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PEASANT COOPERATION IN LATIN AMERICA

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[1969]

I. INTRODUCTION

This paper attempts to review some of the experiences with peasant economic cooperatives in Latin American countries. The main purpose is to identify some strategic policy issues in the successful introduction, growth, and viable functioning of cooperative-type arrangements among peasant cultivators. The emphasis is on the various alternative organizational forms and structures of group activity. For this purpose the term "cooperative" is broadly interpreted to include all kinds of institutions in which peasants join together for common economic purposes.^{1/} Attempts to organize pre-cooperatives and experiences with various joint agricultural activities in which the role of outside agencies is predominant are also included. On the other hand, little attempt is made to review situations involving mature, business-type cooperatives in the more advanced countries or sub-zones of the region.

Throughout the paper, the stress is on types of peasant cooperation which have shown elements of success or viability. It would indeed be very easy to compile a list of failures and while many of these negative experiences have important lessons for future policies, a deliberate attempt has been made to stress success elements, however rare and unrepresentative they may be. It is believed by the reviewer that, at this stage of Latin American experimentation with various forms of

^{1/} The term "institution" in this paper is further defined as arrangements which have a substantial degree of continuity and regularity. Occasional joint activity, common in community development projects, is not covered. Also excluded from this review are organizations whose field of activity is not concerned with agriculture, such as consumer-oriented associations or housing cooperatives.

cooperative organizations, these positive elements in relatively successful cases have a substantial policy value. However, the many internal and external difficulties that beset cooperatives, or indeed the generally indifferent or hostile atmosphere in which they must function are not to be minimized.

Among the many aspects and variables which play a role in rural cooperation, the human, organizational, and institutional elements are stressed over technological and more narrowly economic variables.

It appears that, at this juncture of Latin American development, the subject of rural cooperation is particularly relevant. The agrarian situation which at the beginning of this century had been based on a rigid semi-feudal structure, is now increasingly in a state of flux. While agrarian reforms are not yet widespread, there are many planned and unplanned ways in which the old structures have been changing. At the same time, sporadic commercialization, technification, and market orientation of agriculture has taken place, which frequently is accompanied by new and growing inequalities among the peasantry and further "marginalization" of peasant groups.

The gradual shift from traditional land tenure systems, the increased capitalistic and individualistic development of commercial agriculture, and the inroads of advanced technology have been accompanied by an increased awareness and mobility of the campesinos. Governments and other power groups are becoming increasingly aware of the political potential of the peasantry. There are also incipient struggles for the allegiance of the campesinos. There is an increasing desire to stimulate local participation of peasants in the development process. All these factors are affecting the concept of development planning in domestic and international agencies.

While the writer is under no illusion that the orientation of change will turn decidedly in favour of

rural cooperation and that drastic departures from current power constellations could be expected which would be more sympathetic to communal and strongly egalitarian rural development, the framework of this review is positive and cautiously optimistic. It is the writer's belief that, given the overall fluid situation, new political opportunities for more rational, egalitarian and humanistic agrarian policies are likely to arise in the medium run, in a number of countries. Hence, one can and should take advantage of these opportunities to suggest new and fresh approaches and lines of strategy.

In this perspective, rural cooperation would become important in the following cases:

1) The first situation is characterized by the prevalence of relatively static, semi-feudal systems in which strongly traditional agrarian groups coexist. Cooperation, while necessarily limited, may assist peasants to organize (or be organized) more effectively to compete with landlords, money-lenders, or other groups of superior power.

2) The second situation is more dynamic and fluid, especially in cases of increasing market orientation and labour mobility. Cooperation can here enable peasants and small farmers to participate more fully in an increasingly commercial environment and obtain a better distribution of the benefits of investment and new technology.

3) The third situation is represented by post-revolutionary systems in which the semi-feudal land tenure arrangements have been displaced and power has been shifted more decisively toward workers and peasants. Under these circumstances, cooperation can assist in the planning and consolidation of the new agrarian structures and can represent a "buffer" between the peasants and the new official bureaucracy, to preserve a degree of freedom and self-management.

The body of this paper is presented in two parts: in the first, a taxonomy is developed to classify different kinds of cooperatives and similar peasant groupings according to their main economic functions. Whenever possible, case studies are used to illustrate each function and important problems in cooperative organization.

In the second part a number of issues are analysed which appear to be strategic for cooperative policy in peasant areas in Latin American countries. Some of these issues are identified as mainly "internal" and revolve around the predisposition of communities or groups for successful cooperative activity, while others are described as mainly "external" to these local collectivities. However, as both are integral parts of the system, what really matters is their interaction.

II. REVIEW OF CASE STUDIES BY TYPE OF ACTIVITY

A. Joint Management of Supplies and Services

1. Purchasing Associations

Group purchasing of farm requisites is often the first joint function undertaken in the realm of economic activity when cooperatives emerge in the countryside. In recent years promotional activity has increased the number of savings and loan associations which eventually may lead to joint buying and selling for farm members. In Peru, membership in these associations has increased from 259,000 in 1956 to 359,000 in 1968. In Colombia, between 1963 and 1966, membership in credit societies nearly doubled to 200,000. However, the overwhelming majority of these new associations benefits urban groups and middle class rural families in smaller rural districts, but are not very effective among the peasantry. Moreover, they operate in the realm of personal finance or housing and have almost no effect on productive activity. Nevertheless, such societies, when operating in rural areas, sooner or later tend to affect the farm business purchases of its members and may function as the foundation for other cooperatives. Many of the associations originally formed for purposes of consumer cooperation or some aspects of community improvement gradually branch out from the buying of food, household items and other articles of family consumption, into the purchase of fertilizers, pesticides, veterinary supplies, tools, and other supplies which are needed in the agricultural production process.

Experience has shown that in cases where the introduction of cooperatives meets with considerable distrust, group purchasing can be the opening wedge for associations which ultimately fulfill multiple economic functions.

Ritter's case study of the Aguayruna Indians from the tropical lowlands of Peru demonstrates that immediate

tangible benefits can be made available to association members without requiring an elaborate administration or control apparatus. These Indians, accompanied by the local teacher, take their accumulated rubber to Iquitos by boat once or twice a year. The teacher is then commissioned by them to make the necessary purchases.^{2/}

The operation of the newly-organized El Congreso cooperative on the eastern side of the Cordillera Central in Colombia demonstrates that collective efforts can help overcome problems posed by distance from markets and supplies. This cooperative sells farm supplies at the same prices as those prevailing in the nearest commercial centre (Belen, four hours away by horse), and makes a tidy 10 per cent profit which is invested in the coop's land and building.^{3/}

The major problem with a primarily supply-oriented cooperative in its formative years is its limited ability to extend credit and compete with merchants and money lenders. Therefore, the expansion potential of such an association depends largely on how effectively its operations can be supplemented by credit from development programmes.

If the supply association is not able to expand into fields in which it can make a more fundamental and

^{2/} Ulrich Peter Ritter, Dorfgemeinschaften und Genossenschaften in Peru. Göttinger Wirtschafts und Socialwissenschaftliche Studien, Band 4. Overlag Otto Schwartz and Co., Göttingen, 1966. (Published in Spanish as "Comunidades Indígenas y Cooperativismo en el Perú", Ediciones Deusto, Bilbao.)

^{3/} Peace Corps/CLUSA, Once Upon a Cooperative: Studies of Seventeen Cooperatives in Colombia. The Cooperative League of the USA (CLUSA), Chicago, Ill. (February 1966). (Mimeographed).

innovative contribution, it can easily lapse into a routine, relatively marginal role. For example, the Cooperativa de Viticultores in Bolivar (Valle) Colombia started ambitiously with the ultimate purpose of marketing the members' first class grapes in Bogotá 400 miles away. Because they could not obtain adequate financing and members' contributions were insufficient, the grape growers could not compete with the financial strength of the middleman. Thus, for an entire decade subsequent to the founding of the coop its operations had to be limited to a small store in which fertilizers, fungicides, seeds and hand tools were sold.^{4/} Not surprisingly, membership is apathetic and leaves management to the self-perpetuating council.

Even though official credit for supplies is not available, the coop can frequently offer better service. A case in point is the Ayacucho potato marketing coop in Peru which has made guano fertilizer available to its members six weeks before any of the government organizations operating in the same area, enabling earlier planting and higher yields by members.^{5/}

Some purchasing associations remain specialized and function effectively as long as other parallel organizations exist which satisfy the other needs of their members. One of the largest specialized purchasing cooperatives is INSUCOOP (Union Nacional de Cooperativas de Insumos Agropecuarios) which was created by the Chilean government

^{4/} Ernesto Velez and Ernest Feder, The Lagging Growth of the Cooperative Movement in Colombia. (A Preliminary Survey of its Development and Obstacles.) Ministerio de Agricultura, Servicio Técnico Agrícola Colombiano Americano. Bogotá, Colombia (August 1961). (Mimeographed).

^{5/} Michael Nordby, Socio-Economic Study of the Following Cooperatives. (Report on seven cooperatives prepared for the Peace Corps.) Lima, Peru, 1966. (Mimeographed).

in 1965 to be the exclusive distributor of superphosphate fertilizer and to attempt to secure a 20 per cent reduction in prices farmers paid for other agricultural inputs. It has quickly become the most important Chilean cooperative organization in terms of sales (its volume of business was 6.1 million escudos in 1966, compared to 3.8 million for the second largest agricultural cooperative in the dairy field). Actually, INSUCOOP is a federation of 60 local societies, formed with strong government financial backing, and its organization approaches the status of a semi-official agency.^{6/} Similar central supply organizations exist in Brazil among coffee cooperatives. Although they also perform other functions in connection with sales, credit, and technical assistance, one of the main purposes of the regional "centrais" is the bulk purchase of productive requisites.

2. Marketing Associations

The second major type of cooperative deals with joint marketing of farm products. Marketing is the leading function of Latin American agricultural cooperatives. Cooperatives marketing the same products frequently join into commodity groupings (coffee, dairy, wine, citrus). Examples, such as the coffee cooperatives in São Paulo and Paraná in Brazil, the cotton cooperatives in Formosa and Chaco in Argentina, the wheat cooperatives in Rio Grande do Sul in Brazil, and the dairy cooperatives in Chile are common.^{7/} Where processing is an important part of the marketing sequence, vertically integrated cooperatives are the rule, organized around a processing plant. The

^{6/} Jerry Foytick and J. Edwin Faris, Agricultural Cooperatives in Latin America: The Chilean Case. Paper presented at Agricultural Development Seminar held at the University of Kentucky, Lexington, Ky. (April 1967). (Dittoed manuscript).

^{7/} Ibid.

plant itself may or may not be cooperatively owned.

Among the most interesting and sophisticated cases of successful peasant marketing associations are the "marketing pools" established in the irrigated areas of Northern Mexico. The Culiacan River Farmers' Association, for example, has joined eight other farm groups, including rural sindicatos in the State of Sinaloa, in these commodity pools (comités de venta) for specific crops such as soybeans, rice, tomatoes, melons, etc. These "pools" have achieved a remarkable coordination of all phases of marketing throughout the system. Internally, they negotiate with the national supply management agency (CONASUPO) for bulk sales and prices or with grain elevators and millers for wholesale storage discounts. For export, they enforce strict grading and quality standards through association-controlled packing plants while maintaining special export offices and an information service to assure timely shipping, according to the most accurate demand forecasts.

Thus, in the case of tomatoes, the most important export crop of the region, the association excludes smaller fruit from shipment until U.S. buyers have exhausted the supply of quality tomatoes at premium prices. If this is not effective, shipments are restricted to larger and larger fruit until buyers offer the desired price. In such instances the surplus of smaller tomatoes is sold domestically or fed to livestock, thus maintaining a reasonable equilibrium. Should more drastic measures become necessary in some years, acreage limitations can also be enforced through restriction of water by the irrigation districts. (Personal communication from J. Kozub.)

One of the most important initial factors influencing the success of marketing coops is the timing of their establishment. In principle, it is advantageous to create marketing associations simultaneously with the introduction

of new crops or intensification of the production process.^{8/} Yet, there are dangers in prematurely insisting on cooperative marketing when the production process is still in its experimental or formative stage. An example of this is a problem-ridden cocoa marketing association in the Bolivian Alto Beni. During the early years of this project, while the cocoa plantation was maturing, the sporadic rice production could easily be sold by the farmers individually. The uneven and as yet unreliable supply, together with the usual problems of initial trial-and-error in a new line of production, proved to be a serious obstacle and resulted in a low level of acceptability for this early effort.^{9/}

On the other hand, the introduction of marketing coops at a later stage, when middlemen are already well entrenched, may also be extremely difficult. There are many reports of failures due, to a large extent, to the impossibility of overcoming competition. For example, the Tarma marketing association in Peru, although in an extremely favourable situation to supply vegetables to the Lima market, could not overcome the well organized "mafia" of the wholesalers. After an initial unsuccessful effort (in which the coop was "locked out") the cooperative has relapsed into the operation of a supply

^{8/} Opportunities for such "package projects" are offered by land reform and land settlement schemes, especially as part of massive programmes such as the La Laguna experience in Mexico during the 30's.

^{9/} Frederick S. Mattson, The Banco Agrícola-IDB Cooperative in the CBF-IDB Project of Colonization in the Alto Beni. Washington, D.C. (July 1968).

store.^{10/}

Similarly, in Bolivia the well supplied and organized CONCOFRUT citrus cooperative (under the auspices of the CONCOFRUT marketing agency) has not been able to break secured in the market town which controlled the rail-head). The disadvantages of a delayed cooperative organization or late start of new cooperative ventures are particularly evident in the Mexican ejidos. While the communitarian aspects of the new land tenure system have not been supplemented by cooperation in market arrangements, the individualization of farming and private commercial arrangements have evolved to such an extent that any effort at this stage to introduce a more egalitarian marketing system based on the original ejido concept faces near-insurmountable difficulties.

Thus, the proper strategy of timing seems to call for a gradual development of marketing cooperation pari passu with other development efforts. The disadvantages of being early may be eased by a certain amount of assistance in transport, credit, price guarantees by government agencies, or the construction of a strategically placed warehouse prior to the creation of a full-fledged cooperative marketing system. To late-comers, Scott and Fletcher (1967) make the following suggestions:^{11/}

- 1) Cooperatives are most disadvantaged when they try to enter the marketing system for traditional

^{10/} J.T. Scott and Lehman B. Fletcher, Potential and Feasibility of Cooperatives as Instruments of Market Reform in Underdeveloped Areas - The Economists View. Paper presented at Agricultural Development Seminar at the University of Kentucky, Lexington, Ky. (April 1967). (Manuscript).

^{11/} Ibid.

crops. It is easier to enter the marketing process with new crops or new areas (irrigation) to reduce competition. If traditional markets are entered, those activities should be selected which have the highest income potential.^{12/}

- 2) Unless a whole new agrarian structure is created (as in land reform), it is not advisable to bypass too many steps in the existing market channels, as this will align more people against the new enterprise. Instead, when a new venture is vulnerable, one or two steps at a time should be displaced, especially when the new cooperative controls only a few products and during only part of the year. Coops can best be established at a single stage in the marketing system, usually in assembly markets at the point of first sale by producers - this seems the crucial stage for initial success.

