

UC Berkeley

UC Berkeley Electronic Theses and Dissertations

Title

Not for Members Only: Cooperatives and Community Development in Costa Rica

Permalink

<https://escholarship.org/uc/item/5pm9x3ks>

Author

Fitzgerald, Charity Samantha

Publication Date

2013

Peer reviewed|Thesis/dissertation

Not for Members Only: Cooperatives and Community Development in Costa Rica

By

Charity Samantha Fitzgerald

A dissertation submitted in partial satisfaction of the
requirements for the degree of

Doctor of Philosophy

in

Social Welfare

in the

Graduate Division

of the

University of California, Berkeley

Committee in charge:

Professor Julian Chow, Chair
Professor James Midgley
Professor Laura Enríquez

Fall 2013

Abstract

Not for Members Only: Cooperatives and Community Development in Costa Rica

by

Charity Samantha Fitzgerald

Doctor of Philosophy in Social Welfare

University of California, Berkeley

Professor Julian Chow, Chair

This study explores the role of coffee cooperatives in providing for the social welfare of Coto Brus, a rural Costa Rican county. The research explains how, to what extent, and why these cooperatives have become involved in development and organizing projects that benefit not just their members but also the community. Data were gathered by ethnographic immersion in the community over 8 months. Sources included published government reports; interviews with cooperative managers and employees, cooperative members, and community members; participant-observation in community and cooperative events; and administrative records from cooperatives. The research suggests that cooperatives are reflective of a social development approach to social work practice by attempting to harmonize economic, social, and political aims. At first, cooperative members coalesced around meeting economic needs for the community. They, then, engrained a commitment to providing social goods. Recently, they have also spearheaded a coalition of community organizations to engage in political, non-partisan advocacy. In sum, they promote community welfare through the economic, social, and political realms. The cooperatives' involvement in the community is not wholly virtuous, and there are gaps between discourses and practices, which obviate their potential to promote community welfare. In spite of these gaps, the two cooperatives have served as engines of development in the county. The paper concludes by considering ways in which cooperatives can be strengthened to maximize their potential for social development.

Acknowledgments

This text would not be possible without the village of people who have supported me over the years. I am appreciative of all the time and the effort that my research collaborators gave to me which exceeded any expectations I might have had. During my data collection, I learned a lot about generosity and friendship as my collaborators welcomed *la gringa* to countless *cafecitos*, adventures in the *campo*, and long, meandering critiques of globalization as we passed the time.

I would also like to express gratitude for my faith communities in Berkeley: First Pres, Veritas, and the original co-ed small group. I first considered researching fair trade through my participation in First Pres's Global Church Conference, which spurred me into strengths-based action. Veritas has kept me grounded in the ultimate purpose of my research: to serve a higher calling. And, lastly, a special thanks to the members of my weekly small group who have rejoiced and prayed with me during the entire process. I would not have survived without the ongoing support of its members, especially Ashley.

I offer thanks to my committee members, Drs. Julian Chow, Laura Enríquez, and Jim Midgley who have helped me grow into a scholar. I give much thanks to Julian who kept me focused on a feasible dissertation topic. Laura has tirelessly given me constructive and insightful feedback, and her comments have kept me energized and enthusiastic about my work and emotionally supported as a person. Jim was instrumental in crafting a project grounded in the social development literature, and I aspire to carry on his legacy in this field. I am honored to have had the chance to work with each of them.

I also appreciate the support I have received from people who have been involved in my broader Berkeley career. I would like to thank Dr. Jill Berrick, the chair of the doctoral program, who has been such an inspiring role model. Thanks to my doctoral colleagues, too, who are the brightest, kindest people I have ever met. In particular I would like to thank my cohort, Megan, Anu, Phyllis, and Meghan, for their company during this crazy ride.

My most devoted cheerleaders have been my family. Thank you, Mom and Dad, for setting me up for success throughout life and for giving me every opportunity. A special thanks to my beloved Quyen who has said exactly what I needed to hear and supported me exactly how I needed to be supported. Also a special thanks to my near family, Ms. Ann, David, Natasha, Sarah, and Murray, who have also been cheerleaders all along the way.

Lastly, I would like to say thank you to the incredible teachers over the years that planted enduring seeds of curiosity. In particular, I would like to thank Mrs. Cindy Wall and Ms. Gail Garrity for teaching me to write. Thanks to Mrs. Alexis Salerno who guided me through my first attempt at college-level work and who set her expectations high knowing that I could reach them. Thank you to Sister Antoinette Kostelnik who is a model of patience, gratitude, holiness, and compassion. And a final thanks to Professor Jim Rice at Dartmouth College who helped me to discover my voice.

Table of Contents

Acknowledgments	i
Abbreviations	iv
List of Tables and Figures.....	v
Dedication	vi
Introduction.....	1
Chapter 1: The Historical Iteration of Cooperative Practice and Theory	6
Cooperative Seeds: Mutual Aid and Market Buffering.....	7
Codifying Internal Processes: The Rochdale Experience	11
A Place for the State: Credit Unions and Poor Relief in Germany.....	13
Finding Unity in Diversity: The Emergence of an International Cooperative Movement	15
Development and Cooperatives: The Cooperative Movement Goes Global.....	20
Re-Embedding the Market: Cooperatives and Fair Trade	23
Continuing to Seek Unity in Diversity: Key Theoretical Debates	25
Chapter 2: Theories of Cooperativism.....	28
Cooperative Conceptualization	28
Utopianism	28
Collectivism.....	30
Anarchists	32
Rationale for Cooperation	33
Normative Perspectives.....	35
Chapter 3: The Cases of Cooprouno and Cooprodos.....	38
Coffee in Costa Rica	38
The Rise and Spread of Cooperatives in Costa Rica	42
Fair-Trade Coffee Cooperatives.....	47
Fair-Trade Coffee Cooperatives in Coto Brus.....	49
Cooprouno	49
Cooprodos	52
Chapter 4: Methodology.....	55
Research Questions.....	55
Design.....	56
The Site	58
Sample.....	61
Data Collection.....	62
Analysis.....	64
Reliability and Validity	67
Limitations and Considerations	68
Ethical Issues	69
Chapter 5: Cooperatives and Community Practices	70
Economic Stimulus	71
Purchase of Coffee Berries.....	72
Regulator of Prices	75
Employment Opportunities	81
Provision of Social Goods.....	84
Health	84

	iii
Adult Education and Training	85
Primary and Secondary Education	87
Housing	89
Environmental Stewardship	90
Community Infrastructure	91
Miscellaneous Services	92
Political Engagement	92
Antecedents to Comité Cívico.....	93
Institutionalization and Formulation of an Agenda.....	97
First Negotiations	101
Ultimatum.....	102
Further Negotiations.....	103
Government Action	105
Social Protest #2.....	107
Chapter 6: Means to Facilitate Projects and Their Implications	111
Mechanisms to Finance and to Prioritize Projects	111
Extent of Impact	120
Chapter 7: Rationale of Cooperative Involvement in Community Practice	126
Ideological Roots.....	126
Contextual Basis.....	127
Chapter 8: Implications.....	135
References.....	141

Abbreviations

C1 – Cooprouno
C2 – Cooprodos
CC – Comité Cívico
CENECOOP – Centro de Estudios y Capacitación R.L. (Center for Cooperative Training)
CONACOOOP – Consejo Nacional de Cooperativas (National Council on Cooperatives)
CONAVI – Consejo Nacional de Vialidad (National Roads Authority)
DINADECO - Dirección Nacional de Desarrollo de la Comunidad (National Community Development)
FEDECOOP – Federación de Cooperativas de Caficultores (Federation of Coffee Cooperatives)
GAT – Grupo de Acción Territorial
ICA – International Cooperative Alliance
ICA – International Coffee Agreement
ICAFE – Instituto del Café de Costa Rica (Coffee Institute of Costa Rica)
ICO – International Coffee Organization
ILO – International Labor Organization
IMAS - Instituto Mixto de Ayuda Social (Social Welfare Institute)
INA – Instituto Nacional de Aprendizaje (National Institute of Learning)
INAMU - Instituto Nacional de las Mujeres (National Institute for Women)
INEC - Instituto Nacional de Estadística y Censos de Costa Rica (National Institute of Statistics and Census of Costa Rica)
INFOCOOP – Instituto Nacional de Fomento Cooperativo (National Institute of Cooperative Development)
ITCO – Instituto de Tierras y Colonización (Institute of Lands and Colonization)
JUDESUR – Junta Desarrollo Regional de la Zona Sur (Regional Development Board of the South)
MAG – Ministerio de Agricultura y Ganadería (Ministry of Agriculture and Livestock)
PANI - Patronato Nacional de la Infancia (Board of Child Welfare)
PLN – Partido Liberación Nacional (National Liberation Party)
SAPs – structural adjustment programs
UN – United Nations
UNA – la Universidad Nacional (the National University)
USAID – United States Agency for International Development

List of Tables and Figures

- Figure 1.1: Cooperative Conceptual Model, Iteration 1
 Figure 1.2: Cooperative Conceptual Model, Iteration 2
 Figure 1.3: Cooperative Conceptual Model, Iteration 3
 Figure 1.4: Cooperative Conceptual Model, Iteration 4
 Figure 1.5: Cooperative Conceptual Model, Iteration 5
 Figure 1.6: Cooperative Conceptual Model, Iteration 6
 Table 1.1: Key Events in the Development of Cooperative Theory
 Figure 3.1: Diagram of C1 Organizational Structure
 Graph 3.1: Coffee Collected over Time (in fanegas)
 Figure 3.2: Diagram of C2 Organizational Structure
 Table 4.1 Research Questions and Data Sources
 Table 4.2: Allocation of Legislators by Province
 Table 5.1 Price of Ripe Coffee (Colones per Fanega) by Year (unweighted)
 Graph 5.1: Consumer Price Index in Costa Rica
 Graph 5.2: World Price of Crude Oil (\$/barrel)
 Table 5.2: Supermarket Price Comparison (cost in colones)
 Table 5.3: Supply Store Comparison (in colones)
 Photo 5.1: Bulletin board
 Photo 5.2: Meaning of cooperative symbols
 Table 5.4: Participants in Cooperativism Talks in Villa Uno
 Photo 5.3: Map of a section of parceled lot
 Photo 5.4: Map of a section of parceled lot
 Photo 5.5: Waiting room at C1
 Graph 5.3: Coffee Prices to Growers in CR (¢/lb.)
 Photo 5.6: Sacks of fertilizer
 Photo 5.7: Boxes of agrochemicals
 Table 5.5: List of Community Projects Facilitated by C1 and C2 by Accessibility
 Table 6.1: Types of Funding for Community Projects
 Figure 8.1: Cooperative Conceptual Model, Iteration 6
 Figure 8.2: Cooperative Conceptual Model, Iteration 7

Dedication

This text is dedicated to the community of Coto Brus, a community that has given me more than I could ever repay.

