

Emerging Strategies Against Poverty: The Road Less Traveled

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ABSTRACT

This is the story of struggle for survival in the Andes. Ravaged by the excesses of Nature, a brutal insurgent conflict and more recently by the inroads of economic globalization, the inhabitants of the Peruvian *sierra* face the prospect of ever-increasing poverty and the withering away of their villages and cultural traditions. Worldwide recession, or its threat, simply magnifies the problem. While there are no permanent solutions, purely local initiatives centering on community-organized and operated enterprises have produced some creative approaches. These may offer alternatives and hope to other communities, and they are the focus of this study.

THE THREAD OF HISTORY

The mountains of the Peruvian Andes, incredibly lush where the eastern slopes fall to the basin of the Amazon system and brutally arid as they rise in the west from the coastal desert, are home to people of pure or almost pure indigenous stock. These are the Quechua, descendants of the vast empire of the Incas. Centuries of outside influence following the Spanish conquest in the sixteenth century failed to break the isolation, and the people continued to live in their villages, maintaining their languages and following their customs and rituals, adapting these over time as necessity dictated. Features preserved from ancient roots to this day are the sense of community and the instinctive response to draw together in times of crisis.

The official history of Peru is largely the history of the white and *mestizo* population, grouped mainly in the major centers along the coastal region. The indigenous for their part remained in the countryside. In more recent decades, the increasing need for cash-money led to large-scale out-migration to the cities on the part of the male population searching for jobs. Other factors such as government development policies and the 'Green Revolution' had the same effect. In the 80s, some government programs were introduced aimed at assisting the *Serranos* (people from the sierra). However, ground gained in this respect was largely lost in the 90s under social and economic reform programs (Peredo 1995).

Compounding the problems was the extraordinarily vicious insurgency of the *Sendero Luminoso* (Shining Path), which raged through the much of the country in the 80s and early 90s. Fed by desperation bred of poverty and the blatant discrimination practiced against the indigenous, *Sendero* was able to mobilize sufficient numbers of

adherents to create fear on a national scale and dominance in substantial portions of the *sierra* and the Amazon basin the eastern part of the country. Most villagers were caught between a rock and a hard place. Tens of thousands fell victim either to the depredations of *Sendero* or to the retaliatory vengeance of the state. The net result, following the end of the conflict, was a legacy of pain, mistrust and an economy in even more dire straits than it had been previously.

OUT OF THE ASHES...

In the period since the capture of *Sendero*'s leaders in 1995 and the gutting of the insurgent movement, the government has intensified efforts aimed at accelerating growth and opening up markets. Empirical evidence unfortunately suggests that despite these efforts, the macro-economic shocks of the past two decades have resulted in substantial increases in inequality and poverty, especially in areas populated by the indigenous (World Bank 1994, Plant 1998, IDB 1999). Agriculture, the traditional core of Andean village life, is in even worse straits than it was twenty years ago. The real value of village produce has shifted in favor of urban consumers. Such small items as the villagers have been able to sell in the towns (blankets, shawls, etc.) are being similarly displaced by imports.

The net effect is that the indigenous peasant continues to be caught between the same rock and hard place. He or she can choose to remain on the land and eke out a subsistence level existence in an environment where social services are or have become largely non-existent; or they can migrate to the endless sprawl of miserable shantytowns that surround most cities and towns, where crime is rife, unemployment is staggering, but

where some possibilities for income generation exist, primarily in the prolific informal sector.

My research thus led me to explore whatever glimmers of light I could detect in the pervasive gloom, in an attempt to define an alternative model. For this purpose, I spent several months in the Andes, living in villages and analyzing the fundamentals in terms of the potential for building sustainable communities. The targets of my research eventually narrowed down to three examples of community-based enterprise and, on the basis of these investigations, I was able to identify a number of characteristics and conditions under which a sustainable existence might be maintained.

I. COOPERATIVES OR COMMUNITY-BASED ENTERPRISES? THE SALINAS EXAMPLE

My first extended stay, after reconnoitering the length and breadth of the northern Andes, was in the village of Salinas. Although located in Ecuador, ethnic composition and conditions were very similar to those in Peru. Salinas is located at the end of 60 kilometers of bad road, accessible only when the weather is dry. What attracted me were reports of a vibrant cooperative movement and indeed, thanks to a young boy who insisted on giving me a tour right after my arrival, I quickly understood the reason for the enthusiastic recommendations to visit. In this community were to be found cooperatives producing cheese, handicrafts, textiles and furniture, as well as other enterprises processing mushrooms, exploiting forestry and providing savings and loan facilities.

Before the 1970s, the region of Salinas was controlled by two big landowners, the Cordovez family and the Church. Most of the people were tenant farmers, and paid as

rent some 20-50% of everything they produced. While the peasants depended mainly on the land, they had some access to salt produced by mines in the area and were able to barter this in order to obtain other products. Life was difficult. There were minimal education and no health services. Many young people migrated to the cities, or to work on banana plantations.

