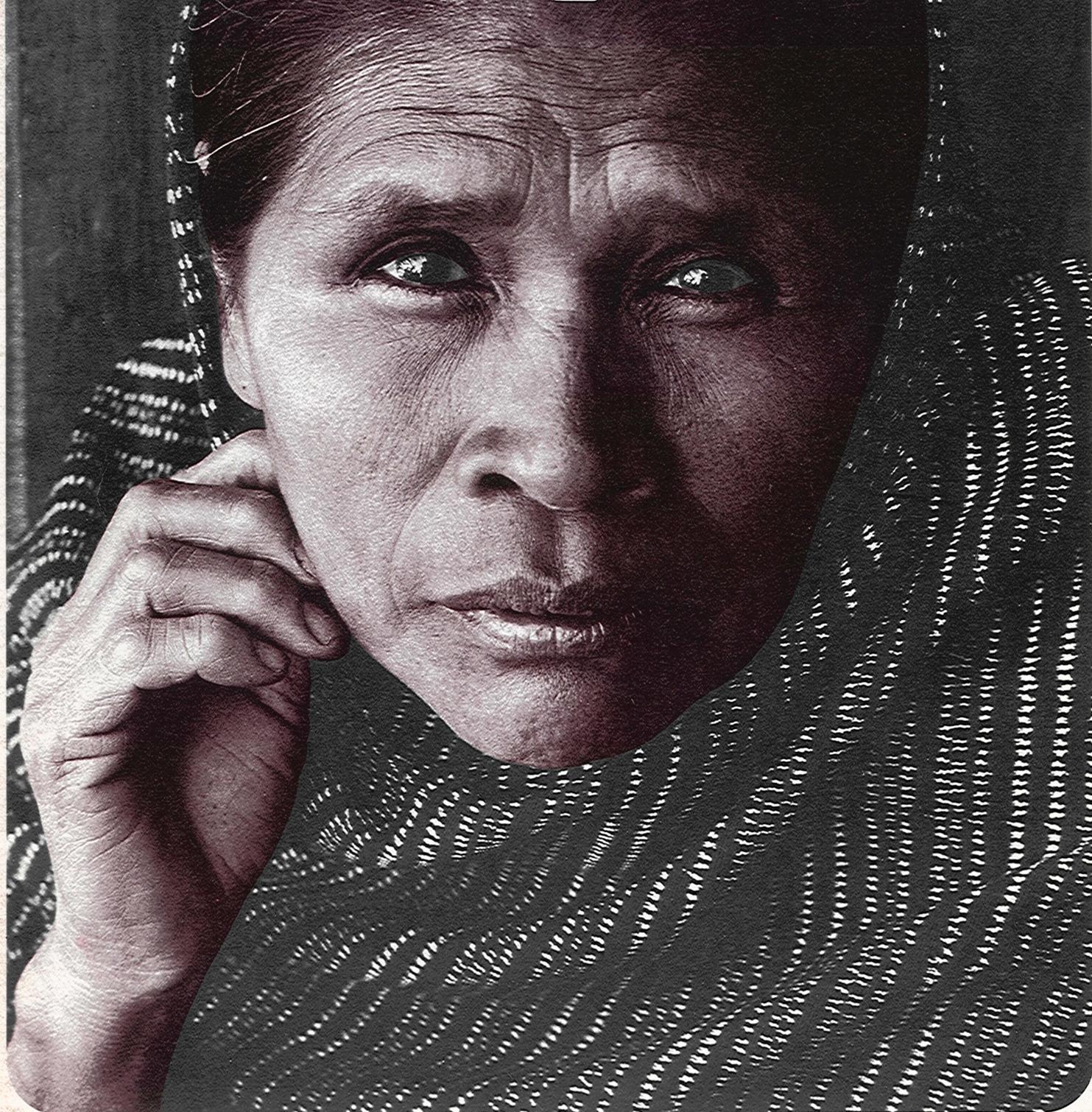


JOURNAL of the INTER-AMERICAN FOUNDATION

# grassroots development

Winter 1982/Spring 1983



Cooperative store manager  
Petatlán, Mexico

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Articles in *Grassroots Development* draw heavily on the experiences of the foundation and the groups that it assists. We also seek to publish articles based on other bottom-up development experiences. Prospective contributors are encouraged to write for "Instructions to Authors."

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To receive the journal, write to:

Grassroots Development  
Inter-American Foundation  
1515 Wilson Boulevard  
Rosslyn, VA 22209

*Editor* Sheldon Annis  
*Production assistant* Elizabeth G. Pagano  
*Spanish edition* Leyda Appel

*Journal design* Robert Borja  
*Cover photo* Mitchell Denburg

# grassroots development

## JOURNAL OF THE INTER-AMERICAN FOUNDATION

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Community fiesta, 1981.

Male weaver operating treadle loom.





Elayne Zorn

# Lake Titicaca's campesino-controlled tourism

KEVIN HEALY and ELAYNE ZORN

The island of Taquile, a remote speck on Lake Titicaca, is a land of stone walkways, thatched huts, mountain vistas, vivid color, and ancient custom. Its life had changed little over centuries until it was recently discovered by a new breed of tourists, rugged young travelers who are looking for the "unspoiled."

But Taquile has become no ordinary tourist paradise. Unlike virtually any other third world community that attracts visitors, the Taquileños have managed to develop their own facilities to exploit tourism. Until now, they have controlled the tourist trade, and they have reaped its economic benefits. Yet success—even the relatively limited success of Taquile—is not without cost and risk. This article looks at how campesino-controlled tourism came to Taquile and where it and the island seem to be heading.

\* \* \*

Taquile is an improbable place for tourism. In the 1930's it was briefly famous as a site for political prisoners, including the deposed president, Sánchez Cerro; but otherwise the island passed centuries in obscurity.

The inhabitants of Taquile are Quechua-speaking Indians. They are subsistence farmers who for countless generations have grown potatoes, barley, and broadbeans in private plots on terraced mountainsides.

Traditionally, the island was divided into six *suyos*, or sections. Each suyo contained a single crop that was rotated through a six-year cycle. Taquile's farms produced small surpluses, and the island's modest stores stocked few goods. Unlike other Andean communities, the islanders owned few animals for insurance against crop failures. The poorest Taquileños eked out a living by fishing from reed boats on the deep waters of the lake. For cash, the men worked seasonally on coastal farms, in the southern copper mines, and at odd jobs in nearby cities.

To reach the port city of Puno, islanders traveled eight to 12 hours in wooden sailboats. Each boat was owned by 10 to 12 families whose members took turns navigating. Although other lakeside communities began changing to motorized boats in the mid-1960's, the Taquileños were too poor to upgrade their sailboats. Timid,

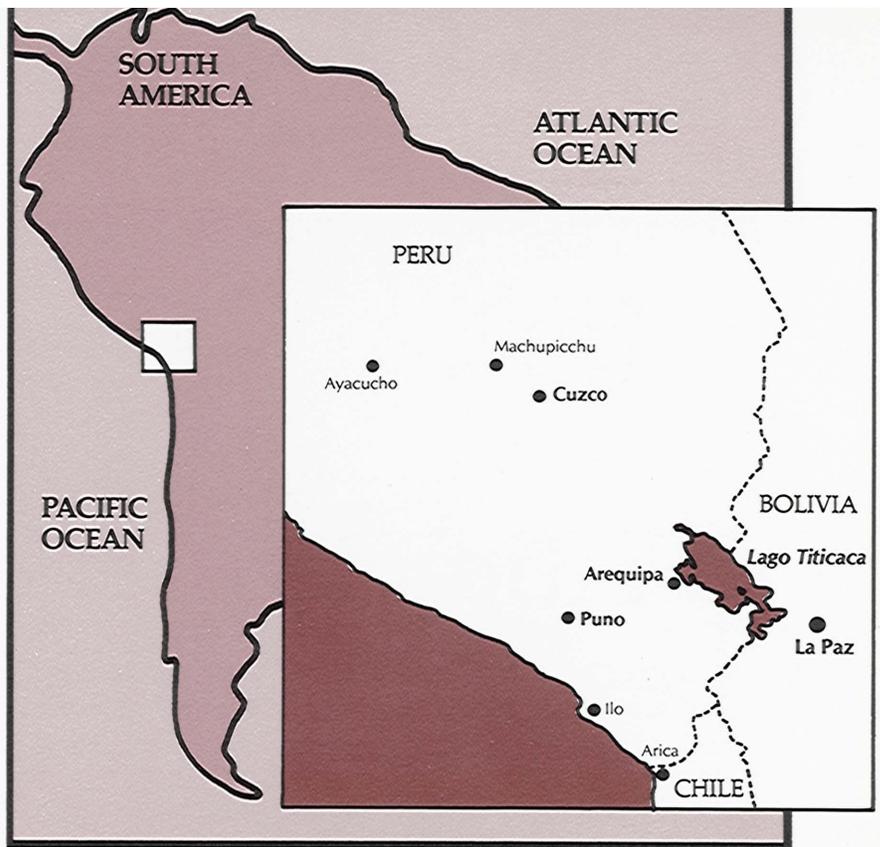
speaking poor Spanish, and wearing baggy Western clothing over their traditional costumes when they came to town, the Taquileños were emblematic of Peru's rural backwaters.

Yet despite its acute poverty, Taquile was not without resources. The Peruvian anthropologist José Matos Mar has documented how the community ingeniously began to mobilize savings during the 1930's to purchase the island over the next two decades from its *hacendados*, or landowners.

Moreover, the superb quality of Taquile handweaving was equalled by only a handful of communities. Everyone—men, women, and children—knew how to weave. The men knitted elegant stocking hats (*ch'ullos*), while the women used horizontal ground looms to weave belts (*chumpis*), bags (*ch'uspas*), shawls (*lliqllas* and *unkhuñas*), ponchos, and scarves. Men and boys also wove cloth for tailoring into shirts, vests, skirts, and pants. Weavers bartered for alpaca and sheep's wool from the herdsmen around Lake Titicaca. Trained since they were children, Taquileños spun ceaselessly—in between other tasks, everywhere on the island.

Taquile was one of the few lakeside communities where both women and men wore—as well as wove—traditional clothing. Their red, white, and black costumes were brilliant against the dry and rocky landscape. Their dress and weaving technique linked the faraway styles of medieval Spain to their Andean heritage.

Although Taquileños occasionally sold textiles to travelers in Puno, they had little experience with organized textile sales. In 1968, with the assistance of the U.S. Peace Corps, the islanders created a cooperative to market weavings based on the structure of tra-



ditional leadership. *Jilakatas* (elders who are the island's traditional and legal authority figures) collected new and used weavings for trial sale in Cuzco, a day's trip by train or bus from Puno. These articles were sold on consignment in a Peace Corps-sponsored store that was set up to sell goods from southern Peru's many artisan cooperatives. When the trial sales produced \$150, a commercial "boom" began. Gradually, islanders began commuting regularly to Cuzco on community-authorized sales trips.

Since the Peace Corps store charged only a modest administrative overhead and the remaining profits went directly to the artisans, the islanders learned the market value of their work. The sales demonstrated that their everyday weavings were attractive to outsiders, especially tourists, and could produce regular cash income.

Unfortunately, three years later the Cuzco retail outlet collapsed. A local manager had embezzled funds, and the Taquile artisans suffered a big loss when many weavings held on consignment vanished as the store closed. Yet not everything was lost. The islanders had discovered Cuzco's rapidly expanding tourist market, and they knew that their weavings were among the best in southern Peru. Taquileños who formerly only delivered products to the cooperative store began to use their market knowledge to sell weavings directly to tourists on the streets of Cuzco. They also found buyers and export distributors in the southern city of Arequipa and in Lima. By the mid-1970's, foreign buyers and Lima exporters were selling the red *chumpis* and *ch'uspas* of Taquile to sophisticated crafts consumers in Western Europe and the United States.

### The advent of tourism

In 1976 the widely read *South American Handbook* described an out-of-the-way, unspoiled island on Lake Titicaca. It was a short blurb; but for the campesinos of Taquile—largely invisible even to residents of the nearby port of Puno—life would never be the same again.

Despite its beauty, Taquile was outside the tourist circuit and was overshadowed by the area's main attraction: floating reed islands that were populated by a dwindling Indian population and located within a 20-minute boatride of Puno. The only way to reach Taquile was aboard one of the collectively-owned wooden sailboats. Only the most adventurous travelers were willing to get off the afternoon train from Cuzco and then spend an entire night sailing a cold, windswept, and often rainy lake. However, after the handbook was published, foreign tourists—alone and in groups—began arriving on the dock at Puno, trying to book passage to Taquile. Several private Puno boat owners soon added the island to their tourist run on the lake.

By 1977, the Taquileños had pooled their savings and bought second-hand

truck engines to power their sailboats. Travel time between Puno and the island dropped from 12 to three-and-one-half hours, and the tourist traffic increased. In early 1978, new sailboat cooperatives formed, with groups of 30 to 40 families ordering vessels from local boatwrights. Although still rustic, the new boats had cabins, and were safer, more attractive, and larger. They could comfortably carry as many as 20 tourists. A grant from the Inter-American Foundation enabled the Taquileños to purchase spare parts and boat motors for six additional groups. The Peruvian Coast Guard and the Ministry of Tourism licensed the Taquileños to carry travelers and issued regulations and tariffs to regulate fares.

The islanders proved to be competitive with the private boat owners at Puno. Eventually the islanders displaced the Puno boat owners and obtained an officially sanctioned monopoly. By 1982, the number of cooperative transport groups had expanded to 13.

In November 1982, the round-trip fare between Taquile and Puno, which is set by the Peruvian Coast Guard and the Ministry of Tourism, was approximately US\$4.00. Since the costs of spare parts, fuel, maintenance, and the replacement of motors and wooden

boats are high, the boats have operated at a narrow margin between slight profit and slight loss. Yet local control of boat traffic produces benefits other than cash income: it also subsidizes the cost of transport for Taquileños who travel to and from Puno. In 1982, 435 people (with virtually every family represented) shared ownership and management responsibilities for one of the 13 boats. Now every family has access to cheap transportation. Taquile's trade and communications with the mainland are substantially improved. Traditionally, Taquileños slept in their boats at the Puno dock; but recently, they used their earnings to purchase land in Puno to construct an overnight community house for cooking and sleeping.

The increased boat traffic has also provided new personal income and on-the-job learning. The three members of the crew on each Puno round trip now receive regular payment for their work. New boats meant more hulls and fittings to be produced by the island's boat builders. Over the last five years, crew members have acquired valuable skill in engine repair and maintenance—sometimes at the tourists' expense, by solving mechanical breakdowns in the middle of the lake.

### Tourism Taquile style

Taquile is an environment hospitable for only hardy travelers. There are virtually none of the standard tourist services: excursions, shops, medical facilities, or motor vehicles. In fact, there is no electricity, potable water system, or plumbing. There are few beds on the island—nothing even approaching a third-class hotel. Most visitors are backpackers in their twenties and early

thirties. They wear down jackets, alpaca sweaters, and hiking boots. Invariably, they travel on a limited budget. For most, the absence of pre-paid, whirlwind holiday tours is an attraction; but they soon learn that "rustic" on Taquile can mean rugged.

The island is 13,000 feet above sea level, an altitude to which few visitors are accustomed. To reach the island, travelers make a three-and-a-half-hour boat trip. After arriving, they make a 45-minute climb up the side of a mountain along a winding stone stairway. At the pinnacle, a campesino reception committee greets the new arrivals and registers them by age, duration of stay, and nationality. The committee describes the physical layout of the island, its principal attractions—for instance, some archeologically interesting burial towers—and assigns accommodations with a local family in an adobe hut. The owner of the guest hut then brings the tourist to the family's home. Like Taquileños, the tourists sleep on *tortora* mats on earthen floors.

In 1978, 68 families were authorized by local authorities to take in overnight foreign guests. By August of 1982, the number had risen to 207 families—in effect, every family on the island. Tourists come from North and South America, Australia, New Zealand, Japan, Israel, and especially Western Europe. Community records show that 5,300 tourists visited Taquile between January and August of 1982, an average of more than 750 per month. Most visitors stay for two to three days. In August 1982, a record 1,800 people visited the island. Though the growth has been steady, weeks pass during the slack season with few and irregular visitors.

Taquileños manage tourism through an array of committees—for example,

housing, weaving, food, and transportation. Special tasks such as construction or public maintenance are handled by volunteer work groups set up by the committees. Over the past six years, the islanders have established rules and prices that they and the tourists are expected to respect.

During the first tourist season, two privately owned restaurants were opened by Taquileños who had returned from many years in Lima. Seven restaurants currently operate on

Toribio Huatta Cruz, master boat-builder.



Elayne Zorn

the island. Each is owned and managed by groups or families and is located in the "urbanizing" village square. Restaurant fare is slightly more varied than the food in peasant households—omelettes, pancakes, and fish in addition to soup, potatoes, and herbal teas. Traditionally, most islanders have not been active fishermen, but the tourists' demand for fish has stimulated the formation of two fishing cooperatives, consisting of 21 and 50 members. Fish is also purchased from fishermen in nearby lakeside communities.

Potential and actual tourist income has encouraged household improvements, which are inspected and approved by another island commission. The improvements may include extra rooms, tables, benches, tablecloths, kerosene lanterns, wash basins, and such simple bedding gear as reed mats and woolen blankets. Nearby stores furnish toilet paper and beer. These products are novel to Taquile and are generally considered to be the maximum in allowable creature comforts consistent with an "authentic Andean experience." Each approved household directly receives the tourist income from lodging and in most cases, from meals. An overnight stay in November 1982 cost 60 US cents; a fish dinner cost 70 US cents.

### Tourism and textile sales

When Taquile's tourism began in earnest in 1976, textile marketing also changed. Most local crafts had been sold by Taquile's middlemen in Cuzco, Arequipa, and Lima; now, goods could be sold on the island. Taquile's weavers eventually formed a community-run artisan store, where they could sell their diverse and increasingly numer-

ous products. With middlemen eliminated, craftsmen received higher relative incomes.

An elected committee administers the store while the island's men take turns working as unpaid sales clerks. The crafts committee meets each Tuesday to set prices based on the quality of workmanship and the amount of labor. The labor force is the same as the pre-market Taquile of the 1960's. Every man, woman, teenager, and child over eight earns money by producing crafts.

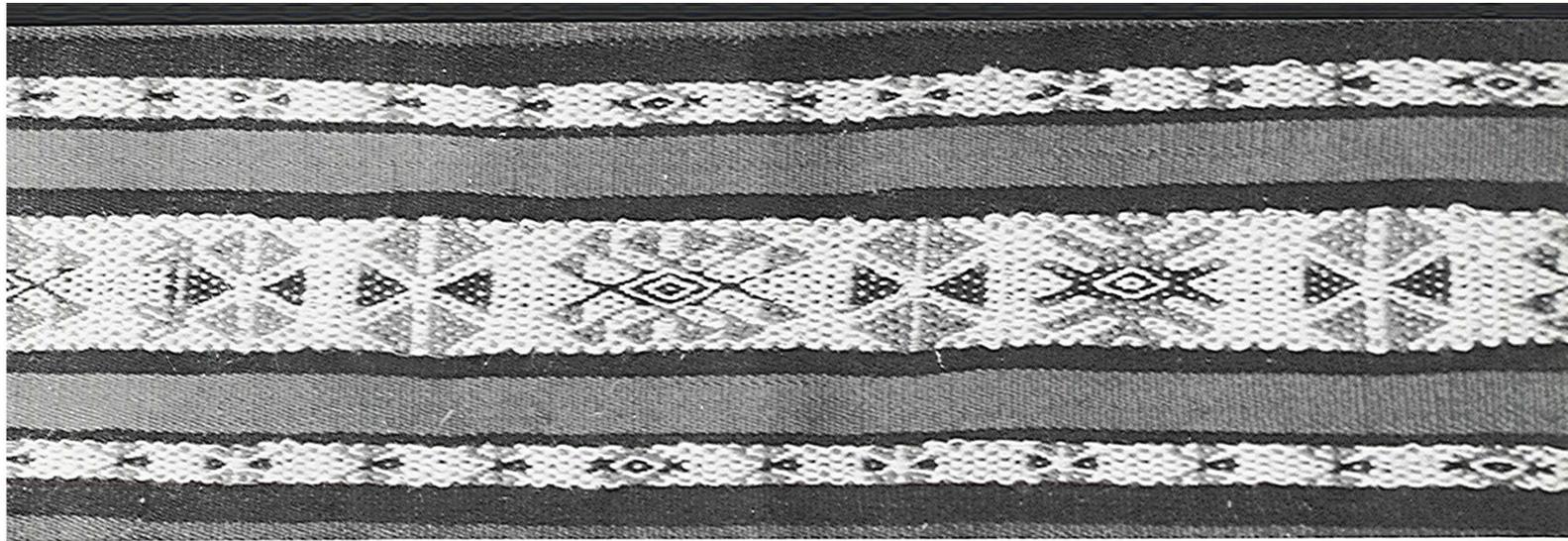
For the past two years, store sales have averaged roughly \$2,500 per month, rising as high as \$5,700 during the peak tourist months of July and August. In addition, the island held a widely publicized crafts fair in August 1982 at which tourists visiting the island for only a few hours bought several thousand dollars worth of weavings.

The community store has helped artisans avoid undercutting each other's prices, and the official island policy is to sell weavings only through the store. In practice, however, this rule is difficult to enforce and is violated frequently. Sales in the privacy of one's home are easy, and the craftsman can avoid the long wait it usually takes for the community store to sell the item on consignment. In addition, middlemen from Taquile continue to market textiles in Lima, Cuzco, Puno, and Arequipa during the slack tourist season. Thus, the actual total value of Taquile sales is difficult to calculate.

Taquile family knitting and weaving.



Elayne Zorn



## Changes in textile production

Thirteen years of experience with markets and tourists have affected *what* is produced in Taquile. Responding to demand, the Taquileños have created new products which have evolved from their traditional clothing styles. Presently, the community store stocks numerous shirts, vests, and pants of homespun cloth in natural colors and in a variety of weaves. "Peasant" shirts are particularly popular among the island's youthful tourist visitors. Male weavers have adapted the techniques and designs used in stocking caps to produce a new vest (*chaleco músico*). The vest, with its rows of bright, multi-colored, fanciful patterns, was highly successful, but when Taquileños tried to use the same knitted fabric for ties and sweaters, the new products sold poorly and were discontinued. Women continue to weave extraordinarily fine bags and belts of varying widths, colors, and motifs. One tourist-related innovation in bags and belts is more extensive use of natural colors.

Despite rates of return that are normally much less than a dollar a day, weaving output in Taquile and nearby communities has mushroomed in recent years. One reason is that weaving, despite its low rate of return, can be done during spare hours when there are no other cash-making alternatives. Many Taquileños stay up all night to weave by kerosene lamps.

Apart from raising prices, weavers can improve their incomes only by increasing output or lowering the cost of materials. One way to raise income is by switching to commercially spun yarn. Although this yarn is more ex-

pensive, the cost is offset since time once devoted to spinning now can be used for weaving. Several years ago, Taquileños also began to farm out some tasks. Their shirts, for example, are now partially manufactured by campesinos in the Aymara towns near Chiquito, just south of Puno on the lakeshore. Similarly, more than half of the knitted hats sold in 1981 in the co-operative store come from Amantani, a nearby island, and some natural-colored bags come from the peninsula of Capachica. Some weavings that are produced by outside craftsmen are of lesser quality, leaving many visitors with the impression that local weaving standards may have deteriorated.

Although the quality of some textiles woven in Taquile has undeniably declined since marketing began in earnest, the drop is less than might be expected from the experiences of other communities. True, the widespread use of commercially spun and dyed yarn lowers the quality of materials. Similarly, men now knit *ch'ullus* (stocking hats) with less detail than in the past; their designs are larger, with more empty space. But the knitters rely far less on repetitive motifs than they once did, and they incorporate a wider range of themes drawn from local culture and daily life. Moreover, the stocking hats retain their soft texture, their rich color combinations, and their beauty. The women have adopted similar measures to reduce production time for belts and bags, but they still weave superbly despite inferior yarn quality.

The steady flow of tourist traffic encourages Taquileños to advertise their weavings by wearing them. While tourism encourages cutting corners, it also reinforces local pride in dress, workmanship, and native traditions. Taquileños still save their finest weav-

ings for their own wear and use in festivals. All in all, the quality of both tourist *and* traditional weavings is probably still among the highest in Peru.

