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†Available in hardcover and paperback.
ABOUT THE BOOK AND AUTHOR

A country often neglected in discussions of Latin America, Ecuador offers intriguing insights into the interwoven patterns of continuity and change characteristic of the region. In this introduction to Ecuador, Dr. Schodt begins with a discussion of culture and geography—especially critical for understanding this country, where the physical partitioning by the Andes has had profound economic and political consequences and where cultural and linguistic differences further divide the population. The author then considers Ecuador's early history, emphasizing the importance of patterns imposed by regionalism and structured by the nation's colonial heritage. This leads to a discussion of the cacao and banana booms—and of the consequences of these periods of economic bonanza for domestic politics—that focuses on the expansion of the electorate and the emergence of two competing populist movements.

In the final chapters, Dr. Schodt examines the political and economic implications of the petroleum boom, emphasizing the growing role of the state in the Ecuadorian economy. This analysis of the petroleum period concludes with a discussion of Ecuador's prospects for the future, taking account of the conjuncture of the dramatic increase in Ecuador's external indebtedness that took place in the late 1970s and early 1980s, the election in 1984 of a government committed to reversing the growth of state intervention in the economy, and the sharp decline in 1986 in the world price of petroleum.

David W. Schodt is associate professor of economics at St. Olaf College, Northfield, Minnesota. A former Peace Corps volunteer who served in Ecuador from 1969 to 1972, he has maintained an interest in the country and is the author of a number of articles on the Ecuadorian economy.
ECUADOR
An Andean Enigma
David W. Schodt
For Elizabeth and Sara
Contents

List of Tables and Illustrations ......................................................... xi
Foreword, Ronald Schneider ............................................................. xiii
Preface ................................................................................................... xv

1 Introduction ...................................................................................... 1
Region, People, and Economy ............................................................... 1
The Political Landscape ........................................................................ 12
Notes ..................................................................................................... 15

2 Spanish Conquest and the Making of the Republic ......................... 17
The Conquest ...................................................................................... 17
The Colonial Era .................................................................................. 20
Independence ....................................................................................... 26
Gabriel García Moreno and the Triumph of Conservatism (1860–1875) ... 29
The Active State .................................................................................. 32
Notes ..................................................................................................... 33

3 Exports and Politics: From Cacao to Bananas .................................. 35
The Cacao Boom ................................................................................. 36
Liberal Politics ..................................................................................... 42
The Liberal State ................................................................................ 47
Military Intervention and Economic Stagnation .................................. 50
The Interregnum ................................................................................ 54
The Banana Boom ............................................................................. 55
The Politics of Prosperity ................................................................... 60
Notes ..................................................................................................... 62
<table>
<thead>
<tr>
<th>Chapter</th>
<th>Title</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>4</td>
<td>The Politics of Limited Participation: Populist Experiments and the Role of the Military</td>
<td>67</td>
</tr>
<tr>
<td></td>
<td>Political Participation</td>
<td>68</td>
</tr>
<tr>
<td></td>
<td>Ecuadorian Populism</td>
<td>72</td>
</tr>
<tr>
<td></td>
<td>Reformist Initiatives: The 1963 Military Junta</td>
<td>82</td>
</tr>
<tr>
<td></td>
<td>On the Eve of the Petroleum Era:</td>
<td></td>
</tr>
<tr>
<td></td>
<td>The Fifth Velasquista</td>
<td>86</td>
</tr>
<tr>
<td></td>
<td>A Comparative Perspective</td>
<td>89</td>
</tr>
<tr>
<td></td>
<td>Notes</td>
<td>94</td>
</tr>
<tr>
<td>5</td>
<td>Black Gold: The Petroleum Boom</td>
<td>99</td>
</tr>
<tr>
<td></td>
<td>Exploration and Discovery</td>
<td>99</td>
</tr>
<tr>
<td></td>
<td>Economic and Social Change</td>
<td>105</td>
</tr>
<tr>
<td></td>
<td>Notes</td>
<td>112</td>
</tr>
<tr>
<td>6</td>
<td>The Military Returns to Power</td>
<td>115</td>
</tr>
<tr>
<td></td>
<td>Military Reform Revisited: The Rodríguez Lara Government</td>
<td>115</td>
</tr>
<tr>
<td></td>
<td>The Retreat from Power: The Military Triumvirate</td>
<td>124</td>
</tr>
<tr>
<td></td>
<td>The Return to Democracy</td>
<td>128</td>
</tr>
<tr>
<td></td>
<td>Notes</td>
<td>131</td>
</tr>
<tr>
<td>7</td>
<td>Democratic Politics and Economic Austerity</td>
<td>135</td>
</tr>
<tr>
<td></td>
<td>A Legacy for Reform</td>
<td>135</td>
</tr>
<tr>
<td></td>
<td>Democratic Politics, Part I: Jaime Roldós</td>
<td>139</td>
</tr>
<tr>
<td></td>
<td>Democratic Politics, Part II: Osvaldo Hurtado</td>
<td>144</td>
</tr>
<tr>
<td></td>
<td>Notes</td>
<td>154</td>
</tr>
<tr>
<td>8</td>
<td>Patterns of Continuity Amidst Change: Prospects for the Future</td>
<td>157</td>
</tr>
<tr>
<td></td>
<td>The 1984 Elections: A Swing to the Right?</td>
<td>157</td>
</tr>
<tr>
<td></td>
<td>Restructuring the Economy: A New Model</td>
<td>160</td>
</tr>
<tr>
<td></td>
<td>for Ecuador?</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Prospects for the Future</td>
<td>168</td>
</tr>
<tr>
<td></td>
<td>Notes</td>
<td>170</td>
</tr>
<tr>
<td></td>
<td>Glossary and Acronyms</td>
<td>173</td>
</tr>
<tr>
<td></td>
<td>Brief Bibliography of English-Language Books</td>
<td>177</td>
</tr>
<tr>
<td></td>
<td>Index</td>
<td>179</td>
</tr>
</tbody>
</table>
Tables and Illustrations