People's attitudes began changing in the late 60s. With the help of progressive members of the Church, the villagers convinced the Government to transfer authority to exploit the salt mines from the Cordovez family to a peasant cooperative. This activity in turn led to the establishment of a savings cooperative.

The Old Order Changes

Three events had a decisive impact on the community. One was the passing of the Agrarian Reform Law changing the status of tenant farmers, the establishment by a new Bishop of a fund to help the marginalized, and the arrival of a visionary activist priest, Padre Antonio. Land in the entire valley was purchased by peasant organizations, some of it allocated for individual and other sections for communal use.

The heartbeat of the new approach was, and still is, Padre Antonio's Salesiana Mission, an experimental center or incubator where ideas for new products and new enterprises are tested and then passed on to the Federation of Village Organizations (FUNORSAL) for possible implementation. Many young people are employed in the center, working with computers, discussing new projects and drawing up plans.

A major early initiative was the creation, in cooperation with the Government and the Swiss Cooperation Agency, of a milk, cheese and butter production cooperative.

Today, Salinas serves as the primary cheese production center for the region, and a center to which all the peasants can bring their milk. A sales office is responsible for marketing, and the cooperative has increased the range of its products to include sausages, dried mushrooms and honey. Some items are sold through large domestic chains while others are exported for sale through non-profit organizations in Europe. With changing circumstances and a globalizing economy, competition has increased sharply and pressure on the market has become intense.

I spoke with many people in the villages in the surrounding area and it was evident that Salinas is regarded as an entrepreneurial center with an excellent track record for creating local income opportunities. It is a collection of enterprises, mainly traditional cooperatives, which have brought benefits in the form of employment and income, especially for the poorest, often single or widowed women. Opportunities have also been created for young people, such as in the design and production of ceramics. This is particularly important for its contribution to a reversal of the drain of youth away from the countryside to the major urban areas.

The Salinas cooperatives, inspired by Padre Antonio and his Mission, have created some 363 direct factory jobs, while in reality most of the town's 5000-strong population is involved at least indirectly in related activity. Salinas has also served as a role model to other villages in the area. All of the Salinas enterprises are self-sufficient and have not received outside grants since 1993. While some of the cooperative earnings are used for social purposes, such as lunches for orphaned children, this activity is left mainly to other organizations such as the Salesiana Mission itself.

A Step Forward, But...

The development of cooperatives in Salinas has been impressive. Even though poverty remains a major issue, undoubted economic benefits have accrued to the local people. However, it must be noted that even today little sense of ownership seems to exist on the people's part. The Mission and FUNORSAL are often referred to in terms suggesting they are the property of Padre Antonio. In some ways, he appears as the incarnated successor to the earlier large landowners, and young people commonly raise the question: "What will happen when the Padre is no longer here?"

Potential problems on the horizon are compounded by the fact that the bulk of the cooperative activity is geared to outside tastes, while products tend to be foreign to local preferences. Moreover, with increasing global competition, the markets for Salinas's products show signs of contracting. Just as important, the extraordinary level of technological/economic development has not been accompanied in any noticeable way by increased social, cultural or political consciousness. The cooperatives, for example, take little or no interest in supplementing the precarious social services provided by the state.

Without underestimating the positive aspects of the Salinas model, one possible conclusion is that the cooperatives, having failed to empower the community as an entity, or generate social capital and self-management organizational capacity, have not definitively succeeded in laying the groundwork for sustainable community-based enterprises---this in spite of the fact that the cooperative movement evidently has provided economic opportunities for the majority of the families. Similarly, it is possible that the cooperatives with time will transform themselves into elite-managed enterprises, seeking their survival through market expansion and/or the protection of external donors

II. CHAQUICOCHA: THE FARMER'S MARKET

Chaquicocha is a small, relatively poor community in the Peruvian Andes, with few resources other than agriculture, and serious environmental limitations. Yet the village has distinguished itself by using traditional knowledge and practices, combined with entrepreneurial initiative, to achieve a minimum standard of food security for all, access to income even if low, and a basic level of education and health services.

At 3 a.m. every Friday morning, large trucks from the nearby towns of Chupaca, Huancayo, and even from the capital of Lima, begin arriving in the *plaza* with their wares. Meanwhile, the village women are preparing local dishes and setting up stalls to sell cheese, meat and eggs. By 7, the *plaza* has been totally transformed into a colorful market, with barbershops, beer gardens, food tables, natural herb kiosks and enclosures for sheep and cows. The entire population is present, as well as large numbers of shoppers and small-scale sellers from the surrounding area.

