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Introduction
Walking the Tightrope
Latin American Agricultural Cooperatives and Small-Farmer Participation in Global Markets

by
Marcela Vásquez-León

Smallholder agricultural producers in Latin America today face multiple challenges and opportunities that arise from an increasingly globalized economy. Global processes of privatization and deregulation, new systems of marketing, greater competition with privately owned and corporate agribusiness, and the reduction of state intervention in the agricultural sector have transformed the way states, private investors, and rural producers interact. Whereas changes at the global level present new opportunities for growth, they also create new uncertainties, particularly for the most marginal. This sense of insecurity has undoubtedly contributed to the massive rural-urban migration and abandonment of farmland that have characterized much of Latin America for the past two decades (Ocampo and Martín, 2003). Despite mounting difficulties, the potential contribution of smallholders to food security through market participation cannot be discounted, particularly with the opening up of alternative marketing networks and niche and specialty export markets. Although the long-term sustainability of these markets is unknown, grassroots agricultural production cooperatives may provide a critical form of organization that increases smallholders’ ability to negotiate better terms of trade while sustaining participatory structures of self-governance.

In the set of three articles presented here we focus on four contemporary cooperatives in marginal regions of Brazil and Paraguay. We examine the strategies pursued by these organizations to adapt to a rapidly changing world. Current smallholder rural societies in Latin America are often immersed in highly complex economic and social relationships that are transnational and global (Kearney, 1996). At the same time, they continue to represent values that center on place and community with the goal of achieving viable and stable livelihoods in the community and on the land (Netting, 1993; Fals Borda, 1971). Our objective is to explore the role that production cooperatives

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may play in allowing historically marginalized producers to achieve this goal. In examining the cooperatives’ diverse histories and processes of change, we focus on the way they negotiate the local context of inequality and the broader context of international markets and global capitalism. The question that is most important to us is whether cooperatives have the potential to alter the unfavorable context of power and economic interest in which small rural producers in Latin America must operate and survive. As our studies show, in eastern Paraguay and northern Brazil this context of inequality has deep historical roots and manifests itself today at different levels ranging from a lack of basic road infrastructure that leaves more distant rural communities isolated from markets to poorly managed soils and severe erosion problems that lead to low productivity.

Rather than adopting a strict definition of cooperatives and measuring success or failure, we approach them as dynamic community-based local organizations existing within wider social, political, and economic contexts. As collective organizations, their advantage, at least in theory, lies in having a better chance to pull together a variety of assets in the form of economic capital (credit, land, and financial investment), social capital (networks that improve collective bargaining and marketing potential), and human capital (investment in member education and capacity building) that could enhance the options of individual members, reducing socioeconomic risk and empowering rural populations. As state-sanctioned organizations, they are susceptible to the fluctuations in government policy and regulatory systems. Thus, in order to persist they must have the ability to adapt to a highly complex institutional environment and respond to the socioeconomic needs of often marginalized, resource-poor populations.

Our interest in putting together this set of articles stems from a multiyear research project that has examined agricultural cooperatives representing a wide variety of experiences (varying in size, function, commodity, degree of success, and ethnic composition) but approached with a common methodology and a focus on strategies for negotiating the challenges and opportunities posed by four key contemporary issues: (1) balancing local autonomy with incorporation into new international markets, (2) maintaining solidarity while negotiating the balance between entrepreneurial and social objectives, (3) meeting the new quality standards of international markets, and (4) responding to leadership and management challenges related to internal governance, sense of ownership, and the need to accommodate diverse interests. The analysis is based on research conducted in 2005 by a team of anthropologists from the Bureau of Applied Research in Anthropology (BARA) at the University of Arizona (Vásquez-León and Finan, 2006). The study is part of a multiyear project (2004–2009) conducted in collaboration with Agricultural Cooperative Development International and Volunteers in Overseas Cooperative Assistance (ACDI/VOCA), a Washington-based private, nonprofit organization that promotes economic development by offering a wide range of technical assistance to cooperatives in developing countries.

The strategy used to collect data was based on standard ethnographic methods and a team-based approach (see Vásquez-León, Burke, and Radonic, 2009). The primary data set was collected during the spring and summer of 2005,
and some of the cooperatives were revisited during 2007. Initially, open-ended interviews were conducted with officials in public agencies, cooperative managers, and support institutions. Snowball sampling techniques were used to develop a research sample representing key economic and public service sectors. The data gathered at an institutional level allowed us to create a comprehensive framework that traced the institutional linkages between cooperatives, public institutions, and other economic agents.