Tables
1.1 Social indicators ................................................. 2
1.2 Population by province, 1950 and 1982 ......................... 6
1.3 Structure of the Ecuadorian economy, 1950 and 1985 .... 9
1.4 Ecuador’s principal exports, 1847–1985 ......................... 13

4.1 Participation rates in Ecuadorian presidential elections ... 71
4.2 Industrialization and urbanization in selected Latin
American countries, 1940–1980 ................................... 93

5.1 Petroleum production, export prices, and government
income, 1972–1984 ............................................. 111

6.1 Allocation of petroleum revenues within the public
sector, 1972–1983 ............................................... 118
6.2 Land distribution by size of farm, 1954, 1974,
and 1981 .......................................................... 123

7.1 Ecuadorian political parties and seats in congress,
1979–1983 ................................................................ 141
7.2 Aggregate public-sector growth, 1968–1983 ................... 147
7.3 Average annual rates of growth of the Ecuadorian
public sector by administration ................................. 149

Maps
Ecuador ................................................................. xvii

5.1 Oriente oilfields ..................................................... 103

Photographs
Indian schoolchildren in the Ecuadorian sierra .......... 4
Market day in the sierra ............................................ 7
View of modern Quito ........................................ 8
Waterfront street in Guayaquil ............................. 11
Bust of Rumiñahui with contemporary Otavalan Indians .... 20
Colonial section of Quito .................................... 23
Drying cacao in a Guayaquil street (circa 1910) .......... 38
Military support for Velasco Ibarra’s 1970 assumption of dictatorial powers ..................................... 88
Political sign on Guayaquil street, “Bucaram with Roldós and Hurtado” ........................................ 140
Foreword

Ninth in population of Latin American countries, Ecuador has received relatively little attention from U.S. social scientists, most of whom, if interested in the Andean region, have tended to be attracted to the larger countries such as Bolivia, Colombia, and Peru. And those few studies of Ecuador that have been written—of which George Blanksten's now dated book, *Ecuador: Constitutions and Caudillos* (1951), was the earliest contribution—have generally focused on political events, such as the country's seemingly chronic political instability and the fascinating phenomenon of President José María Velasco Ibarra's five terms.

Ecuador has certainly been ripe for a new approach by someone not only capable of synthesizing the limited amount of scholarship available on this country, from both U.S. and Ecuadorian writers, but also able to provide a coherent analysis of the sometimes bewildering patterns of Ecuadorian political and economic development. This is precisely what David Schodt has done. More than just a carefully crafted economic history of this Andean nation, the present volume contains an interpretive account of the ways in which political events, although they appear at times to be fairly autonomous, have more commonly reflected the underlying economic changes associated with Ecuador's boom-and-bust history as an exporter of primary products. In short, the book lets us know not only what Ecuador is today but also how it came to be and what transformations may be expected in the future.

Sympathetic, yet far from uncritical, the author presents a coherent interpretation of Ecuador, one in which clarity is achieved without oversimplification. The final result provides not only a wealth of information but also a careful analysis of the political and economic changes that have occurred in this little-studied Andean country. The book is of equal value to readers focusing on Ecuador itself, to those
seeking to build an appreciation of the broader Andean region, and
to those attempting to redefine propositions concerning that diverse
group of countries geographically defined as Latin America. Hence
this book is an especially welcome addition to the Westview series,
Nations of Contemporary Latin America.

Ronald M. Schneider
Preface

This book is the product of an involvement with Ecuador that spans a fifteen-year period. I first visited the country in 1969, just prior to the petroleum boom, and stayed for two and a half years. During that time I had the opportunity to travel throughout much of Ecuador and to live in two different regions, first in the highland city of Ibarra and subsequently in the low-lying Amazonian region to the east of the Andes Mountains. My initial impressions of this country, which has remained an enigma to most people beyond its borders, were manifold; in particular, I was overwhelmed by the beauty of its geographically diverse regions, discouraged by a persistent poverty that seemed little affected by economic growth, impressed by its people, and quite bewildered by a politics in which frequent change appeared to be largely detached from any observable reality. I returned to Ecuador in 1978 (the first of many subsequent visits) to witness the numerous changes that had occurred during seven years of rapid, petroleum-induced, economic growth.