With the assistance of an outside weaver/anthropologist, Taquileños recently organized a community museum to preserve and display their older, better textiles. In order to help keep weavings in the community, the Inter-American Foundation contributed to a fund to purchase fine, old pieces owned by Taquile families. The rustic museum has become a popular tourist attraction. Perhaps more importantly, it helps protect the common cultural legacy. Nevertheless, many tourists privately offer high prices for old textiles, and invaluable pieces continue to disappear.

In addition to operating their own museum, Taquileños have organized exhibits in the departmental capital of Puno and are recognized as one of the region's foremost and best-organized craft communities. Puno officials now request help from Taquile in organizing public craft shows.

Taquile's tourism has affected the neighboring Peruvian island of Amantani. During the 1960's there was very little visible textile activity among the 5,000 residents of Amantani. Taquile's community-controlled tourism and the prospect of cash sales have spurred a renewal of Amantani's weaving tradition. Hats are being knitted; belts, bags, and scarves are being woven. Older traditional crafts such as stonework, basketry, and fur-work with alpaca hides are also produced for sale to tourists. Several years ago, when weaving revived, the Amantani craftsmen marketed their goods through Taquile on unfavorable terms. Now Amantani has its own steady stream of

## Leaving Taquile by sailboat.

tourists and its own community store. As the Amantaneños copy Taquile's indigenous tourism example, they suffer similar problems. Tourists are buying and carting off the island's inheritance of old weavings.

### The impact and future of Taquile tourism

Taquile's style of tourism stands in sharp contrast to the experiences of other third world communities where benefits are trickle-down at best and are offset by the outside control, erosion of cultural integrity, and disruption of traditional lifeways. More often than not, tourist communities are in the grip of outsiders—foreign firms, government bureaucracies, private tourist agencies, and artisan middlemen—who may have little concern for the residents' welfare, much less for their participation in decision-making. Taquile's six years of tourism departs from the conventional pattern and shows that a community can set the terms for tourist development and capture the lion's share of the benefits.

From the outset of the community's attempt to manage its own tourism, the Taquileños had certain advantages—a spectacular landscape, an unforced friendliness, colorful and highly visible folk practices, and a thriving crafts tradition. The island's greatest previous handicap—its isolation—became a dual advantage. First, Taquile's remoteness attracted tourists who enjoyed a challenging trip and who savored the island's "unspoiled" authenticity. But perhaps more importantly, Taquile's isolation allowed the islanders to keep outside entrepreneurs at arm's length while the community developed facilities and management skills.

The Taquileños have been fortunate. In several important ways, tourism has reinforced rather than undercut traditional lifestyles. Weaving, for example, has flourished. The islanders are adept at and enjoy making and selling a



Elayne Zorn

product which also symbolizes traditional culture and values. This craft can be practiced between other tasks throughout the day, thereby raising the value of otherwise marginal time. Rigorous childhood training in weaving continues, and the integrity of and local esteem for quality textile production is intact.

Boats in Taquile have always been owned cooperatively rather than individually. Tourism has built upon this tradition and produced diverse benefits. First, control of the motorboat traffic allows the community to regulate the flow of tourists, most importantly by equitable distribution to individual homes. Second, the newer and larger vessels give Taquileños more comfortable, reliable, and frequent access to the mainland. Third, management of boats has taught the islanders much about business administration and the operation and maintenance of machinery. Finally, boat building has evolved into a mini-industry. Local craftsmen now design and build all the large motorboats, and they have trained new and younger boat builders. Many neighboring lake communities now order their boats from Taquile.

On the other hand, women have not reaped a fair share of benefits from the tourist boom nor has their relative status on the island improved. The new

decision-making committees that manage the island's various enterprises exclude women. Most of the popular and more profitable artisan products are made by men, and significant female labor has been displaced as the market shifts from products made by women to those made by men.

Agriculture on Taquile's rugged terrain has always been difficult. With the growth in tourism, agricultural production has been boosted, and more cash is available for agricultural intensification. Taquileño farmers offer produce directly to consumers, earning income that normally goes to middlemen. Moreover, money from tourism provides a safety net against the risks from periodic drought, hailstorms, and frost. This cushion enables the farmer to weather seasons of heavy crop loss, such as the severe drought that has afflicted the *altiplano* during 1982-1983.

Yet the productive capacity of traditional agriculture on an arid and overused landscape may be nearing its limits. Not only are there more tourists, there are also more Taquileños. Since 1968 the population has increased by nearly a half, from 850 to 1,250. Increasing economic opportunity also has encouraged a reverse urban-to-rural emigration. Many Taquileños are returning to their native island from

the city, bringing city-learned skills and consumer tastes. If local food production cannot keep pace with new demands from islanders and tourists, traditional agricultural self-sufficiency may well give way to dependency on imports.

The egalitarian character of Taquileño society emerged, in part, from shared poverty. To buy the island from the *hacendados* in the 1940's and 1950's, the islanders had to pool capital and act collectively. Similarly, 20 years ago no individual commanded the necessary capital and labor to operate a sailboat. So families joined together and formalized rules to protect individual rights within groups.

Tourism has reinforced this communal tradition (through boat cooperatives, for example) and at the same time, has undermined it. With new kinds of economic opportunity, social stratification—previously based on land ownership—has increased. Restaurant and store owners, textile middlemen, and some individual boat owners have developed specialized services. As they prosper, their needs and opportunities tend to diverge from the rest of the community. So far, however, the rules of social behavior have acted to regulate competition and Taquile continues to distribute economic benefits with remarkable equity. Everyone—young and old, male and female, the poorest and the better off—have benefited some from tourism. Without question, there is a widening gap between ideal and actual behavior, but despite the gap, Taquileños continue to attach great importance to their concept of the common good.

Today's Taquileños walk a narrow path between holding to tradition and accepting change. Tourism is a powerful force that pushes in both direc-

tions. So far, there is a kind of balance; yet the flow of tourists has been relatively modest. That the community has managed to accommodate a moderate number of tourists for several years is no guarantee that its adaptability is unlimited.

No one knows what the limits are. Foreigners are now practically a part of the landscape. In the evening they gather to play musical instruments and to drink in the restaurants, a scene reminiscent of a European pub or coffeehouse. Tourists with clicking cameras congregate at all the major rituals and religious festivals. Community life continues, seemingly stronger than ever—but at what point do the rituals and fiestas become simply spectacles for tourists? When does the community become merely a stage?

The intimacy of contact affects the perceptions of both tourists and Taquileños. For the young foreigner, the Taquileño is not simply a colorful object seen from a passing bus. There is intense and sustained social interaction. The tourist gains an unvarnished look at the poverty and mechanics of Peruvian village life and sees a different set of values and traditions. In turn, he provides an educational experience for the island-bound campesino. Despite language and social barriers, fast friendships do occur. Taquileños have gained knowledge about peoples and customs in otherwise unknowable lands. Frequently they receive books, photographs, and letters from their new friends in faraway places. The long-term effects on the hosts of this "nonformal education" are yet to be felt and seen.

Life goes on as it has . . . yet differently. Fifteen years ago, locked doors were unknown, and strong controls were exercised over social drinking.

The past six years have witnessed incidents of tourist-related theft and drunkenness, as well as trampled crops, nude bathing, and drug use. There is a growing garbage disposal problem related to more people, more consumption, and more waste. There is increasing acquisition of consumer goods—wristwatches, record players, radios, cassette players, and binoculars. At the same time, the problems in health and nutrition remain as critical as ever. Maternal death in childbirth is high and so is infant mortality. Children continue to suffer from undernourishment, gastroenteritis, and diarrhea.

Services that are created for the tourists do not always carry over to the community. The town's seven restaurants recently collaborated with local officials to install the island's first potable water system, but so far service has not extended beyond the restaurants. Similarly, there are no latrines beyond those in the restaurants and in a few homes. When asked recently about the island's lack of electricity, one leader responded, "An electric generator would make too much noise and therefore spoil the tranquility the tourist seeks."

The people are poor and the temptations are great. "How to please the tourist" has become a major preoccupation. After a few hours with a Taquile family, foreign tourists regularly receive requests of *compadrazgo* (godparenthood) in an opportunistic attempt to hitch up a family to affluent "gringos." Old pottery and rare weavings are sold occasionally in private deals, despite the presence of the museum and explicit rules to the contrary.

Looking to the future, the community must confront two challenges. First, can the community continue to

adjust to and benefit from tourism without being swallowed up by it? Can a strong culture continue to build on its strengths, and will that future community continue to be proud of itself?

The second challenge may be even greater. As tourism becomes a regional and international phenomenon, it is capturing the attention of more outsiders. Tourism, whether for better or worse, is now controlled by the community, but as the stakes rise, that control cannot be taken for granted indefinitely. Predictably, there will be overtures from government ministries and private and public tourist agencies who will try to gain a foothold in the growing tourist economy.

Such writing is already appearing on the wall. Mounting pressure threatens to undermine community control over boat transport. Taquile suffered its first accident in six years in 1982, which cost the life of a Spanish tourist and three

islanders. Official agencies recently stated that all boats carrying tourists must be yacht-size and equipped with the more expensive diesel motors. The issue is one of both safety and travel time; yet this regulation could effectively return control of boat traffic to the private, Puno-based companies. Higher tariffs to insure profitability for larger boats already have been authorized, and Puno agencies are starting to book tourists to Taquile and charging three to four times the islanders' fare. Not only does this represent loss of transport business, but the larger and faster boats permit visitors to make day trips. Day tourists, in turn, buy textiles but do not generate the room and board income that makes up a major portion of the islanders' earnings.

Tourism development plans are greatly influenced by private groups—in this case, by the Puno-based tour-

ism agencies. Yet the government realizes that not only Taquile—but Taquileños—are a force to contend with in regional tourism. Only 15 years ago the islanders were considered too backward to participate in development programs. Now they are viewed differently. They have scored impressive successes and gained valuable skills in administration, communal organization, and lobbying. Tourism has provided an education in how to deal with the outside world.

Presently the Taquileños are seeking to reassert their control of transportation. In accordance with the recent regional development plan, they propose to construct a large yacht, which would be used in coordination with the smaller motorboats to handle the tourist traffic. With the islanders of nearby Amantani, they are actively soliciting the government to establish a restricted tourism zone in which island enterprises would be protected from encroachment by private, outside entities.

In the meantime, the tourists arrive and leave—more each year. The Taquileños have shown that tourism, at least on a small scale, need not be managed by outsiders and culturally destructive. Though the islanders' future is far from certain, they continue to build a community industry based on popular participation and equitable distribution of benefits.

*KEVIN HEALY has been traveling to Taquile for nearly 15 years—first, as a Peace Corps volunteer and later as an IAF representative. He has been the foundation representative to Bolivia since 1978. ELAYNE ZORN received an IAF master's fellowship in 1979 to study textiles and social change on Taquile. She helped to establish the Taquile textile museum. The authors would like to thank Guido Chávez for his contribution to the article.*

Community meeting in main plaza.



Elayne Zorn



# The Bogotá mass transit debate

RAYMOND OFFENHEISER

The development of mass transit in Latin American cities has lagged far behind the explosive urban growth of the past two decades. Once-spacious colonial streets and boulevards are unable to handle the growing volume of vehicular and pedestrian traffic. For tens of millions of city dwellers, a ceaseless din, congestion, and acrid clouds of exhaust have become the everyday reality of urban life.

With hazardous and overcrowded streets, even those who can afford cars are inconvenienced. Yet workers, students, newly-arrived migrants, middle and low-income shoppers—those without cars—suffer far more seriously from the chaos in public transportation. In the poor, often densely populated barrios beyond the city center, service is usually at its worst. Buses

are overcrowded; and few, if any, run during non-peak hours. Official routes frequently do not exist, leaving transportation to *compañías piratas* (literally, "pirate companies") that charge exorbitant fares. Reaching distant areas of the city usually means long waits, circuitous routes, and numerous transfers.

It has become axiomatic to say that there is a "crisis" in public transportation in Latin American cities. But what to do about it?

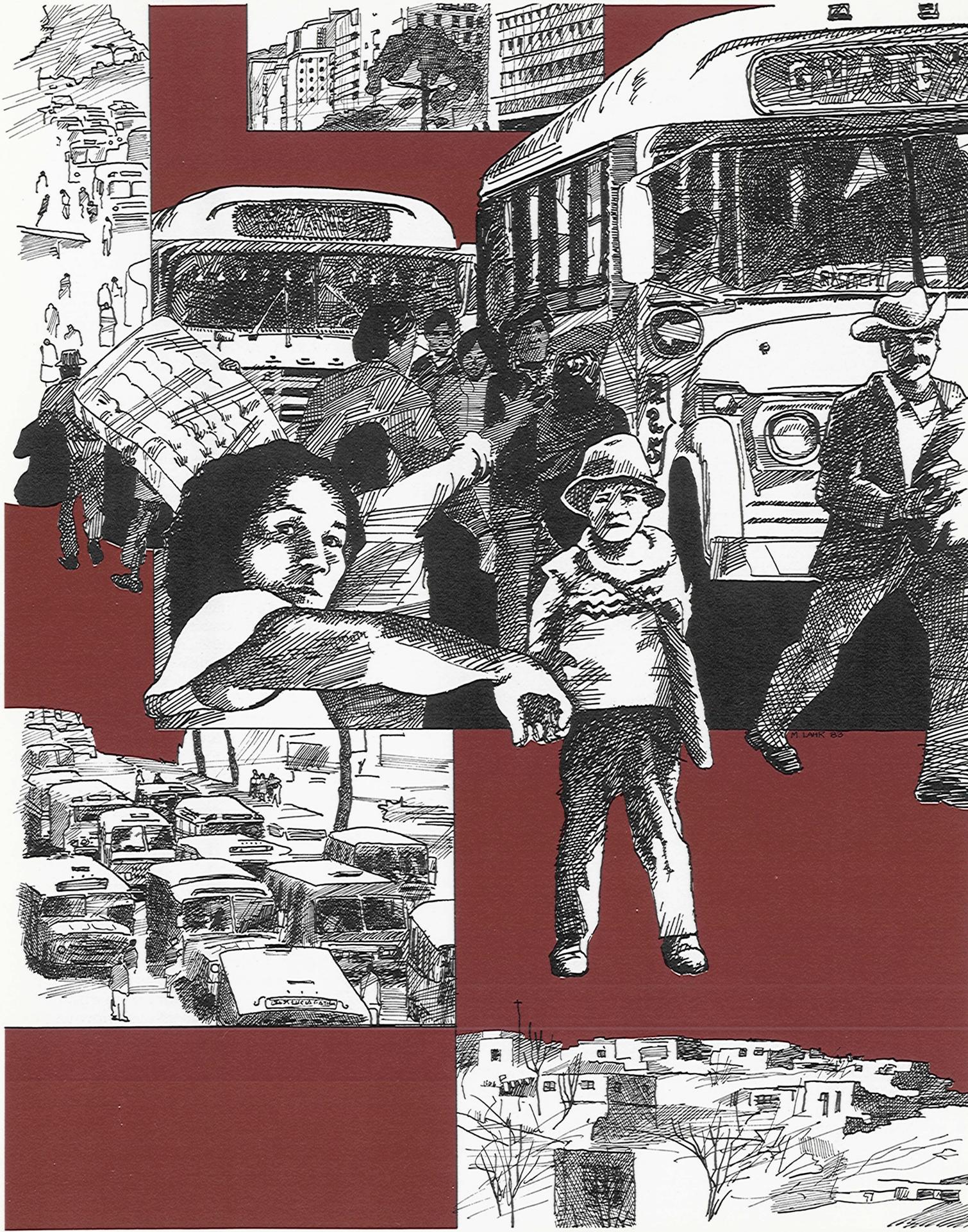
The construction of subway systems offers one kind of answer. Subways (or "metros") have been built in São Paulo, Santiago, Buenos Aires, Caracas, Mexico City, and Río de Janeiro. Other systems are being discussed or planned in Lima, Bogotá, and Medellín.

Many officials and city planners have been captivated by images of high-speed underground trains—quiet, efficient, and pollution-free—whisking people in and out of the city. Yet the costs are enormous and sometimes hidden—hundreds of millions, even billions of dollars\*—and construction can severely disrupt street traffic for many years.

The urban poor lack transportation alternatives and therefore have the greatest stake in the operation and location of mass transit systems. However, public debate is usually minimal, and decision-making is centralized in inaccessible government offices. In reality, the transportation consumer has little access to information and virtually no voice in decision-making.

This was the case in Bogotá, Colombia. Faced with transportation chaos

\*In Caracas, Venezuela, a 20-kilometer metro (22 stations, 19 of them underground) is scheduled for completion in 1983. It is expected to cost \$2 billion—eight times more than the originally estimated \$250 million.



and mounting pressure to act, the mayor's office developed an ambitious plan to build a metro. The metro decision was enormously significant to the residents of Bogotá. Independent researchers estimated that over a billion dollars of public money might have to be invested, and the system would dictate where the city would grow and how mobile its citizens would be for years to come.

Working in the civic interest and buttressed by feasibility studies, the mayor's office expected no serious public opposition. Indeed, the possibility of lucrative contracts encouraged construction interests to lobby for the system and to compete among themselves to sell it to the public. Nonetheless, two independent research organizations played devil's advocates. Both groups used research and vigorous dissemination of findings to challenge the mayor's metro plan and to propose alternatives. Using the power of the media, the organizations opened up debate, informed the public, and raised the accountability of municipal officials.

It is too early to tell whether Bogotá will build a metro, and if so, "whose" metro plan it will be. Probably neither the mayor's nor the researchers' plans. Whatever finally happens, here is how the debate has unfolded.

### The municipal metro plan

The idea of a subway for Bogotá has been discussed for nearly 20 years. A preliminary study was first conducted in 1962, a subsequent study was completed in 1970, and even more ambitious studies were done in 1973 and 1975. They all presented plans for a subway system, and each concluded by

recommending a technical feasibility study.

The 1975 study, which proposed building mass transit lines along existing railway beds, attracted wide press coverage and provoked considerable policy debate. Building a metro became a national issue, involving the president, leaders of major parties, and successive ministers of transport. In January 1980 the mayor's office announced a \$2 million contract to a consortium of French, Spanish, and Colombian firms to prepare a comprehensive plan for a metro system.

The mayor's advocacy of a metro system spurred public discussion about mass transport from 1979 through the fall of 1982. In the mayor's view, the metro offered indisputable improvement over the antiquated bus system. The metro would move 95,000 commuters per hour per mile, versus the 15,000 person capacity of the bus system. The subway would pollute less and would require less imported fossil fuel. It would create jobs. It would reduce congestion on the streets of central Bogotá, and it would provide a framework for planned urban renewal.

The comprehensive feasibility study by the consortium was not made available to the public until October 1982—fully a year after it was presented to the mayor. So although public interest was high, there was little factual basis upon which to engage officials in substantive debate. In the meantime, critics began to charge that the mayor's study had been undertaken to show *how* a metro might be built, without examining the alternatives or asking the larger question: *should* it be built? As pressure grew, both supporters and critics began to marshal available data to defend or defy the metro concept.

### FEDESARROLLO/SER

The Fundación para la Educación Superior y Desarrollo (FEDESARROLLO) and the Instituto SER de Investigación (SER) are public policy research organizations based in Bogotá. Their staffs and boards of directors include some of Colombia's leading public policy analysts, many of whom have held high office in government, universities, and the private sector. FEDESARROLLO has conducted numerous studies for the World Bank and other international institutions; its journal, *Coyuntura Económica*, is one of Colombia's most highly respected publications of economic and social analysis. SER also has conducted numerous studies on public policy questions and has been a pioneer in introducing sophisticated data processing to the country.

Initially FEDESARROLLO considered participating as consultants in the mayor's feasibility study. But as controversy grew, the organization chose instead to collaborate with SER to examine independently the social and economic costs of the proposed system. Based on their review of existing material, the researchers were leery of rushed investments in a fixed-route metro system. A number of hard questions remained unanswered. Who would ride the proposed metro? Which groups would benefit from different configurations of routes? How would the investment and operating costs of a metro compare to various metro/bus alternatives? What were the long-term implications for the federal treasury?

Initial analysis was disquieting. Adjusting data from other countries to Colombian circumstances, the researchers estimated that the metro could cost almost a billion dollars—the

largest public investment in Colombian history. The system would absorb one of every 15 dollars of public investment during its five-year construction. The researchers projected annual operational deficits as high as \$100 million. Despite these costs, the metro would serve only 5 to 10 percent of Bogotá's population—or six-tenths of 1 percent of all Colombians. While the economic impact would depend in large measure on financing, the investment was enormous for a project which would bring the country no direct economic return and which would benefit relatively few people.

In particular, the project seemed to offer little to the city's poor, the principal users of public transport. A subway line that would span the vast physical distance between the rich barrios to the north and the highly dispersed, poor, working class barrios to the south seemed implausible. Given the huge investment necessary to build and operate the subway, publicly subsidized bus fares would probably be jeopardized. In effect, the poor might have to continue riding overcrowded and uncomfortable buses, but at a higher cost, thereby subsidizing more convenient transportation for the middle and upper classes.

The metro project continued advancing despite the lack of public information. In order to inform public discussion, FEDESARROLLO/SER sought funding to pursue their investigations. In 1980, the Inter-American Foundation granted \$61,000 to help support their research. The study had three objectives: it would compare the social costs and benefits of a metro system with those of a bus system; it would propose a structure of subsidies, tariffs, and routes to maximize the benefits of

the bus system for low-income families, and it would vigorously publicize the research results.

The study began by reanalyzing data from a massive World Bank transportation study in which FEDESARROLLO had participated. For fresh data, researchers took to the streets. A bus was purchased and a driver hired to transport commuters and researchers on bus routes all over the city. This practical experience provided first-hand information on traffic patterns, ridership levels on the various routes, commuter attitudes, and the costs and problems of operating a bus.

In 1981, FEDESARROLLO/SER issued its first report which analyzed five alternative route plans for the proposed metro system. Since underground and elevated lines were the most costly construction choices, the alternative plan proposed various mixes of surface, elevated, and underground lines. If existing rail corridors were utilized, the underground portion of the metro could be limited to 2.1 kilometers running beneath the center of the city.

Based on construction data from North American and European metro systems, estimated costs of the alternative plans ranged from \$968 million to \$1.4 billion—or, a per kilometer cost of \$29 to \$37 million. When the five routes were tested against projected rider demand for the next 20 years, the two least expensive models would cost about 50 to 65 cents for each trip a rider takes.

The mayor's study painted a different picture. The consortium's study was finally released in October 1982, and it proposed a 23.6 kilometer system, with estimated construction costs of \$797.9 million—or only 18 cents per

passenger. The consortium projected that daily ridership would be 59,000 per kilometer when the system opened in 1986.

FEDESARROLLO/SER publicly disputed these findings. Using revised per kilometer cost estimates, the researchers estimated that the cost of the consortium plan would nearly double. Per kilometer ridership in London is only 5,800; in New York, it is 11,000; in Mexico City, it is 30,000; and in Tokyo, it is 32,000. The mayor's report relied upon the Bogotá metro immediately carrying at least twice the number of passengers per kilometer as the systems of the world's largest cities.

Using its own formula for cost estimation, FEDESARROLLO/SER concluded that the mayor's proposed route would cost almost 84 cents per passenger after ridership projections were adjusted downward—six times the amount quoted in the consortium's published report. In addition, the researchers challenged the estimates of operating costs, parts, and materials in the mayor's report and criticized the study for what it did *not* examine. Who would benefit economically from the system, and who would suffer? How should fares be structured? What would happen to taxes on properties in the vicinity of the metro lines? Were there other, more effective ways to finance construction? More generally, what other social and economic opportunities were preempted by so massive a public investment?

Although FEDESARROLLO/SER was not necessarily opposed to all metros, the group's research challenged the accuracy and implications of the system proposed by the consortium study. FE-

DESARROLLO tried to ask questions and spawn a debate which would improve the technical quality of planning and insure greater accountability to the public—and it did. It organized seminars, issued reports and press releases, gave numerous interviews, and provided journalists with feature material for a string of articles on mass transportation.

