

FOREIGN TRADE AND ECUADORIAN REGIONAL DEVELOPMENT:
CUENCA'S "PANAMA" HATS, 1900-1970

Brent Hudspeth
History Thesis
Directed by: Dr. Parker
Fall/ Winter 1990-1991

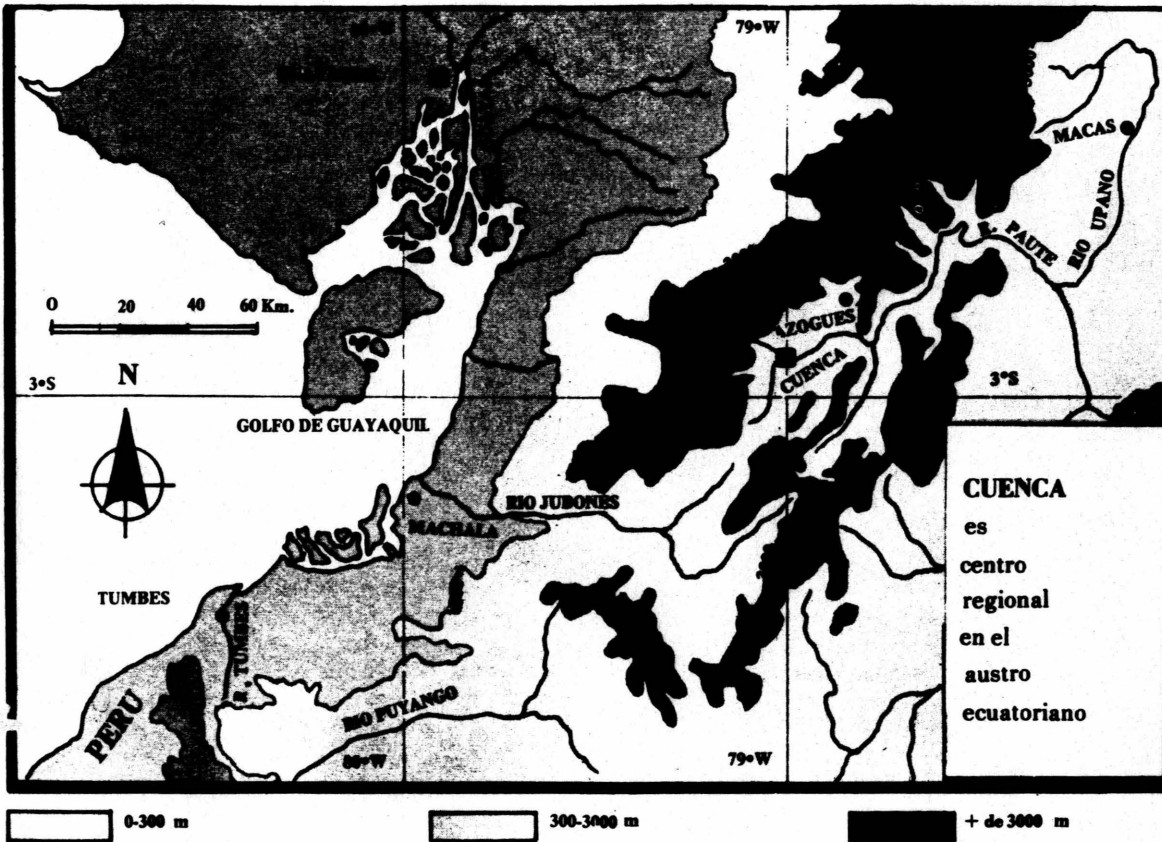
TABLE OF CONTENTS

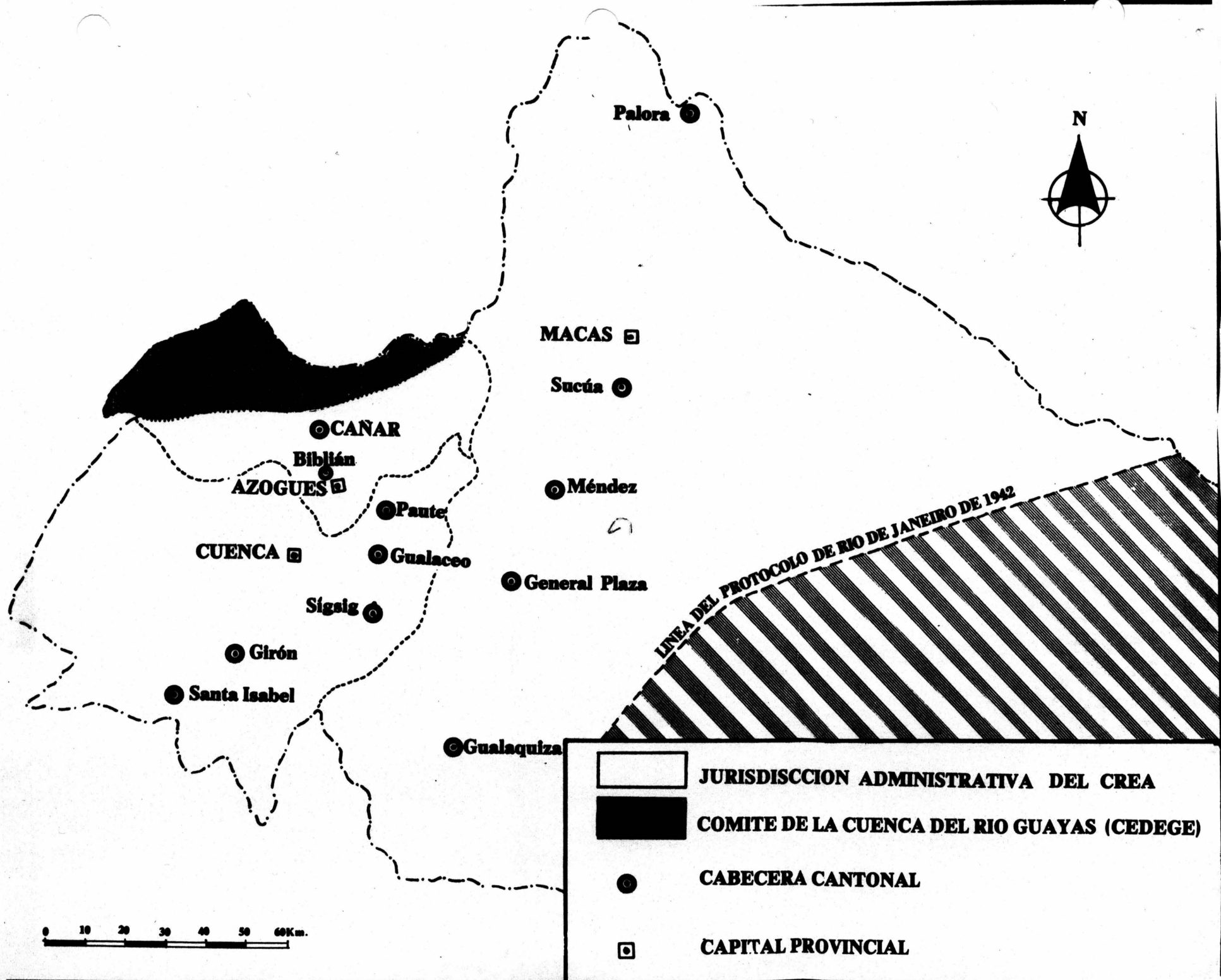
Preface

Introduction

- I) The Geography and Climate of Cuenca and its Region
- II) The Rise of the Paja Toquilla Industry (1830-1900)
- III) The Consolidation of the Paja Toquilla Industry (1900-1930)
- IV) A Bright Note in Somber Times: the Paja Toquilla Industry (1930-1949)
- V) The "Panama" Hat Crisis (1949-1959)
- VI) Cuenca Diversifies (1950-1982)

Mapa 1 EL SUR ECUATORIANO





Palora ●



MACAS □

Sucúa ●

● CANAR

Biblián ●

AZOGUES □

● Méndez

● Pante

CUENCA □

● Gualaceo

● General Plaza

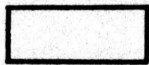
Sigsig ●

● Girón

● Santa Isabel

LINEA DEL PROTOCOLO DE RIO DE JANEIRO DE 1942

● Gualaquiza



JURISDISCCION ADMINISTRATIVA DEL CREA



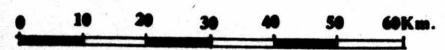
COMITE DE LA CUENCA DEL RIO GUAYAS (CEDEGE)



CABECERA CANTONAL



CAPITAL PROVINCIAL



PREFACE

I have been blessed with the gift of Cuenca, Ecuador. During the period 1952-54 as Assistant Project Director with the Guigay Health Training Program. As a member of the field staff, I was fortunate to participate in a public health program that was conducting house-to-house sanitation and community sanitation programs throughout the province of Azuay. Cuenca is a beautiful southern sierra city with a rich history, a history which I will examine in some detail here. As I visited the suburban towns around Cuenca, I saw a majority of women and some men weave straw hats in groups and listening stories. I discovered that the production of these hats was the primary economic activity of the region through the 1950s. It is the history of this industry and its relation to the city and region of Cuenca that I propose to treat here.

While initially conducting research for this thesis I intended to write about the political, social, and economic dynamics of regionalism in Ecuador during the twentieth century. However, this topic which would largely relate the history of the conflict between the coastal and sierra regions proved to be too broad. Instead, I decided to concentrate my topic on the modern history of Cuenca as a regional center since Cuenca has its own unique relationship to the regional dynamics of Ecuador. Cuenca's regional development will be looked in comparison to that of Quito and Guayaquil. In this thesis, I will rely heavily on regional planning commissioner reports dealing with the provinces of Azuay, Loja, and Province Santiago as they relate the importance of Cuenca as a regional center. These reports trace the regional economic and

social development of Cuenca and its region from its pre-colonial past to the present. I must apologize for the lack of political history on the regional level which I will be able to relate here as the resources for this information were not at my disposal. I do have limited knowledge on Cuenca's role in the national political scene. I can only hope that I will have the opportunity to return to Cuenca one day to pursue more sources on the subject. I believe that this thesis will present a significant summation of the economic, social, cultural, and to a limited extent the political realities as they relate to the dominant industry of the Austro region of Ecuador from 1900-1970, the "Panama" Hat industry.

INTRODUCTION

Cuenca holds a unique status in terms of Ecuadorian regional development as it has developed in ways similar to the two dominant regional centers of Ecuador, Guayaquil and Quito. Cuenca is a southern Ecuadorian sierra city which has been a regional center for more than four centuries. As a sierra city, it has reaped the advantages of having a high population concentration in its region to provide labor for industry. It would have faded into insignificance on the national economic scene and developed along the lines of a sierran administrative center if the "Panama" hat industry had not arisen during the nineteenth century. Quito is the dominant Ecuadorian sierra city and has an economy based on "selling" government to Ecuador. The dominant sector of the Quito economy is the governmental administrative sector.

