Commodity Production and Ethnic Culture: Otavalo, Northern Ecuador*

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To be an Indian in Otavalo back in the 1940s was most likely to be a peasant. To be an Indian in the 1990s was to be almost anything but a peasant: a migratory laborer, a household textile worker, a teacher, an entrepreneur, a freelance musician, or a long-distance trader, roaming countries and continents in search of profit. Over the past 40 or 50 years the relatively homogeneous Quichua-speaking peasantry—an ethno-class, to use P. Van den Berghe’s and G. Primove’s terms—gave rise to a bewildering variety of socioeconomic categories. Some of their members had shed their ethnic identities along with their peasant pasts. Others, however, refused to abandon their ethnic banners, even though these have admittedly changed—in shades, if not colors.

These changes were caused, to a large extent, by the national market expansion, encouraged in the Ecuadorian Andes by the developmentalist state. One product of this expansion was the capitalist modernization of large landed estates (haciendas). Another was the growth of rural and urban small commodity production. Both processes, associated in the eyes of ruling elites with “progress” and “civilization,” implied the adoption of urban mestizo culture by some segments of the indigenous population. Indeed, some authors argued that the Indian culture is incompatible with the market expansion sponsored by the state. Thus, R. Stutzman suggested that ethnic identity in Ecuador is rooted in “a concept of the nature, meaning, and purpose of human existence at odds with state-sponsored perceptions of those realities.” Similarly, to S. Varese, Indian culture is essentially a peasant culture, with its production of use rather than exchange values, the institutions of reciprocity, and the principles of authority rooted in ceremonial spending.

So what is the fate of ethnic culture in an increasingly commodified rural Andean society? Below, I will analyze economic and cultural changes in the textile artisan communities of Otavalo, a Quichua-speak-
ing area in Imbabura Province, northern Ecuador. It will be argued that the progressive commoditization of Otavalo’s textile crafts led to a transformation in, rather than disappearance of, the local Quichua culture. Not only did the market expansion in Otavalo fail to destroy the community institutions but it also gave rise to an indigenous intelligentsia whose members redefined Indian identity in accordance with new cultural and economic realities. Curiously, it was some members of these new educated elites, rather than the commodified artisans, who advocated a return to what Varese identified as the Indian culture with its production of use values.

Otavalo’s economic and cultural dynamism has no parallel in Ecuador. This uniqueness is largely due to the centuries-old weaving tradition and the early development of trade. At the same time, the significance of these experiences clearly transcends the local boundaries: Quichua communities of northern Ecuador gave rise to ethnic leaders and ideologies that shaped the nature of the national indigenous movement. In the conclusion I will place Otavalo’s experiences in a broader comparative and theoretical perspective.

From Mindalaes and Obrajes to Small Commodity Production

In the middle of the century, most Quichua-speaking communities in Otavalo combined largely subsistence family agriculture and crafts with labor service on the haciendas. These apparently peasant-artisan communities had, however, a long commercial tradition, rooted in their precolonial history.

Contrary to the Incas’ imperial control of the various ecological zones, Andean society in what is now Ecuador had evolved a sophisticated system of barter and trade, which persisted after the Inca and Spanish conquest. The long-distance trade was conducted by merchants (mindalaes). They lived largely outside the tightly knit rural communities and dealt in exotic products, using bundles of bones or shells (chaquiras) as a money equivalent. The mindalaes—socially unattached and wealthy vagabonds—may be considered a historical prototype of the modern-day Otavalo merchants. Imperfect as it is, this analogy is significant because it points to the fallacy of identifying the Andean or Indian cultures with the production of use values and pervasive community institutions. In effect, we should talk about a variety of Andean cultural traditions, including both the peasant and the merchant traditions. It was the latter that facilitated the growth of Otavalo’s commercial crafts after World War II.

Like trade, the textile production in Otavalo has deep historical roots. The local artisan tradition had been upgraded first by the Incas, who introduced llamas and created specialized textile workshops to supply the imperial court with fine cloth, and later by the Spaniards, who established mercantilist textile mills (obrajes) for the benefit of the
It was also the Spaniards who introduced sheep and the treadle loom. Over the years, sheep wool, along with the treadle (or Spanish) loom, came to be used on a large scale along with the traditional cotton, brought from the nearby tropical valleys, and the back-strap Andean loom (*calluha*, in Quichua). Some of the first *obrajes* in what is now Ecuador were built in the sixteenth and early seventeenth century in San Luis de Otavalo (now the city of Otavalo) and Peguche (now the community and town of Peguche, located on the outskirts of Otavalo city). Controlled by the Crown and operated on the basis of forced indigenous labor, the mills produced textiles for sale, mostly in the colonial mining centers in what is now Peru and Colombia. Later on, a growing number of *obrajes* were established or taken over by private landowners. Combining textile production with sheep breeding and using the labor of their indentured peasants, they replaced the Incas and the Spanish Crown as the relatively large-scale textile producers. Over the following centuries, however, their revenues experienced a steady decline. The depletion of silver mines, epidemics of infectious diseases, the metropolitan protectionist policy with regard to Spanish textiles, and the inflow of cheap European fabrics, all these factors conspired to undermine the horror and glory of Otavalo’s colonial textile economy. By the early twentieth century, *obrajes* had largely disappeared. The stories of the ruthlessness of their white owners and the amazing skills of the indigenous workers—who, locked up in the *obrajes*’ cellars without daylight or fresh air, learned how to imitate the fine-quality English woollen fabric—still circulated almost a century later among Peguche’s families.

The collapse of the *obrajes* weakened but did not eliminate Otavalo’s textile production. Some of the former textile workers adopted the treadle loom—the use of which had been restricted to the *obrajes*—and started to weave a variety of fabrics, including an imitation of English tweeds known locally as *casimires*. They also took advantage of the old commercial routes and explored new ones, selling their textiles in both Colombian and Ecuadorian markets.

No doubt, the entrepreneurially oriented indigenous families constituted only a minority. In the middle of our century, the vast majority of indigenous families in Otavalo were, indeed, peasants partially involved in the market economy. Adapting the former colonial practices to their own needs and experiences, they grew corn, beans, barley, wheat, and potatoes in their family fields on the margins of the large landed estates (haciendas). They also raised sheep and spun yarn. The yarn was woven into cloth either on the back-strap or on the treadle loom. Some families had looms at home, while others would take their yarn to specialized textile artisans in their own or nearby communities. These artisans would weave blankets, ponchos, skirts, and shawls for their local customers, largely in exchange for agricultural products. Women’s blouses, as well as men’s pants and shirts, were made out of cotton. Unlike wool, raw
cotton was brought from hot tropical valleys, and only a few local communities specialized in spinning and weaving it. Meanwhile other peasant-artisan communities had also been developing their specialization, be it in ponchos or hats, sandals or clay pots, blankets or plain soft cloth (known as bayeta) for various domestic uses. In effect, by the middle of the twentieth century, Otavalo’s peasant artisans had evolved a local system of division of labor, which gave rise to vibrant barter and local trade. Barter was generally used within and between the communities. Monetary exchange, by contrast, was practiced mostly in Otavalo city, in the so-called Poncho Market. In effect, it was the Poncho Market that brought together peasant artisans and indigenous entrepreneurs involved in long-distance trade.

It used to be [almost] empty; just earth, dust and penco [agave cactus] plants all around. People from the communities would appear from time to time. From Cotacachi, they would bring dishes and jars of clay; from San Rafael, reed mats and corn bread. But those who distinguished themselves most of all were [Otavalo’s] textile traders. People from Peguche would sell . . . bayetas, . . . those from Carahuela would bring wool yarn [and ponchos]; those from Iluman, hats; those from San Juan Loma, cotton cloth. And those from other communities would sell . . . grains, cuyes [guinea pigs], pigs, sheep and [other] products that their land and skills gave them. . . . People would sit around [and bargain] in twos or threes. . . . Some would be selling textiles and buying grains; others, just purchasing textiles [for resale]. This is how it was in the olden days.