This work is an attempt to understand some of the apparent continuities and contradictions characterizing Ecuador's political and economic changes. The petroleum boom is only the most recent of three periods of export-led growth, having been preceded at the turn of the century by the cacao boom and during the 1950s by the banana boom. Each period brought its own changes, yet one can discern patterns of continuity throughout all three, particularly with regard to the unfolding of political events. The present study examines the interplay between economic and political change, relying on three interrelated themes to structure this effort: first, regionalism, the political consequence of the geographical forces that have made this country such a visual delight for the visitor; second, the recurrent cycles of boom-and-bust export-led economic growth; and third, the
state, whose historical role has been one of mediating between regional demands and the wealth created by the export sector.

I would like to express my appreciation to the number of individuals who have assisted in various ways with this project. Howard Handelman, John Martz, John Tutino, and Elizabeth Ciner read either parts or all of various drafts of the manuscript and provided many helpful suggestions and criticisms. Patricio León and Salvador Marconi of the Ecuadorian Central Bank were exceedingly generous with their time, patiently answering my many questions about the structure of the Ecuadorian economy. Moritz Thomsen, though he is undoubtedly unaware of it, provided inspiration for how one might write about Ecuador, setting a literary standard toward which this book can only aspire. The staff of the Ecuadorian Fulbright Commission, of which Gonzalo Cartagenova and María Mogollón deserve particular mention, has assisted me on numerous occasions. Finally, I am indebted to the editors at Westview Press for their courteous and professional assistance.

David W. Schodt
Map of Ecuador
Introduction

A country often overlooked in discussions of Latin America, Ecuador has a rich and colorful history, the study of which offers intriguing insights into the interwoven patterns of continuity and change characterizing the region. Small in size, Ecuador is noted for its exceptionally varied topography and is historically identified with its exports of cacao and bananas. Indeed, both its diverse geography and its export economy have contributed as much as its notable political figures to the shaping of Ecuador’s destiny. Of course, individuals have influenced the course of history. Such leaders as Gabriel García Moreno, Eloy Alfaro, Galo Plaza, and José María Velasco Ibarra pointed the country in new directions. But the patterns of Ecuadorian politics were established by a geography that defined the nation in terms of competing regions and by an export-dependent economy notoriously subject to the vagaries of world markets.

In the late 1960s, the discovery of petroleum and its subsequent rise to prominence as Ecuador’s leading export initiated a period of rapid economic and social change in a country late to modernize by Latin American standards. These changes seemed to herald altered patterns of political behavior as per capita incomes rose, industrialization accelerated, urbanization quickened, and a middle class emerged. Improvements in communication hastened national integration. The state, historically never a dominant actor in the economy, expanded its role dramatically as petroleum income swelled public revenues. Governments came into power led by individuals with a singular commitment to social and economic reforms. Yet despite these very dramatic changes, Ecuador’s politics continues to be haunted by traditional patterns of behavior, seemingly little altered by the economic progress experienced during the petroleum boom.

REGION, PEOPLE, AND ECONOMY

Visitors to Ecuador will find a fascinating diversity of geography and peoples. Visually it is a stunning land, where snow-capped
TABLE 1.1  
Social indicators

<table>
<thead>
<tr>
<th>Indicator</th>
<th>1970</th>
<th>1980</th>
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<tbody>
<tr>
<td>Gross domestic product/capita</td>
<td>749.0</td>
<td>1300.0</td>
</tr>
<tr>
<td>(1984 dollars)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Illiteracy rate (percentage of adult population)</td>
<td>26.8</td>
<td>21</td>
</tr>
<tr>
<td>Life expectancy at birth</td>
<td>55.9</td>
<td>61.2</td>
</tr>
<tr>
<td>Infant mortality (deaths per 1,000)</td>
<td>107.0</td>
<td>82.0</td>
</tr>
<tr>
<td>Population without drinking water</td>
<td>71.6</td>
<td>56.5</td>
</tr>
</tbody>
</table>


volcanoes compete with lush tropical rain forests and thatched Andean huts for attention. Small landholdings dot the mountainsides, giving a picturesque appearance to the highland landscape that has been described as a "rumpled patchwork quilt." Yet the same features that attract the visitor pose formidable obstacles to the country's economic and political development. The physical grandeur of the country also masks the stubborn problems of poverty and inequality that persist in spite of the dramatic economic changes accompanying the petroleum boom.