Introduction

The so-called coffee crisis, defined as volatile fluctuations in price characterized by booms and, more often, busts, has affected millions of families around the globe. Although in the past coffee provided a living wage to the more than 25 million families that grow it, in the 2000s coffee on the conventional market bottomed out at \$0.41 per pound, tying the record for lowest price per pound set in 1882 (Fridell, 2004). The downward spiral has provoked poverty in many coffee-farming communities. Coto Brus, a coffee-farming county in the southern region of Costa Rica, is no exception. According to community members, as well as government officials, about 75% of the county's economy is based on coffee (interviews on May 9, 2012 and May 12, 2012; Tertulias Emaús, May 9, 2012; Comité Cívico Agropecuario de Coto Brus, 2011b). When the price remained low for decades (aside from a few anomalous booms) and without any economic diversification, Coto Brus, which had always been somewhat disconnected from the rest of the country due to its geographic remoteness, scored the lowest of any Costa Rican county on the Human Development Index in 2009 (Programa de las Naciones Unidas para el Desarrollo-Costa Rica, 2011). The impact of the coffee crisis in Coto Brus, according to a community diagnostic facilitated by the Universidad Nacional, included delinquency, family breakdown, attrition from school, undocumented migration to the United States, migration to urban centers in Costa Rica, drug use, and drug trafficking (see <http://www.prodelsan.org/index.php/8-proyecto-coto-brus>).

In such a context of poverty and its concomitant social issues, social development interventions represent a promising means by which to promote balanced, holistic development. Social development interventions, such as microfinance, asset development, and community development, are attendant to both economic and social dimensions and are skeptical of so-called trickle-down and laissez-faire economics. That is, the social development approach is intentional about the ideas of progress, intervention, and the need to harmonize economic and social aims in order to avoid what Midgley (1995) terms *distorted development*. Cooperatives, it will be argued throughout the paper, are firmly reflective of and grounded in the social development approach, and they exhibit promise to promote social welfare.

In spite of their promise, the social work literature has largely ignored the potential of cooperatives as important tools of social development aside from a key conceptual article (see Majee & Hoyt, 2011). My research, thus, brings to center an intervention that has been neglected in the social work literature. Using an intensive case study approach, my research suggests that the cooperatives in Coto Brus promote balanced development by facilitating community projects that attend to economic, social, and political aims. Although some of these projects narrowly promote members' interests, many promote holistic development by addressing the interests of the entire community. Nevertheless, I do not assume that these cooperatives' practices are wholly virtuous, and I highlight gaps between discourse and practice, and I have identified cooperative processes that do not align with professed values.

Coffee cooperatives in Costa Rica emerged as a way for small-scale farmers to exercise self-determination in the mid-20th century. They faced imperfect market conditions and a lack of political representation, which left them vulnerable. Coffee cooperatives emerged in a post-World War II context as a way to strengthen small-scale farmers' interests vis-à-vis elite interests. The idea behind coffee cooperatives was that small-scale farmers can come together, pooling

risks and resources, which allows them to exercise greater efficacy by engaging in market transactions on their own terms. Cooperatives, generally speaking, are in the market but not of the market; their organizational structure and organizational mission are distinct from private enterprises. At the center of the cooperative model are people, not profit. Values underpinning the cooperative model include mutual help, democracy, transparency, equality, solidarity, and equitability, which are also values that underpin social development broadly speaking. The cooperative model claims to promote members' economic interests as well as their social wellbeing. Legislation by the Partido Liberación Nacional (PLN), a social democratic party that organized around middle-class interests to weaken the oligarchs' control, promoted cooperative development in the 1940s, 1950s, and 1960s. The two cooperatives that serve as the cases in this study, Cooprouno (C1) ¹ and Cooprodos (C2) emerged in this context.

Of course, the emergence of coffee cooperatives in Costa Rica under the tutelage of the PLN did not occur in a vacuum. Rather, they are a part of a long history of cooperative practice and theory extending all the way back to ancient times. Previous practice and theory by scholars such as Robert Owen, William King, Charles Fourier, and Philippe Buchez, fed into the formation of the Rochdale Pioneers Equitable Society in 1844. The men who composed the society came together to buy staples in bulk, which they would then resell to themselves at the lowest possible cost. As a foundation to their enterprise, the men developed a list of principles. These principles included the following: (1) democratic control; (2) open membership; (3) fixed and limited interest on capital; (4) distribution of the surplus as a dividend on purchases; (5) cash trading; (6) commitment to providing only pure and unadulterated goods; (7) commitment to education; (8) commitment to political and religious neutrality. These principles were exported around the world to establish related cooperative enterprises, such as credit unions in Germany.

The cooperative model gained so much credibility internationally that British colonial officials considered introducing cooperatives to India and its other colonies as a way to improve social welfare and to gently bring rural peasants into a modern economy. Internationally oriented organizations, such as the International Cooperative Alliance (ICA), the United Nations (UN), the International Labor Organization (ILO), the United States Agency for International Development (USAID), and (in Latin America) the Alliance for Progress, played a role in encouraging the proliferation of cooperatives in the Global South. Having witnessed the success of cooperatives throughout much of Europe, officials in these organizations had an ideological commitment to forming cooperatives in the Global South. A chief difference between the cooperatives of the 1800s that emerged in the Global North and the cooperatives of the 1900s that emerged in the Global South (especially after World War II) was who convoked the cooperative. In the Global North, cooperatives often arose as spontaneous social movements. In the Global South, cooperatives were mostly formed, in part, by state intervention (influenced and funded by international organizations). The two cooperatives in this study, too, were formed with the help of public policy and the Alliance for Progress.

Though public policy and international initiatives helped to form C1 and C2, the impetus for forming these cooperatives also came from individual agency. A group of small- and

¹ The names of the towns, the cooperatives, and specific research participants have been fictionalized.

medium-scale farmers came together in response to an economic need. These coffee farmers did not have a reliable market to which to sell their coffee; sometimes the private buyer passed by to collect coffee, and sometimes he did not. Sometimes the private buyer compensated adequately for the coffee beans, and sometimes he took the coffee beans without paying. In response to these market failures, a group of farmers came together in Villa Dos in 1963 to form Cooprodos (C2), and a group of farmers came together in Villa Uno to form Cooprouno (C1) in 1964. Both groups were able to form their cooperatives by soliciting state funds which had been made available because of the PLN's interest in weakening elite control and because of US interests in placating peasant unrest in Central America. In addition to providing a steady venue in which farmers could sell their crop, these cooperatives also stimulated the local economy by creating supply stores where farmers could purchase inputs for their crops cheaply and with low-interest credits. Each also opened supermarket stores so that farmers could cheaply access food, and C2 also opened a gas station, a hardware store, and a warehouse facility. The cooperatives and their branch businesses (e.g., supply stores, grocery stores, gas station) also stimulated the local economy by offering community members employment opportunities. These cooperatives, thus, explicitly engage the economic domain, which Midgley (2010) contends is often neglected in social workers' community practice.

As the two cooperatives coalesced to meet an economic need, a national law informed their respective organizational missions and organizational structures. Law 4179 dictates that each cooperative must devote itself to the socioeconomic betterment of its members, and each cooperative must earmark a percentage of earnings to educational and social welfare purposes. The law also dictates that each cooperative be governed by a Consejo de Administración, Comité de Educación y Bienestar Social, and Comité de Vigilancia to which members can be elected democratically. These committees have earmarked funds at their disposal to invest in community projects. According to the law, funds are to be used to finance services that the state does not provide. In Coto Brus, this means funds are used to support grassroots community organizations, the construction of roads, and the donation of school supplies, among other causes. In recent years, both cooperatives have begun to draw from linkages to the fair-trade² market to fund these projects. The provision of social goods (i.e., goods that promote social welfare), thus, is engrained in the mission and the structure of these cooperatives, and cooperatives have sought external linkages to strengthen their ability to do so.

Since the 1960s, these two cooperatives have worked to stimulate the local economy and to provide social goods. Just like an airplane that needs two wings to balance, they have striven to balance economic and social aims to promote community welfare holistically. The 2000s presented a unique challenge and, thus, a unique opportunity for C1 and C2 because of the demise of the International Coffee Agreement (ICA) in 1989. The ICA had set export quotas on producing countries, thereby regulating supply and demand. When the agreement crumbled, supply increased and, thus, the price fell dramatically. On top of the volatile prices, in 2010-11 there was a particularly bad harvest in Costa Rica. Hurricane Thomas and tropical storm Nicole provoked damage to coffee plants, causing coffee berries to fall from the plants and facilitating the spread of diseases such as *ojo de gallo* (mycena citricolor) and *la roya* (coffee rust). The

² Throughout the text, I will use the term *fair trade* to refer to the certification scheme headed by Fairtrade International that attempts to bind consumers and producers into a moral economy.

already bad conditions made even worse by the adverse climactic events provided a window of opportunity, or a focusing event, for the two coffee cooperatives, Cooprouno and Cooprodos, to become engaged in the political sphere. These two cooperatives (although Cooprouno played the key facilitator role) spearheaded a coalition of community-based organizations to pressure the state into offering key concessions, such as paving the main roads and offering fertilizers to farmers to rejuvenate their plants.

The involvement of Cooprouno and Cooprodos in policy advocacy marks a unique chapter in their history and puts community organizing at the center of the social development approach. Although both have engaged in community development strategies that benefit both members and non-members by stimulating the local economy and by providing social goods, their recent foray into political engagement marks the first time they have been involved in community organizing. The involvement of these two cooperatives in community organizing illuminates a conceptual model posed by Majee and Hoyt (2011), which suggested that cooperatives' most potent impact on community welfare is the ability to engage in policy advocacy. Through the political engagement of these two cooperatives, many community members have benefited from gains won from the state irrespective of their association (or lack thereof) to the cooperative. What is interesting about the foray into political engagement is that the cooperatives confrontationally (via several demonstrations) lobbied against a PLN government, the political party that has been instrumental in fostering cooperatives as a project to break elite control and to shore up middle-class interests. Cooperatives in Costa Rica have generally been temperate in nature; although they have helped small-scale farmers, they have not aimed to radically equalize the playing field for these farmers. The confrontational tactics used by the cooperatives represents a break with the use of cooperatives as a means to placate rural unrest without redistribution of resources.

