Judith Tendler carried out a comparative study of four associations of peasant cooperatives in Bolivia, in collaboration with Kevin Healy and Carol Michaels-O'Laughlin. The resulting full report, *What To Think About Cooperatives: A Guide From Bolivia*, challenges some traditional assumptions about the nature of cooperatives. In this article, a chapter taken from the full report, she shows that even though cooperatives may sometimes behave like "selfish capitalist" enterprises—and have a limited membership, entrenched elite leadership, and restricted member participation—certain features of their environment and of the tasks they undertake will play an independent and important role in determining how widely or narrowly these organizations "spill" their benefits.

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THE WELL-TEMPERED CAPITALIST: PROFILES FROM SOME BOLIVIAN COOPS

Some people think that cooperatives are cumbersome instruments of development and do not work very well. Others say that even when cooperatives are successful, they tend to become self-serving "capitalist" enterprises that benefit a small elite and ignore or exploit the poorer members of the community. Cooperatives that farm the land collectively are frequently cited as an example of such "selfishness": as soon as these groups start to do well, it is said, they close their ranks and shift their work obligations to outside, low-paid laborers whom they will not allow to join the coop or to unionize. This "selfish capitalist" critique of coops is commonly heard from those who would like the benefits of donor support for coops to be distributed more widely. And it is also heard from coop promoters themselves, when they become disappointed with the "lack of community concern" displayed by the successful cooperatives they have created.

In this article, we look into the second group of complaints about cooperatives. We test the critics' hypothesis of a strong correlation between success and "selfishness" by reporting on a group of four moderately successful coop associations in Bolivia. The critics, it turns out, are often correct in saying that when coops become successful business enterprises, their activities tend to benefit a decreasing number of people. But this phenomenon is not necessarily inevitable. Instead, as we want to show here, the attributes of the social and economic environment of a cooperative can temper the tendencies of an entrenched coop leadership to act only in its own interests. In fact, the collective production endeavors most frequently cited by the critics of coop "selfishness" actually seem to have a built-in tendency to become more exclusive—while some other types of coops and coop activities have "natural" tendencies in the opposite direction. In what follows, we will show how the environment of coops can determine the tasks they choose to undertake and, in turn, the extent to which benefits are spread widely or narrowly.

CROPS AND THEIR SOCIAL CHARACTER

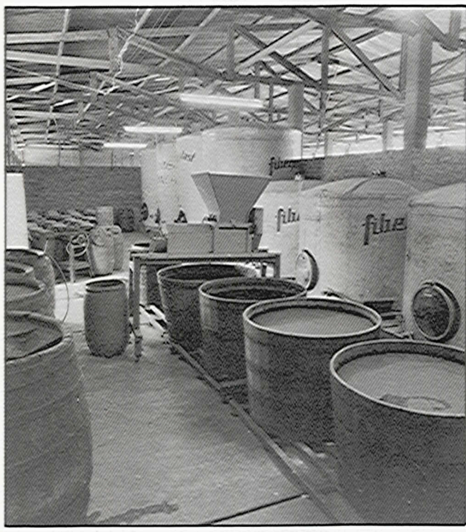
Some activities undertaken by coops, including the groups visited by us in Bolivia, obviously exclude the poorer members of a community: services benefiting farmers exclude the landless (though they may increase employment opportunities for the landless); access to credit may exclude those without secure title to their land; investment credit for agriculture (often for establishment of perennial crops) can exclude poorer farmers because only the better-off can afford to wait several years until the returns to such an investment materialize. To what extent did elite control of the groups we studied cause the poor to be excluded—and to what extent were other factors more determining? In some cases, as the following examples show, control by the better-off together with structural factors caused the exclusions to occur and to escalate. In other cases, structural factors worked in the opposite direction. COINCA is a good place to start.[1]

COINCA: grapes vs. potatoes. COINCA's winery is its only marketing and processing activity. The 130 grape-growing members (out of 400 total) are the only ones to receive regular technical assistance from COINCA, all necessary inputs, and an assured market. Since investment costs for establishing a vineyard are high, the grape-growing members are a better-off minority.[2] COINCA pays considerably less attention to the annual crops grown by the poorer farmers of the area, the most important being the potato. (Its fertilizer-supply operation is a significant exception, since fertilizer is used mainly on potatoes in Ta-

[1]COINCA (Cooperativa Integral Campesino) is a 400-member association of 20 coops in the highland valley of Tarija. It was founded in 1975 by Acción Cultural Loyola (ACLO), a Jesuit social action agency.

[2]In 1978, per-hectare investment costs for establishing a vineyard were US$5,000 (Kraljevic 1978:20). The 130 grape growers have a total of 25 hectares in grapes, including six hectares in collective holdings. This gives a rough average of one-fourth of a hectare per vineyard.

Wine vats at COINCA warehouse.



Wilhelm Kenning

Cane being loaded for transport to mill, CCAM.

Kevin Healy

rija.) No attention at all is paid to corn, the cultivation of which is a sure sign of poverty because it is grown disproportionately by those without irrigated land.