With a land area of approximately 281,341 square kilometers (108,623 square miles), Ecuador is the second smallest republic in South America, roughly equal in size to the state of Colorado. Situated astride the equator, from which it derives its name, the country is located on the northwestern coast of South America, bounded on the north by Colombia and on the south and east by Peru. In the most recent census, taken in 1982, Ecuador's population was estimated at 8,050,630. Just slightly more than 50 percent of the population lives in rural areas. The rate of population growth, among the highest in Latin America, is estimated to be between 2.6 and 3.4 percent per year (see Table 1.1 for additional social indicators).¹

Although there are no reliable estimates of the ethnic composition of the populace, Ecuador's Indian population is generally acknowledged to be proportionately one of the largest in South America. Most rough estimates suggest that approximately 40 percent of the population is
Indian, 40 percent is mestizo, 10 to 15 percent is white (typically claiming descent from the Spanish colonizers), and 5 to 10 percent is black. Unlike certain other South American countries, Ecuador has attracted very few immigrants from outside the region.

The official language of the country is Spanish, although a large proportion of the Indian population speaks a version of Quechua, the lingua franca of the former Inca empire, or other minor languages such as Shuar or Chibchan. Ecuador has no state religion, but more than 90 percent of the population is at least nominally Catholic. The Ecuadorian Catholic Church is one of the most conservative in Latin America.

The class structure of contemporary Ecuadorian society remains strongly influenced by a colonial heritage in which a small Spanish elite ruled over a large Indian underclass. Slow economic growth and delayed modernization greatly limited opportunities for social mobility, as did Ecuador's relative isolation from outside influence. The small group of whites occupies the upper levels of the social hierarchy and dominates the sources of economic and political power—historically through ownership of land and control of the export and financial sectors, though increasingly through holdings in commerce and industry as well. It is this group that traditionally has defined national Ecuadorian culture exclusively in terms of the country's Hispanic heritage.

The middle class, historically small in numbers, is largely made up of mestizos and less well-off whites, who occupy positions in the bureaucracy, the military, or in the professions and smaller businesses. Caught in a society defining itself in terms of only two classes, economically dependent on the upper class, and anxious to distance itself from the lower class, the middle class has traditionally identified with upper-class values and traditions. As a result it has provided little in the way of an independent contribution to the defining of Ecuadorian cultural values. It was not until the petroleum boom caused a surge in economic growth that the size of the middle class and its political, cultural, and economic influence expanded significantly.

Indians, blacks, and poor mestizos, still by far the largest social group, occupy the bottom rung of the social hierarchy. The rural lower class consists of day laborers, small landowners, and independent artisans; their urban counterparts are manual laborers, construction workers, domestics, petty merchants, and street vendors. Many are also either unemployed or underemployed (without adequate work). Although the lower class is rich in artisan and folk traditions, its contributions to Ecuadorian culture and national identity have only
Indian schoolchildren in the Ecuadorian sierra

begun to be recognized in recent years. Admittedly, since the 1920s there has been a strong current of social protest in both Ecuadorian art and literature, as exemplified by the social realism of artists such as Eduardo Kingman and by novels such as *Huasipungo* (1934), Jorge Icaza's powerful condemnation of the hacienda system. But the audience for these expressions of protest has always been small, in that it is restricted to the literate upper class, and their effect on Ecuadorian society has been very limited. Not until the 1970s, with the development of a stronger sense of self-identity on the part of some members of the middle class as well as the increased numbers of foreign visitors interested in local traditions and cultures, did a broadening of interest begin to appear in Ecuadorian culture beyond that traditionally defined by the white elite. Certainly the unprecedented step taken by former President Jaime Roldós in 1979, when he delivered part of his inaugural address in Quechua, is one indication of this shift.

Any efforts to define Ecuador in terms of encompassing national characteristics, however, run the risk of being undermined by the country's profound regional differences. Despite the country's small size, most generalizations about it quickly succumb to the differences imposed by climate and topography. Partitioned from north to south by the twin ranges of the towering Andes Mountains, the mainland
is divided into three geographically distinct regions: the high, temperate
inter-Andean valley known as the sierra, located at elevations ranging
between 1,500 and 3,000 meters (5,000 and 10,000 feet); the coast,
a low-lying largely tropical zone spanning the area between the Pacific
Ocean and the western cordillera of the Andes; and the oriente, or
amazon lowlands, a tropical rain forest lying to the east of the Andes
at between 250 and 900 meters (800 and 3,000 feet) in altitude.

A fourth region, comprising the Galápagos Islands, is a small
archipelago lying some 1,000 kilometers (620 miles) off the coast.
Isolated from the mainland, sparcely populated (less than 1 percent
of the total), and without commercially exploitable resources, the
islands have played only a marginal role in Ecuador’s political and
economic development. Nevertheless, the Galápagos Islands possess
a colorful history of their own, attracting the interest of international
visitors since their discovery by Europeans sometime in the late
sixteenth century. A refuge for pirates during the seventeenth century,
the islands became a supply port in the eighteenth and nineteenth
centuries for smugglers and whalers, who found the meat from the
native giant tortoise (the “Galápagos,” from which the islands derive
their name) a welcome relief from their otherwise monotonous diet
of salt pork and biscuits. In 1835, Charles Darwin’s visit to the islands,
his observations there, and his subsequent writings on the origin of
species drew the attention of the scientific community to what was
once described by Herman Melville as “five and twenty heaps of
cinders.” As a rich repository of unique and varied species of flora
and fauna, in fact, the Galápagos Islands continue to fascinate scientists
and, in recent years, have drawn ever-increasing numbers of tourists
from all parts of the world.4

