farmers. The longest lasted five months.

6. Ibarra (1987), who studied these conflicts in detail, concludes that "they were isolated uprisings and protests that did not seek to question the gamonal order," but were "defensive" movements (p. 80) that aimed to avoid the expansion of large landholdings.

7. As Kay (2002) argues convincingly in his work on agrarian reforms in Latin America and East Asia, reforms carried out before stimulating industrialization, as occurred in some East Asian countries, lead to a more successful model than those that happen in the reverse order (industrialization first and then agrarian reform), which were more frequently implemented in Latin America in the 1960s and 1970s. The outcome definitely would have been different if the agrarian structure had been changed later, as occurred in the coffee-producing territory of Loja, with the agrarian reforms of 1964 and 1973. Diversification toward manufacturing was therefore possible because of a previous step that enabled Tungurahua and not western Loja to benefit from incentives and protection for industry established during the developmentalist periods following World War II.

8. The drastic changes include the virtual disappearance of the production of temperate-zone fruits, such as plums, pears, and apples, because of competition from Chile; the closing of many textile and shoemaking factories because of competition from Colombia and China; and the near-disappearance of local production of jeans in Pelileo (various interviews with producers; on the crisis of jeans production, see Martínez & North, 2009).

9. Páramos are Andean tundra ecosystems located above the forest line. The shrubs and grasses fulfill an important function in capturing water.

10. See Hollenstein and Ospina (2014) for a detailed description of the New Management Model.

11. In the two territories in Loja, consumption increased and poverty decreased, although social inequality increased (Ospina, Andrade *et al.*, 2012). It is important to note that the case studies and data from the 2010 population census, which were recently made available, confirm that the two territories continue to experience a positive socio-economic dynamic.

12. One example is that a coffee exporting business founded by a local merchant family began its own campaign in 2010 to improve coffee quality, paying growers higher prices.

13. "The habitus contains the solution to the paradoxes of objective meaning without subjective intention. It is the source of these strings of 'moves' which are objectively organized as strategies without being the product of a genuine strategic intention" (Bourdieu, 1990, p. 62). The concept of habitus is similar to the less-familiar concept of "civilizational competence" developed by Piotr Sztompka (2000).

14. The historical industrialization of Tuscany, based on small enterprises, also led Bagnasco, 1988, p. 31–74) to conclude, in his own words, that policy interventions play a very limited role, and that the "spontaneous" growth of a market organized according to rules that favored family enterprises carried greater weight.

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