In the 1960s and 1970s, the growth of Otavalo’s market economy was facilitated by the national export boom, accompanied by the government policy of import-substitution industrialization. Increasingly, factory yarn and fabrics replaced the homespun cloth, undermining the peasant artisan economy. In some cases, the displaced artisans became participants in the labor-intensive stages of the factory production and distribution cycles. Thus, San Juan’s cotton weavers started to bleach factory cottons. Similarly, the blanket producers of Quinchuqui began to buy and sell factory blankets, first along with, and later instead of, their own. In other cases, however, the decline of peasant crafts was followed by the development of small commodity production for the growing tourist market. In the 1990s, Otavalo’s Poncho Market exhibited a dazzling variety of indigenous crafts designed to catch the tourist’s eye. Gone were the dusty penco, the cuyes, and the sheep. Instead, indigenous traders displayed colorful rugs, bags, purses, knapsacks, wristbands, belts, waistcoats, fancy sweaters, sports jackets, and embroidered dresses and blouses; in addition, nonindigenous sellers offered inexpensive jewelry, ceramics, and carved wood. An increasing number of these products came from outside the Otavalo region, while others were still produced locally by a myriad of small commodity production units.
While the national textile and tourism expansion account to a large extent for the growth of Otavalo’s commodity production, this cannot be entirely understood without a brief analysis of the impact of rural-urban migration. From the 1950s on, a growing proportion of Otavalo’s indigenous people migrated to the cities, largely as a result of the demographic pressure on land. In most cases, however, this was not a permanent form of migration. Rather, the younger members of indigenous households would migrate on a temporary or seasonal basis, either to save money and start a household production unit back home or to complement their insufficient agricultural income on a regular basis. It was these temporary and seasonal migratory workers who contributed to the collapse of the peasant crafts by abandoning the “traditional” dress code and switching to an urban style of clothing. Thus, the homespun ponchos were replaced first by cheap factory ones and then by sweaters and sports jackets, partly because they were seen as less expensive and partly because migratory workers felt that the new dressing style put them on a more equal footing with urban folks. As for indigenous women, they continued to use their customary garments but switched from homespun cloth to manufactured fabrics. Not only was it a less costly option (costly, in terms of time or money), but the fabrics also looked “dressier”: thinner and smoother and brighter in color. At the same time, migratory workers, employed at textile factories, started to imitate some of the factory techniques on their return to home communities. They were the first in Otavalo’s indigenous communities to introduce synthetic yarn and the electric loom, which dealt a coup de grâce to the peasant-artisan economy and took Otavalo’s commodity production a step closer to indigenous capitalism. I will discuss these developments in the sections on Carabuela and Peguche communities.

Thus, export expansion, tourism, and migration had a profound effect on the consumption and production patterns among Otavalo’s indigenous people. Overshadowed by the peasant-artisan economy after the disappearance of the textile mills, Otavalo’s commercial crafts started to flourish once again in the 1960s and 1970s, this time in the form of small commodity production. The analysis of market expansion, however, does not tell the entire story. Government support for indigenous craftsmen, as well as the changes in national religious and educational institutions, also played an important role.

Role of Government, Churches, and Schools
Institutional attempts to promote indigenous crafts for tourist and external markets in Ecuador date back to the mid-1950s, when the national government, supported by the United Nations Andean Mission and International Labor Organization, organized training courses for indigenous weavers in an attempt to diversify and improve the quality of their products. Among other things, the weavers were taught to apply “tradi-
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14 Subsequently, indigenous textile producers started to create their own patterns, using a variety of sources, from traditional local designs and their own imagination to government publications and customers’ suggestions.

In the 1970s the Ecuadorian government, inspired in the developmentalist ideology, organized the National Center for the Promotion of Small Industry and Crafts (CENAPIA, Centro Nacional para la Promoción de la Pequeña Industria y Artesanía). Along with another government agency, Professional Training Service (SECAP, Servicio de Capacitación Profesional), CENAPIA offered training and technical assistance to craftsmen and small manufacturers and in addition organized artisan exhibitions and fairs. In 1980 the Ecuadorian government also signed an agreement with Germany’s Konrad Adenauer Foundation in order to provide financial support to small-scale industrial and artisan producers. It also opened special lines of credit for small entrepreneurs at the National Development Bank (Banco Nacional de Fomento) and, later, tried to provide financial and technical assistance for micro-enterprises through the Ministry of Labor.15

Although the government-sponsored training and technical assistance contributed to the reorientation of indigenous crafts toward the tourist and external markets, the amount of public credit that indigenous artisans received was modest. Apart from the fact that small-scale industry and commercial crafts occupied a marginal role in the government industrial strategy, the cumbersome bureaucratic procedures and a threat of foreclosure turned away many potential indigenous clients. Among other things, bank employees, in an attempt to ensure repayment, generally insisted on numerous legal and financial prerequisites before issuing a loan. The results, however, were rather discouraging for both parties. Indigenous customers often found it difficult to meet the prerequisites, and when they were met, there was no guarantee of repayment. High bankruptcy rates among small entrepreneurs, a frequent diversion of production loans to nonproductive purposes, in combination with the high costs of processing a large number of small loans and the existence of a cultural barrier between the mestizo bank employees and their indigenous clients, all transformed bank small-scale lending schemes into a corporate—and personal—nightmare. As a result, only the largest among Otavalo’s indigenous craftsmen and traders were actually willing and able to get access to bank credit. Most others either relied on their own capital or operated outside the formal banking system, using consignment arrangements with local traders or borrowing money from informal money lenders, whose interest rates were much higher than the banks’.

To circumvent these problems, some indigenous craftsmen and traders tried to form credit cooperatives. The first abortive attempt dates back...
to the 1970s, when a number of Peguche’s families organized the short-lived San José de Peguche Credit Cooperative. It successfully negotiated a bank loan for its members, only to go bankrupt some time later, largely as a result of mismanagement. This early initiative was followed in the early 1980s by the creation of the Chuchuqui Indigenous Credit Cooperative (Cooperativa Indígena de Crédito Chuchuquí). Formed with the support of World Vision—a transnational nongovernmental organization linked to Protestant churches—the cooperative initially offered credit assistance to indigenous agricultural producers. Over the years, however, it extended its membership to textile producers and traders, who promptly became the main driving force behind the cooperative venture. The cooperative offered small loans (generally under US$1,000) to its members, using less burdensome interest rates and initial deposit requirements than the National Development Bank did, and it was willing to wait, rather than declaring foreclosure, in the case of its members’ insolvency. The fact that the co-op members could negotiate, if they wished, in Quichua and were treated with equal respect no matter how small their loans were, added to the popularity of the cooperative. Between 1983 and 1993 its membership grew from 28 to 1,006.

The Chuchuqui Indigenous Credit Cooperative was only the tip of the iceberg as far as Protestant social activism was concerned. Over the past 20 or 30 years, Otavalo’s indigenous communities turned into a hotbed of Protestantism. Preaching the gospel of personal unity with God, economic success, and human dignity, Protestants conducted an energetic attack on drinking and ceremonial spending, which were associated with Catholic festivals, as well as on the system of tithes, still practiced in Otavalo in the 1960s and 1970s. Moreover, indigenous families were attracted by the relative openness of the Protestant churches to their indigenous congregations. Thus, while Catholic churches or chapels were built typically in mestizo towns or on the haciendas, Protestants made a point of building their churches in indigenous communities, even though the largest ones were still located in the cities. Similarly, while the Catholic clergy was recruited mostly from the well-off white and mestizo families and had to go through many years of expensive theological schooling, Protestant missionaries trained a large number of indigenous deacons and pastors, who promptly replaced them within the communities.

