

# PAL

# REVIEW



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## Review

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# C E P A L

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# Co-operativism and popular participation: new considerations regarding an old subject

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As a result of the trend towards the replacement of military régimes by democratic governments, growing interest in the subject of popular participation is to be observed in various countries of the region. One of the aspects of this subject that should be considered is the importance of co-operatives as an organizational model for the production of goods and services which emphasizes the concepts of "popular participation", "self-management" and "co-management".

Taking the persistence and expansion of co-operatives in virtually all the Latin American countries as his starting point, the author first reviews the main issues which figured in the debate on co-operativism during the past decade, and then goes on to propose new methodological bases for an in-depth analysis of the subject. To this end, he discusses the relationships between co-operativism, popular participation, alternative development styles and democracy; the possibility that a "new" type of co-operativism may act as an important social agent in coming years; the specific features of co-operativism in the Latin American context; and, finally, the need to determine the geo-economic, cultural, social and political spheres in which co-operatives function.

## Introduction

If any one feature can be said to characterize the present situation, it is uncertainty—uncertainty in respect of development theory and uncertainty about the means of overcoming the severe economic, social and political crisis affecting all the countries of the region, regardless of their political forms of government, their initial levels of growth and the development styles or strategies they have adopted.

Especially since the 1960s, the debate concerning development has focused attention on the social and human aspects of this process. Development theory has evolved from a concept based almost exclusively on economic growth into the "unified approach" and the "integral development" proposed by the United Nations, in which the central idea is that development should be subordinated to human values, especially those of well-being and social justice.

Latin America's experience during the past thirty years, however, has only increased the uncertainty felt by politicians and experts. The data and analyses that are available for the period 1950-1980 (see, in particular, Rama and Faletto, 1985) reflect a region which is highly dynamic in economic terms, but, nonetheless, one in which this dynamism has failed to give rise to significant qualitative changes in the well-being of the population or in society's distribution of the benefits of growth.

The prevailing economic uncertainty has been compounded by political uncertainty inasmuch as what appears to be the end of an era of military régimes is occurring at a time when authoritarian, neo-liberal, developmentalist, reformist and revolutionary options are also losing their sway.<sup>1</sup>

In short, if it was previously acknowledged that growth was necessary but not sufficient for a socially just type of development, today it must

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<sup>1</sup> For an analysis of the current shift away from military régimes and the viability of democratic or "social-democratic" alternatives, see Wolfe (1984b).

be realized that the prospects of very low or even negative growth rates pose an even greater challenge to efforts being made to build democracy in the countries of Latin America and the Caribbean, as well as to proposals for an alternative development in which popular participation would play a central role.

The ideals of liberty, social justice and equity have taken on renewed importance. However, these ideals must not be treated merely as abstract concepts to be used in establishing vague relationships in the frequently normative analyses of the possibilities for democracy in the countries of the region, for a society can only declare itself to be free and democratic if it enables these ideals to be put into practice by the institutions that regulate the lives of its citizens.

In view of the above, at some point during the discussion of alternative styles an assessment should be undertaken of the role to be played by a specific form of organizing the production of goods and services —namely, co-operatives— in the creation of a democratic development style in which concepts such as "popular participation", "self-management" and "co-management" are put to the test. The assessment of forms of association and their potential for promoting popular participation is of particular importance at a time of crisis like the present, because it provides a means of ascertaining what conditions do or do not lend validity to the hypothesis that "under conditions of scarcity, all forms of organization contain seeds of exclusion and discrimination, even if they profess egalitarian ideologies" (Wolfe, 1984a).

The acknowledged importance of the subject should not, however, feed false hopes about the possibility of collecting enough objective information (or, at least, a sufficient amount of data that is not overly laden with value

judgements) to form an accurate picture of the present status of co-operativism in Latin America and the Caribbean and to serve as a basis for proposing alternative government policies for the sector.

The controversy concerning co-operativism has become so ideologically charged during the past few decades, and co-operatives have been denigrated to such an extent (both by the left, which sees them as tools for manipulating groups that have been excluded from society, and by the right, which regards them as the hidden seed of communist subversion), that it is becoming increasingly difficult to distinguish facts from propaganda or to tell the difference between research results and what the opponents or apologists of co-operativism would like us to believe.

The following sections, which were developed as part of a project carried out by the Social Development Division of ECLAC,<sup>2</sup> review the recent trends and present features of co-operativism in the region and offer some conceptual and methodological guidelines for the in-depth exploration of a subject which is awakening renewed interest in many countries.

The following analysis is marked by an awareness of the fact that a course must be steered between the two conflicting extremes of apology and criticism, and that both humility and prudence will be required if we are to skirt the danger of creating a new "committee-made utopia" such as those which, according to Marshall Wolfe, frequently take the form of "declarations and 'plans of action' ... mainly as a consequence of the self-perpetuating rituals of international organization's" (Wolfe, 1984b).