COINCA's emphasis on grapes was not only the result of elite self-interest. The steps necessary to do something for grape growers were easier and more obvious than they were for potatoes and other important annual crops. The growing of wine grapes pointed to a feasible processing activity, which represented a compact project appropriate for donor financing—equipment and technical assistance for a winery. With wine grapes, moreover, one could realistically aspire toward a forward integration of production that would increase added value markedly—from cultivation of the grape to marketing of a final product that could be stored easily and indefinitely. In contrast to table grapes, moreover, wine grapes required no storage capacity of COINCA since wine grapes have to be crushed within hours after harvesting. The making of wine, finally, greatly reduces the volume of the product; together with the need for only one central processing facility, where the final product can also be stored, this means that the physical and technical requirements for storage capacity are relatively simple.[3] If grapes had not had such desirable characteristics, the self-interest of the grape-growing leaders may not have been sufficient in itself to direct coop activities toward grapes *and* to generate successful results.

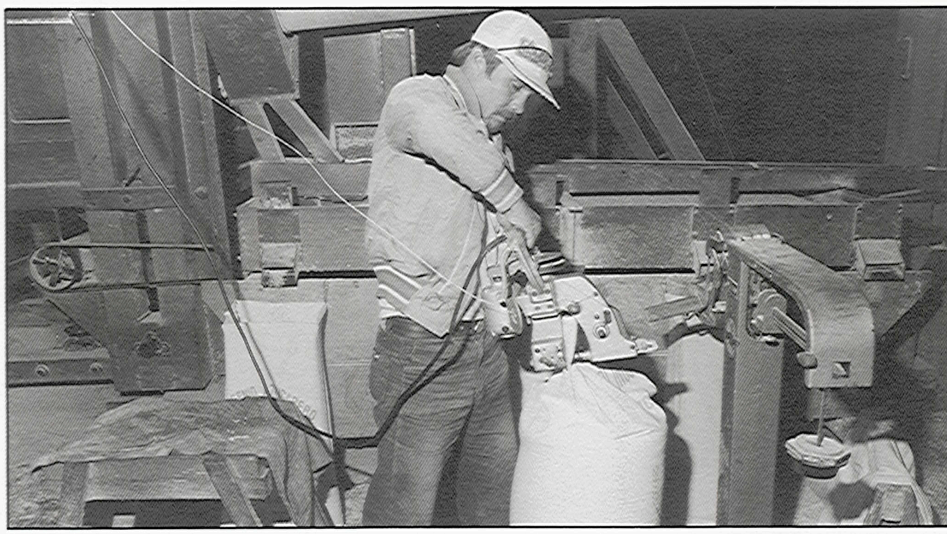
Unlike wine grapes, potatoes offer no neat project—even though they would have been a desirable investment in social terms. Not only were potatoes produced by most peasant farmers in Tarija, but they were one of the few profitable peasant crops in the region. Potatoes were also one of the few peasant crops in Bolivia for which fertilizer use was profitable and, partly for this reason, were second only to wheat in productivity increases during the 1963-1972 period.[4] Though the storage and the marketing of potatoes would therefore have been an obvious step for COINCA, with the potential for spreading benefits widely, it was a difficult one. Peasant farmers in the Altiplano of Bolivia traditionally store potatoes in the ground, putting them through a thawing and freezing process that allows them to be kept for long periods. This is not possible in the high valleys of Tarija, with their altitudes lower and their temperatures warmer than those of the high Andes. The storage and marketing of potatoes in Tarija would therefore be a major infrastructural and marketing task—organizationally complex because of the

[3]To market table grapes is much more difficult than wine grapes, of course, given that table grapes require both refrigerated storage *and* fairly rapid sale to final customers. It is interesting that COINCA is now exploring the possibility of taking on this more difficult marketing task to complement its wine-making activities. It plans to sell the grapes it does not use in wine-making for direct consumption, which would free its grape-buying from the limitations of its wine-making capacity. This would extend the benefits of this new and better market to more peasant producers. Taken as a second step after wine-making, the more demanding task of marketing table grapes probably has more of a chance of succeeding than if it had been taken on from the start.

[4]Yields increased from 4,974 kg. per hectare in the 1963-65 period to 6,767 kg. in 1970-72. Yield increases were due mainly to intensive use of fertilizer, irrigation, and improved seeds (Wennergren & Whitaker 1975:119).

Quality check of freshly hulled rice, CCAM.

Sealing and weighing sacks of hulled rice, CCAM.



need for many decentralized storage facilities, and requiring considerable marketing skill because of the need to decide when it is best to sell.[5] The stored product, moreover, would still have to compete with the Altiplano potatoes that are marketed in Tarija. The forward integration of potato production, then, was in no way as feasible as that of wine-grape production.

In deciding how grapes came to receive more attention from COINCA than potatoes (or corn), one finds it difficult to separate out the structural aspects of the two crops from the self-interest of the better-off leader-growers. The role of self-interest, moreover, is even more diffused by the fact that only five of the 28 communities with COINCA member groups had soil quality and drainage conditions suitable for grape cultivation. This weakens further the "elite explanation" as the sole reason for COINCA's attention for grapes.