Economic considerations that played a part in the Protestants’ evangelical success were also important. Many indigenous families were attracted to Protestantism by gifts and donations, lavished on them as a consequence of religious conversion. Various Protestant churches worked with the Foster Parents Plan, whereby indigenous families received money in exchange for their children’s pictures and occasional letters. Moreover, World Vision sponsored small-scale production projects and helped to build roads, sanitation systems, and schools, in addi-
tion to the organization of credit cooperatives, such as Chuchuqui’s. Ironically, by the 1990s most of the these projects had failed, torn apart by conflicts and rivalries that were caused by the unequal distribution of benefits, either among families with different religious affiliations, or among rich and poor families, or both. The Foster Parents Plan proved to be more resilient. It was complemented by donations of textbooks, clothes, and Christmas gifts to children of Protestant families.

Although the membership of Protestant congregations included both the rich and the poor, the relatively well-off indigenous families seemed to be overrepresented. There is no evidence that religious conversion led to individual economic success or that the spread of Protestantism in Otavalo preceded the growth of the commercial economy. However, once both Protestant proselytism and market expansion gained momentum in the 1960s and 1970s, the two went hand in hand, supporting and reinforcing each other. In the case of the predominantly artisan communities, this can be explained by the differences in the organization of a peasant-agricultural economy and small-scale commercial textile production. While peasant households had to exchange labor in order to complete agricultural tasks rapidly (planting, harvesting), textile commodity producers did not need any help from other families; the entire production cycle could be effectively completed within one household. As a result, textile producers were more likely to sacrifice Catholic community celebrations, which historically had been associated with peak agricultural seasons. The avoidance of drinking and ceremonial spending in turn released economic and time resources, which could be used for the expansion of textile production. ¹⁷

Furthermore, economic success defied the norms of reciprocity. These norms had dominated the use of peasant agricultural labor, with the vertically mobile families—commodity producers and traders—easily transformed into a target for gossip and criticism among the less fortunate. As a result, such families tended to distance themselves from the rest of their communities, which were still anchored in peasant agriculture. With the rise of Protestantism, they often regrouped themselves into new Protestant ‘‘communities of the faithful,’’ which provided them not only with moral support but also with market contacts and occasional financial help. This regrouping sometimes took place inside the communities, but often it also involved permanent migration as the economically successful families were likely to move permanently to the city. This allowed them, among other things, to leave behind the peasant agriculture-based institutions of reciprocity and establish a new business-oriented network around powerful urban Protestant churches.

A similar mutually reinforcing relationship could be observed between the growth of textile commodity production and the spread of education. First attempts to promote rural education in Ecuador came from the UN Andean Mission, joined later, on a much larger scale, by the Ec-
In Ecuador, the Ministry of Education played a significant role in improving literacy rates. As a result of their efforts, national illiteracy rates fell from 44% in 1950 to 14% in 1990. Between 1960 and 1985, elementary school enrollment more than tripled, while secondary enrollment increased more than tenfold. The growth of elementary education was especially visible in the countryside, traditionally characterized by exorbitantly high illiteracy rates. In Otavalo, virtually all indigenous communities have their own elementary schools, and many have more than one. However, this accomplishment was marred by numerous problems. A shortage of textbooks, poorly equipped classrooms crowded with children of different ages, an often inadequate level of preparation among schoolteachers, and exceedingly low teachers’ wages, which made teachers look for additional sources of income, all contributed to undermine the quality of education in rural elementary schools. These problems were compounded by the relatively high cost of formal education. As a result, in the 1980s and 1990s over half of the students enrolled in rural elementary schools nationwide dropped out before graduation, and at age 13 more than half of the children from rural families were reported to be working for wages. Moreover, rural teachers seldom spoke Quichua or even had an appreciation of indigenous culture. This, in turn, created numerous conflicts between parents and teachers and put Quichua-speaking children at a disadvantage in terms of their academic standing.

A creative response to these problems was the introduction of a community-oriented bilingual system of education. In 1978 the Centre for Indigenous Research and Education (Centro de Investigación y Educación Indígena, CIEI) was created at Quito’s Catholic University. Following up on this initiative, the Ecuadorian government signed an agreement with the German government that envisaged the implementation of an ambitious project of rural bilingual education. Several years later the National and Provincial Boards of Bilingual Intercultural Education were established, under the joint responsibility of Ecuador’s indigenous federations and the Ministry of Education. The new bodies were staffed with indigenous college and university graduates: teachers, linguists, and social scientists.

In Imbabura, the provincial board was nominated by two provincial indigenous federations: FICI (Federación Indígena y Campesina de Imbabura, Imbabura’s Indigenous and Peasant Federation) and FICAPI (Federación Indígena y Campesina de la Provincia de Imbabura, Imbabura’s Provincial Indigenous and Peasant Federation). The FICAPI, especially strong in Cotacachi Canton, west of Otavalo, had been influenced by socialist class-based ideology. Nationally, it was affiliated with FENOC-I (Federación Nacional de Organizaciones Campesinas e Indígenas, National Federation of Peasant and Indigenous Organizations), which had historically strong ties with urban trade unions and which, in fact, added the word “indigenous” to its name only in the 1980s, in rec-
ognition of the increasingly ethnic nature of indigenous political struggles. By contrast, FICI, firmly in control of the Otavalo Canton, had emerged as a largely ethnic federation. Affiliated with CONAIE (Confederación de Nacionalidades Indígenas del Ecuador, Ecuador’s Confederation of Indigenous Nationalities), it emphasized from the very start the importance of indigenous culture and education. Over the years, however, both federations developed a mixed political discourse, intertwining class and ethnic issues. In the 1990s both FICI and FICAPI proclaimed their commitment to the preservation of indigenous culture, collaborating in (or fighting over) the management of Imbabura’s bilingual schools.

While the indigenous federations and indigenous professionals effectively controlled Imbabura’s provincial board, most of the local teachers were of mestizo origin, and many hardly spoke any Quichua. The board “inherited” them from the ancien régime and, given the scarcity of qualified indigenous teachers, had to put up with their continuing presence in rural schools under its jurisdiction. While some made valuable contributions to the development of bilingual education, many felt indifferent or even hostile to the change in the provincial education system. This, along with the lack of specialized didactic materials (as well as a general shortage of funds, especially acute after the termination of the agreement with the German government), undermined the success of bilingual education. Still, it appeared as an interesting nationwide institutional experiment in the revitalization of indigenous cultures. Contrary to earlier government attempts to use Quichua in its literacy campaigns to facilitate the learning of Spanish, the proponents of bilingual education saw the use of indigenous languages—and the related systems of knowledge—as valuable in their own right. They revised Ecuadorian history from the indigenous viewpoint, revived some old cultural practices (e.g., the use of taptana, a pre-Columbian mathematical device), and tried to place the indigenous community with its everyday problems and concerns at the center of the educational process. One of Otavalo’s community leaders and founders of bilingual education in Ecuador described the need for bilingual education in this way:

In the formal system of education [many Quichua-speaking students] flunk a year, waste a year, spend it uselessly. Sometimes, they would fail by one or two points. No wonder, if they are forced to study just theories, and nothing of practical things! . . . For us, education must be practical and direct. For example, if you are a farmer, you must study on your own land how to do planting and everything, on your own land you must study. If you are a student in chemistry or biology [you should study] medicinal plants and medicines. . . . In this way you would never flunk a year. Why? Because it’s your own work you are doing. . . . This is the difference [between the mestizos and the indigenous people]. We are educated while working in the field, . . . be it in agriculture or be it in music and arts. (August 12, 1993)
While not everybody in Otavalo shared this community-centered vision of bilingual education, most indigenous families were intensely interested in the expansion of the education system. To operate in the mestizo-dominated market system, textile producers and traders needed, at the very least, some Spanish and arithmetic. They also needed the sense of self-confidence that comes with the exposure to formal schooling. In addition, the economically successful families invested in the education of their children in the hope of helping them advance on the social ladder. With the rise of the bilingual education system, teaching and linguistics became especially popular among young people from relatively well-off indigenous families. It allowed them to achieve a modest degree of social success without the humiliating process of forced acculturation.