However, the development of the "Panama" hat industry allowed Cuenca to develop economically in a manner similar to Guayaquil. Guayaquil arose as a center for primary product exports during the cacao boom during the early 1900's due to the fertile land surrounding the city and its huge natural port. Guayaquil became more important than Quito on the national scene due to its economic power emanating from the cacao boom, banana boom, and coffee exports. However, Guayaquil would be a victim of boom and bust cycles as the demand for its agricultural exports rose and fell dramatically on the world markets. Cuenca transferred itself from a regional administrative center into a base for the international trade of a light manufacture, the "Panama" hat. Subsequently, the economy of Cuenca, as Guayaquil's, became tied into the world

market growing and contracting as demand for its hats rose and fell accordingly. As the agricultural exports did in Guayaquil, the hat industry would increase Cuenca's importance on the national scene.

Therefore, the consolidation of the *paja toquilla* industry during the early 1900's would strengthen the city's role as a regional center and provide a viable economic activity for the region's work force. I will trace the rise of this industry in Cuenca and the regional development which its growth brought. Isolation from the national scene had been an important theme as Cuenca has always demanded more attention from the central government to promote its national integration. The rise of this industry would bring commerce, infrastructure development accompanied with national integration, communication networks, and political activity to the region.

The economy's dependence on the industry brought the *paja toquilla* crisis of the 1950's as the price for Panama hats fell drastically on the world market and threw the regional economy of Cuenca into a severe depression. However, Cuenca's efforts to diversify its economy proved successful as Cuenca witnessed a dramatic demographic boom during the 1950's and 1960's. The "Panama" hat industry had given the city a firm economic base on which it could diversify and shake off its reliance on the hat industry. A city which formerly had experienced little population growth suddenly grew six times from 1950 through today. Its commercial, financial, and service sectors have grown enormously resulting in the influx of immigrants from surrounding rural areas.

The city's impact on the regional level economically, politically, and socially swelled to new peaks after 1950. Cuenca has and continues to serve as the regional economic, political, and cultural Mecca for the provinces of Azuay, Cañar, and Morona Santiago. Therefore, Cuenca's situation today has similarities to both Guayaquil's and Quito's. The city continues to serve as a base for export product in the form of manufactures, making it similar to Guayaquil. At the same time it resembles Quito in that the city continues to serve as a regional administrative center from which regional development is concentrated.

I) THE GEOGRAPHY AND CLIMATE OF CUENCA AND ITS REGION:

The geography and climate of Cuenca have served to make the city a regional center during its history. The city lies in a comfortable environment, a fact which encouraged the large concentration of population in its valleys since the Cañari first settled in the region. This concentration would make the city an administrative center during the Inca period. Further, this population would provide the cheap labor source necessary to build the "Panama" hat industry.

The Cañari Indians and the Incas chose to settle on the location where modern Cuenca stands today as it lies in the widest and most fertile valley in the southern Ecuadorian highlands. The city is centered on a large alluvial cone where four rivers meet within the city: the Tomebamba, the Macangara, the Yanuncay, and the Tarqui. These rivers unite to form the Río Paute which flows eastward toward Brazil and into the Amazon River. The city rests on three distinct levels of altitude yet is flat within these plateaus. Cordilleras, or ridges, of the Andes Mountains surround and have served to isolate the city through imposing an enormous geographical barrier to transportation within and outside the region.²

Cuenca's climate is determined by its altitude and latitude. Cuenca lies within a mountainous zone in the tropics. The average altitude of the city lies around 2,532 meters. Consequently, this high altitude makes the seasonal fluctuations in temperature minimal. The average daily temperature swing is twelve degrees centigrade with June, July and August being the coldest months.

The average temperature of Cuenca is fourteen degrees centigrade. Rainfall is unevenly distributed throughout the year with the winter months being drier. The region does not experience the four seasons but rather a rainy period and a dry period, occasionally taking the form of sizeable droughts. In any case, the climate is benign and pleasant making the region a hospitable place to live within its valleys. This climate has caused the region to hold a higher concentration of people per kilometer than the hot and humid coastal areas throughout its history.³

The vegetation within the region is largely subtropical, and the fertile areas which remain are almost entirely cultivated. The area used to be covered with thick low forests which have fallen to lumberjacks and farmers. Mountain-sides which used to be covered with forests now lay barren. Soil erosion around Cuenca has taken on enormous proportions to the detriment of the region's agricultural productivity and public health. Respiratory diseases stemming from the abnormally high amount of dust in the air are the leading cause of illness in the region.⁴ Eucalyptus trees and pines have been planted to prevent further soil erosion, but the trees' toxic leaves have succeeded in scaring off wildlife within the forests.⁵ Local crops produced include straw used for the "Panama" hats, corn, sugar cane, wheat, soy beans, and various other vegetables. The crops produced vary with altitude and climate within the region with sugar cane and straw being produced in the bottoms of the valleys.⁶

The rivers which have made the land of the region fertile and provided a source of hydro-electric power have also imposed a

severe blockade to communication and commerce. The rivers around Cuenca do not provide transportation routes to the coast as the continental divide lies to the west of Cuenca causing all the cities rivers to flow into the Amazon and not toward the important coastal ports. The developed port nearest to Cuenca is that of Guayaquil, the leading commercial center of Ecuador. Bridges have been critical to the development of Cuenca, as the city has constantly tried to build more.⁷

Therefore, the geographical location of Cuenca would lend it to have a sierra-type economy based on subsistence agriculture and the administrative sector, similar to that of Quito. However, the area does produce the straw necessary to make the low-grade, or Gualaquiza, "Panama" hat. More importantly, the benign climate of the region encouraged the concentration of population in the region since pre-Inca times. This population would allow the valley to hold the city of Tomebamba in the Inca Empire and remain a regional cultural, economic, and administrative center through today. This abundant population would provide the cheap labor necessary for the manufacture of the hats, a concentration of population which the tropical, disease-ridden coast lacked until the twentieth century.

II) THE RISE OF THE PANAMA HAT INDUSTRY (1830-1900)

The "Panama" hat industry would prevent the city of Cuenca from becoming an insignificant city on the Ecuadorian national scene. During the nineteenth century, Cuenca found itself trying to hold on to its political ties to the central government to prevent the decline of its regional economy. Conditions in the region facilitated the development of the hat industry, such as a large indigenous population concentrated in the valleys around Cuenca and the capacity to produce straw within the region. The industry would transfer the city from an administrative economy into a manufacture-based economy during the end of the nineteenth and beginning of the twentieth centuries.

The Cañari Indians were the first people to inhabit the land on which Cuenca stands today. This society was advanced politically and economically but remained isolated from other Cañari groups. Theirs was not an urban culture. Their tenure of the land came to an end when the Incas arrived in the region at the end of the fifteenth century.⁸

The Incas founded the city of Tomebamba on the site where Cuenca is today and made it into an advanced urban center, integrating the Cañari Indians into the customs of the Empire. They brought roads, buildings, and temples to the city which grew to occupy some fifty hectares and surpassed even Cuzco and Quito in glory with some of its buildings. Tomebamba's location within the wide valley made it easily defensible by its able ruler Huayna-Capac. Three primary roads connected the city with the sierra and the coast allowing the city to communicate with the rest of the

Empire. Tomebamba was an important administrative, religious, and military center until the Emperor designated the city of Quito as the new capital of the Empire in the early 1500's. The Incan Civil War of 1529-1530 brought the ruin of Tomebamba as the Emperor won the battle for control of the Inca Empire over his brother Huascar who was using Quito as a base. Atahualpa defeated Tomebamba which was allied with Huascar and the Quito seat of Inca authority, leaving the city in embers.⁹

The first documented Spanish knowledge of the existence of Tomebamba was in 1529 when Francisco Pizarro signed an agreement with the kings of Spain to complete the conquest of Peru which mentioned Cuenca as an important center to conquer. The first Spaniards to reach the region were under Benalcazar in 1533. Benalcazar made an alliance with the Cañari Indians and proceeded to destroy the Incas in Quito and founded the Spanish city of San Francisco de Quito. One of Benalcazar's men, Diego de Sandoval, received a large part of the region of Tomebamba as an *encomienda* and began the Spanish settlement of the region in 1535.¹⁰

In April of 1557, the Spanish dedicated the city of Santa Ana de los Rios de Cuenca lay under the authority of the *Presidencia* of Quito. The city had economic importance for the Spaniards as a prosperous mine in Gualaceo lay near the city. Roads were improved to Quito and Lima. The Spanish military fortified the city which would serve as an outpost in an isolated region of the Empire as the roads remained difficult to traverse making transportation times long. Cuenca only had importance on a regional level within the Spanish Empire; however, this role made it the administrative,

commercial, religious, and social center of the valleys surrounding the city. The city had administrative authority in its corregimiento over Paute, los Cañaris, Girón, and Alausí. The population of colonial Cuenca was largely mestizo and Spanish with the surrounding rural areas being Indian. The mestizos and Indians made up a much greater percentage of the population than did the Spaniards. Again, the region had a large concentration of population even its rural areas which provided the labor for the large *encomiendas* of the Spaniards.¹¹

As the miners extinguished the reserves at the mines of Gualaceo, the agricultural sector grew with corn, wheat, and cattle being produced for consumption largely within the region. Artisan neighborhoods grew up in the mestizo populated sectors of the city, a segment of the population which would manufacture the "Panama" hats and other goods during the nineteenth and twentieth centuries.¹²

During the eighteenth century, the city encountered economic and ensuing physical growth. The explorers Juan y Ulloa estimated the population of Cuenca to be between twenty-five to thirty thousand people. Michael Hammerly believes the population of the city in 1778 to have been 18,919 based on census statistics.¹³ Agriculture remained the principal economic activity of the region with wheat and flower being sold to Guayaquil. The artisans sold their products only on the local market. They did succeed in expanding their production to include bricks, tiles, and textiles. A small merchant elite grew up which traded products such as precious metals to Lima, a sixty day round trip.¹⁴

Two key offices were created in the 1770's which added to the importance of Cuenca and draw more officials into the city from other regions. The gobernación of Cuenca was founded in 1771 allowing Cuenca to surpass its corregimiento status. Further, the office of the arch-bishop of Cuenca was created in 1779. These offices, however, had authority only on a limited area due to the routes to the areas surrounding Cuenca. The cities of Loja, Guayaquil, and Riobamba had their own administrative systems to control their regional affairs.¹⁵

Ecuador became an independent nation in 1830 as it separated from Gran Colombia. The independence period saw Cuenca's population and economic prosperity diminish as natural disasters, epidemics, and war caused many people to migrate to the coast. Again, agriculture continued to be the principal economic activity for the region. The region produced quinine which became its first significant export product.¹⁶

The dominant artisan activity of the region began during the mid-1800's, the production of straw hats. The production had begun in small quantities before 1830 but the first school of weavers was formed in 1845 by teachers from the province of Manabí, which had its centers at Montecristi and Jipijapa. Alexander Humboldt first reported of the hat manufacture in a letter sent to the President of the Audiencia of Quito.¹⁷ Vintimilla explains the explosion of this activity within the province due to the lack of industry, the amount of free-time for field workers, and the high densities of the campesino population in the Austro region.¹⁸ The manufacture of hats quickly spread from Cuenca out to the rural areas. It

would be the surge of demand for the hats in the United States and Europe which would drive the "Panama" hat boom during the first half of the twentieth century.