The Fair in its origins was the brainchild of the entire community acting in concert to try to pull itself out of a morass of serious social and economic problems in the 60s and 70s. In the sense that the Fair was not simply the linear successor to a previous smaller market, but rather a deliberate strategy for income generation, it was a rather remarkable entrepreneurial undertaking, tacitly involving as it did, planning, investment and risk-taking on the part of the community. Interestingly, in surveying the history of the Fair, no one single individual or small group of individuals is identified as having been the founder or driving force. Rather it arose as a grassroots initiative inspired by a communal determination to deal with the issue of the community's survival. The Friday

Fair has grown to the point where today it is known as the largest operation of its type in the region.

Pulling Together

Chaquicocha's recent history is fairly typical. In 1949, because of population increase the land was divided up into private plots. Attractive as this may have seemed on the surface, privatization led to serious problems of demoralization and impoverishment of the land. In 1979 the assembly decided to restore the land to community ownership. The next step was to move to a mixed system, with some land retained for common use and the rest allocated in parcels in such a way as to ensure that everyone had access to essential resources such as water. Byproducts of the new arrangement were better environmental control, a reduction of social polarization, and a revitalization of traditions such as communal labor (*ayni, minga and faenas*).

This in turn led to the creation of collective enterprises such as a dairy, a sheep barn, cattle feedlots, etc. On the communal lands, among other things the famous Peruvian staple, potatoes, were cultivated for distribution to members and further sale. Thus, the Fair was a brilliant idea and a logical outcome as the community searched for an outlet for its products and a generator for income. As noted above, it has been a rather outstanding success, considering the limited resources available to the community. In addition to providing an outlet for produce and local crafts, income is generated through fees charged to sellers from outside the community.

Central to Chaquicocha's village activities and functioning as an enterprise is the communal assembly. Just as most of the work on communal lands is done collectively

and by turns, so executive positions in the assembly are non-remunerated and regarded as an obligation. This is where new ideas are generated, finances managed and services dispensed. For example, during the period of my stay, two assemblies were convened for the purpose of reviewing progress, identifying and evaluating new possibilities. A portion of the revenues accruing to the community, i.e. profit after expenses, is distributed periodically by the assembly to its members.

Is the Enterprise Sustainable?

Without doubt, the Fair and its supporting activities have provided a way for increasing economic income and enhancing both collective and individual entrepreneurial activities. Poverty has been diminished. Markets have been stimulated and the culture revitalized, all of which would suggest that culture and economic development can be compatible and mutually supportive---in the sense that the community has been able to mix culture, community and ethnicity, while at the same time responding to market imperatives. Moreover, as in Salinas, the Fair has created a positive platform for the emergence of individual entrepreneurial initiatives.

However, Chaquicocha as an economic/social entity and entrepreneurial project is burdened by several deficiencies. For example, apart from limited agriculture land there are no other significant natural resources to which the community has access. It also creates tension between the private/communal land mix, since the more cattle there are in the communal herd, the less land there is for grazing privately owned animals.

A Model for Others?

Chaquicocha is a useful model for other communities. They have managed to overcome the constraints imposed by a long history of colonization that pushed them onto the infertile parcels. The community enterprise has undeniably improved the lot of the members. Its success in this regard may appeal to other communities laboring under the same conditions. The medium-term future of Chaquicocha is less precarious than that of its regional neighbors, but fresh vision and new initiatives are needed. At the very least, the Chaquicocha model has demonstrated the way in which synergy, deriving from culture, tradition and community, can be harnessed in the service of the community.

III. LLOCLLAPAMPA: A BIG STEP FORWARD

When I was in Huancayo in the central Peruvian Andes, I was strongly advised by peasants at a rural fair to pay a visit to Llocllapampa where, I was told, surprising things had been happening. This is how I came, at the end of a ride of several dusty hours in the back of an open truck, to find myself on paved roads in a well-kept, flower-fringed *plaza* watching a truck deliver low-cost milk to the locals. The town captured my interest and I stayed for three months researching the conditions that had generated an uncommon vibrancy and communal energy. The most immediate target of interest from my perspective was the series of community-based enterprises, which underlay Llocllapampa's success in dealing with social and cultural challenges.

Geography: Friend or Foe?

Llocllapampa is situated on the Mantaro River at the high altitude of some 3500 meters. A major benefit of its location from the point of view of access and communication is that both the central highway and the central railway run through the region, even though the latter now is used only for freight. A further boon are the mining resources, including several silicon, gypsum and marble deposits near Llocllapampa itself, which have spurred activity. On the other hand, of the town's land only some 20% is cultivable, and even that must be classified as more- or less-productive, depending on the elevation of the various parcels. However, the non-cultivated land does lend itself well to grass and the raising of livestock.