### A closer look at buses

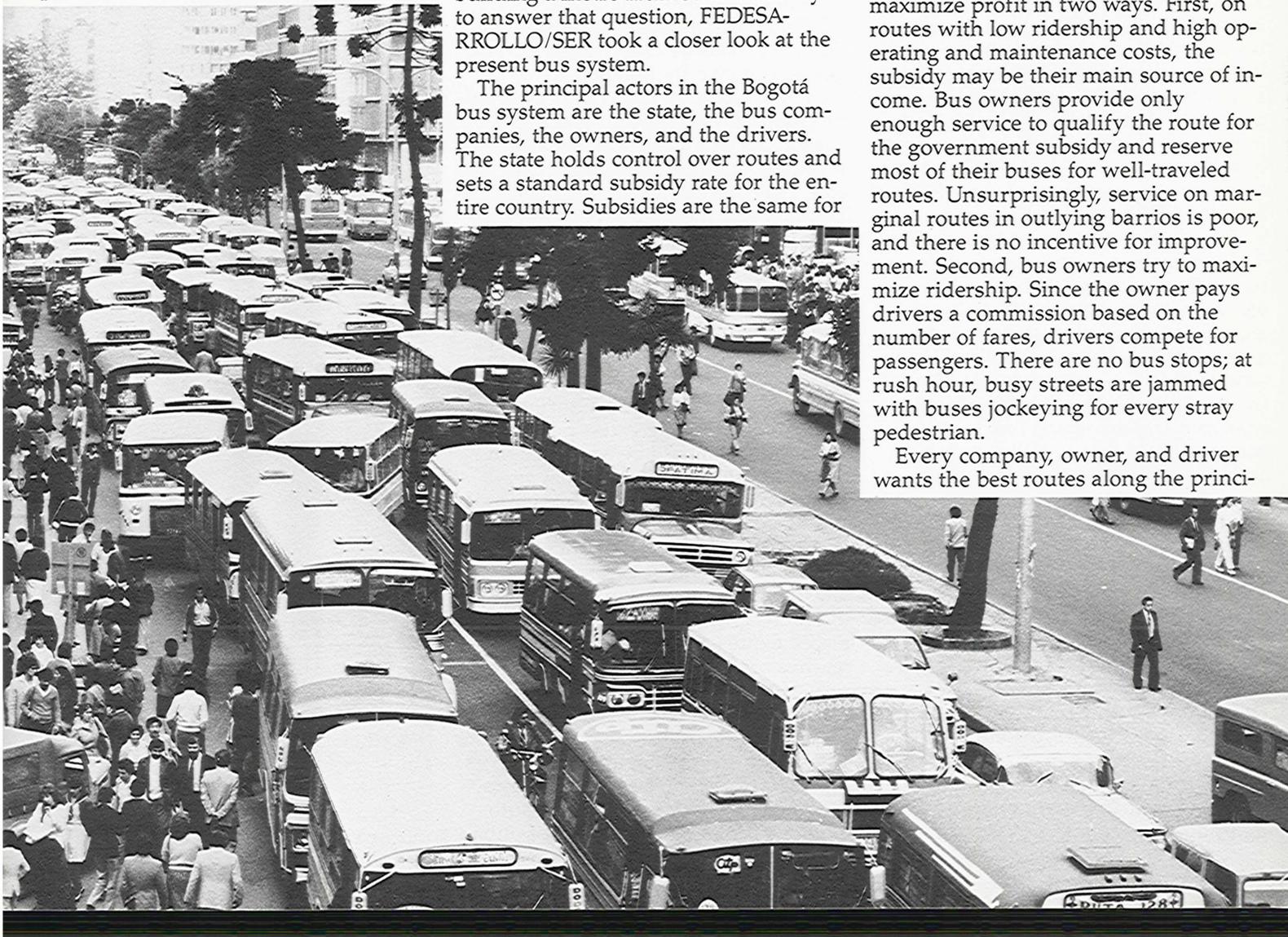
To most observers, buses were a blight, a major ingredient of the transportation chaos. But a metro would require a staggering investment of public money. Would it be cheaper, more effective, and more equitable to invest in improving the bus system rather than building a metro from scratch? To try to answer that question, FEDESARROLLO/SER took a closer look at the present bus system.

The principal actors in the Bogotá bus system are the state, the bus companies, the owners, and the drivers. The state holds control over routes and sets a standard subsidy rate for the entire country. Subsidies are the same for

all routes, regardless of operating costs. The bus companies receive and distribute the subsidies to the affiliated bus owners, minus a monthly payment for membership and administration.

The bus owner's profit derives from the subsidy plus passenger fares. The interrelationship of these two income sources affects quality of service. Since the subsidies do not vary, the owners maximize profit in two ways. First, on routes with low ridership and high operating and maintenance costs, the subsidy may be their main source of income. Bus owners provide only enough service to qualify the route for the government subsidy and reserve most of their buses for well-traveled routes. Unsurprisingly, service on marginal routes in outlying barrios is poor, and there is no incentive for improvement. Second, bus owners try to maximize ridership. Since the owner pays drivers a commission based on the number of fares, drivers compete for passengers. There are no bus stops; at rush hour, busy streets are jammed with buses jockeying for every stray pedestrian.

Every company, owner, and driver wants the best routes along the princi-



pal downtown boulevards. These lines are allocated by the National Transport Institute, and as a result of considerable pressure from the transport companies, 184 of the 500 routes that pass through the central corridors are almost identical. In contrast, fewer routes are assigned to outlying zones of the city, and it is difficult to move from one peripheral zone to another without passing through downtown Bogotá. Ridership is low; routes may be longer, hillier, and more rugged; so buses burn more fuel and need more frequent repairs. Companies with less profitable routes have difficulty finding drivers and are reluctant to assign buses for more than partial service.

Despite these shortcomings, FEDESARROLLO/SER pointed out that the existing bus system does have the flexibility to respond, however crudely, to Bogotá's transportation needs. New routes can be developed—legally or illegally—to respond to passenger demand. Subways have a long lead time for construction and are confined to fixed rails, but buses can adapt to the changing and dispersed residential patterns which typify the poor barrios at the edge of the cities. Moreover, most of Bogotá's residents can afford to ride buses, at least when they can find them.

Therefore, FEDESARROLLO/SER has tried to design a plan to maximize the bus system's strengths by reforming subsidy incentives and route selection. This plan called for a series of trunk lines exclusively for buses. The routes would be linked into a network that would cover the entire city. Auto traffic would have to be substantially altered—for example, forbidding left turns on main arteries and building bridges at key intersections. Traffic

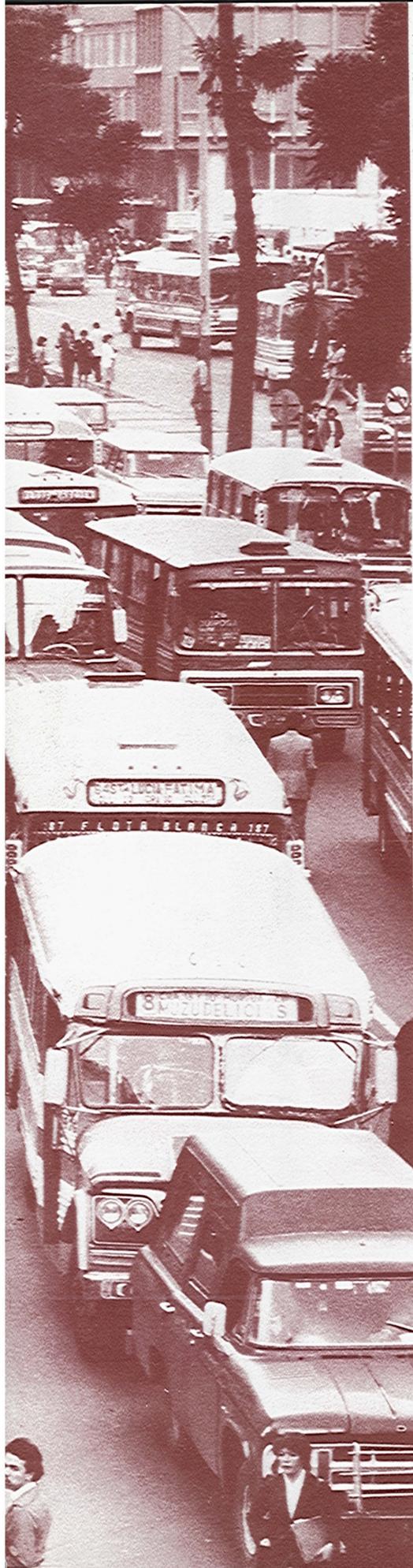
lights would have to be sequenced to give priority to bus traffic. Bus stops would be established at regular intervals. Railroad beds would be used for high-speed bus or trolley routes. To discourage automobiles, parking rates would be raised, cars would be prohibited from highly congested zones, and certain streets would be open only for pedestrians.

To develop new lines, FEDESARROLLO/SER proposed that bus owners and drivers be encouraged to suggest alternative routes. The bus company would be free to calculate appropriate fares. State and municipal authorities would authorize the new service if proposed fares were reasonable and covered the costs of operation. Demand and the first-hand knowledge of the companies would better rationalize the supply of services than the present fixed-rate subsidy for routes with variable costs. If the state continued subsidies, it should use a sliding scale—increasing supports, for example, in mountainous areas or distant barrios with light demand during non-peak hours. To the greatest possible extent, returns should be equalized on different routes, so that bus owners and drivers would not be economically penalized for serving marginal areas.

Under the plan, two distinct types of bus service would be offered: one for low-income groups taking short, relatively cheap trips; the other, a higher-priced express service from the outer reaches of the city. While the primary service would probably still be slow and uncomfortable, it would remain affordable while extending coverage to all of the metropolitan area. Despite its higher cost, the express service represents a partial alternative to the automobile. Recognizing scarcities of public

Downtown Bogotá.





space, revenue, time, and fossil fuel, as well as the needs of the poor, the FEDESARROLLO/SER approach attempts to make the best use of resources for the greatest number of persons.

FEDESARROLLO/SER argues that government should subsidize mass transit redistributively. Those who must spend greater proportions of their income for transport should benefit most. Rather than encourage automobile use, a diversified transportation system should be created that contains multiple, appropriately subsidized transportation options, which reflect the user's ability to pay. Such a system might include buses (old and new, local and express, mini- and king-size), taxis (individual and collective), trolleys, private autos, and perhaps a metro.

Some countries have tried to solve their transportation problems by nationalizing their mass transit systems. After reviewing international data, FEDESARROLLO/SER concluded that private systems consistently outperformed state-run systems, even where both systems co-exist. In state-owned systems, fares have been forced up by rising administrative and operational inefficiencies. There are also fewer incentives to properly maintain buses, so more buses break down more often.

In Bogotá, private companies are responsible for bus operation, administration, and maintenance functions. Operating under government regulation, each bus company has designed a structure to solve its own problems. Buses are maintained to guarantee receipt of government subsidies, to maximize passenger load, to minimize replacement costs, and to retain eligibility for new routes. Replacement costs are low because maintenance quality is usually high. Small compa-

nies can readily adjust a driver's schedule to cover a route when commuter demand is highest. In contrast, state systems typically hire two drivers to work two shifts, resulting in excess service during non-rush hours. Resources are lost that could be used to service more marginal, local routes.

Bogotá's present bus system does not provide adequate service to routes where demand is low, but this problem can be solved by modest increases in government subsidies. The state's present costs from the operation of the Colombian system are relatively small, mainly subsidies for some 9,000 Bogotá buses and the administrative overhead for supervising the system. For all these reasons, FEDESARROLLO/SER argued *against* nationalization of the transport system.

In the end, FEDESARROLLO/SER proposed a comprehensive transportation plan that included selective investment to reform Bogotá's private bus system. In the long run, improved bus service might require less capital investment, be less dependent on foreign financing and imported technology, be more responsive to changing residential and work patterns, and be easier to maintain and manage.

## Aftermath

Over the past two years, FEDESARROLLO/SER has waged a vigorous campaign to inform the public of its findings. They sponsored seminars, participated in round tables, appeared on television, talked on radio, wrote press releases, and published articles.

What, then, finally happened?

In early 1982, on the eve of elections, the mayor's metro proposal was presented to the National Council for So-

cial and Economic Policy. The council was asked to endorse a metro and ratify government financial support. Although the council complimented the mayor's effort, it remained officially noncommittal.

The newly elected government took office in September of 1982. Its policies emphasized fiscal restraint with a reordering of priorities to increase support for social programs in housing and education—even if that meant canceling the politically popular plan to hold the World Cup Soccer matches in Colombia. New policy directions in addition to the public debate that had raged around the metro led many observers to guess that the issue would soon be "dead." The new government, however, did not overturn the metro plans; it decided upon further study.

The study panel appointed by the new government recommended a metro. According to press reports, the panel advised setting up an official agency to supervise construction and operation. Financing would be sought in 1983, and construction would begin in 1984. A 27 kilometer line would be built at a cost of \$900 million, and additional lines would be added, increasing estimated costs to \$2 billion over 12 years.

Recently, the Ministry of Transport announced official plans to go ahead with the metro. Ironically, the key to whether the plan will ultimately be implemented may be neither the mayor's office, public opinion, nor the national government, but rather, the availability of international financing. According to planning documents, 85 percent of the funds will have to come from international lending institutions. Although Colombia is in a stronger borrowing position than most Latin

American countries, the prospects for obtaining an estimated \$2 billion in international financing are uncertain. If financing is to be obtained, the kinds of issues that FEDESARROLLO/SER raised in their critique of the original feasibility study will certainly be reopened: probable cost overruns, projected operating deficits, overestimation of ridership, the needs of the poor, and the relative merits of improving bus service.

Whatever happens to the metro, the bus system needs to be reformed. One of the principal investigators who participated in the FEDESARROLLO/SER study was recently named director of the National Transport Institute, and this appointment may lead to serious consideration of the FEDESARROLLO/SER bus recommendations. In the short run, a more pressing issue is the complex question of subsidies. Recently the government increased fuel prices, which led to higher fares and subsidies but not to higher wages for drivers. Slowdowns are rumored. If the government is to avert new labor tension, it will have to reconsider its regulation of subsidies, and perhaps the broader questions of how to best manage the bus system.

In the end, will Bogotá eventually have a metro or some other system of improved transportation—for example, a short metro trunk line with improved bus service? That is difficult to know, for the final chapter is not yet written. Did FEDESARROLLO and SER's studies make a difference? Possibly, but for the time being all that is certain is that they helped demystify the normal domain of experts and contributed to a more intense and better informed public debate.

## FURTHER INFORMATION

More information on the Bogotá transportation question, including the following studies, can be obtained by writing:

FEDESARROLLO  
Aptdo. Aéreo 20513  
Bogotá, Colombia

Instituto SER de Investigación  
Apartado Aéreo No. 1978  
Bogotá, Colombia

Acevedo, Jorge, *Pautas para una Decisión Sensata sobre Transporte Masivo en Bogotá*. Instituto SER de Investigación, Bogotá, 1979.

Acevedo, Jorge y Jaime Barrera, *El Transporte en Bogotá: Problemas y Soluciones*, Instituto SER de Investigación, Bogotá, 1978.

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RAYMOND OFFENHEISER has been a foundation representative for Colombia since 1980.

# Credit to small farmers in the Dominican Republic: Beyond revolving loan funds

JEFF DORSEY, SHELDON ANNIS, and STEPHEN VETTER

Revolving loan funds are often championed as the core to cooperative development projects. Simple in concept and design, a revolving fund asks people to come together and pool their capital, and like the horn of cornucopia, it promises to return an ever-expanding bounty of money and services to its contributors.

The idea of a revolving loan fund is that capital can be accumulated—through membership contributions, loans, or donations—and borrowed by cooperative members to finance production or consumption. Repayments of principal and interest expand the size of the loan fund, making more capital available for future loans. In principle, a well-managed fund with loans that turn over quickly is a kind of perpetual motion machine: it is self-sustaining, growing with the numbers and financial strength of its members.

Central to the search for credit mechanisms such as revolving loan funds is the inability of small producers to compete with larger farmers for access to commercial credit rates. Apart from the social gap that separates banker and campesino, bankers regard campesinos as high-risk, high-cost borrowers. They lack both borrowing experience and collateral. Since it costs almost as much to administer a \$1,000 loan as it does a \$10,000 loan, bankers who lend to small farmers must worry more about collecting less.

Cooperatives start revolving loan funds to sidestep both private bankers and local moneylenders in the informal credit market. Revolving loan funds seem such a simple and logical way to improve production that most new cooperatives in Latin America and the United States establish them immediately. Yet closer examination of the



Chocolate processing cooperative in southwestern Dominican Republic. Financed by FICOOP loans.

track record of these funds reveals ample cause for caution. Frequently cooperatives fail to develop because their loan funds simply do not “revolve.” Estimates of loan repayment rates often turn out to be pipedreams. Sometimes natural calamities make loan defaults by small farmers unavoidable. When some farmers can but do not repay their loans, others are tempted to default. Narrow self-interest, combined with excessively low interest rates, has bankrupted many revolving loan schemes and destroyed a great many rural cooperatives.

But if revolving loans have a mixed record at best, then what next? In the Dominican Republic, an unusual solution to the credit problem has evolved, one which makes several important ad-

vances beyond the typical revolving loan fund. A 1966 law written to promote agro-industrial growth for the benefit of private investors was seized upon by the cooperative movement and put to a use for which it was not really intended: extending group credit to the poor. Good timing coincided with the vision to recognize an opportunity; and the cooperative movement formed a development finance corporation (*financiera*), a bank-like institution that it wholly owned and managed. Financiera status provided a basis for a credit program that was better capitalized, offered better terms, and was considerably stronger and more flexible than the usual revolving loan fund.

To operate as a bank, however, is to be a bank, and banking rules are not

Drying coffee beans, Cooperativa de Caficultores de Bani.



Roblegal, a rice marketing cooperative.



necessarily synonymous with cooperativism. This article describes the evolution of the Dominican *financiera*, FICOOP, and the dilemmas FICOOP must resolve if it is to survive in its dual role as a bank and a social movement of poor farmers.

### Credit and the growth of cooperatives

During his 30-year dictatorship, Rafael Trujillo and his associates brought under their control an estimated 60 percent of the assets and labor force of the Dominican Republic.\*

\*Howard Wiarda and Michael Kryzaneck. *The Dominican Republic: A Caribbean Crucible*. Boulder, Colorado: Westview Press, 1981.

Cooperatives began forming in the late 1940's and early 1950's, with the support of the Catholic Church and occasionally the Freemasons. In response, Trujillo tried both manipulation and repression. Following Trujillo's fall in 1962, the social values of cooperativism re-emerged and flourished. With encouragement from the Alliance for Progress, the new Dominican government moved vigorously to improve the climate for the nascent cooperative movement.

Two key actions were taken during the 1960's. First, the Institute for Development and Cooperative Credit (IDECOOP) was created. Second, legislation was passed which established the legal bases for individual cooperatives and united them into three federations and a single confederation (CODO-

COOP). Using its legal status, the movement attracted funding for credit programs from external sources such as the Agency for International Development (AID) and from private, domestic banks. With new credit available for farmers who had traditionally been excluded from formal credit markets, the movement grew rapidly. Between 1962 and 1970, the number of cooperatives multiplied nearly tenfold, while their membership rose from just over 2,000 to almost 30,000.

Despite high interest rates and the difficulty of securing timely loans to match the planting and harvesting cycles, small farmers' demand for credit far outpaced the supply. In 1972 the cooperative confederation organized two national conferences to discuss the problem of how to expand, improve, and finance credit programs. Among other measures, these meetings led to discussions with international agencies, including the Inter-American Foundation which eventually approved a grant to set up a revolving loan fund for marketing.

The IAF grant in 1974 provided \$500,000 of seed capital to set up the fund. It was assumed that new bank credit would match the grant and that additional capital would accrue as loans from the revolving fund were repaid.

The private banks accepted the IAF grant money as collateral and loaned nearly \$1 million annually to CODOCOOP between 1974 and 1976. The grant funds on deposit permitted the banks to rediscount\* loans through the

\*Most loans made by the banks did not come from their own funds but were obtained from the Central Bank. The rate of interest paid by the banks to the Central Bank for these funds is called the "redis-

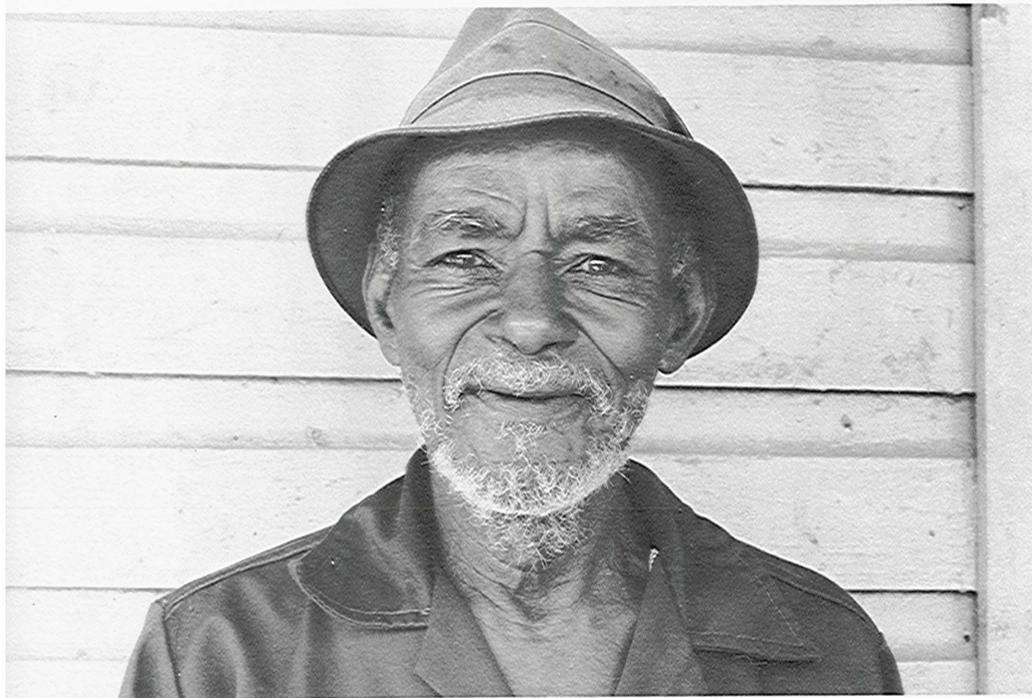
Elizabeth Jones

The Guazuma branch of Cooperative San José, Yamasa.



Stephen Vetter

Founding member, Cooperative San José, La Guazuma.



Central Bank at rates considerably below the 14 percent they charged to the cooperative movement.

While the agricultural marketing fund operated, it enabled cooperatives to directly finance crop purchases and raised members' incomes by bypassing intermediaries. Nevertheless, even though the revolving loan fund improved access to capital from private banks, the total volume of available credit was still well below the movement's needs, estimated in 1975 to be about \$6 million annually. Moreover, the cost of credit to farmers was still

count rate." It constitutes the bank's cost of capital. The ceiling on the amount that banks can borrow from the Central Bank through rediscounting is determined by the bank's assets, including funds held on deposit.

relatively high as the banks continued to charge the cooperatives 14 percent interest, even as they only paid 5 or 6 percent to the Central Bank. The cooperative movement felt that this margin was unjustified since the actual risk associated with the loans was minimized by the grant funds held by the banks.

The cooperative movement was acutely aware that to reduce the cost of credit to its members it would have to control its own financing. Several possibilities, including a proposal to work with the Banco de Trabajadores (Worker's Bank), were investigated and eventually rejected. One option was to set up an independent cooperative bank, but that required minimum legal assets of \$28 million—far more than the movement's capital or needs.

Fortunately, Dominican law did provide an unexpected, lower-cost alternative. A 1966 law designed to stimulate industrial, agro-industrial, commercial, and tourist development allowed for the establishment of *financieras*. These private institutions permitted special-interest economic groups to finance projects in their own sectors.