Stretching a distance of some 600 kilometers (375 miles) from
the northern border with Colombia to Peru in the south, and occupying
26 percent of the land area, the sierra is in reality a series of some
twelve narrow, interconnected basins, bounded on the east and west
by the high ranges of the Andes and on the north and south by
lower transverse ridges. Most settlement prior to 1900 was located
in these high intermontane basins, where staple crops such as barley,
corn, potatoes, wheat, and various fruits and vegetables could be
cultivated with relative ease. At the beginning of the nineteenth
century, 90 percent of Ecuador’s population lived in the sierra. By
1982, migration and faster rates of population growth in other regions,
principally the coast, had reduced the sierra’s share of the population
to 47 percent.

Nearly all of Ecuador’s traditional Indian population is located
in rural areas of the sierra (see Table 1.2 for a breakdown of population
### Table 1.2
Population by province, 1950 and 1982

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<td><strong>SIERRA</strong></td>
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<tr>
<td>Azuay</td>
<td>250,975</td>
<td>7.8</td>
<td>443,044</td>
<td>5.5</td>
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<tr>
<td>Bolivar</td>
<td>109,305</td>
<td>3.4</td>
<td>141,566</td>
<td>1.8</td>
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<tr>
<td>Cañar</td>
<td>97,681</td>
<td>3.0</td>
<td>174,674</td>
<td>2.2</td>
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<tr>
<td>Carchi</td>
<td>76,595</td>
<td>2.4</td>
<td>125,452</td>
<td>1.6</td>
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<td>Cotopaxi</td>
<td>165,602</td>
<td>5.2</td>
<td>279,765</td>
<td>3.5</td>
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<tr>
<td>Chimborazo</td>
<td>218,130</td>
<td>6.8</td>
<td>320,268</td>
<td>4.0</td>
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<tr>
<td>Imbabura</td>
<td>146,893</td>
<td>4.6</td>
<td>245,745</td>
<td>3.1</td>
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<tr>
<td>Loja</td>
<td>216,802</td>
<td>6.8</td>
<td>358,952</td>
<td>4.5</td>
</tr>
<tr>
<td>Pinchincha</td>
<td>386,520</td>
<td>12.1</td>
<td>1,376,831</td>
<td>17.1</td>
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<tr>
<td>Tungurahua</td>
<td>187,942</td>
<td>5.9</td>
<td>324,286</td>
<td>4.0</td>
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<tr>
<td><strong>COAST</strong></td>
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<tr>
<td>El Oro</td>
<td>89,306</td>
<td>2.9</td>
<td>337,818</td>
<td>4.2</td>
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<tr>
<td>Esmeraldas</td>
<td>75,407</td>
<td>2.4</td>
<td>247,311</td>
<td>3.1</td>
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<td>Guayas</td>
<td>582,144</td>
<td>18.2</td>
<td>2,047,001</td>
<td>25.4</td>
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<td>Los Ríos</td>
<td>150,260</td>
<td>4.7</td>
<td>457,065</td>
<td>5.8</td>
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<tr>
<td>Manabí</td>
<td>401,378</td>
<td>12.5</td>
<td>858,780</td>
<td>10.7</td>
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<td><strong>ORIENTE</strong></td>
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<tr>
<td>Morona Santiago</td>
<td>21,046&lt;sup&gt;a&lt;/sup&gt;</td>
<td>0.7</td>
<td>70,217</td>
<td>0.9</td>
</tr>
<tr>
<td>Napo</td>
<td>25,425&lt;sup&gt;b&lt;/sup&gt;</td>
<td>0.8</td>
<td>115,110</td>
<td>1.4</td>
</tr>
<tr>
<td>Pastaza</td>
<td></td>
<td></td>
<td>31,779</td>
<td>0.4</td>
</tr>
<tr>
<td>Zamora Chinchipe</td>
<td></td>
<td></td>
<td>46,691</td>
<td>0.6</td>
</tr>
<tr>
<td><strong>GALAPAGOS</strong></td>
<td>1,346</td>
<td></td>
<td>6,119</td>
<td></td>
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<tr>
<td><strong>TOTAL ECUADOR</strong></td>
<td>3,202,757</td>
<td>100.0&lt;sup&gt;d&lt;/sup&gt;</td>
<td>8,050,630</td>
<td>100.0&lt;sup&gt;d&lt;/sup&gt;</td>
</tr>
</tbody>
</table>

<sup>a</sup>Includes the population of Zamora Chinchipe.
<sup>b</sup>Includes the population of Pastaza.
<sup>c</sup>Less than 0.1 percent of the total population.
<sup>d</sup>Totals and subtotals may not sum to 100 due to rounding.