One could add the observation that success is predicated on strong financial and political support from institutions outside the local organization. Failure to overcome middlemen's opposition and other early problems is a question of external assistance rather than any specific line of operating strategy at the local level. For example, while the grape-growers' cooperative (Bolivar) mentioned above could not compete with the financially

^{12/} Not all observers agree on such a narrowly-focused strategy. John T. Westbrook who organized the Alpaca campesino association in Peru believes that the marketing cooperative should handle any and all available products in the area (with the possible exception of notorious problem crops) in order to satisfy its members who usually provide various items. A wider variety of produce also may facilitate obtaining outlets. (Personal communication.)

strong middlemen because of lack of adequate credit and technical assistance, the Cooperativa de Caficultores de Sevilla, in an almost identical environmental situation within the Department of Valle in Colombia, is successful because of the decisive support of the Coffee-Growers Federation. In just one season the middlemen who have had control over marketing in the area have been almost completely displaced.^{13/}

In many instances, spectacular improvement in farmers' income has been reported through the coop's ability to increase volume and improve quality. In one of the National Agrarian Institute's settlements in Guatemala the Cuyuta Sesame seed marketing association started cautiously amidst general scepticism among its members. When leadership credibility was gradually established, Cuyuta succeeded in more than fulfilling its minimum quota of quality seed contracted directly with one of the major agricultural export firms in Guatemala City. The association not only obtained a substantially higher price over that of the local buyers but also a bonus for the extra volume, part of which was used for the initial capitalization of the coop and for the purchase of needed machinery.^{14/}

^{13/} Velez and Feder, op. cit.

^{14/} International Development Foundation, Cuyuta Association Sesame Seed Commercialization Programme, IDS Special Report No. 6 (Guatemala, 1968). (Processed). While much of the early success appears to be caused by the intervention of the foreign project officer, the possibility of overcoming initial suspicion and lack of confidence is well illustrated by the Cuyuta experience. The members of the parcelamiento (settlement), accustomed to sell their crop to itinerant buyers, were originally quite dubious about the first cooperative delivery contract worked out by a delegation of association officers during their

In Peru, the Ayacucho marketing cooperative has solved the problem of potato marketing for its 100 members.^{15/} Its carefully graded potatoes are now trucked to Lima where a 50 per cent increase over the local price has been achieved. The association has successfully penetrated the notorious La Parada Market in Lima because of an alliance with a big buyer who became interested in the coop's volume and quality product. This coop forced local truckers to reduce transport costs and improve their service. The Ayacucho association also solved one of the vexing problems of early cooperation in marketing by offering the same immediate cash payments to members as to

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trip to the capital. The peasants did not want to deliver their production without previous payment, and feared that because of the high price in the contract they would be cheated on the weights. While the company with which the contract had been made refused payment in the field, it agreed to make out individual checks to each campesino and an office employee was made available to help any illiterate member to cash his check. Furthermore, association members could accompany the delivery trucks to the city if they wished and could observe the sales procedures. To check on weights, control was made at the parcelamiento prior to loading. As the initial distrust melted away it even developed that in the flood of deliveries some campesinos took advantage of the higher prices to buy sesame seed from their non-member neighbours and re-sold it through the coop. To prevent this, officers subsequently decided to publish a complete list of those members who sold their production through the association and how much return each received.

^{15/} Nordby, op. cit.

middlemen. The members receive an advance of approximately one half the sales price at the time of delivery. By means of this capital, the farmer is enabled to repay personal debts and gain confidence in the coop's system. Upon final sale, a return is given the member based on the average price for each grade of potatoes, minus costs and a reserve for future capitalization.

Another problem experienced by marketing coops is the difficulty in accumulating enough initial capital, for lack of institutional credit. The struggling El Valle rice marketing association in the Chocó region of Colombia solves this by operating a collective plot. Members join in planting "cooperative crops" of rice, corn and sugarcane. In return, they are issued provisional shares of stock, to be converted at final sale of the jointly produced crops into the following parts: 50 per cent for permanent shares for those who contributed work in proportion to the number of days worked, 25 per cent toward the general coop capital, and 25 per cent cash for the worker-members.^{16/} More will be said of such joint production ventures under pooled land management.

Marketing associations achieve their more sophisticated form and derive their best economic justification in a vertically integrated structure in which processing of farm products becomes an essential part of the joint marketing system. In such situations, control over the processing part of the operation is central to the functioning of the whole system. The manner in which such control is shared by the participating farmers becomes a factor in determining the degree of "cooperativeness". Many processing systems operating under the cooperative label, as shown by the Frutillar dairy coop in southern Chile, are simple business associations operating along corporate lines. Some systems, such as the Mexican sugar ejidos, are not recognized as cooperatives but

^{16/} Peace Corps, op. cit.

contain certain features of shared control and membership participation.

The prevailing agrarian structure and social stratification determine the manner in which control is shared. For example, in the North-Chile desert valley of Elqui, famous for its pisco grapes, the principal marketing/processing coop (Cooperativa Agrícola Pisquera Elqui Ltda - CAPEL) is made up of small grape producers and owners of distilleries. During the first 25 years of the association's life, the distillery owners have maintained control over the council of CAPEL and have operated the organization in defense of their private business interests. Another cooperative which does not own a distillery has three members who contribute 60% of the volume of grapes. They control the management and the contracts this coop has with a group of private distilleries.^{17/} In the whole zone, the interests of processors have prevented the development of a fresh grape and dried fruit industry which would greatly improve peasant employment.^{18/}

In the Frutillar dairy cooperative, membership is restricted to the highest income livestock farmers, none of whom are family sized owner-operators. They use the coop as an instrument for consolidating their local position and advancing their individual business interests,

^{17/} In practice, of course, even the least stratified areas may have successful cooperatives in which a small group is in active control. One of the best tests of equity, especially in larger groups, is not shared management but distribution of benefits in proportion to effort and contribution.

^{18/} Antonio Garcia, Las Cooperativas Pesqueras del Valle de Elqui. ICIRA, Departamento de Cooperativas y Crédito. Santiago, Chile, 1968. (Mimeographed.)

which in most cases are not even in the dairy field.^{19/}

The experience of the Carmenpampa coffee cooperative near Coroico in the Bolivian Yungas demonstrates that processing can produce considerable innovation in an unfavourable environment. In 1965, the British Tropical Agricultural Mission organized a coffee cooperative based on a USAID-financed processing plant. Within two years they succeeded in undercutting most of the power of the local "rescatadores" (middlemen) and brought a high degree of organization and efficiency to the entire coffee economy of the region. By experimentation, the British experts discovered that coffee beans already partially processed by primitive peasant methods could be re-washed and subsequently sun-dried with a relatively simple technique and sold on the world market at premium prices. A superior product was obtained by this system and the cooperative was able to offer consistently higher prices to its members and rapidly eliminate most of the rescataores. Three new plants were built, one of which is completely self-financed and is claiming one-fifth of the entire Bolivian coffee quota for the world market. In spite of the 1967 decline in coffee prices, the cooperative was able to stay substantially above the local wholesale prices and make a profit for its members.^{20/}

^{19/} Antonio Garcia, Enrique Astorga, Pedro Hidalgo R., and Enrique Contreras S., Cooperativas y Financiamiento Agrícola en un Area Lechera y Forestal de Llanquihue. ICIRA, Departamento de Cooperativas y Comercialización. Santiago, Chile, 1966. (September.) (Mimeographed.)

^{20/} Barnes reports vividly the strong resistance by the rescataores and comerciantes to the Carmenpampa coffee coop and their attempted measures to intimidate the peasants and mobilize them against the project sponsors. The British experts were branded "reds" who came to "usurp" the free Bolivian entrepreneur

3. Cooperative Farm Credit

As mentioned earlier, Latin American countries demonstrate a notable upsurge in credit associations in recent years. Although most of these are not directly connected with farming, some of the new credit associations are beginning to penetrate rural areas and are often an opening wedge into other types of technically innovative activity.

It is widely recognized that cooperatively-managed farm credit can have the following advantages over individually administered credit: (a) reduction in the costs of supervision and assistance; (b) efficiency in administration by providing stimuli for group control and sanctions for non-compliance; and (c) opportunities for building economic and social infrastructure as well as farm capital on a community-wide basis. Promotion and experimentation with methods of joint credit is especially noticeable in

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and do not bother to improve the peasants' plantations. The last surviving big buyer directly threatened by the construction of one of the new cooperative plants is quoted: "All right, hijos, you are going to begin selling your coffee to the British, but when it comes time for the fiesta or the funeral and you need money, who is going to give it to you? You will come to me and I will have to tell you I'm sorry, that you did not bring me your coffee crop..." Yet, within two years most of the mestizo buyers who had been operating on a large scale gave up. "One has gone to La Paz, another has become a merchant in maize, and the third has opened a store". All of them have blamed their fate on the Carmenpampa competition, one saying "they have ruined us now. We lost this time". Katherine Barnes, Results of the Agrarian Reform in the Bolivian Yungas. LTC/CIDA Study of the Bolivian Agrarian Reform. La Paz, Bolivia, 1968. (Mimeographed draft report.)

land settlement and land reform projects in which there is either some important element of joint production, or in cases where the requirements of planning the new or reorganized farm structure appear especially favourable for operating farm credit programmes on a group basis.

Historically the most important type of credit associations are the Mexican Sociedades Locales de Crédito Ejidal. Because of the fact that ejido lands cannot be mortgaged, the Banco Nacional de Crédito Ejidal was created as an essential complement to the Mexican agrarian reform. The Banco operates vis-à-vis its ejidatario clients through the credit associations. The structure of these associations (which parallels, but is not identical with the ejido organization) includes a general assembly, a "comité de vigilancia", and a "socio delegado". It is not necessary for each ejidatario to be a member of a credit society, but membership in the sociedades is a condition for receipt of credit from the Ejido Bank. The Bank, through its exclusive controlling position, has acquired a decisive role in the farm operations of its client groups.

More than 9,000 credit societies have been formed since the establishment of the Ejido Bank and 5,000 continue to be active. While a number of these societies are said to exist for the sole purpose of obtaining credit by fulfilling legal requirements, others do fulfill important cooperative functions and are often a more dynamic form of organization than the ejido itself. This is especially true for the still surviving collective ejidos and for those semi-collectives which have given up joint land use for individual cultivation while conserving some joint features of management.

Credit societies are important in the irrigation districts of North-West Mexico. In this region, ploughing and planting with machinery, disease control, and other activities are carried on jointly among members of credit societies who frequently have adjoining parcels,

although most ejidatarios cultivate and harvest their own plots of land. Uniformity of cropping and the joint use of machinery are facilitated by the central planning of the Ejido Bank. Group responsibility for the management of credits was originally part of the objectives of the Bank which granted credit through the societies for further re-allocation to its members.

However, the gradual disfavour of collectives and the shift of policy away from strong cooperative management in the ejidos has caused the Bank to favour individual accounts. It is now bypassing the sociedades except in the northern irrigated regions of La Laguna and Yaqui and in other special cases. The sugar ejidos - generally integrated with a government-managed processing plant - exemplify the latter. In these situations, the Bank can reduce its costs of supervision and its risk by relying on the cooperative for bringing pressure to bear on lazy or careless members. In this manner the Bank relieves itself of the need to sanction debtors. If the inefficient member does not mend his ways, the credit society may take over his parcel and operate it collectively until his debt to them has been repaid.

In the Taretan ejidos in the state of Michoacán 474 of the 640 ejidatarios belong to nine credit societies. These societies work closely with the Banco Ejidal through the sugar mill ("ingenio") of Taretan. The Bank grants a standard amount of credit per hectare to its cane-grower clients who are paid on a weekly basis according to the cultivating schedule of the ingenio. While six inspectors are paid by the mill to check on compliance with these schedules, the burden of the control falls on the shoulders of the elected delegate of each credit society. He must spend a good part of three days a week inspecting the fields of his society, reporting to the mill, receiving the weekly allowances of credit for all members of the group, and distributing it each Saturday. The delegate is paid from a fund which accrues to the society by discounting a small amount from the value of every ton of

cane furnished to the mill during the previous harvest.^{21/}

The existence of the fund gives the credit society a further advantage over the ejido itself and enables the society to launch such projects as the repair of the school building or installation of water supply systems. The socio delegado manages the school plots, the proceeds of which accrue to the community as a whole. The credit society has assumed a number of cooperative attributes in the field of productive joint effort. All sugar cane growers participate in the yearly activity of cleaning the irrigation canals and in planning and carrying out harvesting operations. The group is ultimately liable for any debts remaining at the end of the year, and therefore maintains a common interest in helping any member who seems in danger of losing his crop.

Another interesting feature of the Taretan credit unions is that they are associated in a second level organization called the Unión Regional de Productores de Caña. This regional union, which is composed of 21 ejido and two private credit societies that supply cane to the Taretan mill, has a total membership of almost 1,400. Each credit society is represented by its socio delegado who casts one vote in decisions of the regional federation. Although the general meetings are invariably attended by a large number of campesinos who hold no office in their respective local organizations, the importance of this regional union is that it appears to be very influential as a general bargaining agent and channel for the local campesinos to the higher administrative and political hierarchy. Thus, in 1965, the union was able to negotiate with the processing authorities the following improvements in their contractual arrangements: (a) an increased quota

^{21/} Henry A. Landsberger and Cynthia N. Hewitt, Preliminary Report on a Case Study of Mexican Peasant Associations. Cornell University, Ithaca, N.Y., 1967.

of credit per hectare; (b) a lower price for refined sugar sold by the ingenio to cane growers; (c) substantial long-term credit for development projects; (d) approval of a commission of five members, named by the union but paid by the mill, to guard the warehouse and check the scales at the mill; (e) a rebate of 50 per cent of the profits realized from the processing of bagasse and (f) two scholarships a year to be provided by the mill to sons of "cañeros".

These concessions which responded to the majority of the members' demands were obtained only after threats of non-delivery of cane during the coming harvest season. This action caused the processing agents to seek the support of the national association of cane producers in the capital and personal contacts with the director of the Ejido Bank. Nevertheless, the importance of the union as a power factor has been considerable and the Taretan contract of 1965 is generally recognized as the most advanced agreement of its kind in the country.^{22/}

A recent development in credit association is demonstrated by the INDAP programme of Chile (Instituto de Desarrollo Agropecuario). INDAP was created in 1962 as a complement to the Agrarian Reform Agency (CORA), for the purpose of assisting small cultivators by granting credit on favourable terms. Through INDAP, 2,500 small farmers' committees with some 100,000 members have been formed. These committees play an important role in the handling of supervised farm credits granted through the agency. The committees approve and transmit credit applications of its members and serve as central points for extension or demonstration services for the transportation and distribution of farm supplies. INDAP is attempting to develop these committees into full-fledged cooperatives through an intensive educational effort.

22/ Ibid.

As mentioned earlier, credit associations are also becoming more significant in connection with agrarian reform and settlement programmes. INCORA, the Colombian land reform agency, has organized cooperatives in each of its new settlements. The programme supervises credit arrangements and gradually branches into marketing and processing. In Chile, CORA supplies credit to its reform settlements, the success of which will depend strongly on the viability of cooperative management now being introduced.

A special case of group financing which may become more important in certain agrarian reform programmes involves the purchase of land. In cases of collective settlements or partially communal land, villages assume joint responsibility for amortizing the cost of the land. This has been the history of the Vicos project where part of the surplus accumulated through the use of credit has been set aside by the community toward the purchase price of the hacienda. Apparently, the process of buying themselves out of bondage has provided the campesinos with incentives which may not have been present had the hacienda been given to them free of charge.^{23/} Similarly, great interest and remarkable capital accumulation has been observed in Bolivia, where many communities in the post-reform period have offered substantial cash payments for the landlord's remaining parcels.