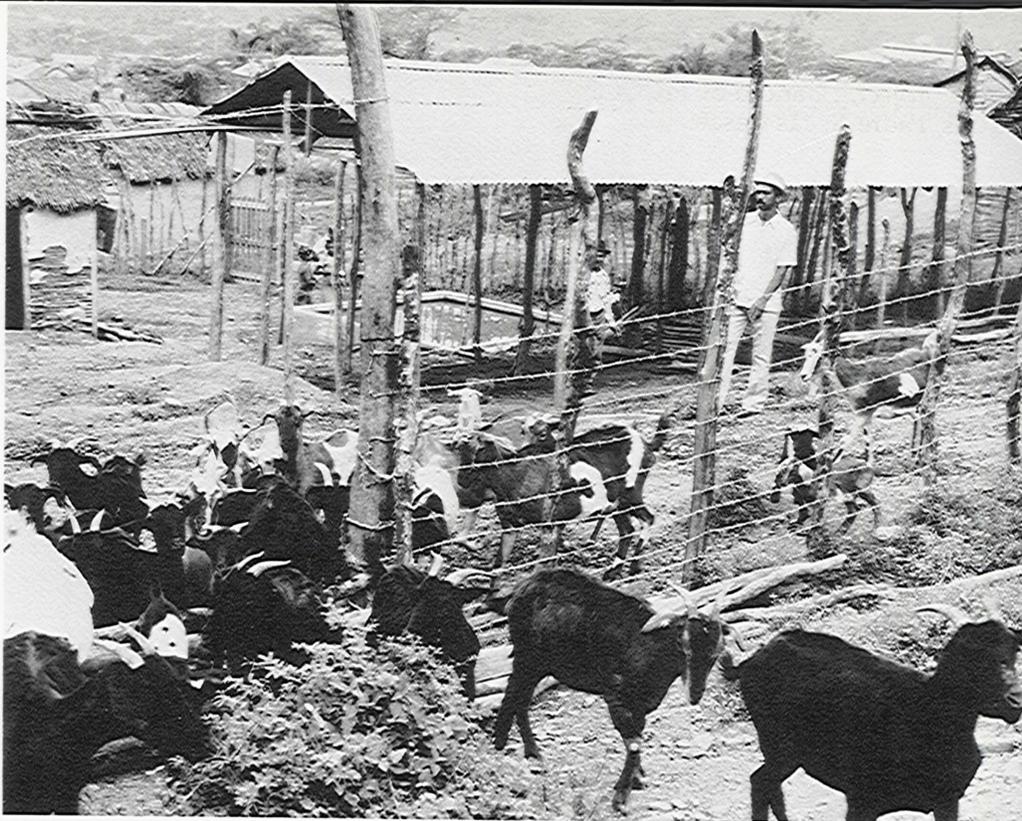
Institutions set up under the *financiera* law obtained many of the privileges accorded private banks vis-à-vis the Central Bank and even enjoyed some privileges unavailable to private banks. For example, \$300,000 was the minimum capital requirement to establish a *financiera*; even though this floor was later raised to \$1.5 million, it remained a small fraction of the \$28 million needed to establish a private bank. The operations of *financieras* were exempted from a number of usual taxes, and the *financiera* itself was exempted for 12 years from paying taxes on returns of up to 15 percent of its capital. Finally, the *financieras* received privileges similar to those of the government's Banco Agrícola in its relations with the Central Bank, such as rediscounting, reimbursement of previous loans, access to special lines of credit, and preferential interest rates.

The *financiera* law was so obviously advantageous that local special-interest groups, domestic banks, and subsidiaries of U.S. and Puerto Rican banks were quick to exploit its generous provisions. In all, 17 *financieras* were set up between 1968 and early 1978. Of these 17 *financieras*, 16 represented profit-making groups. The seventeenth—the *Financiera para el Desarrollo y la Cooperación* (FICOOP)—is the financial entity of the cooperative movement and the only *financiera* with social rather than profit objectives. FI-

COOP was founded to provide loans and educational assistance to its members, to speak on behalf of small producers, and to promote the participation by the poor—through production—in Dominican society. Established in October 1977, FICOOP was among the last financieras to be approved by the Central Bank.

Although Dominican lawmakers in the mid-1960's probably never contemplated that the cooperative movement would be among the groups to use Law No. 292, movement leaders recognized that a financiera was tailor-made to their needs. Following a feasibility study and nearly a year of discussions, CODOCOOP requested and was granted an additional \$500,000 from IAF in 1977. To capitalize FICOOP, that grant was combined with money remaining in the agricultural marketing fund and with resources from the federations and member cooperatives.

While some feared that the Central Bank would be unwilling to grant status to an organization promoting both economic and social goals, the years of work in building a network of small producers and a national revolving fund credit program paid off. The Central Bank already was trying to solve a problem familiar in many developing nations: the high transaction costs of loans to small producers. The Bank realized that the network and infrastructure of the cooperative movement could be a vehicle for delivering relatively inexpensive loans to small farmers. Moreover, the bank found itself in the possibly awkward position of not being able to use funds from AID and the Inter-American Development Bank that were earmarked for exclusive use by lower-income, small farmers. The funds had to be used within a limited



Stephen Vetter

time, or they would have to be returned to the donors. These factors, and a growing recognition that peasant farmers could augment domestic production of food crops, prompted the bank to positively consider CODOCOOP's request for financiera status. After a thorough review and audit of CODOCOOP's marketing loan program, the Central Bank granted financiera status; and FICOOP was born.

### Relationship with the Central Bank

What distinguishes FICOOP from the previous CODOCOOP loan program and from other revolving loan funds is that this financial intermediary, wholly-owned by the cooperative movement, can deal directly with the Central Bank. Previously CODOCOOP could only use its power as a major depositor to pressure another financial intermediary to obtain funds from the Central Bank on its behalf. For these funds, CODOCOOP paid a substantial markup in administrative costs and high interest rates.

As a financiera, FICOOP was permitted to carry out operations with the Central Bank which would theoretically expand by three and one-half times the capital it had available for

loans. Secondly, FICOOP could also hold funds obtained from other institutions under administration contract. These deposits would generate the same multiplier with the Central Bank as FICOOP's own capital. Finally, FICOOP could sell bonds or other debt instruments to raise additional resources through financial markets.

Like other financieras, FICOOP has available lines of credit with the Central Bank at preferential interest rates, normally in the 5 to 6 percent range. FICOOP's paid-up capital of \$1 million multiplied its credit limit to \$2.5 million in direct loan money from the Fondo de Inversión para el Desarrollo Económico (FIDE)\*, to \$1 million in reimbursements for loans made, and to \$1 million for rediscounting privileges—a total of \$4.5 million.

From the Central Bank's point of view, when a loan is made through FICOOP, the debtor is FICOOP. Therefore, FICOOP must cover its loans by keeping sufficient funds on account at the Central Bank. On the due date of any loan, the Central Bank simply debits FICOOP's account, whether or not the final borrower has paid on time. In

\*FIDE is a development loan fund capitalized by international lending institutions and the Dominican government. Its purpose is to promote new investments in industry, agribusiness, agriculture and livestock, and other sectors.

Goat project, financed by FICOOP loans, Padre de las Casas.

order to maintain the rediscount privilege, all loan obligations must be current, and rigorous audits must frequently be carried out.

FICOOP has provided the cooperative movement with considerable savings in interest payments and commission charges. During the past ten years—when interest rates rose steadily in private banks—the cost of borrowing through the cooperative movement actually declined. The average rate of interest, which was 14 percent in 1974, fell to 11.2 percent in 1975 and 10.2 percent in 1976. With the formation of FICOOP as an independent financiera, rates fell to an average of 8.8 percent in 1978 and 1979—or more than 2 percentage points *below* the average rate during 1974 to 1976.

FICOOP generates enough income from the management of its loan portfolio to cover the financiera's annual administrative costs of approximately \$35,000. It also provides \$25,000 annually to CODOCOOP to help offset administrative costs and another \$10,000 to expand CODOCOOP's educational and training programs for its 80,000 members.

### Volume and distribution of FICOOP loans

Between 1978 and January 1980, FICOOP made 75 loans to cooperatives—totaling more than \$4 million—for approximately 5,000 families. The geographical distribution of these loans mirrors the geography of the cooperative movement; loans have been made in nearly every corner of the country. Most loans were to individual cooperatives, which distributed the money to members. A few loans were made to

the federations for upgrading cooperative storage and marketing facilities.

Agriculture accounted for 78 percent of the value of the portfolio; livestock (including milk production) accounted for 13 percent; small industry, 5 percent; and fishing, 1 percent. The loans were made primarily to encourage the production of foodstuffs for local consumption. Loans that supported the production of some items, such as eggs, resulted in lower consumer prices. Loans were also made for export crops such as coffee, cacao, and tobacco. The total agricultural portfolio is split evenly between production for domestic consumption and for export.

The average repayment period for all loans is three years. Since FICOOP is controlled by its farmer members, loan terms are tailored to the production cycle of particular crops or livestock. Some tobacco loans have to be repaid within eight months, but other kinds of loans can extend over several years. Infrastructural investments in storage and processing take longer to pay for themselves, so longer credit terms are required.

One "typical" FICOOP loan went for milk production to Cooperativa Mi Propio Esfuerzo. Located on Lake Enriquillo, not far from the Haitian border, the cooperative received \$95,300, permitting 45 of 85 members to locally purchase 250 cows. To qualify, each member-borrower of the cooperative had to supply a statement of net worth and draw up a legally binding promissory note to FICOOP. The loans were amortized over eight years, including a two-year grace period. The farmers paid 11 percent interest: 7 percent to FICOOP, 2 percent to the federation for preparation and processing of loan documentation; and 2 percent to the

local cooperative. Disbursements to members varied between \$1,000 and \$4,000, depending on the number of cows purchased. Funds were withheld until each borrower had a written sales contract and a veterinarian's certificate establishing the health of the cow.

A guaranteed market created by the Ministry of Health, which purchases milk for free distribution to low-income families in the neighboring town of Neiba, absorbed about half of the local milk production. Despite frustrating delays in payment from the ministry, milk production eventually tripled, and the incomes of participating farmers rose substantially. Most of the cows calved within a short time, and more abundant production allowed local families to consume more milk themselves. Initially, only about half of the cooperative members chose to use the loan. Of the 40 who did not participate, some simply lacked pasture, but many others were skeptical that the loan would actually materialize. The apparent success of the loan increased local interest in the cooperative; membership has grown to 140, and numerous additional applications are now pending.

The loan, however, was hardly trouble-free. Several borrowers falsified loan applications by providing health certificates and bills of sale for cows which were never purchased. In addition, heavy rains caused the nearby lake to overflow, temporarily submerging much of the potential pasture for the newly acquired cows. As a result, FICOOP had to provide a second loan for fencing new pastures in order to insure the viability of the earlier loan.

Flooding was perhaps a more serious problem than the falsified papers

since the recipients of those fraudulent loans repaid FICOOP after the irregularity was discovered. The flood, however, underscored something less manageable: the vulnerability of agriculture to external catastrophe. In fact, the flooding of Lake Enriquillo was only one local example of a series of extraordinary natural catastrophes that have afflicted the Dominican Republic over the last several years. The five years prior to the establishment of FICOOP were relatively easy, and FICOOP was unprepared for some of the serious natural disasters that followed.

In 1979, Hurricane David, the worst hurricane in more than 100 years, hit the Dominican Republic. David was followed by another hurricane and the most serious flooding in the country's history. Agriculture in the western region was devastated. After the hurricanes and floods, the Central Bank channeled \$2 million through FICOOP to small cooperative producers to finance food production for immediate local consumption. The IAF provided an additional \$650,000 for refinancing loans to cooperatives suffering damage from the hurricanes. In many instances, these loans were used to rebuild warehouses and mills and to replant fields.

One year later, the rebuilding seemed futile. Small farmers throughout the island lost their major store of wealth when most of the pigs on the island were slaughtered to eliminate an epidemic of African swine flu.

Natural disaster has been followed by man-made disaster. The current world recession—the most severe in 40 years—hit the Dominican Republic harder than the developed countries. Prices of the country's principal exports—including bauxite, ferro-nickel, gold, and silver—have fallen

Central warehouse of the Cooperativa de Caficultores de Bani. Destroyed by Hurricane David, 1979. Rebuilt with FICOOP loan.



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dramatically and remain at low levels. According to the director of the government-owned sugar corporation, sugar now costs 14 cents a pound to produce and brings only six cents on the world market. At the same time, the cost of oil, for which the Dominican Republic is entirely import-dependent, sapped currency reserves and has brought the country to the limit of its repayment capacity. Help from the International Monetary Fund will force more restrictive fiscal and monetary policies, and in the short term, may further reduce economic activity.

The world recession directly affects small farmers by lowering the prices they are paid for such export crops as cacao, coffee, and tobacco. Prices for some of these commodities have dropped to half their historic averages. Slack demand in the internal market

has dampened prices for some domestically consumed foodstuffs and made marketing difficult. INESPRES, the government rice purchasing monopoly, has frustrated farmers not only by its low prices (a response to the demands of urban consumers) but by long delays in payment to farmers for their crops.

Since its loan portfolio is 90 percent agricultural, FICOOP had to struggle to collect loans and maintain its obligations to the Central Bank. By February 1982, 20 percent of FICOOP's loan portfolio was not being paid on schedule. Between July 1981 and May 1982, overdue balances more than doubled.

These problems are not unique to FICOOP. At least six other financieras face similar difficulties, and the problems will continue until the national economy and world prices for Dominican products improve. Nevertheless, "hard times" do not exempt FICOOP

from its obligations to the Central Bank. If the *financiera* cannot meet these obligations, its rediscount privileges are suspended. And if FICOOP falls seriously in arrears, its bank-like status will be withdrawn. As of January 1983, all current accounts were paid up with the Central Bank, but continued liquidity and adequate cash reserves remain serious problems.

To improve its loan recuperation, FICOOP has hired new staff agronomists who check loan requests for technical feasibility and provide direct assistance in project implementation. A collection department has been installed to reschedule loans and pressure borrowers to make timely payments. FICOOP no longer relies on the federations for collections, but collects directly from borrowers.

At the same time, FICOOP has had some success in raising additional resources from within the cooperative movement. A recent grant from the Inter-American Foundation requires matching deposits from the federations and cooperatives, and those funds are accumulating well ahead of schedule. FICOOP also plans to sell additional stock to the federations and cooperatives and bonds to cooperatives and the general public. These sales, however, will probably increase FICOOP's cost of capital and may necessitate higher lending rates to members.

### Interest rates: social or economic priorities?

The decision to sell stock—even if that pushes up interest rates—underscores a core dilemma in FICOOP policymaking: FICOOP must operate like a business but uphold the social vision of a cooperative.

As an institution, FICOOP is a unique creature. In some respects it resembles a commercial *financiera*, a state-run agricultural development bank, and a traditional cooperative revolving loan fund. Yet it is also substantially different from each of these. Unlike other *financieras*, FICOOP is a nonprofit business. Unlike a state-run agricultural bank, it must respond to the demands of its member-owner-borrowers rather than the policies and politics of the government. And unlike a traditional revolving loan fund, FICOOP has access to public capital and preferential status with the state-run Central Bank.

Each of these features strengthens FICOOP's ability to serve small farmers. Yet the institution suffers operational disadvantages when compared to any of its "competitors." Unlike other commercial *financieras*, FICOOP cannot flexibly float its lending fees to correspond with market rates and keep profit margins constant. Indeed, FICOOP's members expect loans *below* market cost as well as services—educational programs and technical assistance—that commercial banks would not offer. A regular *financiera* can survive a bad year by cutting dividends or profit remittance, but FICOOP has no such safety cushion since much of its "profits" have already been rebated to members through low-cost loans. With a thinner safety margin, FICOOP's per-

formance standards differ: it cannot just operate *as* efficiently as a commercial *financiera*; it must operate *more* efficiently.

A government agricultural development bank, by contrast, can operate at a loss—at least indirectly—since the state supports or subsidizes operating expenses. Agricultural bank loans are often generously underwritten by soft terms from international lending agencies. Some of the foreign assistance loans that were received prior to 1980 had real rates of interest for poor farmers that were negative.\* What would be considered a "loss" in the private sector can reasonably be written off as a social investment from the public point of view.

Traditional revolving loan funds respond to this dilemma in one of several ways. Sometimes they find external subsidies. Other times they decapitalize and go under. Or they may continue operations on a reduced scale, usually with a core of activists who invest much unremunerated time and with members who receive few concrete economic payoffs. Basically because of its access to public sector capital and its quasi-bank status, FICOOP has a greater range of choices. Yet to maintain these advantages, it must simultaneously run by the business principles of the other *financieras*

\*Real rates of interest are the nominal rate of interest specified in the loan document, including any commissions, adjusted for inflation. For example, if the nominal rate of interest is 15 percent and inflation is 10 percent, the borrower is paying a positive real rate of interest of 5 percent. Similarly, if the nominal rate of interest is 15 percent on the loan and inflation is 25 percent, the borrower is paying a negative real rate of interest of -10 percent and is in effect being subsidized for taking the loan.

to which it is structurally analogous and by the social principles of the cooperative movement to which it belongs.

Nowhere are these internal stresses and conflicts in objectives more apparent than in the question of setting interest rates.

FICOOP's borrowers—like all borrowers—want the lowest possible interest rates. Unlike borrowers from private or government banks, *these* borrowers are also the owners and managers of the lending institution. Through their representatives, members are able to exert considerable pressure on lending policy. Initially the federations proposed that FICOOP charge only one percentage point above its fixed cost of capital; and in fact, until recently FICOOP's spread was far below the usual commercial spread and was only 1.5 to 2 percentage points above the 5.5 to 6 percent discount rate for funds from the Central Bank.

Cooperatives often point to the exaggerated interest rates and profits of private banks. They usually assume that by replacing those private institutions, they could offer reduced interest rates to small farmers and enough would remain to finance social services, education, and technical assistance programs. Unfortunately, the rediscount rate plus overhead is not the bottom line in determining appropriate interest rates. Inflation must also be taken into account. When cooperatives succumb to pressure or temptation and disregard inflation in setting loan rates, immediate decapitalization occurs.

The difficulty in determining and setting "fair" interest rates underscores the tension between "centralizing"

and "decentralizing" forces that face national organizations of producers. On the one hand, the central organization is tempted to retain the maximum level of resources to reinvest and strengthen its own operation. On the other hand, local cooperatives are interested in securing resources for their own use or to provide producer members with the lowest possible interest rates. FICOOP charges a two percentage point markup to cover its overhead, but there is insufficient margin for capitalization and little or no reserve to cover the risk of delayed repayment or default. Until the beginning of 1982, FICOOP had been keeping one percent of the value of its portfolio as a reserve for contingencies. However, since defaults are rising because of the recession, the FICOOP auditor recommended increasing this reserve. The new revenue can be generated only by raising new capital or increasing interest rates to members.

The tendency to under-capitalize has a more serious and immediate consequence than just minimizing the operating cushion for future emergencies. FICOOP enjoys a theoretical 3.65 multiplier for securing lending capital—every dollar on account is supposed to "leverage" \$3.65 from the Central Bank. Thus, decapitalization substantially reduces the money available for lending by forfeiting the major privilege of *financiera* status—the capacity to expand its volume of lendable funds.

Despite these difficulties, FICOOP survives. In the worst of times, it continues its delicate tightrope walk. FICOOP has been a significant experiment, a bridge that links public and private sectors. It shows how a private institution belonging to poor people

can retain social vision and member accountability, and at the same time benefit from the capital resources and policy setting prerogatives of the government.

Readers who would like more information are encouraged to write for *The Inter-American Foundation in the Dominican Republic: Ten Years of Support for Local Development Organizations* by Robert Mashek and Stephen Vetter. The book is published in an English/Spanish version and is available without charge.

JEFF DORSEY is an agricultural economist at the Land Tenure Center of the University of Wisconsin and an instructor in the Business and Economics Department at the University of Wisconsin—Whitewater. He carried out evaluations of FICOOP in 1980 and 1981. SHELDON ANNIS is a program officer in research and evaluation at the foundation. STEPHEN VETTER is the foundation representative to the Dominican Republic, where he has worked since 1975.

# Self-history and self-identity in Talamanca, Costa Rica

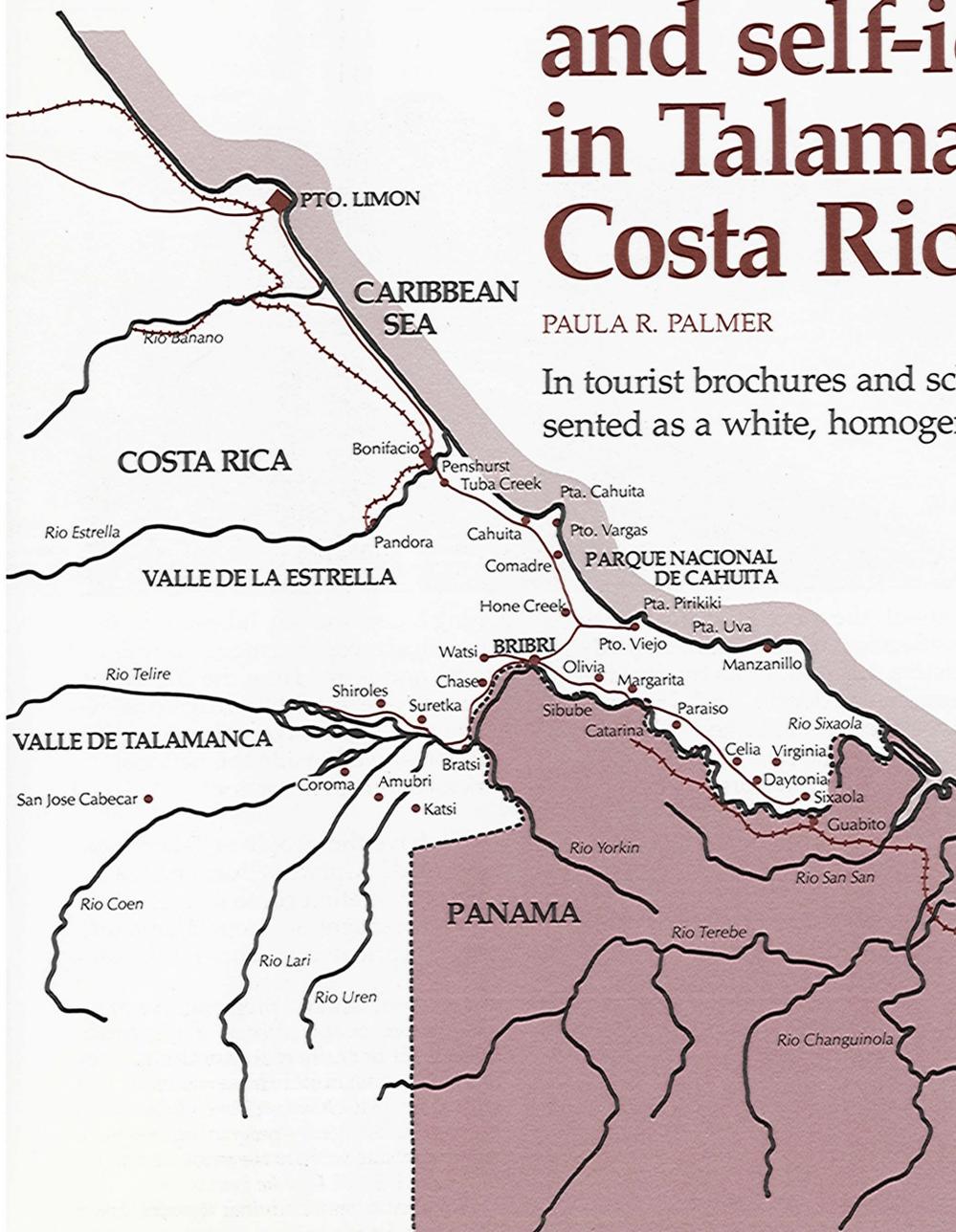
PAULA R. PALMER

In tourist brochures and school textbooks, Costa Rica is presented as a white, homogeneous country. For the most part

it is; yet 9,000 Indians and 35,000 Blacks also live there.

Few in number, geographically isolated, and poor, Costa Rica's Indians and Blacks have carried on lives beyond the sight of the dominant, white society.