To conduct research at the community level, we surveyed a statistically valid sample of 30 cooperative members and their households in each community. Household surveys focused on livelihood diversification strategies, views on cooperative performance, and impacts of the cooperative on household decision making. Qualitative methods (participant observation, semistructured, in-depth key informant interviews, focus group interviews, and oral histories) were used to capture the range of perceptions about cooperative history, organizational structure, performance, change strategies, and impacts, articulation with public and private sectors, and market integration. An ethnographic method allowed for a comprehensive approach that was comparative (across countries and different types of cooperatives), multilevel (local, regional, and global), and sensitive to historical dimensions.

AGRICULTURAL PRODUCTION COOPERATIVES: AN OVERVIEW

To understand the agricultural cooperatives presented in the different papers, it is important to place them in the larger historical context of the development of cooperatives and cooperativism in Latin America. Contemporary production cooperatives have their roots in the European cooperative system, starting with the wave of European immigrants that arrived in the region at the beginning of the twentieth century. Cooperatives were often created by refugee communities and were instrumental in allowing them to re-create their own forms of social and economic organization while remaining detached from local populations and systems of government. Prime examples include the agricultural cooperatives in western Paraguay and southern Brazil founded in the 1930s by Mennonites from northern Europe. Similar histories apply to the immigrant colonies of Japanese, Italians, and Germans in Brazil, whose contributions to the development of the agricultural economy of southern Brazil are widely acknowledged.

The European cooperative model started to become popular in Latin America after World War II. Early initiatives followed a top-down development model, and concerns over inequality, widespread poverty, and social unrest throughout the region resulted in the promotion of production cooperatives in more marginal rural areas. Emphasis was placed on the need to create economies of scale through the pooling of resources and labor, expansion of credit opportunities, and a more equitable distribution of benefits (McGrath, 1978). Discussions quickly became politicized, however, and in many cases, rather than serving the needs of the poor, cooperatives became political organizations and were co-opted by political parties. As Bennett (1983: 6) notes, Western cooperatives in Latin America were “transformed into
quite different forms.” This was especially the case in marginalized regions, where democratic control was undermined by authoritarian and patron-client social structures in which family loyalties, class interests, or orders from local political bosses were given priority over the development of democratic governance. As the sociologist Fals Borda (1971: 12) concludes from his study of cooperatives in Colombia, Venezuela, and Ecuador, “the cooperative movement was imposed from above as a paternalistic and authoritarian act; it was not the result of popular conviction based on democratic participation or popular enlightenment.”

In socialist countries cooperatives were seen as political organizations capable of radically changing the status quo by empowering the poorest segments of society. State-controlled intervention supported and imposed experiments aimed at increasing agricultural productivity by fostering state farms and collectives. In the case of Cuba, state farms became the predominant organizational form. The expansion of educational opportunities and of the military and construction sectors after the 1959 revolution led to a significant shortage of agricultural labor, resulting in the development of highly mechanized, state-controlled agriculture. Some of the major problems associated with state farms, as noted by Deere, Perez, and Gonzales (1993: 198), had to do with “low labor productivity and inefficiencies associated with an excessive degree of centralization and planning,” as well as to a lack of local participation in decision making. In countries such as Mexico, with a strong populist government, state intervention in the collective structures of production reinforced hierarchical differences in wealth and skill. The embezzlement of funds by cooperative directors or the use of cooperatives as centers of political control by national parties were common occurrences, as in the case of Mexican fishing cooperatives and agricultural ejidos during the 1970s and 1980s under the Institutional Revolutionary Party (Vásquez-León, 1998).