It is also important to note that the cooperatives' economic, social, and political engagement has helped many, although not all, community members. The way in which cooperative principles are implemented and the projects they pursue strengthen certain interests vis-à-vis others. Namely, the cooperatives and the coalition that they have spearheaded (the Comité Cívico) have focused primarily on supporting male Costa Rican landholders vis-à-vis members of the community who are female, indigenous, and/or landless laborers. Moreover, not all community members speak virtuously of cooperative activities. There is a strong vocal minority who contends that cooperative practices have strayed from their principles and that there are few distinctions between these cooperative enterprises and business as usual. I weave community members' critiques of cooperatives' practices throughout the manuscript.

In my analysis of findings, I also discuss briefly why C1 and C2 have become involved in community development and community organizing. Part of the rationale is ideational; cooperatives around the globe, including C1 and C2, are informed by the values of the international cooperative movement. These values strive to re-embed the economy rather than to make society an adjunct to the economy (these values echo Polanyi's thesis in *The Great Transformation*). There is also a material rationale for cooperatives' active role in community practices, and to understand the material rationale I discuss the history of the cooperatives and how cooperatives have been the long-term economic and social backbone of the county.

The basis for these claims was an intensive ethnographic immersion in the community over 8 months. Sources included the following: (1) published government reports, (2) interviews with key government officials, (3) administrative records from the cooperatives, (4) interviews with community leaders, (5) interviews with cooperative management and employees, (6) interviews with members of cooperative administrative committees, (7) in-depth interviews with community members (both cooperative associates and non-associates), (8) participant-observation in cooperative activities, (9) participant-observation in community events, and (10) secondary literature on other cooperative case studies in Costa Rica. I interviewed a total of 112 different people, and some participants were interviewed several times to clarify concepts. I translated and uploaded all data into HyperRESEARCH. I first developed 40 retrieval codes. Using my memos as a guide, clusters of retrieval codes emerged around 4 themes: political engagement, social goods, economic stimulus, and contextual factors. To illuminate interrelationships between and among retrieval codes, I developed a list of 16 interpretive codes that served as the basis for data analysis. Although purely ethnographic approaches are rarely used in social work, the exploratory research question warranted qualitative inquiry to flesh out an understanding of the mechanisms and the contextual factors by which cooperatives have become involved in various facets of community practice.

I conclude by discussing implications for practice and theory by linking the findings and analysis to the broader social development literature. The findings extend the literature by suggesting the cooperatives move beyond promoting members' economic and social interests to promote the interests of the community broadly speaking. Given their attention to economic and social aims as well as their emphasis on holism, I argue that cooperatives are firmly couched within the social development approach to social work, and cooperative practices could be enriched by implementing insights from the social development approach. Moreover, I argue that these two cooperatives also bring to the forefront the importance of participation in social planning, thus highlighting a critical element of the social development approach. Although cooperatives have attempted to buffer the community by engaging in community projects which are economic and social in nature, the potency of their attempts is circumscribed by the whims of the market. The community organizing effort, thus, is significant in terms of cooperatives communicating to the state what they need in order to fully disburse their economic and social roles. As noted throughout the paper, the cooperatives offer a path to development that is balanced, holistic, and harmonious. Although cooperatives' practices do not always align with discourses, their practices show promise that could be amplified by a state presence promotes a pro-developmental environment.

Chapter 1: The Historical Iteration of Cooperative Practice and Theory

Cooperative practice and theory have informed each other across time and space, building upon prior theoretical and practical experiences. This chapter discusses how cooperative endeavors and cooperative theory unfolded historically in a mutually iterative process in order to arrive at a conceptual model of how cooperatives function in the Global South that can serve to illuminate C1's and C2's practices. Smith (1961) notes that most theories of cooperatives have developed inductively, and after the practice unfolded scholars have attempted to theorize how cooperatives work, amending theory to suit the practice. Eras of practical and theoretical experiences extend from ancient times to the present day, each era adding a new dimension to a conceptual understanding of cooperatives. Like other organizations, cooperatives might be considered to have three different types of purposes: generating profits, providing services, and bringing about meaning (Torgerson, Reynolds, & Gray, 1998). Over time, these three different purposes have had varying degrees of salience, producing various practical and theoretical scripts that modified the prior conceptual models underpinning cooperatives' practices. This chapter similarly builds on previous scholars' attempts to bridge practice and theory to arrive at an understanding of cooperatives. This conceptual model is grounded in and reflects the social development approach. Cooperatives in this model attempt to leverage resources from the market, the state, and international agencies in order to promote economic and social aims.

Practical experiences in ancient times highlighted the innateness of human cooperation and the potential of social networks, which led to theoretical texts in the 1600s, 1700s, and 1800s that began to articulate the theoretical underpinnings of collectivism, or the idea that people are interdependent and together can make decisions to promote their welfare as a group. Cooperative practitioners attempted to put utopian collectivist ideals into practice. When these utopian ideals failed to lead to desired outcomes, in the 1800s, pioneers in Britain, France, and Germany attempted to amend the prior practical experiences and theoretical prescriptions with revised approaches and principles that focused on membership roles and responsibilities, democratic organizational structure, codified values and principles, and supportive public policies. These principles and approaches continued to refine and to expand underpinnings of cooperatives and helped to provide the intellectual foundations promulgated by the International Cooperative Alliance.

At the turn of the 20th century, colonial powers began to export cooperative experiments to their colonies, and an understanding of cooperatives in the Global South would require a further refined and expanded conceptual model given distinct contextual factors. The implementation of colonial projects accelerated after World War II when various development agencies, such as the UN, the ILO, and USAID funneled money into establishing cooperatives in the Global South hoping that they would promote development. The provision of money to cooperatives also permitted a heavy state influence in their practices, which again refined the conceptual model underpinning cooperative practice as cooperatives were expected explicitly to fulfill dual roles as both business enterprises and development agencies. By the 1970s, many were disappointed with the failure of cooperatives to produce the same outcomes that they had produced in Europe during the 19th century. The distinct contextual factors underpinning cooperatives in the Global South constrained them in such a way as to limit their ability to achieve the desired aims by international agencies and national governments. In response to

market limitations, alternative trading organizations such as fair trade emerged to support cooperative practices in an effort to engender a less hostile market environment.

This chapter outlines the mutually iterative relationship between cooperative practice and cooperative theory by time period in order to arrive at an understanding of the conceptual model that underpins cooperative functioning in the Global South. The chapter first looks at the seeds of the cooperative movement before the Rochdale experiment. During this era, practitioners and theorists developed the underlying collectivist values associated with cooperative practice. Immediately prior to founding Rochdale, Robert Owen and William King in England as well as Charles Fourier and Philippe Buchez continued to flesh out the underlying values. Additionally, they also understood cooperatives primarily as a way to promote the welfare of the working class in response to rapid industrialization. These initial practical and theoretical activities laid the foundation upon which the Rochdale Pioneers built. The Rochdale Pioneers codified values and principles to inform cooperative practice, and cooperative scholars largely credit them with having initiated the modern cooperative movement.

Having found a formula that seemed to work, the Rochdale experiment was recreated and revised in various contexts throughout Europe. In the German iteration of the Rochdale experiment in the form of credit unions, the role of the state in providing supportive policies was made explicit. The Germans also highlighted the importance of social networks in assisting cooperative functioning as well as the promise of cooperatives to specifically assist the poor. The late 1800s and the early 1900s witnessed the importance of international influences on shaping the cooperative movement as the cooperative model spread to hitherto untouched sectors and places. The International Cooperative Alliance (ICA) served as an umbrella to unite cooperatives. These international influences intensified as cooperatives were promoted throughout the Global South in a post-World War II context. Supranational agencies, such as the World Bank and the UN, shaped domestic policies in the Global South. Nongovernmental organizations, often funded by supranational agencies, also directly intervened in the Global South to set up cooperatives. Even given the support of supranational and nongovernmental organizations, cooperatives failed to deliver what cooperative proponents had hoped. New nongovernmental organizations, thus, entered the field and attempted to create favorable market conditions through fair-trade certification and similar arrangements. Each of these contributions to a cooperative conceptual model will be discussed.

Cooperative Seeds: Mutual Aid and Market Buffering

Scholars have argued that cooperation is engrained in the human condition. Peter Kropotkin (1902/1972) in his text offered a counterpoint to Social Darwinism. He drew from empirical evidence to suggest that it is cooperation, not competition, that drives evolution. A century later, Martin Nowak (2011) put forth a similar thesis. Nowak also drew from numerous examples in the field of biology to suggest that the triumvirate of evolution is mutation, selection, and cooperation, not competition. Both Kropotkin and Nowak challenge conventional wisdom to suggest that humans are inherently cooperative.

There is evidence for the existence of cooperatives in ancient and medieval societies (Roy, 1964). In ancient Egypt, the workers participated in extensive trade associations. In BC

1700, the Code of Hammurabi had stipulations for agricultural cooperatives. In ancient Babylon, there were also loan societies in addition to the aforementioned agricultural groups. In BC 500, there is evidence of Greek burial associations, and in BC 200 there were Chinese savings and loans associations. The Roman Era witnessed the rise of *collegia*, or craft-specific cooperatives. The Middle Ages saw the emergence of guilds, or associations of craftspeople that promoted the interests of members. The guilds owed much to the preceding *collegia* of the Roman Era, and the Middle Age guilds served as predecessors to consumer cooperatives during the Industrial Revolution.

Texts in the 1500s and 1600s perhaps elaborated on the early practices of cooperation. Sir Thomas More published the novel *Utopia* in 1516, a text which discussed a social order wherein community members would communally own the land, all would have the right to education, and all would have the right to practice a religion of their choice freely. The utopian ideal in More's novel was developed by subsequent cooperative thinkers in the 1800s. Although More's use of the word *utopia* is a tongue-in-cheek reference to the Greek for *no place* and the sincerity of the text is questionable, his successors were more sanguine about the possibility that utopian communities, or communities that reflected the importance of social cohesion to permit individuals' flourishing, could be realized on Earth.

Other texts were elaborated in the 1600s by PC Plockboy and the Quaker John Bellers (Digby, 1960). PC Plockboy was a Dutchman living in England who in 1659 published a pamphlet wherein he envisioned economic associations of farmers, artisans, seamen, and professionals that could exchange goods and services with each other. In each of these associations, each could contribute or withdraw capital and work voluntarily for the respective association. In 1695, Bellers suggested creating a Colledge [sic] of Industry of All Usefull [sic] Trades and Husbandry that expanded Plockboy's ideas. Bellers's college would bring together consumers and producers into a single organization.