Such projects can also be an effective instrument for capital building by the community as a whole. Once members feel they are obtaining sufficient material benefits from group financing, the withholding of a certain percentage of sales proceeds appears easier than

^{23/} Mario C. Vasquez and Henry F. Dobyns, The Transformation of Manors into Producers' Cooperatives. Comparative Studies of Cultural Change, Department of Anthropology, Cornell University, Ithaca, N.Y. (January 1964.) (Mimeographed.)

accumulating either land costs or financing other capital improvements through repeated collections. Clearly, once a cooperative has become a full-fledged business enterprise, setting aside non-distributed profits for capital expansion becomes a standard procedure.

In connection with the Venezuelan agrarian reform a new idea in rudimentary credit cooperation was recently introduced through Israeli technical assistance. This approach centres around the organization of borrower unions ("uniones de prestatarios") in certain asentamientos. This programme, under the guidance of a semi-autonomous planning, research and training centre - CIARA - is a vehicle for overcoming (a) the problems experienced with the original, indiscriminately dispensed agrarian reform credit which has had an extremely poor repayment record, and (b) the limitations, in terms of overall benefits, of the supervised credit programme promoted by USAID which tends to reach only the already most successful settlers. To distinguish it from the latter, the new programme is known as "crédito dirigido". Although it is not a requirement, the union could include all members of the settlement. In the beginning, membership was usually limited to those who defaulted on the regular credit programme and were unable to obtain further loans from the Banco Agrícola y Pecuário (BAP) in any other fashion. The crédito dirigido programme entails the refunding of past debts for gradual individual repayment under pressure from the Union.^{24/}

An important objective of the CIARA system, aside from the immediate one of establishing a flow of controlled credit for productive purposes, is the gradual development of grass roots institutions capable of managing some of the asentamiento affairs. Group discussions and shared decisions between extension, bank personnel, and the union

^{24/} It appears, however, that the most heavily delinquent past borrowers tend to be excluded even from this programme.

members regarding farm operations are means used for achieving these objectives. Farm plans are then formalized into definite annual programmes including the choice of seed and the amount of land each member is to devote to the crop. Unions are responsible for all the marketing, management of credit in kind and storage of the inputs.

A CENDES/CIDA study in 1966 investigated two asentamientos in Venezuela. In each, the introduction of the directed credit programme appeared to contribute materially to pulling both settlements out of a seriously deteriorating economic situation and to have certain salutary social consequences. In the case of Caicara, the majority of parceleros were heavily in debt and no longer receiving credit.^{25/} The peasant sindicato was virtually not functioning, owing to internal conflicts and lack of leadership. The introduction of directed credit in 1967 (i.e., after the completion of the above-mentioned study) gave new hope to a large number of rather desperate parceleros. However, a possible source of trouble appeared to be the credit programme's attempts to bypass the sindicato, the same difficulty from which other government programmes have been suffering in the asentamiento.

The settlement of Leonardo Ruiz Pineda^{26/} had a bit

^{25/} John R. Mathiason and Eric B. Shearer, Caicara de Maturin (Case Study of an Agrarian Reform Settlement in Venezuela). CIDA, Research Papers on Land Tenure and Agrarian Reform. Research Paper No. 1. Washington, D.C. (November 1967.)

^{26/} William C. Thiesenhusen, Ricardo Alezones, Ramon Pugh and John Mathiason, Leonardo Ruiz Pineda (Case Study of a Venezuelan Agrarian Reform Settlement). CIDA - Research Papers on Land Tenure and Agrarian Reform. Research Paper No. 7. Washington, D.C., 1968.

more experience with directed credit which was introduced in 1966 - of the 144 parceleros included in the asentamiento in 1966, 111 joined the union and 107 received credit. Pooled orders for supplies reduced unit and trucking costs at harvest time. Fortnightly meetings provided a forum for the discussion of production and credit programmes. The confidence and mutual assistance gained at these meetings was instrumental in the final approval and observance of the credit-based 1966 planting schedules. Even though all loans were not repaid at the end of the crop year of 1966, the repayment rate did reach 68 per cent (compared with 36 per cent for the previous year). Credit in 1967 was greater than in 1966 when it was three times the 1965 level.

With regard to the social effects, it is possible that in the long run the establishment of the "unión de prestatarios" will make it possible for the asentamientos to develop a more democratic and lasting organizational structure.

Because the management of funds requires a certain capacity for competent, honest management, the initial phase of such a programme is uncommonly difficult. This phase tests not only the community's ability to mobilize managerial talent, but also the complex and delicate relationship between the new group and the lending or control institution. This is well illustrated by the case history of the Sociedad Agrícola Pucarina (SAP) in the Mantaro Valley of Central Peru. On the initiative of the departmental office of the Agricultural Bank, the Extension Service and local community leaders, a development project was initiated based on the consolidation and intensification of communal cropland. Since communal lands could not be mortgaged, a cooperative society was organized which leased these lands and acted as guarantor vis-à-vis the Bank. After the usual difficulties of persuasion, organizing a membership drive, and strong resistance from local leaders were overcome, a group of campesinos, presided by the "personero" (who did most of

the organizing) began operation of a potato crop on a portion of the communal lands. To safeguard its investment, the Bank appointed an administrator for the project who was to supervise the activities and "educate the members". His functions actually overlapped with the responsibilities assigned to members of the council with regard to supervision over the use of fertilizers, insecticides, farm machinery, etc.^{27/}

In spite of considerable friction between SAP members and the administrator, difficulties of mobilizing labour,

^{27/} "A deep conflict developed between the administrator and SAP members. It was generally argued by the latter that he exercised a strict monopoly on activities and provided them with no opportunity for learning new management practices... Since the administrator had worked primarily in connection with cotton on coastal haciendas, SAP members did not consider him competent enough for work with potato growing... his bank orientation (in the sense that he claimed to be a bank employee) further alienated him from SAP members. After six months on the job the administrator left... SAP members were then expected to perform the responsibilities which had been originally assigned to them... the degree of operational efficiency was very low. Some SAP members absented themselves from Pucará and went to Lima on personal business. Others reacted with the attitude: "If John Doe does not want to do this, why should I". Many wanted to be leaders of all activities... Some took it seriously and worked hard. In these periods of intensive activity, the extension agency provided almost continual assistance in the management aspects of the project. The crop was good; the production per acre was about double the national average..." Manuel Alers-Montalvo, "Social Systems Analysis of Supervised Credit in an Andean Community", Rural Sociology, Vol. XXV, No. 1, (March 1960), pp. 51-64.

and low efficiency of responsible members in carrying out their tasks, the crop was excellent and most of it was sold at good prices. Yet, after paying all expenses and compensating for members' contributions, SAP did not quite have enough cash left. Consequently, repayment to the Bank, which insisted on full liquidation of the loan, could only be made by selling the already stored seed potatoes at depressed prices. While this attitude by the Bank caused a great deal of resentment among the membership as expectations for large profits were not fulfilled, there was sufficient realization of the advantages of the credit association that SAP went into a second year of operation and has since become an on-going system. Members explicitly recognized that their association with a large enterprise had contributed to new knowledge of technical innovations.^{28/}

Here are some of the lessons which seem to emerge from the SAP story:

a) Credit, offered through the association and used both individually by members and communally in a joint venture, was an adequate opening wedge for technical and institutional innovations and led to a process of economic organization in the community.

b) In spite of strained relations with the lending institution which insisted on control and compliance, cooperative members have rapidly assumed responsibilities and performed well in situations according to the rules. This is true even for rules set up by "outside agencies". The members did not comply with rules pertaining to technical and "internal" matters. These rules and their corresponding sanctions were too diffuse for people who were accustomed to clear-cut relationships.

c) The sympathetic assistance of an outside agency (extension) was crucial for success, as was the "legitim-

^{28/} Ibid.

izing" function of some of the local political authorities who acquired an interest in the project's performance.

4. Multi-purpose cooperatives

As we have seen, associations which often start out with a single purpose such as purchasing, marketing, or credit, sooner or later become multi-purpose societies, especially if their initial operations are successful. In many cases the assumption of important market and processing functions leads into cooperative activity in a series of inter-related fields. At full maturity a number of Latin American cooperatives have reached a degree of complexity found in highly developed cooperatives in industrialized countries. Clearly, most of the successful multi-purpose associations are in the richer Latin American countries and in the more highly developed regions. Nevertheless, some multi-purpose societies function within an environment of general under-development and without benefit of a supporting governmental network. This testifies to the extraordinary efforts of their founders and promoters.

An example of a successful multi-purpose cooperative is Victoria in Costa Rica (Cooperativa de Producción Agrícola Industrial Victoria R.L.). This society was organized in 1943 and in 20 years became one of the most important agricultural institutions of Costa Rica.^{29/} Most of its 850 members are owner-cultivators of small and medium-sized coffee and sugar cane farms, while one-sixth of the membership is comprised of landless workers (Costa Rican legislation permits farm labourers to be

^{29/} Rodrigo Ruiz and Antonio Vega, "Cooperativa de Producción Agrícola Industrial Victoria R.L. de Costa Rica", Las Cooperativas como Método de Desarrollo de Regiones y Comunidades. Unión Panamericana, Estudios y Monografías XIV. Washington, D.C., 1964, pp. 87-107.

associated with the cooperatives). The most important function of the association is based on the processing of coffee and sugar cane, although the coop is also active in the field of food crops and dairy products. The production of this cooperative represents over 8 per cent of Costa Rica's total sugar output and almost 2 per cent of national coffee marketing.

Originally, the cooperative was created by the Banco Nacional de Costa Rica on land expropriated from a German-owned plantation. The Bank gradually turned over the plantation to the campesinos working in and around the estate. After a transitional period during which the Bank extended credit and managerial assistance, and after repayment of 75 per cent of the initial credit, the management was completely turned over to the members in 1956. In addition to strictly business activities, the Victoria cooperative performs a great many services for its members which include the provision of educational facilities, social security, consumer credit, medical assistance and nutritional services. The cooperative has also achieved notable advances in technology, agricultural production, livestock and pasture improvement, mechanization, and rural electrification.

Another notable success story is the Cotia group in the state of São Paulo, Brazil (Cooperativa Agrícola de Cotia). This society developed from an early initiative of small Japanese vegetable farmers and agricultural workers in 1927 for the purpose of transporting produce to city markets. From an original nucleus of 70 members, it had grown by 1960 into a giant complex of over 10,000 families directly benefiting a total population of about 100,000 persons.^{30/} The history of Cotia shows the

^{30/} Hiroshi Saito, "Cooperativa Agrícola de Cotia, do Brazil", Las Cooperativas como Método de Desarrollo de Regiones y Comunidades. Unión Panamericana, Estudios y Monografías XIV. Washington, D.C., 1964, pp. 45-86.

strongly cohesive force and economic behaviour of the Japanese immigrants as the motive power behind this organization. By the early sixties the membership did become more diversified and is now about 40 per cent Brazilian. An overwhelming proportion of the membership consists of small farmers operating very intensive vegetable farms and growing other high-value commercial crops. Three-quarters of the members own farms of 1 to 25 hectares and 20 per cent have farms of 25 to 100 hectares.

Cotia's members produce a third of the sweet potato output of the entire state of São Paulo and a quarter of its tomato production. Operations are decentralized into smaller specialized groupings such as transport groups, production groups, and other "micro-cooperatives" covering the entire state. The cooperative operates 3,000 tractors and 1,800 trucks.

It is notable that Cotia has been the source of an exceptional number of technological innovations among its membership and is constantly improving the quality and yields of its members' farming operations through up-to-date central installations and services. For example, in the field of coffee production, members of Cotia can count on a full network of credit and technical services including soil testing, seed selection, a rigorous classification of quality coffees, a supply of fertilizer, and complete processing and marketing facilities.

Another example of a multi-purpose association is the Juan XXIII cooperative in the Veraguas region of Panama. It is part of a comprehensive programme of rural development sponsored by a Catholic church group under the leadership of Bishop McGrath. The cooperative originated as a savings and loan association in 1958 and was gradually expanded to attend to all important aspects of rice production, storage and marketing. The cooperative is an association of 40 smaller pre-cooperative groups which, until 1966, were operating individually. Through intensive educational effort and simple field

demonstrations, illiterate campesinos were gradually trained for more complex forms of organization. Juan XXIII now operates its own storage facilities and rice mill, but there is also some communal land use and a central agricultural machinery pool. The cooperative store sells agricultural supplies and food.

The positive results achieved by this programme have been ascribed to the decisive promotional and training effort of the Church group. This group utilized methods which included the gradual introduction of new ideas and techniques and the training of local leaders, and it provided financial assistance for infrastructure and capital installations. Notable also is the fact that, through its horizontal and vertical integration as a multi-functional organization, the cooperative provides a complete system as a framework for agricultural development of the area. Since the campesinos of Veraguas did not have many links to the outside world until the emergence of the cooperative, the new organization has been "able to fill in the structural void between the campesino and the rest of society, performing, perhaps most importantly, a vital function of socio-political organization".^{31/}

A more recent development is the emergence of multi-purpose cooperatives which have their origin in rural community development programmes. Such is the case of Cogua on the Sabana de Bogotá in Colombia. The Cogua cooperative was an outgrowth of the work of the Movimiento Colombiano de Reconstrucción Rural in connection

^{31/} George C. Lodge and Stephen F. Gudeman, The Veraguas Report. A Study of the Organization of Change in Rural Latin America. Harvard University Graduate School of Business Administration, Division of International Activities, Boston, Mass. (June 1967.)

with a broader community-wide programme.^{32/} The first step was the formation of local community action groups (Juntas de Acción Comunal). After the Juntas successfully tackled some simple tasks based on the "felt needs" of the villagers, a meeting of all the groups reached an agreement to construct facilities for a purchasing society. The Juntas agreed to subscribe the initial capital which was to be part in cash and part in supplies. Additional funds were collected which enabled the opening of a fertilizer section. Within two years Cogua entered marketing and processing activities.

As this experience shows, there can be a close sequential relationship between community development and the organization of agricultural cooperatives. A gradual strategy appears in which peasants, through initial experience with community organizations such as the Colombian Juntas, learn to form more complex organizations. Skills acquired in conducting meetings, keeping records and organizing projects can be thereafter transferred to more difficult tasks.^{33/} Successful completion of joint village projects has an important effect on the peasants' perception of the possibility of change and on their degree of trust of outsiders. Moreover the confidence of members of the community is increased by the completion of community tasks: "...a job in which each was only risking some of his time, may become great enough for them to trust one another with their savings."^{34/}

^{32/} Matthew D. Edel, An Economic Evaluation of the Colombian Community Action Programme. Ph.D. dissertation presented to Yale University, 1968.

^{33/} Orlando Fals Borda, "Acción Comunal en una Vereda Colombiana", Monografías Sociológicas, No. 4. Universidad Nacional, Bogotá, Colombia, 1961.

^{34/} Edel, op. cit.

The Peace Corps' activities in community organization have often led to the founding of cooperatives as a direct outgrowth of the community action process which originally has little or no productive or economic purpose. The Peace Corps' experience with cooperative promotion indicates that better results have been obtained when the cooperative was based on some previous community development experience. Edel reports significant correlation between success in establishing viable cooperatives and previous experience with Acción Comunal in Colombia.^{35/}

B. Cooperation in the Production Process

We now turn to different forms of rural cooperation which affect more directly the production process itself. There is no sharp line which separates the productive effect of some of the input/output and service cooperatives discussed in the previous section from those in which production facilities are pooled. (The credit system has a strong influence on the cropping pattern, while marketing or processing arrangements may have a decisive influence on the whole farming system.) Production cooperatives are distinguished by the fact that they directly involve the internal organization and productive operations of the participating farm units, while service cooperatives affect only the farm's relations with the "outside" world. Production associations fall into two main categories: in the first category, joint production decisions and common operations are carried out without affecting the distinction of the individual farm units; in the second, the association is characterized by the merger or absence of individual farms in favour of a larger collective in which the link between the membership and specific parcels of land disappears.