...figures by province). Although centuries of subjugation by common oppressors have erased many of the former differences among Indian groups, a few such groups have enjoyed a degree of economic independence, thereby retaining a strong sense of ethnic pride and preserving unique cultural traditions. Most distinctive are the Otavalan Indians, who have earned a wide reputation for the high quality of their woolen weavings. Easily recognized by their traditional dress of white cotton shirt and pants, dark blue poncho, and dark fedora, Otavalan men travel widely to sell their products, some even as far as North America and Europe. Other Indian groups retaining a distinct
INTRODUCTION

Market day in the sierra

cultural identity are the Salasacans, from the area near Ambato, who have a long history as independent farmers, and the Saraguros, from near Loja in the far south, who have had considerable success raising cattle.

Early cities such as Quito (the capital, founded in 1534), Cuenca (1557), and Loja (1548) were established in the intermontane basins. Because their contact with the outside world was limited, the sierra cities developed as bastions of conservative Spanish culture. Nowhere is the country’s colonial heritage more visible and pronounced than in these cities. As the former administrative capital of the Audiencia of Quito, Quito in particular became one of the principal artistic centers in the Spanish colonies. Today, even though modern office buildings and apartments increasingly crowd the city skyline, Quito retains some of the finest examples of colonial art and architecture in Latin America.

Geographic barriers to communication and commerce also fostered a profound sense of regional identity that did not succumb easily to the efforts of Ecuador’s rulers to meld the disparate regions into a single nation. Isolated from the coast by the western cordillera of the Andes and from each other by rugged terrain, the highland
cities evolved as the hubs of largely self-sufficient regions in which the hacienda was the dominant form of rural social and economic organization. Spanish subjugation of the Indian population through the hacienda system bequeathed to the present day an agrarian structure in which landownership remains highly concentrated in the hands of an elite minority. Although other forms of wealth accumulation, such as investments in commerce, industry, or urban real estate, have tended to replace the hacienda, much of the contemporary sierra elite can still trace its lineage to the early landowning hacendados.

Commerce within the sierra was restricted, hindered by the relative absence of roads and the lack of differentiation among products produced in different areas of the highland region. Traditionally, most of a specific hacienda’s production, beyond that required for local needs, supplied consumers in one of the nearby sierra cities. Communication among these cities was difficult. As late as 1920, the 223-kilometer (140-mile) journey from Quito north to Tulcán, near the Colombian border, took five days.6

The lack of roads also impeded trade between the sierra and the coast. In 1908, the completion of a rail line between Quito and Guayaquil provided some stimulus to commerce. Trade between the sierra and the coast increased further during the cacao boom, but
the high costs of production and transportation put sierra products at a competitive disadvantage relative to imported foods. Not until the advent of motor transport and the expansion of the coastal market induced by the banana boom of the 1950s did trade with the coast increase significantly. Nor was foreign trade particularly important to the sierra economy, with the exception of brief periods during the seventeenth and early twentieth centuries when textile exports flourished. Only during the former period were sierra exports, destined primarily for Peruvian markets, an important share of total Ecuadorian exports. In the latter period, textile exports, then destined for Colombian markets, never exceeded 11 percent of total exports. In the late 1970s, a sierra-based manufacturing industry began to develop, oriented toward production for export markets within the Andean Common Market. But this industry, too, never accounted for more than a very minor share of Ecuador's total exports. (See Table 1.3 for a breakdown of the Ecuadorian economy.)

The coast, a fertile alluvial plain ranging in width from 30 kilometers (20 miles) in the south to 180 kilometers (110 miles) at the latitude of Guayaquil, accounts for 25 percent of Ecuadorian territory and approximately 50 percent of its population. Sparsely inhabited during the immediate preconquest period, the region grew rapidly in population as labor demands arising from the expansion of agricultural exports drew Indian and mestizo migrants from the sierra. The former, once they had abandoned their traditional language, culture, and costume, were rapidly assimilated into the broad mestizo
lower class. The *montuvios*, as the coastal peasants are known, differ from their sierra counterparts. The challenge of migration has drawn the more adventurous and slightly better-off sierra Indians and mestizos to the coast. More likely to own land and more acculturated into Spanish society, the montuvios have earned a reputation for independence. Only the Colorado and Cayapa Indian groups—the indigenous inhabitants of the northern coastal region—remain relatively unassimilated, each retaining its own language and customs. The two groups, however, account for only a small fraction of the coastal population; together they number no more than 4,000. Most of Ecuador’s small black population is also located in the coastal region, principally in the northern province of Esmeraldas.

Long the country’s most dynamic economic region, the coast has benefited from excellent growing conditions for tropical products, an extensive network of rivers navigable by canoe and raft, easy maritime transport along the coast, and natural harbors (of which Guayaquil is one of the finest on the west coast of South America), all providing access to foreign markets. Produced along the coast are nearly all of the country’s nonpetroleum exports, among which the most important are cacao, bananas, coffee, and shrimp. Most of Ecuador’s industry is also located on the coast, principally in its largest city, Guayaquil.

The economic imbalance between the sierra and the coast has been a source of intense rivalry between the two regions. Guayaquil residents, for example, are fond of complaining (not without some justification) that Quito merely spends the national wealth that Guayaquil creates.