During the mid-1800's, the production of a hat required two days labor by a campesino for which he was paid twenty cents of a sucre from a *hacendado*. The raw straw used to make the hats cost three to four cents and was purchased by the *hacendado*. The hat would then be sold for eighty cents by a *hacienda* owner

By 1862, hats had become the second largest export product for Ecuador behind cacao, which had an export value six times greater than the hats. The centers of production were the provinces of Azuay and Manabí. Buyers initially came from Panama since it was a maritime commercial center which traded goods to the United States. Ecuadorians had migrated to Panama on their way to search for gold and employment in California, making buyers in Panama and the United States aware of the hats. These buyers, in turn, resold them to buyers from the western United States and gave them the name of "Panama" hats. The growth of this industry would make transportation routes to Guayaquil crucial through the twentieth century.¹⁹

The establishment of the University of Cuenca in 1867 stands out as another landmark in the development of the city. Cuenca would become a center of learning for southern Ecuador as other cities such as Riobamba and Ambato lacked universities, producing a small number of professionals within Cuenca who could organize the commercial activities in the region, such as the marketing of the "Panama" hats.²⁰ Further, Cuenca has always been a cultural

center with numerous theaters, painters in residence, and literary societies.

Cuenca remained isolated due to the lack of a durable road to the coast or to the northern sierra until the "Panama" hat industry had grown to an extent that it brought infrastructure development to the region. Roads to the coast could not support automobiles or lorries until the mid-1900's. Cuenca wanted a railroad line which would stem-off the Guayaquil-Quito line. The Quito-Guayaquil line was completed in 1908 as Guayaquil was in the middle of its cacao boom and experiencing rapid growth. Cuenca did receive telegraph lines in 1886 which allowed it to communicate with other cities in the immediate region. ²¹

Administratively, Cuenca did not retain its status as seat of the district including the provinces of Loja and Cuenca as Loja became an independent province during the early 1800's. Further, the province of Cuenca was subdivided into cantones: Cuenca, Azogues, and Cañar. However, Cuenca's broad administrative powers would not last long as the provinces of Cañar and Loja broke off from Cuenca's districtional jurisdiction in the mid-1800's. Cañar became an autonomous province in 1884, breaking another economic and administrative link which had been formed within the region. Further, Cuenca's bishop lost control over Guayaquil and then Loja when a new Bishop's office was created to handle these areas in 1862.²²

Subsequently, Cuenca's regional influence weakened as the nineteenth century progressed with the cities of Guayaquil and Quito growing rapidly in importance. Guayaquil was profiting from

the cacao boom while Quito reaped the revenues from import and export duties. Foreign trade began to control the economy of Ecuador, and at this point, Cuenca's "Panama" hat production did not compare with the massive production of cacao along the coast. Therefore, heading into the twentieth century Cuenca found itself falling behind Quito and Guayaquil not only in terms of economic prosperity but also in terms of political influence within the region. The economy of Cuenca lacked vitality in the agricultural sector, service sector, and commercial sector. In any case, the foundation of the industry which would tie Cuenca into the world economy had been laid as some Cuencanos and rural citizens had been trained in hat production. Further, the supply of cheap labor was in place which could be trained to manufacture the hats.

III) THE CONSOLIDATION OF THE *PAJA TOQUILLA* INDUSTRY (1900-1930)

During the first part of the twentieth century, the "Panama" hat industry would grow upon the foundation which had been laid during the nineteenth century, consolidating Cuenca's economic activities. Heading into the twentieth century, by no means was the regional economy of Cuenca centered around the "Panama" hat industry. The majority of the region's population continued to work exclusively in the agricultural sector. The employment opportunities in Cuenca lay in the service sector, artisan production of textiles or jewelry, or administrative posts. Cuenca had functional roads which could transport its products to Guayaquil or Quito. Therefore, the rise of the hat industry due to the sudden surge in demand for the hats in Europe and the United States provided the needed stimulus for the local economy which ended its economic decline. The "Panama" hat industry became strong enough to give employment to the majority of the rural and urban population. Further, the industry created a rise in consumption which improved commerce in the region. 23

The *paja toquilla* industry experienced a verifiable boom at the beginning of the twentieth century as the hats composed a large percentage of the national exports even while cacao exportation was at its peak. Despite the lack of durable roads to the coast and Quito, the light weight of the hats made their transport by cart easy before auto-mobile supportable roads appeared during the mid-1900's.²⁴²⁵ A network of import houses in New York developed relations with the regional economy of Cuenca. Further, the

construction of the Panama Canal created a demand for thousands of the hats which could block sunlight on the face.²⁶ The value of hat exportation only composed one percent of the total exports of Ecuador in 1900, while by 1906 it composed ten percent of the total at nine hundred thousand dollars.²⁷ Regional development would become tied to the prices which these import houses would pay for the *paja toquilla*. Therefore, as the state of the Ecuadorian economy was tied directly to the price of cacao on the world market, the regional economy of Cuenca found itself in the same position with its prosperity balancing on the price of its "Panama" hats on the markets in the United States and Europe.

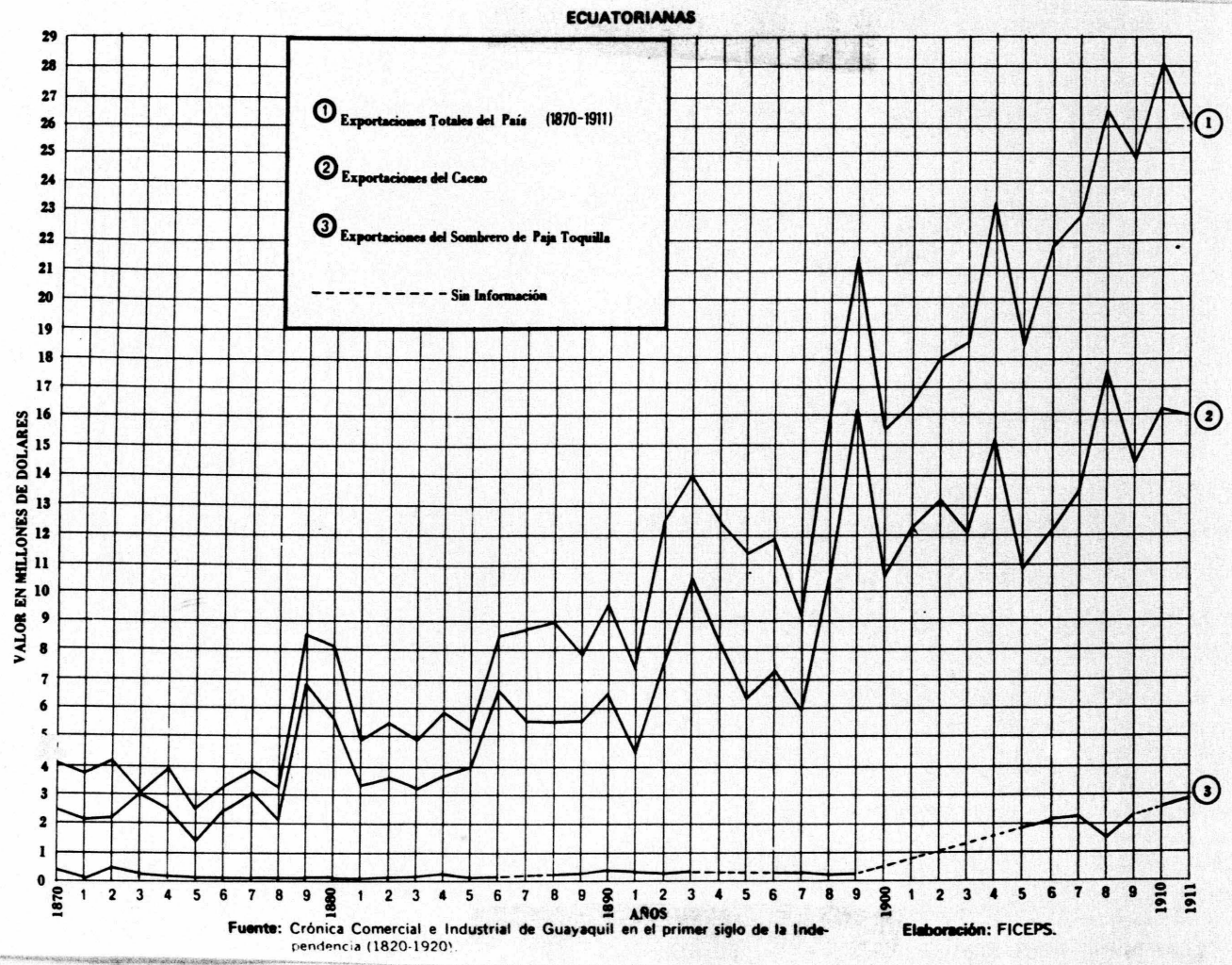
CHART 128

CUADRO DEL VALOR DE LAS EXPORTACIONES ECUATORIANAS (1870 - 1911)			
AÑO	TOTAL DE EX- PORTACIONES	EXPORTACIONES DE CACAO	EXPORTACIONES DE SOMBREROS DE PAJA TOQUILLA
1870	4.069.205	2.582.680	392.100
71	3.807.105	2.134.078	92.820
72	4.261.592	2.246.846	585.499
73	3.028.200	3.017.800	289.750
74	3.913.539	2.752.381	91.200
75	2.638.973	1.648.940	86.184
76	3.389.627	2.429.163	76.800
77	3.928.468	3.145.120	54.732
78	3.365.060	2.166.120	61.476
79	8.684.320	6.937.510	98.790
1880	8.207.067	5.733.603	80.010
81	4.995.676	3.305.886	42.840
82	5.469.793	3.667.896	109.380
83	4.923.305	3.372.220	66.580
84	5.915.052	3.782.100	291.582
85	5.344.651	4.064.733	48.100
86	8.576.767	6.714.117	30.809
87	8.897.413	5.682.488	—
88	9.009.322	5.534.420	—
89	7.910.210	5.620.587	244.048
1890	9.761.637	6.571.331	483.699
91	7.351.800	4.544.399	315.874
92	12.686.185	7.748.293	383.005
93	14.052.314	10.367.016	439.105
94	12.540.375	8.217.048	—
95	11.562.749	6.303.168	—
96	11.978.110	7.383.818	—
97	9.004.585	5.961.526	317.172
98	15.094.137	10.538.658	158.167
99	21.421.040	16.226.027	321.367
1900	15.419.220	10.700.582	—
01	16.393.155	12.255.015	—
02	18.106.038	13.230.561	—
03	18.626.354	12.194.537	—
04	23.284.193	15.248.691	—
05	18.565.668	10.916.086	—
06	21.964.714	12.198.484	2.232.872
07	22.906.954	13.477.656	2.342.088
08	26.559.207	17.737.040	1.598.568
09	24.878.799	14.522.617	2.307.146
1910	28.062.363	16.213.670	—
11	26.115.714	16.095.248	2.889.579

Fuente: Crónica Comercial e Industrial de Guayaquil en el primer siglo de la Independencia (1820 — 1920).

Nota: La Crónica no trae información del monto de las exportaciones del sombrero de paja toquilla de los primeros años de la primera década del siglo XX.