^{35/} Ibid.

1. Cooperative Farming with Individual Land Parcels

Productive cooperation, in cases where the individual ownership and control of the members' farms is preserved, can range from informal arrangements involving selected aspects, such as the pooling of some equipment, to complex systems of joint management of most of the key operations. Irrigation and machinery are most frequently operated in a centralized fashion because of technological necessity.

Water distribution and operation as a joint enterprise is performed by the various irrigation districts and "juntas de regantes" in Andean countries. Peasants in the Peruvian community of Huaylas share control of their irrigation system with the authorities. Council members of the junta de regantes and the water administrator are appointed by the Ministry of Agriculture from a list of men put forward by the farmers.

A representative of each comunidad indigena is also a member of the councils. The field supervisor of water distribution (repartidor de aguas) is selected by groups of farmers who control irrigated land in each sector dependent from a major canal of the system. It is the repartidor who, in a meeting with the users in his sector, determines the schedule of water distribution. The quantity of water to be used and the plan of rotation for the year is also decided in these meetings. The members of the Junta are responsible for the maintenance of the canal system and the dams and tanks attached to it. For purposes of organizing communal work on the system, faenas or repúblicas are called which are generally carried out by those members in each sector who are directly affected by a canal. One administrator estimated that in Huaylas during one year there were about 100 faenas conducted in various parts of the district.^{36/}

^{36/} Paul L. Doughty, Huaylas: An Andean District in Search of Progress. Cornell University Press, Ithaca, N.Y., 1968.

While some central authority is necessarily present for the management of every water system, its "cooperativeness" depends on the relationship between the irrigation agency and the farmers. In Huaylas there appears to be a degree of self-management and democratic control. This is marred by some corruption owing to the fact that none of the water administration personnel in Peru receives compensation other than sporadic payments based on fines. Therefore, it is not surprising that some officials, especially the "repartidor", occasionally resort to bribery and collusion with more affluent clients.

Another type of farm production group is the wool improvement association in the villages around Huancayo, Peru (Junta de Fomento Lanar). Central treatment facilities, including sheep dips to control pests, have been constructed by village labour. A veterinary service has also been installed. The Junta then processes and markets the wool. A similar function is performed by the Comité Nacional Boliviano de Fomento Lanar (CONBOFLA). In this system, the animals continue to be individually owned, but through the traditional use of communal pasture and the central treatment and marketing facilities practically all aspects of wool production are carried out jointly. The costs of wool improvements are covered from higher revenues. Although the Junta has been able to improve the quality of the wool, progress is limited by the difficult task of improving sheep breeds and pasture management through systematic control of communal grazing practices.

2. Cooperation with Joint Land Management

Joint or pooled land management is the most difficult form of agricultural cooperation. It is also subject to considerable ideological controversy. In Latin America, land use cooperatives appear to be important in at least three contexts:

a) A considerable amount of land is currently operated under various forms of communal or semi-communal

management, especially in areas of traditional culture. There are also systems in which individuals have or own private plots and, in addition, also jointly operate considerable acreages of communal property, especially pasture and forest land. The modernization of these systems may be accomplished in a more satisfactory way by maintaining some joint land use, especially where ecological and technical factors favour it.

b) Land pooling and consolidation is seen as one of the solutions to the minifundia problem, through which economies of scale may be achieved.

c) Various agrarian reform efforts are faced with the problem of taking over large estates which are difficult or inconvenient to divide. In such situations temporary or permanent models of joint land use have been created. Experimentation to find viable solutions are likely to continue under different ideologies and political systems.

The most important experience in Latin America with production cooperatives is that of the collective ejidos in Mexico. Most of the collective ejidos were organized in regions of intensive farming and commercial crops where rather highly developed private estates, employing both resident and seasonal wage workers were expropriated. Strong and militant peasant unions organized on the estates were responsible in great part for the original reform process in these regions and for the cohesive spirit on which the collectives were founded. Through the requirement of forming collective credit societies (Sociedad Local de Crédito Colectivo Ejidal) the Ejido Bank has acquired special responsibilities for collectives and control over them. The bulk of the collectives was formed between 1936 and 1939. In the peak year of 1940, approximately 1,000 collective ejidos were in existence. The history of these novel types of organization is intimately bound up with ideological and political struggles in Mexico during the past three decades. Their

initial success and later decline is closely associated with the course of official policies. These policies have fluctuated between encouragement and support of collectives, especially under the Cárdenas regime, to indifference and outright hostility in later periods. At the present time, out of approximately 18,700 ejidos with 1.5 million ejidatarios, there are only a little over 300 collective ejidos with a membership of 32,000. Some of the surviving collective ejidos are operating in the field of livestock while agricultural collectives are concentrated in the Laguna region of Northern Mexico and in the Yucatan Peninsula. In the former case, they specialize in cotton and in the latter, henequen.

Although the economic viability of the collective ejidos under conditions of intensive irrigated farming has been repeatedly demonstrated, the issues of internal organization of the collectives have, from the beginning, created serious problems. The creation of an effectively functioning "collective discipline" has been difficult. The establishment among unlettered peons of collective types of organization, requiring management of a high order, has not been accompanied by sufficient cooperative-type education, or training of local leaders. The authority of the "jefe de trabajo" or the "socio delegado" frequently was not recognized or accepted by all the members, and in many cases it has been difficult for the leaders to impose the necessary discipline. Part of the difficulty of achieving effective leadership has been due to the prevalence of certain cultural traits such as the system of "compadrazgo" and the entrenched beliefs in the dishonesty of leaders, even in cases without substantiating evidence. The fact that accounting was not always open and available for inspection often aggravated this atmosphere of suspicion. A number of leaders abused their power which caused frequently documented situations of graft and corruption. However, most commentators agree that the major supporting sources of corruption were external.

Another major internal problem was the inability of the collectives to reward effort in proportion to the members' actual contribution. The system of "anticipos" (or advanced sales proceeds) which the Ejido Bank paid to the beneficiaries frequently degenerated into simple wage payments. In some instances, these became completely disassociated from effort and reward for exceptional contributions, and in others fostered an atmosphere of dependency and a feeling of being employees rather than co-participants in a system. The institutionalization of the "anticipos" often fostered a negative attitude toward hard work and initiative and, worse, prevented most of the ejidatarios from developing behaviour which would have favoured the long-run economic success of their joint undertaking over short-run personal benefits.

These internal reasons were doubtless important; but the disintegration of the collective ejido system was due essentially to an external reason, i.e., the unfavourable government policy after 1940. The Ejido Bank, which had previously been assigned the double function of organizing and assisting the ejidos in their economic and productive systems and administering the credit, has gradually abandoned the development objective and concentrated on the control function. This has produced an adverse effect in the young local societies, most of which had not yet become firmly established. The withdrawal of official assistance and the rigid tightening of credit controls have caused many of them to collapse. These unfavourable official policies have exposed the struggling collectives to all sorts of divisive forces. The main detrimental effects were the dissemination of doubt and uncertainty and the weakening of social cohesion.

Part of the official hostility was due to ideological struggles. Many of the collective leaders and their sindicatos have identified themselves with leftist parties. These parties were then considered dangerous by the national power hierarchy, especially by the private commercial interests of the non-ejido agricultural sector.

Every effort was made to penetrate, split and weaken the collective ejidos and their supporting institutions, such as the regional sindicatos and some of the second-level cooperative unions. New rival factions were created and splinter groups were encouraged to break up the collectives. These efforts encouraged and accentuated the latent or underlying divisive factors within the ejidos and created a vicious circle of adverse forces. The withdrawal of official support has frequently forced ejido leaders to adopt even more radical policies than they otherwise might have adopted.^{37/}

One of the few surviving and successfully functioning collective ejidos is Quechhueca in the State of Sonora. This collective started in 1937 as part of a land distribution programme in the Yaqui Valley in Northwest Mexico. The land formerly belonged to a United States company. Prior to land distribution, strong unions of agricultural workers already existed which had fought for collective contracts. Each family originally received 8 hectares of irrigated land and 20 hectares of fallow land. Of the 16 original ejidos which started as fully collective enterprises, only Quechhueca has maintained the pattern of completely joint land use; the rest have changed to semi-collective systems in the post-Cárdenas period. As in the other surviving collectives, Quechhueca has undergone considerable internal struggles with dissident minority groups splitting off in 1948 and in 1952. The core group of loyal ejidatarios is affiliated to the UGOCM (Unión General de Obreros y Campesinos de México) syndicate, with the ejido leader an important regional official. Much of the success of the collective is attributed to the exceptional ability and honesty of this leader. The major economic activities of the collective are centralized. The land management programme includes food crops both for sale and for home consumption; these

^{37/} Shlomo Eckstein, El Ejido Colectivo en México.
Fondo de Cultura Económica, Mexico D.F., 1966.

latter are redistributed to the members throughout the year. In contrast to most ejidos, corn is produced mainly to feed hogs and chickens, in a modern, intensive farm management cycle. The collective also operates its own store where members can purchase on credit; accounts are settled at the end of each year, when profits are distributed. Another of the features which has contributed to an atmosphere of trust in the integrity of the management is that the books of the cooperative are kept on display in the office and financial matters are openly debated. In addition to these productive services Quechehuca also provides consumer credit for gas stoves, radios and refrigerators purchased wholesale for members; payments are also deducted regularly from the member's share of profits. Apparently, the access to consumption goods has been an important element in the collective's success. Other favourable elements include the unusually large irrigated units - over 30 hectares - and the relative youth of the members. Although individual ejidatarios have become wealthier in some of the surrounding non-collective ejidos, income inequalities in Quechehuca are less marked and members feel that they have "risen together".

The problem of demographic pressure lies heavily over this ejido as it did over those which were dissolved. Quechehuca tries to cope with the situation by employing many of the members' sons as workers. However, they and the peones who have no land rights whatsoever have a limited share in the increasing welfare of the collective. This might lead to new conflicts which the collective itself is not able to resolve.^{38/}

^{38/} Charles Erasmus, Man Takes Control. Minneapolis University of Minnesota Press, 1961; and "Agrarian Reform: A Comparative Study of Venezuela, Bolivia and Mexico", in: Heath, Dwight B., Charles J. Erasmus and Hans Buechler, Land Reform and Social Revolution in Bolivia. (Unpublished manuscript.) University of Wisconsin, Madison, Wisc., 1964.

Another example of a successful cooperative ejido is the San Miguel ejido near Torreón. This ejido is still a member of the regional collective credit union and maintains various cooperative enterprises and practices. For example, it operates a cooperative vineyard and cotton gin whose profits are distributed equally among all members. These enterprises also offer some work for the sons of the ejidatarios. One of the reasons for the survival of the San Miguel ejido is said to be the cohesiveness of its membership, greatly strengthened by the many battles they have fought and won during its history. In 1948, the San Miguel union successfully presented a grievance to the Supreme Court for the restitution of funds previously misappropriated by the authorities in connection with the purchase of a cotton gin. In 1960, it participated in a successful demonstration for the indemnification for crop losses caused by the wrong kind of insecticides given them by the Banco Ejidal.

Part of San Miguel's strength is attributed to the fact that this ejido is financially independent and not indebted to the Bank, as are most of the others whose financial weakness has led them increasingly into a position of dependency. Recently, a minority group provoked an internal struggle which resulted in the assassination of the Comisariado Ejidal and threatened the survival of the ejido. However, the dissidents were given land elsewhere and the ejido survives.^{39/}

A third example of functioning collective ejidos is the case of Cananea, a livestock collective in the State of Sonora. The formation of Cananea is more recent and may be regarded as part of a more favourable government

^{39/} Gerrit Huizer, The Role of Peasant Organizations in the Process of Agrarian Reform in Mexico. Comité Interamericano de Desarrollo Agrícola. (March 1968.) (Unpublished mimeographed draft.)

policy toward communitarian agrarianism. After a long struggle which included repeated land invasions, the 260,000 hectare foreign-owned estate of the Cananea Cattle Company was finally expropriated in 1958. Seven collective livestock ejidos were subsequently formed which established an efficient series of cattle enterprises under the technical direction of the Secretariat of Agriculture and a special department of the Ejidal Bank. The experience of the former cowboys of the private cattle ranches, together with the fact that a number of ejidatarios had considerable education and urban experience, was very helpful in setting up the structure of the new collectives based on appropriate division of labour. Each ejido has a three-man "Comité de Administración" and a control committee. These groups work closely with the representatives of the Bank and the Secretariat of Agriculture in the operation of credits and marketing, thus enabling the seven presidents of the control committees to have an important voice in the field operations concerning livestock. Technicians must also consult the seven "jefes de vaqueros" (chief cowboys). Thus, the ejidatarios share considerable control in all aspects of management with Government technicians. Accounts are kept by an independent accountant who checks all operations; he is paid by the seven ejido societies and is responsible to them.

The Cananea livestock collectives are reported to be economically successful and over the years have made considerable profits. Part of these profits have been used for investments in new productive facilities, such as stables, breeding stations, and veterinary services. The societies have also built schools and invested in small rural industries, using local materials, in an effort to cope with underemployment. Most of the leaders of the various Juntas and Committees in the Cananea ejidos belong to the more vigorous UGOCM federation, but more and more of the local leaders are being elected on the basis of their technical skills in dealing with specific problems rather than because of their political abilities or

affiliations. In Cananea, one can see the beginning of separation between a politically sensitive leadership and a technically competent management. A similar separation can be observed in the case of the Sinaloa ejidos mentioned in the marketing section. Here, the more prosperous ejidos separate ownership from management by hiring professional "agrónomos" and machine pool managers. This separation may involve the gradual limitation of the government's role to more narrow technical aspects.

As long as the role of the government is so important, serious conflicts are bound to arise in the process of restricting outside policy influence. For example, as the income of technicians and their subordinate personnel comes from the interest paid on the official loans by the societies rather than from profits, government technicians may acquire a vested interest in credit operations that appear of doubtful value to the farmers.

An official proposal for a large loan, for the purpose of purchasing a new type of cattle at inflated prices, is said to have been blocked by the campesino union only through strong appeal to the cattlemen's central federation. In spite of these occasional conflicts, it is reported that the ejidatarios at Cananea have a great sense of participation in their own affairs, and also enjoy considerable political independence. Although some ejidatarios continue to press toward individualization, the collective experience seems to be satisfactory to most participants. Other policies which strengthen the system include granting small garden plots for each family, and creating small industries to increase diversification.^{40/}

3. Semi-collectives

These are systems in which some features remain individual, while others are carried out on a collective

^{40/} Ibid.

basis. Generally, peasants hold some private land for subsistence (as a sort of "floor" or income security) and operate other acreage jointly for commercial production. The degree of mechanization often determines the land areas and specific operations which remain in the hands of individual families. Often, the semi-collectives are comprised of small voluntary groupings of farmers for specific tasks.

Recent experiments in collective farming have emerged from the Venezuelan agrarian reform. The successful cooperatives within the Venezuelan reform settlements (asentamientos) have resulted from local circumstances (such as the taking over of coffee and cocoa estates which could not be subdivided) rather than from a strong central policy. Some of the original estates have been maintained intact as in other reforms and are operated collectively. In other situations, while individual parcels have been assigned, farmers preferred to use part of their land jointly.