Guayaquil was established in 1538, shortly after Quito’s founding. Although the city was initially subservient to Quito, the rapid growth in its economic importance and population allowed it to assert its independence at an early date. A major shipbuilding center early on, Guayaquil had become the country’s preeminent financial and commercial center by the late 1800s. Even during the seventeenth century, nearly all of the sierra’s textile exports to Peru passed through Guayaquil. Most imports also entered the country through this city. In the nineteenth and early twentieth centuries, cacao became Ecuador’s leading export, thus establishing agricultural exports as the basis for the country’s subsequent economic development and further stimulating the growth of Guayaquil and the coast. In the 1950s, the banana boom provided further impetus to the growth of the coastal economy. Other cities such as Esmeraldas, Portoviejo, Manta, and Machala also grew as the coastal economy expanded, and larger numbers of migrants were drawn from the sierra.
Guayaquil today is a noisy, bustling, commercial city, much in contrast to its more sedate rival in the sierra. Although there are pockets of striking colonial architecture, Guayaquil has none of the charm of Quito; nor does it have that city's unparalleled natural setting. The coastal port, however, is the economic heart of the country and, with a population of more than 1 million, its most populous city. In addition, both Guayaquil's wealth, an important resource for presidential candidates, and the electoral weight of its population have given the port city an increasingly important role in national politics.

The oriente accounts for 46 percent of the land area and 3 percent of the population. Covered with dense rain forest and isolated from the rest of the country by the eastern cordillera of the Andes, this region prior to the 1970s was populated only by a small number of colonists and scattered Indian groups such as the Shuar, Cofán, Waorani, and lowland Quechua. The economic importance of the oriente was minimal. Most of the Indian groups were hunter-gatherers or subsistence farmers. As the region held no known resources of commercial value, there were no economic incentives to develop it. As late as the early 1960s, no roads penetrated further into the oriente than the foothills of the eastern cordillera. This situation changed in
INTRODUCTION

1967, however, with the discovery of petroleum in the northeastern corner of the region. Roads were pushed deep into the oriente, and migration from the coast and the sierra brought additional colonists. But unlike the effects on the coast that resulted from the earlier cacao and banana booms, economic development of the oriente was not directly stimulated by the petroleum boom. Revenues from petroleum exports flowed into the government treasuries in Quito, not into the oriente, whose importance to the national economy remained marginal.

THE POLITICAL LANDSCAPE

The modern state of Ecuador was formally established as a presidential democracy in 1830, when the country announced its independence from Gran Colombia. A unitary state, the nation today is divided administratively into 20 provinces, of which 10 are in the sierra, 5 are on the coast, 4 are in the oriente, and 1 covers the Galápagos Islands. Provinces are further subdivided into cantons (126), and into rural (720) and urban (227) parishes.

Ecuadorian politics is in some ways as bewildering as its topography. Political instability has been a characteristic feature. One government has followed another as if on some sort of political merry-go-round, driven by recurrent economic crises and constantly shifting political alliances. Until recently, the average president had served fewer than three years of what is constitutionally a four-year term. Constitutions have not so much defined the dimensions of political contest as they have ratified extraconstitutional procedure. Since independence, Ecuador has had seventeen constitutions; the most recent was adopted in 1978. Yet until recently, life for the vast majority of Ecuadorian citizens was remarkably untouched by these numerous political transitions. Ecuadorian politics has traditionally been largely an elite contest, with political participation limited to a small fraction of the population until the 1970s.

Historically, both the geographical fragmentation of the country and the heavy dependence of the economy on the export of a small number of primary products have had profound implications for the manner in which Ecuadorian politics has evolved. Regional rivalries dominated the nation's early history. Geographical isolation ensured that the Ecuadorians' first loyalty was to the region; national concerns held little importance. For nearly a hundred years after independence, national governments were obliged to resort to military force to put down regional rebellions. Regional demands for public spending also inflated government budgets. Increasingly, the political legitimacy of Ecuadorian governments became a function of their ability to finance
INTRODUCTION

TABLE 1.4
Ecuador's principal exports, 1847-1985
(in percentages of total value of exports)