CCAM: cane vs. rice.[6] CCAM provides another example of the interaction of leadership self-interest and structural factors in determining how a coop behaves. CCAM is run by a minority of better-off cane growers (12 percent of the membership), who are distinguished from the poorer members whose main source of income comes from the cultivation of upland rice. In Santa Cruz, cane is competitive with upland rice only where the cane lands are de-stumped, where plowing is mechanized, and where market access is excellent—mainly because cane must be crushed within hours of cutting and because the relatively low value of cane per unit weight requires that transport costs be minimized by reduced distances and good roads.[7] Cane is therefore beyond the reach of those who are remotely located or have little capital. Predictably, then, CCAM's cane growers are distinguished from the other members by (1) the greater accessibility of their lands to roads and processing facilities, (2) the financial capacity to have invested in de-stumping and land-leveling, and (3) the ability to buy tractors or pay for tractor services.

Consistent with these crop traits, the five CCAM coops that are closest to the cantonal capital of Mineros have all of CCAM's cane growers who fill all the leadership positions and who are most represented at CCAM meetings. This contrasts sharply with the seven other groups, which are all in remote locations and grow

[5]COINCA actually did make a small effort to market potatoes and corn but was unsuccessful. It lacked adequate storage capacity and had to rely upon its producer-members to sell their own produce at stalls in the capital city's central market, something they had never done before. ACLO is now planning a potato storage project, to be presented to the IAF for funding, which would involve the COINCAs of Chuquisaca and Potosí, as well as Tarija.

[6]CCAM (Central de Cooperativas Agropecuarias Mineros, Ltda.) is an association of 12 coops with a combined membership of 309 people. CCAM was founded in 1972 by a Maryknoll priest. The association is located in the eastern lowland region of Santa Cruz, a center of Bolivian agricultural growth during the past 20 years.

[7]A study of crop location in Santa Cruz found that distance from the road was a good predictor of the type of crop: cane was closest, then bananas (which deteriorate less quickly than cane after harvesting), and then rice, for which transport costs are only six percent to 12 percent of the price received at the mill (Wennergren & Whitaker 1976:91-92).

rice rather than cane. (Cane growers usually grow some rice.) The rice farmers, whose lands are located far from adequate roads and from cane-milling facilities, cultivate rice on non-stumped lands under a system of slash-and-burn agriculture. These poorer farmers are found, in great part, on "the other side" of a large river, which has only a pontoon bridge that cannot be crossed at all during some weeks of the rainy season. In none of the three other coop environments visited in Bolivia was there such a marked distinction—in cropping systems and geography—between the poorer and the better-off farmers.[8] The influence of CCAM's better-off leaders, then, was clearly reflected in the activities first undertaken by their association.

Most of CCAM's founder-leaders were not growing cane when the coops were formed. Because they had accumulated some capital, however, they were on the verge of making the transition from shifting agriculture to stable, "mechanized" farming. CCAM gave them the means to make the move and sustain it through (1) the purchase, out of donor funds, of a cane quota at a nearby sugar mill,[9] (2) the acquisition of trucks, tractors, and trailers to transport members' cane to the mill, and (3) the establishment of an equipment-rental service for clearing and cultivating.

Unlike the processing of wine grapes, cane-milling was not a "natural" next step for the federation, because the investment in equipment is high and the operation is complex. If CCAM wanted to get into agro-processing and "integrate forward," rice-milling was a more feasible next step, even though rice might not be among the strongest interests of the cane-grower leadership. And rice was grown by better-off and poorer peasants alike—just as were potatoes in Tarija. Thus although the self-interested behavior of the better-off founders determined that CCAM's first activities would benefit only cane-growers, the nature of the various enterprise possibilities—and the socio-economic structure of crop production in the area—determined that the next "obvious" income-earning activity for the coop would benefit the poorer rank-and-file as well as the better-off leadership.

If non-members did not want to "lose" their share they would have to join the coop.

WHAT WILL PEOPLE SAY?

Certain social constraints on the coops also played a role in limiting the pursuit of self-interest by their small leadership groups. Coop leaders were concerned about community reaction to coop behavior, particularly with respect to the setting of prices for inputs, merchandise, and services. They often felt obligated to charge less than the going price for an item—even if that meant selling at a loss—in order to live up to their image as an institution in service of the community. Similarly, coops with trucks felt particularly reluctant to charge the full prevailing rate to passengers (as opposed to what they charged for freight), in order to maintain the image of the coop truck as being "on the side of the people."

There are various other examples of this public sensitivity. When El Ceibo felt it could no longer keep down the rate it charged for its truck services, it felt it had to first hold a series of community meetings to "educate the people" about the necessity of raising the rate.[10] Bella Vista also spoke of having to explain its "truck crisis" to the community so that people would understand the need to raise rates.[11] And the coop leadership breathed a sigh of relief for having a strong external justification for the action—i.e., without the coop's having increased truck income to pay off the loan installments, the truck would be repossessed. El Ceibo's decision to distribute the profits of its cacao-processing plant to the non-members as well as members from whom it bought cacao was taken, in part, so that the non-members "would not say we're making money off them." El Ceibo charged lower hauling rates to farmers taking their produce to market than to those whose cacao it was marketing itself: the latter rate could be higher because it was "hidden" in the margin between Ceibo's buying and selling price, whereas the rate charged to farmers was explicit, and therefore had to be lower so it would be seen as "fair."