Until the 1950's life had changed remarkably little for the Bribri Indians in the canton of Talamanca in southern Limón province. Some 3,000 Bribri lived in thatch and palmbark dwellings scattered through river valleys and mountain forests. At home they spoke their native tongue. They cultivated plantains, beans, cocoa, and corn. Each family was self-sufficient, except at harvest, when work was done communally, farm by farm. Although the government formally abolished the kingship of the Bribri, *sukias* (healers skilled in herbal medicine) continued to provide local leadership as well as health care. Even the United Fruit Company failed to disrupt the stable community life of the Bribri. When the fruit company arrived in 1910, the Bri-



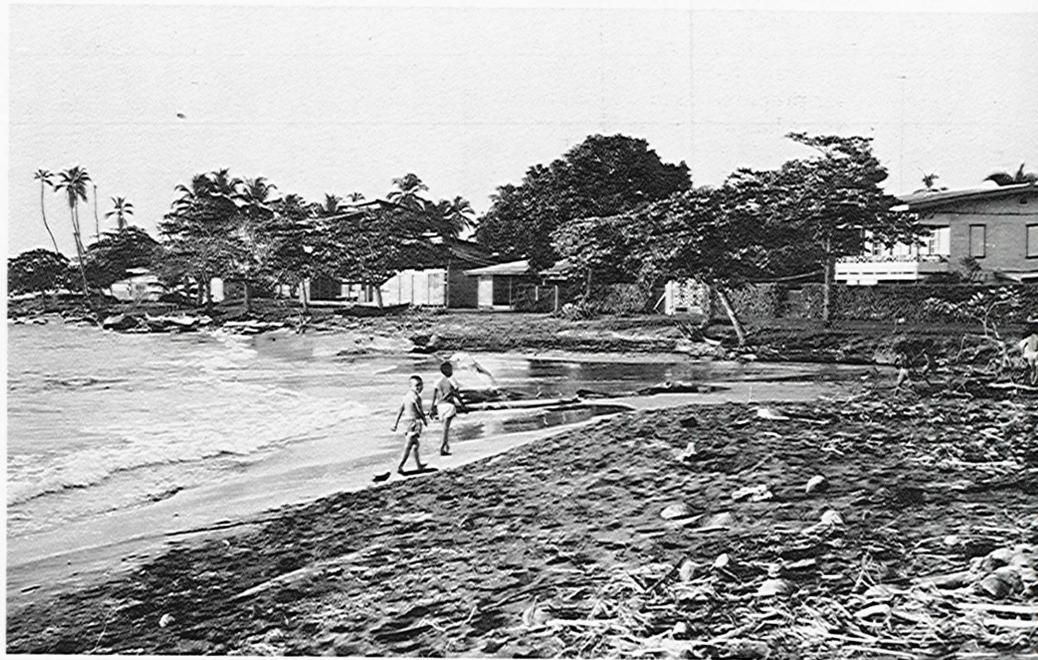
bri moved inland. By 1930 the fruit company was gone, and the Bribri returned.

The pattern of cultural survival was similar for Talamanca's Blacks. During the second half of the 19th century, West Indians established fishing and farming villages along the coast. A hundred years later those communities were still largely unassimilated—Black, Protestant, and English-speaking. Every family cherished its Broadman Hymnal and its West Indian Reader. Community life revolved around cocoa and coconut agriculture and such Jamaican-English pastimes as cricket, baseball, calypso, and quadrille dancing.

The isolation of Talamanca diminished in the 1950's, when Costa Rican citizenship was first offered to the Black, West Indian descendants. The government sent teachers from the inland *meseta central*; primary schools were built; and the younger generation began to speak Spanish.

Influence from "the outside" has increased dramatically over the past two decades. In the Bribri area of Amubri, the first residential Catholic mission was established during the 1960's. The Talamanca Indian Reserve, administered by a commission in San José, was established during the 1970's. By 1980, petroleum explorations had begun within the reserve. Since the Indians are not allowed to own private property in the reserve, mineral rights are held by the Costa Rican government. Many fear the outcome of new mining projects that are planned in the area.

The Black coastal communities also face growing pressure from the outside world. Cahuita National Park was established in 1970, depriving scores of Black families of legal titles to their



Paula R. Palmer

farms—all the more painful since the Parks Service, which technically administers the land, lacks the funds to compensate residents. In 1976 a road was completed that linked Talamanca with the Atlantic port of Limón. Government community organizers arrived and imposed their ways on people who were accustomed to taking care of themselves through their own organizations—lodges, Protestant churches, English school boards, and the Jamaican Burial Scheme society.

The most serious threat to coastal life began in 1977 with the passage of the Beachfront Law (*Ley Marítimo-Terrestre*) which eliminates private property rights within the first 200 meters of the seashore. Coconuts planted along the beach by the early Talamanca families became the state's "natural resources." Urban development planners from San José are currently preparing

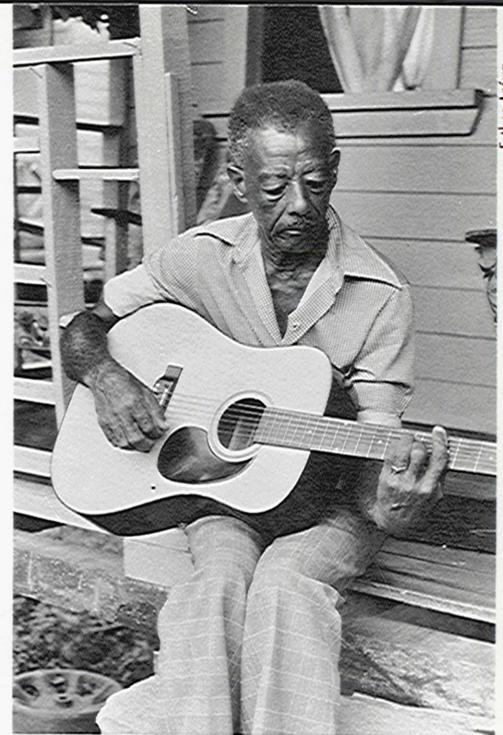
Houses and local businesses along the Puerto Viejo beach, which would be eliminated for a tourist zone with passage of the Beachfront Law.

zoning blueprints for Talamanca villages which would remove all residences and farms from the 200-meter "tourist zone"—with perhaps one exception, a "typical coastal residence" to be preserved inside the national park as a tourist attraction!

How have the people of Talamanca responded? Alphaeus Buchanan, a second-generation cocoa farmer and the first manager of Coopetalamanca, the local agricultural cooperative, says:

We're not against progress. We are a progressive people. When our grandfathers came here, there was nothing. They planted farms; built houses, schools, and churches; organized sports clubs; built roads and bridges—everything we have here, we made with our own sweat and intelligence.

We want a better life for our children. We want modern conveniences—why



Esther Aráuz

not? We want our children to have choices we didn't have. Maybe they can be lawyers, mechanics, journalists, scholars. The ones that want to be farmers, they must be better prepared than we are, because agriculture has to be more technical in the future.

We can learn a lot from the teachers and technical experts that come in, but we can't learn from them how to defend what is ours. We have to learn that from ourselves. They will teach our children Spanish and typewriting, and science and the history that they know, but *we* have to teach our children our history. *We* have to defend our property and our way of life.

Mr. Buchanan and the 110 members of Coopetalamanca use their cooperative as a base to fight for the rights and the needs of their people. Economic development is their primary goal, but to achieve that, they believe they must attack barriers that are rooted in education and culture. People who never see their experience reflected in the media, school curricula, or government institutions are ill-equipped to use those media or to negotiate with those institutions to improve standards of living and to defend their rights.

During the late 1970's, Coopetalamanca board members identified several needs for their education committee to consider. First, Costa Ricans needed to be educated about Talamanca so that government programs could be more responsive to local realities. Second, the people of Talamanca had to be inspired to organize themselves to defend their rights. Finally, Talamanca's youth needed a strong, positive sense of themselves, of their cultures, and their history.

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I first became involved in these problems through my work on an oral his-

tory of the Talamanca coast. Since 1974 I had been teaching in a locally-organized English school in Cahuita. I had begun tape-recording stories from the town's oldest residents in order to create reading material for my students. Eighty-three-year-old Mr. Johnson's stories of turtle fishing, sailboat commerce, tapir hunting, and snake doctoring were fascinating reading for the children of Cahuita, whereas "Tip and Mitten" were incomprehensible. The local English stories became so popular that the board of education encouraged me to edit them chronologically, add a description of contemporary problems and aspirations, and publish the collection as a local history.

Something powerful happened during the interviews for that book, *'What Happen': A Folk-History of Costa Rica's Talamanca Coast*. The speakers, aware that their personal experiences would be published, began to reappraise the importance of their experiences. They began tying events together and drawing new conclusions. For example:

When the banana company came in we cut down our cocoa and planted bananas. Then the company left. They were going to take up the tramlines, but we made them leave them there, and we built little tramcars and pulled them with mules, and for the first time we had public transportation along the coast. *We did all that ourselves!*

I, too, was changed by these conversations. A bond formed between the speakers and myself, and with it came a mutual sense of power and responsibility. I came to believe that the young people of Talamanca needed to experience this bonding to know themselves and to carry on building their communities. Young people had so much to be proud of, and they did not know it.

## MR. GAVITT'S CALYPSO

### Cahuita National Park

National Parkers are going around,  
Into my farm they love to walk,  
Telling everybody all around the town,  
They say, "This is National Park!"

They want to get a full detail,  
How long I own this piece of land?  
No tell no lie or else you going to jail!"  
That's what they made me to understand.

They want to know my mother's name,  
From whence she went and whence  
she came,  
What kind of fellow was my father?  
How long since he married to my mother?

They want to know about my grandmother,  
They want to know about she religion,  
What kind of fellow was my grandfather?  
All of this they say they must understand.

I say, "Your question is hard for me,  
Give me a chance and I will see,"  
Finally I came to a conclusion,  
I find an answer to your question."

My grandmother was an Anglican,  
My grandfather was Jonathan,  
They got a little boy, he was very bad,  
I say,  
When the fellow dead, they were more  
than glad.

Me mother was Rebecca, an Israelite,  
Me daddy was Willie, an Amalekite,  
When it come to me, I don't got no land,  
I'm a true-born Calypsonian.

## “QUERER ES PODER” DEMUESTRAN LOS VECINOS DE GANDOCA Y MATA DE LIMON

Investigación: Laura Ramírez, Damaris Patterson, Luis Hernán Salas López y Ricardo Pais Mayorga

Redacción: Laura Ramírez y Damaris Patterson

Fotografía: Luis Hernán Salas López y Franklin Calvo

Desde la carretera más cercana se tardan dos horas en llegar, caminando entre barro, soportando el calor y el peso de los bultos, y al llegar no se nota nada especial.

Pero las comunidades de Gandoca y Mata de Limón son especiales. Pese a su aislamiento —o debido a ello— los habitantes han trabajado unidos para superar sus necesidades.

Hace 30 años la región era propiedad de las compañías madereras y bananeras. Ahora es una comunidad de pequeños agricultores que han construido todo lo que existe allí con sus propios esfuerzos, porque las instituciones del gobierno han sido sordas a sus solicitudes de ayuda. Aunque no han logrado todo lo que pretenden hacer, siguen luchando, así demuestran que “querer es poder”.

### Características geográficas

Se llama Gandoca la playa entre Punta Mono al norte y la boca del río Sixaola al sudeste. Los vecinos no saben de dónde viene el nombre ni qué quiere decir. Así se llamaba la región cuando los primeros vecinos llegaron.

Le pusieron el nombre Mata de Limón a la región interior, entre la playa y los terrenos de la compañía Chiriquí Land que se extienden desde las orillas del río Sixaola. Entre el estero del río Gandoca y la “mata de limón” original, son aproximadamente cinco kilómetros atravesados por un solo camino.

En ambos lados de este camino están las casas de los pequeños agricultores de la región, pero en ninguna parte están agrupadas en un centro de población. Los únicos edificios públicos son las dos escuelas y la casa comunal, todos construidos por los vecinos sin ayuda ninguna del gobierno.

Fuimos a Gandoca invitados por la Asociación de Desarrollo del lugar. Desde Bribri viajamos en bus hasta la empacadora No. 96 de la Chiriquí Land Company. De ahí caminamos dos kilómetros entre bananales y las palmas africanas de PAIS S.A.; luego seguimos un camino hecho por los vecinos, pasando por la escuela de Mata de Limón, y

llegamos a la casa comunal. Esta casa, construida hace cuatro años por la gente de Mata de Limón y Gandoca, representa en sí la unión de los vecinos y sirve de centro para sus reuniones y actividades comunales.



“Cuando yo llegué aquí, esto no era nada más que montaña”, así recuerda doña Elida Morales la historia de Gandoca.

### “Nada más que montaña”

Para aprender algo sobre la historia del lugar, fuimos de visita a la casa de la señora Elida Morales. Ella nació el 6 de diciembre de 1925 en la Alta Talamanca y llegó a Gandoca con sus padres en 1936. Doña Elida recuerda:

“Cuando llegué aquí era nada más que montaña. Nosotros casi fuimos los primeros en llegar. Habían dos ranchos, pero nadie vivía en ellos. Hicimos un rancho para vivir y mi papá sembró cacao, arroz, maíz y frijoles, y así vivíamos. Pero no había nadie aquí porque la compañía Chiriquí Land estaba trabajando afuera y vigilaba todos estos terrenos aquí, aunque no los ocupaba”.

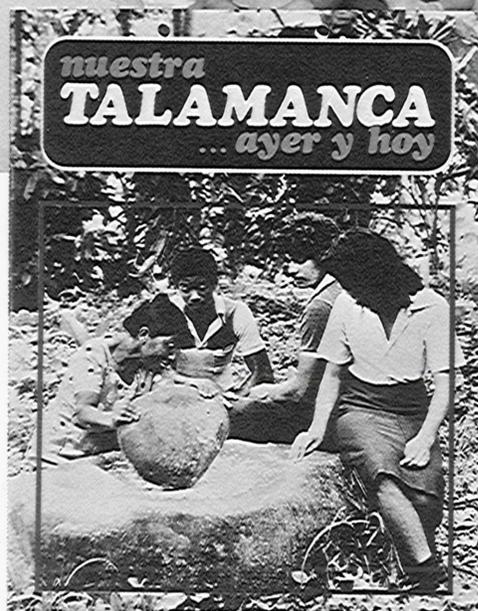
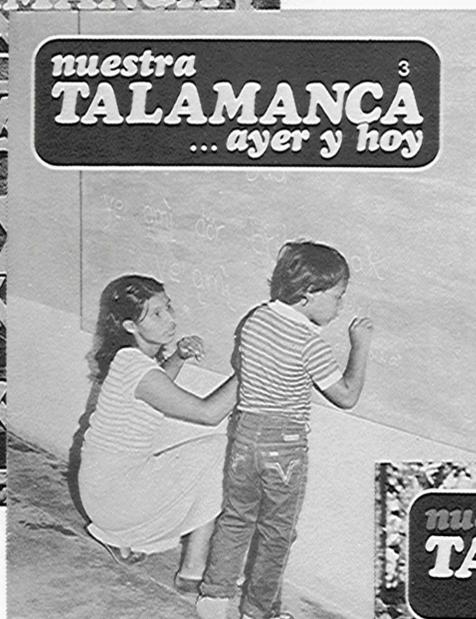
En los años 40 se estableció en Gandoca una compañía maderera “Fernando Castro Cervantes” que tenía una concesión del gobierno para sacar

### Tenth and eleventh grade students of Talamanca agricultural school.



Paula R. Palmer

The idea for an oral history project at Talamanca’s agricultural high school took shape during 1980. We are indebted to the high school students of Rabun Gap, Georgia, who publish *Foxfire* magazine, for their successful example of oral history as an educational process. *Foxfire* provided the model which the people of Talamanca adapted to their own situation. Our idea was to teach students oral research skills and photography, take them to interview local residents, and then use that research to tell Talamanca’s story by publishing a magazine. For Coopetalamanca, the magazine project promised a way to unite people—young and old, Indian, Black, and Hispanic—in search and celebration of their identity. By distributing the magazine locally and nationally, they would extend their message to larger communities.



In 1980 Coopetalamanca received a grant from the Inter-American Foundation to launch the project. Local high school staff and the Ministry of Education personnel were receptive. For several years the ministry had talked vaguely about "regionalizing" the curriculum, without specifying how. Students in Talamanca are sent instructional materials produced in the *meseta central*. Nowhere in those texts do they encounter photographs of Blacks or contemporary Indians. There are no wooden houses on stilts, no mothers cooking with coconut milk, no fathers fishing with *pejibaye* spears. The oral history project offered the Ministry of Education an experimental model for bringing regional characteristics vividly into the classroom.

Thirty-seven Talamancan tenth and eleventh graders participated in the project in 1981 (48 in 1982) under the supervision of two teachers, a photography instructor, and myself, the project coordinator. We began by dis-

cussing what we knew about Talamanca's history, how we had learned it, and from whom. Working groups were formed around topics of mutual interest: the old ways of the Bribri Indians, the evolution of transportation, the history of specific communities, the use of herbal medicines, the petroleum explorations, and the sea lore of coastal fishermen. Each group practiced using tape recorders and cameras, and refined questions for interviews. When the students felt ready they chose informants among their family members and neighbors, people who had lived the history and could voice their own experiences.

Nearly every weekend groups of students set out in the project's orange jeep—wherever and as far as Talamanca roads go, up into the Indian Reserve, down to the Panama border at Sixaola, along the Caribbean coast. At roads' ends we walked, toting camera bags, tape recorders, and lists of questions.

One of the first year's most memorable experiences was an overnight trip to Amubri in the Indian Reserve. The parents of an Indian student took a group in the family's motorized dug-out up a series of rivers to the grandparents' home. Of six students and three teachers, only the Indian student, Ana Concepción, had been there before. Her parents, don Tranquilino and doña Donata, motored and poled the canoe up the tributaries of the Sixaola River, recalling their childhoods in the High Talamanca and teaching us how to greet our hosts in Bribri: *is a shkēnā* (good morning).

That afternoon and the next day, Ana's parents were our guides and translators during visits to the thatch and palmbark homes of a very old man, a very old woman, and a sukia. We learned about the customs and ceremonies surrounding birth and death, the training of sukias, and the scarcity of young Indians who want to learn the herbal cures. We heard of the conflict between more traditional Indians who seek out the sukia and object to petroleum explorations, and the "modern" Indians who use the mission health post and welcome the oil company's roads.

Fascinated, students listened for hours to conversation and laughter in a language they had never heard. When the old woman, doña Apolonia, laughed from her hammock, the students, too, broke out laughing. And when she improvised a song in Bribri, dedicated to our visit, the students were spellbound.

Later, in the classroom, pupils played the tape of doña Apolonia's song over and over. A Mennonite linguist helped them translate the lyrics, and they learned what doña Apolonia was telling them:

Doña Donata poles students in her dugout canoe up Sixaola River to Amubri Indian Reserve.



Paula R. Palmer

Aniel Hamblant



Doña Apolonia, a Bribri ceremonial singer, sitting in her hammock.

*So sad, sad, sad, I tell you.  
The Spaniard, the white man, is here on  
the mountain.  
My hut is in the mountain, where he  
came and spoke.  
When I first came to the mountain, I  
sang proudly.  
Now we don't have this, don't have that.  
Now even the words have gone.  
We can't speak...  
How can we sing? No one understands  
us.  
It's so sad, our silence is so sad.*

As a result of the Amubri experience the students asked the high school director to let them form a class in the Bribri language. Although the course is not yet organized, because of scheduling problems, the director and the ministry have agreed that it will be offered.

The students who visited Amubri later transcribed their tapes, selected photographs, and wrote an article for the first edition of *Nuestra Talamanca, Ayer y Hoy* (*Our Talamanca, Yesterday and Today*). Students sent photographs and complimentary copies of the magazine to all of their informants and hosts. They followed up articles with in-depth interviews with other informants on topics broached in their first talks: burial ceremonies, the controversial petroleum explorations, the history of the Catholic missions among the Bribri. After the first issue appeared, they received two letters: one from an Indian man who offered to take them to ancient burial sites, another from an Argentine writer who sought permission to use phrases from doña Apolonia's song as the epigraph to his novel-in-progress.

Don Tranquilino and doña Donata, parents of Ana Concepción, talking with students during their trip to Amubri.



Anfal Hanbelamit

During the two years of the project, other students wrote about the histories of their home towns, Indian crafts, the dangers of deforestation, snake bite cures, traditional recipes, and calypso song writers. When students are asked to describe what they have learned through their participation, they point to improvements in their oral and written skills, their new familiarity with cameras and tape recorders, and the value of knowing and appreciating their own history.

During 1981 and 1982, Talamanca students published three 1500-copy editions of *Nuestra Talamanca, Ayer y Hoy*. Most of the magazines were sold inside Talamanca. University journalism students who helped with the final editing of the articles also sold the magazine in San José.

Small groups of students went to the capital for the publication of each issue. They gave interviews about their work to national newspapers, radio, and television, and gave talks at high schools in Limón province and in San José. The students' enthusiasm and involvement in their little-known region attracted money from several private donors for projects at the high school.

In October 1982, the Ministry of Education invited the students to give three full-day presentations about their oral history project to social studies teachers in Limón province who were discussing regionalization of the curriculum. The teachers then urged the Ministry of Education to: reprint and distribute the three issues of the Talamanca magazines as text material for all schools and high schools in the country; extend the oral history project to all Limón province high schools in 1983; and publish the future oral history work of Limón students either in a magazine or in national newspapers.

In response, the ministry print shop is now republishing the three issues of the Talamanca magazine for use as social studies texts. Whether a province-wide oral history project will be implemented depends on ministry resources and the dedication of area teachers. One Limón teacher who participated in the seminar wrote:

The work that you have done is really quite extraordinary. It is a model for other institutions in the country. Speaking for myself, it has sparked an enormous interest to begin working with my students in a similar way.

Although grant funding expires in early 1983, Talamanca's oral history project will continue, under the supervision of teachers trained during the past two years. Printing costs prohibit further editions of a type-set magazine, but profits from the sale of the three printed editions will finance future mimeograph editions for local distribution. For a wider audience, Talamanca students will rely on the Ministry of Education and national newspapers.

The long-term impact of this kind of learning on local attitudes and national policies cannot be measured. But we who have participated know that it has enriched *our* lives. When a brawny, 16-year-old boy asks for a picture of doña Apolonia to put on his bedroom wall, when a child who lives in a thatch-roof house receives a thank-you letter from the Minister of Energy and Mines for photographs, when a shy Indian girl becomes indispensable to her classmates because only she can translate Bribri, when a 17-year-old who speaks Spanish as a second language stands in front of 40 teachers and explains why a piece of national legisla-

tion is unjust to her community . . . then something significant has happened.

Copies of *Nuestra Talamanca, Ayer y Hoy* and information about the Community Research Project can be obtained by writing: Proyecto de Investigaciones sobre la Historia Local, Colegio Agropecuario de Talamanca, Puerto Viejo de Talamanca, Limón, Costa Rica.

PAULA R. PALMER is coordinator of the Community Research Project, Colegio Agropecuario de Talamanca. Before coming to Costa Rica to be director of the Cahuita English School, she was a journalist and curriculum planner in Boulder, Colorado. Her book, "What Happen: A Folk-History of Costa Rica's Talamanca Coast," was published in 1977 and can be obtained by writing: Ecodesarrollos, Apartado 1908, San José, Costa Rica.

# Four grants: recent funding in education and training

During the 1982 fiscal year, the Inter-American Foundation made 235 new and 100 supplemental grants totaling \$21 million. As in the past, most IAF grants directly supported productive enterprises such as cooperatives, small farms, and urban micro-businesses. Grants also assisted education and training, self-help housing, legal services, community health care, and research. The four grants described here—to organizations in Honduras, the Dominican Republic, Bolivia, and Uruguay—illustrate the education and training projects that the Foundation supports.

## Honduras: Escuela Vocacional Esteban Moya (Esteban Moya Vocational School)

The Escuela Vocacional Esteban Moya was founded in 1976 as a vocational training school for poor, teenage boys in the city of El Progreso, Honduras. The school provides one- or two-year courses in carpentry, welding, and electrical work, and its graduates find jobs as apprentices to furniture makers, electricians, or contractors. Because of the depressed state of the Honduran economy and the shortage of imported goods, small cottage industries based on the skills taught at the school are increasingly important. Consequently, the demand for the school's graduates is increasing.

Because of its success, underemployed adults are seeking to enroll in the school to improve their skills. Courses, however, are offered only during the daytime, when most poor adults must work, usually at "odd jobs," to support their families.

With a \$6,300 two-year grant, the school will begin evening classes. It will offer eight-week courses (in welding, mechanics, and radio repair) that are designed to give poor adults in El Progreso the technical skills to find full-time employment. The grant funds will be supplemented by nominal tuition fees and by donations from the municipal government and the Catholic Church. The school expects that the program's success will attract sufficient local contributions to continue evening classes after the grant ends.