CHART 229



During this period, the Guayaquil-based Liberal Party ruled Ecuador promoting free-trade policies which facilitated the growth of the *paja toquilla* industry in Cuenca. The Liberal Party had grown due to the coastal prosperity stemming from the cacao boom of the late 1800s and early 1900s. This government played the hand of the coastal exporters lowering tariffs on exports during the period from 1895 to 1925. However, the government neglected the demands by Quito and more-so Cuenca for public works projects, disregarding the fact that Cuenca was contributing around ten percent of the value of the national exports. Therefore, Cuenca was a beneficiary of the low trade duties but did not participate actively in forming this policy.³⁰

The period from 1912 to 1925 witnessed the rise in power of the Banco Comercial y Agricola de Guayaquil which worked to promote the exportation of products from Guayaquil and then Cuenca. This Bank fought to keep export duties low which would, in turn, help the *paja toquilla* producers of the Cuenca region who traded their goods out of the port at Guayaquil to maintain a competitive price for their goods on the world market. The central government increasingly had to rely on the Banco Agricola as a source of loans to keep itself afloat, further augmenting the power of the coastal exporters over the national political and economic scene. The *paja toquilla* export houses of Cuenca developed close alliances with the officers of the Banco Agricola to ensure the easy transport of their goods to the port at Guayaquil.³¹

Regional commerce would improve with the opening of the Banco

del Azuay in 1919, which gave loans to finance the "Panama" hat export house owners. However, the Bank would help to form monopolies in the region by controlling the amount of credit available to potential borrowers. The Sociedad Comercial y Agrícola del Azuay would give the Banco del Azuay some needed competition when it opened soon afterwards. Landholding and business-holdings continued to be concentrated in the hands of the few elites of the region.

On the national level, young Conservative sierra military officers overthrew the weakened Liberal government in a coup in 1925. The Conservative Party had represented the interests of the sierra outside Cuenca which sought to raise taxes on exports and promote public-works projects which would largely be centered in Quito. These sierra officers, who considered Quito to be their center as well, considered their financial security to be in jeopardy under Liberal rule following the cacao bust. Therefore, although the producers of the "Panama" hats feared the higher tariffs which would result from the coup of 1925, they hoped that the government would bring needed public works projects to the region. The Conservative government's destruction of the Banco Comercial y Agrícola restricted the supply of credit available to the owners of the export houses as the Central Bank which replaced it did not finance the export sector as the Banco Agrícola had. Meanwhile, the poor peasants and urban workers wanted the public works projects to improve their situation through creating more economic opportunities. The small labor movement which sought to

gain concessions from the owners of the hat export houses in Cuenca aligned itself with the Liberal Party. Octavio Díaz viewed the Conservative Party in Cuenca as the protectors of tradition and the oligarchy, while viewing the Liberal Party as reformist and willing to protect the rights of all citizens.³²

Provincial governments in the Austro and the municipal government of Cuenca would find themselves with surpluses or deficits depending upon the revenues coming from taxes on the hat industry. However, the nature of the tax system in Cuenca prevented the local government from receiving large scale revenues from the "Panama" hat industry. The Ecuadorian government did not have an effective income tax system in place with which to take a share of the profits made by the middle-men in the hat trade. The easiest taxes to collect were export and import tariffs as the government lacked the bureaucracy which could ensure the collection of income taxes. Therefore, the government of Cuenca did not channel the revenues from the hat industry into public works projects which could have improved the quality of life for all Cuencanos. This process of equalization did not take place within the region as inequalities of wealth remained high.³³

Two types of hats were produced within the region: the "sombbrero Cuenca" was made with white straw from Manabí and Guayas and destined for exportation while the "sombbrero Gualaquiza" was made from straw cultivated in the Oriente and Azuay and sold internally due to its lower cost and greater durability. As a road which could support auto-mobiles to the Oriente did not exist until

the 1950s, the straw from the Oriente had to be carried by carts.³⁴ During its peak, the industry employed eighty thousand workers in the province.³⁵ The profits from the production of both kinds of hats was concentrated in the hands of the local bourgeoisie as they capitalized on the transaction costs of buying the raw materials, selling them to the local weavers, and then transporting the finished hats to the coast for export.³⁶

The chain of production which formed the consolidated "Panama" hat industry involved a series of middle-men who reaped the majority of the profits from the hat trade. The process began as the straw for the sombrero Cuenca was initially be sold by huge landholders who produced the straw as a cash crop to the owners of the export houses in Cuenca. These buyers treated the straw and then sold it at the local markets to those who could afford to buy the primary product.³⁷ Leonardo Espinoza points out that often campesinos or urban poor bought the *paja toquilla* from "perros" or "revendones" who would go through the poorest areas of the region and offer wages before the hats were finished for people who wove the straw distributed by him. In turn, these "perros" gave their workers a miserable salary and kept a large percentage of the profits of the finished product for themselves.³⁸ The export houses themselves employed "azocadores," domestic workers who wove the hats at extremely low cost. The "compositores" washed, ironed, and finished the hats in the export houses. The hats then were shipped off to coastal markets on the inferior roads which led to the coast by transporters who took another sizeable profit for

their service.³⁹

The export value of the hats relative to other goods produced in Azuay in 1909 amounted to 1,300,000 Sucre while the next closest product was gold which amounted to only 48,000 Sucre. This value equaled 2.3 million dollars.⁴⁰ Despite this influx of wealth into the Cuenca region, Espinoza continually emphasizes that these profits did not bring economic development to the region but rather only served to enrich the middlemen of the *paja toquilla* industry and especially the export houses. These middlemen worsened the regional economic situation by consolidating landholdings as they purchased large estates. However, the commerce which these middle-men brought to the region did serve to increase the variety of goods available in Cuenca. Merchants with a new purchasing power demanded goods from outside the region.⁴¹

Ironically, the fact that the agricultural sector remained sluggish helped the "Panama" hat industry. Agricultural workers, eighty percent of the population of Azuay, had the free time to produce the hats. Further, the fact that campesinos could not earn sufficient wages to support themselves from agriculture drove them to weave hats. The minifundio and latifundio proved to be a very inefficient method of farming as subsistence or cash-crop agriculture was practiced using poor crop rotation methods and outdated equipment. Octavio Diaz points out that in 1919 that the Austro region desperately needed irrigation systems to serve farms in higher areas. Peasants usually did not own the land on which they worked, a factor which added to low yields. Landholding would

be further consolidated within the region as cattle ranches developed in the area around Girón to the southeast of Cuenca. The "Panama" hat industry did not need agrarian reform to increase the supply of cheap straw for the hats, though, as cheap sources of straw abounded within and outside the region.⁴²

In general, lack of infrastructure development has been a constant theme of the history of Cuenca and has affected the growth of commerce, especially the *paja toquilla* industry, in the region. Cuencanos have always accused the central government of ignoring their acute needs for road construction, rail-roads, air transport, and communication lines. In 1919, Cuenca's Consejo Municipal contributed 40% of its revenues to the central government believing that it was not receiving the regional public works projects which should have been given in exchange for these contributions.⁴³ The provincial government of Azuay and the Consejo Municipal responded to this neglect from the central government by creating autonomous regional planning agencies that received funding from the central and local governments. The deputies to Congress lobbied for the creation and maintenance of these regional development agencies which rose up in great number during the early twentieth century throughout Ecuador. Osvaldo Hurtado, president of Ecuador from 1980-1984 and a renowned political scientist, has argued that these largely autonomous agencies drained tax revenues which should have been distributed in a methodical manner throughout Ecuador to promote unified national integration instead of the haphazard regional development which occurred. Organized regional planning

in Ecuador still does not occur effectively today due to the continued existence of many of these regional development agencies.⁴⁴

Lack of economic opportunities compounded with the low wages paid to the weavers of the "Panama" hats drove people from the Austro region of Ecuador to the coast throughout the twentieth century. However, Octavio Díaz points out that the social conditions for the Indians in the region were better than those in the rest of the country. Indians in the Austro even possessed the right to take their white hacendados to court for abuses committed against them. In any case, the Indians received a basic salary from their hacendado or supported themselves through subsistence farming and hat weaving to barely keep themselves alive. The cacao boom on the coast which lasted through World War I drew the first large wave of migrants, both rural and urban, to the coast to work on the large haciendas which offered higher salaries than those received through working in the *paja toquilla* industry or minifundios. Migration would even continue during the period of economic depression on the coast of the late 1910s and 1920s while the *paja toquilla* industry in the Austro remained strong.⁴⁵

The Cacao Crisis on the coast following World War I had major repercussions for the national economy, including the Cuenca economy consolidated around the "Panama" hat trade even though the demand for "Panama" hats remained steadily high. The demand for chocolate products fell drastically after World War I causing the price of cacao to drop on the world market. The huge drop in

export revenues brought massive devaluation of the sucre during the period from 1918 through 1925. In 1918, the exchange rate was 1.93 sucres per dollar while by 1924 it had fallen to 5.03 sucres per dollar. The devaluation of the sucre made imports more expensive helping to bring on massive inflation and also caused the value of the "Panama" hats to lower on the European and New York markets. Like Guayaquil, the economy of Cuenca suffered the initial effects of a drop in the market price for its primary product as real wages declined in the Cuenca region. The consumer price index rose 275% during the period from 1913 to 1928. Further, the central government tightened its hold on the population through creating 135 new taxes in 1921 alone.⁴⁶

Labor organizations arose en-masse during the early 1920s in Cuenca to combat the continual decline of their real wages and exploitation by the middle-men of the *paja toquilla* industry using strikes to gain the attention of the industry owners and government. However, labor unions had already formed in Guayaquil and Quito numerous years before they formed in Cuenca. The first work-oriented union was the Alianza Obrera del Azuay, formed in 1905 to protect all types of workers rights, guarantee holidays, and promote abstinence from alcohol. The Cuencano unions remained unorganized, especially in the *paja toquilla* industry, due to the fact that many workers produced goods out of their homes making coordination difficult. Further, the export houses went to great lengths to impede the formation of unions within their production network. In any case, the continuing exploitation of the urban

paja toquilla worker brought the political activation of the urban working class in Cuenca. These workers took actions to change their miserable situations.⁴⁷ The *paja toquilla* crisis during the 1950s would facilitate the organization of the weavers, though.

By 1930, the "Panama" hat industry had been consolidated as the dominant industry in the regional economy of the Austro. The industry arose due to a surge of demand for the "Panama" hats in Europe and New York during the early 1900s. Other regional industries and economic sectors had declined in importance before the "Panama" hat industry took-off. The region's administrative influence over the region, the textile and mining industries, and the service sector all waned during the end of the 1900s. By the late 1910s textile workers would be forced to move to the *paja toquilla* industry as the textile industry in Cuenca could not adapt the appropriate modern technology to maintain the quality and price of their products at a competitive level. Cuenca failed in its efforts to colonize and integrate the Oriente of the Austro into its regional economy.⁴⁸ If the *paja toquilla* industry had not arisen, Cuenca would have developed a service and administrative oriented economy similar to that of Quito. However, the growth of the hat industry developed the economy of Cuenca along the lines of Guayaquil, oriented around the export of one primary product, cacao. Over half the population of Azuay was employed in various stages of hat production. Further, the industry would facilitate the growth of commerce in the region as consumption rose. Finally, the industry served to perpetuate the inequalities of wealth

already prevalent in the region.⁴⁹ The region continued to support the Conservative policy of public works construction, but the politically powerful members of Cuencano society, the export house owners, supported the Liberal Party free trade policies which served not only Guayaquil but Cuenca as well.