A negative aspect, apart from the normal impediments imposed by high elevation, is that geography placed Llocllapampa in the center of an area encompassed by intense activity guerrilla during the *Sendero* insurgency. The mistrust of that period persists even today and strangers such as myself coming into the community are regarded with suspicion. However, the cold reception of my early days fortunately, with time and much effort, transformed itself into the incredibly warm hospitality for which *serranos* are noted, and I found myself with remarkable access to the grassroots, to town leaders, executive sessions, assemblies, enterprises and records.

Culture and Community are the Glue

It is not clear how long humans have inhabited the Llocllapampa region, but records, tradition and archaeological sites show that settlement goes back well over a millennium. Llocllapampinos are fiercely proud of their lineage down through the Inca and colonial empires, and of the heritage of independence and rebellion against authority.

The Spanish were unloved during colonial times and the tension continues today, fed by the discriminatory attitudes and practices towards the indigenous by the colonizers' *mestizo* successors. Special attention in the town is paid to keeping alive and transmitting traditions and values to the young. The combination of the above has played a distinctive role in the determined attempt of *Llocllapampinos* to resist moral and material disintegration, and to find economic alternatives.

Community kinship is incredibly strong. Even those who migrated to the cities continue working together in organizations such as the Llocllapampa Residents' Committee, the Children of Llocllapampa and the Llocllapampinos University Students' Association. The idea of doing something for the *tierra* where one was born and of lobbying government and other agencies on behalf of the community is a highly prized social value. Within the town itself, this same value is reflected in the notion of *faena* (communal non-salaried work), which extends to service on various committees, participation in assemblies, etc.

Thus, today's *Llocllapampino* is mixture of courage, persistence, tradition, culture and determination. This has contributed to a sense of autonomy and pride. Perhaps most striking is the priority attached to communal solidarity, democratic administration and control, and equity of rights and obligations. These take precedence over the achieving of material superiority over one's neighbors. What principally distinguishes today's *Llocllapampinos*, also known as commoners, from other peasants in the region is that each of them is a shareholder in the community enterprise that has evolved. Each has the right to vote, but in turn must participate in and comply with the rules laid down by the Assembly.

Getting From There to Here...

Today's Self-Managed Community Enterprise (SMCE) is the product of a lengthy evolutionary process. As far back as the early 20s, the community leased local hot springs to an outside entrepreneur for tourism purposes. The next several decades saw various attempts, some with government support, to establish cooperatives, mainly in the agricultural sector. While the cooperatives brought benefits in the form of management and organizational training for local people, they also proved to be divisive. The problems became serious enough that, eventually, the cooperative approach was perceived by the community as not corresponding to its needs and realities. As a consequence of a long series of discussions and broad consultations, in 1975 the entire elected executive of the government-sponsored agricultural cooperative, Tupac Amaru, resigned. Subsequently, in the same year a resolution of the communal assembly proclaimed the establishment of the SMCE. This was the genesis of Llocllapampa's community enterprise movement that continues to this day.

Where Does the Community Stop and the Enterprise Begin?