<sup>2</sup>Subregional (ethnical meeting on the present situation and prospects for co-operativism in Argentina, Brazil, Chile, Paraguay and Uruguay (Montevideo, 18-20 November 1985).

## II

## Recent quantitative trends in co-operativism in the region

In 1983 the Department of Social Affairs of the Executive Secretariat for Economic and Social Affairs of the OAS conducted a survey to determine what quantitative changes had occurred in co-operativism during the past twenty years, what type of governmental support has been provided to the sector, and what were considered to be the most important problems, constraints and needs in this regard (OAS, 1984). Of all the countries in the region, Uruguay, El Salvador, Haiti, Trinidad and Tobago and Barbados were the only ones which did not respond to the OAS questionnaire (see table 1).

The data shown in table 1 indicate that an estimated 33 000 co-operatives, with nearly 18 million members, now exist in Latin America and the Caribbean. This represents an increase of over 300% in the number of members since the beginning of the 1960s, while the number of co-operatives has nearly doubled during the same period.

On the one hand, the increase in the number of co-operatives was greater during the period 1963-1973 and declined during the following decade. This provides supporting evidence for the view that there was a boom in co-

operativism during the 1960s, with a subsequent decline (information on preceding periods which would provide a more accurate picture of trends in co-operativism is lacking). On the other hand, the staying power of co-operativism and its spread throughout all the countries of the region is worthy of note.

An analysis of the ratio of members to the total population and to the economically active population (EAP) in the countries of Latin America and the Caribbean (see table 2) provides a more refined measurement of the role played by co-operatives in the development of the region.

Except in Chile and Colombia, co-operatives have accounted for increasing percentages of the economically active population during the past decade. The number of co-operative members in 1973 equalled 11.7% of the economically active population as of 1970 and had reached 16.9% by the beginning of the 1980s. It should be noted that the data for Argentina have a great impact on the overall picture. If the statistics for this country are excluded from the calculations of the total, then the increase in the ratio of members to the EAP falls to 8.1% in 1970 and 8.7% in 1980.

Table 1

### CO-OPERATIVISM IN LATIN AMERICA AND THE CARIBBEAN: NUMBER OF CO-OPERATIVES AND MEMBERS, 1963, 1973 AND 1983

	1963	1973	1983
Number of co-operatives	17 581	25 239	32 441
Number of members	5 671 456	9 553 343	17 964 511
Membership as a percentage of the EAP	8.7	11.7	16.9

*Source:* Based on OAS (1984), table 1, page 4; ECLAC (1983) (EAP, 1960); and CELADE (1982) (EAP 1970 and 1980).

The overall regional picture is a composite of a wide range of quite different situations. It includes countries such as Mexico, Venezuela and Paraguay, which had the lowest rates for 1970 (2.4%, 3.1% and 4.1%, respectively), and which had not changed their relative position by the end of the period. In contrast, Nicaragua, Guatemala and Honduras started with very low membership/EAP coefficients (3.3%, 3.5% and 5.0%, respectively) but managed to more than double those rates in the span of 10 years.

The upper end of the scale is occupied by the countries which have the highest rates and showed the most remarkable growth during the period. They include Costa Rica and Peru, where membership now represents between one-fourth and one-third of the economically active population.

Finally, members of co-operatives once represented a large percentage of the economically active population in Chile and Colombia, but membership has dropped quite sharply during the past ten years. In the case of Chile, this may be accounted for by the presence of the military government, which has helped to bring about the dissolution of over one-half of the co-operatives that were in existence when it assumed power in 1973. A more detailed analysis would be required in the case of Colombia, since the trend there has been quite irregular. Between 1963 and 1973, the membership of Colombian co-operatives increased almost fivefold, but it then fell by 20% during the following decade. The number of co-operatives increased during the period as a whole, however (by 286% between 1963 and 1973 and by 42% during the

Table 2

**LATIN AMERICA AND THE CARIBBEAN: MEMBERSHIP OF CO-OPERATIVES  
IN ABSOLUTE TERMS AND AS A PERCENTAGE OF THE  
TOTAL POPULATION AND THE EAP**

Countries'	Number of members (thousands, 1973)	As a percent- age of total population (1970)	As a percentage of EAP (1970)	Number of members (thousands, 1983)	As a percent- age of total population (1980)	As a percentage of EAP (1980)
Argentina	3 437	14.5	36.7	9 468	35.0	88.5
Bahamas	-	-	-	6	2.5	-
Bolivia	114	2.6	8.2	197	3.5	11.2
Brazil	2 064	2.2	6.9	2 936	2.4	7.3
Colombia	1 242	6.0	19.5	948	3.7	10.8
Costa Rica	76	4.4	14.4	200	9.0	26.0
Chile	695	7.4	23.7	562	5.1	14.8
Dominica	-	-	-	36	43.4	-
Ecuador	121	<b>2.0</b>	6.9	-	-	-
Grenada	-	-	-	6	5.4	-
Guatemala	56	1.0	3.5	175	2.4	7.8
Honduras	39	1.5	5.0	123	3.3	11.4
Jamaica	148	7.9	-	272	12.4	-
Mexico	326	0.6	2.4	510	0.7	2.6
Nicaragua	18	0.9	3.3	60	2.2	7.8
Panama	40	2.7	7.8	77	4.1	11.0
Paraguay	30	1.3	4.1	47	1.5	4.4
Peru	690	5.1	16.2	2 064	11.7	36.1
Dominican Republic	43	1.0	3.0	128	2.2	6.3
Venezuela	96	0.9	3.1	141	0.9	3.0
<b>Total</b>	<b>9 235</b>	<b>3.6</b>	<b>11.7</b>	<b>17 956</b>	<b>5.4</b>	<b>16.9</b>