[8]This distinction is described more carefully in Hale (1978:13-16) and Maxwell (1980:164-168).

[9]In 1976, CCAM used a donation from Bread for the World to buy a 12,000 ton quota at a local mill for 100 Bolivian pesos a ton. It was impossible for small farmers to purchase these quotas individually even if they had the resources. The mill quotas are the result of a government program that allocates quotas to the various mills, and requires that the producer purchase a share of equity in the mill in order to obtain the right to sell to that mill. The donation received by CCAM for this purpose was large enough to buy a quota that the federation has never filled.

[10]El Ceibo (Central Regional de Cooperativas "El Ceibo," Ltda.) is an association of 18 coops in the Alto Beni with a combined membership of 350 people. It was founded in 1976 by four small village groups that banded together to market cacao, the region's primary cash crop.

[11]Bella Vista (Cooperativa de Ahorro y Crédito "Bella Vista," Ltda.) is a single coop of 200 members that is located in the higher coffee-producing zone adjacent to El Ceibo. It began in 1969 as a savings-and-loan coop and has steadily expanded and diversified its activities.

The most interesting example of concern for community image comes from El Litoral, a member coop of El Ceibo. Litoral was situated on the side of the Alto Beni River that had to be crossed in order to market cacao. Litoral had become the only provider of motorized canoe-transport service crossing the river at low prices, which meant that all the cacao producers on that side of the river sold their cacao to Litoral, as the agent of El Ceibo. Litoral was concerned that the yearly distribution of profits from cacao-buying to its small membership (15 persons) would provoke criticism by non-members. It therefore devised the following scheme, in order to ward off that criticism: it planned to set aside a fund of "non-member profits," to be calculated on the same basis as member profits—i.e., proportional to the seller's share of total cacao bought by the coop. When the time would come for the annual distribution of profits among members, the non-member shares would be announced but put aside in a fund for community projects, such as the building of a school, a church, or a soccer field. If non-members did not want to "lose" their share of the profits to community projects, they would have to join the coop, making the same capital contribution that members had made. If they gave up their profits, of course, the community would benefit. In either case, Litoral would be spreading its good fortune outside the existing membership.

Litoral's idea was an ingenious one. By committing a share of its profits to projects that would benefit the whole community, the coop was spared from criticism that it was behaving like a "greedy capitalist." At the same time, this community-minded offer constituted an incentive for non-members to join so as not to "lose" their profits. No matter what the individual non-member's decision, the coop could not lose: it offered profits to non-members in a form that they could not receive unless they became members—and if this offer was rejected, the coop was still beyond reproach because these unclaimed profits would be selflessly spent on projects of benefit to the whole community.[12] Litoral's offer, finally, removed one of the major risks of joining and contributing to a coop—that one would get nothing in return. It allowed the non-member to take a wait-and-see attitude until the receiving of benefits was a certainty. Though this would not be a successful approach to getting a coop started—since everyone would prefer to wait and see—it certainly might be good for expanding a successful one like Litoral.[13]

El Ceibo felt obligated to lend a truck on occasion for free.

There are other examples of coop sensitivity to pressures to behave with a community conscience, even when responding to these pressures might not be particularly good for the coop. The Bella Vista coop owned a small plot of land that it planned to use in the future for agricultural experimentation. One day, the community was looking for a site to build a new school, took note of the vacant plot, and pressured the coop to donate it to the community. The coop did so grudgingly, feeling it had no other choice. A similar story can be told about El Ceibo, which owned a small truck that it felt obligated to lend to the community school, whenever asked, without charge. Though Ceibo had agreed to do this long ago, in return for the donation of a used truck from a donor, the donor had long since departed, and Ceibo would not necessarily have had to continue respecting this obligation. But it felt that it could not deny the school the use of its truck and still be looked at as a "responsible community institution." A final example of community conscience is El Ceibo's pride in telling how its truck had been the only one allowed to carry produce to La Paz when farmers had shut down the roads to truckers in protest against increases in transport costs and other national policies. Ceibo felt

[12]Note the difference between Litoral's and Ceibo's form of sensitivity to being looked upon by the community as exploitative. Ceibo offered its profit distributions to non-member sellers of cacao without requiring anything in return, and thus removed any incentive for them to become members. Ceibo, of course, had a lot more to worry about than community image: it was trying to secure a supply of unprocessed beans for its processing plant, so it could not afford the risk that non-members would not be attracted to join by a Litoral-type offer. Also, Ceibo needed to pay the equivalent of a price premium for this non-member supply—a premium that might have been canceled out by membership charges.

Note also that Litoral's offer appeals to the "individualism" that many coop supporters rail against—by encouraging the non-member to take his profits, rather than let them revert to a community project. ("If you join, you'll get your money; if you don't and the community gets a school, you lose.") It is this kind of "individualism" that coop promoters like ACLO and other church-affiliated action groups find disappointing.