From the 1700s to the mid 1800s, there were several attempts to practice cooperative ideas. A group of weavers called the Penny Capitalists came together in 1769 in the Fenwick village of Scotland to purchase together the supplies they needed for their trade (Roy, 1969). Between the time of the Penny Capitalists and the Rochdale Pioneers, there were about 400 to 500 cooperative societies that came into existence, only to fade away (Roy, 1969). In fact, many of the Rochdale Pioneers were involved in these failed experiences and learned from their mistakes (Digby, 1960).

In addition to the cooperative societies that were coming into being, there was a flurry of cooperative thinking in the early 1800s in both Britain and France that would ultimately culminate in the founding of the cooperative Rochdale. In Britain, Robert Owen was an industrialist and a philanthropist who was interested in creating positive working conditions for workers (Davis & O'Hagan, 2010). Owen's contributions to a cooperative conceptual model are twofold: He further developed the underpinning collectivist values, and he framed collectivist practices as a way to re-embed a market economy in society. Owen implemented some working reforms in a textile mill in Manchester, but he longed to establish a workplace that was less wed to commercial interests. Thus, he became the manager and part owner of a textile mill in New Lanark where he could more fully implement reforms to the social and working environment,

which, he argued, are responsible for character formation. One of his workplace reforms entailed establishing early childhood education and infant childcare.

In 1817, Owen shifted roles from being a philanthropist to a socialist. He suggested forming self-contained townships of 500 to 3,000 people who would live together in a large building where each had private quarters but shared a common kitchen. He said that everyone in the township should work and all would receive according to their needs, thus laying the ground for Louis Blanc's subsequent statement *to each according to his needs, from each according to his abilities*, which Marx later famously inverted. Owen established two model communities, one in Orbiston, Scotland and the other in New Harmony, Indiana. Both were short lived due to a lack of productive activity, of leadership, and of member commitment. However, Owen made lasting contributions to a cooperative conceptual model. First, he argued that an individual's welfare is bound up in collective welfare. Second, he put forth the idea that "business as usual" during the Industrial Revolution was not a tenable model. He suggested that human labor has its limits, and he posited a model that put people, rather than profits, at the center.

Owen's thoughts were applied and expanded by a fellow Briton named William King, a physician and a philanthropist (Birchall, 1997). King, like Owen, was motivated by the working class's inability to make a living. He opened a mechanics' institute and cooperative, of which Owen was quite skeptical, saying that the community could set up a shop, but a shop could not set up a community. King circulated a newspaper entitled *The Co-operator* from 1828 to 1830, which gave practical advice to workers about how they could set up cooperative shops in their own communities. The newspaper was very influential in terms of uniting scattered early adherents to the cooperative movement and in terms of offering practical advice. Unlike Owen, King believed that workers did not need to set up their own communities, but rather they could reform existing communities from the inside out by buying in bulk and selling to each other. King also suggested that workers could use cooperative stores as outlets to sell their own goods. Additionally, he believed that workers could save up whatever surplus they made from the store to put towards their own emancipation. King, thus, re-formed Owen's ideas into a prescription for action that was more feasible than what Owen had prescribed. King like Owen made two major contributions to a cooperative conceptual model: He considered how collectivist values could be implemented in an organizational (i.e., non-residential) setting, and he also understood the cooperative form as a way for workers to promote their own economic interests. The Rochdale Pioneers drew from King's insights in their subsequent experiment.

In France, scholars were also making strides in cooperative practice and thought. Charles Fourier is thought to be the French equivalent of Robert Owen. Like Owen and King, Fourier was concerned with the inability of the working class to eke out a subsistence living (Beecher, 1987). Fourier suggested that cooperation was the key to meeting basic human needs. He also argued that cooperation should be voluntary. He lauded democratic governance in cooperative activities, and he also argued that service should supersede profit. To implement these principles, Fourier suggested that people should live in phalanxes, or communities of 1,620 people that would represent the 810 types of character that he had identified. Brook Farm, a community in New York of which Nathaniel Hawthorne was a founding member, is an example of a Fourier-inspired phalanx. Brook Farm was in existence from 1844 to 1847; like Owen's endeavors, the application of Fourier's principles created a short-lived experiment due to an unfortunate fire.

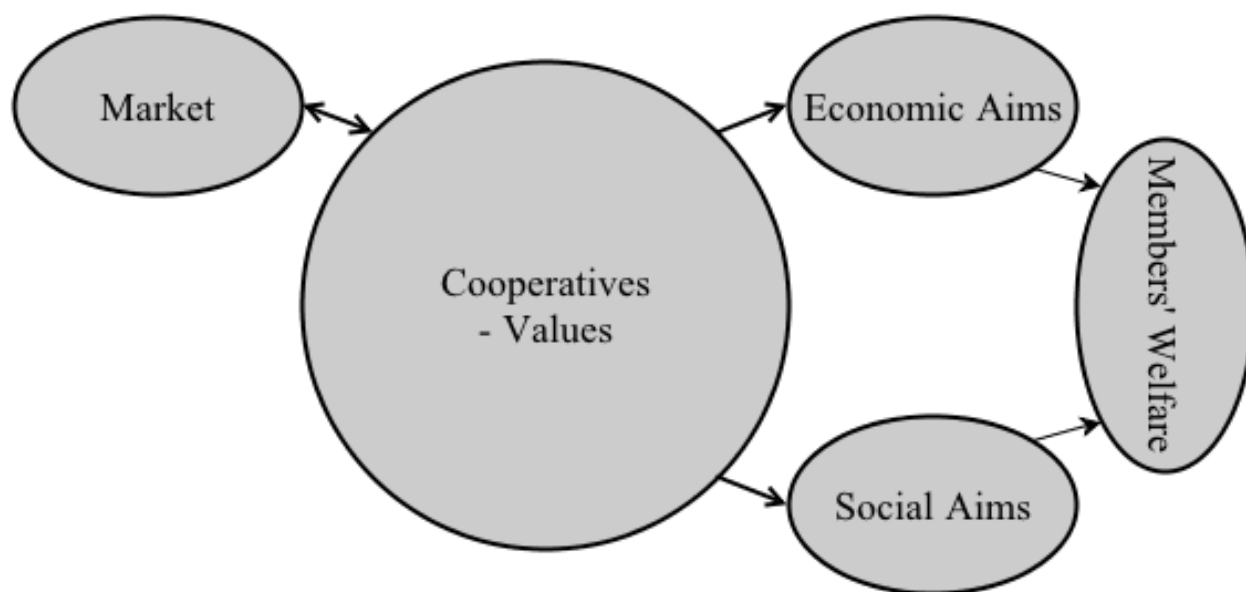
However, even prior to the fire, the farm had not been financially solvent. Rather than contributing directly to successful cooperative endeavors, Fourier helped to flesh out underlying cooperative values, namely cooperation, voluntariness, and democracy.

If Fourier played an analogous role to Owen, then Philippe Buchez in France played an analogous role to King (Birchall, 1997). In 1831, Buchez established an association of cabinetmakers. He was also associated with the Saint-Simonian Society by writing its concomitant newspaper *Le Producteur*. But he came to sever ties to the group because of the incongruence of his Christian beliefs with the group's religious ideas about a Supreme Father. Buchez later supported a worker-owned newspaper entitled *L'Atelier*. He believed that the state could assist associations of workers by providing loans. Buchez-inspired cooperatives collapsed before the Third French Revolution in 1848, only to give rise to a second wave of cooperatives, which also collapsed shortly after their founding due to too much state intervention. Heavy-handed French state intervention in contrast with the British would continue to permeate French cooperative history. Nevertheless, Buchez made an important contribution to the cooperative conceptual model by beginning to think through the role of the state in supporting cooperatives.

These early forays into cooperative endeavors were short-lived. As quickly as they bubbled up, they vanished. The elaborate visions for each of these communities was held by a few strong leaders who failed to educate and train members, and in the leaders' absence, the endeavors crumbled. Moreover, the people attracted to these endeavors were often not committed to the vision; they were often marginalized people who had nowhere else to go and were looking for a free ride. Furthermore, the endeavors perhaps paid too much attention to social aims without attending to financial matters. Nevertheless, these material attempts generated the seeds of a cooperative conceptual model on which the subsequent Rochdale Pioneers would build. Most historical texts focus on the Rochdale Pioneers as having been the first to lay the principles of the modern cooperative movement. These men's principles and practices, indeed, represented a great victory for the working class of the day, and they still endure today. However, their efforts emerged from earlier theory and practice, and their founding principles have continued to evolve materially and theoretically. The era prior to the founding of the Rochdale cooperative was instrumental in identifying the key underlying collectivist values. The era was also key in understanding cooperatives as a social pushback to dehumanizing market forces. Buchez, too, began to theorize about the relationship between cooperatives and the state, a thread that would be more fully developed during the next era.

The conceptual model underpinning cooperative practice, thus was the following:

Figure 1.1: Cooperative Conceptual Model, Iteration 1



In this first model, cooperatives emerged as an intermediary between the market and workers' welfare. Changes brought about by industrialization and the resulting poverty and inequality served as the impetus for the establishment of cooperatives, and, in turn, the cooperatives pushed back on the market. The theorists of this epoch made robust contributions to identifying cooperative values, many of which drew from collectivist thought. It was hoped that cooperatives would pursue both economic and social aims. Their chief economic aim would be to increase workers' wages and/or buying power, and the chief social aim would be to create an environment conducive to prosocial development.

Codifying Internal Processes: The Rochdale Experience

In Britain in 1842, a movement known as Chartism was spreading throughout the working class. Chartism advocated for augmented political rights for the working class, namely a vote for every man over the age of 21. In 1842, a wave of strikes erupted throughout England and Scotland amongst the working class as workers clamored for an increase in wages and the bestowal of political rights (Digby, 1960). This wave was stanching by government forces and by the need of the workers to earn some wages to survive. Among the dejected Chartists were many men who would come to form the Rochdale cooperative 2 years later. Some of the dejected men had considered emigrating. However, they ultimately decided to join forces and to study the many cooperatives that had failed (Ortmann & King, 2007), including their own shop which had lasted only from 1833 to 1835 due to the imprudent allocation of credit (Birchall, 1997)

The skilled and self-educated craftspeople of Rochdale acutely felt the pang of the Industrial Revolution, as mentioned in the previous section, which had widened the gap between capital and labor (Birchall, 1997). The skilled laborers could not compete with machines. Within their lifetime, cotton and woollen weavers' wages declined from 30 to 4 or 5 shillings a week. These skilled workers transformed their guild into a consumer cooperative by uniting and buying their food staples in bulk, which they resold to themselves at a fair price. The Rochdale pioneers

developed 8 principles, which largely still endure as the basis of the cooperative movement. The principles are the following: (1) democratic control; (2) open membership; (3) fixed and limited interest on capital; (4) distribution of the surplus as dividend on purchases; (5) cash trading; (6) commitment to providing only pure and unadulterated goods; (7) commitment to education; (8) commitment to political and religious neutrality.