How did these developments manifest themselves inside Otavalo’s communities? Did they strengthen or weaken the centuries-long ethnic communal tradition? In what follows, I will discuss the economic and cultural change in two of Otavalo’s communities that, in different ways, stood at the forefront of the tourist-oriented artisan commercial expansion: Carabuela and Peguche.

**Carabuela: From Weaving to Knitting**

In the middle of the century, Carabuela’s families combined spinning and weaving with subsistence agriculture and work on the hacienda of Pinsaquí, which offered its workers grazing rights in exchange for 2 days a week of labor service. Most families raised sheep. When not involved in agricultural work, women washed, cleaned, carded, and spun the wool. Later it was dyed mostly with natural dyes: indigo and agave cactus leaves for various shades of blue, the bark of black walnut for yellow and brown. After that, men wove ponchos on their back-strap looms. Children helped with washing, cleaning, carding, and dying the wool. They also took care of the sheep and participated in other agricultural work. Carabuela had a small elementary school, built by the UN Andean Mission, but it was attended by only a few students. Not only did the parents need their children to help them with agriculture and crafts, but they were also suspicious about government-imposed education; for example, at some point a rumor was circulated that the government was going to round up all those who went to school and send them away to do military service. Using home-made yarn and a back-strap loom, a family of six could make and sell a “traditional” double-woven poncho in 2 months. The money would generally be used for the purchase of small plots of agricultural land from the Pinsaquí hacienda.

Carabuela’s basically subsistence economy coexisted with an intense social interaction. Houses and local roads were constructed through community work (mingas). Agricultural work was conducted through reciprocal labor exchange (randípac), whereby several families would work together in their fields during rush agricultural seasons (planting,
weeding, harvesting). The work was accompanied by ritual feasting and drinking. The feasting reached its peak at the San Juan festival (approximately from June 21 to 24), coinciding with the summer solstice and the beginning of the harvest. Known in Carabuela as Gallo Capitán, the San Juan festival apparently had been imposed by the Catholic church to supplement ancient agrarian and solar rites. To organize and finance the festival, the local priest appointed indigenous sponsors (priorostes) among the most affluent and influential indigenous families. The sponsors had to pay the priest for the mass, as well as give him a rama de gallos (13 roosters hanging on a pole) as a symbol of asymmetrical reciprocity. While explicitly recognizing their subordination to the external authority of the church, internally the priorostes acted as authority figures in their own right. Dressed in festive costumes, they reenacted the behavior of ancient indigenous leaders, while borrowing liberally from the Spanish cultural tradition. Spending lavishly on food, drink, music, and fireworks, they received the cooperation of other community members, in accordance with their age, gender, and social status. The festival lasted between 1 and 2 weeks, at the end of which the sponsors had to express their gratitude with gifts (chicken, cuyes, bottles of alcohol, and so forth) for all those who had helped them with the festival: musicians, dancers, cooks, and so on. Thus, while reinforcing the power of the church, Gallo Capitán was also a centerpiece of Carabuela’s communal life. It forced the affluent families to share their wealth, while strengthening the institutions of reciprocity and the sense of cultural identity.

As was also the case with other local communities, the economic boom of the 1960s and 1970s caused a massive change in Carabuela’s economic and social makeup. Initially, the growth of the market economy stimulated the local demand for ponchos. Otavalo’s market was also flooded with wool yarn from Cotopaxi Province, an emerging national center of modern sheep breeding and textile industries. Using factory yarn and aniline dyes, weaving all day and sacrificing quality, a family of seven or eight people could turn out several ponchos a week, as compared with one poncho every 2 months back in the 1950s. Commercial weaving offered an attractive opportunity to labor service on the Pinsaquí hacienda (family sheep herds—the main reason for this service—had been dwindling as a result of the use of factory yarn). Unable to find enough workers, the Pinsaquí owners started to sell increasingly large portions of hacienda land to prosperous artisan families from Carabuela and other local communities, until the hacienda had virtually disappeared. Thus, the increased commoditization of the artisan economy did not imply the decline of subsistence agriculture—at least as long as there was land to buy. In effect, Carabuela’s families had been able to expand their land base as a result of market expansion. This improvement, however, proved short-lived. With no land left for sale and with few families
willing to migrate permanently to the city, the average size of Carabuela’s landholdings started to shrink and so did the share of agriculture in family incomes.

The decline in family agriculture was accompanied by further changes in the artisan sector. As factory sweaters and sports jackets were substituted for ponchos, poncho weaving in Carabuela became replaced by knitting sweaters for tourist and external markets. Carabuela artisans learned knitting in Mira, a mestizo town in the neighboring province of Carchi, where it was introduced in the 1960s by Peace Corps volunteers. Mira’s knitters had been purchasing yarn in Carabuela and selling their sweaters out of the country. In the 1970s, as the indigenous demand for ponchos plunged, Carabuela’s weavers learned how to knit and started making sweaters instead of ponchos. Promptly they flooded Otavalo’s Poncho Market with thick woollen sweaters decorated with “traditional” motifs and, in some cases, sold them even in European and North American markets.

Requiring a minimal initial investment to buy a pair of needles and some wool, knitting was an easy endeavor for all Carabuela families. Typically, it was conducted by households on consignment with traders, some of whom were of Carabuela origin, others from outside. The head of a household (generally male) acted as an intermediary between the household workers and the trader. Even though most workers were family members who lived and ate together, they were paid piecemeal wages: in 1993, 6,000 sucres (US$3) per sweater. Knitting up to 15 hours a day (from 4 a.m. to 8 p.m. or from 6 a.m. to 10 p.m., with a short break for lunch), an adult knitter could make, in a day, one sweater. Working five or six days a week, the knitter earned 120,000 sucres (US$60) per month, more or less the same as a migratory construction worker. The head of household, however, who sold sweaters at prices from 22,000 to 28,000 sucres, depending on the season, earned between 2,000 and 8,000 sucres per sweater (US$1–$4). With four adult knitters, his or her earnings were from 240,000 to 960,000 sucres per month (US$120–$480)—considerably more than for urban construction jobs.

Commercial knitting destroyed the age and gender division of labor typical of the traditional poncho-weaving economy, resulting in what Meier called the “individualization” of the production process. Most important, it increased the young people’s decisional and financial autonomy. Prior to the commercial expansion, it was often the mother who exercised the power of the purse, making all important financial decisions together with her husband. The unmarried children had to hand over their earnings to the mother. Moreover, their access to cash, as well as their ability to spend it, was limited by the largely subsistence nature of Carabuela’s economy, the low level of horizontal mobility, and the predominantly traditional authority structure (among other things, unmarried people were not allowed to leave the communal premises with-
out parental consent). After marriage, young couples continued to live with the parents, "working for them" in the fields and the house. The older couples continued to exercise parental authority until the younger ones moved out to their own house (generally built by the parents) and assumed complete control of their productive assets, land, and livestock (also given by the parents). The commercial expansion undermined the age hierarchy, providing young people with regular monetary income, which they could spend as they pleased, and increasing their familiarity with urban ways of living. To be sure, in many cases older couples continued to provide their young household workers with living quarters and food. This allowed the workers to save much of their earnings and start their own household production units after several years of work for wages. Nevertheless, the overall balance of power within the household clearly shifted in favor of the younger people.

The effect of commercialization on gender relations was more complex. While young females, along with young males, were the winners in the household tug-of-war, the older women certainly lost much of their decisional and financial power. Not being able any more to control their children's earnings, they were also largely excluded from the commercial and financial circuits dominated by the male mestizo elites. While they continued to participate in the family decision-making process probably on a larger scale than most of their urban mestiza counterparts, their participation in financial and commercial transactions was severely limited by linguistic and gender barriers.