IV) A BRIGHT NOTE DURING SOMBER TIMES: THE *PAJA TOQUILLA* INDUSTRY
(1930-1949)

The Great Depression which hit the United States and Europe in 1929 and continued through the outset of World War II also hit Ecuador with equal vengeance. The economy of Ecuador was still trying to recover from the cacao crisis when the Depression hit. Fortunately for Cuenca, the demand for *paja toquilla* products had remained steadily high during the crisis. The demand for the hats obviously came from a wealthy sector of the American and European population who could still afford to buy this cosmetic item. Therefore, the Cuenca economy would hold a unique status during the Great Depression as its "Panama" hat industry prevented the depression from being hit as hard as Guayaquil or Quito.⁵⁰ Guayaquil was still suffering from the cacao bust when the Depression hit in 1929. Quito would suffer from the continuing decline of government revenues due to the cacao bust and the decline of incomes due to the depression. Therefore, the export-oriented economy of Cuenca consolidated around the hat industry proved advantageous. Nevertheless, the economic plight for the rural and urban poor was as bad in Cuenca as in the rest of Ecuador.⁵¹

The continuing devaluation of the Sucre brought more inflation and unemployment, damaging the Cuenca economy. Further, the export houses found themselves losing control over their industry as they received loans from the American *paja toquilla* import firms.⁵² During the 1930s, Ecuador saw its trade deficit go through the

roof, accumulating a deficit of 5.7 million dollars in 1936 alone.⁵³ An indication that the rural and urban poor believed the situation in Cuenca to be in shambles was that migration to the coast grew during the 1930s.⁵⁴ The depressed agricultural sector still forced its workers to make hats at night to support their families. The price of agricultural products had also been driven up by speculators and large hacienda owners producing cash-crops, a trend which hurt the campesinos and urban classes who had to pay higher food prices. The sugar cane industry would grow as the demand for sugar cane liquor was high during the 1930s. Government authorities were frustrated by their efforts to monitor the production of alcohol as seventy percent was clandestine. The high production of alcohol during the 1930s suggests that many people were not satisfied with the quality of their lives during the Depression.⁵⁵

With regards to regional infrastructure development during the 1920s and 1930s, Cuenca still found itself struggling to lure more central government funds to its region to promote commerce and augment the influence of the "Panama" hat industry. The "Panama" hat industry itself had not brought the needed public works projects as profits from the industry were not transferred to the government. In any case, the Conservative government did live up to its policy of promoting public works projects in the region, contrasting the Liberal policy of trade promotion. In 1926, automobile-sustainable roads were completed from Cuenca to the surrounding smaller cities of Gualaceo, Paute, and Azogues. In

1924, the first potable water plant was completed. Telephone lines were installed and a small electric plant was completed which could sell power to industrial plants during the late 1920s. The development of this infrastructure facilitated the further growth of the hat industry as rural citizens gained the opportunity to work in the industry and the commercial sector grew.⁵⁶

However, the region still lacked communication links such as paved roads to Guayaquil and Quito which impede the integration of the region with the national economy and the growth of the hat industry. Further, the transport of ideas ranging from technology to the arts was impeded through Cuenca's continued isolation. Again, a commission was sponsored by the Concejo Regional, or provincial government, to plan a road system for the Cuenca region in 1930. The lack of available funds to implement the commission's ideas made their efforts somewhat futile and the road development around Cuenca disjointed. With this lack of revenue in mind, the Concejo Municipal employed the Minga system to aid in road construction.⁵⁷

A Radical Liberal Party administration under Mosquera Narváez would even close the University of Cuenca during the 1940s to repress student protest against the central government. Indians could do little to protest the continued exploitation of their labor on the minifundios.

Even though the economy of Cuenca remained strong compared to the rest of Ecuador during the 1930s, economic conditions for the campesinos and urban poor workers worsened. In the first place,

the cost of living for these classes rose significantly during the 1930s. Unemployment among this group also rose forcing more people to weave hats for a source of income. Espinoza relates stories of women and children going hungry in Cuenca due to the pitiful economic state of the region. Statistics from the San Vicente de Paul hospital show that straw weavers were overly-represented in relation to their percentage of the population.⁵⁸

By the mid-1940s despite the governments efforts to suppress them, labor organizations did succeed in forming in Cuenca representing the exploited *paja toquilla* workers. Political instability would emerge during the 1930s and continue through the 1940s with no presidential administration completing its designated term, a fact which reflected the general economic and social unrest of the country at the time. The government grew more repressive against campesino and labor organizations throughout the country. Six labor unions formed in the *paja toquilla* export houses and sought to serve the interests of the exploited workers. Professional unions to serve the interests of barbers, textile workers, mechanics, accountants, truck drivers, commercial employees, and other workers formed, as well. Finally, the Federación Obrera del Azuay formed to organize artisan groups and bring them higher prices for their finished products.⁵⁹

Although the majority of the regional population was suffering due to the effects of the Great Depression, the value of the "Panama" hat exports peaked during this era. By 1944, the value of the exports reached five million dollars, representing twenty

percent of the total export values of Ecuador. Therefore, the effects of the Great Depression would have been much greater on the urban and rural poor of the Austro if the hat industry had not remained strong. The inequalities of wealth in the region caused the effects of the Depression to vary greatly amongst the population. The decline in the value of agricultural products, the primary source of income of rural hat weavers, forced many campesinos to search for new forms of employment in artisan industries or on the coast. Cuenca would remain an export-oriented economy centered around the hat industry during the Depression. During the first five years of Conservative rule, Cuenca also reap the benefits of public works projects which improved the economic base and helped it to endure the *paja toquilla* crisis.

V) THE *PAJA TOQUILLA* CRISIS (1949-1959)

As the United States emerged from World War II as the economic giant of the world, the Cuenca region entered an economic crisis unparalleled in its history as the demand for straw hats fell drastically on the world market during the end of the 1940s. The demand for the hats fell due to the re-opening of suppliers on the world market which could compete with the Ecuadorian suppliers. After World War II, trade between the United States and hat suppliers such as Japan, The Philippines, and China began again during the late 1940s. Further, protectionist policies of the United States following World War II further served to block the entrance of the hats from Ecuador to its most important market. More importantly, the demand for the hats as a fashion accessory fell in the United States and Europe following World War II, a trend entirely out of Cuenca's control.⁶⁰ This economic crash in the Austro paralleled the economic boom which occurred on the coast with the Banana Boom from 1948 to 1960. Once again, the economic prosperity of Ecuador became dependent on the exportation of one primary product from Guayaquil. Cuenca's economy no longer formed part of this link to the world market.

The price for *paja toquilla* started to fall on the world market in 1949 and continued to fall through 1956. The amount of hats and other straw products exported fell from 4.2 million items in 1949 to 2.0 million by 1956. More importantly, the revenues which the exports brought in fell from 81 million sucres in 1946 to 28 million sucres by 1956. The income that provided 40% of the

revenues in the Austro suddenly dwindled to a negligible amount.^{e1} The percentage of national exports which the "Panama" hats composed dropped from 22% in 1945 to 1.6% in 1954. Chart 1 provides further statistics regarding the extent of the decline in the hat industry.

CHART 3e2

INGRESO MONETARIO DE LOS TEJEDORES			
Valor neto recibido			
Miles de sucres			
Año	Total	Urbanos	Rurales
1950	25.369	9.770	15.599
1954	11.220	4.265	6.955
Disminución	55.7%	55.7%	55.7%

FUENTE: Luis Montalve Pozo, ob. cit.

INGRESO MONETARIO ANUAL PER CAPITA				
(Sucres)				
Año	N° tejedores	Promedio	Urbano	Rural
1950	47.280	537	963	445
1954	27.393	410	633	337
Disminución	41.1%	23.7%	34.3%	24.3%

FUENTE: Luis Montalve Pozo, ob. cit.

INGRESO MONETARIO DE LOS EXPORTADORES			
Años	Unidades (miles)	Sucres (miles)	10% a los exportadores
1954	2.160.200	23.962.000	2.396.200
1955	2.163.327	32.849.308	3.284.930
1956	2.051.320	28.522.959	2.852.295

NUMERO DE TEJEDORES DE AZUAY Y CAÑAR			
Año	Total	Urbanos	Rurales
1950	26.635	5.967	20.668
1953	18.000	5.500	12.500
1954	14.850	5.266	9.584

This drop in the price of *paja toquilla* affected all sectors of the regional economy. The decline of the weavers' income would affect consumption on the local level. By 1955, a Cuencano's average domestic internal product per person was only 1,420 sucres with the national average being 2,690 sucres. Thus, the average Cuencano earned only half of the national average, showing the extent of the crisis in the region. On top of that, a weaver's average annual salary was only 410 sucres in Cuenca and 337 sucres in rural areas. At the same time, the average salary for a *paja toquilla* exporter was 160,000 sucres.⁶³

The regional economic crisis was compounded by the miserable state of the agricultural sector which hindered rural hat weavers efforts to find another source of income. The incessant deforestation which had been carried out in the region for several centuries had finally begun to create erosion problems on a massive scale. One-third of the available 461,142 hectares of fertile lands had been totally eroded in Azuay and Cañar with another seventy percent of the land in the process of being eroded.⁶⁴ Further, the continuation of the latifundio system with its antiquated methods further hurt the regional economy, especially for the campesinos. Due to the *paja toquilla* crisis, more than half the *paja toquilla* weavers were forced to leave their profession and enter the agricultural sector. The 1950 number of 20,000 rural weavers dropped to 9,500 by 1954.⁶⁵ Fifty percent of the women in the rural Azuay villages had worked in hat production, a sector which now found itself without an income source.⁶⁶

Despite the massive influx of labor into the agriculture sector of the region, agricultural yields did not grow. Salaries in the agricultural sector averaged 724 sucres annually, well below the already low average for the region.⁶⁷ With regards to land distribution, agricultural lands remained concentrated in the hands of the few. One thousand land owners, 4% of the total, held 40% of these agricultural lands in Azuay and Cañar.⁶⁸

To combat the effects of the *paja toquilla* crisis, the provincial government of Azuay and the Concejo Municipal of Cuenca worked earnestly to diversify the economy of the region, a massive project which continued for the next three decades. One important facet of this economic diversification included further infrastructure development which brought more commerce and industry to the region. These developments included the construction of paved roads to Guayaquil, electrical plants, and other public works projects. In 1952, a paved road to El Tambo from Cuenca finally gave Cuenca access to the Quito-Guayaquil rail-road line which had been in existence since 1908. A modern highway to Quito was finished in 1948; although, the trip still takes eleven hours by bus. The paved road to Guayaquil, which has always had sizeable portions washed, out was completed in 1953. Further, regular commercial flights from Cuenca to Guayaquil began in 1939.⁶⁹ The city government found itself having to construct new bridges in 1950 after a huge flood destroyed all but two bridges. This flood also damaged crops in the valleys of the region, forcing more campesinos to migrate to the coast. This continuing migration

slowed the demographic explosion in Cuenca which began in earnest during the 1950s.⁷⁰

The Parliament founded an important regional development agency in 1952 to combat the *paja toquilla* crisis, the Instituto de Recuperación Económica de Azuay y Cañar (CREA). The organization received funding from the central government, provincial governments, and from U.S AID and European governments. The central government recognized the crash of the regional economy of Cuenca, creating a regional development agency like those which abounded in Quito. CREA set out to eliminate the power of the export house owners through creating their own finishing plants and export centers which redistributed the profits directly back to the workers. They also helped to market the hats in European and North American markets.