An example of the former is the La Unión collective in Carabobo which was organized from an old coffee estate. The beneficiaries have maintained their subsistence plots on the forested hillsides but work the coffee groves of the old hacienda together. Membership is made up of the same men who had formerly worked as peones in the hacienda and even some of the former foremen have also been carried over into the new system. Members are said to share in the profits.^{41/} This mixed system appears to be working reasonably well. (This account, as well as the next two

^{41/} In a personal communication, Luis Ratinoff points out that La Unión, while prosperous, is actually run by an ex-capataz who has endeavoured to provide employment for all participants rather than to maximize profits for the enterprise.

illustrations are based on Erasmus.)^{42/}

The Mondragón cooperative in the state of Portuguesa is a good example of a spontaneous cooperative. After the membership had become a homogeneous and compatible group, the campesinos decided to operate their 10 hectar parcels collectively, although their plots are not contiguous. Members have obtained credit and purchased machinery, and are working their plots in rotation by exchanging labour among one another, a well-known practice in the region. Each owner acts as a foreman on the days when the group is working on his parcel and each man's benefit is determined by the harvest of his own parcel. Weekly advances are paid prior to harvest based on the number of days worked. Any member who does not do his full share of work is threatened with expulsion. If this occurs, he is reimbursed only for his share of the equipment.

A similar arrangement has been worked out by members of the La Parchita cooperative in the same area. Membership is also based on the compatibility of families rather than on the contiguity of plots which are worked collectively. Each member's plot can be passed on to his heirs and can be withdrawn from the collective. Thus, collective production with equal division of profits at La Parchita is entirely voluntary. In this situation, a member can resign any time he wishes and still retain his parcel. This cooperative has also struggled with the problem of fairly rewarding unequal effort and has developed a piece work or tarea system through trial and error and group consensus. At first, all the jobs were rotated among members so that no-one would feel that he was doing less desirable or more difficult work than the others. As an unexpected by-product of job rotation, the entire membership was able to arrive readily at a consensus as to what constituted a fair day's work on each farm task. When the consensus was reached, a weekly system of work assignments was instituted. Each member now performs

^{42/} Erasmus, "Agrarian Reform", op. cit.

his tasks on whatever schedule he chooses, but the members may informally check on each other and if one is not doing his job properly his advance payments may be withheld by group decision.

The Instituto Agrario Nacional in Venezuela has been promoting, since the inception of the agrarian reform, a type of settler association in individual asentamientos - or sometimes in groups of smaller asentamientos - called "empresas campesinas" which are, in the nature of pre-cooperatives, usually single-purpose and closely guided. By the end of 1966 over 200 empresas campesinas, comprising nearly 6,000 members, had been organized and registered. The great majority of these were termed "collective", in the sense that they involved collective management of at least part of the land. About one-fourth of these empresas were of the service type - the bulk for machinery services. The remainder were production empresas.

It appears that most of these empresas were created for the purpose of taking advantage of special credit programmes. Many were not properly constituted, others languished when credit was no longer easy to obtain. By the end of 1966, 48 empresas were in the process of being officially dissolved, but, at the same time, 103 were being newly organized.

With regard to the production societies, it is believed that the most successful ones are concerned with collective production and marketing of highly specialized crops such as coffee, cacao and tomatoes. A brief, semi-successful experience of this kind was encountered on the asentamiento Caicara in the state of Monagas, where a significant number of settlers had pooled their land to produce tomatoes on the basis of a contract from a nearby fish cannery.^{43/} Though the economic results in the single year during which this scheme operated were quite satisfactory, the initiative collapsed when the factory refused

^{43/} Mathiason and Shearer, op. cit.

to renew the contract. Besides, some of the campesino members were disillusioned because the profits were divided merely on the basis of land contributed, i.e., without taking into account the individual labour input (which, of course, had already been compensated in the form of wages). Failure to observe this simple principle seems to be a rather frequently encountered defect of similar initiatives in other countries as well.^{44/}

A recent study of cooperatives in the state of Aragua states:^{45/}

"It should be underlined that some of the fundamental limitations found in these empresas are the extended tutelage by the promoting organization, which leads to a permanent guided administration and lack of capacity for achieving

^{44/} One of the serious risks of these semi-collectives is that if the work is not well organized and controlled, a kind of a hacienda system may become gradually established under cooperative cover: the settlers withdraw their labour contribution toward the joint enterprise which is then run with salaried workers. For example, in a rather prosperous semi-collective CIARA has found that of a total membership of 53 only 28 are willing to devote part of their time to the joint part of the enterprise: only four work regularly all year, 14 work irregularly for some months, and the rest only a few days. All in all, about two-thirds of the total labour bill was paid to workers from outside the cooperative. (Personal communication from J.M. Texier.)

^{45/} Alfred Kirschbaum, J.A. Navarro Ochoa and Oscar Ali Pino, El Cooperativismo en el Sector Rural - Análisis en el Estado Aragua. Oficina Central de Coordinación y Planificación de la Presidencia de la República, Caracas, Venezuela, 1967. (Mimeographed.)

autonomy and, thus, self-sufficiency, although, of course, there are some exceptions.

In the final analysis it has not been possible to carry these organizations to a level of development which will permit them to administer themselves."

One of the cases studied for the report in question was that of the coastal asentamiento, Cata. This is a collective cacao farm where even the land title is collective. The main problems seem to be low productivity of the old plantation and lack of capital for either replanting or certain cultural practices designed to increase yields. The basic problem, according to the report, is the lack of autonomous administration and responsibility in the empresa; such matters are handled by IAN officials.

Another case study is that of the small dairy cooperative of Santa Maria in the Zamora District. This is a small dairy cooperative with land pooling by ten members (seven of whom are illiterate), who appear to be satisfied with the development of joint activities, having received an ample long-term credit for purchasing equipment. They administer their own affairs, with technical advice from IAN, and seem to have a good leader with sufficient technical knowledge. This combination, according to the report, "has been the key factor in success..."

A recent variant of the joint land use cooperative, at least in a transitional form, is provided by the Chilean land reform. As initially conceived, the Chilean land reform envisaged the expropriation of large estates (many of which were centrally managed commercial farms rather than traditional haciendas) and their redistribution to about 100,000 campesino families over an eight-year period. Each beneficiary family received a plot of about six irrigated hectares or the equivalent in non-irrigated land.

Although the expropriated holdings could have been legally assigned to campesino families on an individual basis, in practice, the old "fundo" was converted intact into a collectively managed enterprise or "asentamiento", formally known as a Sociedad Agrícola de Reforma Agraria. The land reform agency, CORA, retains title to the land for a period not exceeding three years (five years under exceptional circumstances). After this transitory period, CORA together with the campesinos will decide if the asentamiento is to be operated as a permanently cooperative enterprise or subdivided into individual farms. Even then, it is envisaged that the new structure will be strongly cooperative in many aspects.

Each settlement is governed by an elected committee of campesinos and two technicians appointed by CORA. One of the technicians, a middle-level extension agent, is permanently assigned to the asentamiento, personifies the government's "partnership" in the operations, and provides the link to the reform agency.

Work on the asentamientos is carried out by field crews, much as it was before the reform, except that individual campesinos can keep a small plot for household crops and livestock. In some asentamientos, the fields are under individual ownership but subject to land use planning by the settlement committee. Investments and short-term credits provided by CORA are channelled through the asentamiento committees. Marketing is also performed collectively.

The campesinos receive monthly wage advances with differential wages for special skills. At the end of the year, the farm's net income is divided according to a pre-arranged formula. CORA as the transitional land-owner usually takes an average of 20 per cent for investment, administrative expenses, and interest. The remaining 80 per cent is divided among the campesinos according to the number of days worked by each with the subsistence advances subtracted from the final settlement.

Under this system, nearly 14,000 campesino families became members of about 350 asentamientos by the end of 1968. The asentamientos contain about 1.3 million hectares of farmland of which 136,000 were irrigated.

The change of status and prospect of future individual or collective ownership seem to be adequate stimuli for the campesinos to save, invest, and actively participate in the asentamiento system. Although the land reform agency has virtual control over credit and marketing, there is a tacit quid pro quo between it and members of the asentamientos that seems mutually satisfactory. Thus, although there is at this point an almost total dependence on CORA for most external services, the rudiments of cooperative behaviour are actively developed and the transitional nature of the relationship generally understood by both the government and the campesinos.

III. ISSUES

A. Possibilities of Utilizing Traditional Forms of Cooperation

For some time, the possibility of modernizing traditional forms of cooperation, especially as found in Andean Indian societies, has intrigued commentators and development strategists alike. The cooperative movement in Western industrialized countries came after a long individualistic phase of agricultural development. However, forms of mutual help and communal use of resources frequently exist in traditional and only weakly market-oriented peasant communities. The question is then asked: can these traditional institutions be expected to evolve (or be deliberately converted) into modern, more technologically and market-oriented cooperatives without passing through the individualistic phase?

Available experience and the opinion of scholars diverge, but the weight of the evidence is on the pessimistic side. Texier, for example, concludes after extensive review of traditional forms of rural cooperation that the organization and functioning of traditional communitarian institutions are so fundamentally different from modern structures that they cannot be considered as parts of the same continuum.^{46/} He characterizes the traditional systems of work organization and exchange of services (mita, faena, minga, ayni, etc.) as "concensus" types and authoritarian in character, which "more often than not promotes the institutionalization of inequality". He further concludes that the factors of cohesion manifest in such communities are neither spontaneous nor voluntary, but are a form of collective behaviour which is accepted

^{46/} J.M. Texier, Etude sur les Formes non Conventionnelles de Coopération. Geneva, Switzerland, (February 1967). (Manuscript.)

and agreed upon as the "only possible alternative for the survival of the group". Hence, efforts for a smooth transformation are bound to fail as the binding ties disintegrate or disappear once the traditional system is broached. Texier takes almost the same sombre view with regard to the possibility of introducing production cooperatives based on traditional communal land use. He emphasizes the motivational differences between "communitarian solidarity" in traditional joint land use, and "cooperative solidarity" required in the modern management of land resources. Furthermore, he points out that historically important systems of joint land use such as the ayllu have already given way to individual cultivation. Thus, attempts to transform these systems into modern production collectives, as was the case with the Zadnuga in Europe, may well be futile.

Similar ideas are expressed by Vellard who concludes that because of the different milieu in Indian communities, where cooperation is based on traditional social obligations rather than economic interests, there appears to be no functional equivalence between the traditional and modern forms of associations.^{47/} Moreover, he believes that the creation of a modern cooperative meets with less obstacles in a completely new community organized through agrarian reform or settlement than in well established traditional areas. Texier holds similar views on production associations and reports that in Venezuela he noted greater success of joint farming among asentamientos (reform settlements) which were "detrribalized or uprooted" and at the same time composed of more heterogeneous elements.^{48/}

Vasquez and Dobyns stress the point that traditional

^{47/} J. Vellard, Civilisation des Andes. NRF, Paris, France, 1963.

^{48/} Texier, op. cit.

Andean Indian cooperation is based on principles of reciprocity in kind or in labour services between competitive individuals, while they see modern cooperation requiring behaviour in which "the internalized ethic of group cohesiveness" subordinates individual interests.^{49/}

Pearse and others interpret the rationale of traditional communal labour in terms of a wealth-distributing function, rather than a wealth-producing one. After surveying the contemporary trend of agrarian change affecting the peasantry in Latin America, he is exceptionally pessimistic in stressing "the incompatibility of the traditional rural systems and the extending modern society..."^{50/}

Behind these gloomy views are some well documented observations that many communities are really neither cohesive nor egalitarian; and that the traditional systems are weakening and in the process of dissolving. Among forces disintegrating the old system are the following: (1) the accelerated, -electively individualist market involvement of peasant families (both as consumers and producers); (2) the opportunities for earning money wages instead of exchanging labour; (3) the increasing disaffection of young people for collective forms of work from which they do not benefit individually; and (4) the unremitting individualization of society under the influence of prevailing forces of development. The working of these factors may be illustrated by the disappearance of the Haitian combite system and other similar institutions of reciprocal farm labour. According to Erasmus,

^{49/} Vasquez and Dobyns, op. cit.

^{50/} Andrew Pearse, "Agrarian Change Trends in Latin America", Latin American Research Review, Vol. 1, No. 3, (1966), pp. 45-69.

individualization is an inevitable sequence to traditional communality.^{51/} While the latter is based on reciprocal or "centripetal-personal" behaviour, individualization produces a "centrifugal-impersonal" type of behaviour in which social approbation is achieved through conspicuous consumption rather than conspicuous giving. He further reports that in Haiti many social planners looked upon the combite as a practice on which to base cooperative self-help projects, but "its disintegration everywhere seemed to correlate with the very socio-economic changes which the planners were endeavouring to accelerate."

Texier thinks that the only hopeful sign is the sporadic emergence of "new factors" or situations which have the capability of "being substituted for the old systems or being superimposed on them". This view of functional discontinuity has been expressed by a great many observers of the highland-type hacienda/comunidad pattern, such as Vasquez and Dobyns, Metraux and Bjornberg.^{52/}

^{51/} Charles J. Erasmus, "The Occurrence and Disappearance of Reciprocal Farm Labour in Latin America", Contemporary Cultures and Societies of Latin America, edited by Dwight B. Heath and Richard N. Adams. Random House, New York, N.Y., 1965, pp. 173-199.

^{52/} Vasquez and Dobyns, op. cit.; Arne Bjornberg, Las Poblaciones Indígenas y el Cooperativismo: Observaciones y Experiencias del Desarrollo del Programa Andino en Bolivia. Instituto de Estudios Ibero-Americanos de la Escuela de Ciencias Económicas. Stockholm, Sweden, 1959; Alfred Metraux, "The Social and Economic Structure of the Indian Communities of the Andean Region", International Labour Review, Vol. 89, No. 3, (March 1959), pp. 225-243.

Turning now to more hopeful views, we have Ritter's conclusions drawn from his work in Peru. While he acknowledges and documents the disintegration of Indian communities, he firmly believes that cooperative attitudes have been sufficiently preserved or modified to serve as connecting links ("Ansatzpunkte") for new economic institutions organized along cooperative lines. He sees the causes of the many failures and frustrations of previous programmes more in the inappropriateness of promotional approaches rather than in the incompatibility of the peasants' present institutions. Thus, while it is inappropriate to think of models of collective land use on the kibbutz pattern for highland Latin America, there are many perfectly viable opportunities for modernizing communal pasture arrangements. As crops are generally consumed, while animal products are sold, the already existing market orientation of livestock production could be a base for the expansion of output through modernized "granjas comunales". Indeed, such collective livestock enterprises are already functioning, and profits are involved in communal projects. Similarly, the existing practices of common work on some cropland can be utilized for demonstration plots or for promoting such innovations as sheep-dips or tree nurseries.

Ritter is also more hopeful that the traditional community leadership can be transformed into a vehicle for modernization on a community-wide basis.^{53/} He feels that one of the errors of previous programmes was the deliberate attempt to bypass the existing village institutions and the creation of different channels for planned change. In view of the scarcity of managerial talent and the distrust with which new institutions are faced, he recommends using the present community structure wherever possible and imparting to the leadership a set of fresh and positive orientations by a gradual transfer to them of new responsibilities. In the Yaquí valley of Mexico, small credit societies (20-25 members) are

^{53/} Ritter, op. cit.

successfully operated by a special agency of the Ejido Bank by making use of the authority of traditional tribal organization.

After an evaluation of the cooperative activity which has grown up around the "bases" of the Andean Action Programme in Bolivia, Ecuador and Peru, the ILO in a 1961 report arrived at some favourable conclusions. While the early experience of this programme shows a series of failures or near-failures,^{54/} subsequent development is more encouraging. Joint enterprises which were difficult to maintain without constant pressure have become routinely accepted, and some of the dissolved production associations have been reconstituted by the peasants themselves. Invariably, previous group experience by the "comunarios" was helpful to them in comprehending and adjusting to new and in many cases more complicated forms of organization, such as operating a grain mill at Otavi in Bolivia or farm machinery stations and repair shops in Riobamba, Ecuador. The conclusion of the evaluation is that the traditional collaboration, cohesiveness, and solidarity of the communities represented a favourable condition for the successful organization of economically-oriented cooperatives.