Throughout the 1970s, the cooperative movement in general was criticized for its inability to deliver on promises of cooperation, development, democracy, participation, equity, solidarity, and social transformation. Gabriel Gagnon (1976), who studied cooperatives throughout Latin America and Africa, emphasized that cooperatives in capitalist societies abandoned their role as social movements to become better integrated into the dominant capitalist system while cooperatives in socialist countries became little more than vehicles for the transmission of state policy. Despite serious criticisms, however, scholars still valued cooperatives as organizations that had the potential to challenge the status quo on behalf of the “legitimate interests” of the peasantry as a social class (Fals Borda, 1971: 146–147). Parallel to top-down approaches were grassroots small-scale industry, artisan, credit, savings, and housing cooperatives and associations that developed independently from the state (ILO, 2001; Nash, Dandler, and Hopkins, 1976). Some of these grassroots organizations were influenced by the Catholic Church’s liberation theology, which offered critical interpretations of the complex social realities surrounding rural communities. Ideas about social justice became operationalized through the participatory action and mutual support structure of ecclesiastical base communities (Levine, 1988). The grassroots organizations that developed under strong military dictatorships, such as the Agrarian Christian Leagues in Paraguay, were accused of promoting communism and...
were quickly silenced and violently repressed (Lewis, 1984). Others, however, provided an important opportunity for impoverished producers and, despite attempts at repression, particularly in Brazil, remain viable today (Vásquez-León and Finan, 2006).

In the mid-1980s, the structural adjustment policies deployed by most Latin American governments began to have significant impacts on state farms and cooperatives as states shifted their focus to the privatization of productive and financial sectors, the removal of subsidies and market protections, and free trade. In countries such as Mexico, large federated systems lacked the flexibility to adjust to new pressures and collapsed once external government assistance was withdrawn. Production cooperatives lost economic protection as state subsidies and export and tax privileges were eliminated. They were also dramatically affected by increases in transportation costs and input prices and the loss of credit and basic social services (Kroeker, 1996; Vásquez-León and Liverman, 2004). In Cuba, the collapse of the socialist trading block led to a move toward decentralization and the breakup of the state farm sector. Collective organization, however, continued as Cuba’s primary structure when state farms were converted to cooperatives. Even though state agencies continue to be the main buyers of outputs and suppliers of inputs, limiting cooperatives’ management authority, within cooperatives there is much greater member participation and on-farm decision making (Royce, 2004). In Nicaragua, which adopted the cooperative model after the 1979 Sandinista revolution, cooperatives have continued to be important organizations despite the decline in state support after the end of the Sandinista government in 1989. Ruben and Lerman (2005) attribute the continuation of the cooperative sector to the importance of social capital as a risk-sharing mechanism that ensures access to a variety of services no longer provided by the state.

For the more independent grassroots small-scale cooperatives and associations throughout Latin America, the withdrawal of state intervention was not as devastating (ILO, 2001). However, their ability to adjust to and transform the socioeconomic landscapes in which they operated was and continues to be impacted by more pervasive issues related to mass poverty, armed conflicts, political and economic instability, unemployment and underemployment, and environmental degradation. Concerns with these issues and the growing contradictions between the neoliberal model and the claim to social rights (Eckstein and Wickham-Crowley, 2003) are being addressed in the literature through concepts of the social or solidary economy and of alternative and sustainable development and trade. The idea of the solidary economy is that economic efficiency is measured not entirely by profitability but also in terms of quality of life (Laville and García Jané, 2009: 1). Alternative development strategies and marketing networks such as the production of value-added agricultural commodities, Fair Trade, and various agricultural certification schemes constitute a growing movement that sees environmentally and socially responsible trade as a way in which small producers may successfully compete in international markets (Page-Reeves, 1998; Hernández Castillo and Nigh, 1998; Grimes and Milgram, 2000). At the center of these efforts are collective organizations (i.e., cooperatives, producer associations, responsible consumer groups, ethical banks) perceived as the seeds of a fairer, more democratic, and more sustainable economy through which global
capitalism can be transformed to address concerns for social justice and environmental sustainability (Healy, 2001; Mutersbaugh et al., 2005).

In contrast to other social movements, such as the Zapatista autonomous communities in Chiapas (Mora, 2008) or Brazil’s Landless Workers’ Movement (Vanden, 2008), which clearly depart from the existing legal and institutional order and often seek to destabilize governments, cooperatives and alternative development schemes and marketing networks seek to work within the system that they want to change. As a result they face numerous contradictions. As economic, social, and political organizations, they seek to bridge the local and the global and must be able to adjust to external policies while promoting self-reliance, democratic governance, sustainable generation of income, and deep commitment to community as defined by members (Macpherson, 2002). They can be vehicles for both external dependency and autonomy and seek reform within the existing social structure and mobilization for structural change. The notion of market-based social change, as Murray and Raynolds (2007: 9–10) point out, is also contradictory, working both within markets, seeking more egalitarian trade relations between Northern consumers and Southern producers, and against markets, looking to transform conventional trade practices that perpetuate inequalities. These contradictions, as Mooney (2004) argues, must be perceived as positive and functional characteristics that facilitate the development of dynamic, flexible, and responsive organizations.