In class terms, there is little doubt that the traders were the main beneficiaries of the growth of commercial crafts. Still, knitting created a source of income for virtually all of Carabuela's economically active population, permitting young people to avoid rural-urban migration—a bitter necessity in Otavalo's agricultural communities with a shrinking land base and no textile production. In Carabuela, it was mostly the prosperous and educated community members (e.g., people with secondary education) who would consider migration as a way to improve their standard of living. This considerable feat, however, came with a price. One of the problems most frequently mentioned by community members was occupational health hazards. Knitting 15 hours a day, five or six days a week, resulted, according to one veteran weaver, in 36 newly acquired diseases: "those who knit have blood [circulation] problems, swollen feet, rotten lips," and so on. He himself refused to dedicate all his time to commercial knitting, alternating knitting with spinning, weaving, agricultural work, community business—and an occasional prayer. He could afford it, too. Being a community leader and something like an informal deacon, he had been able to acquire, through his numerous personal contacts, a small clientele of "sophisticated" tourists, attracted by his knowledge of traditional weaving techniques (he was the only one in Carabuela who still used a back-strap loom and natural dyes). His less
fortunate fellows, however, found themselves increasingly trapped in sweatshop-style production for mass tourist consumption. In other words, they had been able to avoid migration and to increase their family incomes, but only at the expense of their quality of life.

Significantly, the decline of subsistence agriculture and the progressive commoditization of crafts brought about greater interest in primary education—greater, but not overwhelmingly so. During the 1970s and 1980s, Carabuela’s elementary school enrollment had soared (as compared with the situation 30 or 40 years earlier), and an additional school had to be built to accommodate the new pupils. Still, in 1994, Carabuela, with its 4,225 people and approximately 2,000 children and adolescents of school age, had only 272 students; 260 attended the community’s elementary schools and 12 went to a high school outside the community. Most people had only a few years of schooling—barely enough to learn some basic literacy and arithmetic skills. The schools had been affiliated with the bilingual education board, but the low quality of teaching made the community return to the regular Hispanic system. While several of Carabuela’s leaders had not lost their hope in developing a better system of education, adapted to their economic and cultural needs, to most community members schooling appeared basically a prerequisite for buying yarn and selling sweaters.

The rise of commercial knitting was also accompanied by the growth of non-Catholic influences. Protestants and Mormons started to preach in Carabuela in the 1960s. They had an astounding success; 30 years later, approximately one-third of Carabuela’s families were either Protestants (mostly members of the conservative Cristo Salvador and Génesis churches) or Mormons. The ease with which Carabuela’s families embraced the new religions is indicative of the deterioration of traditional communal practices. The ritual feasting and drinking had already been dying a slow death as a result of the decline in family agriculture and reciprocal labor exchange. To be sure, before establishing themselves as a major religious force, Protestants and Mormons had to live through many unpleasant moments, such as being forced to take a “chicha shower,” whereby the deriding Catholics poured over them buckets of homemade maize beer (chicha). Nevertheless, they seemed to have won the day, at least as far as Carabuela’s drinking habits were concerned. By 1993, chicha and other alcohol had virtually disappeared from the community’s social occasions and were replaced by water mixed with gelatine powder or sugar and lemons. Ironically, this victory was facilitated by the 1991 epidemic of cholera, during which one of the Protestant community leaders argued that chicha and alcohol—“hot” beverages in the Andean hot-and-cold cultural paradigm—contributed to the proliferation of cholera, also a “hot” disease. As a result, chicha and alcohol were banned from the community, or at least they were not served any more during community work (mingas). And there was more
community work to be done than before. Curiously, while the practice of family labor exchange in Carabuela had all but disappeared, the institution of community work seemed to be gaining strength. In effect, the growth of the commercial economy resulted in an increased interest in the improvement of community infrastructure—roads in particular—that required community action. In accordance with the national policy of rural development, the government provided indigenous communities with construction materials, road construction equipment, and technical advice, while community members would collaborate with mingas. All three religious sectors of Carabuela—Catholics, Protestants, and Mormons—had participated in community mingas, while heatedly debating the issue of what kind of beverage, alcoholic or nonalcoholic, should be served to the workers. In addition to improving the old and building new roads, linking the community to the Panamerican highway and Otavalo, they built a new elementary school and a running water system and installed electricity—all through community mingas.

A similar change occurred in the realm of community festivals. The rise of Protestantism had sealed the fate of Gallo Capitán, already on a decline along with family agriculture and reciprocal labor exchange. Protestant churches, however, organized their own music festivals, with indigenous music played by community bands, but without the traditional drinking or dance. These social gatherings replaced Catholic festivals. They were frequently designed to celebrate the termination of community projects, such as the installation of running water tanks. Furthermore, many Carabuela families took part in cultural events sponsored by FICI. Significantly, the largest one coincided with the former San Juan festival (Gallo Capitán in Carabuela), renamed by indigenous political activists as the festival of Inti-Raimi, the name by which it presumably had been known before the Spanish Conquest. Instead of hearing a mass, Carabuela dwellers would listen to speeches in Quichua and hand over the 13 roosters to leaders from neighboring communities. There would also be some drinking and dancing, with costumes showing new cultural influences (traditional festive figures, such as Gallo Capitán, would share the floor and a bottle with dancers dressed in military uniforms or as gringo tourists). On some occasions, Inti-Raimi developed into a political event. In 1993, for example, hundreds of indigenous people with their traditional roosters and the newly popular rainbow Inca banners (huipalas), marched on the Panamerican highway, blocking traffic and causing admiration among foreign tourists and suppressed rage among local mestizo drivers.

To sum up, the old communal practices in Carabuela—reciprocal family labor exchange, ceremonial spending, and Catholic festivals—had largely disappeared as a result of the growth of commercial knitting, elementary schooling, and religious conversion. This, however, resulted not in the decline, but rather in a modification, of the communal institu-
tions. Family labor exchange gave place to community work, and Catholic festivals evolved into Protestant celebrations and support for FICI’s cultural and political events. I will now turn to another Otavalo community, Peguche, where the process of market expansion involved a more radical economic and cultural change.

**Peguche: From Treadle to Electric Loom**

In the 1940s Peguche did not look much different from Carabuela. After the demise of the obraje, most of its families dedicated themselves to labor service on the Quinchuqui hacienda, tending their own small plots of land or spinning and weaving in their spare time. Only a few relatively prosperous families—the descendants of skilled textile workers who had learned the secrets of the trade—were involved in the weaving of bayetas for rural indigenous markets and casimires for the urban mestizo markets. It was these families that acted as a bridge between Peguche’s colonial textile tradition and the growth of the textile household economy in the 1960s and 1970s. With national manufacturing on the rise, some of their younger members found jobs in textile factories. After years of work and saving, they would return to Peguche and use their factory experiences to upgrade the household textile production. Most important, they started to replace treadle looms with electric ones and substitute acrylics for wool. This process gained momentum as a result of the modernization of the national textile industry, and various factories in Quito and Otavalo purchased modern equipment and put their obsolete electric looms on sale. In addition, one of the local textile factories, La Joya, went bankrupt and sold all its looms at a discount price. Peguche’s bayeta and casimir weavers, eager to increase their commercial output, were among the primary beneficiaries of these sales.

A further incentive for the growth of commercial production in Peguche came directly from government organizations that had been trying to promote indigenous crafts. In the 1960s, several Peguche residents attended government training courses, which helped them develop “indigenous” designs and adopt new products. Over the following decades, Peguche’s weavers dropped the casimires, unable to compete with their industrial production. Instead, they adopted new ornamental types of fabrics and expanded their production of bayetas, not for domestic use, but for making shirts, jackets, waistcoats, and knapsacks for sale to tourists. In addition, they expanded their sales in Colombia. Only a few hours from Otavalo by bus, Colombian cities on the southern border attracted numerous Peguche merchants, some of whom had also been able to establish family-run, small-scale enterprises across the border. Others traveled with their merchandise to other Latin American countries as well as to Europe, North America, and even Asia and Africa. By the 1990s Peguche had developed into a major center of tourist- and export-oriented textile production and trade. Only a small number of Peguche’s families...
(mostly former hacienda tenants, organized after the demise of the Quinchuqui hacienda into a cooperative) still dedicated themselves to agriculture. The vast majority made their living by weaving and trade. As in Carabuela’s case, there was not much rural-urban migration in Peguche, but, contrary to the situation in Carabuela, many of Peguche’s inhabitants traveled abroad. As one of Peguche’s leaders put it jokingly, ‘‘We don’t have migration here; what we have is emigration.’’