The export house owners fought back against CREA by funding the political campaigns of senators who represented their interests, blocking the efforts of the politically active hat workers organizations. These senators then had control over the hiring policies of CREA, protecting the export house owners and their potential loss of control over the *paja toquilla* industry. After its first few years of existence, though, CREA's reforms for the regional *paja toquilla* industry had been pushed through Congress due to grass-roots pressure by labor organizations forcing the export house owners to relinquish some of their control of the industry. The local labor organizations had succeeded in manipulating the political system to serve their interests. CREA's

influence on the regional economy became long term as it diversified its projects. It is important to note that CREA achieved its original successes during a period when funding for all governmental agencies in the Cuenca region was cut back due to the decline in tax revenues resulting from the "Panama" hat crisis.⁷¹

Therefore, Cuenca had experienced the de-consolidation of its dominant industry due to the "Panama" hat crisis during the late 1940s and early 1950s. The crash was sudden as the value of hat exports had peaked in 1944 at over five million dollars. Cuenca's economy followed the cycle of Guayaquil's as it crashed after a prolonged export boom. Cuenca had been fortunate in that the value of its primary export had remained high on the world market for fifty years, a period longer than the cacao and banana booms on the coast. The crash shackled the regional economy as the majority of the population worked in the industry. New economic opportunities had to be found for the disenfranchised hat producers. The development of infrastructure facilitated the transition to an economy with a broader base. ⁷²

VI) CUENCA DIVERSIFIES (1950-1982)

With the "Panama" hat crisis, the regional economy of the Austro faced its greatest challenge in history to diversify its economy to fill the gap left by the diminution of its most dominate industry. To reach this goal of diversification, the commercial, financial, administrative, industrial, agricultural, and service sectors of the regional economy expanded upon the infrastructure which the commercial network in place. The "Panama" hat industry had served to integrate the region as campesinos in rural towns produced hats which were sold in Cuenca and then on international markets. Subsequently, Cuenca's dominance as a regional economic, political, and cultural center was established after the year 1950 due to the continuation of these commercial networks. The local economy succeeded in diversifying to a degree where it could move beyond its reliance on the *paja toquilla* industry. Cuenca's new regional dominance would make it an important political center of the central highlands which could yield more influence on the national scene. Cuenca's economy now combined the export-oriented aspects of the Guayaquil economy along with the growth of the service and administrative sectors, the dominant sectors in the economy of Quito. The resulting diversification and expansion of the Cuenca economy developed a demographic boom unparalleled in its history.⁷³

Regional infrastructure development began to diversify and strengthen the regional economy and establish Cuenca as a regional economic center, a trend which can be traced to the commerce which

the hat industry had brought via transportation routes to the city and to the efforts of the conservative governments to bring public works projects to the region. The industry had not directly brought infrastructure development to the region as the provincial and municipal governments could not collect the revenues from the industry due to the weak structure of the tax system. An important part of this infrastructure development was the development of durable and efficient roads within Cuenca and the province of Azuay. Paved roads to Machala, Guayaquil and Macas in the Oriente were opened during the 1950s. The development of these roads obviously allowed commerce to pour into the region as primary products and people could reach the region easier. The city markets became more stocked with foods from outside the region, especially fruits which were not native to the area. The route of the Pan-American Highway through Cuenca did not bring the international traffic which had been promised during its construction. The important international commercial routes with Peru and Colombia lie along the coast, a less timely northern-southern route. The Pan-American Highway has brought adventurous tourists to Cuenca who follow the highway's path through Latin America and boost the city's tourism industry, though.⁷⁴

CREA continued to provide the Austro region with economic diversification and aid the displaced, unemployed hat producers in finding new employment. CREA pursued an agenda which was planned on the regional level, not by a central planning agency in Quito. CREA financed urban road construction projects to unite the

community of Cuencanos and improve local commerce. CREA earnestly sought to improve agricultural methods in the region through promoting crop rotation, seed distribution, and family garden promotion. The continued cultivation of corn and sugar on lands in the valleys around Cuenca had made fields infertile. CREA further sought to educate the farmers on the proper use of fertilizers and promoted reforestation campaigns as the area was eroding quickly due to deforestation. CREA also funded irrigation projects which served the entire province. The agency's budget grew during the 1950s as its programs met continued success in improving the economy of the region. By the end of the 1960s, the agency's budget had risen to twenty-two million sucres from fourteen million in 1960 as the petroleum boom had given more funding to CREA on the national level.⁷⁵ Therefore, this would be one example of how Cuenca would benefit from the petroleum boom indirectly. However, the great effects from the boom did not come until the 1970s as revenues poured into Quito from foreign oil companies and the national oil company.⁷⁶

As roads to Cuenca from the surrounding rural areas were developed, farmers increasingly brought their agricultural goods to the local markets and processing plants since the commercial networks had been established through the *paja toquilla* industry. This process increased the rural citizens ties to the city and therefore communication with the outside world. Some of the communities which gained transportation routes to Cuenca took their agricultural products there to be sold. In any case, the sale of

agricultural products in Cuenca, not only by huge hacendados but also small-scale farmers now, worked to diversify the regional economy as demand for more consumer goods arose. Farmers now had a cash flow with which to buy items besides food and other basic domestic items.⁷⁷

The growth of commerce in Cuenca outside the hat industry not only brought farmers into Cuenca to engage in commerce but also commuters from the rural areas to work in Cuenca. The new roads made transportation times from the surrounding small towns drop as buses served the commuters. These satellite communities whose citizens commuted in number to Cuenca even included the capital of the province of Cañar, Azogues, which lay thirty minutes from Cuenca by bus.⁷⁸ The surrounding small towns became suburbs of Cuenca or be absorbed by Cuenca itself during the 1960s through today. The rise in employment in the center of Cuenca set off a building wave which constructed the first buildings over two stories high to the Austro. The area of Cuenca which was built-over grew four times over during the period from 1950 to 1975.⁷⁹

Agriculture was not to be the primary vehicle to diversify the regional economy and bring a substitute to *paja toquilla* despite the trend towards greater agricultural trade on the market in Cuenca. Once again, agrarian reform was proposed within the region to promote more cash crops and to make the work force more productive and, once again, landholding was not redistributed effectively to allow campesinos to own larger plots, or to own land period. Latifundio continued to be the dominate form of

agriculture in the Austro region with all of the inefficient farming techniques which were associated with it. Farmers in the Cuenca region farmed with the same tools that had been used for generations. Progress was made in the use of fertilizers which were either bought by the farmers or given out by a local governmental agricultural agency.⁶⁰

With the diversification of the economy during the 1960s and the improvement of the infrastructure base to unite the local economy, the industrial sector in the region experienced sizeable growth. Heavy industry growth in the region was facilitated as the first industrial park in Ecuador was developed in Cuenca during the 1960s. The park served to bring large-scale industries into Cuenca, containing a tire factory, a bottler, and other various industries. Artisan workshops which made jewelry, shoes, clothing, and wood items were also located in the park.⁶¹ Another industry which grew during the late 1960s was the construction industry which was receiving a boost from the new supply of credit in Cuenca. Unfortunately, the profits from these industries were largely concentrated in the hands of their small number of owners. Again, the labor movement reacted to this concentration of wealth through forming more labor organizations which became more modern and efficient in their administration. The number of labor unions in Cuenca grew by 43.5% during the 1960s, revealing that the local working class was becoming more politically active. Forty-three percent of these unions represented workers in the service sectors.

The industrial base did broaden during the 1970s as new industries formed in Cuenca, creating new employment opportunities. The protectionist policies of the military government during the 1970's towards trade with industrialized nations allowed industry to grow within Cuenca which produced goods for domestic consumption. However, the heavy industries were still dependent on foreign inputs which were expensive due to the high tariffs. During the period from 1973 to 1978, 232 industries were created in Cuenca, eleven of which were large-scale. The creation of these industries boosted the total number of people employed in industry to 10,887 by 1978, nearly five percent of the population.⁸³

An important industry which grew after 1950 to fill the economic gap left by the Panama hat crisis was the jewelry industry. The raw materials for the jewelry largely came from outside the region. The local jewelry shops produced their goods for national and international markets. The producers in Azuay which sold their goods in Cuenca made Cuenca into one of the most dominate artisan centers in Latin America. To complement this jewelry production, artisans in the region improved the quality of their clothing and furniture marketed in Cuenca. These artisans made an important contribution in diversifying the industrial base of Cuenca. By 1968, 35% of the population of Cuenca was working within the manufacturing sector, which included both heavy industry and artisan production.⁸⁴

On the national political scene, the central government continued to levy high tariffs on exports as the tax system

remained primitive, lacking the ability to implement an effective income tax system. The central government's reliance on coastal banana exports to provide revenues drove them to ignore the Austro. The labor movement continued to be repressed under the administrations of Galo Plaza and Camilo Ponce Enriquez. Nevertheless, the labor movement throughout the country fought to improve working conditions. The efforts by students, campesinos, and labor sectors continued through the turbulent 1960s, drawing a greater segment of the exploited population into political activity.⁸⁵ Weavers in Cuenca established a cooperative funded by the Banco de Fomento to buy hats and market them. This cooperative provided a pension and medical plans for its members. The petroleum boom which began during the late 1960s would bring stability to the government again as the economy prospered.⁸⁶

The regional economy further improved during the late 1960s and 1970s with the rise of the petroleum boom, a trend which aided Cuenca's efforts to diversify its economy as demand for industrial goods rose within the country. Cuenca's artisan goods and technical manufactures were purchased increasingly within the national economy. Cuenca would benefit indirectly from the petroleum boom which would continue through the 1970s as more national government revenues were designated for the Austro region by the military government dominated by sierra military officers. Further, national demand for basic consumer goods and artisan goods produced within Cuenca aided to the growth of the regional economy. At the same time, Cuenca produced industrial goods which were

destined for exportation. The largest industry in Cuenca is a General Tire Company plant which exports the majority of its production. However, the influx of multi-national corporations caused the amount of capital in the province owned by foreign sources to rise from 42.2% to 50.6% during the 1970's. Therefore, profits from these heavy industries were not rechanneled into the local economy to the extent possible if the industries were locally-owned. Cuenca would succeed in enjoying a verifiable period of economic prosperity beginning during the late 1960s and 1970s not based on the "Panama Hat" industry for the first time in its modern history.

CHART 4e7

EMPRESAS ANONIMAS DE LA PROVINCIA DEL AZUAY CLASIFICADAS POR RAMA DE ACTIVIDAD AÑO 1974 (Millones de Suces)						
Rama de Actividad	Número de Cías.	%	Capital Social	%	Activos Totales	%
Industria	13	37.1	243	63.3	595	57.4
Electricidad	2	5.7	69	18.0	153	14.8
Comercio	14	40.0	63	16.4	250	24.1
Transporte	1	2.9	5	1.3	23	2.2
Servicios a Empresas	4	11.4	2	0.5	11	1.1
Servicios a Personas	1	2.9	2	0.5	4	0.4
TOTAL	35	100.0	384	100.0	1.036	100.0
FUENTE: Superintendencia de Compañías.						
ELABORACION: Análisis de Coyuntura. JUNAPLA.						