Source: Based on OAS (1984), table A-5, page 37 (number of members); CELADE (1982) (total population and economically active population).

"Represents 71% of questionnaire recipients while the statistics for the population and the EAP correspond to 92% of the regional total.

following ten years). Unfortunately, not enough information is available to permit a proper interpretation of what has occurred in that country.\*

The annual growth rates for the region as a whole (see table 3) appear to confirm the significance of co-operativism in Latin America and the Caribbean, inasmuch as they are much higher than the growth rates for the total population and for the economically active population.

Table 3  
LATIN AMERICA AND THE CARIBBEAN:  
ANNUAL GROWTH RATES OF NUMBER  
OF CO-OPERATIVES AND THEIR MEMBERS

	1963-1973	1973-1983	1963-1983
Co-operatives	3.7	2.5	3.1
Members	5.4	6.5	5.9
	1960-1970	1970-1980	1960-1980
Total population	2.7	2.7	2.6
Economically active population	2.7	2.9	2.8

Source: Based on OAS (1984), CELADE (1983) and ECLAC (1984).

More contrast, Jaramillo (1984) underscores Colombia's favourable economic situation and the support its government has given to co-operatives: a state of affairs which is not reflected at all in the OAS survey data.

In and of itself, the above does not invalidate the conclusions reached in the various studies that have been conducted during the past decade. These studies will be analysed briefly in the following section.

Although the above data illustrate the strength of co-operativism in the region, they do not provide information concerning the role played by the low-income strata in this regard, nor do they provide a basis for assessing the significance of these growth rates in relation to the promotion of participation by broad sectors of the population in decision-making and in economic and social management.

Finally, table 4 provides information concerning the number of co-operatives and members in each branch of activity for 1983. These figures provide an indication, for example, of the co-operative model's potential for contributing to the resolution of one of the most pressing problems of our times: the production and distribution of foodstuffs. There are currently 12 000 agricultural and fishery co-operatives, with 2 000 000 members, representing 38% of all existing co-operatives.

The next largest groups, in descending order, are savings and loan (13%) and housing (11%) co-operatives. In terms of membership, the largest groups at present are savings and loan (33% of all members) and services (20%).

Table 4  
LATIN AMERICA AND THE CARIBBEAN: TYPES OF CO-OPERATIVES IN  
EXISTENCE AND THEIR PERCENTAGE BREAKDOWN

Types	Co-operatives		Percentage breakdown	
	Number	Members	Number	Members
Totfil	32 441	17 964 511	100	100
Agricultural	11 055	2 082 397	34	12
Consumer	2 739	2 790 397	8	16
Savings and loan	4 399	5 988 237	13	33
Housing	3 524	592 895	11	3
Electrification	944	1 589 667	3	9
Fishery	1 221	82 305	4	-
Transport	2 578	151 398	8	2
Miscellaneous services	1 571	3 613 419	5	20
Other	1 962	730 320	6	4

Source: OAS (1984), table A-4, page 36.

### III

## Between the reformist panacea and the manipulation of excluded groups

The data given in the preceding section attest to the growing interest in co-operativism and popular participation to be observed in various countries of the region. This observation is heightened by the fact that the three countries which have recently returned to a situation of democratic normality (Argentina, Uruguay and Brazil) have created special government departments to deal with co-operative affairs. This renewed interest in the subject, however, calls for a restatement of the objectives of the research and activities carried out by public and private organizations concerned with co-operatives.

A first step would be to ascertain the exact significance of the various methods of democratic management and supervision provided for in alternative forms of economic organization such as co-operatives, self-managed enterprises and other types of associations. In addition, an assessment should be undertaken of co-operativism's potential for fostering popular participation and promoting the creation or consolidation of a democratic style of development.

#### *1. The role assigned to co-operatives in the 1950s and 1960s*

During the late 1950s and early 1960s governments, international organizations and financial institutions did a great deal to support the development of co-operatives.