The market expansion and the introduction of the electric loom did not destroy the practice of treadle weaving. Many Peguche families continued to use Spanish looms, not for weaving bayetas as before, but for making rugs, scarfs, wristbands, and other tourist products. Even though their work arrangements and schedules were similar to those in Carabuela, Peguche weavers earned more than Carabuela knitters, up to 200,000 sucres (approximately US$100) a month. After several years of work, many young unmarried laborers managed to save enough money to purchase their first loom and start an independent household production unit. In 1993 the price of a small treadle loom—used for wristbands, scarfs, and small wall hangings—was between 80,000 and 100,000 sucres (US$40–$50). A large loom, suitable for making large wall rugs, could be bought for 150,000 or 200,000 sucres (US$75–$100). Over time some successful weavers purchased more looms and hired more wage laborers (even though the largest treadle loom workshop in Peguche had only eight looms). Others, however, preferred to switch to mechanical weaving. Much more expensive than the treadle loom, the electric loom did not appear unaffordable in the context of the growing tourist and foreign markets. In 1993 its secondhand price fluctuated between 2 million and 4 million sucres (US$1,000–$2,000). The vast majority of Peguche’s families owned at least one or two electric looms, purchased either with their own savings or with loans from the National Development Bank or Indigenous Credit Union.

However, despite the impressive productivity gains after the introduction of mechanical weaving, the workers’ wages remained basically the same. If they lived and ate with the workshop owner’s family, they could probably still save most of their wage earnings and start their own workshops after a certain number of years. This, however, was less and less frequently the case. To begin with, an electric loom was much more expensive than a pedal loom. Furthermore, the introduction of mechanical weaving led to further decline in family agriculture as well as to greater imitation—by workshop owners and workers alike—of urban consumption patterns. A result was the diminished willingness on the part of the owners to cover their workers’ living expenses, resulting in the workers’ decreased ability to save. This in turn accelerated the process of the separation of labor from the means of production, virtually absent in the case of knitting and minimal in the case of pedal weaving.
However, the process of concentrating capital remained relatively slow. Thirty years after the introduction of the electric loom, the largest mechanical workshops still counted fewer than 10 looms. Moreover, family organization clearly prevailed over corporate organization, with the household head in control of management. As one aspiring indigenous entrepreneur put it, “Otavalo’s businessman is like the sun; he likes to be alone.” In his view, the aversion to modern corporate practices among Otavalo’s producers was one of the major obstacles to further development of indigenous textile production.26

Another, and probably more serious problem, was the uncertain and apparently declining rate of profits. In the highly competitive context of the 1980s and 1990s, with an increasing number of landless families entering textile production and trade, the very success of indigenous crafts drove the prices down. Low prices perpetuated the low wages paid to the workers, accounting for the relatively low quality of the products. Low prices also resulted in high bankruptcy rates. Added to this was the tightening of fiscal policies after the national shift to economic neoliberalism at the turn of the 1980s, which, in Otavalo’s case, largely canceled out the benefits of the liberalization of trade with Colombia.27

An additional impediment to capitalist development was the difficulty in recruiting a stable and disciplined wage labor force. The continuous transformation of experienced weavers into independent producers led to a high labor turnover that undermined the efficiency of large production units. In the absence of a permanent separation of labor from the means of production, the success of a textile enterprise depended on the ability of its owner to recruit and control labor through the mechanisms of kinship and reciprocity. This, in turn, gave some leverage to the laborers. Working long hours for low wages without social insurance, they could still rely on the owners’ help in the case of an emergency. They could also have a relatively flexible work schedule. The working hours in Peguche, while certainly exceedingly long, were not always enforced with the same implacable logic as in the modern industrial sector. It might, for example, be permissible, for a worker to miss several days a week in the case of family or community celebrations. As for the lack of social insurance, it was widely believed, rightly or wrongly, that it offered few tangible benefits to subscribers in the first place and that, if introduced, it would make the owners tighten labor discipline.

Finally, there was also an advantage in remaining small. Not only did a small business avoid labor legislation, it also appealed to many tourists or foreign buyers, looking for “authentic” indigenous crafts.

With all this in mind, it is safe to say that even though the progressive commoditization of textile crafts in Peguche gave rise to a new class of indigenous bourgeoisie, its members did not completely disentangle themselves from the relations of kinship and reciprocity typical of indig-
enous peasant communities. Unable to emulate Ecuador’s corporate elites, they joined—as far as their incomes and, to some extent, ways of living were concerned—the ranks of the urban mestizo middle class. It was these relatively wealthy indigenous families that now stood at the apex of Otavalo’s social pyramid, investing in real estate, transportation, and tourism; building urban mansions; driving the latest models of cars; traveling abroad; and, even more important, educating their children in colleges and universities.

The rise of the indigenous bourgeoisie in Peguche generated intense social conflicts, unknown in other Otavalo communities. The most bitter of them involved access to the land of the Quinchuquí hacienda. In 1970 the hacienda workers from several indigenous communities formed an agricultural association; its leaders requested an expropriation of the hacienda land under the existing agrarian reform legislation. Most of the cooperative membership came from poor agricultural communities that historically had supplied Quinchuquí with most of the required labor force. Some of the wealthy artisan families from Peguche, however, made a deal with the hacienda owners, offering to buy their land behind the back of the association. This triggered a series of confrontations, which culminated in the expropriation of the hacienda and creation of the Quinchuquí agricultural production cooperative among the former hacienda workers. Still, some of Peguche’s prosperous textile producers, who apparently had never worked on the hacienda, managed to join the cooperative. Having little interest or experience in performing agricultural tasks, they had to confront the hostility and derision of the rest of its members: ‘‘[The artisans from Peguche] would come to the [cooperative] minga wearing white pants and white sandals. They were afraid to get dirty, so they would stay apart, just looking on. The others would push them into a ditch to make them soil their [white] clothes and get to work. They would not be given any workpoints either, unless they did [manual] agricultural work. . . . Eventually most of them quit [the cooperative]’’ (November 10, 1993). The exodus of wealthy craftsmen and traders from the Quinchuquí cooperative did not end their desire to get access to agricultural land. In the 1990s, when the cooperative members decided to subdivide their land into family holdings, Peguche traders and artisans made yet another unsuccessful attempt to get hold of the Quinchuquí land, this time trying to buy it from the cooperative. This attempt triggered another round of fighting between impoverished agricultural communities and Peguche inhabitants. Even though these confrontations pointed to the emergence of class antagonisms within the indigenous population, it should be emphasized that these antagonisms remained muted within the community boundaries and developed mostly as inter-communal conflicts. Moreover, the new indigenous bourgeoisie occupied an ambivalent position in the local arena. While some of its members
gravitated toward the mestizo political establishment, others questioned the existing relations of power. In effect, in the 1970s Peguche developed into the cultural and political avant-garde of Otavalo’s indigenous movement.

Peguche’s cultural dynamism was especially visible in the realm of music. Like the style in clothing, the music played in Otavalo’s communities had experienced several waves of European influence, from the introduction of the harp, guitar, and violin to the invasion of urban mestizo bands. It is interesting that the first self-proclaimed indigenous music band in Peguche was of mestizo origin. Formed in the 1960s, it saw its popularity growing along with the growth of tourism. An important role was played by Otavalo’s municipal council, which, in the 1960s, revived the Yamor festival, an ancient Andean rite associated with the end of harvest and probably with the September equinox. Largely forgotten in the indigenous communities, Yamor became one of the main events in Otavalo City’s cultural life, attracting crowds of national and foreign tourists. Indigenous communities’ participation, however, remained marginal—the festival organizers would bring in indigenous people to dance and play music for food and drink.