The Vicos/Cornell case offers support for these relatively optimistic views. In this case, successful modernization can be partially explained by the adaptation of previous communal practices which formed the basis for specific innovation. However, it must be pointed out that the liberalization process, from quasi-serfdom to a state of self-management, was perhaps of overriding importance. Nevertheless, the Vicos experience is congruent with the view that traditional communitarianism may serve as a springboard for modern cooperative-type

^{54/} Olen E. Leonard, El Cambio Económico y Social en Cuatro Comunidades del Altiplano de Bolivia. Instituto Indigenista Interamericano, Mexico, D.F., 1966.

organization. In Vicos, the gradual, adaptive and sensitively administered techniques of modernization took advantage of already existing joint activities so that (even in the controversial case of joint land use) the estate's modernized structure emerged as a strongly cooperative model.^{55/} This was accomplished by utilizing the available community structure in building and re-orienting its functions rather than by adding new institutions.^{56/}

^{55/} "The Vicos experience is showing that it is possible to create out of manors with peonage a new type of community or peasant association...where the use of the land base does not benefit only a single individual or a faction, but the entire community and each one of its members, as well as the region and the country. The "Vicos model" has as its ultimate objective the establishment of an economically viable and socially rewarding modern rural community. It constitutes in its present stage, however, a socio-economic transition model for a backward population on the way toward modern producers' cooperative organization. In commercial terms, Vicos has at the present time the characteristics of an informal corporation or joint stock company in which the household heads are shareholders and proprietors of Vicos as a production enterprise. Vicos may be conceived as currently in a preliminary stage of organization preceding modern cooperative operation.." (Vasquez and Dobyms, op. cit.)

^{56/} Allan R. Holmberg, "Changing Community Attitudes and Values in Peru: A Case Study in Guided Change", Social Change in Latin America Today, Harper and Bros., New York, N.Y., 1960; and "The Changing Values and Institutions of Vicos in the Context of National Development", The American Behavioural Scientist, Vol. VIII, No. 7, (March 1965), pp. 3-27; Doughty, op. cit.; Henry F. Dobyms, "The Strategic Importance of Enlightenment and Skill for Power", The American Behavioural Scientist, Vol. VIII, No. 7, (March 1965).

There is evidence, then, that some continuity of community organization is possible and even desirable without waiting for Erasmus' "individualization phase" to be completed. The Mexican data also indicates some successful cases in which traditional behaviour has facilitated the adoption of innovations such as modern irrigation,^{57/} pasture and forest management,^{58/} and some of the economic community development activities such as those sponsored by CREFAL among Tarascan highland Indians.^{59/} It must be pointed out, however, that the contemporary Mexican agrarian situation is dominated by sharp conflicts between the Indian and the Mestizo worlds, between agrarianism and technological capitalism. Most students of Mexican peasant villages report the persistence of a strikingly conflict-ridden and essentially non-cooperative community structure with few elements of modernization

57/ Jacques Chonchol, Los Distritos de Riego del Noroeste - Tenencia y Aprovechamiento de la Tierra. Centro de Investigaciones Agrarias [publicado por] Instituto Mexicano de Investigaciones Economicas. Mexico City, Mexico, 1957.

58/ Sergio Maturana, Paracho - Estado de Michoacán, México, Las Comunidades Agrarias y el Desarrollo. Comité Interamericano de Desarrollo Agrícola (CIDA), Trabajos de Investigación Sobre Tenencia de la Tierra y Reforma Agraria, Trabajo No. 4. Washington, D.C., 1968.

59/ William C. Smith, "Hens that Laid Golden Eggs", International Development Review, Vol. 3, No. 3 (1961), pp. 2-5; George M. Foster, Tzintzuntzan - Mexican Peasants in a Changing World. Little, Brown & Co., Boston, Mass., 1967.

based on any group activity.^{60/} However, it appears that the lack of rural cooperation in Mexico may not be entirely due to the failure of transforming traditional communitarianism, but also to external constraints as discussed elsewhere in this paper.

One of the most interesting recent success stories of almost spontaneous community organization is the case of Huaylas, as reported by Doughty. Here the Vicos experience seems to have been repeated without much outside expertise. In reviewing the factors which may be related to the progress of Huaylas, Doughty strongly emphasizes the capability of the village to maintain communal institutions and convert them to new purposes. Thus the viability of various joint labour arrangements ("repúblicas") has been preserved for a large number of new economic tasks.^{61/}

Doughty also stresses the fact that Huaylinos always had to cooperate with one another to a certain extent in order to assure reasonable success in their individual farming enterprises. Because of the scarcity of water, constant conflicts over its use arise, but practical

^{60/} Foster, op. cit.; Oscar Lewis, Life in a Mexican Village: Tepoztlan Revisited. University of Illinois Press, Urbana, Ill., 1951; Michael Belshaw, A Village Economy - Land and People of Huecorico. Columbia University Press, New York and London, 1967.

^{61/} "Most Huaylinos can and do feel that the benefits from work on repúblicas and committees accrue to the community at large and not merely to a small group or clique. The fact that Huaylas is able to utilize almost all of its human resources for community enterprises is of a major significance, considering the limited monetary, technological, and other resources at its disposal." (Doughty, op. cit.)

necessity appears to have overridden such disagreements and there is considerable cooperation in keeping the irrigation system operative. In general, "the firm and positive sense of belonging to the community" is emphasized as a unifying force. In spite of the existence of the same disruptive and divisive forces which operate in similar communities, this unifying force, which may be traced to its traditional origins, has clearly provided the vital sustaining element in Huaylas.

How are the two views on the possibilities of utilizing traditional forms of cooperation reconciled? First, it is evident that due to differences of emphasis the debate may not be fully joined. Many of the pessimists' arguments are directed against the chances of establishing rapidly and directly "Rochedalian" or idealized Western-type democratic cooperatives. The optimists, on the other hand, stress the possibilities for the introduction of less formal and imperfect types of systems. While the emphasis of the two "schools of thought" is respectively gloomy and hopeful, the real difference between them may not be quite as great. Thus, after dramatizing the apparent incongruences and even incompatibilities between the two systems, Texier does finally admit that there really are opportunities for certain types of cooperative institutions (but which he and other specialists are reluctant to identify as "true" cooperatives). These "pre-cooperatives" or "para-cooperatives" are described as differing from the pure forms in that they are purposefully planned and partly controlled by "intervening organs" from the outside. They are said to represent imperfect models of free, democratic, and participating groups.

Most of the examples of successful linkage with traditional systems cited by the more optimistic commentators are intermediary or quasi-cooperative types of structures, rather than the fully self-managed, democratic models. Thus, even the severest critics admit the transmutability of certain aspects of traditional structures as long as gradualistic strategies and intermediate modes

are used.

Next, one has to consider what stage of development and type of peasant group is being discussed. It seems that the pessimists generally deal with peasant groupings in which the traditional commodity organization is in an advanced process of disintegration and where the outside commercial world (mostly mestizo and white) represents a strongly threatening environment. In such situations, it is not surprising that neither the outward-aspiring mobile individuals, nor those who may have reacted to the hostile world by withdrawing into non-functional traditional behaviour, represent good bases for egalitarian, economically progressive organizations. One would think such circumstances present the following alternatives:

(1) The emergence of a "closed corporate community" described by Wolf, in which a self-imposed cohesion exists, reinforced by expulsion of those individuals who do not conform to group patterns and gain too much wealth.^{62/} In this case, cooperative promoters would have to gain the confidence of the community as a whole, thus opening the path for a variety of pre-cooperative or quasi-cooperative undertakings based on village consensus and the re-articulation of group needs.

(2) The traditional community gives way to a collection of more or less independent smallholders. In this case, while there may be few of the old mutual-aid traditions left, perhaps "purer" models of cooperation may be successfully introduced. Certain technological requirements such as irrigation might provide special incentives for such group management.

The fact that appropriate strategies for transitional

^{62/} Eric Wolf, Peasants, Foundations of Modern Anthropology Series, Prentiss Hall, Engelwood Cliffs, N.J., 1966.

economic cooperation can be designed does not deny that powerful barriers are undoubtedly present in traditional peasant societies, especially when modernization requires new types of economic organization with a fairly sophisticated management component. Such new institutions must sooner or later acquire a dual type of structure, made up by the membership meetings on the one hand and by the administration, on the other, and based on the "coordination of parallel flowing individual interests".^{63/} This duality, in which there is a functional specialization between (a) management and (b) policy-making by the body of membership, is an unfamiliar form of organization for peasant communities. It does not have a parallel, nor a visible connecting link with the traditional community, no matter how cooperative it may have been in its primitive form. Many of the grave problems encountered in modern cooperatives, such as the difficulty of differentiating the role of paid supervisor from that of "elder" or village leader can be traced to this type of basic conflict with the traditional behaviour patterns. Yet, when one takes a larger and longer view, there is no reason why these new requirements cannot be learned and eventually institutionalized. It is fair to say that successful strategies for discontinuous changes of this sort depend on other factors and not primarily on fundamental cultural resistances or incongruities.

B. Problems of Egalitarianism

The issue of egalitarianism becomes critical at least at two main stages of cooperative development: in the formative stage which requires the extremely difficult step of mobilizing group motivation, and when more mature cooperatives must choose between exclusive elitist behaviour and more expansionist democratic alternatives. With respect to the initial step, there appear to be various dilemmas. One is the mobilization for egalitarian

^{63/} Ritter, op. cit.

goals of essentially passive or closed communities, more or less hostile to outside intervention. It was previously mentioned that such traditional peasant communities may not be egalitarian at all.

Foster's "image of the limited good" is frequently cited as one of the main constraints for group mobilization. According to this view, individual success in societies in which the consequences of an expanded economy are understood and accepted need not be perceived by neighbours as a threat against the community. Under such conditions, voluntary cooperation can function as an effective mechanism for promoting social and economic progress for the group. However, in a society where members believe that their economic system is static and non-expandable, (resources are held to be strictly limited, thus if some get more others have to get less), voluntary cooperation can be expected to function only under exceptional circumstances. Extreme individualism is chosen over cooperation in preserving peasant security because cooperation assumes effective leadership and peasants who accept leadership are vulnerable to criticism and sanctions from envious neighbours.^{64/}

While Foster's static concept is a real and important deterrent for cooperative organization, his inclusion of the fear of individual accumulation at the expense of other members of the community does not appear to be applicable to the concept of cooperative progress in which the membership could benefit as a whole from joint activity. Perhaps the image of limited good applies also to group progress, but one would think that it is precisely the avoidance of disproportionate individual enrichment in the process of change which provides one of the strongest arguments and possible motivating sources for cooperative effort. One must also consider that Foster's

^{64/} George M. Foster, "Peasant Society and the Image of Limited Good", American Anthropologist, Vol. 67, (1965), pp. 293-315.

model tends to represent the most traditional and isolated communities, while cooperative promotion is best started in more progressive areas from where it may radiate into the hinterland.

Mangin, too, takes Foster to task for making his pessimistic theory too general and for de-emphasizing (1) the influence of outside forces on the peasant community and (2) the role of the more powerful members of society in explaining the peasants' outlook.^{65/} For example, in Vicos, the Indians were blocked from changing their agricultural technology by middle-class Peruvians who prevented them from buying fertilizers and pesticides. Because they were Indians they had no access to extension services. Once these things became available through the outside pressure of the Cornell/Vicos project, the Vicosinos willingly improved their economic position through a primarily cooperative effort. All too common is the case, reported by Harris, of the introduction of Merino sheep of much better class than the local variety in an Ecuadorian community.^{66/} When suspicion was overcome and the sheep were accepted by the local peasants, wool production improved so much that the mestizos came and stole all the sheep. Leadership can also emerge and operate effectively if these outside constraints are removed or weakened. Both the squatter invasions around Lima and the land invasions in the Peruvian sierra show evidence of planning, cooperation, and leadership of the highest quality; yet many of them were organized by men

^{65/} William A. Mangin, Classification of Highland Communities in Latin America. Paper presented at the Conference on the Development of Highland Communities in Latin America, Cornell University, Ithaca, N.Y., (March 1966). (Processed.)

^{66/} Marvin Harris, Patterns of Race in the Americas. Walker paperback, New York, N.Y., 1964.

and women who had recently left peasant communities. There is hope that the leadership of peasant sindicatos may come increasingly from average community members rather than charismatic outsiders.^{67/}

A different dilemma is posed by the often repeated individualism of peasants as an obstacle to cooperative organization. The argument seems to be that once the static passivity of a community is broken by outside stimuli, economic progress is made by individual entrepreneurs rather than by organized peasants. How can cooperatives flourish in an environment of rampant individualism especially when it expresses itself in capitalistic entrepreneurship?

Erasmus, who believes the "individual egotist" is the source of development, is extremely critical of all government efforts to promote egalitarian cooperation in the face of this rising commercialism. He views with concern the efforts of official organizations that result in "dependent peasants" who feed on paternalism and throttle individualist entrepreneurs.

"True natural leaders spring up very readily in communities not dominated by social welfare administrations, although...they are often resented by the latter. The able farmer who improves his lot through his own skill and initiative is a thorn in the side of the government technician who seeks dependents - not independent "egotists". The "egotists", however, appear everywhere in an environment made fertile for their managerial abilities and entrepreneurial creativity through social overhead, capital developments...such project as roads, irrigation and public power." (Erasmus).^{68/}

This view of development appears excessively biased

^{67/} Mangin, op. cit.

^{68/} Erasmus, "Agrarian Reform", op. cit.

and downgrades the influence of the ideological framework. Obviously, the social environment of rewards and sanctions in which these observed motivations are formed is of crucial importance. If the model of development is individual capitalism, with the social system offering little reward for collective or cooperative leadership as a means for personal gratification, it is not surprising that individualistic economic behaviour will predominate. From the point of view of Latin American development strategy, the dilemma is precisely in the problem of how to channel the emerging energies and initiatives of the community leaders and its members toward joint rather than individual action so that the majority rather than the minority would benefit from the infrastructure and other public investments.

One possible model which attempts to present a middle way is Alpaca, formed in the Peruvian Sierra around Huancayo with assistance from the International Development Foundation. Essentially Alpaca is a multi-purpose service association, with some assistance available to all, other types restricted to the more able farmers, but, in general, it offers individual success through an independent large-scale organization which can negotiate with outside market outlets and act as a channel for external resources.^{69/}

Belshaw believes that many communities, including Huecorio in Mexico, which he studied, are divided and stymied by the mistrust of "negative individualism". He describes such a state as one in which there is no pride in accomplishment or achievement and in which persons exhibit an ego-focused rather than a group-focused image of change. Here, only activities bringing direct benefit

^{69/} Llewellyn Henley, Alpaca - A Campesino Organization in the Peruvian Sierra. Research Paper prepared in Seminar on Land Policy Problems in Latin America, George Washington University, Washington, D.C., 1969. (Manuscript.)

to the self will be undertaken. This is contrasted with "positive individualism" in which the desire for independence is tempered by a sense of social responsibility and the acceptance of some restraints for the benefit of the community at large. He argues that most of the successful examples of cooperation have occurred in places where the pre-conditions for positive individualism have been created.^{70/}

But it may be a long time before Erasmus' individual egotist is finally replaced by Belshaw's positive individualist. In the meantime, we may already be well on the way toward a "kulak"-type rural development, based on the better educated, more affluent, middle-level farmers. (Dore, for example, is highly sceptical that political opportunities and administrative resources for cooperative rural strategies would indeed become available in Latin America. Hence, he reluctantly accepts the kulak-based path, hoping it would generate enough general welfare.)^{71/}

C. Cohesion Versus Creative Factionalism

How much cohesion in the community is required for successful cooperative organization and how much factionalism may be tolerated or even encouraged? There seems to be no doubt that the formation of cooperatives requires a minimum degree of similarity of thought and that sufficient cohesion for their subsequent survival is needed to produce acceptable decisions or consent in order to avoid disruption and open quarrels. Cohesion may be achieved by limiting membership to kinsmen or by selecting for membership only those who are already strongly committed to a single ideology. Often, a mechanism to permit

^{70/} Belshaw, op. cit.