Governments' motives for promoting co-operativism varied. Some regarded co-operatives as one more tool to be used in applying their development policies, as a means of regulating commercial intermediation, as a way of allocating government resources which would ensure that recipient groups also made a contribution, and as a vehicle for the dissemination of technology to the more backward sectors of the economy so that it would

be possible to carry out projects and provide services relating to the infrastructure and support for production. Others also saw political advantages in the growth of co-operativism because it provided a means of ensuring a State presence in rural zones as well as of counteracting unionization and the spread of independent grassroots movements.

Whatever the practical reasons for the strong support provided by the State, co-operatives were expected to perform a basic function in the development process. This idea was shared by all the actors involved: governments, international agencies and representatives of the co-operative movement around the world.

First of all, co-operatives were assigned a role as agents of change and, more specifically, as agents of modernization in accordance with the prevailing paradigm at that time. There was a strong conviction (still held by many) that co-operatives would lend greater rationality to social relations and were an ideal way of making the transition from a traditional society to a modern one. Seen in this light, co-operatives represented a transitional type of institution, a bridge between community activities and complex social organizations. From a cultural standpoint they would be virtually tantamount to a rite of transition towards modern rationality, impersonal relationships and the market.

In addition, and in one sense as a consequence of the above, a great deal of hope was pinned on co-operatives as a means of incorporating marginal sectors into the rest of the nation and into the growth process; in short, co-operatives were to be those sectors' passport to full social, political and economic citizenship. So it was that co-operatives constituted, for example, the main means of executing agrarian reform programmes in developing countries.

Finally, during the intensification of the cold war between the superpowers —which became

even more acute in Latin America after the success of the Cuban revolution—co-operativism seemed to provide a middle road between capitalism and socialism. In an effort to contain the advance of revolutionary movements (an effort which reached its height in the region under the Alliance for Progress) (Livinson and Onis, 1970), co-operatives were seen as an antidote: a way of satisfying demands for reforms (some of which were necessary for the very consolidation of capitalism in Latin America) without occasioning drastic changes or violent departures from the prevailing system of ownership.

However, the hopes placed in co-operativism early in the 1960s were offset by an equivalent degree of disenchantment in the late 1960s.

## *2. The research conducted by the United Nations Research Institute for Social Development (UNRiSD)*

Countless analyses were made of the results achieved by co-operativism. Of these, the study conducted by UNRiSD in 1970 unquestionably had the greatest impact on the controversy about the subject. Direct research carried out between 1968 and 1970 as part of the project on rural co-operatives and related institutions as agents of planned change included 40 case studies of individual co-operatives and similar institutions in Asia (Sri Lanka, Iran, Bangladesh), Africa (Cameroon, Ghana, Kenya, Tanzania, Tunisia, Uganda and Zambia) and Latin America (Colombia, Ecuador and Venezuela).<sup>4</sup> The title of the project's final report (*Co-operativism: its failure in the Third World*) (UNRiSD, 1974) leaves no doubt about the nature of the conclusions set forth therein.

The main conclusion was that rural co-operatives in developing regions were providing few benefits to the poorer masses in such areas

<sup>4</sup>The results of the project were published between 1971 and 1972 in a number of volumes in the series *Rural In sütuiion \ and Planned Chan^v*. Volume III of this series deals specifically with co-operatives and rural development in Latin America. The final report (UNRiSD, 1974) contains the conclusions reached during the course of the project, in addition to presenting the reactions of researchers and representatives of the co-operativism movement around the world.

and, generally speaking, could not be regarded as agents of change and development for such groups (UNRiSD, 1974).

In Latin America, according to Orlando Fais Borda, who was in charge of evaluating the co-operatives of the region for the UNRiSD project, co-operatives received State support for political reasons, as a means of pacifying a rebellious peasantry and of softening the effects of economic crises. That explained, to some extent, why campaigns to promote co-operatives were usually conducted during periods of depression and violence.

Fais Borda felt that one of the main reasons for this overall conclusion (i.e., that co-operatives had not been agents of change and had provided the poorest sectors of the population with very few benefits) was that the majority of these sectors had neither a property base nor access to resources: a situation which resulted in their total exclusion from the proposed scheme. The most successful experiments had been those involving restricted-membership co-operatives which, by virtue of that very fact, tended to become cultural enclaves hemmed in by the dominant society. Furthermore, the strengthening of such co-operatives resulted in a heightening of the differences in income within the region: an effect which was diametrically opposed to the declared objectives of State support.

The study also demonstrated that open-membership co-operatives tended to mirror the structure of the community and even to transform it in the wrong direction by reinforcing and deepening pre-existing inequalities as the more affluent groups gained control of the committees and management of such co-operatives and managed to exert a decisive influence on the nature of the benefits derived from them as well as on the distribution of those benefits among the members.

Finally, in the few cases where co-operatives really were authentic organizations of the poor peasants of a community, they proved clearly ineffective in promoting their members' interests. The same thing occurred, ultimately, even in those cases where they were successful, because this meant that they represented a threat, as a source of competition, for established private interests. When this happened, attempts

were made to undermine them through the removal (at times, by violent means) of their leaders and to force them into bankruptcy by resorting to the traditional techniques of artificial price reductions or a tightening of credit, accomplished by making increasingly harsh demands in respect of collateral and other requirements; in other cases, they were simply transformed into capitalist enterprises.