Cuenca's literacy rate had always been high and was further boosted by the improvement of the school system during the 1960s and 1970s. The educational system of Cuenca took pride in the fact

that 96% of the city was literate in 1968. This number was significantly higher than the national average of 60%. However, the literacy rate in the rural areas of the province averaged around only 50%. The University of Cuenca increased its enrollment from 1,500 students in 1960 to 3,000 students by 1970. The University increased its influence on the culture of the city as it promoted cultural events. The growth of departments within the university further served to prepare an increasing variety of professionals within Cuenca. Formerly, Cuenca had to rely on outside professionals from Quito or Guayaquil to perform advanced administrative duties or fill highly-skilled posts. The growth of the professional community in Cuenca strengthened the local economy as the professionals could decide on the needs of the local economy and fill them accordingly.

With regards to population growth, the population of Cuenca has grown six times over since 1950 to reach a population of 250,000 today, a trend resulting from the successful economic diversification of the local economy following the *paja toquilla* crisis. During the 1950s, the city's exterior limits would surpass the old colonial boundaries established by the placement of churches throughout the valley of Cuenca in the 1500s. The city had finally filled the open spaces between these ancient churches. Further, the economic, cultural, political and religious life of the city were no longer limited to the colonial center with offices being constructed on the peripheries of the city.^{ee}

Cuenca had been unique in that, unlike the Ecuadorian mega-

metropolises of Guayaquil and Quito, it had not increased its population size significantly since the mid-1800s. In 1865, Cuenca's estimated population was at 30,000 people while by the census of 1950, Cuenca had only grown by ten thousand people to a population of 40,274. Then, during the 1950s Cuenca's annual population growth rate rose to 4.6%. The growth rate in the rural areas during the 1950s stood at 2.3%. Cuenca would become one of the fastest growing cities in Ecuador during the 1960s as its growth rate at 6.8% was above the averages of all major cities except Guayaquil. Ironically, it would not be until after the "Panama" hat boom that the city of Cuenca grew demographically, contrasting Guayaquil which had grown during its cacao and banana booms 89

Cuenca's rapid growth following 1950 emanated from both a boom in natural increase and the immigration of rural people to the city who now found jobs due to the diversification of the Cuenca economy. The majority of the immigrants came from the provinces of Azuay and Cañar. In 1950, the province of Azuay had a higher concentration of people per kilometer at 27.4/km. than Fichincha at 23.7/km. or Guayas at 27.1/km.90 Therefore, the large rural population of Azuay served as a source for a great amount of the immigrants in Cuenca. The *paja toquilla* crisis had eliminated the source of income through hat production which many campesinos relied on to sustain them economically. Therefore, they had to head to an urban center in search of work as their farming incomes alone could no longer support them and their families. By the

1960s, seventeen percent of the population of Cuenca was of immigrant origin. Before the demographic boom of Cuenca began in 1950, eighty percent of the population of the province was rural, with 64% of the population working in agriculture. Today, the province is roughly 60% rural.⁹¹

However, migration from Cuenca to the coastal cities and to Quito was high during the 1950s as people went in search of economic opportunities which existed during the banana boom. Forty-six thousand people emigrated from the provinces of Azuay and Cañar during the period from 1950 to 1962.⁹² During the period from 1950 to 1974, twenty-four percent of Azuay's and Cañar's population migrated to the provinces of Guayas, El Oro, Pichincha, and Morona Santiago. The high migration from the region caused Azuay to have a lower population density with 37.7 people per square kilometer.⁹³

Migration from Cuenca and rural Azuay to the Oriente began in earnest during the 1960s for the first time in history as new land holdings were being granted in the area by the national government. Unfortunately, the lands on which they settled were rain-forests, being part of the Amazon basin, which were converted into cash crop fields. These fields remained fertile for around ten years after which they could only support livestock. The money which these migrants, who were mostly young males, earned was sent back to their families in Azuay during the hat crisis. Large land-holders in Azuay did not work to stop this process of migration through distributing their large land-holdings to the landless peasants who

were demanding lands. Therefore, the growth of Cuenca would have been much higher if migrants from the rural areas and from Cuenca itself had not moved from the region to such a great extent.⁹⁴

Within the urban setting and rural settings, poverty was still present from 1950 through 1980 as the unskilled and skilled workers who had actually fabricated the hats had difficulties in finding new employment opportunities. Low-income families opened up small stores within their homes to supplement their wage-earnings. The high density of the urban population made these stores profitable. The growth of industry in Cuenca outside the hat industry did not serve to lessen inequalities of wealth. Workers still received wages which averaged around seventy dollars a month. A study made by Espinoza in 1971 determined that the massive rise in urban population had deteriorated housing conditions with 71% of the population living in "poor" or "regular" dwellings. The other 29% lived in what he classified as "good" housing.⁹⁵ Urban planning to alleviate the poverty within the city has been hindered by the fact that the Directorate of Urban Planning Office of the municipality of Cuenca had been understaffed.⁹⁶ Further evidence of the poverty of the region was evidenced by the fact that in 1972 only 60% of the province of Azuay had running water while only 56% of the population had electricity. Many rural parroquia seats did not have mail service. Only eight parroquias enjoyed the agricultural extension services during the 1970s.⁹⁷

Another important aspect of the growth of Cuenca as a regional center is that it made the surrounding population which was being

assimilated by its influence more active politically, a trend begun during the dominance of the "Panama" hat industry. The average citizen in the region became more involved with the democratic process, during the times when democratically elected governments were in power. The right to vote was being extended to more people as land requirements for voter registration were being eliminated by the national government. Political party activity in Cuenca increased as population growth alone made Cuenca an important force on the national political scene. Formerly disenfranchised segments of the population challenged the rich political heads in Cuenca, demanding agrarian reform and improved government services in the region. However, the petroleum boom served to strengthen the power of the Quito government which continued to use repressive measures to quell labor movements in Cuenca. Further, the central government did make concessions to bring more public works projects to the region.⁹⁰

The growth of government revenues pouring into Cuenca caused the administrative sector in Cuenca to grow. National ministries, provincial agencies, and the municipality of Cuenca found themselves competing over duties and providing more services to the population of the region. Many people in rural areas experienced their first contact with a government agency as the national ministry of health expanded its services into rural areas through creating health posts during the 1960s. The city government had the duty of administering the education system. Another important aspect of the growth of the government's activities in the region

was the creation of jobs in the government sector. By 1968, 11% of the population of Cuenca was working for either the national, provincial, or local government."

Cuenca succeeded in diversifying its regional economy during the period from 1950 to 1980. The economy moved away from an export-oriented mono-culture economy like Guayaquil's to a broad-based economy in which the manufacturing, service, and administrative sectors shared importance. The infrastructure which had been constructed through the haphazard efforts of the central government and concrete efforts of CREA facilitated the integration of the region with the national economy. More importantly, the commercial network which had been established through the "Panama" hat industry served as a framework to promote new commerce when this industry crashed. The successful diversification of the economy left an economy which resembled both the economies of Quito and Guayaquil. The industrial sector continued to produce goods for export, as Guayaquil did, yet also produced goods for domestic consumption, as Quito does today. Further, the growth of Cuenca's administrative and service sectors following 1950 paralleled Quito's development of these sectors. Cuenca also grew in importance on the national political scene due to its demographic explosion stemming from the economic recuperation, leaving Cuenca as the dominant regional center of the Austro.

CONCLUSION:

The "Panama hat" industry has had an enormous impact on the economic development, political integration, and social development of Cuenca and its region. Without a doubt, the status of Cuenca as a dominant regional center of southern Ecuador could not have been achieved without the growth of the industry which prevented the region from fading into insignificance on the national scene at the end of the nineteenth century. Before the "Panama" hat industry took-off, Cuenca's economy resembled Quito's as it was oriented around the administrative sector. However, even the administrative sector was dwindling in importance leaving few economic options to bring vitality to the regional economy.

Cuenca's economy became involved with the world market of simple manufactures during the twentieth century through the consolidation of the hat industry, paralleling the growth of the economy of Guayaquil which became export-oriented during the cacao boom. Cuenca would benefit from the development of an international market based out of Guayaquil. Cuenca's regional economy became incorporated with the market in Guayaquil and with import houses in New York and London during the early 1900's. Further, the regional economy became centered around this industry as it employed the majority of campesinos, urban laborers, transporters, and exporters in Azuay. Through watching the rise and fall of the "Panama" hat industry in Cuenca, one can observe how a regional economy behaves when relying on one industry. Cuenca was fortunate in that the demand for the hats remained high

for fifty years, even during the Great Depression, as Guayaquil's boom and bust cycles were shorter. The cacao and banana crashes hit the coast within twenty years after these industries had initially grown. The hat industry never grew to a level where it allowed Cuenca to direct national political policies. However, it did reap the benefits of the low tariff policies of the Liberal Government. The Conservative Government's policies from 1925-1930 of public works construction would help to diversify when the "Panama" hat crisis arrived.

Cuenca overcame the key challenge in its economic history, the "Panama" hat crisis, through the maintenance of commercial networks established by the hat industry and through continued infrastructure development. The hat industry had integrated the rural areas into the city economy of Cuenca and encouraged the development of the construction of roads, rail-road, an airport, electrical plants, and communication networks. Further, the region became more integrated socially as the hat industry increased communication within the region as hat producers had to inter-act with each other to trade their goods, causing the influence of Cuenca as a regional center to augment. This infrastructure base would be augmented by CREA and other governmental agencies, aiding in the diversification of the regional economy following the crash of the price of the "Panama" hats on the world market. Cuenca's economy continued to parallel Guayaquil's as it remained tied in to the global economy as new industries producing export goods were developed during the 1960s and 1970s. Further, local industries

now produced manufactures for domestic consumption, as did Quito. The regional economy of Cuenca also paralleled Quito's because the administrative and service sectors grew following 1950. The integration of rural areas into Cuenca would promote the activation of the political process in Cuenca and rural areas surrounding it as communication networks also brought the exchange of political ideas and increasing democracy for those citizens who were gaining the opportunity to vote. The integration of Cuenca into the national economy and its demographic explosion gave Cuencano politicians more power in Quito. Therefore, Cuenca had established itself as a regional economic, political, and social center whose economy paralleled both Quito and Guayaquil, allowing it to break the mold of a coastal or sierra-type economy.

1. The reports hereafter referred to by author:

Cuesta Heredia, José, La Industria Regional- Azuay, Cañar, y Morona Santiago, 1981-1982. Cuenca, Ecuador: Centro de Replanificación Económica y Agrícola, 1982. This report treats the history of regional development since the Panama Hat Crisis.

Espinoza, Leonardo, Proceso de desarrollo de las provincias de Azuay, Cañar, y Morona Santiago. Cuenca, Ecuador: Centro de Replanificación Económica y Agrícola, 1981. This study provides a comprehensive history of the region from the pre-colonial era to the present.

Salgado Penaherrera, Germanico, Crisis y activación en una economía regional. Cuenca, Ecuador: Centro de Replanificación Económica y Agrícola, 1978. The study relates Cuenca's diversification following the Panama Hat Crisis.