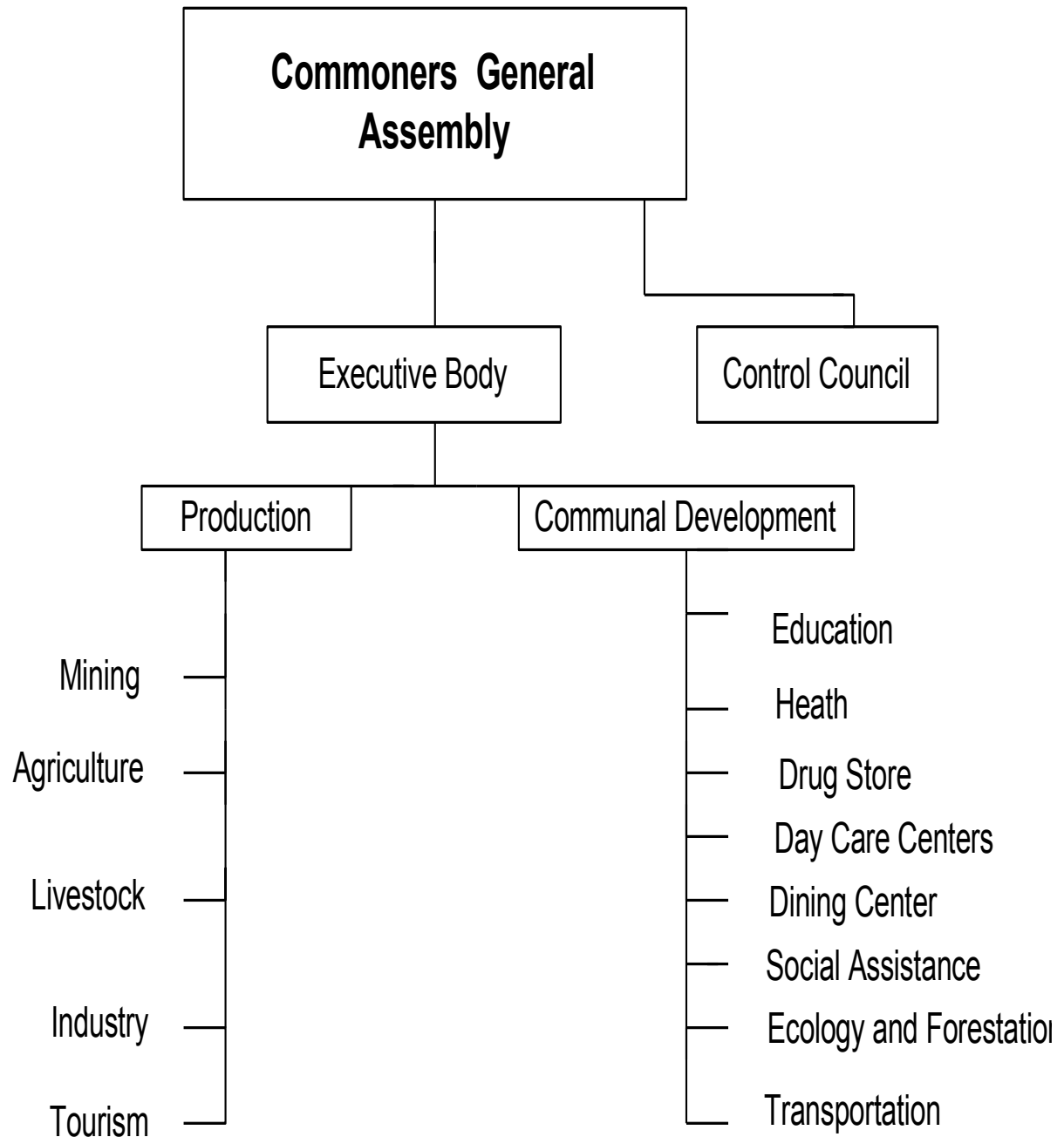
Legally, as set out in the charter of 1975, the community and the enterprise are one and the same. The same body, which governs the enterprise, also serves as municipal council. The fundamental intention of the charter's authors was that the enterprise should use all available resources for the common good. In this sense, the SMCE was intended to act as a sort of holding company, responsible for the whole range of economic activities. At the same time, however, the new organization was seen as comprehensive in

scope and was accorded the responsibility of communal, including socio-cultural, development. The charter today is essentially unchanged.

Is It Governable?

The first question an outsider such as myself, coming on the scene is bound to ask, is: How can such a cumbersome structure function effectively? Perhaps the best answer is that it apparently works, and has worked for over a quarter-century. A snapshot of the system of governance is best captured in the following organigram.

Diagram No 2



The General Assembly, of which all commoners are members, is the ultimate authority in the community and enterprise. Meetings usually take place every month, but

must be held at least three times a year. Attendance is obligatory and, in a manner reminiscent of early democratic forms, each commoner has an equal voice. For the enterprise, it is rather like having a Board on which every consumer of the product or services sits. In an interesting twist, the Chair of each Assembly is only elected at the beginning of the meeting itself. The purpose of this is to ensure impartiality.

The Executive Body consists of six members, elected by the Assembly for a two-year term. Its responsibilities are overall management of the enterprise, administration and the implementation of economic, financial and social policy. Members can be recalled, and this does occasionally happen. Balancing the Executive power is the Control Council or Auditor's Office. Similarly elected, the Council serves a watchdog function over financial dealings and also monitors commoner complaints. The Council can summon the Assembly and I personally observed a session at which the Council head accused the Executive President of malpractice in hiring personnel. This provided a useful opportunity to witness the pressures and dilemmas occasionally facing the community, as well as the mechanisms for their resolution.

Elections to office are held every two years and are taken very seriously. They are supervised by a separate and impartial electoral council. Public debates are organized and the record of the candidates, including attendance at assemblies and participation in *faena* (voluntary work), carefully scrutinized. The rules carefully establish who may run for office, in such a way as to preclude conflict of interest. It was impressive to note how the community, in spite of lengthy periods of living under authoritarian government and guerilla insurgency, had managed to preserve this form of relatively pure democracy.

Jobs and Money

The Llocllapampa community's quest has always been for a system that works in such a way as to provide, in the last analysis, optimum social and economic benefits. In this sense, it is to the community's credit that it has never over the past century rested on its laurels or been satisfied with the *status quo*, but rather has continually sought innovative forms of organization. This is rather remarkable when one considers, as noted above, the cumbersome form of governance, with all commoners having a say in policy and operations.

Several departments make up the industrial/productive side of the SMCE. These include such things as: a water bottling works, hot springs spa, transportation, agriculture, mining, marble and a silicon plant in Lima. Each unit has a manager who reports to the Executive and through it to the Assembly.