[13]The petroleum-purchasing coops of the U.S., which were the most successful of the agricultural-purchasing coops there, had the same problem as Litoral and resorted to a similar mechanism to overcome it. Like Litoral, they needed non-members to patronize their services in order to achieve economies of scale. As an incentive, they therefore gave patronage refunds to non-members in the form of credit on a share of stock in the coop. When the credits built up to the value of a share of stock, the non-member became a shareholder with the right to cash refunds (Fite 1965:14). This same tactic was used by the Farmers' Alliance Exchange of Texas (Knapp 1969:64).

that its past behavior as a "responsible" community institution—and the fact that it had not "gouged" its truck passengers—had accounted for its being viewed as on the side of the peasants, even though its truck was crossing their strike lines.

In some situations, then, coops feel constrained from behaving in a self-serving or exploitative way in the communities where they operate. Indeed, among the groups studied, financial management problems resulted just as much from excessive concern about the displeasure of members and the community as from excessively self-serving behavior. This could be seen in the reluctance of coop leadership to be rigorous about credit collection; in the difficulty that consumer stores had in *not* selling on credit, even when it was known that credit led to their ruination; and in the fear of raising prices of coop services and goods to near-market levels, even though not to do so would cause losses and even though buyers were already being provided with substantial non-price benefits.

CONTROLLING THE LEADERSHIP

How do we explain the deference to community opinion by coops that were run by an entrenched and better-off leadership? Part of the answer lies, again, in the nature of the activity. Many of the examples of sensitivity to community perceptions come mainly from "spillover" activities—trucking, marketing, input and consumer merchandise, sales, and agro-processing. In these activities, the coop is dependent on non-members for a large part of its purchases or sales, and the activity and its prices are out in the open. These activities "spill" benefits to non-members and, by their very nature, force a greater community-minded discipline on the coop. This contrasts with activities like credit or collective production projects, which involve only members. The "anti-capitalist" rhetoric of coops and their promoters also contributes to community-minded behavior.

ACLO was very aware of the advantages of organizing in small communities.

Although the rhetoric may not always be accurate, and though it sometimes causes coops to make unsound decisions, it provides the community with a solid description of how a "bad business" behaves. The rhetoric gives the community a specific guide as to how to judge the coop's future actions as an enterprise.

A coop's concern about how it looks in the eyes of the community also has to do with social norms about a leader's responsibilities and the extent to which individual wealth should be shared. Orlove (1982) and others have commented upon the unusual sense of community and degree of work-sharing in the highland communities of Bolivia. Although none of the studied groups was located in the highlands, three (Bella Vista, El Ceibo, and partly CCAM) were made up of migrants from those areas, who had often resettled as communities and continued to maintain their traditions in the new homeland. Coops with entrenched and better-off leaders in these kinds of communities may have been less prone to self-interested or exploitative behavior than they would have been in less homogeneous and close-knit social settings.

The location of member coops at the lowest political-administrative level—the village—also contributed to the influence of community norms on coop behavior. The focus of coop-promotion efforts at organizing in villages rather than towns might be looked at as overly decentralized; it requires a large investment in forming and servicing each coop, which will have only 10 to 20 members. In order to reduce the high cost per organization formed, it would seem to make more sense to create fewer and larger groups at higher administrative levels. But these cross-community organizations would lose the benefit of the close-knit social fabric of the villages, and the influence that these social norms exert in channeling coop behavior in community-minded directions.

ACLO, the facilitator organization that founded COINCA, was very aware of the advantages of organizing in small communities. It explicitly avoided setting up coop headquarters in rural towns because experience had shown that the merchants, traders, and professionals of the town elites usually captured coop leadership.[14] The town location would set the stage for a conflict of interest between the leadership elites and peasant farmers—with the farmers wanting their coop to bring about reductions in the prices of marketing, transport, and merchandise, and the merchants and traders wanting the opposite. In small communities away from the towns, ACLO believed, non-farmer elites would not be around to take things over; the smallness of the area to be organized, with its greater social and economic homogeneity, would be more conducive to community-wide membership and participation.[15]

[14]Healy (1982:16-17). Healy cites the case of another peasant association in southern Bolivia—Agrocentral in Chuquisaca—where member coops and their consumer stores were located in towns and where membership was open to all, resulting in "instant social domination" by town elites (1978:9).

[15]ACLO's concern and experience is not particularly unique to southern Bolivia. In a study of organized community life in rural Saskatchewan in Canada, Lipset (1971:246-7) stresses the importance of the fact that positions in community

> **It was as if ACLO wanted COINCA to be successful without having "capitalist" qualities— a kind of immaculate capitalist conception.**

Though the coops of the studied groups were in fact located in communities away from merchant and professional elites, the leadership was still in the hands of better-off farmers, and membership represented only about 15 percent to 20 percent of village households. ACLO, however, was not completely wrong: though the better-off were just as much in control in the villages as they would have been in the towns, the village leaders nevertheless shared more interests with the rest of the community, since all were farmers. Also, the smaller size of the communities would have been more conducive to the perpetuation of traditions of the better-off taking care of those less well off. The more decentralized location of the village coops, then, made for a greater commonality of interests between the better-off leadership and the rank-and-file, though not necessarily for a more participatory or all-embracing membership.