Vintimilla, Julio Carpio, Cuenca: su geografía urbana. Cuenca, Ecuador: Offsetcolor Cía Ltda., 1979. This study focuses on Cuenca's history as a regional center since the pre-colonial era.

2. Vintimilla. p.13-15

3. Vintimilla. p. 40-49.

4. Conversations with staff from the Tierra Viva environmental foundation of Cuenca during the summer of 1989.

5. Espinoza. p.150-151

6. Vintimilla. p.53.

7. Vintimilla. p.56

8. Vintimilla. p. 19.

9. Vintimilla. p.13-19

10. Vintimilla. p.21
11. Vintimilla. p.22-23
12. Vintimilla. p. 27
13. Vintimilla, p. 33.
14. Vintimilla. p.26
15. Vintimilla. p.27
16. Vintimilla. p. 29-31.
17. Espinoza. p.70
18. Vintimilla, p.31
19. Espinoza. p.70-72
20. Vintimilla. p. 31
21. Vintimilla. p.67
22. Vintimilla. p.64
23. Espinosa. p.102. He treats the growth of the paja tequilla industry on the regional level.
24. I lack information on the specifics of the qualities of the roads. I do know when the roads become able to support auto-mobile traffic.
25. Vintimilla. p.123.
26. Espinoza. p.72

27. Espinoza. p.72
28. Espinoza, p.73
29. Espinoza, p.74.
30. Vintimilla relates the growth of the "Panama" hat's share of the value of national exports on p.123. Espinoza relates the effects of the Liberal Party's low-tariff policy in p. 99-101.
31. Espinoza. p.100-102
32. Espinoza, p.67
33. Espinoza. p. 96-97. David Schodt touches upon this theme of the government not being able to equalize the inequalities of wealth in Ecuadorian society in Ecuador: An Andean Enigma.
34. Espinoza. p.104
35. Vintimilla. p.123
36. Espinoza. p.101
37. Espinoza. p.106
38. Espinoza, p.101
39. Espinoza. p. 106-107.
40. Espinoza, p. 108
41. Espinoza. p.151
42. Espinoza. p.138. The need for agrarian reform is also a general theme in Espinoza, Vintimilla, and David Schodt's works.

43. Díaz, Octavio, Monografía del cantón de Cuenca. Cuenca, Ecuador: Tip. Unicipal, 1919. p.49
44. Hurtado, Osvaldo, Political Power in Ecuador. Boulder: Westview Press, 1985. Hurtado deals with this theme throughout his book.
45. Díaz, Octavio. Monografía del Cantón de Cuenca. Cuenca, Ecuador: Tip. Municipal, 1919. p.30
46. Espinoza, p.119
47. I do not know if these union members gained concessions from the export houses in Cuenca. They did succeed in reducing the length of the work week and improving working environment safety. Espinoza. p. 122-123.
48. Espinoza. p.115-117
49. The percentages of the population working in the hat industry are from Vintimilla p. 123. The inequalities of wealth pertain to Espinoza p.106-107
50. Espinoza, p.128-130.
51. Espinoza, p.138
52. Further, the hat export houses began a ruthless price war during the 1920's and 1930's which decreased the price of the hats on the world market dramatically. Espinoza, p.126.
53. Espinoza, p.147.
54. Espinoza, p.138.
55. Espinoza, p.128

56. Espinoza, p.131-133

57. When I was in Azuay two summers ago, I had the opportunity to witness this system in action. The Minga dates back to the times of the Incas and consists of community work days for the construction of needed projects for the town, such as a church, road, or irrigation system. When the community dedicates itself to "Hacer una Minga," it can produce amazing results, such as constructing dozens of completed latrines in several hours. The Minga system testifies to the solidarity of the rural Azuay communities and the continued obedience to civic responsibility which the people respect. Therefore, the government used this system to aid their road construction projects in rural areas. The communities being reached by these roads would gladly donate their labor for this task. However, the transportation of cement, reinforcement wire, and other needed materials from Cuenca to the rural areas remained a costly and time-consuming process.

58. Espinoza, p.140

59. Espinoza, p.143.

60. Salgado Penaherrera, p.25

61. Espinoza, p.25

62. Espinoza, p.149

63. Espinoza, p.149

64. Espinoza, p.150

65. Espinoza, p.158

66. Salgado Penaherrera, p.26

67. Espinoza, p.159

68. Espinoza, p.151

69. As a side note, this airport would gain the reputation as the most dangerous one in South America due to its short runway and the nose-dive descent needed to successfully avoid the surrounding mountains.

70. The construction of roads and other public works is treated in Vintimilla, p. 35-36. Migration is treated in Espinoza, p. 169

71. Espinoza treats the rise of CREA as a regional development agency in p.168-173.

72. Vintimilla, p.123.

73. Vintimilla, p. 96-100

74. Vintimilla, p. 64

75. Espinoza, p.168

76. Espinoza, p.173. We must be somewhat skeptical regarding the success of CREA's projects as CREA published Espinoza's book.

77. Espinoza, p. 170-171

78. Vintimilla, p. 99

79. Vintimilla, p. 96-99

80. Espinoza, p.165

81. Vintimilla, p.58

82. Vintimilla, p. 35. He treats the growth of the construction industry following 1950. Espinoza, p. 175. He treats the rise of the labor movement during the period from 1950 to 1980.

83. Heredia, p. 15, 93, 99.
84. Vintimilla, p.124
85. Espinoza, p. 173
86. Espinoza, p.177
87. Espinoza, p. 186
88. Vintimilla, p. 35-36
89. Vintimilla, p.103
90. Muñoz Baquerico, Dra. Blanca Eufemia, Lecciones de geografía económica del Ecuador. Guayaquil, Ecuador: Universidad de Guayaquil, 1954. p.162
91. Vintimilla, p.33
92. Salgado Penaherrera, p.50
93. Vintimilla, p..117
94. Espinoza, p. 168-169
95. Ibid. p.117
96. Ibid. p.100
97. Ibid. p.97
98. Espinoza, p. 192-193

99. Ibid. p.132

BIBLIOGRAPHY

- Alegría, Ciro, El mundo es ancho y ajeno. Santiago: Ediciones Ercilla, 1941.
- Andrade, Ulpiano Navarro, Geografía Económica del Ecuador, segunda parte. Quito, Ecuador: Editorial Santo Domingo, 1965.
- Bastidas, Antonio Lloret, Cuencanerías. Cuenca, Ecuador: Imprenta Municipal de Cuenca, 1978.
- Brownrigg, Leslie Ann, "Interest Groups in Regime changes in Ecuador," Inter-American Economic Affairs, Vol. 28, No. 1 (1974): 3-17.
- Corkill, David, Ecuador. Oxford: Clío Press, 1989.
- Cuesta Heredia, José, La Industria Regional- Azuay, Cañar y Morona Santiago, 1981-1982. Cuenca, Ecuador: Centro de Replanificación Económica y Agrícola, 1982.
- Díaz, Octavio, Monografía del Cantón de Cuenca. Cuenca, Ecuador: Tip. Municipal, 1919.
- Espinoza, Leonardo, Proceso de desarrollo de las provincias de Azuay, Cañar, y Morona Santiago. Cuenca, Ecuador: Centro de Replanificación Económica y Agrícola, 1981.
- Franco, Jean, A Literary History of Spain, Spanish American Literature Since Independence. New York: Harper and Row Publishers, 1973.
- Hurtado, Osvaldo, Political Power in Ecuador. Boulder: Westview Press, 1985.
- Hammerly, Micael T., "The publications of the Archivo Nacional del Guayas," Americas, Vol. 32, No. 3 (1976): 459-68.
- Icaza, Jorge, Huasipungo. Quito: Imprenta L. I. Fernandez, 1940.
- Instituto Nacional de Estadística, "Índice de Precios al Consumidor, Quito, Guayaquil, y Cuenca, octubre 1973," Quito, Ecuador: Instituto Nacional de Estadística, 1973.
- Leon, Luis A., Compilación de crónicas, relatos, y descripciones de Cuenca y su provincia. Cuenca, Ecuador: Banco Central del Ecuador, 1983.
- Martz, John D., "The Quest for Popular Democracy in Ecuador," Current History, (February 1980): 66-84.
- Martz, John D., "The Regionalist Expression of Populism, Guayaquil and the CFP, 1948-1960," Journal of Interamerican

- Merisalde y Santisteban, D. Joaquin de, Relación Histórica, Política, y Moral de la ciudad de Cuenca. Quito, Ecuador: Editorial Casa de la Cultura Ecuatoriana, 1957.
- Miller, Tom, The Panama Hat Trail. New York: William Morrow and Company, 1986.
- Mörner, Magnus, The Andean Past, Land, Societies, and Conflicts. New York: Columbia University Press, 1985.
- Muñoz Baquerico, Dra. Blanca Eufemia, Lecciones de Geografía Económica del Ecuador. Guayaquil, Ecuador: Universidad de Guayaquil, 1954.
- Needler, Martin C., "The President of Ecuador," Contemporary Review, Vol. 244, No. 1417 (February 1984): 57-61.
- El Comercio, "Partidos del Sr. Jijón y Caamaño le recibieron entusiastamente en Cuenca," El Comercio, Guayaquil, Ecuador: January 5, 1940.
- Pineo, Ronn F., The Economic and Social Transformation of Guayaquil, Ecuador, 1870-1925. Irvine, CA: University of California, Irvine, 1987.
- Pitt, Thomas Allen, Eloy Alfaro and Ecuadorian Diplomacy. Charlottesville, VA: University of Virginia, 1976.
- Plaza, Galo, Problems of Democracy in Latin America. Chapel Hill: The University of North Carolina Press, 1955.
- Pyne, Peter, "The Politics of Instability in Ecuador: The Overthrow of the President, 1961," Journal of Latin American Studies, Vol. 7, No. 1: 109-133.
- Rodriguez, Linda A., The Search for Public Policy: Regional Politics and Public Finance in Ecuador, 1830-1940. Berkeley: University of California, Berkeley, 1985.
- Salgado Penaherrera, Germanico, Crisis y Activación en una Economía Regional. Cuenca, Ecuador: Centro de Replanificación Económica y Agrícola, 1978.
- Schodt, David W., Ecuador, An Andean Enigma. Boulder: Westview Press, 1987.
- Silva, Rafael Euclides, Biogénesis de Cuenca. Guayaquil, Ecuador: Casa de la Cultura, 1969.
- El Comercio, "Varios pasajeros llevó a Cuenca el avión de la Sedta," El Comercio, Guayaquil, Ecuador: December 26, 1940.

Vintimilla, Julio Carpio, Cuenca: Su Geografía Urbana. Cuenca, Ecuador: Offsetcolor Cuenca Cía Ltda., 1979.

Vintimilla, Julio Carpio, "Las etapas de crecimiento de la ciudad de Cuenca-Ecuador," El Proceso Urbano en el Ecuador. Quito, Ecuador: Instituto Latinoamericano de Investigaciones Sociales, 1987.

Ward, Peter M., Corruption, Development, and Inequality. London: Routledge, 1989.

Zaldumbide, Gonzalo, Mi Regreso a Cuenca. Cuenca, Ecuador: Ediciones del Departamento de Extensión Cultural del Concejo, 1969.

Zendegui, Guillermo de, "Image of Ecuador," Americas (Organization of American States), Vol. 24, No. 9 (1972): s1- s24.