THE CASE STUDIES

The case studies presented here attempt to make an important contribution to our current understanding of smallholder agricultural cooperatives in Latin America. The first two papers examine agricultural cooperatives in the Brazilian Amazon. Piekielek provides an analysis of the Cooperativa Agrícola Mista de Tome-Açu (Tomé-Açu Mixed Agricultural Cooperative—CAMTA), a Japanese-Brazilian cooperative that markets black pepper, cacao, and tropical fruits internationally. This cooperative has developed a sustainable form of agroforestry that gives members the flexibility to deal with environmental and economic change. Past experience with specialization in pepper production and the instability of world pepper markets prior to neoliberal reforms has taught members and leaders important lessons about the need for institutional and economic resilience. Time, persistence, and a strong sense of ethnic identity have been key factors in allowing members to employ a model in which risk can be shared through participation in multiple markets and the production of a variety of resources and to develop the institutional flexibility that enhances shared decision making and technological innovation. Ethnic identity and differentiation from other Brazilians have played critical roles in creating solidarity. These, however, become tenuous as new generations challenge the old order by demanding that membership be extended to non-Japanese-Brazilians.

Burke focuses on AmazonCoop, a cooperative composed of indigenous Brazil nut harvesters and led by a private corporation and Brazil’s government agency for indigenous affairs. Even though the cooperative brought economic benefits to local indigenous groups, the corporate-cooperative
partnership model on which it was based fell short with regard to autonomy, internal governance, and sense of ownership. Instead, the profit motive was the main driver of the organization’s strategy, which used fashionable concepts of sustainable and alternative development, grassroots cooperatives, and indigenous communities as stewards of nature as symbolic capital to lure Northern consumers. Rather than building solidarity networks, the cooperative was reinforcing the old idea that indigenous groups are passive receivers of development, masking the damaging effects of neoliberal policies, generating politically unhelpful distinctions among indigenous people, institutionalizing exploitation, and reinforcing structural inequalities. This cooperative could be seen as what Edelman (1999) calls “imagined organizations” that exist in the minds of the leadership and foreign donors. It could easily be dismissed as a “perverse manifestation of opportunism of the NGO boom of the 1980s and 1990s” (Stahler-Sholk, Vanden and Kuecker, 2008: 4–5). However, given that indigenous movements are growing in strength throughout Latin America, there is always the potential for transformation that includes political action.

The third paper, which is mine, provides a comparative analysis of two cooperatives located in eastern Paraguay that are following different strategies for inserting small producers into global markets. The Manduvira cooperative exports organic sugar for Fair Trade markets. Although the cooperative is doing well from an economic perspective, overreliance on sugar is a source of uncertainty. Through its linkages to international organizations and by remaining as independent from the state as possible, the cooperative has been able to further social objectives, internal solidarity, and a sense of ownership among members. The Guayaibi Unido cooperative exports bananas to Argentina through Mercosur, the regional free-trade agreement. This cooperative is in a very precarious situation because it depends on a few state-based organizations and must compete with the world’s largest banana producers. Its highly specialized free-market strategy has done little to further internal solidarity, governance, and economic sustainability. Key to both cooperatives, however, has been the use of strikes and mass mobilization to challenge the political system and further the interests of their members and communities. In this sense, both underscore the potential of cooperatives to facilitate participation in larger movements that seek structural change by publicly challenging conditions that threaten members’ subsistence. Even though these cooperatives are not resisting globalization but insisting on their right to benefit from globalization, they are part of the larger social protests that propelled the populist government of Fernando Lugo to power in 2008.

The lessons that we derive from our studies are ambiguous, and the future of some of the cooperative organizations is uncertain. All of them are significantly transnational and part of a global movement that seeks to integrate historically marginalized smallholders into global markets, global concerns, and power structures that go beyond communities. But cooperative organizations cannot ensure sustainable development or even participation and governance. In the current Latin American political environment, where there has been an unprecedented increase in social protest movements and populist governments (Stahler-Sholk, Vanden, and Kuecker, 2008), smallholder cooperatives, as state-sanctioned institutions, can become key forms of association
for strengthening democratic forms of participation and social equity. As Dávila Ladrón de Guevara et al. (2005) point out, this is particularly important because neither the state nor the private capitalist sector has been capable of making the transformations necessary to promote a more equitable rural society that offers a future for small farmers.

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