



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

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Summary. — This article summarizes the results of a research program conducted in 11 Latin America countries, addressing two questions: (1) what factors determine territorial development dynamics that lead to economic growth, poverty reduction, and improved income distribution? (2) What can be done to stimulate this kind of territorial dynamics? We highlight five “bundles of factors” that we found in 19 case studies of territorial development¹, as well as the role of social territorial coalitions that appear to be necessary for territorial dynamics that lead to economic growth with social inclusion. The article calls for territorial development policies to complement sectoral policies.

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1. INTRODUCTION

The Rural Territorial Dynamics program that generated the articles included in this special issue of *World Development* was guided by three 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?

The introductory article in this collection, by Berdegué, Bebbington, and Escobal proposed that the answers to those questions needed to be framed by a mid-range or operational theory that explained institutional diversity across space or, in our program, across territories. The interplay between agents, institutions, and social structures at the territorial level, was proposed as the lens through which we would seek the answers to our research questions. Spatially differentiated patterns of institutional reproduction and change were conceptualized as being the result of individual and above all collective human agency and the geographically uneven ways in which territories are strategically coupled with extraterritorial economic, social, and political networks and coalitions. These couplings affect both institutional forms and territorial dynamics. The framework allowed for both extraterritorial and territory-specific drivers of institutional change. While acknowledging the significant role played by shocks exogenous to territories, we argued that this type of institutional change could not account for the spatial variations observed in development dynamics across different territories. Endogenous change, typically more gradual and cumulative and in which localized agents and institutions play a much larger role, seemed a necessary explanatory factor.

In this article we look across the previous ten papers included in this special issue, plus other evidence published elsewhere by the program partners, to answer the second and third research questions: Why this territorial diversity? What can be done about it?

In Section 2 we discuss five “bundles of factors” that we found present in one form or another in our 19 case studies of territories that experienced dynamics of economic growth with greater or lesser degrees of social inclusion. We examine the role of a particular form of human agency that we have called social-territorial coalitions, and explain why we propose that the presence of such coalitions is necessary for territorial dynamics that combine economic growth, social inclusion, and in some cases environmental sustainability. We conclude by outlining research and policy agendas to stimulate and support this type of territorial dynamics.

2. RESULTS

The results of Small Area Estimates analysis (Modrego & Berdegué, 2015) showed that between the mid-1990s and mid-2000s, 52% of Latin America’s territories failed to improve in at least two of the three dimensions of development that we looked at: growth, poverty, income distribution. A further 29% had failed in all three dimensions. This latter

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group, in particular, is an example of localized poverty and/or inequality traps.² But if we focus on the glass half-full, the same analysis shows that 12.5% of territories improved in all three dimensions, and an additional 23.7% experienced economic growth with poverty reduction.

The 19 case studies in the second phase of the RTD program focused on these territories that had managed to avoid the fate of the majority. Although the processes of change observed in these 20 territories are far from being homogeneous, we did find several stylized patterns that offer a plausible explanation of the observed facts.³ [Supplementary Table 1](#) summarizes the specific results in each of the case studies of the RTD program, using the same categories that are explained below in general terms.

(a) Structures of resource access and control

The case studies give abundant evidence that natural resource endowment is an important determinant of territorial dynamics. The salmon industry transformed Chiloé, Chile, because it gained access to coastal waters with excellent conditions, and, when the resource deteriorated, the development process was seriously disrupted ([Ospina, Bebbington, Hollenstein, Nussbaum, & Ramírez, 2015](#); [Ramírez & Ruben Rued, 2015](#)). Access to land was a critical factor driving the expansion of the dairy industry in Santo Tomás, Nicaragua ([Ravnborg & Gómez, 2012](#)). The structures governing control of oil and gas changed the nature of development processes in Tarija, Bolivia ([Hinojosa, Chumacero, Cortez, & Bebbington et al., 2012](#)). Others of the 19 case studies not reported in detail in this issue also highlight the role of resource endowment and patterns of access and control to these resources in shaping the nature of territorial dynamics, whether in tourism in Brazil, in market-oriented smallholder agriculture in Peru and Guatemala, or in diversified rural economies in Mexico.