^{71/} See Dore's comment following Pearse, op. cit.

secession by dissenters is required to maintain unity.^{72/}

The Quechehueca collective in Mexico survived many disruptive attempts by the elimination of dissenting groups until membership was sufficiently homogeneous for effective functioning. (Clearly, in the case of a land-use collective, cohesion of the group is even more crucial than in that of a credit or marketing association.) The Mexican data generally indicate that small associations are more efficient and durable than larger ones.^{73/} In Cotoca, at one of the Bolivian Andean Indian Programme bases, all settlers were originally required to belong to the cooperative. The association proved much too heterogeneous and soon failed. However, a minority group of the original cooperative voluntarily agreed to continue joint livestock operations and has since prospered.^{74/}

In a number of exceptionally successful cases these cohesive traits have been associated with minority or deviant groups, such as ethnically distinct immigrants, religious sects, or revolutionary political parties. For almost 20 years the communist enclave of Viota in Cundinamarca (Colombia), amidst constant official hostility, has managed its own affairs including communal production

^{72/} Henry F. Dobyns, Sociological and Anthropological Approaches to Engineering Successful Economic Organizations. Paper presented at the Agricultural Development Council Seminar at the University of Kentucky, (April 1967). (Manuscript.)

^{73/} Shlomo Eckstein, La Comarca Lagunera. (Draft report prepared for the Centro de Investigaciones Agrarias de Mexico, 1968 - Manuscript.)

^{74/} International Labour Office (ILO/OIT), Informe al Director General sobre las Posibilidades de Organización Cooperativa entre las Comunidades Indígenas. Geneva, Switzerland, 1961. (Manuscript.)

and marketing, on coffee estates that were occupied between 1934 and 1936.^{75/} In the Choapa Valley of Northern Chile, a similar enclave of a left-wing group has formed an effective local government and network of land use collectives which, by fighting for labour and occupancy rights, laid the groundwork for a production cooperative.^{76/} Most of the surviving collective ejidos have membership bound together by radical ideological ties.^{77/} These are more often than not exclusive and even "elitist" groups set off from mass organizations by choice or by necessity. In a number of regions in Latin America the earliest and most vigorous cooperatives have been set up by immigrants, such as the Japanese in Southern Brazil and the Germans in Southern Chile and Rio Grande do Sul (although elsewhere the innovative behaviour of immigrant entrepreneurs has been strongly individualistic, such as that of the Canary Islanders in Venezuela).

The relative success of cooperative organization among immigrants, which has also been reported from other parts of the world, can be explained not only by their previous homeland experience and enforced need to stick together, but also by what Cohen terms their "socially destructured" state, that is, by the fact that they are no longer involved in an ongoing system. Thus, they have been forced to abandon many sets of rights, obligations and powers which define relationships both among themselves and between themselves and others. But, while such immigrant groups may be "destructured", they are not "decultered". Thus, while they have preserved some aspects of cultural cohesion, their potential for social and cultural change is not as circumscribed as that of people "who are still involved in a system of

^{75/} Albert O. Hirschman, Journeys Toward Progress.
The Twentieth Century Fund, New York, N.Y., 1963.

^{76/} Eckstein, "Notas", op. cit.

^{77/} Huizer, op. cit.

external constraints, which strengthen and maintain internal ones, and which predisposes them to accept the external ones."^{78/}

Relatively few of the cooperatives organized by immigrants have a "spread effect". (The giant Japanese cooperative Cotia, in São Paulo, seems to be an exception.) Moreover, once liberated from fraternal bonds, the strongly motivated immigrant may be socially even more outward-oriented than his domestic counterpart. He would then be even less concerned about joining or working with other peasants and more eager to enter an urban career.

Almost as important as homogeneity of belief is uniformity of status. Great differences in the economic and social status of association members are particularly damaging to the cooperative spirit. While such heterogeneous associations may continue to operate, they frequently fall under the domination of the high-status rich members. Erasmus has cited some cases from Colombia in which coffee farmers have refused to cooperate in maintaining a local water system after the Coffee-Growers Federation turned it over to them. The better-off settlers preferred to hire caretakers to maintain the irrigation system because they felt degraded by working together with some fellow-members who, in their eyes, were of a lower status.^{79/} Dobyns believes that "democratic determinism", which is an essential element in economic cooperation, is feasible only among peers. The manorial system, such as the one found at Vicos, fosters interpersonal interactions based on sub-ordination or super-ordination of individuals and needs to be changed before cooperation becomes possible.

^{78/} Percy S. Cohen, Traditional Societies and Modern Cooperatives. Paper prepared for the VI World Congress of Sociology, Evian, 1966. (Mimeographed.)

^{79/} Erasmus, Man Takes Control, op. cit.

However, several commentators have emphasized the importance of a certain amount of heterogeneity or factionalism in a healthy cooperative movement. For example, Vellard has pointed out that in Venezuela there is less resistance to cooperatives in heterogeneous settlements than in more unified communities.^{80/} He explains that this has occurred because the phenomenon of uprooting has broken traditional ties and has given rise to a more experimental and open mentality among the peasants. Cohen reminds us that some very cohesive communities may indeed reject outside assistance and prove impermeable to such essential services as bookkeeping.^{81/}

Edel also report, from Colombia,^{82/} that a certain amount of fragmentation among cooperative groups belonging to different parties and having different allegiances might be favourable, since it makes political control by a single government agency less likely and also allows for more successful bargaining to obtain appropriations.^{83/}

Another aspect of cohesive behaviour which at certain times seems favourable to cooperative organization is common hostility toward rival interests. An example of this is given by Schwartz of the Zacatepec sugar area.

^{80/} Vellard, op. cit.

^{81/} Cohen, op. cit.

^{82/} Edel, op. cit.

^{83/} The Alasca experience, mentioned previously, supports this idea. The organizers endeavoured to have the initial nucleus group evenly divided between adherents to the rival Acción Popular and APRA parties. Each group tended to check the other, while at the same time the organization as a whole received moral and other support from both political powers. (John T. Westbrook, in a personal communication.)

In this area, an atmosphere of distrust, suspicion, and acceptance of corruption prevailed because of troubled relations between the government-controlled sugar mill management and the farmers. On the initiative of one of the village leaders, who refused to become part of the system of financial collusion with the mill management, the peasants established a society for the common exploitation of a mineral water spring located on their lands and waged a successful legal battle to maintain their rights to this resource.^{84/}

A similar phenomenon has been observed by Padgett in his case study of factional strife in the Ignacio Romero Vargas ejido of Puebla.^{85/} Headed by an old agrarian leader, the peasants got together against their corrupt comisariado ejidal who had been controlling the village with the help of federal officials. As a result of the struggle, waged at various levels of the hierarchy of local and state government to replace the comisariado and the officials who backed him, the ejido had no difficulties in obtaining credit for a tractor and help for a new school which was partly built by community effort.

The cohesion problem also has a territorial or geographic dimension, which can be posed in the following

^{84/} "The extent of the involvement, the degree of cultivation of unity through common hostility illustrates the potentiality of this kind of organization and the importance of shared feelings of hostility for the creation of groupings, for cohesion and solidarity above a base of inter-personal conflict, hostility and malice that we have described." Lola Romanucchi Schwartz, Morality, Conflict and Violence in a Mexican Mestizo Village. Ph.D. Dissertation, Indiana University, 1962, as quoted by Huizer, op. cit.

^{85/} L. Vincent Padgett, The Mexican Political System. Houghton Mifflin Co., Boston, Mass., 1966.

way: successful cooperation demands free association of likeminded individuals which can best be satisfied by selective or exclusive groupings. But the village or rural community structure is generally composed of many heterogeneous family units with divergent interests and resources whose mobility and, therefore, choice is extremely restricted. Thus the settlement pattern itself limits the possibilities of selective free associations. If all or most are to benefit from cooperatives, then all-inclusive types of association or compulsory grouping of villagers or holders of land rights are needed. One possible solution lies in the use of multiple associations: some of which, by geographic necessity would have to be all-inclusive (ejidos, asentamientos, sindicatos), while others would have to be more selective or limited, i.e., credit associations, commodity marketing associations, etc. The experience of Mexico indicates a certain amount of successful adaptation to the problem. While membership is available to farmers in a number of overlapping associations, some of which may be specialized and exclusive and others more general and inclusive, advantage is offered to all.^{86/}

D. External Factors

The issues reviewed in the preceding sections, which deal with traditional communities, cohesion and egalitarianism, focus on the "internal" problems of cooperative organization. We now turn to an examination of the role of some of the more external forces, especially those related to the broader socio-economic structure. The discussion of these interrelationships is greatly complicated by the circles of causality and the reciprocities between the various systems. At the beginning of this paper the hope was expressed that large-scale cooperative movements would, by allowing the peasants to enter the economic and political process, liberalize the broader

^{86/} Landsberger and Hewitt, op. cit.

system and make it more responsive to the peasants' aspirations. But much of the subsequent evidence seems to indicate that the direction and speed of cooperative development itself depends to a great extent on the permissiveness and evolution of the broader social system and, indeed, on active stimulation from above.

1. Ideology and Legitimacy

Ideological commitment seems to be an essential ingredient for a successful cooperative movement. Such positive value-orientation, except for certain relatively brief periods in history, as the Cardenas period in Mexico and the emergence of certain more recent political groups as the left wing of the Chilean Christian Democratic party, has been rare in Latin America. While "modernization" has been accepted as an important national goal in most countries, and a great deal of intellectual effort has gone into the debate over models of industrial development (especially along the corporate-state pattern), almost nothing has been heard about desirable models of agricultural reorganization and modernization. In the meantime, the image of rural progress, somewhat anachronistically, remains either the classical family farm or the commercial plantation. Apart from the strongly commodity-oriented cooperative movement in the Southern Tier, temperate zone countries - which involve mostly fully commercial, middle or upper level farmers- one cannot really speak of "movement", much less of universal commitment. The cases described in the first part of this paper (with the exception of Mexico, Bolivia and Venezuela) are either isolated and localized programmes, or the work of emergent influence groups, struggling for recognition within or at the fringes of the national power hierarchy. In countries of massive land reforms, peasant cooperatives clearly enjoy greater institutionalized legitimacy, but in no country is there sufficiently strong and sustained ideological commitment to transcend short-term partisan political struggles.

Under such conditions, cooperatives, bent on improving the position and bargaining power of peasant groups, sooner or later become involved in the power struggle with established interests. When, as is frequently the case, there are no existing channels for reform in the power system, cooperative promoters and their clients soon find themselves in the position of having to oppose the established order to be heard.

The fact that cooperatives and other kinds of peasant associations can undermine local power relations and often threaten the existing order can be demonstrated by many of the case histories. In Veraguas, after the need for rice storage facilities was identified as the key element for effective assistance to peasants, one of the earliest achievements of the cooperators was the building of a storage bin which allowed members to store their own rice rather than pay the "tienda" for this service. The tienda-keeper's wife recruited a number of other women in the village and one night burned the bin down. In this case, the cooperative, through effective help from its outside sponsors, recovered quickly from this disaster and was able to build a new and better bin. This incident was thus converted from a defeat into a definite motivational challenge, and the new organization gained confidence that it not only could change its environment but could also withstand more intense hostile attacks upon its new power position.^{87/}

The violent reaction of displaced coffee buyers in Yungas against campesinos has already been mentioned.^{88/} The Vicos project also went through an extremely critical phase of attacks by neighbouring hacienda owners and their allies. In Mexico, the history of the collective ejidos is replete with stories of violence from organized

^{87/} Lodge and Gudeman, op. cit.

^{88/} Barnes, op. cit.

interest groups who felt threatened by these new associations.^{89/} Two such cases, Zacatepec and Puebla, were reviewed in the preceding section.

With this potential for militant opposition to the cooperative movement, the question of legitimacy becomes an important issue. Some commentators believe that the rebelliousness of cooperative founders is an essential ingredient in the effective initiation of the movement.^{90/} Such rebelliousness directed against economic monopoly, exploitation and low status may explain the success of many of the strongly radical groups such as in Quechehueca and Choapa. This active opposition is also an important focus for rallying smaller cohesive groups into larger movements which could be mobilized against the establishment. The questions of when and how such a minority rebellion could strengthen the cooperative movement and how, in the process, it could acquire enough legitimacy to survive without being captured or "co-opted", becomes important. In such cases as Mexico, the movement must also sustain sufficient counter-force to allow it to mature.

Rebellious ideology can even become an effective substitute for, or complement to, traditional solidarity in maintaining commitments to communal goals where peasants can be mobilized in opposition to a system of domination and exploitation. This has been achieved in a number of agrarian reforms in Latin America. Cohen thinks that it may well be that the peasants "need the disruptive effects of opposition to the state and/or internal struggles for power in order to dissolve the traditional system so that modern contractual relations

^{89/} Huizer, op. cit.

^{90/} Dobyns, "Sociological and Anthropological Approaches", op. cit.

can be accepted."^{91/} If coexistence of rebellious groups with established regimes is not possible, bridges to more or less legitimate power structures are needed. The left-wing of the Church in Latin America is now attempting to fulfill this role of "legitimizer" for otherwise subversive peasant groups. In a number of countries, cooperatives and sindicatos have been established under Catholic and other Christian church sponsorship and certain church groups have fulfilled the important role of protectors for these new associations. The same role in some cases has been fulfilled by certain political parties, such as APRA in Peru and COPEI in Venezuela, through their sindicato and cooperative adherents during their period as opposition parties.

As long as outside threats can further unite peasants and some mechanism for building up and extending allegiances exists, such conflict situations may not necessarily be detrimental to the cooperative movement, which, as we have indicated, may benefit from a certain amount of stress or conflict to achieve the right cohesive motivation. The key question is: what congruence may be achieved between the interests of the nascent power structure of the peasants and those of other established power hierarchies? In this respect, the relationship between the cooperative movement and the peasant sindicatos becomes crucial.

Peasant associations that are essentially political pressure groups without an economic base can be effectively supplemented by strongly anchored cooperatives which do have economic functions but lack upward linkages. This complementarity has not been generally recognized by policy makers. In such countries as Bolivia and Venezuela, where strong campesino sindicatos have emerged through agrarian reforms, little has been done to take advantage of this opportunity to simultaneously and cumulatively strengthen the political and economic

^{91/} Cohen, op. cit.

position of peasants. Nationally strong and independent peasant movements seem to be required for the effective support of locally rooted cooperatives. The capability of cooperatives to provide its members with income, economic independence, and market power is clearly one of the essential underpinnings of an effective campesino union movement.

However, in the absence of a strong ideological commitment which transcends partisan politics, this suggested symbiosis between cooperatives and sindicatos entails considerable dangers. If the essential external support depends mainly on established party loyalty, a shift of power to other parties may result in the withdrawal of such support. Happily, this does not seem to be the case in the recent shift of the Venezuelan government from AD to COPEI control; the sindicatos have for some time been accepted as a part of the national land reform goal. The degree of independent economic power that peasant cooperatives can acquire in Venezuela remains to be seen; previous attempts by the Federación Campesina to enter massively in the marketing and machinery supply fields for its members have not yet been very successful.