## Dominican Republic: Instituto Dominicano de Educación Integral (Dominican Institute of Basic Education)

In 1972 businessmen and professionals in the Dominican Republic established the Instituto Dominicano de Educación Integral (IDEI) to expand the educational opportunities of poor people. Since then, IDEI has developed correspondence courses and weekend instruction for adults who could not otherwise complete high school.

In a country with a low per capita income and a high student drop out rate, IDEI has devised a "technology of education" that takes advantage of the Dominican Republic's well developed communications systems (especially radio and mail) to reach many people inexpensively. More than 50,000 persons have received accredited de-

grees, and more than 11,000 students currently are enrolled in 57 centers throughout the country. Many of the program's graduates are leaders in other Dominican social and economic development organizations that have received IAF support.

Because of the program's success, the demand for its services continues to grow. In the past, IDEI has been financed by low-cost tuition fees, private and corporate donations, and the Dominican government. With a grant of \$117,590, IDEI will purchase additional printing equipment so that it can expand its program to serve annually 15,000 working adults who have prematurely ended their formal education.

### Bolivia: Radio Loyola

Radio Loyola produces educational and cultural programs for Bolivian campesinos in the southern Departments of Chuquisaca and Potosí. The programs are broadcast not only in Spanish but also in Quechua, the native tongue for most of the station's 200,000 listeners. Radio Loyola plays a special role in Bolivia because it enables campesinos in remote villages to send messages to family and friends; the station also provides a public medium for the discussion of issues affecting the poorest and most isolated areas.

With a grant of \$24,779, Radio Loyola will offer an educational program for its predominantly illiterate audience. Programs will include instruction in reading, nutrition, agriculture, cultural values, and community development. The educational programs will be coordinated with projects of Acción Cultural Loyola, a local organization that carries out economic and social development projects.

### Bolivia: Instituto de Lengua y Cultura Aymara (Aymara Language and Cultural Institute)

The Aymara, one of the largest ethnic groups in the Bolivian highlands, must regularly confront discrimination. To speak Aymara in public frequently invites ridicule. The Instituto de Lengua y Cultura Aymara (ILCA) was founded in 1972 to promote Aymara, which is the first language for more than one million peasants. The Institute's Aymara staff includes linguists, anthropologists, and teachers who develop educational programs and compile materials written in Aymara.

With a grant of \$91,360, ILCA will develop an educational program to teach teenage Aymara to read and write in their native language. This approach is unusual since most bilingual, educational programs concentrate on younger primary school students. The institute will publish bilingual educational materials to reinforce pride in the Aymara language, culture, and history. It will train rural teachers to incorporate Aymara into their courses. In addition, students will be encouraged to compile oral histories of their communities so that new educational materials can be prepared from local sources. By promoting the use of Aymara, ILCA seeks to encourage Indian youngsters to value their own culture while they gain skills that are competitive in the job market.

# PHOTO PORTFOLIO: Petatlán and Ocuituco, Southern Mexico

Photographs by MITCHELL DENBURG

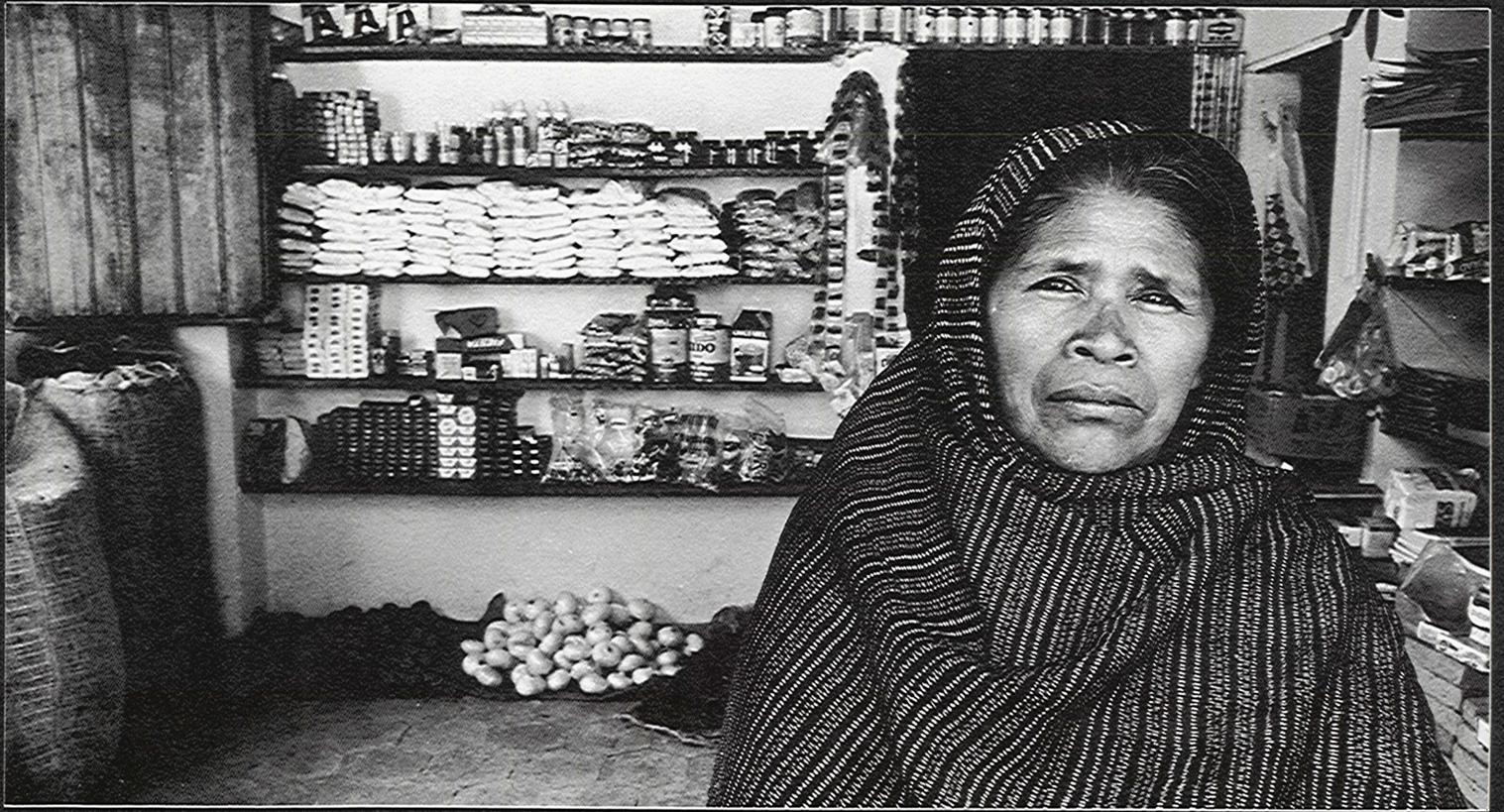
*Mitchell Denburg is a documentary photographer who is developing a 19th century photographic archive in the Centro de Investigaciones Regionales de Mesoamérica (CIRMA), Antigua, Guatemala.*

Petatlán and Ocuituco are like hundreds of other hamlets in the Mexican state of Guerrero—clusters of 15 to 20 houses scattered over a dry, eroded, and unproductive landscape. For such towns, “community development” means acquisition of first-level necessities: minimal roads, water, electricity, and schools. Above all, it means finding new sources of income.

Communities such as Petatlán and Ocuituco must rely on cooperative action to meet their needs. In these two remote hamlets, one community project has led to another over the past several years. In 1978, with help from the Grupo de Promoción Solidaria (eight lay and religious workers who promote village organization throughout the region), widows in Petatlán formed a production



Rural family, *aldea* of Nejapa.



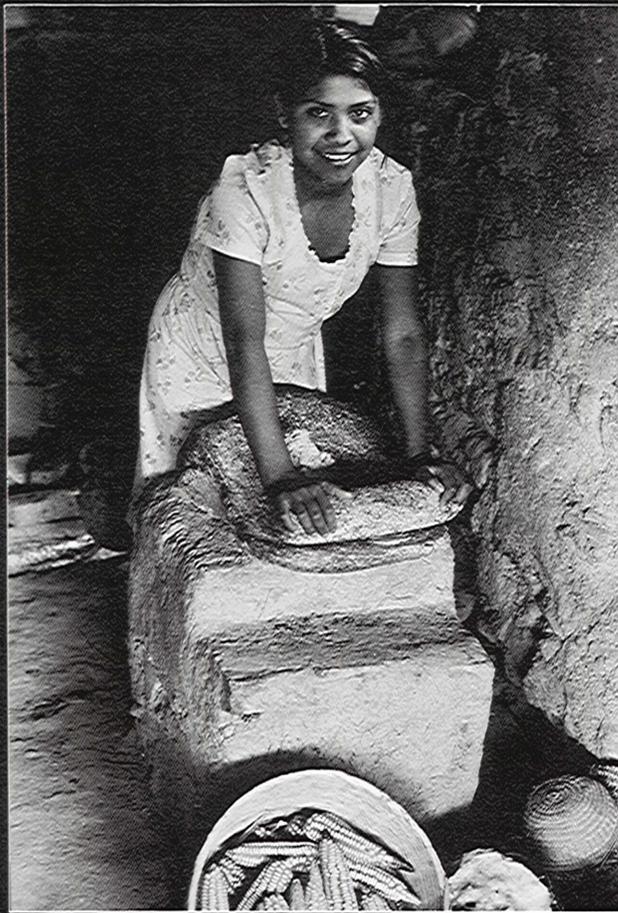
Manager, consumer cooperative store, Petatlán.



Cooperative member weaving *petates*.

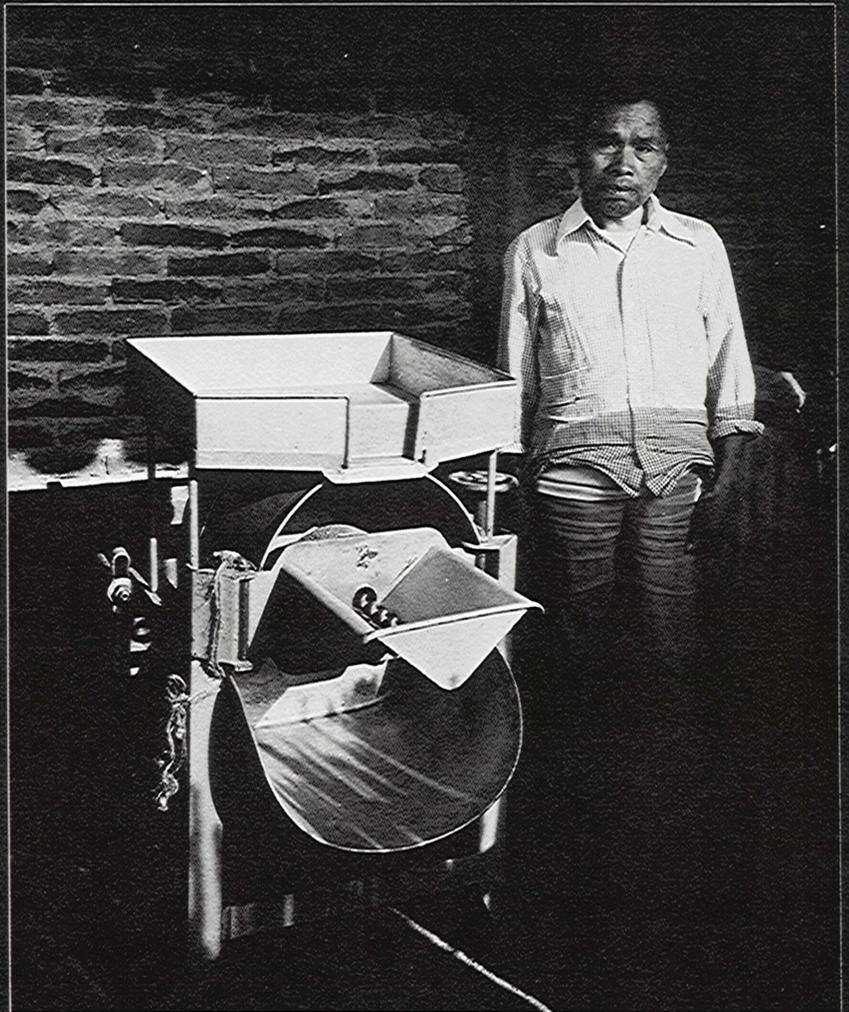


*Petates* stored in back room of cooperative store.



Grinding corn for tortillas with stone *mano* and *metate*, Ocuituco.

Recently purchased corn grinding mill, Ocuituco.

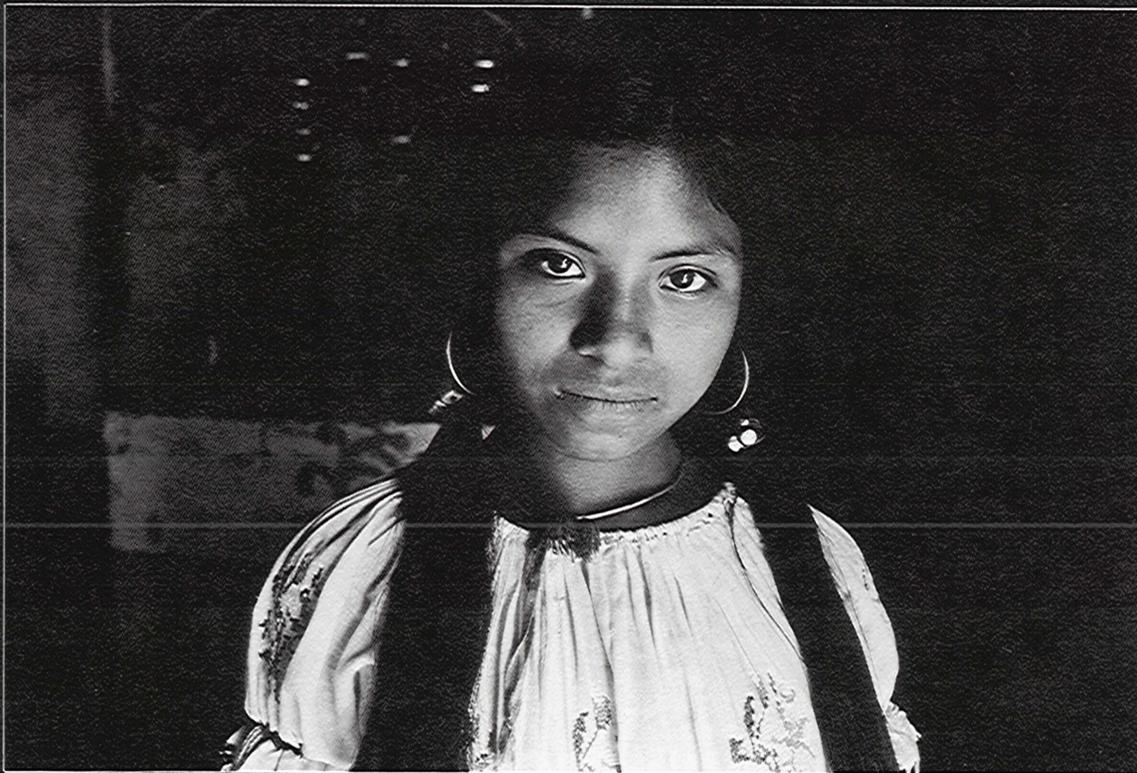


Baking bread in the household of the cooperative president, Ocuituco.

cooperative for the manufacture of *petates* (straw mats). They then set up a tiny consumer store. With adequate space for storage, the women were able to get top prices for their *petates* by holding them until the peak tourism season in nearby Acapulco. In these and nearby towns new projects are underway to cultivate fruit trees, produce organic fertilizer and biogas, capture rainwater in ferro-cement tanks, and manufacture building blocks and tiles. Small innovations can make a difference. The recent purchase of a gasoline-powered grinding mill frees women to do something other than grind corn for several hours each day—for example, to set up a home bakery such as the one shown here, the first source of freshly baked wheat bread in the village.



Potter, outskirts of Chilapa.



Nahuat teenager

# Alternative education for Maquiladora workers: Centro de Orientación de la Mujer Obrera

MARIA PATRICIA FERNANDEZ KELLY

After the Border Industrialization Program began in the mid-1960's, several Mexican cities on the U.S. border joined Taiwan and Hong Kong as centers for export manufacture. Multinational firms like RCA, IBM, Texas Instruments, General Electric, and Chrysler set up assembly plants, called *maquiladoras*, to take advantage of tax incentives and reduced labor costs.

Mexican workers in border areas have typically earned a small fraction of the average wage of their U.S. counterparts. And with Mexico's recent economic difficulties, this discrepancy has grown. For example, an average worker in a Tijuana maquiladora earned about 11,000 pesos (US\$320) during February, 1982. By the end of the year, several subsequent devaluations had reduced the same income in pesos to about US\$156. Although these devaluations were a hardship to workers, they have made Mexico an even more attractive setting for international companies with high product assembly costs. The maquiladora program has thrived. In recent years it has gained such prominence that public officials regard it as a key element in Mexico's development strategy. At present, maquiladoras account for 25 percent of Mexico's manufactured exports and 10.5 percent of total exports. Maquiladoras are the fastest growing sector of the economy, outpacing even petroleum-related activities. They employ more than 156,000 people, approximately 85 percent of whom are women. As in the Far East, the majority of the plants assemble electronics. About a third manufacture apparel; while the rest produce toys, decorative objects, asbestos yarn, and other light goods.

At the beginning of the 1970's fewer than 15 firms were operating in Ciudad Juárez, employing less than 2,000 workers. Now the city has more than 120 assembly plants, with a workforce of over 45,000 persons. Local promoters point proudly to more jobs and to the resulting boom in commercial activity. "There was an industrial revolution in England during the nineteenth century," boasted the manager of one RCA television firm. "Now we have brought a second industrial revolution to the Mexican border."

Although jobs are undeniably welcome in an economy characterized by chronic underemployment and unemployment, critics point out that maquiladoras have problems. At least for unskilled and semiskilled workers, job turnover is high, and the entire structure is unstable because of its dependence on economic fluctuations in the United States. The tens of thousands of lost jobs and the subsequent wave of plant closings during the recession in 1975 painfully illustrated this dependence.

Maquiladora workers usually stay on their jobs less than three years. While many young women quit to get married or have children, more leave because of working conditions: wages averaging under a dollar an hour, 48-hour work weeks, numbing manual labor, and high production quotas. Although job-related health problems abound in the garment and the electronics industries, public officials tend to look the other way. When workers leave temporarily to recover from sickness, they lose their seniority.

There is a perception, commonly expressed by plant managers, that most maquiladora women are working to earn supplemental household income and are not highly motivated for long-term employment. In fact, most maquiladora workers are primary breadwinners whose earnings are crucial to their families. Most workers are young women between 17 and 25 years of age. Since the median age in Ciudad Juárez is 14 years, the need to support children—either offspring or siblings—pushes women into the workforce. Meanwhile, many of the fathers, brothers, and husbands who live with maquiladora workers are jobless or earn meager incomes in petty service, commercial activities, or by illegally crossing the border to work in the United States. Like Teresa—whom I met as we stood in line for job interviews at an assembly plant—the maquiladoras are women for whom outside work is a necessity.

I am single, thanks be to God! But my sister, Beatriz, married when she was only fifteen. Now she is unmarried and has three children to support. All of us live with my parents, but my father doesn't have a job. My mother stays at home taking care of my brothers, sisters, nephew, and nieces. Beatriz and I are the oldest in the family, you see...that's why we really must find a job.

My own research, based primarily on personal testimonies of women, suggests that maquiladora workers often feel abused, overworked, and intimidated in the factories. They lack information about their legal rights; they possess negligible occupational mobility; and they have few ways to voice grievances. For many, having a job creates the desire to have a good job.

Therefore, while the maquiladora program has certainly created new employment, it has also raised expectations and caused many women to look outward. It is in this context—one of dissatisfaction and hope—that the Centro de Orientación de la Mujer Obrera was formed in Ciudad Juárez in the mid-1970's.

\* \* \*

María Elena Alvarado is 23 years old. She was born in a small town in the state of Zacatecas, but has spent most of her life in Ciudad Juárez. Of eight siblings, she and two sisters have worked in maquiladoras. At present, her family owns a modest but comfortable house in "La Chavena," a working class area in the city. A founding member of the Centro de Orientación de la Mujer Obrera, María Elena recounts:

I started working at an electronics plant six years ago. It was my first experience as an industrial worker. It wasn't easy to adapt to the rigid schedule, but I persevered. At that time, my only wish was to fulfill the obligation I felt toward those who had given me the opportunity to work, that is, the company. I don't deny that I learned many important things while I was working at the plant. I learned how to be disciplined and responsible. Who wouldn't? But I also noticed something else. I slowly became aware that I was forgetting who I was. I was becoming an object, a part of the assembly line. I became a thing that was constantly being pushed around: "Hey! Come here, do this, do that. Now, go over there..." After work, I didn't feel like doing anything. I didn't want to know about anyone. All I wanted was to hide under a rock so that nobody would see me.

Electronics assembly plant, Ciudad Juárez.



Mitchell Denburg

In April of 1972, I saw an announcement in the plant for a course in "human relations" which was going to take place at the Museum of Art and History in Ciudad Juárez. Curiosity, rather than a desire to learn, attracted me to the talks. I arrived in the museum one evening after five. A group of speakers was already there. Among them was Doctor Guillermina V. de Villalva. They started saying things about working women. I confess to you that I was angry. How could these people speak of goodness and beauty without knowing what it was like inside the factories? My anger was such that I walked out of the room. I said to myself, "What a bunch of fakes! They don't know what they are talking about. They would have to be inside a plant to know what it's like to be a line worker."

The next day I went to hear a second talk on "the family." I guess Guillermina had noticed me because she began to ask me questions. What was my opinion of the maquiladoras? What was the condition of women in the plants? How could their situation be improved? This confused me. The first day I had left the room because I hadn't liked the superior attitude of the speakers. But now they were showing interest in what I had to say. So I told them, "All of us women have problems. That is undeniable. But our greatest problem is that we lack a sense of self. Everything else is secondary. We don't know who we are. If you really want to help us, then you must teach us to know ourselves, so that we can take pride and demand that others value us in the same way that we do."



Maquiladora women working in electronics assembly.

Workers in COMO training class.

Guillermina told me, "That is precisely what we are discussing right now. We are trying to find a way to show women how they can discover their own dignity, no matter what role they may be playing—as homemakers, as factory workers, or both."

And that is how the seeds for COMO were sowed. I was part of the initiative. We didn't want to create a traditional school. We were looking for alternatives, for a sense of community. I didn't stop working, how could I? My family needed the income. Every night after work I can come to COMO and reach out to other people like me.

COMO has its roots in the long-standing tradition of concerned, relatively privileged women professionals becoming involved with and assisting less fortunate women. But soon after the organization was founded in the early 1970's, working-class women transformed COMO, developing it into an instrument for self-education. Now, most of COMO's staff are women who have worked in the maquiladoras. To date, more than 10,000 women have participated in activities organized by the center. Some women have collaborated in seminars; others have enrolled in programs to provide alternative skills and improve their employability.

The center began as an informal, loosely organized group concerned about health and family problems. The staff counseled and tried to help women with their educational needs. Special attention was focused on the tensions that arise from conflicting responsibilities in the factory and the



Mitchell Denburg

home, with staff members trying to help, as much as possible, the large number of unwed mothers who worked in the plants. There was also a program to inform the workers of their rights under Mexican labor law.

Today COMO is organized around a core curriculum to "raise consciousness" while providing vocational training. Working women require (and increasingly demand) new services and information. Upgraded skills and a better education give them confidence and new competitiveness in the job market. At present, COMO has developed training programs to prepare women for jobs as cooperative technicians, teaching assistants, social workers, nurse's aides, personnel management aides, and instructors in primary and secondary schools.

There are links between COMO's philosophy and that of Paulo Freire. Both conceive of education as a holistic process which enables individuals to learn basic skills while expanding self-awareness. Rather than memorizing abstract formulas derived from alien experiences, students at COMO use their own lives as the basis for self-instruction and discovery.

Responsible education involves more than just job training because the local economy offers few opportunities. Most local employment is unstable and low paying. For this reason, COMO tries to look beyond the existing labor market and teaches women to improve their lives by helping each other.

Early on, COMO's founders became interested in improving the rest of the community in extending services

Cardboard recycler, SOCOSEMA member, working in municipal dump, Ciudad Juárez.