Understanding the community-minded forces to which certain coops are subject helps us to describe the coop federations better. The federations, that is, were led by various leaders who were all grounded in community settings that exerted considerable social control over them. The control was exerted through custom, in other words, rather than participation.[16] Needless to say, we are describing this system at its ideal, when coop leaders showed community-minded as opposed to self-interested or exploitative behavior. That the system can sometimes work in socially beneficial ways, without much participation,is attested to by some of the positive outcomes we have reported here. The likelihood that the social environment will produce egalitarian results, in sum, can be used as another criterion—more accurate, sometimes, than "participation"—by which donors can decide which coops and which activities to support.

THE CAPITALISTS AND THE CHRISTIANS

So far, our discussion has helped to explain the persistent and perplexing differences between coop rhetoric and reality: the rhetoric of participation vs. the reality of entrenched leadership, the rhetoric of a coop working for the good of the whole community vs. the reality of the excluded bottom 40 percent, the "anti-capitalist" rhetoric of the coop vs. the reality of its success (when successful) as a capitalist enterprise. How could such striking differences between rhetoric and reality have come about? Much of this difference can be traced to a strange blend of two ways of thinking about cooperatives. One rests on the North American experience with cooperatives in the 19th and early 20th centuries, and the other harks back to an early Christian vision of cooperative society. This blend is best explained by starting with a story about ACLO and COINCA.

COINCA disappoints ACLO. ACLO, a Bolivian Catholic social-action group that founded COINCA in Tarija, was keenly disappointed over the way COINCA turned out. A cooperative, ACLO says, should be an expression of the community and not the sum of a particular number of individuals, each out to improve his own lot through cooperative action. In a federation of such coops, each coop delegate is meant to represent the community as a whole, not the group of individuals that comprise the coop nor the faction that elected this particular leader. Coop activities, in turn, should benefit the whole community, not just some individuals. The distribution of coop profits to members is undesirable, in this view, because it appeals to "selfish individualism" rather than concerns for the community.

It is not surprising that ACLO spurned its own creation when COINCA later became involved in a coop federation's typical activities—credit to individuals, input-purchasing, a winery, and collective production projects—almost all of which were hoped to yield profits for distribution to members. Though ACLO grudgingly commended COINCA's performance with the store and the winery, it also deplored the "capitalist" consciousness that brought this success about. "COINCA cares less about the community," ACLO complained, "than it does about the price of grapes!" It was as if ACLO had wanted COINCA to be successful at a business that

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organizations were held by farmers and were closed to members of the urban middle class. He contrasts this to many other rural North American areas, where community institutions serving farmers are controlled by the middle class of the rural towns.

[16]ACLO would describe this community-minded behavior in a different way: it says that the newly enlightened community should act as a unit and not as a series of individuals, and that therefore the coop leader acts for the community (in principle) in the councils of the federation of member coops. This seems to be even further from reality than the participatory view of what happens, since the coop leader is elected by a membership that is only a small percentage of the community and therefore does not represent its interests as a whole. I am saying, in contrast, that though the coop leader has been elected by a minority, which may even have played a passive and clientelistic role in his election, he is sometimes *forced* by social custom and the structure of the activities taken on by the coop to act in a way that is in harmony with community interests.

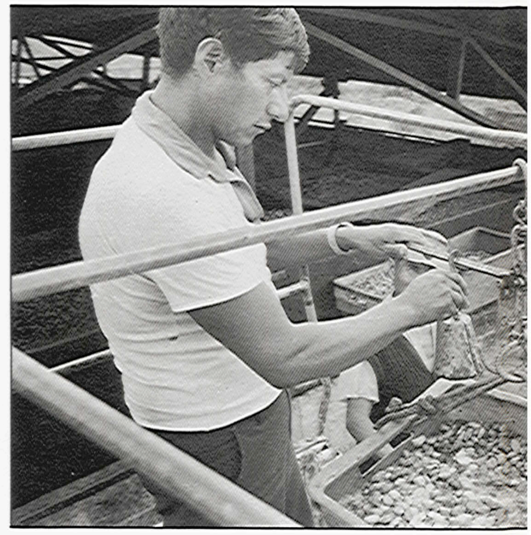
benefited peasants without having the business mentality it takes to make that kind of success—a kind of immaculate capitalist conception.[17]

In fairness to ACLO, it should be pointed out that it conceived of COINCA as a second-best approach to organizing peasants under circumstances that discouraged political organization among peasants. Cooperatives were seen as the only form of peasant organization that would be tolerated, given their "innocent" aim of going into business. Creating a cooperative federation as a substitute for rural unionism, it would seem, was bound to leave ACLO disappointed on political grounds, no matter how successful COINCA's enterprises and no matter how much this success was benefiting peasants.

Though ACLO's disappointment with COINCA can be understood in this specific context, ACLO's position is common to a general way of thinking in Latin America about cooperatives. Partly because of the influence of Catholic and Protestant churches in organizing Latin American coops, the cooperative is viewed as taking the community back to an idealized, precapitalist condition, where people lived in harmony and worked collectively. Collective production efforts are depicted as a return to a "natural" state, which has been corrupted by the advent of capitalism and its glorification of individualism.

Campesinos dropping off coffee in "Bella Vista" warehouse.

Cacao being weighed for sale, El Ceibo.