The foregoing suggests these general conclusions: sporadic successes notwithstanding, large-scale peasant cooperative movements will have to await the emergence of strong, ideologically committed peasant unions, usually in the aftermath of agrarian reforms. Through such a link-up to national power sources cooperatives can obtain essential external support. The economic base of cooperatives can, in turn, offer campesino sindicatos independence and continued viability. However, there is danger that unless the ideological commitment is deep, political and economic support may be withdrawn from peasant cooperatives before they can overcome the many internal obstacles they face and before they are able to consolidate their position.

2. Structural Problems and Upward Linkages

We will now review briefly a number of important external constraints on successful peasant cooperation. Consideration of land tenure and "municipio" power structure will be followed by references to regional markets and finally to employment and technology issues. All of these have been touched upon in earlier portions of the paper.

It was seen that cooperatives have a very special and perhaps crucial role in the follow-up and consolidation phase of agrarian reforms, as the recent programmes in Chile and Venezuela demonstrate. However, the persistence of inequitable and onerous land tenure arrangements is one of the chief obstacles to the successful development of cooperatives. On a very elementary level, this may involve giving tenure security to squatters, tenant workers, and other types of small cultivators whose ownership arrangements are uncertain and precarious. But in areas of domination by large traditional estates more fundamental transformations are necessary in terms of land distribution and improving the status of the peasants who are tied to or dependent on the estates. Agrarian systems characterized by domination and subservience relationships, widely different income levels and status do not provide the egalitarian prerequisites for effective cooperation. Whenever cooperatives manage to establish themselves in areas of severe tenure inequality - as shown by the studies of Garcia and his co-workers in Chile - neither those associations in which the lower strata peasants are exclusive members, nor cooperatives which include both large and small farmers, are likely to function in a satisfactory manner.

This problem is most serious where tenure-related social stratification within a community is very rigid. If landlords and other upper-status individuals are admitted to cooperatives, the cohesion of the group suffers and the whole impulse of the organization may be

impaired. If membership is denied to landlords and richer farmers, more cohesion may be achieved, but often at the cost of efficiency and market access.

At any rate, it seems clear that where the tenure system is grossly inequitable, cooperatives, even if they manage to get established and survive, are not expected to become a force for structural reform. In such a situation, the best that can be expected is successful adaptation to the existing social system and some protection of its members from the more onerous forms of exploitation. Membership, in such cases, seldom includes landless workers or tenant-labourers.

One of the related obstacles, closely linked with the absence of strong reform orientation, is the legislative system itself. In many Latin American countries cooperative legislation is non-existent, or inadequate, but even where it has been designed with some care it may impede rather than facilitate peasant cooperation. A case is cited from Peru in which the rigid legal prerequisites of minimum paid-in capital prevented a peasant group from forming an association. Members of the group wanted legal recognition as a prior guarantee for their capital contributions.

Legal provisions frequently favour pseudo-cooperatives of larger commercial farmers who may derive tax rebates and other financial benefits from forming associations which are modelled on strictly commercial or corporate structures (the Frutillar dairy group in Southern Chile is an example). Legislation which facilitates the formation of pre-cooperatives or transitional informal arrangements is generally lacking. The creation of multi-purpose societies is often impeded or made more difficult by legal strictures.

Perhaps it should be added that while the resolution of the land tenure problems is certainly a necessary precondition for cooperative success, the existence of land

reform may not be a guarantee that cooperation will flower, as the Bolivian experience demonstrates.

Cooperation in independent peasant communities which are based on small family holdings and are not tied to large estates face a different kind of outside constraint. They are exploited not only by local middle-men, but also by the power structure of the towns and villages on which they are economically and socially dependent. Pearse, Wolfe, Stavenhagen and others stress the increasing domination of the municipio and the local market centre over the smallholders, and the inhibiting effect of these new decision-making foci on the organization of peasant groups. Even new, official programmes designed to bring credit, extension, and other benefits to the peasants are often intercepted by the local municipal power structure, that is, those "who live by the agriculturist rather than by agriculture."^{92/} The political domination of the local centre (cabecera) and the consequences of lack of participatory local government have been vividly described by Wolfe.^{93/} In a typical rural municipio, political power is exercised by one or several cliques that derive their influence from a combination of land holding, trade and clientele relationships with persons holding office at the departmental or national level. The administrative apparatus is upward and outward oriented and has little responsibility toward the surrounding agrarian community and few roots in it. A comprehensive regional study in the south of Peru describes the situation in the following terms:

"In the middle and upper classes, attitudes of dependency are manifested in an almost total expectation that local administrative affairs will be

^{92/} Pearse, op. cit.

^{93/} Marshall Wolfe, "Rural Settlement Patterns and Social Change in Latin America", Latin American Research Review, Vol. I, No. 2, 1965, pp. 5-64.

resolved by the Government and its functionaries, combined with a lack of confidence in the capacity of these functionaries and a lack of interest and initiative in solving collective local problems... One consequence is formalism or ritualism in public activity, which respects legal forms while believing that to reach individual ends what is needed is vara (influence), or patrons in a strategic part of the relevant hierarchy." /While cooperation is formally given a high value by these classes, this overt attitude is contradicted by/ "attitudes of conformism and fatalism accompanied by passivity in action and scepticism as to the possibility of reaching social and economic ends through cooperation." A kind of self-fulfilling prophecy leads to the failure of attempts at local organization. (Plan Regional para el Desarrollo del Sur del Perú, Vol. XXII, as quoted by Wolfe.)^{94/}

Should some cooperatives become established locally, their consolidation and expansion is often strictly limited by the absence of upward channels of communication and linkage with the broader economic system. There are very few effective regional cooperative associations which might provide these channels. Exceptions, as we have seen, are the Brazilian and Colombian regional coffee coops and the national marketing boards assisting Carmenpampa in Bolivia. The lack of these "second level" structures is regarded as a very serious obstacle to the expansion of the cooperative movement in Chile,^{95/} in

^{94/} Ibid.

^{95/} Antonio Garcia, Cooperativas y Financiamiento Agrícola en Aconcagua. ICIRA, Departamento de Cooperativas y Crédito. Santiago, Chile, (March 1968). (Mimeographed.)

Mexico,^{96/} and Colombia.^{97/} In Mexico, part of the official resistance to encouraging the emerging cooperatives in the Laguna may be explained by the fear that second-level federations may turn into powerful political organizations.

Upward economic linkage is also essential to wholesale outlets or processing plants. Without effective two-way arrangements with such central facilities, local market cooperation has very strict limits. Once such working arrangements between local groups and marketing or processing centres have been established, the key to continuous, effective and democratic functioning of the cooperative system is the degree of shared control over central facilities and politics. The detrimental effects of excessive dependence on the decision-making apparatus at higher levels is clearly demonstrated in the case of the Mexican sugar ejidos, the Chilean grape growers and the Peruvian Highland potato farmers. In this connection, the advantages - mentioned earlier - of pluralistic regional and national associations, instead of single, politically controlled confederations, becomes clear.

There may also be some minimum effective size of the cooperative system, especially with respect to the area of influence of regional associations and their market power. This issue of minimum size is also related to strategies for regional development in general, in which complementary employment opportunities and effectively decentralized technical services form a coordinated matrix for local groups.^{98/} At stages of greater maturity, a minimum amount of independent control over these broader economic bases also seems necessary as a defence against

^{96/} Marco Antonio Durán, El Agrarismo Mexicano, Siglo Veintiuno Editores, S.A. Mexico, D.F., 1967.

^{97/} Vélez and Feder, op. cit.

^{98/} Wolfe, op. cit.

subversive influences, as shown by the history of the collective ejidos in Mexico.

Finally, there is the employment dilemma. In many Latin American areas the increasing pressure of rural population is a serious obstacle to cooperative development. Yet, unless the economy is dynamic enough to provide more jobs outside farming, it will become increasingly difficult to find the necessary compromise between egalitarianism and economic efficiency. As the cooperative develops, there is bound to be an increasing economic and social distance between members and non-members, unless the above-mentioned complementary job opportunities can be provided by multi-sectoral cooperative units or by decentralized regional development. Even while farmers' associations may achieve certain egalitarian goals among their members, as technology improves they may simply accentuate the contrast between members and outsiders. Obviously, the problem of the gradual exodus of marginal producers is much smaller in a service cooperative than in a production enterprise. But the affluence of large numbers of landless workers and squatters has already complicated the organization of cooperatives in Mexico, Chile and Central America; in some cases, as in the Laguna Region of Mexico, it may have contributed to the disintegration of promising collectives.

E. Leadership and Paternalism

The concluding section deals with the interplay between internal and external factors in cooperative organization. Special attention will be devoted to the delicate position of the promoters, technicians and leaders.

It was seen that the role of "outside" groups, institutions and individuals is crucial for motivating and energizing peasant communities toward organized economic cooperation. Such initial managerial and technical assistance provides the first link of the nascent

cooperatives with outside forces. While in some cases this function has been accomplished by foreign promoters or by specialized non-governmental institutions, most of the responsibility for promotion and assistance falls on national governments. However, until very recently governments have not been set up to provide service for peasants. Their staffs have been urban-oriented and generally ill-prepared to play an effective role in rural cooperative organization and assistance. When governments have become involved with cooperatives or cooperative-type institutions, a paternalistic type of relationship has frequently emerged in which dependence, control, and continued reliance on outside resources overshadows and frequently prevents local initiative, self-management, and effective organization. Non-official agencies are often no better in this respect.

The dilemma, therefore, is how to achieve a working compromise between the essential role of the outside agencies as stimulators and assistants of the cooperative movement, especially in its initial stages, and local initiative and democratic control which is so essential for the success of the movement.

To a great extent the prevalence of paternalistic attitudes, even in post-reform situations as in Mexico and Bolivia, can be explained through the tenacity of the very system of social relationships which the cooperative is supposed to modify. In such a system personal relations and guarantees, rather than legal and contractual relationships, predominate. The "patrón syndrome", in which the "boss" is relied upon for protection and special favours in exchange for loyalties and services, is too easily transferred to the government-campesino relationship. The education and previous experience of technicians and other functionaries reinforce their prejudices

toward peasants in such holdover patrón-client relationships.^{99/}

Another dimension of the same problem is implicit in Hirschman's dual model of the "image of economic change", which is particularly applicable in Latin America. In the "group-focussed" image of progress, individuals think of economic change as something that must affect equally all members of the group, with everyone remaining at their previously assigned places. This is contrasted with the "ego-focussed" image of change in which the individual conceives progress only in terms of improving his own lot while dismissing such a possibility for society as a whole. The relevance of this analysis to the patrón syndrome is clear. Latin American peasant societies are often characterized by this duality; for example, the submissive resignation characteristic of the Andean Indian way of life is contrasted with the active concern with self-promotion and manipulation of the Ladino and Mestizo elements. The latter are strongly competitive individuals who show domineering attitudes toward persons of lower status. Hirschman sees in the ego-focussed conception of progress one of the important limitations of the cooperative component of entrepreneurship - the act of agreement-reaching and cooperation-enlisting - until the image of change has shifted to one which takes cognizance

^{99/} One of the strongest criticisms of this persistent symbiotic relationship in the context of community development is found in a recent article by Erasmus. He calls it the "encogido syndrome", based on the attitude of insecurity and withdrawal of the disadvantaged peasants, who easily establish new dependency relationships with community development personnel. Charles J. Erasmus, "Community Development and the Encogido Syndrome", Human Organization, Vol. 27, No. 1, (Spring 1968), pp. 65-74.

of the possibility of mutual benefits.^{100/}

At this point something should also be said about corruption. Economic corruption is an extremely widespread and debilitating phenomenon in Latin American rural organizations. Clearly, cooperatives, even the most rudimentary kind, cannot survive without a substantial degree of honesty in their leadership. Where corruption is endemic, even large-scale agrarian reforms can do little more than "democratize graft", i.e., open up the possibility of peasant participation in bribery and misuse of resources, previously enjoyed by the privileged groups.^{101/} Most probably, the stronger the ideological commitment of an organization and its leaders, the less is the likelihood of economic corruption. This would signify a lower degree of corruption in more radical movements.^{102/} But apart from such commitment, the most effective remedy appears to be the creation of an independent economic base. This would ensure that the local officials, as well as the regional and national representatives, are paid by the membership and are accountable to it rather than dependent on the outside hierarchy.

Under these conditions it is extremely difficult to create systems with a more sensitive and reciprocally

^{100/} Albert O. Hirschman, The Strategy of Economic Development, Yale University Press, New Haven, Conn., 1958.

^{101/} Clarence Senior, Land Reform and Democracy. University of Florida Press, Gainesville, Fla., 1958.

^{102/} Eckstein, El ejido colectivo, op. cit.; Henry A. Landsberger and Cynthia N. Hewitt, Ten Sources of Weakness and Cleavage in Latin American Peasant Movements. Paper prepared for the Second World Congress of Rural Sociology, Enschede, Holland, (August 1968). (Mimeographed.)

trustful relationship between administrators and groups of peasants. The problem is particularly acute in the so-called "forced-decision cooperative";^{103/} by its very nature, it requires a certain degree of coerciveness or strong initial control without which it could not function. Irrigation associations, in which competent joint water management is crucial, and many agrarian reform projects involving the reorganization of complex commercial units, are examples of such "forced-decision" situations. Credit societies also seem to require strong outside intervention and control, even in more highly developed countries.

But, even in the case of service cooperatives, outside financial and managerial assistance is crucial. Excessive reliance on local resources in the early stages may simply deliver control of the cooperative to already existing, dominant groups of large producers or merchants.

The circularity in this situation may be seen in the following sequence: (1) the absolute necessity for initial outside competence and material assistance, (2) the lack of initial responsibility and knowledge by client groups, (3) the subsequent need for the authorities to keep control of their investment and political commitment and to reduce risk of failure, and (4) the scarce opportunities for campesinos to learn managerial skills and assume responsibilities, and their continued expectation that someone else will take care of matters, etc., etc.

The key issue then is: how to "let go" gradually, while training, encouraging and stimulating effective internal leadership. The Vicos experience is one illustration in which power was intelligently shared in the course of gradual withdrawal or devolution. At any rate, systems are required in which responsive local

^{103/} Dobyms, "Sociological and Anthropological Approaches", op. cit.

participation in the decision process and "positively individualistic" leadership is rewarded.

CORA is tackling the same problem in the Chilean asentamientos, which, as we have seen, must be independent at the end of the transitional three-to-five-year period. CORA is discovering that (a) the reform agency cannot properly control each settlement, (b) agency technicians unfamiliar with local conditions can make big mistakes, (c) the campesinos must simply be allowed to learn by being allowed to make their own mistakes, and (d) the short-run gains in marketable surplus extracted through tight government direction might be followed by long-run problems unless the reform beneficiaries are rapidly given opportunities to learn.^{104/}

In Venezuela, CIARA is trying an imaginative approach of multi-faceted assistance combined with simultaneous participatory education. It is interesting to note that CIARA consciously places responsibilities on its clients for planning and programme operation which exceed their present capacities. Tolerance and even encouragement of such situations of deliberate imbalance may well prove to be an effective way to deal with this dilemma.

^{104/} William C. Thiesenhusen, "Cooperative Tenure System Plays Role in Chilean Agrarian Reform". Paper prepared for International Cooperative Training Journal, (August 1968). (Manuscript.)

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