The situation changed in the 1970s, with the rise of the indigenous political movement, represented in Otavalo by FICI. Several Quichua music groups were formed in Peguche on the wave of political mobilization: Atahualpa, Peguche, Obraje, Sisa Pacari, Ñanda Mañachi, Charijayac. Moreover, FICI members made an attempt to reappropriate the Yamor festival. Among other things, they boycotted the tourist event sponsored by the municipal council and tried to organize an alternative celebration among the indigenous communities. All in all, cultural festivals, such as Inti-Raimi, in which Carabuela and other local communities took active part, became part and parcel of indigenous political work. Much of this work was conducted by Peguche’s musicians and community leaders.

As time passed, however, music became increasingly intertwined with trade. More and more of Peguche’s young people traveled abroad, playing Otavalo’s music and selling Otavalo’s crafts. At the same time, some of them had been able to establish working relations with foreign donor agencies. One outcome of this activity was Inga Pirca, an indigenous nongovernment organization involved in cultural activities and technical assistance for local textile producers. This peculiar fusion of art, business, and community work was mirrored in the confluence of education and political activism. The proliferation of music bands in Peguche was paralleled by an increase in the number of people with secondary and postsecondary education, mostly teachers. Many of them came from relatively prosperous artisan and merchant families. Some made an important contribution to the development of bilingual educa-
tion. Others played a crucial role in the organization of FICI; its first president and most members of its first executive council were of Peguche origin.

While the integrity of the new indigenous cultural and political elites has often been questioned by members of their own communities as well as by outsiders, there is little doubt that their activities transformed Peguche into a center of the new indigenous culture, a culture rooted in the ancient Andean tradition and modified by subsequent waves of European and mestizo influences. Some of its proponents, influenced by socialist or social-democratic values, called for further cultural and economic modernization. They advocated the development of managerial skills among the indigenous businessmen, a better credit system, a higher quality of local products, and, most important, higher wages and standards of living for indigenous workers. Others, by contrast, argued in favor of the reconstruction of precolumbian Andean culture, with its emphasis on a nonmonetary economy, ties to nature, and spirituality. Still, most were trying to find their way between the Scylla of ethnic modernism and the Charybdis of Andean fundamentalism, contributing in their own fashion to the creation of an eclectic and vibrant new Qui-chua culture.29

Conclusion

The same family- and community-centered logic that induced Otavalo’s peasants to avoid permanent migration made its small textile producers look for an opportunity to start household production within their home communities rather than search for urban employment.30 Despite its disadvantages (long working hours and low earnings), the small commodity production ensured minimum economic security and cultural identity, denied to the majority of Quichua-speaking urban migrants. Had indigenous migratory workers been able to obtain substantially higher standards of living in the city—or had the Ecuadorian elites been willing to enforce further separation of indigenous labor from the means of production—the process of proletarianization in Otavalo might have been much more drastic. As it was, though, the small-scale textile economy based on a combination of household and wage labor became a regionally specific alternative to full-fledged capitalism.

Similar processes were discussed by Carol Smith in the case of Totonicapan, in western Guatemala, where the commercialization of the artisan economy was accompanied by the preservation of Maya communal identity. Smith argues that Totonicapan’s wealthy craftsmen were willing to pay relatively high wages to local laborers in order to reduce the inflow of migratory workers and reinforce communal cohesion in the face of the oppressive mestizo-dominated state.31 Otavalo entrepreneurs’ generosity did not extend that far: their wages were as low as those in
the rest of the local economy. In the eyes of the household workers, however, the low wage rates were compensated for by various nonwage benefits, such as the low cost of living and a flexible work schedule. It seems that in Otavalo’s case the rationale behind the entrepreneurs’ willingness to compromise with the workers was cultural and economic rather than political—they were able to meet their kinship obligation while achieving a certain level of labor stability in the regional context of increased migration. In addition, contrary to the situation in Totonicapan, Otavalo’s artisan production was destined almost exclusively for export or tourist markets.

The boom in Otavalo’s tourism-oriented crafts raises interesting questions about the origins of small commodity production. It is often argued in the modes of production literature that this form of economy is created by the capitalist mode of production. Otavalo’s textile commodity production, however, is heir to Spanish mercantilist enterprises that in turn had been built on the pre-Columbian experiences of specialized weaving and trade. It is this long-standing precapitalist commercial tradition that enabled the indigenous artisans to adapt themselves so admirably to the postwar capitalist expansion, intertwining their centuries-old practices with technological innovation.

This is where the notion of ethnic culture as a resource, developed by L. Stephen, is especially helpful. In her study of craft production among the Nahua, Zapotec, and Kuna in Mesoamerica, and of Otavalo’s Quichua in Ecuador, Stephen points out that the indigenous craftsmen were often able to use their ethnic culture as a tool for economic advancement, carving themselves a niche in the rapidly growing tourist market. She warns that this development was accompanied by the folklorization of ethnic culture, encouraged by the state and local economic elites in order to promote international tourism. She also suggests, however, that the indigenous artisans in her study rejected the folk version of ethnicity, fabricated by government officials for tourist consumption. Instead, they developed their own identity, wherein the new market orientation coexisted with older communal traits, such as peasant agriculture, reciprocal labor exchange, and investment of time and money in community rituals. In her later work, however, Stephen points out that this was not necessarily the case of the Zapotec merchants who deliberately used the folk image of traditional crafts in order to meet the expectations of tourists and importers.

This study is consistent with Stephen’s analysis of the Zapotec merchant culture, contradicting her somewhat simplistic interpretation of Otavalo’s experiences. Like their Zapotec counterparts, the Quichua entrepreneurs did not reject the folk identity; rather, they were actively promoting it, conscious of economic rewards associated with tourism development. Moreover, market expansion, in combination with religious
conversion and the spread of education, changed the nature of Otavalo’s communal institutions. Historically, reciprocal labor exchange and ceremonial spending—the two pillars of old community institutions—had been associated with family agriculture and Catholicism. Both were clearly on a decline in the increasingly Protestant, literate, and market-oriented artisan communities. At the same time, they experienced the rise of new ethnic institutions: community work (minga) for building and maintaining infrastructure and cultural festivals with political, rather than religious, underpinnings.

The decline of family agriculture and the growth of textile commodity production in Otavalo had one other interesting consequence. The disappearance of reciprocal labor exchange and ceremonial spending led to the erosion of communal redistributive mechanisms, facilitating the rise of a new economic elite. Still bound by family ties, its members tried to redefine their relations with the community and more distant kin. Seeing reciprocal obligations as burdensome and irrelevant to their social advancement, they moved away, in body or in spirit, from their communities, laboriously building new business-oriented social and religious networks. Ironically, however, it was some of their educated offspring who developed a new ethnic identity.

The role of religious conversion and the spread of education in the Andean communities merits our special attention. Muratorio, in her study of peasant communities in Colta in southern Ecuador, points out that indigenous Protestants redefined their identity, combining new elements, such as desire for formal education, with the old ones, such as institutions of reciprocity. She also suggests that even though the spread of Protestantism diminished social pressure for ceremonial spending, it did not unleash the process of capitalist accumulation on a large scale.

While religious conversion cannot, as Muratorio convincingly demonstrates, account for the rise of indigenous capitalism, it can certainly act as a catalyst in the process of commercial expansion. Goldin argues that in rapidly growing economies the rise of Protestantism may add to the effect of overall market expansion, undermining cultural institutions that historically inhibited accumulation. Otavalo’s experience supports this argument. In the case of Carabuela, the development of commercial knitting was facilitated by the growing influence of Protestants and Mormons who banned religious festivals and social drinking. A similar process, although on a smaller scale, developed in Peguche, where Protestants and Mormons were less numerous but equally influential in economic terms. Carabuela’s and Peguche’s experiences are also indicative of the importance of formal education in economic and cultural change. In both communities elementary education came to be seen as a necessity by most families engaged in commodity production, while
Peguche’s prosperous traders were also eager to send their children to colleges and universities.