<table>
<thead>
<tr>
<th>Year</th>
<th>Cacao*</th>
<th>Bananas</th>
<th>Coffee</th>
<th>Petroleum</th>
<th>Fishb</th>
<th>Rice</th>
<th>Otherc</th>
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<tr>
<td>1847</td>
<td>57.4</td>
<td>...</td>
<td>0.1</td>
<td>...</td>
<td>...</td>
<td>...</td>
<td>42.5</td>
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<td>1857</td>
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<td>...</td>
<td>0.8</td>
<td>...</td>
<td>0.8</td>
<td>...</td>
<td>34.7</td>
</tr>
<tr>
<td>1879</td>
<td>53.5</td>
<td>...</td>
<td>0.9</td>
<td>...</td>
<td>...</td>
<td>...</td>
<td>45.6</td>
</tr>
<tr>
<td>1890</td>
<td>67.3</td>
<td>...</td>
<td>5.9</td>
<td>...</td>
<td>...</td>
<td>...</td>
<td>26.8</td>
</tr>
<tr>
<td>1900</td>
<td>70.7</td>
<td>...</td>
<td>5.4</td>
<td>...</td>
<td>...</td>
<td>...</td>
<td>23.9</td>
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<td>5.4</td>
<td>...</td>
<td>...</td>
<td>...</td>
<td>36.6</td>
</tr>
<tr>
<td>1920</td>
<td>71.3</td>
<td>0.2</td>
<td>1.8</td>
<td>...</td>
<td>...</td>
<td>...</td>
<td>26.7</td>
</tr>
<tr>
<td>1930</td>
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<td>9.8</td>
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<td>...</td>
<td>8.7</td>
<td>45.4</td>
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<td>1950</td>
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<td>1.8</td>
<td>0.1</td>
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</tr>
<tr>
<td>1960</td>
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<td>60.8</td>
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<tr>
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<td>...</td>
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<td>62.0</td>
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<td>...</td>
<td>9.8</td>
</tr>
<tr>
<td>1985e</td>
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<td>6.6</td>
<td>6.4</td>
<td>67.1</td>
<td>9.1</td>
<td>...</td>
<td>3.2</td>
</tr>
</tbody>
</table>

*Cacao includes both raw cacao and semi-elaborates.
*bFish includes fish, shrimp, and fish products.
*cThe composition of this category varies from year to year but includes exports such as sugar, tagua, panama hats, balsa, and industrial products.
*dLess than 0.05 percent.
*ePreliminary figures.


Regional public-works projects. The growth of the coastal export economy provided a new source of revenue for governments, which turned increasingly to the taxation of foreign trade to finance their expenditures. The political importance of the state grew as it became the primary mechanism for redistributing export wealth. But the combination of large spending demands and growing reliance on coastal exports to finance these demands both augmented the domestic political influence of coastal economic elites and made the national government increasingly vulnerable to fluctuations in the international market for Ecuador's products. An important contributor to Ecuador's seemingly endemic political instability, export fluctuations have led the country through a roller-coaster history of alternating periods of prosperity and depression, as first cacao, then bananas, and finally petroleum propelled the economy (see Table 1.4).

Geography and export-led economic growth structured Ecuadorian politics in other ways as well. Political organizations tended to be fragmented along regional lines. Weak economic linkages between
the export sector and other areas of the Ecuadorian economy impeded the degree to which the entire country shared in the periods of export prosperity. The outward-looking orientation of Ecuador’s economic elites reduced their interest in redistributive public policies, such as land reform, which might have expanded the domestic market and reduced the level of rural poverty. The relatively slow growth of urbanization and industrialization prior to the 1970s retarded the development of mass-based political organizations. The petroleum boom and its accompanying social changes, such as the emergence of a middle class, brought an increase in political participation. New political parties emerged as responsible alternatives to the personalistic movements that had dominated electoral politics since the demise of Liberal and Conservative party hegemony in the 1930s. But even these new parties found it difficult to overcome the obstacles created by geography and economy, in that they developed without strong ties to popular organizations and were unable to secure the support of elites.

Certainly petroleum brought a dramatic economic change to Ecuador, a change exceeding that associated with any previous export boom. Incomes rose, industrialization accelerated, the domestic market expanded, and new roads knit the regions together more tightly than ever before. Petroleum also shifted the regional balance of power from the coast toward the sierra, strengthened the power of the state, and increased its independence from domestic economic elites. The conjunction of Ecuador’s new wealth (and the economic changes it engendered) with the rise to power of reform-minded governments raised expectations for change in a society that had heretofore proved quite resistant to such reformist endeavors. Yet the political difficulties encountered by these governments, and by the subsequent, more conservative government, suggest that Ecuadorian political institutions may not have matured to the degree that its economy has, and that domestic politics remains profoundly influenced by the performance of the country’s export markets.

In subsequent chapters we shall explore these issues. Chapter 2 establishes the early historical context, with an emphasis on the importance of the patterns imposed by regionalism and structured by Ecuador’s colonial heritage. Discussed in Chapter 3 are the cacao and banana booms, as well as the implications of these periods of economic bonanza for domestic politics. Chapter 4 continues the discussion of the interplay between economics and politics, focusing on the expansion of the electorate and the emergence of populist political movements. Chapters 5 through 7 consider the economic and political implications of the petroleum boom, with the state at
the center of the analysis. Chapter 8 concludes with an examination of the possibilities for the future of this little-known country, all the while emphasizing the ways in which traditional patterns may shape future change.

NOTES

1. Most Ecuadorian sources use this estimate. See, for example, Banco Central del Ecuador, Boletín Anuario, No. 7 (1984), p. 185. The World Bank, however, currently estimates the rate of population growth at 2.6 percent. See World Bank, World Development Report, 1985 (New York: Oxford University Press, 1985), Table 19, p. 211.


5. Ibid., pp. 68–69.


References