These principles represent both a continuity and a departure from past ideas. The idea of democratic control represents a continuation of the Chartist platform. The Rochdale Pioneers did not even bother specifying a principle about democratic control since that principle had been so thoroughly internalized by members (Digby, 1960). The focus on distribution of surplus as a dividend on purchases was a departure from Owen's ideal, which espoused the idea that surplus could be reinvested in socialist communities. The Rochdale Pioneers' principles more closely resembled King's ideas that profits could be used for workers' emancipation. Overall, however, the principles represent a continuation of the principles that had been implicitly evolving during the previous decades.

The Rochdale Pioneers were successful in creating a lasting endeavor with both practical and theoretical applications (Digby, 1960). It has been questioned why these men, and not others, achieved what some might consider the gold standard cooperative experiment. First, these men had participated in and learned from prior cooperative experiments as well as trade union movements, such as Chartism. They also benefitted from reflexively applying the works of Owen, King, and others. In addition, they had seen how theory is difficult to apply in practice, and they amended the ideas of the preceding theorists as appropriate to account for human nature and an imperfect social system.

It could be also said that necessity is the mother of invention in the case of Rochdale (Digby, 1960). Things had gotten so bad for members of the working class that something had to be done. The working class found itself permanently indebted to a small class of shopkeepers. Exercising market power, shopkeepers would raise prices, adulterate goods to increase profits, and maintain a system of credits (for use during periods of unemployment) that left wage laborers ever in their debt. Thusly disadvantaged, wage laborers were propelled towards action.

The Rochdale experiment grew rapidly. After 10 years, share capital had risen to 61,000 pounds plus 193,000 pounds in loans and deposits (Digby, 1960). The Rochdale Pioneers expanded their shop to include a wholesale arm (which in 1867 joined forces with the Scottish Cooperative Wholesale Society) as well as to construct several dozen homes for members. It also offered employment to workers who were temporarily unemployed. In addition, it began to manufacture some of the goods sold in its store.

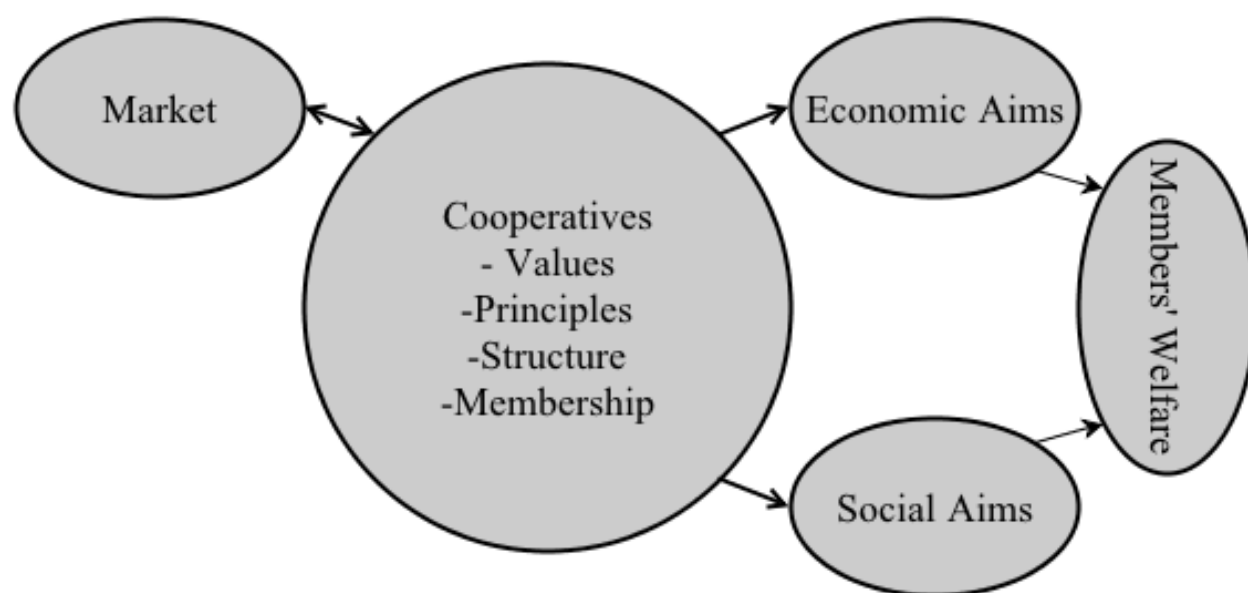
Subsequent legislation in the UK served to bolster the mission of the Rochdale Society of Equitable Pioneers. In 1852, the Industrial and Provident Societies Act was implemented, which granted legal status to cooperatives and the right to federate (Roy, 1969). In 1862, the act was amended to also grant limited liability to cooperatives (Roy, 1969). In 1855, further legislation was implemented to distinguish cooperatives from joint-stock companies, the chief difference being that in cooperatives each person gets one vote irrespective of financial contributions whereas in joint-stock companies voting power is contingent on financial contributions (Digby,

1960).

The Rochdale cooperative is still in existence after a series of transformations and mergers by the name of the Co-operative Group, which offers services ranging from food, to travel, to banking, to insurance. Its longevity and its success are credited to the codifying of principles (Merrett & Walzer, 2004). These principles served, and continue to serve, as the basis for the international cooperative movement, as discussed in subsequent sections.

The contributions of the Rochdale pioneers to a working cooperative conceptual model were significant. Like their predecessors, market conditions provided the impetus for establishing the cooperative. The most significant contribution of the Rochdale pioneers to a cooperative conceptual model is a robust normative design of internal cooperative processes. They identified a set of principles drawing from collectivist values that succeeded in codifying the right mix of principles that ensured longevity. These principles informed organizational structure, and they also highlighted the importance of an educated, committed membership. The cooperative conceptual model, thus, at the end of this epoch resembled the following:

Figure 1.2: Cooperative Conceptual Model, Iteration 2



A Place for the State: Credit Unions and Poor Relief in Germany

Post-Rochdale, the major movement in the mid 1800s century came from Germans. The conceptual and practical contributions from the Germans would come to dominate cooperative practice in the colonies by the development of credit unions, which embodied collectivist values and cooperative principles. Two German men offered slightly different prescriptions for credit unions.

The first credit union in the world was established by Franz Hermann Schulze-Delitzsch (Birchall, 1997). As the news of the positive experiences in England wafted to Prussia, he became impressed with the potential of cooperatives to empower workers, specifically artisans

and urban workers, against capitalism. He did not aim to overthrow capitalism but rather to engender harmonious class relations within a capitalist system. In 1850, he created the first bank of the people. By 1859, there were over 200 such banks in existence. His efforts attempted to provide financial services to middle-income and low-income people, and providing services to these groups proved to be financially viable. After creating hundreds of banks, he returned to his previous career as a legislator, where in the 1870s he successfully pushed for legislation on national credit unions.

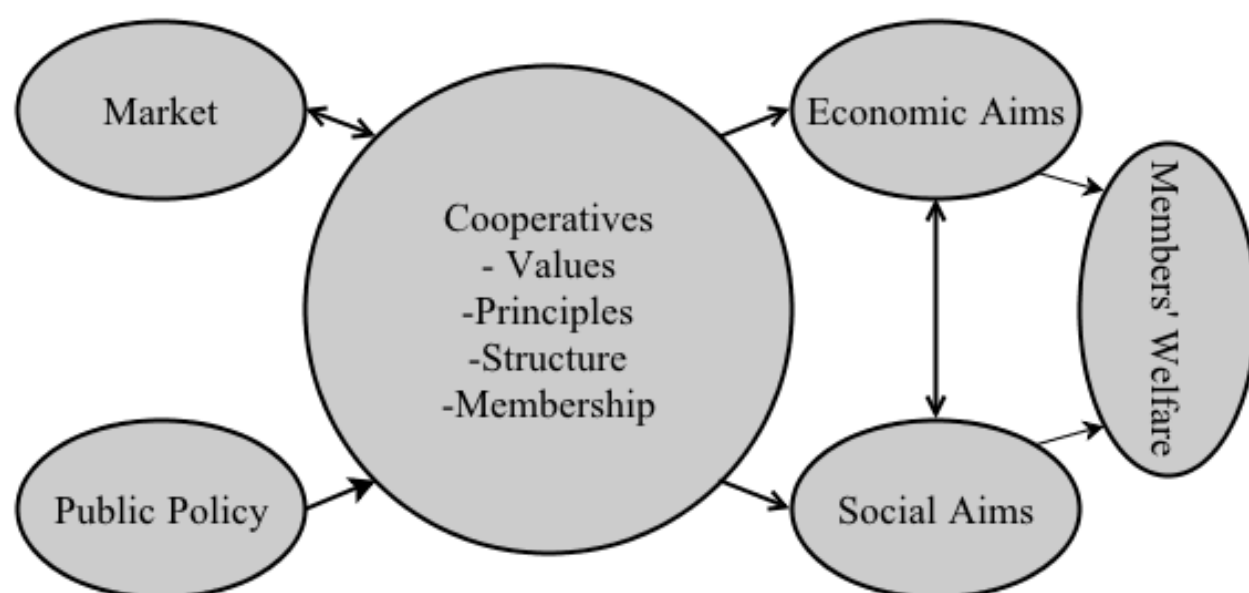
Although Schulze-Delitzsch is credited with passing credit union legislation in Germany, it is Friedrich Wilhelm Raiffeisen whose name became synonymous with credit unions and the expansion of credit unions into the colonies. Schulze-Delitzsch's focus was on establishing credit unions in urban areas; Raiffeisen's, rural areas. As the mayor of several small towns, Raiffeisen became alarmed with the condition of the poor, many of whom were ex-serfs, and created a charitable society to distribute bread and potatoes (Valko, 1968). He was motivated by his Christian beliefs. However, he soon recognized the limits of charitable endeavors to resolve the great problems of poverty. Thus, he borrowed both from the cooperative principles from England as well as from Schulze-Delitzsch's urban credit union model to create a unique system of credit unions for the rural poor.

Raiffeisen realized that peasants could never get ahead due to their extensive debts. He aimed to liberate rural poor people from their debts so that they could help themselves by forming a system of rural credit unions in 1864 (Ortmann & King, 2007). In his model, each village had its own credit union (Birchall, 1997). Only people who belonged to credit unions could borrow from them. Credit unions, thus, had a strong communal feel. Village priests often played a part in establishing the credit unions and in supporting them. Loans could only be solicited for income-generating purposes, and Raiffeisen's model depended on peer monitoring to ensure that loans were spent on what solicitors had claimed they would be spent on (Digby, 1960). A person's character was the primary collateral for the loan (Roy, 1969). In the credit unions, there was unlimited liability (Digby, 1960). If a person could not pay, s/he had to return to pay the loan with two neighbors. If all three could not pay, then all the members of the society had to pay for the default. Each person had one vote, and the union was run by a small management committee. Profits were not distributed but rather put on reserve. Like Schulze-Delitzsch's credit unions, Raiffeisen's credit unions also became federated little by little, although each credit union always served only one village.