Of all the departments, **Mining** is the most important for the community's overall economic health. As a major source for jobs, it attracts the lion's share of investment, and it is also the major source of financial support for other economic and social activities in the community. The unit's evolution has followed the general pattern. In 1947 the silicon deposits were leased to a private company. In 1970, the deposits were recuperated and then exploited by a communal cooperative. This continued for the next five years until the mining activity was integrated into the operations of the SMCE. Of course, the whole period was one of considerable turbulence, difficulty and struggle. Today, the production, marketing and industrial use of silicon are topics of ongoing lively discussion. For example, current debate centers on the mining department's need to adapt to changing

market pressures and the proposal to form a joint marketing company in partnership with a private sector firm.

Llollapampa's **Agriculture** Department has the dual objective of guaranteeing food security for all, while at the same time producing modest quantities of items for export or direct sale. The Department has attracted ongoing subsidies from the Mining unit, although good progress has been made towards reducing or eliminating these. Its principal activities range from crop growing and livestock, to dairy production and the breeding of alpacas.

The strategy for agricultural management involves both the designation of communal lands and the allocation of private plots to the commoners, as well as reliance on the community tradition of *faena*. *Faena* is brought into play whenever there is any agricultural work requiring intensive labor. Of the cultivable land only 15% is communal, but this tends to be in the valleys and the most productive. Here the Department has used communal investment to purchase tractors, install irrigation systems and hire professional managers. Such initiatives have enabled the enterprise to become a leader in potato production and to win prestigious awards. Main products of the Department are potatoes, meat, wool, milk and cheese. Again, the benefits of communal management and control are reflected in the ability to determine how to use resources most rationally and effectively. First call on the produce is local consumption, some of it such as milk at subsidized rates. The rest is sold, as appropriate, on local, provincial and national markets.

Other departments such as the **Industrial** are devoted to bottling the area's natural medicinal water for local and export sales, while **Tourism** is exploring ways to exploit

the potential of the hot springs and medicinal water in the construction of a modern spa. The area is also full of archaeological ruins. Competition, both local and multinational (e.g. Pepsi and Coca Cola in the case of the bottling works), is spurring both departments to use entrepreneurial initiative and to seek innovative ways to move ahead.

The Proof is in the Pudding

What does Llocllapampa have that others don't? Unlike most other peasants in the Peruvian Andes, Llocllpampinos have access not only to paid jobs in their own community, but also to social services initiated, funded and maintained mainly by their own enterprise. Children and young people receive elementary and post-secondary schooling, and are eligible for post-secondary scholarships. Health services include a health center, community pharmacy, day-care for children, subsidized milk delivery and access to a dining center. Ancillary units are responsible for electricity, potable water, radio, a parabolic antenna and a system of public security. Remarkable outcomes of the community's social services include the disproportionately high number of young people studying business administration at the regional university, the fact that many community professionals are home-grown (teachers, two sociologists, three lawyers, etc.), universal access to basic food and drugs, and the construction by the enterprise of a sewage system in a region where this is neither easy nor common.

But What About the Environment?

Environmental management does in fact play a significant role, although most commoners don't see it as such. This is because many measures to protect the

environment derive from traditional practices (e.g. rotation of crops and livestock) handed down from ancestral times. For example, leaving land to lie fallow from time to time is second nature. As one peasant told me, “This is just how we do things.” National and international assistance is also accessed, where available, to aid in reforestation and deal with the after-effects of contamination from mining activities.

This is not to say that the situation in environmental terms is ideal. Far from it. Poor mining and agricultural practices have had a distinctly negative impact. Native flora and fauna have disappeared. Not surprisingly, the community has had to deal on an ongoing basis with internal conflict over pressures to create more jobs by expanding mining, on the one hand, over against other pressures to diminish environmental impact, on the other.

No Bed of Roses

Any impression that all is smooth sailing in Llocllapampa would be quite erroneous. Tension, much of it healthy, is always present, generated by different interests and conflicting ideas for the future. For example, some members want to maintain the enterprise as common patrimony, while some others argue in favor of providing private sector access e.g. to mining, or at least of promoting the emergence of private initiatives within the community. Management and leadership are other issues. Those young people coming out of university business schools see the present organizational structure as an anachronism and obstacle, if the LLSMCE is to survive. They would like to see a ‘professionalization’ of the various units, in order to deal with the growing complexities of the management challenge. The simple folk, on the other hand, are fearful of losing the

vision of the ‘common good’ and argue that what makes Llocllapampa distinctive and successful is precisely the preservation of a firm hold on management by the peasants themselves. Still other pressures have been created by governmental and IMF adjustment program provisions, which have eliminated access to funding and imposed harsh taxation measures, and by the effects of economic globalization on Llocllapampa’s ability to survive in the competitive market.