However, we do not find a unidirectional causal relationship between “more and better” natural resources and higher and more socially inclusive economic growth. For example, Tungurahua, Ecuador ([Ospina & Hollenstein, 2015](#)), is perhaps the most “successful” of the 20 territories that we studied in depth when assessed from the perspective of socially inclusive (and relatively environmentally sustainable) economic growth, and yet this province in the Andes is not particularly well endowed in natural resources, compared with other places in the same and other countries, that did not do as well. In contrast, the territory of Santo Tomás has more abundant and perhaps better quality land and climate for the type of agriculture that it practices, and yet one observes a development dynamic of economic growth that is not socially inclusive ([Ravnborg & Gómez, 2012](#)). In Northeast Brazil, two relatively nearby territories with similar natural resource bases have gone in very different directions when seen from the perspective of socially inclusive growth ([Favareto, Abramovay, D’Oliveira, & Diniz, 2012](#); [Quan, Olade & Rocha Souza, 2011](#)).⁴

The institutional arrangements that govern access to, and use of natural resources, are an important part of the explanation of the relationship between territorial economic growth, poverty, and inequality reduction, and environmental sustainability, not only because of the way in which they influence the physical asset endowment of different groups in territorial societies, but also because they facilitate or constrain the gradual emergence of human and social assets: skills, networks within the territory and the outside world. Agrarian institutions were also central in shaping gender systems, and such influence is felt strongly today ([Deere & Leon, 2001](#); [Ramírez & Ruben, 2015](#)).

In the large majority of Latin American rural territories and at least until late in the second half of the past century, land was the basis of economic, social, and political power, and territorial societies organized themselves around the control and use of this critical resource. A history of highly unequal land distribution appears in many of the case studies as an explanatory factor for contemporary territorial dynamics that tend to be exclusionary and sometimes polarizing. In many of the territories studied, *latifundia* benefited from strong state support and protection, resulting in lack of or very timid economic transformation, little innovation, and long-term economic stagnation with very low levels of productivity and weak linkages with dynamic and competitive markets (c.f. [de Janvry, 1981](#); [Barsky, 1984](#); [Mayer, 2012](#)). The smallholders and landless laborers living in the interstices of these large properties never had the opportunity to educate themselves, nor were they able to acquire the skills and capabilities that can only emerge from the interaction with other groups in society and that are needed in order to become significant economic and political actors in later years ([Fligstein, 2001](#)).

In slightly more than half of the territories we studied (e.g., Cariri in Brazil, Santo Tomás in Nicaragua, Susa and Simijaca in Colombia), we observed this self-reinforcing relationship between unequal land access, unequal power and asymmetric institutions, all leading to anemic growth and to widespread social exclusion. As found by [Arias et al. \(2012\)](#) in their study of Susa and Simijaca in Colombia, a dualistic agrarian structure was consolidated in this territory already through the *encomienda* system in the XVI century, and 500 years later it continued to influence the access of peasants and of small-scale rural entrepreneurs to the opportunities and benefits of the “dairy boom” that has characterized this territory in recent years. [Acemoglu and Robinson \(2012\)](#), although looking at far larger spatial scales, draw the same conclusion: “extractive institutions” are responsible for determining why some countries are poor, and such institutions are the result of power relations in society.

In a few of the territories studied we found a history of relatively equal access to land.⁵ In some cases, these social structures emerged over many decades, giving origin to classes of small and medium artisans, industrialists and traders. This was particularly the case when more inclusive agrarian structures were coupled with access to dynamic markets (as in Jauja, Peru, linked to the capital city of Lima, and Tungurahua that, through its main town, Ambato, was embedded in the main trade routes of Ecuador). The benefits of more inclusive land access were less pronounced in places like Cuatro Lagunas, Peru, or Chiloé, Chile, where smallholders and producers remained relatively isolated from regional and national markets until recent years.

Both types of territories show that agrarian institutions tend to reproduce themselves over time, with consequences, positive or negative, for present-day territorial development dynamics. Yet, other case studies give clues about the conditions under which such path-dependent processes can be altered. In some cases, agrarian reforms changed access to natural resources in what appears to be an irreversible way (e.g., Valle Sur-Ocongate en Perú; [Asensio & Trivelli, 2012](#)), creating the opportunity for territorial dynamics that are more inclusive economically and politically. Similar policies, however, in other territories such as Santo Tomás, Nicaragua ([Ravnborg & Gómez, 2012](#)) were frustrated by the power of entrenched actors who managed to defeat the new agrarian institutions and re-concentrate land.

In yet another group of territories, while land was relatively evenly distributed due to historic reasons (e.g., Chiloé, Chile,

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