Schulze-Delitzsch and Raiffeisen became linked in an ideological battle over which model was better. Perhaps neither was better; each served a different constituency and a different purpose. Schulze-Delitzsch's model targeted a more affluent, better educated urban population whereas Raiffeisen's model targeted a less affluent, less educated rural population. Schulze-Delitzsch's model called for shareholdings, limited liability, and dividends based on shares; Raiffeisen's called for no shares, unlimited liability, and no dividends (Birchall, 1997). Ultimately, it was the Raiffeisen model that became synonymous with credit unions in developing countries. His model was exported to Central and Eastern Europe as well as to British colonies given its emphasis on serving rural populations and leveraging communal ties, or social capital.

The German contributions to the cooperative conceptual model are threefold. Although Buchez had discussed the role of the state in implementing supportive legislation, Schulze-Delitzsch was able to bring about such legislation. Thus, the Germans ushered in a new input into the cooperative model: the state. Secondly, Raffeisen continued to build on an understanding of internal cooperative processes by suggesting that strong communal ties, or what might be called social capital, would ensure compliance to cooperative practices. Finally, the Germans explicitly linked social to economic aims by creating the credit unions primarily to serve low-income people. Although the Rochdale pioneers and prior cooperative practitioners were working-class people, they could hardly be considered ex-serfs. Thus, the Germans explored the potential of cooperatives explicitly to alleviate poverty among the most marginalized sectors of society. The model appears below.

Figure 1.3: Cooperative Conceptual Model, Iteration 3



Both credit union models evolved from the cooperative values and principles exported from England and France. Other cooperative models, too, were developing from these same values and principles. In 1865, one of the first modern supply cooperatives (a successor to the Penny Capitalists) was established in Winterthur district of Switzerland for the purchase of fertilizer (Birchall, 1997). In 1872, other cooperative supply stores were established in Germany (Birchall, 1997). And in 1878, the first modern agricultural cooperative was formed in Denmark as a group of dairy farmers joined forces to make butter because they believed that the capitalists who owned the recently developed cream separators were not paying them adequately for their milk (Birchall, 1997). The cooperative movement, thus, had spread throughout Europe. As cooperatives within countries attempted to become interlinked (albeit contentiously), cooperative leaders also recognized the value of linking cooperatives across national boundaries. Thus, the late 1800s witnessed the emergence of an international (or, rather, European) cooperative movement.

Finding Unity in Diversity: The Emergence of an International Cooperative Movement

As cooperative practices and theories diffused, leaders recognized the importance of unifying efforts. As William King had noted, knowledge and union lead to power. Cooperation at the community and national levels had led to positive outcomes, and perhaps cooperation at the international level could further bolster these outcomes. Cooperation, as theorists Kropotkin and Nowak would note, is innate. Nevertheless, there is often a gap between discourse and practice, and it would be a challenge to overcome ideological differences. These differences mainly stemmed from codifying universal principles and identifying the broader purpose of the movement. There would be heated discussions as well as two world wars, but the end of this epoch would emerge with a unifying umbrella organization devoted to cooperatives as well as several international organizations eager to explore their potential. During this era, cooperatives also spread to other countries in the Global North, such as Canada, the US, and Japan, and scholars from these areas continued to make contributions to the conceptual model.

Cooperative movement leaders in the early 1800s had discussed the promise of an international movement. Robert Owen, for example, put in practice the ambitiously named Association of All Classes of All Nations (Shaffer, 1999). Fourier had envisioned creating an interlinking system of phalanxes. However, it was not until the late 1800s that the possibility of international movement became a feasible practice. In 1866, Jean-Pierre Beluze, a French leader who provided financing for worker cooperatives, published a newspaper article in the periodical *L'Association* in which he advocated for an international movement (Shaffer, 1999). In this article, he is the first known person to call for an International Cooperative Alliance by that name. He envisioned bringing together British and French cooperatives as well as bringing together wholesalers and productive cooperatives.

After Beluze's article, there were various attempts to create international congresses (Shaffer, 1999). It was difficult to bring nations together, however, when there was tension within national cooperative movements (Birchall, 1997), such as the ideological debates between the two types of credit unions in Germany. More specifically, there was tension over whether cooperatives represented a part of a socialist class struggle or whether cooperatives were a way to avoid class struggle (Birchall, 1997). Nevertheless, some initial attempts at convoking international cooperative congresses were successful. The Britons were successful in carrying out a British Cooperative Congress in 1869. The 1880s witnessed various international congresses attended by delegations from Britain and France, such as one held in Lyon in the 1880s. Edward Owen Greening and Charles Gide were among the chief leaders in the international movement at this time. By the 1880s, the Britons and the French envisioned expanding the international movement to ally with Italian cooperatives, too. In 1893, delegates came from Belgium, France, Germany, Holland, and Italy to the Crystal Palace in London where national cooperative leaders veritably pledged themselves to an upcoming congress that would create an international organization to lead the cooperative movement (Birchall, 1997).

A congress brought together 200 delegates in 1895 to officially launch the International Cooperative Alliance (Shaffer, 1999). A man named Henry Wolff tirelessly toured all of Europe to convince leaders to attend (Birchall, 1997). His efforts paid off as leaders from 13 countries came together again in London. Represented countries include the following: Argentina, Australia, Belgium, Denmark, France, Holland, Hungary, India, Italy, Russia, Serbia, the UK, and the US (Shaffer, 1999). The leaders came together on August 19, 1895 for a week of

discussing the possibility of establishing an international organization as well as troubleshooting the problems that arise in various types of cooperatives, such as agricultural, consumer, producer, and worker (Shaffer, 1999). Edward Owen Greening, who had been chair of a formative committee, gave the keynote address. His address suggested that all organizations adhering to basic cooperative principles, the principles developed by the Rochdale Pioneers that had spread throughout Europe, could participate (Birchall, 1997). Earl Grey who later became the first president of the International Cooperative Alliance (ICA) presided over the plenary sessions.

The congress began to outline its constitution and next steps to further develop the alliance. A total of 15 members were elected to the Central Committee, 6 of whom came from the UK and the other 9 from other nations in the Global North. Additionally, an executive committee was established to which only Britons were elected, a practice that would continue until 1920 (Shaffer, 1999). Between 1895 and 1910, there were a total of seven more congresses in which delegates attempted to hammer out what the alliance would look like in practice. They soon realized that it would be impossible to achieve ideological congruence due to differences in opinion about the role of the state in supporting cooperatives and how (or if) cooperatives should distribute profits (Shaffer, 1999). The one principle to which everyone agreed was political and religious neutrality. The delegates were also clear about the purpose of the ICA. It would provide information about the cooperative movement, define and defend cooperative principles, and further develop international trade among cooperatives (Birchall, 1997).

The most contentious issue was the value of consumer cooperatives vis-à-vis producer ones. Given the predominance of Britons in leadership positions, the alliance favored consumer cooperatives over producer cooperatives, which led to some withdrawals from the alliance (Birchall, 1997). And the Britons were not alone in their privileging of consumer cooperatives; the influential Frenchman Charles Gide also thought wealth could only be equitably distributed if the entire economy was run by a commonwealth of consumer cooperatives (Hoyt, 2004), an opinion that had earlier been expressed by Beatrice Webb in her text *Cooperative Movement in Great Britain* published in 1891. The proponents of consumer cooperatives referred to themselves as cooperative federalists whereas they referred to the proponents of producer cooperatives as cooperative individualists (which carried a negative connotation). The tension between cooperative federalists and cooperative individualists permeates cooperative literature and will be revisited at the end of the chapter.

During the early and mid 1900s, the importance of the ICA was heightened (Birchall, 1997). Many cooperative leaders thought that the proliferation of cooperatives would be a way to engender peace since peace breeds cooperation, and cooperation breeds peace. Leaders attributed wars to the endless search for new markets or competition over existing ones. It was believed that a social economy that harmonized producers' and consumers' interests could spawn justice and avoid conflict.

Cooperative leaders' moral pleas, however, were ignored, and the international cooperative movement and especially the ICA were confronted with a set of difficult decisions in the face of not one, but two, world wars. An international organization dedicated to peace found itself in the midst of turmoil wherein it seemed like all entities were forced to take sides. Prior to World War I, the ICA passed a peace resolution. Although it was unable to meet during the war,

it kept publishing the *International Cooperative Bulletin*, and after the war, the cooperative movement seemed stronger than ever given cooperatives' demonstrated commitment to serving customers even in bad times as well as the ICA's commitment to peace (Shaffer, 1999).

After World War I, the movement became less dominated by the British and evolved into a more balanced movement. Other types of cooperatives, i.e., not just consumer cooperatives, began to flourish. In the post-World War I context, the alliance could again meet, thus breaking British control of the committees. Representatives from other countries were appointed to the central and the executive committees of the ICA.

Cooperative practice and theory in the interwar period were also expanded by cooperative initiatives in other parts of the world. The Antigonish Movement in Nova Scotia led by Reverend Moses Coady and Father Jimmy Tompkins emphasized adult education to stimulate local employment (Roy, 1969). Coady suggested that the poor fisherpeople in Nova Scotia had only themselves to blame for their poverty; they had let moneylenders and intermediaries bilk them of their due pay. He argued that through cooperative action they could come to plot their own destinies. In conjunction with a process of conscientization and education, participants worked to develop credit unions, factories, and cooperative stores. The model perhaps served as a blueprint for the subsequent Mondragon cooperative in Spain in the 1950s.³

Aaron Sapiro and Edwin Nourse also pushed forward cooperative practice and theory in the US context during the interwar period. Working in California, which was suitable for growing niche citrus products not produced in other regions, Sapiro advocated for integrated market coordination whereby producers could extend control up the commodity chain to bring crops to market in a steady stream rather than to glut the market at once. His ideas, once put into practice, demonstrated that producers could help to shape the terms of trade and led to the Capper-Volstead Act (Torgerson, Reynolds, & Gray, 1997). Nourse, of the Chicago free-market school, suggested a scaled-down vision for cooperatives (what might have been called, in a previous era, the cooperative individualist school). In Nourse's theories, cooperatives could serve as a system of checks and balances in the market by forcing other firms to offer competitive prices to producers. Nourse's ideas would spawn the competitive yardstick school of thought, a school which exists still today and is evident in some discourse about fair trade's potential to reform the market from the inside out.