In these circumstances, which reflected the unfavourable environment for the introduction of co-operatives as agents of structural change, the UNRISD recommendations stressed the belief that government efforts would be more useful if they were directed towards bringing about desirable social, economic and structural changes by methods aimed directly at overcoming the obstacles standing in the way of rural progress (UNRISD, 1974).

### *3. Results of other studies*

Other research projects generally corroborated the UNRISD conclusions. In a highly acclaimed study on underdevelopment, for example, Gunnar Myrdal (1968) indicated that only the upper strata could take advantage of the benefits offered by co-operatives —and of the government subsidies provided for their development. The net result was greater inequality, not less.

The same conclusion was reached by another researcher who, on the basis of his observations in India, stated that the success of co-operatives presupposed a modicum of social equality, political democracy and economic viability. According to Thorner (1962), people liked to think that a comprehensive, well-supported, well thought out governmental programme of setting up co-operatives would change the power structures of a village, but the evidence suggested that a village's power structure imposed its own model upon co-operatives and would continue to do so.

The study by Urna Lele (1981) points in this same direction, inasmuch as it indicates that, for a variety of reasons relating to inequalities in the distribution of income and capital, it is more costly to provide services to the poor than it is to satisfy the upper strata. This conclusion is based on the assumption that the establishment of co-

operatives requires the fulfilment of a series of conditions, such as access to technological innovation, the existence of a physical infrastructure, and favourable pricing policies.

Other investigators have underscored the exotic nature of the co-operativist doctrine as an element of Latin American cultures. Emilio Willens (1963), for example, pointed out that the most successful co-operatives in the region were precisely those that were first set up in Argentina, Brazil and Uruguay (and which later spread to all the other countries) by European immigrants who brought the co-operative traditions and cultural characteristics of their countries of origin with them. The picture is further complicated by some ethnic factors which make assessment of co-operativist achievements in the Caribbean countries quite problematical, inasmuch as ethnic differences interfere with purely class-based distinctions and render them only relatively valid (Huizer, 1983 and Moreno, 1983).

A study carried out a few years ago at the request of ECLAC by Roberto Jiménez (1980) took a less critical view of trends in co-operativism in Latin America and the Caribbean. For example, it pointed out that co-operatives have had some positive impact on income differences among the lower strata, have introduced an element of stability in the employment of lower-income sectors and have provided an opportunity for incorporating women into productive labour. Jiménez also acknowledged, however, that participation has been of a formal nature and has often been dominated by the more affluent groups.

In concluding this brief analysis of the main assessments made of co-operativism during the past decade, it may be said that both the UNRISD study and those of other researchers provide plentiful evidence that while it is true that co-operatives can furnish some degree of protection for small-scale producers and consumers, it is equally true that, within these co-operatives, the more affluent members have managed to secure a much larger part of the benefits than the vast majority of low-income members, and frequently have done so at the expense of the latter.

The implication of the foregoing is that in the efforts now being made to apply the essential

elements of such forms of association to the creation of a participatory style of development, it is necessary to reformulate the approaches

that have been used to evaluate the present situation, analyse future prospects and propose government policies.

## IV

### Conceptual guidelines for the study of co-operativism and popular participation in Latin America and the Caribbean

#### 1. *Co-operativism, alternative development styles and democracy*

It has already been stated that now, more than ever before in the recent history of Latin America and the Caribbean, the ideals of liberty, social justice and equity have taken on renewed meaning. It has also been asserted that a transition towards democracy can only be regarded as successful in so far as it promotes the application of these ideals in the daily life of each individual. Furthermore, it has been considered that different social actors, espousing a variety of projects for restructuring Latin America's economies and societies, will play a fundamental role in the search for means of overcoming the prevailing crisis, whose severity has increased during the past decade.

Indeed, a great deal of effort is now being made in the region to identifying the social actors that are involved, to determine their orientations and to ascertain the degree to which their designs for society would tend to consolidate democracy.

Alongside the current search for "magical" formulas aimed solely at doing away with the immediate manifestations of a much deeper crisis (all of which are in evidence in the issue of the external debt), an ongoing effort is being made to define at least the minimum rules of the democratic approaches whereby the social actors committed to strengthening pluralistic systems of government are attempting to ensure that

greater opportunities will be made available for participation and to promote independent or autonomous forms of organization.

No one still believes in formal, parliamentary democracy as an end in itself, which is a large part of the reason why support for traditional liberal, developmentalist, reformist and revolutionary models has been declining among broad sectors of the population.