Writing about the appeal of modern education in the Peruvian Andes, Montoya points out that indigenous peasants often compared life in the traditional rural world, dominated by Western-educated mestizo elites, to “night” or “sleep,” while going to school was seen as “awakening.” The access to education allowed many of them to escape the web of local oppression, even though—sourly notes Montoya—they often did so only to join their former oppressors, wealthy mestizo traders and government officials. Often but not always. By no means can access to education in the Andean world be seen only as a channel for upward mobility. In Peru it contributed to the emergence of a new generation of Western-educated leaders of indigenous and peasant origins, many of whom joined left-wing political movements. In Ecuador it gave rise to a new indigenous intelligentsia whose members tried to redefine and institutionalize the Quichua identity.

The Ecuadorian experiences of ethnic resurgence are somewhat similar to those of the Maya in Guatemala and the Quechua and Aymara in Bolivia. In the 1970s and 1980s, Guatemala and Bolivia witnessed the rise of small but significant segments of indigenous professionals and intellectuals who revived and modernized the apparently essential characteristics of their culture in an attempt to reassert the indigenous people’s position within the broader society. In a parallel development, Otavalo’s indigenous intellectuals played a vital role in the creation of the national bilingual education system that, at least in theory, emphasized old ethnic values as a way to deal with present-day economic and political pressures. To what extent this is a viable strategy is open to questioning. The numerous problems in Ecuador’s bilingual schools, along with the social distance between the Quichua intelligentsia, on the one hand, and the indigenous peasants, workers, and craftsmen, on the other, blunted the initial thrust of indigenous revival in this country. R. C. Smith is particularly skeptical about the organizational potential of the new ethnic elites in the Andean region. He describes them as university-trained intellectuals influenced by Western political ideas, who were trying to deal with their own identity crisis and who remained largely marginal to the daily struggles of their people. To be sure, in Otavalo the Quichua intellectuals also found it difficult to make their voices heard. Nevertheless, bilingual schools provided them with an important institutional link to the indigenous commodity producers, their unfaithful followers.

Notes

* The fieldwork for this article was conducted during my stay in Otavalo from August 1993 to August 1994, as well as during shorter visits in 1995, 1996,
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8. For a discussion of the historical origins of Otavalo’s textile production, see Fredy Rivera Velez, Guangudos: Identidad y sobrevivencia (Guangudos:
Identity and survival) (Quito: Centro Andino de Acción Popular, 1988); and Alvaro San Félix, Monografía de Otavalo (Monograph of Otavalo) (Otavalo: Instituto Otavaleño de Antropología, 1988), vol. 1.

9. Otavalo’s product specialization by communities is discussed in Marcelo Naranjo, La cultura popular en el Ecuador (Popular culture in Ecuador), vol. 5, Imbabura (Quito: Centro Interamericano de Artesanía y Artes Populares, 1989). For a discussion of the traditional artisan techniques, see Hernán Jaramillo Cisneros, Artesanía textil en la Sierra Norte del Ecuador (Textile crafts in Ecuador’s northern Andes) (Quito: Abya-Yala, 1991).


11. In the 1960s and 1970s, national manufacturing grew at annual rates close to 10%, with the textile industry being one of its most dynamic branches; see FLACSO (Facultad Latinoamericana de Ciencias Sociales) and IICA (Instituto Interamericano de Cooperación para la Agricultura), Los Andes en Cifras (The Andes in figures) (Quito: FLACSO-IICA, 1994), pp. 148–49; and Rob Vos, Industrialización, empleo y necesidades básicas en el Ecuador (Industrialization, employment and basic needs in Ecuador) (Quito: Corporación Editora Nacional, 1987), p. 30.

12. Between 1970 and 1990 Ecuador’s total population almost doubled, while the proportion of rural population fell from 58% in 1975 to 43% in 1990; FLACSO and IICA, pp. 9, 19.

13. Significant as it was, this was not the first revolution in Otavalo’s indigenous people’s dress code. Back in the 1940s a factory-made poncho, a feedora felt hat, and alpargatas—considered a “traditional” indigenous outfit in the 1990s—were used mostly by urban mestizo folks, while indigenous men would wear a cushma (simple tunic sewn up the sides), a coarse felt hat, and oshotas (sandals with wooden soles and leather top).


15. For a discussion of government policies with regard to commercial artisans, see Edgar Pita and Peter Meier, La política de fomento a la artesanía en el Ecuador (The policy of craft promotion in Ecuador) (Quito: Consejo Nacional de Desarrollo, 1983), and La situación socio-económica de la artesanía Ecuatoriana (The socio-economic situation of Ecuadorian crafts) (Quito: Consejo Nacional de Desarrollo, 1984).

16. Solidly Catholic prior to World War II, Ecuador counted 47 Protestant denominations in the mid-1980s; see Washington Padilla, Dioses modernos: Protestantismo en el Ecuador (Modern gods: Protestantism in Ecuador) (Quito: Corporación Editora Nacional, 1989), p. 419. According to the official statistics, in 1980 approximately 2% of its population was Protestant; see FLACSO and IICA, p. 16. This figure does not do justice to the actual influence of Protestant churches, which took a much more active stand in local affairs and exercised a tighter control over their congregations than most of their Catholic counterparts.

17. For an analysis of the religious and social meaning of community drinking and celebrations in the Ecuadorian Andes, see Luis Fernando Botero, Chimborazo de los Indios (Indians’ Chimborazo) (Quito: Abya-Yala, 1990); and Barbara Y. Burtler, “Espiritualidad y uso del alcohol entre la gente Otavaleña” (Spirituality and drinking among Otavalo’s people), in Ecuador indígena: Espiritualidad, música y artesanía (Indigenous Ecuador: Spirituality, music, and crafts) (Quito: Abya-Yala, 1992).

25. For a discussion of similar developments in the southern part of the Ecuadorian Andes, see Blanca Muratorio, “‘Protestantism and Capitalism Revisited in Rural Highland Ecuador,’” *Journal of Peasant Studies* 8, no. 1 (1980): 37–60, and “‘Protestantism, Ethnicity and Class in Chimborazo,’” in Whitten, ed. (n. 4 above).  
26. For further discussion of Otavalo’s family entrepreneurship, see Leo R. Chavez, ‘‘Seguir adelante: La etica empresarial y el comportamiento político entre los tejedores comerciales de Otavalo’’ (“Going ahead”: Business ethics and political behavior among Otavalo’s commercial weavers), in *Antropología política en el Ecuador* (Ecuador’s political anthropology), ed. Jeffrey Ehrenreich (Quito: Abya-Yala, 1991).  
27. See, e.g., Germánico Salgado, ‘‘El Estado Ecuatoriano: Crisis económica y estado desarrollista’’ (The state in Ecuador: Economic crisis and developmentalist state), in *Los nuevos límites del estado* (New boundaries of the state) (Quito: Corporación de Estudios para el Desarrollo, 1989).  
29. For further discussion of Otavalo’s political culture, see Tanya Korovkin, “Reinventing the Communal Tradition: Indigenous Communities and the State in Northern Equador’” (forthcoming).
30. Family agriculture and seasonal migration in Otavalo are examined in Korovkin, “Taming Capitalism” (n. 4 above).


36. Muratorio, “Protestantism and Capitalism Revisited,” and “Protestantism, Ethnicity, and Class” (both in n. 4 above).


41. Richard Chase Smith, “A Search for Unity within Diversity: Peasant Unions, Ethnic Federations, and Indianist Movements in the Andean Republics,” in *Native Peoples and Economic Development; Six Case Studies from Latin America*, ed. T. Macdonald (Cambridge, Mass.: Cultural Survival, 1985), pp. 20–22. This view is criticized by Carol Smith, who notes that the “‘organic intellectuals of any downtrodden group are almost always separated by their very intellectual pursuits from those they represent’” and that their relation to the rest of the indigenous people “‘has to be judged by other criteria—such as how closely their program hews to the needs and interests of those they represent’”; Carol Smith cited in Watanabe, p. 32.