New theories and practices in the inter-war period were also emerging from the Japanese scholar Toyohiko Kagawa (Roy, 1969). Kagawa drew from Christian principles to suggest how cooperatives might shape a more just social order. He was involved with efforts to alleviate poverty in the Kobe slums. He wedded practice experiences with Christian social thought to suggest that Christianity, cooperatives, and peace together might form a tenable alternative to socialism, capitalism, and fascism. He published his thoughts in the 1936 text *Brotherhood*

³ Mondragon is a federation of worker cooperatives in the Basque region of Spain that was born out of the Catholic social teachings of José María Arizmendiarieta that employs about 84,000 people (see <http://www.mondragon-corporation.com/language/en-US/ENG/Economic-Data/Most-relevant-data.aspx>).

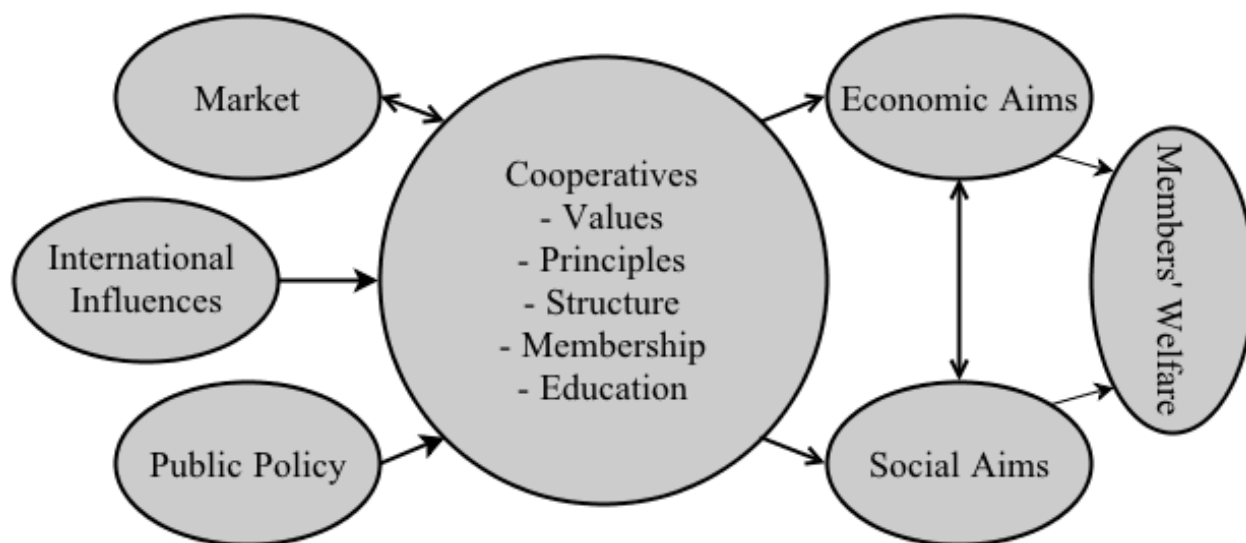
Economics. Kagawa later won two Nobel prizes for his work, the literature award and the peace award. His moderate argument attempted to find common ground among the various ideological camps.

While cooperative movement growth was branching out to other sectors in other parts of the world, the ICA was attempting to create a list cooperative principles that would apply to all cooperatives (e.g., consumer, producer, credit) in all parts of the world and that would sidestep tensions to find unity in diversity. The principles it adopted were largely drawn from the Rochdale Pioneers (Birchall, 1997). The spirit of the pioneers had always permeated the alliance. In 1937, the congruence between the pioneers' vision and the ICA's vision for a cooperative movement was codified. The list of principles at that time was the following:

1. Open membership
2. Democratic control
3. Distribution of surplus to members in proportion to their transactions
4. Limited interest on capital
5. Political and religious neutrality
6. Cash trading
7. Promotion of education

The first four principles were perceived as being essential, the last three as being suggestions. Two additional principles were understood implicitly: (1) voluntary membership and (2) mutuality (i.e., trading only with members). The alliance, thus, excised only Rochdale principle 6 (i.e., the commitment to providing pure and unadulterated goods). The cooperative model at the end of this era accounts for the influence of the ICA in attempting to delineate shared principles for all cooperatives:

Figure 1.4: Cooperative Conceptual Model, Iteration 4



In spite of progress in terms of codifying a unified vision, World War II posed new threats to alliance unity. There were questions about whether cooperatives operating in fascist

systems should be allowed to retain membership given the lack of voluntariness and the degree of state control. Cooperatives in fascist countries, such as Germany and Austria, ended up withdrawing from the ICA. The ICA also strongly condemned the Japanese cooperative movement, and Japanese cooperatives seceded. There were also questions about whether cooperatives, as practiced under Lenin, were just an arm of state control since he had appointed state representatives to sit on the board of each cooperative with power to veto (Birchall, 1997). Members of the ICA questioned whether Centrosoyus was a cooperative. In the end, however, pragmatism outweighed ideological commitments and the Russian cooperative movement was allowed to keep its position in the ICA due to fear of Centrosoyus, the Soviet bureaucratic unit devoted to consumer cooperatives, establishing its own ICA (Birchall, 1997). The ICA attempted to gingerly navigate conflicts to retain a strong membership during World War II, although perhaps it compromised some of its principles. By the end of World War II, the ICA had achieved grade A observer status in the UN peace process.

After World War II, the ICA played a role in reconstructing war-ravaged economies. In fact, it raised over 300,000 British pounds in funds to re-construct ravaged economies in addition to the provision of non-monetary resources (Shaffer, 1999). In the post-World War II environment, the ICA also fortified its efforts to expand the international cooperative movement into the Global South, partnering with agencies such as USAID, the UN, and the ILO. The penetration of the cooperative movement into the Global South, first by colonial administrators and then by international aid agencies, would again expand cooperative practice and theory.

Development and Cooperatives: The Cooperative Movement Goes Global

Cooperatives resonated with the values of self-help, democracy, economic growth, and modernization in the post-World War II development era. This era, launched with President Harry Truman's Four Point Speech, was accompanied by the founding and the strengthening of various aid apparatuses, such as the UN, the World Bank, and USAID. To these agencies, cooperatives were framed as an organizational form that could serve to softly integrate rural peasants into a modern global economy just as credit unions had targeted the poor in Germany. Thus, cooperatives exploded in the Global South in the 1950s and the 1960s. Although intellectually this period is largely characterized by the proliferation of technocratic manuals, there was a significant shift in the conceptual model: the degree to which international influences (not only the ICA and supranational institutions but also a burgeoning NGO sector) shaped domestic policy in the Global South.

The foundation for the expansion of the cooperative movement into the Global South had been laid during the Colonial Era. At the end of the 1800s, the British colonial government of India called for a study of cooperative movements and legislation in Europe (Develtere, 1994). On the basis of the findings from this report, the government decided to implement a Raiffeisen system of credit unions. They introduced the intervention wholesale with minimal adaptation to the unique Indian context. The colonial administration believed that the credit unions would need to be supported by government administrators in the short term but that they could be autonomous in the long term. According to Develtere (1994), the introduction of cooperatives into the colonies of the British Empire were intended to quell the growing unrest and to prop up existing economic systems rather than to challenge them. In 1940, the cooperative model of

development again took center stage as a key intervention strategy with the passing of the Colonial Development and Welfare Act, which shifted from a policy of *laissez faire* to one of social intervention in the colonies. Using cooperatives, Digby claimed, did not pose an undue burden on the government and had been proven to be effective in the developed world.

The British continued to invest resources in cooperative development in their colonies, especially after the Labour Party came to power in 1945. The Labour Party government established an officer called the Registrar of the Cooperative Societies (Develtere, 1994). The officer was in charge of providing consultation services and a legal framework for the development of cooperatives. The registrar was allowed to interfere in the daily affairs of cooperatives to ensure their stability, as evident in the Model Co-operative Societies Ordinance passed in 1951 (Develtere, 1994). The idea was not to fully impose programs from above but rather to convert existing indigenous social structures into productive cooperatives with oversight by the registrar. Cooperatives were widely embraced by social welfare departments and integrated into development schemes in order to promote *better living, better farming*. The British model was the model used by Belgium and the Netherlands as well as the ICA and the UN (Develtere, 1994). The French model, on the other hand, applied the direct-rule principle and involved a centralized framework with no relation to indigenous structures. It was not widely adopted, and eventually evolved to include social and education aims. The French heavy-handedness in cooperative administration is a theme that percolated through its approach to cooperative practice (like Buchez-inspired cooperatives) since the 1800s.

International agencies, mainly the ILO, the UN, and the ICA, also became involved in promoting cooperatives in the Global South. Albert Thomas, someone who had been very active in the ICA, was named the first head of the ILO in 1919, and from the beginning Thomas brought the cooperative vision to the ILO by creating the ILO Co-operative Branch in 1920 (ILO, 2004). Thomas was concerned with conditions of work as well as the conditions for workers, and he believed that cooperatives were the most suitable organizational for conceptualizing workers first and foremost as people rather than workers. In 1924, the ILO began to issue the bulletin *Co-operative Information*. By the late 1930s, the ILO began to think of special programs to establish cooperatives in developing countries (Develtere, 1994). World War II, however, delayed the ILO from implementing a coherent, cohesive approach to cooperative development in the Global South. In 1960, it began to offer technical assistance to cooperatives in developing countries, and in 1966, it adopted recommendation 127 which called for governments to develop their own coherent, cohesive approaches by identifying an agency that would be responsible for policy implementation and technical support to cooperatives in country (Develtere, 1994). The ILO, according to Develtere (1994), was the international agency primarily in charge of cooperative growth in the Global South, believing that cooperatives offered a vehicle for economic development and the thickening of social capital.