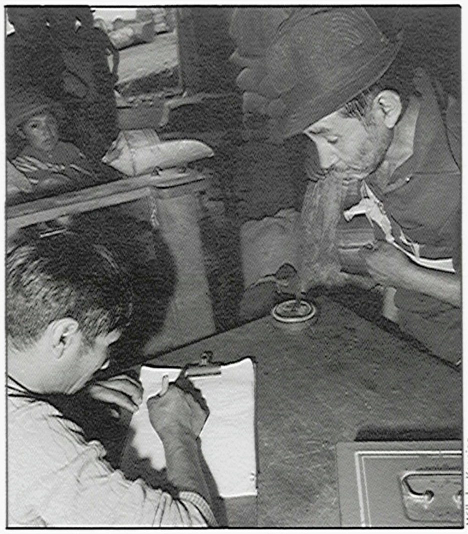
Even the more reformist expression of the Christian view, which admits to conflict between peasants and other interest groups, usually does not concern itself with differences of class interest *within* the community where the cooperative is organized—except, perhaps, for the identification of a few "bad" middlemen, whom the rest of the community will be against. There is no room in this view, that is, for differences of interest between landholding peasants, landless workers, tenant farmers, or women heads of household. A cooperative headed by a peasant landholder, like all those studied, is supposed to be able to orchestrate the harmony of the whole community. ACLO's emphasis on cooperative education, and its disappointment with COINCA's seeming lack of interest in the subject, were consistent with this view of the harmonious community: it was necessary to teach people to see the value of collective endeavor and the drawbacks of individualism if they were to undertake community projects to which they would all have to make sacrifices and from which they would benefit only as a group.

The North American forebears. With U.S. development assistance to Latin America starting in the 1950s, the "Christian" view of cooperatives was put together with a cooperative form based on the North American experience with agricultural and consumer coops in the 19th and early 20th centuries. The organizational form, the concrete goals, and the technical assistance came from the North American experience, while the vision and the rhetoric were fed by the Christian ideal. Therein lies one of the reasons for disappointment with cooperatives that are successful as enterprises. Except for a few cases, the U.S. cooperative movement celebrated individualism, and the possibility of buying into it through collective action. The patronage refund is a good example: according to the Rochdale model, coop stores were *supposed* to charge market prices, even when the margins of private merchants were high, and return the difference to member-buyers in the form of patronage refunds (Cerny 1963:205, and Knapp 1957:343). In this way, one would give people a strong (and individualistic) incentive to join the coop, instead of "losing" the social gains through lower prices available to the whole community, members and non-members alike.[18]

[17]ACLO's critical attitude about COINCA was held more strongly by its leadership than its staff. Tensions of a similar nature have arisen between ACLO and the other peasant federations it has created in southern Bolivia. A perhaps more important reason for these tensions than "selfish" behavior by coop leaders is the gulf that eventually develops between many urban "broker" organizations like ACLO and the peasant groups they create, after the new groups become strong enough to assert some independence. This issue is discussed in Orlove (1982), and Scurrah & Podestá (1982). The latter discussion of broker organizations and their progeny is remarkably reminiscent of relations between COINCA and ACLO.

Wilhelm Kenning

Recording rice and coffee sales, "Bella Vista."



Wilhelm Kenning

CCAM rice silo.

Wilhelm Kenning

North American rural cooperatives did not presume to represent any wider interest group than landholding farmers. Of course, farmers made up a large part of the rural population, but nobody assumed that their interests were in harmony with those of agricultural laborers, tenant farmers, craftsmen, or others. Indeed, the U.S. cooperative movement had no compunctions about declaring the tenant farmer—who represented the bulk of poor U.S. farmers in the 19th and 20th centuries—to be completely outside the pale. "Cooperatives grow [only] where freeholders live," it was said, because tenant farmers always need immediate cash, don't have enough to invest in coop facilities, and always are in danger of having to leave their farms (Miller & Jensen 1957:463).

Even among landholding farmers, the North American progenitors of the Latin American coops represented medium and large farmers, while poor farmers were distinctly not included (Lipset 1971:201-205, 276, and Marshall & Godwin 1971:27). The highly successful cooperative movement of western Canadian wheat farmers in the late 19th and early 20th centuries, for example, did not include the poorer farmers of the region, who were ethnically and religiously different Roman Catholic immigrants from Eastern Europe (Bennett 1973). The established agricultural coops of the southern United States gave little help to coops organized among poorer farmers in the 1960s: the established coops refused membership to black farmers, would not hire black employees, would not sell to the new coops, and would not lend to them through their coop banks (Marshall & Godwin 1971:38).