At the End of the Day

When all is said and done, the salient reality is that Llocllapampa stands out within the region as an example of what can be done through collective innovation, synergy and social learning. Social cultural and environmental goals have been integrated in the common interest. The community has been successful to date because its members have been able to combine and adapt ancestral social practices and values to the creation of business. It has demonstrated that local culture can be a key factor in achieving success. The LLSMCE also demonstrates the need for government to devote greater effort towards tailoring policy to accommodate the needs and development interests of communities such as Llocllapampa.

IV. BUT WHAT OF GLOBALIZATION? CAN LLOCLLPAMPA SURVIVE?

The Llocllapampas, Salinas’ and Chaquicochas of this world might comfortably survive if they lived in isolation. That, however, is not the case and increasingly they are being subjected to the pressures of encroaching alien cultures and economies. Corporate economic globalization is an international system that affects politically, economically

and environmentally every country. The process of globalization is not new for Andean communities, but the scale is. Competitive markets for mining, handicrafts, bottled water, dairy products, etc., are changing and the CBEs are being forced to consider and adjust. Corporate globalization has also brought about a fundamental change in the role of government, putting an end to support systems on which small communities in economically poor areas depend.

Proponents of globalization see the process as providing enhanced opportunities for development. It is argued that every customer in the world will benefit from the unimpeded flow of investment and the consequent cheaper and better quality goods (Ohmae, 1990). In contrast, critics of the process argues that the assumption of the economic globalization agenda is that what people are willing to buy is the best indicator of what they value. Therefore, it is the market that allegedly presents the most effective and democratic way to define the public interest (Korten, 1995). As for the workers in poor countries, they allegedly benefit from the jobs associated with new factories and other enterprises. Governments for their part become less necessary, and their principal function becomes one of facilitating the activities of corporations (Ohmae, 1990; Fukuyama, 1989; Friedman 2000). In promoting the benefits of globalization, no distinction is drawn between the so-called North and South, between rich countries and poor countries, or between indigenous and non-indigenous communities.

Such argumentation, as it happens, does not in fact provide much comfort to most at the lower end of the economic scale or to communities such as Llocllapampa. A fundamental and contentious issue is the allegation that, as corporations become more powerful, they tighten their control over markets and technology through strategic

alliances. This then forces both subcontractors and local communities, particularly in poor areas, into lowering standards for the purpose of ensuring access to markets and jobs that the global corporations control (Korten, 1995; Rifkin, 1996; Daly and Cobb, 1994; Khor 1996). According to the critics, this in turn leads communities to deepen their dependence on socially and environmentally destructive technologies that can sacrifice physical, social, environmental, and mental health to corporate profits. One immediate consequence is acceleration of the out-migration of indigenous into the cities to become cheap labor or beggars. This is the case, for example, in most Andean towns and villages. As for the jobs they find there, many of these tend to be insecure and subject to loss. Local enterprises also see themselves as disadvantaged. So-called free trade often turns out to be not so free, and on the contrary to be a 'game' in which the rich corporations hold most of the cards. Developed country markets often remain protected against those products that poor countries are best equipped to export. Finally, the structural adjustment reforms that accompany globalization usually have the effect of removing social protection mechanisms in the name of dealing with economic deficits, while at the same time providing economic incentives to corporate players (Bello 1996).

In the last analysis, the complaint is not so much with globalization itself. The process in one form or another is almost universally recognized to be unstoppable, to say nothing of those aspects seen by many as beneficial. Rather, the hostility among the economically less privileged is generated by a globalization that lacks any sense of social conscience or obligation, and that leaves those affected with a sense of powerlessness. The desire in poor countries and poor communities such as Llocllapampa is not so much

to stop globalization, as to see mechanisms established for managing the process for the common good.

V. PUTTING THE PIECES TOGETHER

Campesinos in Salinas, Chaquicocha and Llocllapampa are largely unaware of one another's existence. Indeed the backdrop against which CBE emerged in each place, the way in which the communities organized themselves, and the successes and challenges of the enterprises were unique to each particular context. Nonetheless, there were a number of distinct commonalities. For example, each CBE arose out of a purely local initiative. Moreover, each of these communities was marked by a high degree of cohesiveness, and in each there were social and economic needs not being met by outside organizations. Indeed, in most cases the initial moving force behind community action was not economic, but rather related to the demand for basic social services. Business activity came later. The communities were mostly poor, small and isolated. Also noteworthy, as in the case of Padre Antonio in Salinas, was the importance of a strong leader in initiating activity

The idea that Community-Based Enterprise can serve as a strategy for overcoming poverty in the Andean and possibly other similar contexts is based on two principal premises: first, that development, if it is to be sustainable, must come from the people themselves, and second, that institutional/public policies must incorporate the diversity of cultures as well as of diverse economic, environmental and social systems. This approach is consistent with general entrepreneurship theory that holds that social networks play an important role in the formation of new ventures (Johannison, 1996;

Dubini and Aldrich, 1991; Steier 2000) It also leans heavily on the important role played by Andean traditional forms of cooperation, i.e. *ayni* (reciprocal work among two families), *minga* (among a group of families) and *faena* (involving activities for the benefit of the entire community). Similarly, the approach takes into account contemporary literature on sustainable development where the parameters have been broadened (Gladwin, Kenelly and Krause, 1995; Reese and Fasenfest, 1997; Rees, 1996) to regard the process as an issue that is much more than growth alone. Rather, development is seen as holistic and encompassing the overall well being of the community.