Today, the call for democracy embodies a new outlook. Whereas it was previously believed that the demands of economic management and of the growth process placed "natural" limitations on participation by large social sectors because economic decisions were primarily based on a technical rationale to which the idea of participation was foreign (it being assumed that participation was a politically irrational form of resolving conflicts), it has now been demonstrated that these limitations are, for the most part, artificially created (and are therefore political in nature) rather than coming about naturally. The truth of the matter is that, either as a result of adherence to rigid market-economy criteria or as a result of economic planning being regarded as an image of an ideal society, such limitations have really been imposed on concrete social demands.

This has produced a marked change in the way in which the relationship between economics and democracy is viewed. Faletto (1983, p. 33) sums it up as follows: "present concerns are such that any economic option and,

hence, any alternative style is weighed on the basis of the following questions: What amount of freedom does it grant? and Is it oriented towards efforts to consolidate democracy or does it exclude them?". From the standpoint of the present discussion, the same is true of the ways in which issues relating to co-operativism are currently dealt with.

## *2. The co-operative as a possible social actor*

For analogous reasons, the almost desperate search for "the" social group or "the" class that would act as a vehicle for the values underlying this or that model ceases to be of importance.

As Bennett (1983) has noted, if the clearly social nature of human needs is recognized and if, furthermore, the idea is accepted that the values assigned to them reflect the particular interests of a class or group, then it would be a backward step to propose that the "best" or the fairest option from a social standpoint (most participatory and most democratic in terms of the respect accorded to the rights of majorities and of minorities) can be the privilege of a single class or group.

The approach or focus outlined here as regards issues relating to forms of association and self-management is therefore based on the assumption that organizations such as co-operatives may become important social actors in the coming years.

It should be borne in mind, of course, that the choice of co-operativism is to some extent an arbitrary one. It should by no means be regarded as a solution, but rather as a working hypothesis. Any attempt to define social actors (co-operatives) on the basis of occupational categories (members of co-operatives) or of "objectively-defined" relative positions in the socio-occupational structure must be rejected out of hand, because actors do not first constitute a category of actor and then become proponents of a given line of action; rather, it is the line of action which defines a social category as an actor. This means that the persistence of co-operativism in the region is a necessary but not a sufficient condition for the transformation of co-operatives into significant social actors.

Approaches which would only lead to a repetition of past mistakes must be rejected just as forcefully. For example, it is not only misleading but false, as well, to assume *a priori* (as has frequently been done) that co-operatives are an alternative to capitalist enterprise and that their promotion will, by definition, provide greater opportunities for participation by lower-income sectors and for an improvement in their living standards. One of the factors which has promoted the spread of co-operativism is, precisely, the fact that these organizations can and do function under any type of economic and political system whatsoever so long as they are not expressly prohibited. Although their operations, efficiency and the benefits they can offer their members are influenced by the systems under which they function, there is no definite relationship between the type of social system and the number and size of co-operatives.

In the light of recent history, it must also be realized that co-operatives cannot represent the only solution for those immersed in poverty. Social problems of a structural nature can only be solved by society as a whole, by means of a process in which specific organizational models act as dependent variables.

## *3. Co-operativism and popular participation*

An equal measure of caution is called for when discussing the relationship between co-operatives and popular participation, which often takes on a theological —and, hence, mystic— character.

First of all, there are a number of questions surrounding the very concept of participation and its present meaning for lower-income sectors. Despite the intense debate on this subject which has been taking place during the past few years, the question remains: What is the object of participation? Is its aim to overcome alienation or exclusion, especially exclusion from power (a co-operative movement which could sidestep the question of overall power and, therefore, strengthen its corporate aspects)? Is it designed to change the social division of labour at its corporate level? Is it a strategy for resolving conflicts among various social groups? Is it a demand for self-government or for greater

State intervention? Or is it a strategy for bringing the citizenry into its own?<sup>5</sup>

At this point in the discussion it would be well to remember that to this day the Third Reich is still considered to have had the most participatory organizational structures ever known. Indeed, many people regard them as the forerunners of modern theories of organizational development and participatory management (Singer and Wooton, 1976).<sup>6</sup> Few, however, would wish to defend the results of such broad-based participation.

What appears to be more important, and less likely to be used as a fetish, is an accurate identification of the relationships between a given organizational model and the other institutions that form the context for the model (as well as the centres of power) inasmuch as these relationships are what determines the outcome, rather than the specific (or desired) characteristics of a particular type of organization.

What was once regarded as an accepted fact (i.e., that co-operatives promote popular participation and contain all the ingredients for a democratic and unified society) has now become a question: Can co-operativism satisfy current demands for democracy by giving citizens greater control over the State and over capital?

<sup>5</sup>The tensions underlying these and other issues relating to participation are analysed by Guimarães (1985). Wolfe (1984a), ICLAC (1982) and United Nations (1982).