The North American coops that were organized around marketing and consumer merchandising—the main activities of the Bolivian coops—were in many cases either apolitical or conservative. Though the consumers' coop movement was "anti-monopolist," for example, it was not anti-capitalist; supporters were not interested in working toward changes in the country's economic and social structure (Fite 1965:15, and Bennett & Krueger 1971:351). Though farmers' movements and coops railed against exploitation by outside and usually urban interests—banks, grain brokers, railroads—they were not interested in questions of exploitation within their own communities (Bennett 1973:2.6). In fact, the importance of these outside "exploiters" in mobilizing farmer protest has been said to have prevented the development of a class consciousness *within* rural North America during the 19th and early 20th centuries (Lipset 1971:48-49). Finally, North American farmers belonging to cooperatives were said to espouse "cooperative-collectivist" principles only when they were in trouble, but would vote "individualist-conservative" as soon as they were out of trouble (Bennett 1973:215-6). The North American coop movement, in sum, did "not advocate a basic change in capitalistic institutional structure" but sought simply to extend the

[18]Another important reason for this tenet of the Rochdale model was that price-cutting, it was feared, would provoke paralyzing retaliations by private merchants (Knapp 1969:52, and Cerny 1963:205). The Bolivian coops seemed to take just the opposite approach to this eventuality: they loved the idea of charging lower prices and thereby raising the private merchant's ire. An interesting exception to the Rochdale rule of high prices and high patronage dividends was the U.S. Farmers' Alliance, which believed in selling goods at cost. The gain in reduced prices, the Alliance argued, could "benefit the whole class, and not simply those who had surplus money to invest in capital stock [i.e., the coop members] . . . ." (Knapp 1969:65-6). The Alliance, in other words, seemed to show a greater social consciousness (though perhaps less realism about the competition's power to retaliate) and an interest in providing spillover benefits.

benefits of capitalism to a larger number of persons (Bennett & Krueger 1971:351).

These descriptions of North American cooperativism seem more like the coops we visited in Bolivia than the Christian vision of harmonious, all-embracing community institutions. The North American descriptions are consistent, for example, with El Ceibo's and COINCA's justifications for not formally participating in peasant strikes against the government and the truckers. "We're in business," they said, "not politics. We don't want to bring everything down on our heads."

The North American coops would probably have disappointed the holders of the harmonious, all-embracing vision of communities—as well as people with hopes that coops could be an instrument of class consciousness. Unlike ACLO, the North American cooperativists did not envision a group "that would represent women, landless peasants, and small-farmer interests" (Michaels 1982:1). Unlike ACLO, moreover, the North Americans would not have been disappointed at having created an institution that was "more exclusive, with male members having the only voice or voting power" (*Ibid.*). That the North American coops were individualist and comprised of better-off farmers, of course, does not mean that they did not spill benefits over to non-member groups. But it does mean that the North American model on which the Latin American coop is partially based in no way presumed an inherently collective community spirit.

The North American cooperative, then, makes a strange bedfellow for the Christian vision of a pre-capitalist, collectively oriented community. Clearly, the two models can overlap, to the extent that landholding farmers represent a large proportion of the community, or when spillover benefits are high, or when membership is large. But many people will not have the time or capital to participate in collective production endeavors; the landless, the tenants, and the women will be excluded from coop membership and, sometimes, exploited; even among the landholding farmers, the coops will be joined mainly by the better-off. Though these outcomes are consistent with North American coop history, they are disappointing and surprising to the holders of the Christian vision.

(Coops, if successful, can turn into the very monsters that they are supposed to slay.)

LINKING HOPE TO HARD REALITY

Why should it matter to donors that social action groups are sometimes disappointed about the way Latin American coops turn out? The subject is important only because donors themselves have absorbed the Christian vision of the cooperative, at the same time that they have given it the concrete form of the North American model. It is the donors who are disappointed when the coops they have supported look like their North American predecessors; it is the donors who dread that the coops they fund will turn out, under close scrutiny, to be dominated by elites. For this reason, the fit between the hopeful vision of coops and the historical experience from which they are copied is a difficult one. And it is important to understand that farmer opposition to powerful middlemen and transporters may be a more potent mobilizing force for Latin American coops—as in the North American case—than a perceived harmony of community interests. To the extent that these outside forces are a more significant cause of poverty than internal exploitation, the coop may represent a significant mechanism for raising incomes throughout the community.

The uniting of rural communities in cooperatives against "the outsider" should not be interpreted to mean that the whole community is being benefited, or that strong socio-economic differentiation does not exist within the community. Coops, if successful, can turn into the very monsters that they are supposed to slay. They may preach the rhetoric of participation and community mindedness, while in truth catering to a small and better-off portion of the population they say they represent. As we have seen, these coops may still engage in activities with high spillover benefits. This will depend, as we have seen, on the characteristics of the task and the socio-economic environment, and not necessarily on a concern for social impact.

Donors can influence the breadth of impact of their coop projects by choosing to support activities that tend to spill benefits more widely. Identifying the "good" activities and the coops that do them, as seen above, will not be enough. Though the good qualities may seem to inhere in an activity, they will often be present only at certain stages of a coop's history and only in certain social and economic environments. Donors, therefore, will have to be alert to changes in the benefit distribution of the activities they finance, and be careful not to accept uncritically the dramatic historic symbolism associated with the starting moments of these activities. Donors should also stand ready to encourage the taking on of tasks that, though "good," may not have been appropriate or feasible at earlier stages of coop history.

It is easy to overlook the opportunities for coops to move into activities with greater social impact because critics get vocal, when coops have early successes, about behavior that is "too capitalistic" and "too elitist." In the fray, no one notices that the coop's entrepreneurial successes may have set the stage for new activities with the potential for spilling benefits widely. And coop rhetoric against exploitation has become so internalized by coop leaders that they may be quite interested in undertaking socially beneficial activities in order to protect their images. Donors can have influence, at these moments, simply by expressing a preference for one activity over another.

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