Mitchell Denburg

With improved management and accounting, the cooperative has obtained credit and additional services from BANRURAL.

Based in part on their own learning in the factories, COMO women have helped small production groups improve their efficiency and expand their businesses. In one instance, a cooperative (GUILLE) was formed by ten seamstresses, most of them former maquiladora workers and COMO graduates. GUILLE has now cornered approximately 5 percent of the local market for factory uniforms. It also manufactures dolls for export. During 1981, the cooperative assembled about 25,000 items under nearly 200 different contracts. The organization has become financially solvent. After a difficult start, its members are earning more than the minimum wage.

COMO's approach to educational service has gained the recognition of public officials in Mexico. With a grow-

through cooperatives. For example, in 1975 they helped organize a group of garbage workers. In comparison to these men and women, the maquiladora women seemed privileged. The garbage workers were at the bottom of the occupational ladder. Most were illiterate; health problems were rampant. Although nominally affiliated with local unions, the garbage workers in the early 1970's were disorganized and impoverished.

With support from former COMO students who were trained as organizers, the garbage workers formed the Sociedad Cooperativa de Seleccionadores de Material (SOCOSEMA). Currently, SOCOSEMA's membership includes 325 families who sort out and recycle waste materials for marketing

in the United States and Mexico. SOCOSEMA has become a self-sustaining enterprise. It has developed a housing project, a small school, and has recently acquired new working facilities from the city government. Next, the group plans to construct a processing plant for cardboard and scrap materials.

COMO has also helped Vado de Cedillos, a cooperative that specializes in growing cotton and other fibers. COMO advised the group on cooperative legislation, administration, and management. In particular, COMO has helped the cooperative set up careful accounting procedures. Over the years, COMO has acted as a mediator between this group and BANRURAL, the rural development bank in Mexico.

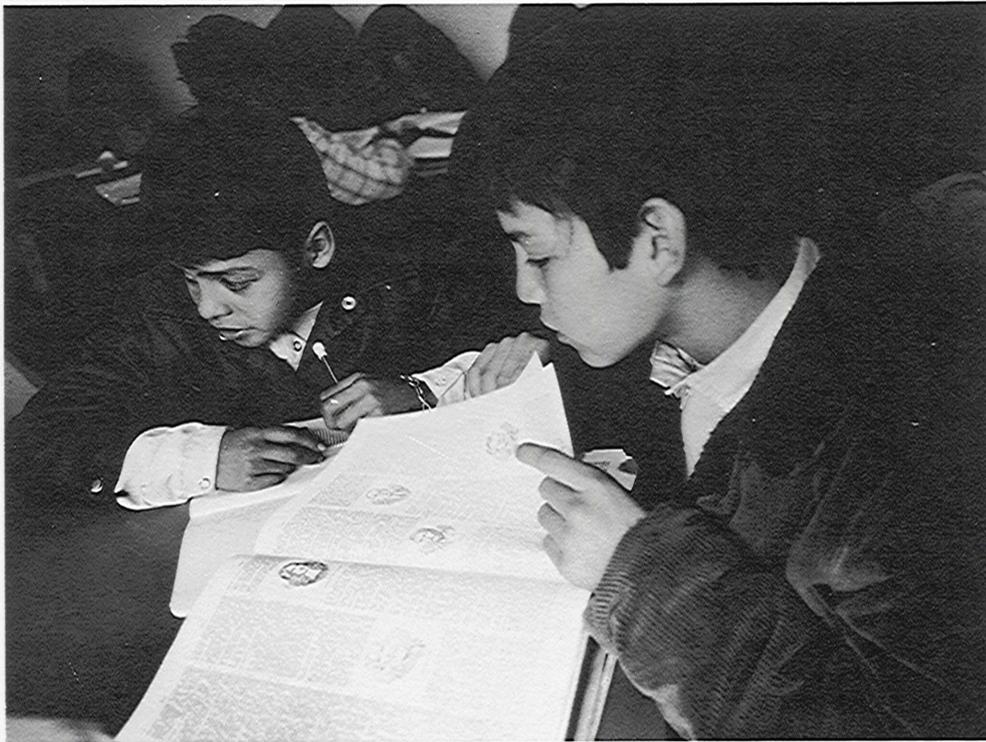


Mitchell Denburg

ing staff, including many ex-students, the center has been accredited as a teaching institution by the Unidad Coordinadora para el Empleo, Capacitación y Adiestramiento (UCECA), a government agency that provides on-the-job training to industrial workers. In addition, the center has contracted services to private firms (including some maquiladoras). These activities provide supplementary earnings that help support COMO, and they have afforded COMO's women valuable teaching experience.

In 1980, COMO received a contract from the Comisión Nacional de Fomento Educativo (CONAFE) to offer training outside the maquiladoras. Centro de Educación Básica Intensiva (CEBI) is designed to provide instruction to 11 to 14 year-old children who have dropped out of school. Since 1981, COMO has been in charge of CEBI's in the Colonias Morelos and Libertad, two of the most impoverished

Students in CEBI program.



Mitchell Denburg

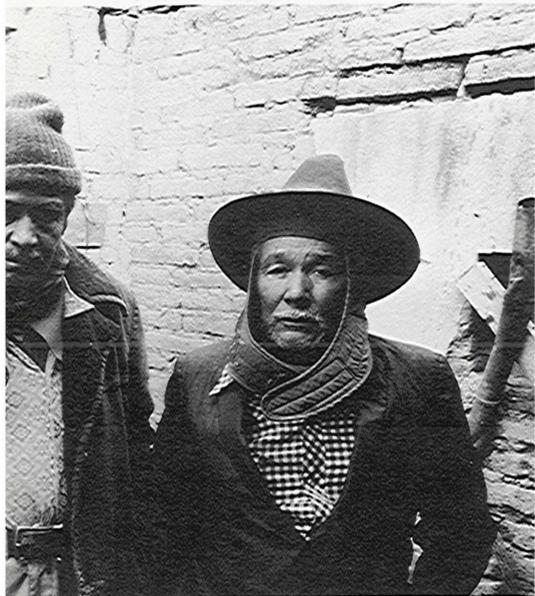
areas of Ciudad Juárez. Eighteen COMO members participate in this program, including three specially trained "promoters" who coordinate its operation.

The CEBI's are centers where students from poor families obtain basic skills. At the same time, they are encouraged to take active interest in their communities' problems and to explore creatively their lives and occupational choices. CEBI instructors encourage critical thought that builds upon the acquisition of concrete skills. For example, workshops in carpentry and construction materials teach useful job skills, but they are also forums to explore social issues associated with housing. Creative expression is taught in the same way; students are asked to

compose poems or short stories that describe, first, the skills that they have learned, and next, the social environment that gives these skills meaning.

COMO supports the CEBI's with an active outreach program. Staff members strongly encourage attendance by making regular visits to the students' homes. Wherever possible, teachers try to bring educational services out of the classroom and directly into the residential areas where working women and their families live.

Other literacy programs for adults have emerged based on the CONAFE/CEBI model. With COMO's collaboration, new textbooks and instructional materials have been prepared. Those materials are now being used nationwide.



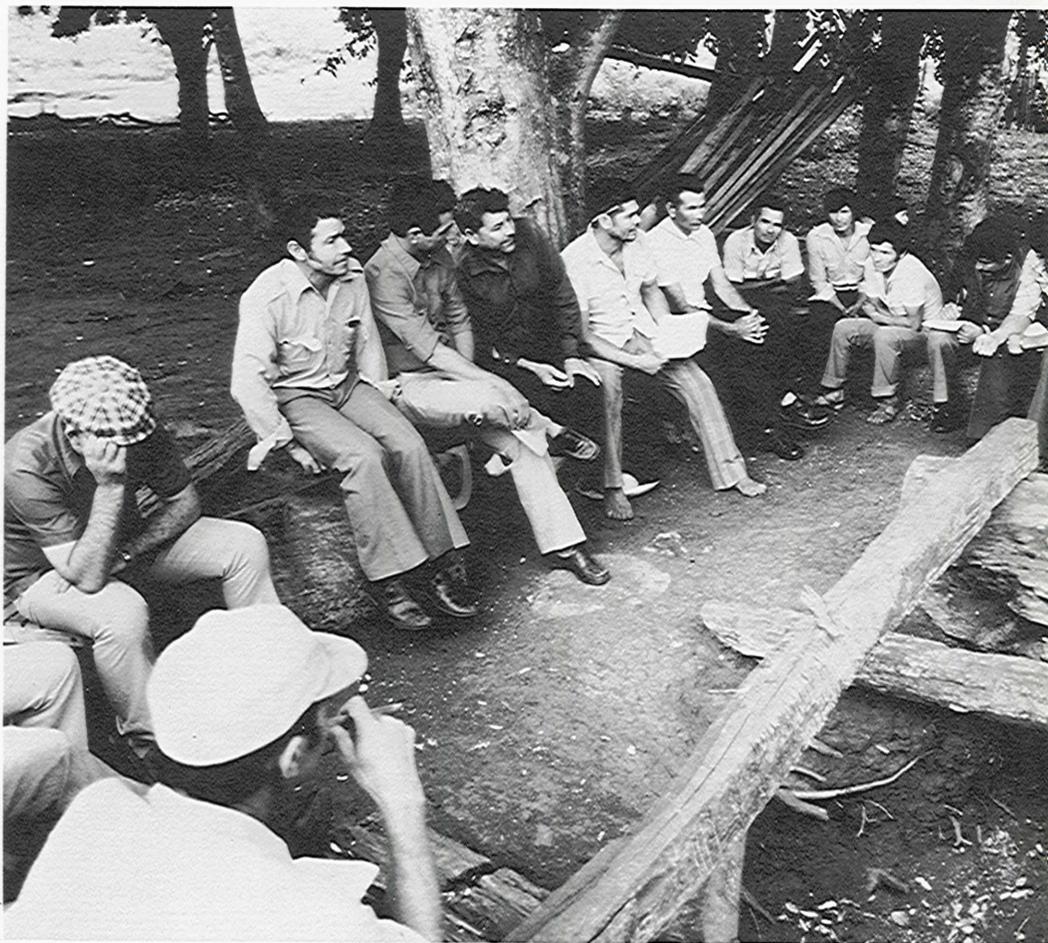
Members, SOCOSEMA junta directiva.

# Oral histories from the

COMO is trying to build upon the unrecognized potential of working women. It sees them as a means of transferring technology "from below." COMO believes that what women learn in maquiladoras provides a spectrum of valuable knowledge that ranges from particular frames of mind to special forms of discipline, language, and skills. Until now this experience has generally been ignored by public officials and industrial promoters. Yet it may be used constructively in two ways: first, in the formation of cooperatives that incorporate displaced maquiladora workers into productive economic activities, and second, in the administration and education of already existing cooperatives.

The issue is not just self-awareness and skills, but self-awareness, skills, and opportunity. The inherent instability of maquiladora work has created a large number of unemployed female factory workers. Through cooperative effort, COMO is trying to encourage workers to form their own enterprises. In doing so, the center hopes to create jobs rather than merely respond to the demands of existing industry.

*MARIA PATRICIA FERNANDEZ KELLY is a researcher in the Program in U.S.-Mexican Studies at the University of California, San Diego. She received a post-doctoral grant from the Inter-American Foundation to compile an oral history of maquiladora women, For We Are Sold: I am my People: Women and Industry in Mexico's Frontier (Albany: State University of New York, 1983). Additional information on the border industries is contained in Women, Men, and the International Division of Labor (June Nash and M.P. Fernández Kelly, eds; Albany, State University of New York, forthcoming). In 1982, Dr. Fernández Kelly carried out a short evaluation of COMO for the Inter-American Foundation. A more extensive study is now being conducted by Professors Gay Young of the University of Texas and Beatriz Vera of the Universidad Iberoamericana, Mexico City.*



Jeffrey Fox

# Paraguayan cooperative movement

ROBERT WASSERSTROM



Local committee meeting with CPC organizer.

Paraguay presents a harsh and inhospitable environment for the cooperative movement. Through 150 years of civil war and turmoil, the markets, towns, and peasant organizations of rural Paraguay have remained undeveloped. Campesinos are isolated; wealth has become ever more concentrated. By 1950, a few large estates, mostly around Asunción, employed thousands of laborers to produce sugar cane, cattle, and cotton. But the vast majority of farmers were landless squatters, living on subsistence plots beyond the roads and rich estates.

Unable to support their families, many peasants moved east in the 1950's—first into the *cordillera* near Villarrica (a small city in central Paraguay), later into the uncharted forests and jungles of Caazapá and Alto Paraná. Often they settled on public lands or on properties that had been sold to foreign lumber companies in the late 19th century.

In the 1960's, migration increased in response to a government program that encouraged landless peasants to colonize the jungle. Between 1957 and 1975, an estimated 600,000 settlers—one quarter of the country's population according to official statistics—abandoned their former homes in search of new lives as "colonists."

Land in the eastern forests was not free, nor necessarily inexpensive. A selling price (which rose with the colonist's improvements and the increasing value of real estate) was set after a five-year grace period. The colonist was allowed an additional five years in which to make payment. Since public agencies provided few services and

little infrastructure to support small farmers, many colonists lost their land. Without production credit and access to markets, an estimated 60 percent of the settlers were forced to sell at least part of their property during the first three years of the payment period. New estates absorbed much of the improved land. The would-be colonists returned to the estates as laborers, migrated to Argentina, or more recently, have gone to work on the hydroelectric projects on the Brazilian border.

Unlike countries with strong campesino or cooperative movements—such as Colombia or Mexico—Paraguay had few community organizations or small farmer associations. Decades of violence and repression had made peasants distrustful even of the self-help organizations that the government and Catholic Church promoted in the late 1960's.

One remarkable peasant organization that survived and grew is the Centro Paraguayo de Cooperativistas. CPC was founded 20 years ago by a half dozen cooperative organizers, most of whom are still active in the organization. In the early 1960's, these organizers began working through church-sponsored cooperative projects, encouraging peasants to organize "committees" and providing them with assistance in bookkeeping and agronomy. As they sought greater independence, however, they lost their funding. Initially the staff took jobs in other programs and continued to work without pay at the CPC training center near Villarrica, but the lack of resources inevitably led to suspension of activities.

Efforts to revive CPC began in 1976. Several members began meeting in order to form a regional association of small producers in the states of Guairá and Caazapá. The majority of farmers in that area are squatters. Impoverished and unorganized, they worked isolated plots of land, family by family. The CPC promoters planned to form committees of 15 to 30 members and then gradually link committees through the provision of marketing, credit, and technical services—first by zone, then by region. In 1976, the group obtained a grant of \$361,000 from IAF to capitalize a revolving credit fund and to hire agronomists and accountants. Soon a half dozen promoters were in the field full time, traveling to remote hamlets to talk with farmers and helping them to organize.

Over the years CPC built a decentralized network, which now operates as an independent organization. Fifty-six rural committees serve over 7,000 people in Guairá and Caazapá. Each committee operates independently; yet as the following interviews show, the groups benefit both from the solidarity and concrete services provided by the regional association.

The credit program is one illustration. Before borrowing, each member discusses his production plan with the local committee—what crops he will plant and how much cash he needs to improve production. The group decides how much each member can borrow and repay—\$200 to one member, \$100 to another, \$250 to another. The regional association then lends to the group, which assumes collective responsibility for the loan. With collections and administration handled by the local group, “banking costs” and default are low. Despite recent poor harvests, loan recuperation by the regional office has been near 100 percent for the past seven years. Loans generally turn over rapidly, and the revolving fund has steadily expanded.

In 1979 and 1980, additional IAF grants were made to the network to expand services—providing more credit, a warehouse, and consumer store supplies. As the network gained strength, three of the original promoters began planning for the extension of CPC’s work to a neighboring area. In 1982, they obtained IAF support to create a second regional network in the adjacent state of Caaguazú. In essence, they are starting again from scratch in the slow process of organization building:

long drives, rutted roads, night-time meetings . . . discussion, rule-making, votes . . . speaking, persuading, listening.

The following four accounts describe CPC’s struggle against poverty, isolation, and powerlessness. The first speaker, Carlos Luna, is one of the group’s veteran organizers. Here he describes how CPC operates and the values that it upholds. The next three speakers—Guadalupe Brites, Alcenio Moreno, and Juan Antonio López—are local committee members, each of whom tells his own story.

### *“Stretching our resources isn’t always easy”*

#### **Carlos Luna, CPC organizer**

I’ve been involved in cooperative work for at least 30 years. In 1962, I was in Montevideo with a group of leaders from all over Latin America who had received scholarships from ACINDECO\* to study cooperativism. That’s where we came up with the idea of forming the CPC, a center which could provide technical assistance to cooperatives in Paraguay.

Our initial step was to organize meetings for co-op members. I remember that we had the first one out in the eastern hills. And the second one was in San Bernardino, with leaders from all over the country.

Next we talked with people in the public sector—in the central bank, at the general cooperative administration, in the ministry, in the planning division. We wanted to put them in touch with co-op leaders to see what kinds of activity they would support. Out of that experience, we began to organize short courses and seminars for cooperative members in both rural and urban areas.

Eventually, we received some money to build an institute, the one we still have. That way we could think not only about our work in cooperative education, but also of providing technical assistance directly to peasant groups—specifically, by doing research on annual crops. As it turned out, this has been the most expensive and diffi-

\*International Action for Cooperative Development, based in Belgium

cult thing we’ve tried: communicating the results of our research to people who need the information.

After that, we had to suspend our activities for quite a long time. With the IAF grant in 1976, we decided to work here in eastern Paraguay because we had other projects going. I guess what also attracted us to this area was the number of cooperatives that had already been set up. The oldest was founded in 1941 in Villarrica to grow grapes and make wine for the national market. And nearby we have Colonia Independencia, which was created by a group of German immigrants to market wine and other agricultural products. Over the years they’ve been so successful that they’ve been able to buy their own grain silos, warehouses, machinery to grind *mate*\*, and other things.

We were also lucky to have the Center for Socioeconomic Development in this part of the country. It is sponsored by both the private and public sectors to support initiatives that contribute to the area’s growth. We enjoy a close relationship with the local authorities because the governor was president of the development center, and he knows us from our previous work. He has always been helpful. In the six years we’ve been operating, we’ve never had problems with the government.

There have been many previous efforts to organize cooperatives around here. For example, someone tried to form an association of silk producers, people who raised silkworms. When the price of oil went up, they were thrown into complete panic. Since Japan was the only buyer of raw silk, world prices dropped and knocked most of them out of the market.

After that, someone organized a cooperative for handicraft producers. That failed for lack of capital. As it turned out, the people who were most interested in the cooperative were intermediaries, not the artisans themselves. Artisans don’t have much capital to put into their businesses or to build up their stock. The government bank will make limited loans, but it works primarily with people who have collateral. And in this case, we’re talking about the poorest sectors of society.

Anyway, about 15 years ago, the National Development Bank began a big handicrafts program with loans of

\*An herbal tea, called *mate*, is the country’s most popular drink.



Carlos Luna, CPC organizer.

25,000 guaranies\* apiece. But the people who got the loans immediately stopped producing and began to buy from artisans who were too poor to qualify for help. In other words, they took the money and became intermediaries, which caused a whole new set of problems. So you solve one person's dilemma, and everybody else is worse off.

We work on three different organizational levels. At the local level are committees, which are grouped into seven district councils. These districts then make up the regional league which covers our entire area of operation. Our smallest committee has seven members, and the rest range between 10 and 30. In fact, there are even a few with more than 30 members. All together, we have 56 committees. The newest ones are two years old, but the majority were organized in 1976 when we began our activities. As more committees formed, they split off from existing district councils and formed their own districts. That way, members wouldn't have to travel so far for meetings.

Each committee defines its own activities according to the needs of its members—that is, according to the specific circumstances of the members' lives. We encourage committees to study their own situation carefully, even though most members are illiterate and speak only Guaraní. And on the basis of whatever priorities they establish, they set their own course. For example, we never thought of forming work teams; it just emerged on its own. At first, everything was done at general meetings. You can imagine the kind of demand that placed on every-

one's time—coming to meetings once a week. Attendance began to drop. Then somebody had the idea to divide the work among several different groups with everybody responsible for different tasks. The idea was perfected at regional meetings, and now it's become our general practice.

When we got underway, there was a large jump in the number of local committees. Later, we discovered it was because most peasants had a lot of trouble obtaining equipment, credit, and supplies that they needed. Commercial prices were much higher than the prices our committees offered. Naturally, that situation didn't last long, because private suppliers had to compete with us. Today you wouldn't say that there's a spectacular difference between their prices and ours. Just the opposite: even the merchants who buy agricultural products have to pay more or less what we guarantee our members for their crops. So, in fact, many people benefit from our program who aren't members of the organization.

As you might expect, the storekeepers still have many "resources" not available to us. Like short-weighting, for example—a kilo here, a liter there. In many cases, a kilo has only 800 grams. Wholesalers use the same trick. Say we order 1,000 sacks of sugar, and they can take out two kilos from each sack—that adds up to 2,000 kilos. And of course, this lets them sell at a lower price.

In my case, I'm part of the organizing team. There are 11 of us in all: agronomists, specialists in administration, a secretary, an accountant, a general coordinator, and two women who work on family matters. At the moment, we pretty much confine our activities to providing advice and tech-



Guadalupe Brites, committee member.

nical support to different committees. When we had just started, we didn't have to worry about reaching a lot of people; but all of this has changed as the organization has expanded. The main thing is that we've had to make our limited resources go even further. And stretching ourselves to cover so many people isn't always easy.

*"Helping other people gives me a sense of fulfillment"*

**Guadalupe Brites, committee member**

I was born in 1919 in a town called Doña Juana, near Villarrica. In 1922 or 1923 we moved here because two groups in the Liberal Party were fighting for control of the country. My four brothers and my father belonged to the group that lost, so we left to avoid political persecution. When we first arrived, there was nothing but virgin forest—forest and sky. The Fossardi Lumber Company gave us permission to farm here, so we stayed.

Around 1927 or 1928 other people began to move in. Actually, there were always a lot of people who came for a short time. But we have very bad weather: between October and January, we get a lot of wind and people generally have to put new roofs on their houses. So most of the families who came in didn't stay too long—they couldn't get used to the weather.

About two years after we arrived, the company asked us if we wanted to buy our land; they wanted 3,500 guaranies for 20 hectares, which was the price of a pair of oxen. At the time, we were growing corn, manioc, and peas; and my brothers also worked as wood-

\*150 guaranies = US \$1.00

cutters, cutting firewood. We used to sell some of our corn and beans to a local man, and one of our neighbors bought the firewood. So we had saved a little money, which we gave to a company representative. But he just stuck it into his own pocket and took off. Naturally, we never got any papers to show that we had bought the land.

That robbery hurt us, but we recovered somewhat and bought a few animals: oxen, cows, pigs. Now I have two different parcels—one which is six hectares and another which is ten—but I've never been able to pay off either of them.

I got married in 1943. We had 20 children, five of whom have survived. First we had a boy, then a girl, then another boy, then another girl—always in that order. All together, 15 of them died. Why did it happen? I don't know. My wife is perfectly healthy, but they all caught a disease we call *disipela*, which started in their feet and finally reached their heads. And at the time, we didn't know anything about antibiotics. Seven children died of it before someone told us where to get the right medicine. Later on, my wife was treated by a doctor who came with the road crew, and we never had any trouble again.

After we moved in here, we stopped having political problems. Even during the 1947 revolution and the repression in 1960, they left us alone. The only thing is that you always feel a little uneasy, a little scared. In 1974, for example, a group of us started to work our land together—there were 27 of us in all. We planted corn, cotton, manioc, beans, and peanuts. We did it collectively; each person was responsible for taking care of three or four hectares. But the merchants around here didn't like it, and they complained to the local authorities, who put a lot of pressure on us. Only six people stuck it out. Seven or eight months later, things quieted down, and six of the people who had been scared off rejoined. We ended up with 12 members.

We kept working for a couple of years, until one day the priest told us about a group that was being organized in San Juan Nepomuceno. He paid our way to San Juan so that we could see what was going on there. That's how we met the people from CPC. All 12 of us attended a three-day course on cooperatives that they were

giving in the parish hall. When we got back, we were excited about what we had learned. We came back, talked among ourselves, and then set up a committee. Later CPC gave us credit to set up our store.