"Many scholars posit the need to analyse processes of planned social change on the basis of actual results rather than on the basis of their stated objectives or the models that have been applied, because agents of change are always dedicated to working for those changes that will have meaning only in accordance with their personal paradigms of what the ideal order for social relationships is (Guerreiro Ramos, 1976, p. 268). For those who believe in the intrinsic qualities of models of social change and who justify their application despite any doubts that may be raised, there could be nothing more appropriate (and sobering) than to recall the words of Albert Speer: "There were many decent and well-meaning men in Nazi Germany, yet they were incapable of preventing the greatest bl<>dbath in history. The institutional and technological monster of mass destruction can very easily take on a momentum of its own and thereby lead the world towards total annihilation. Once the "beast" is set free, it can only move in one direction. The descent into hell can be an exciting and enjoyable trip, but unfortunately it is on a one-way ticket. I know, I was there, I still am" (interview by I. Norden, *Playboy*, June 1971, p. 202).

#### 4. *General framework for an exploration of the subject and suggestions for future research*

It is not being proposed here that co-operatives and other forms of association should be regarded as an economic alternative to the traditional capitalist unit of production: an attitude that tends to polarize the distinctions between individual and collective ownership, growth versus distribution and other such issues, and in which the analysis is oriented towards determining what economic, political, cultural and institutional conditions are necessary for the establishment and development of co-operatives.

Instead, what is being proposed here is to take the mere existence of co-operatives as the starting point and then to determine their social and political implications while, at the same time, devoting special attention to microeconomic issues of efficiency and competitiveness. Special attention would be given to the social and political dimensions of co-operatives, viewed as a means of incipient socialization or of increasing the popular sectors' awareness. The analysis would thus focus on the role of co-operatives in the economy and in the national society, relationships among their members, relations between members and employees, etc.

To this end, the starting point for the analysis could be confined to a consideration of co-operativism not necessarily as a social movement, as defined by Enzo Faletto (1983) (that is to say, as a movement which generates counter-models of society inasmuch as it addresses problems that concern society as a whole: a feature which distinguishes it from pressure groups, which focus on individual or corporate problems), but rather as an educational process which may give rise to a collective identity and an increase in the popular sectors' capacity for organization and mobilization. Again, rather than starting from an analysis of co-operativism as a social movement, it becomes more important to specify the nature of the relationships between co-operatives and other related popular movements such as trade unions and

associations of poor urban sectors or the peasantry.

The treatment of this subject should thus be focused on two facets or dimensions. The first step would be to delve into the anatomy of the co-operative phenomenon in an attempt to ascertain where co-operatives operate, what organization of labour and production structure they use, to what extent their members participate in them, and how efficient they are. The second component would be to describe the "ecology" of co-operativism, i.e., to determine —on the basis of an analysis of the relations to which they give rise in their social, cultural, economic and political contexts— what repercussions they have on other spheres of life, such as political parties, unions and the market.

From this standpoint and using the entire preceding discussion as a conceptual frame of reference, suggestions will be made as regards some of the more immediate research needs. Firstly, the analysis should concentrate on the characteristics of associative, co-operative and local self-management movements, particularly their economic and social aspects.

The type of activities carried out by these organizations in each country would have to be described, as well as their distribution and geographical location, the scale and structure of production, income modalities and differences (mainly between technical and managerial levels and between members and employees) and,

finally, their mechanisms and opportunities for economic integration in respect of both markets and production units and the share of national and sectoral output and of exports accounted for by co-operatives. It would also be necessary to examine what impact these organizations have on the employment structure and the labour market, especially in relation to young people and women.

Another urgent task would be to determine the social composition of co-operatives (sex, age, social origin and occupational category) and the nature of the decision-making process, primarily as it relates to the introduction of technological changes and the distribution of surpluses. In connection with this last element, it would be interesting to analyse the function performed by external agents, not only in the creation and operation of associative, co-operative and self-managed organizations, but also as regards the limitations placed on the continued operation and autonomy of such organizations by the presence of a dynamic external agent.

Finally, given the approach used in this study, it would be particularly important to identify and analyse the main political demands to which associative, co-operative and self-management movements give rise, as well as the machinery and guidelines for their linkage with other popular movements (poor urban sectors, unions, peasants, community groups) and political parties.

## V

### Some methodological considerations

It is difficult to confine the discussion to only a few methodological aspects of the study of co-operativism and popular participation, for methodology is really the basic issue as regards the treatment of this subject and should be the subject of a specific research effort.

#### 1. *Co-operativism, self-management and popular organizations*

There is general agreement that no-one has yet managed to identify approaches and strategies for understanding the actual situation with

respect to popular organizations without employing a logic and an arbitrary order which only have meaning for that observer and which, quite often, serve only to create confusion about the dynamics of these organizations rather than clarifying them.

It is therefore worthwhile, at this point in the discussion, to underscore the importance of seeking alternative strategies, such as the proposals for what has been called action-oriented or participatory research, which, in an attempt to de-mistify economic as well as sociological or anthropological research, transforming these activities into tools for societal change and fostering a commitment on the part of researchers to the real nature of the object of study, allow the groups involved in popular organizations to play a part in the research efforts on them.