Pointing the Way

It would be marvelous if one were able to construct a development model adaptable to, and effective for, all cultures, circumstances and conditions. This has been attempted but unfortunately success has proven elusive. Nonetheless, it may be feasible to formulate propositions that point the way to the creation of viable community enterprise, at least for poor Andean communities. They may be applicable in other settings. While I have in my research identified some forty propositions and sub-propositions in all, for purpose of this article I present here ten that capture the essence of my research.

Proposition 1: CBE is a mechanism for change and emerges as an innovative response by impoverished communities to macro-economic, social and political factors.

Proposition 2: Communities may use CBE to combat social disintegration, increasing poverty and environmental problems.

Proposition 3: CBE reflects a community's desire to manage its own resources and improve the quality of life.

Proposition 4: CBE arises a means to compensate for lack of political power, and to try to improve the living conditions of the community by capitalizing on natural, cultural and social resources.

Proposition 5: The more outside organizations (governments, Church, aid agencies, etc.) act as decision-makers and diminish the community's autonomy, the less likely it is that CBE will engender proprietorial involvement and broad support in the community.

Proposition 6: Conversely, when CBE is created and self-managed by the community itself, goals are shared and based directly on local economic, cultural, social and environmental needs.

Proposition 7: The creation, success and sustainability of CBE depends on the community's capacity to adapt and innovate, and to combine traditional organisational and participatory skills and practices with new processes and systems capable of facing market challenges and those posed by globalization.

Proposition 8: The success, survival or failure of a CBE is directly related to the ability of the CBE to pool resources, diversify its activities away from land-based resources, and combine market and non-market activities.

Proposition 9: Successful CBE combines strong individual leadership with communal initiative and risk-taking.

Proposition 10: A favourable legislative, legal and financial framework at the national and international level is important to the sustainability and survival of a CBE.

VI. A QUEST FOR HOPE

The harsh reality forming the backdrop to this article is that the indigenous peoples of the Andes stand out as the poorest among the poor. Their lives are conditioned by common hardships such as hunger, lack of roads, potable water, health services, powerlessness, social isolation, a state riddled with corruption, and chronic insecurity. Political and social violence have dominated the recent past, and a renewed threat remains close to the surface.

In the effort to alleviate poverty, the Andean area has been the focus of attention for the activities of many international development agencies. However, despite good intentions the approach has largely been oriented towards cultural assimilation while ignoring the strength of indigenous organizations. In recent years, critical development literature has shown that much of the approach by NGOs, international and multilateral cooperation agencies has failed (Anarayan, 2000; Crewe and Harrison, 1998; Sachs 1992). In fact, this literature has argued that the real effect of many developmental activities has been to change community support systems and create real poverty (Shiva, 1989; Corwall, 1998). Andean people have too often been viewed as “target beneficiaries” rather than as actors in their own development process. Many of these projects have failed because of the lack of proprietary interest and participation on the part of the beneficiaries.

The other inescapable reality is accelerating globalization. While all three communities are affected to varying degrees by globalization’s effects, their poverty began long ago and would exist today with or without globalization. Evidently the

phenomenon carries with it both downsides and opportunities. It has tended to exacerbate the already existing historical situation of structural marginalization through, for example, privatization processes that render more difficult their access to services. Secondly, as small or medium micro-enterprises, these CBEs are faced with unfair international competition, since many corporations receive benefits from their home countries in order to promote exports, to say nothing of tax incentives from the host country. At the same time, they themselves in some instances have been burdened with heavy new taxes as the result of IMF-imposed fiscal regimes, on top of their increased vulnerability to corruption and the illegitimate use of political influence.

These reflections, however, should end on the same note of hope that can be found in the three communities. As one home-grown, university trained sociologist told me with the determination so characteristic of the Andean peasant, “Now we have become pioneers for communal enterprises in Peru. It is our own model. It is managed by our own commoners; and we have since its creation not been dependent on the government or any development agency. We can manage with our own resources.” Salinas, Chaquicocha and Llocllapampa have used their social energy and their own strengths to create alternatives that have been instrumental in improving the well being of many of their inhabitants. The people themselves are the major asset and, while the road to the future is fraught with pitfalls, they have shown with their resourcefulness and communal approach that there may be alternative paths to sustainable development.

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