We started by asking for a loan of 90,000 guaranies, and we also agreed to contribute 5,000 guaranies apiece toward the committee's expenses. By that time, which was in April 1978, the group had more than 12 members. Twenty-two families had signed up, but since we don't have much land here, many people moved away to the frontier area around Presidente Stroessner. So at the moment, we have 16 members. Only five of us own land in the community, while 11 don't have anything at all, and those of us who own a piece of land lend them what they need. Actually, the group survives because we like to work together, not because we make more money.

We keep track of how many days each person works on the communal parcel, and we credit that number toward what he purchases at the cooperative store. The store is important because we can buy things like flour, vegetable oil, *mate*, soap, and salt on credit until our crop is sold. Right now, for example, we have about 180,000 guaranies on hand at the store, including 70,000 guaranies' worth of goods which the regional league has loaned us. We're using some of the money to buy cotton from members who need cash and can't wait until the regional league negotiates a contract with the cotton mills. The situation is this: a few weeks ago, the government fixed a minimum price of 48 guaranies per kilo, although many of the mills are offering only 43. So we give our members 35 guaranies per kilo to tide them over until the final sale is made. And when the cotton is delivered to the regional league, we'll pay them whatever the difference comes out to be. If they had to sell to a private buyer, they'd lose a lot of money—like we always did in the past.

Why doesn't everybody in the village join our group? The excuse you hear most often is that they don't want to be taken away in a red van—the kind used by the police. And then some people say, "I don't want anyone telling me what to do"—as if all we do is give orders! Other people say they don't want to contribute money to the

store; they don't want to come to meetings. That's the real obstacle: they want to enjoy the benefits, but they don't want to share the responsibilities.

We also do something that we call community service, where we all pitch in to help someone with a problem. Many of our neighbors tell us that they don't want to do that kind of thing. "I don't like to work in someone else's field," they say. In other words, they don't want to help out, and that's part of what we do. People outside the group feel that they're losing a day of work if they have to help someone else or work on the communal farm. But we see it differently. If one of our members ends up in a tight spot, the organization tries to figure out what he needs. If it's money, then we lend him money; and if it's work, then we lend him work. That way, nobody has to face his problems alone.

In the beginning, I didn't have much experience with money, not even my own. What little I earned got spent on medicines or other things. I didn't really know what I was doing. My neighbors felt that someone like me wasn't exactly the best person to manage other people's affairs. But after I joined the group, I settled down because I wanted to gain the respect of the other members. And that helped me out because I was able to acquire a few chickens, pigs, oxen, and some more equipment. In other words, the group itself helped me to become more confident and gave me hope. Now I handle the money, and nobody worries about whether it is being mismanaged. You might say that the work itself has forced us to learn new habits. And in my case, helping other people gives me a sense of real fulfillment.

Alcenio Moreno, committee member.

Jeffrey Fox



***"Our organization is important for society"***

**Alcenio Moreno, committee member**

When we first started to farm around here, we didn't own any land. At the time, it hadn't been opened to settlement yet; you just came in, cut down the forest, and planted your crop. Later on, the Instituto de Bienestar Rural gave us all a parcel. I got two and a half hectares, for which I pay a certain amount every month. I also have 20 hectares that a friend and I recently bought from a veteran who had been given a big area as a reward for military service. It's still not very much land though, because I have 12 children, of whom 10 are still alive.

What we grow is primarily for our own use. We plant manioc, which we call *rama*, and also corn for cornbread, corn for animal feed, and a few peanuts. We've learned to raise animals with part of what we produce because it's a better investment.

I've been raising cotton for five or six years now. At first, we did all right: on one hectare, we got 1,500 kilos, and I made 60,000 guaranies. But after that, we had two years of drought, and we didn't do so well. Our land is very sandy, and if we don't get enough rain, the plants just dry up.

I don't think that I'll keep growing cotton for very long. For one thing, it's very susceptible to bugs that eat the leaves. We walk along the edges of our fields, and when we see that the plants are turning yellow, we spray them with pesticides, which is what the extension service tells us to do.

Sometimes the insects become resistant. Then a lot of people get sick. The poison is very strong, and it can affect the person who's applying it. The extensionists tell us to use gloves and rubber boots and a wagon to carry the pesticides, but I've never seen any of those things here. Anyway, it always blows in your face because you have to stand downwind of the plants you're spraying. Then you get a heavy feeling here in your stomach, like indigestion, and you have to stop. So I wouldn't say that cotton is a crop that helps you out, because if you aren't very careful with it you end up worse than before.

When I first started out, I didn't really take a lot of pride in what I was doing. At the time, you never got very much for what you grew—even if you could find someone to buy it. And if you raised something that sold well, people just took advantage of you. We used to say that it was better to grow a little food and look for work as migrants. So every year we'd get everything ready at home, and we'd take off for Argentina. Of course, we had to work at something outside of agriculture, primarily cutting timber or planting trees.

One time when I went to Argentina to work on reforestation, we had a serious problem at home. A ghost. It was a demonic spirit, and it cost me everything I had managed to earn, everything I had put my effort into. I had just bought my land, but I couldn't keep up the payments and maintain what I had already acquired. I couldn't sleep at night, and we ate up everything we owned—in fact, we sold whatever we could to restore our peace of mind. I was a good worker. We had

lots of pigs, chickens, and things like that, which is why people were jealous of me. And they began to say that if I was doing well, then I must be doing something wrong. So my sister got someone to cast a spell on us. It left me in very bad shape. I ended up with a lot of debts.

About that time the people from CPC came to see if we wanted to form some kind of group. They asked us about our lives—how we were doing, where we were going. That made us sit down and take stock of our situation. And in fact, we began to feel we weren't making much progress. They suggested that we should help each other a little more, that we would be stronger if we got organized. Now we don't go to work for other people anymore. We look out for ourselves and try to do what we think is best for our families.

The advantage of having a committee is that we're united; when we work together, we can get credit. That's one of the things that has helped us change the way we live. In the past no one would give us a hand. The banks don't lend money to poor people who just want to get ahead. CPC has some money, and it supports people who are willing to work together. In the beginning, we each got 15,000 guaranies, which was disbursed on a six-month schedule. The committee also took care of marketing. We sold our whole crop to whomever would pay us the best price.

## *"Living on what we produce ourselves"*

**Juán Antonio López, committee member**

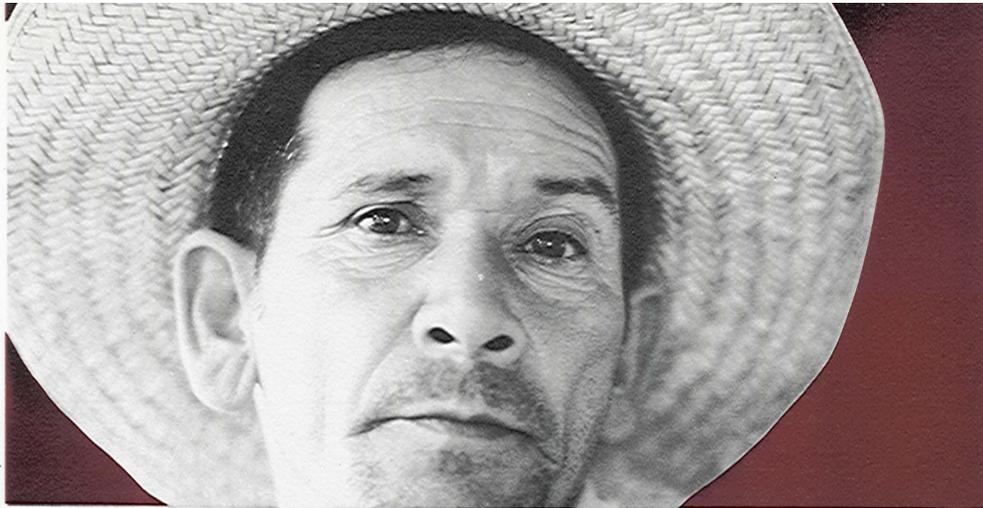
We used to live in San Juan de Buenolero, but there wasn't enough land for us. My father had two hectares where he grew *mate* to support us. There were nine of us in the family, and he just didn't have enough land to go around.

I arrived here 33 years ago with my brother. We got jobs with the lumber company, which owned 400,000 hectares out here. It was a difficult life because we were always on the move. We had to leave our families for two or three months and cut timber, which we dragged to where the ox carts picked it up. Then we would come home for a while and look after our families. The company let us plant a small amount of land for our own use. We grew manioc, corn, peas, beans, and rice.

At first there was nothing but virgin forest out here. Little by little, people trickled in and got permission from the company to stay. Finally, they let us buy some of the land and fence it off. That was two years ago, when we already had 100 houses in the village. Now we've built a school which goes up to the sixth grade, and we've begun to market some of what we grow—cotton, soy, and sunflowers. Before that, we had to sell to local buyers, but they didn't give us a decent price because we didn't have a road.

How did we decide to form a committee? We got the idea from the priest in San Juan who came here to do some pastoral work. He told us about a group that was being organized in his community. Three of us went to see what it was all about and made contact with the people from CPC. A short time later, they sent a couple of organizers to explain what they were doing. After that, we thought it over for several days and then agreed to create a group of our own. Now we have 27 members, although some people drift in and out.

One important thing is that we've begun to market our crops together. The regional league helps us with the paper work, and only one person actually has to deliver the product. The regional league also gives credit, which is divided among all the members.



Jeffrey Foxx

And it helped with the sawmill. We always had plenty of timber, but when someone wanted to build a house he had to buy lumber from outside because we used to burn the forest to clear it for planting. Then we got the idea of building a sawmill so that we could use our own resources. We bought an old saw from our Mennonite neighbors for 90,000 guaranies, and we borrowed 425,000 guaranies from the regional league for a new motor. We sold wood to pay off our debts, but now we just cut it for ourselves. We don't try to run a commercial business—it's too expensive, and we can't make much money—but the mill lightens some of the load the community must carry.

I don't know why the lumber company stopped working here. It's probably because they cut down all of the good wood in the first years and pretty well destroyed the forest. A few years ago, they came and told us that we would have to move because they wanted to sell this place to a Brazilian. He even came here to look it over, and he was surprised to find so many houses and the school. Of course, we didn't want to move. Through the committee we made contact with the Instituto de Bienestar Rural, and we asked them to give us the land. The IBR agreed and ordered the company to sell off 20-hectare lots at the official price of 6,000 guaranies per hectare. If you wanted more land, you could buy a bigger piece, but it cost 15,000 guaranies for each additional hectare.

The IBR could have expropriated the property if the company didn't cooperate, but they didn't put up any objections. I guess we were luckier than some people, because other villages like ours have been broken up. The company offered them each 15 hectares

someplace else, and if they didn't like it, they were surrounded by the police and harassed. The authorities came in and pushed the people out. And of course, they never saw titles to their new land. Because they weren't organized, they lost everything.

Our main problem is earning money all year round—not just when the cotton is sold. For example, CPC is helping us plant a winter crop—peanuts, which we have never done before. And we use the motor at the sawmill to make animal feed for our pigs, our chickens, and even for our cattle.

Since last year, we haven't had any problem with diseases, because we've started to vaccinate the animals. Of course, there are still a lot of things we don't have. Poor people suffer the most if someone gets sick or if they have a lot of children. It's not easy. But we're doing better, particularly if you compare our lives with the way things were before we organized. In those days, everybody had to go out and work in the forest, and what you made wasn't enough to live on anyway. Everybody lived on credit from the local store, which charged inflated prices. Now we have our own store, and it is stocked with goods from the regional league. We also farm a collective parcel, which we use to capitalize the cooperative. If someone gets sick or can't work, we can help him with our earnings from the collective parcel. That's probably the greatest benefit of all: now we can live on what we produce.

*ROBERT WASSERSTROM is an associate research scientist at Columbia University. These interviews from the Centro Paraguayo Cooperativista are from oral histories of six organizations that have received IAF support. A volume of these oral histories is scheduled for publication in 1984.*

Several kinds of studies are conducted with Inter-American Foundation support. Projects are regularly evaluated as they draw toward conclusion, and the foundation conducts broader reviews of its work by program area and country. In addition, grants are made to Latin American and Caribbean research institutions for their own studies. Last year, some 20 grants were made for research on development issues affecting poor people. Through its fellowship programs the foundation annually provides research and training opportunities for about 50 graduate students and junior researchers from Latin America, the Caribbean, and the United States.

# Research reports

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## The family farm in Uruguay

The Interdisciplinary Center for Development Studies (CIEDUR) is a private research organization that was established in 1977 by several leading Uruguayan social scientists. CIEDUR's social and economic studies on national problems are designed to promote discussion and debate about alternative development strategies while contributing directly to the work of development agencies.

With a grant of \$46,000, CIEDUR conducted research on the family farm in Uruguay. The study was prepared by Danilo Astori, José Alonso, and Carlos Pérez Arrate. Its objectives were to characterize the family farm and examine its significance within the Uruguayan economy, to analyze the effects of current economic policies on family farms, and to develop practical recommendations for farmers, their organizations, and government policy.

Nearly 90 percent of Uruguay's farms are family farms, but they occupy only 38 percent of the nation's agricultural land. Although these farms, which average about 80 hectares each, are large by Latin American standards, they are mired in poverty and stagnation. More than two-thirds of the family farms generate incomes below the level of the minimum wage. In contrast to larger commercial farms which produce mainly for export, family farms produce primarily for domestic consumption and supply most of Uruguay's food.

The CIEDUR study challenges the widely held belief that import substitution policies designed to favor local industrial development have harmed agriculture. CIEDUR argues that family farms, because they produce food for domestic consumption, strongly benefited from Uruguayan industrialization, since the demand for food increased with rising urban wages. Moreover, import substitution policies helped protect family farms by imposing tariffs on imported foodstuffs.

In contrast, the economic liberalization and free trade policies pursued by the Uruguayan government since the early 1970's have sharply reduced production and incomes from family farms. The domestic demand for food has dropped with declining industrial wages, and family farms have lost their limited protection from food imports.

The CIEDUR study concludes that the current economic policies of the Uruguayan government should be modified and specific measures introduced to revitalize family farms and stimulate production. Among the measures proposed are expanded programs of technical assistance, introduction of price supports for food staples, and increased availability of low-cost credit. The study also urges the expansion of Uruguay's food processing industries, improved marketing procedures and facilities, and increased opportunities for exporting food from family farms. Finally, the research underlines the need for farmers themselves to strengthen their organizations and to develop cooperative processing and marketing facilities.

## Support for women's development projects

From 1972 through 1981, the Inter-American Foundation made approximately 150 grants in support of women's development projects. These grants, which total more than \$10 million, represent about 11 percent of all foundation projects and 8 percent of grant expenditures. The projects have supported a variety of activities—small businesses, job training, education and counseling, community services—to help women gain new economic opportunities and to increase female participation in community affairs.

In 1982, the foundation commissioned Ann Hartfiel, a former IAF representative, to review its grants for women's projects. The following are the major conclusions from her report.

Women's projects succeed and fail for most of the same reasons that determine the outcome of other grassroots projects. The outcome of any project is jeopardized when intended beneficiaries do not participate in project design and management; when overambitious objectives are placed on fragile organizations; when there is inadequate leadership; when there is dependence on one imposing leader; when the project lacks access to technical support, funding, and training; and when bad luck intervenes. Projects work best when women are heard and their ideas respected—and most importantly, when they control project activities and funding.

Like men, women have a better chance to improve their lives if they organize, work together, and share scarce resources. By organizing, poor women can create new jobs, establish small businesses, and bring vital services to their communities. Women can also use collective action to gain bargaining power and greater access to needed resources.

Women's projects confront some special challenges. Women's participation in development activities does not necessarily relieve them of household and child-rearing responsibilities. If day-care facilities are not provided, women suffer the additional strain of not knowing that their children are safe. Projects must be flexible in work hours and allow some tasks to be carried out in the home. Women can participate more actively in income-producing activities or in community programs if their domestic bur-

dens are reduced. More efficient stoves, for example, can lessen the time spent collecting firewood; potable water systems can free women from carrying water long distances and keep their children healthier.

Husbands, fathers, and brothers are frequently uncomfortable with and sometimes antagonistic toward their wives, mothers, and sisters engaging in group activities or performing nontraditional tasks. This opposition has destroyed many women's projects. Often only time and the women's persistence alleviate this resistance. In many instances, however, a support organization can minimize problems by explaining to the men the purposes of the project and its potential benefits and by enlisting their cooperation.

Women's projects can benefit from association with larger development programs which increase their access to financial and technical resources. But women's activities can be overshadowed by other program demands, and women's funds can be diverted to other activities. When working within larger development programs, it is critical that women control their projects and manage their own funds.

The social, legal, and cultural norms governing the conditions of poor women vary greatly among countries in Latin America and the Caribbean. In the English-speaking countries of the Caribbean, for example, women have a long tradition of economic self-reliance and community participation. Meanwhile, Indian women in the rural Andean highlands are excluded from most areas of community decision-making, although these women often handle community funds because they are less prone than men to bouts of drunkenness and free spending.

In urban centers throughout the region, increasing numbers of households are headed by single women who must depend on their own resources if they and their children are to survive. In many areas, the men frequently migrate to find work, and the women who are left behind must fend for themselves. There are still many places where women have attained little independence, where their lives are directed by the decisions of their husbands and fathers, and by traditional restrictions on women. Sensitivity to social and cultural context is important to all projects, but it is particularly critical for women's projects, which may seek to expand or change traditional roles.

*Copies of Ann Hartfiel's report, "In Support of Women," can be obtained by writing:*  
Office of Research and Evaluation  
Inter-American Foundation  
1515 Wilson Boulevard  
Rosslyn, Virginia 22209

## Peasant agriculture goes commercial: El Palmar, Colombia

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In 1978, Nola Reinhardt, now a member of the economics department at Smith College, was awarded a doctoral fellowship to study how the shift from traditional to commercial agriculture affects peasants in Colombia. In 1981 she received her doctorate in economics from the University of California at Berkeley.

Dr. Reinhardt's field research was carried out in El Palmar, a small community of peasant farmers located on the western slopes of Colombia's Cordillera Occidental. The original settlers of El Palmar arrived from Southern Colombia in the late 1800's. The peasants began producing food for the local markets and then cultivating coffee; eventually El Palmar became a relatively prosperous community of family farmers. By the late 1950's, however, soil conditions had deteriorated, land-holdings were fragmented from generations of inheritance, and agricultural prices had fallen. The community was impoverished, and people were leaving.

Extension agents from the Colombian Coffee Federation worked in the El Palmar area during the 1960's to encourage crop diversification and new farming techniques. For years, the agents had little success, until two things happened. First, a highway was completed between El Palmar and Cali, a city of nearly one million people and only about 35 kilometers away. With a vastly expanded market for perishable products, El Palmar's farmers began producing new crops such as tomatoes and green peppers. Second,

the sharp rise in world coffee prices following the Brazilian frost in 1972 induced the farmers to adopt a new, high-yield variety of coffee.

Within a relatively short time, the farmers of El Palmar shifted to full commercial operations. Previously each farm supplied most of its own agricultural inputs; now most supplies are purchased. Farmers hired more laborers and relied increasingly on credit from the Coffee Federation, the Caja Agraria, and private banks to finance their crops. Rapidly, El Palmar was transformed from a depressed community into a thriving agricultural center. The prosperity was widely diffused; even those without land benefited from the new jobs generated in commerce, construction, and agriculture.

The farmers of El Palmar appear to have successfully adapted to commercial agriculture and to have successfully exploited new market opportunities, technical advances, and credit facilities. And their efforts have benefited the entire region. The future, however, remains uncertain. Now that the regional economy is integrated into national and international markets, it is extremely sensitive to fluctuations in crop prices and the costs of agricultural supplies. Local farmers have no control over and are at the mercy of these prices. In 1979, for example, the decline in coffee prices seriously reduced incomes in the community. The farmers and other residents of El Palmar are better off than in the recent past, but their future remains precariously dependent on factors beyond their control.

## Panama's threatened forests

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Panama has the popular image of a tropical country overrun by boundless jungle. Yet the rapid destruction of Panama's forests and other natural resources is a critical national problem. In the late 1940's, approximately 70 percent of Panama's land surface was forest. Today, less than 40 percent of the country's original vegetative cover is left, and nearly one-quarter of Panama's arable land has been so degraded that it can no longer support either agriculture or livestock. Large numbers of peasants are leaving their depleted homelands, and moving their fam-

ilies to start new farms deeper in the ecologically fragile hinterlands. The destructive effects of this accelerating migration, aggravated by commercial logging and large-scale cattle ranching, have led some environmental experts to predict that Panama will be largely stripped of its remaining forest within two or three decades.

Government policy in Panama during the past two decades has actively promoted the settlement of the country's tropical forest regions in an effort to "expand the agricultural frontier." In fact,

the colonization of the jungle is massively depleting agricultural land. Moreover, the spontaneous movement of settlers into the watersheds of the Panama Canal is causing environmental damage that could threaten the waterway's navigability.

*Colonización y Destrucción de Bosques en Panamá*, which was published with a small grant from the Inter-American Foundation, is a collection of 10 essays written over the past 12 years on the social, economic, and ecological dimensions of this environmental transformation. The essays present an historical perspective on the colonization process and its increasingly devastating effects on Panama's natural resources.

The first three essays provide a wide-ranging discussion on the environmental consequences of the rapid penetration of Panama's jungles. The remaining essays examine the human and ecological problems of unregulated settlement in specific communities and regions of the country. Throughout the book, considerable atten-

tion is given to the complex issues associated with the vast expansion of cattle raising.

The book already has begun to influence policy debate and public discussion in Panama. The analyses and conclusions—enhanced by abundant charts, photographs, and maps—are relevant to other tropical areas of Latin America and the Caribbean. A recent review of the book by the Panamanian magazine, *Diálogo Social*, stated, "this book...should be recommended reading, not only for university and secondary school students, but also for raising the consciousness of all those who, in one way or another, have anything to do with its theme."

*Colonización y Destrucción de Bosques en Panamá* was edited by Stanley Heckadon and Alberto McKay and published in 1982 by the Asociación Panameña de Antropología. It can be obtained by writing to Dr. Stanley Heckadon, Apartado 1462, Panamá 1, Republic of Panama.

## Subsidizing low-cost housing: the Chilean experience

In 1980, the Inter-American Foundation approved a grant to the Corporation for Economic Research on Latin America (CIEPLAN) for a series of studies on the social policies of the Chilean government and their effects on low-income groups. CIEPLAN, which is one of the leading independent centers for economic and social research in Latin America, selected housing, public health, and social security for its studies. The research plans called for analysis of the problems in each of the three sectors, a review of past efforts to address the problems, and the examination of current policies and programs. Preliminary results from CIEPLAN's housing study are presented below.

The research documented the growing deficit in housing for low-income groups throughout the country and identified three approaches used by successive Chilean governments to subsidize housing construction. First, government funds have been supplied directly to construction companies. Second, low-cost mortgage credit has underwritten the purchase of homes. Finally, direct subsidies have been given to prospective home buyers. The first two approaches have largely benefited middle- and upper-income families, and the benefit was

generally higher for more expensive homes. Direct subsidies have more effectively assisted poorer families, but obtaining these subsidies often has depended on the recipient's ability to repay part of the housing cost. As a result the most needy are usually excluded.

Chilean housing policy rarely encouraged self-help housing construction which would combine government subsidies with the labor of the eventual home owner. The fact that beneficiaries generally have been required to help finance construction costs, and not simply contribute time and labor, also has worked against the very poor.

The CIEPLAN study concluded that the demand for middle-income housing could be met by improved facilities for non-subsidized mortgage credit. Available resources for subsidies then could be channeled exclusively to low-income groups. The research also suggested that efforts to encourage self- or mutual-help housing programs among the poor could reduce construction costs and expand the number of subsidized families.

In preparing the study, CIEPLAN researchers worked closely with church-related groups and private organizations seeking solutions for the housing problems of the poor. Together, they have organized various seminars and discussions to share their findings, which are also being disseminated through articles and working papers.

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The Inter-American Foundation, a public corporation created by the United States Congress in 1969, provides direct financial support for self-help efforts initiated by poor people in Latin America and the Caribbean. The foundation does not work through governments, but with private groups such as agricultural cooperatives, small businesses, community associations, and technical assistance organizations. The IAF makes about 200 grants a year for projects in more than 25 countries of Latin America and the Caribbean. Approximately half of its funds are appropriated by Congress and the remainder come from the Social Progress Trust Fund of the Inter-American Development Bank. Its budget for 1983 is approximately \$28 million.

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