From this standpoint, the use of a very broad or ambiguous definition of the concept of "popular organizations" (such as that employed here), which encompasses such apparently different models as co-operatives, associative (pre-co-operative?) forms of organization, self-managed enterprises, etc., does not appear to pose any major problem. This does not mean, however, that sharp differences do not exist between each organizational model and the others.

Nonetheless, once an as yet unresolved ambiguity is assumed to exist and, what is more, since the objective both of the analysis and of any action to be taken is not the model *per se* but rather its role in transforming the popular sectors' survival strategies into new types of social and economic relations (or, as some people might phrase it, an "alternative development style"), it is not felt that this position poses any methodological obstacle to the study of this subject.

On the contrary, it is felt that the further development of the proposals introduced in this article, combined with the results of maintaining a relationship with popular organizations themselves, will point the way to the methodological and other types of corrections which are likely to be required.

## 2. Co-operativism in Latin America

What does indeed call for immediate attention and discussion is not so much the distinction between different forms of organization, but rather those aspects relating to the environment in which popular organizations (rural or urban) operate, the class content of such movements and the value-based orientations of those seeking to become members.

This is particularly true in the case of Latin America and the Caribbean because, there, co-operativism has taken on a very different meaning from that which it possesses in other regions, especially in the Old World. Whereas the European forerunners of co-operativism, from Robert Owen (in the early nineteenth century) to Bernard Lavergue (in the early twentieth century), including the Fourier, Rochdale, Raiffeisen and other models, arrived at co-operativism on the basis of ideological concepts concerning the organization of social relations, Latin American co-operativism (if it can be referred to as such) relates, above all, to social practices which are not necessarily associated with any given world view (despite the fact that they certainly "create" a wide variety of ideological options).

In a historical context marked by a high degree of economic dependency and social and political authoritarianism, co-operatives take on different meanings at different points in history and for different social sectors. At times, they are no more than a temporary survival strategy for lower-income sectors, as is demonstrated by the growth of labour co-operatives during periods when urban unemployment is on the rise.

Often, they represent a defence strategy against political repression, serving as a means of keeping members of social movements organized. In such cases, members may not necessarily share the co-operative ideology of building a "new" society, but have instead formed a co-operative simply because it is the only method of participation that is still tolerated by government authorities.

Finally, co-operatives may provide a means —primarily for middle-class sectors— of gaining access to goods or services on more advantageous terms than those available in the

market, as is often the case with consumer or savings and loan co-operatives; in these instances, they are a way of democratizing a dependent and concentrative type of capitalism.

### *3. Defining the space in which co-operatives function*

Because of the concern to deal with the subject within the Latin American context, emphasis has been placed on the need, from a methodological standpoint, to define the economic space (a helping hand to dependent capitalism?), the social space (a means of easing the tensions created by exclusive patterns of accumulation?) and even the geographic space (i.e., rural or urban) in which co-operatives function. This, first of all, involves distinguishing between co-operative units and co-operative movements.

In respect to the former, it also involves drawing a distinction between *de jure* co-operatives (capitalist enterprises which merely assume the legal form of a co-operative) and true co-operatives (where work is undertaken in a spirit of solidarity, members participate in decision-making, and the principle of "one man, one vote" prevails).

### *4. Production, consumer and services co-operatives*

If what is important is not co-operativism in itself, but rather the relationship between co-operativism, democracy and the style of development, then the relations between co-operatives and the centres of power become a decisive factor. This means that there is a need to differentiate between production, consumer and service co-operatives, for example.

If one starts from the assumption, as has been done here, that the basic concept to be dealt with in a discussion of styles, democracy and co-operativism is the idea of democracy as a plurality of options, models and social practices, and if it is further assumed that this concept

should guide all efforts in this regard, then it is no longer a question of redefining all social relations on the basis of the co-operative doctrine, but rather of strengthening co-operative organizations as a means of democratizing the existing systems (both market-economy systems and those based on a controlled market and central planning —the two often being combined in a single society). In this respect, the operations of production, consumer and service co-operatives undoubtedly have very different types of impacts.

### *5. Co-operativism and transnationalization*

One final methodological question which warrants special attention relates to the fact that analyses of co-operativism as well as proposals for disseminating and strengthening the co-operative model are often flawed by the assumption that they operate in a closed economy.

In view of the present trend, especially in the countries of the region, towards the predominance of financial capital, its internationalization and the internationalization of the circuit involved in the production and dissemination of technology (which, in its turn, buttresses national inclinations towards centralization, concentration and, ultimately, authoritarianism), an accurate description of inter-co-operative relations at the international level is called for. It is also necessary to identify the limitations which this trend places on the strengthening and possible predominance of the co-operative model and on its viability as an alternative model.

At the microsocial level, this would also involve identifying both the sectors in which co-operatives, given their organizational features and their economic rationale, would have the best chance of flourishing (those in which labour is the preponderant factor?) and those in which co-operatives are apparently not the best option (sectors where technological obsolescence is more rapid?).

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