By the time of the UN conference at Hot Springs, in 1943, there was a general consensus that cooperatives could be used to promote nutrition and sustainable agriculture, and it was believed that direct support to governments in establishing cooperatives could achieve these goals (Develtere, 1994). In the 1940s and 1950s, the UN and the ILO both gave money primarily to governments directly and only later shifted their donations to international non-governmental organizations. In its reports throughout the 1960s, the ILO continued to promote cooperatives as

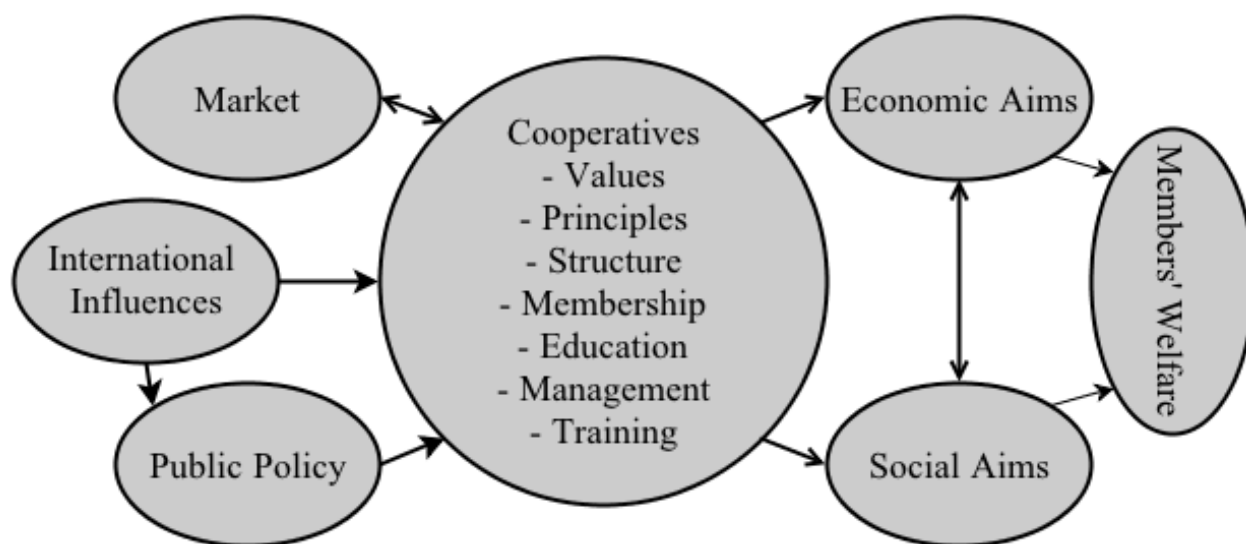
vehicles for economic, social, and cultural development. The UN declared the 1960s to be a decade of development. The following decade, the 1970s, was declared by the ICA to be the decade of cooperative development. These international agencies (i.e., the UN, the ILO, and the ICA) as well as international aid programs based in the US heavily promoted cooperatives' potential in their rhetoric.

The 1960s and the 1970s were also a time during which USAID and the Alliance for Progress both invested funds to support cooperative growth in the Global South, particularly in Latin America. USAID and the Alliance for Progress were established by the Foreign Assistance Act in 1961. Although USAID still exists, the Alliance for Progress waned after the Kennedy administration and was dissolved in the early 1970s. USAID representatives believed that cooperatives reflected the best of US values, such as self-help, democracy, voluntarism, and private enterprise (USAID, 1985). Of course, the model that USAID touted is reflective of the competitive yardstick cooperative scheme advocated by Nourse rather than the cooperative commonwealth scheme advocated by Webb. The hope was that cooperatives could help poor people pool their resources and thus collectively lift themselves by their bootstraps (USAID, 1985). Implicit is the assumption that cooperatives would not challenge existing economic relations. USAID, through partnerships with Agricultural Cooperative Development International, Volunteers in Overseas Cooperative Assistance, and the National Cooperative Business Association, supported the development of both credit unions and producer cooperatives, with the hope that the latter would promote land reform in Latin America.

At the end of the flurry of cooperative promotional strategies, the early 1970s began a period of evaluation to ascertain whether cooperatives in the Global South indeed were delivering in practice what they promised in theory. The results, by nearly all accounts, were disappointing (see Fals Borda, 1971; ICA, 1978). It was recognized that the cooperative model introduced to the Global South had not been adapted adequately to local contexts and many, perhaps because of this, were dependent on external monies and were not self-reliant. Moreover, it was recognized that rather than reducing inequality, cooperatives often enshrined and reproduced local inequalities. In light of these reports, international agencies attempted to reframe their cooperative development strategies to one that involved more robust grassroots participation in order to meet basic needs and attempted to wean cooperatives from state and aid funding.

Although there were attempts to curb external aid, the conceptual model that underpins cooperatives of this era is distinct from that of past eras in the degree to which international agencies influenced domestic policy. The extent of external influence on cooperative development in the Global South is why Develtere contends that cooperatives in the region were not "spontaneous social movements" like those of the 1800s and early 1900s. External agencies provided funding to prop up cooperatives as well as training to management (which was recognized as a key to cooperative success) and technical training to producers. But beyond resource provision, external agencies, to some extent, dictated the goals and the purposes of the cooperative. Although cooperatives had always claimed to serve both economic and social purposes for their members, external agencies held social purposes, or development activities such as promoting nutrition and sustainable agriculture, almost as the *raison d'être* for cooperatives' existence. The conceptual model is represented below:

Figure 1.5: Cooperative Conceptual Model, Iteration 5



In spite of the critical reports of the early 1970s, there remained an ideological commitment by some scholars and practitioners alike to cooperative development in the Global South. In 1978, the ICA published a report that discussed the potential of cooperatives to promote social welfare at the micro, meso, and macro levels. In 1995, leaders across the globe united at the World Summit for Social Development. At the summit, participants highlighted the potential of cooperatives for attaining social development goals, which were later enshrined as the Millennium Development Goals (MDGs). Participants vowed to fully commit themselves to exploring the promise of co-ops in attaining these goals. To that end, 2012 was named the International Year of Cooperatives by the UN with the hope of engendering a robust research agenda around cooperatives that could identify strategies that would help nations reach the MDGs. Prior to the push from the 1990s, however, international agencies suggested that market constraints might be a limiting factor to cooperatives' potential. International influences, thus, moved beyond directly supporting cooperatives to attempting to change the market in which they are embedded. Fair trade and other ethical trading arrangements emerged to correct for endemic market failures.

Re-Embedding the Market: Cooperatives and Fair Trade

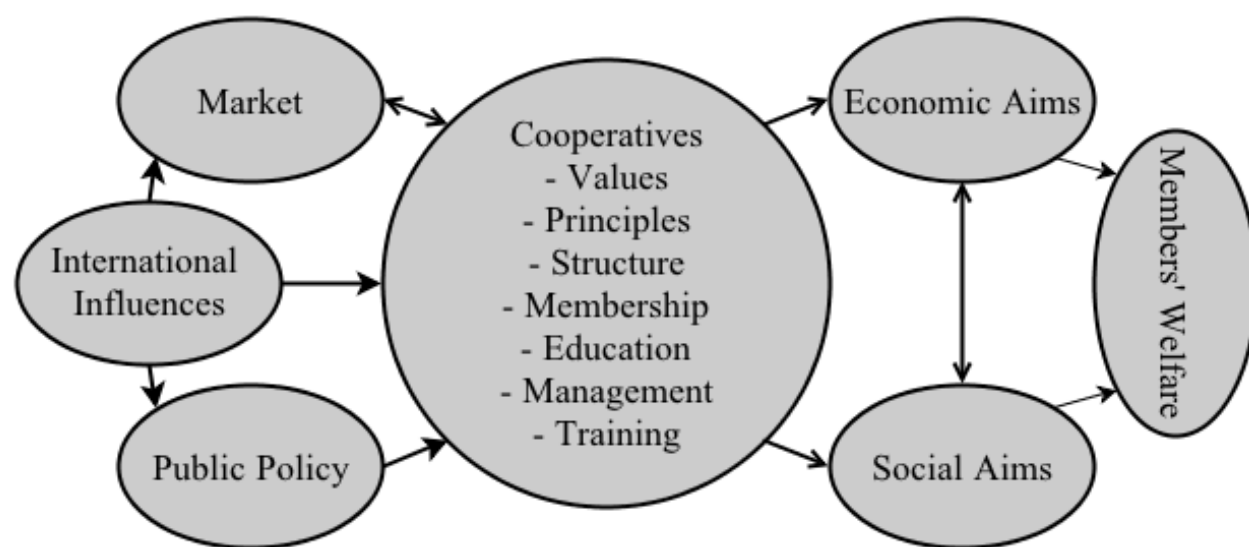
Fair trade, similarly to how cooperatives emerged in the 1800s, in a Polanyian sense is a social response to disruptive market forces. Much of the literature about producer (and, more specifically, coffee) cooperatives today, discusses fair-trade cooperatives. Although certification criteria are in the process of revision, fair trade works almost exclusively with cooperatives because it is believed that cooperatives nurture social capital, which is useful to mobilize community resources. Fair trade and other ethical trading arrangements, such as Starbucks's C.A.F.E. practices, aim to draw consumers and producers together by eliminating intermediaries. In so doing, it is claimed that, on a practical level, producers capture more money that would have been absorbed by exporters, importers, etc. On a theoretical level, fair trade also claims to bring together consumers and producers into a moral, or solidarity, economy. That is, fair trade

claims to span the Global North-Global South divide in an intentional, coordinated attempt to harness the power of the market to alleviate poverty and to mitigate inequality.

Fair trade, much like the broader cooperative movement, espouses both economic and social aims. Economically, fair trade claims to provide adequate compensation to producers that covers the costs of production, living, and certification. It also provides a social premium to cooperative groups, which is to be earmarked for community development projects. Additionally, fair trade offers credit to producer cooperatives as well as long-term contracts to buy harvests over several years, both of which serve to help cooperatives to manage risk. It also espouses social aims, such as the elimination of exploitative child labor, the promotion of gender equity, the use of environmentally sustainable practices, and the implementation of democratic and inclusive decision-making processes.

Fair trade further complicates the conceptual model underpinning cooperative practice in the Global South. Fair trade is an example of international influences attempting to directly modify the market to be more favorable to cooperatives' interests as shown below:

Figure 1.6: Cooperative Conceptual Model, Iteration 6



The conceptual model underpinning cooperatives, thus, has grown in its complexity. Each era added another component to the conceptual model, as practice and theory informed each other. The chart below delineates the key events that feed into the conceptual model and the inform key theoretical debates.

Table 1.1 Key Events in the Development of Cooperative Theory

Year	Event
1516	Sir Thomas More publishes <i>Utopia</i> about a society with communal ownership of land.
1816	Robert Owen argues that social environments are responsible for individuals' characters.

1828	William King espouses the view that union can lead to power, which will lead to happiness.
1840s	Charles Fourier argues that cooperation can fulfill human needs.
1840s	Philippe Buchez suggests role for states in supporting cooperatives.
1844	Rochdale Pioneers codify internal processes.
1850	Franz Hermann Schulze-Delitzsch proposes credit unions as a way to engender harmonious class relations within a capitalist system.
1891	Beatrice Webb suggests that consumer cooperatives should form secondary-level cooperatives that would serve as wholesale societies.
1902	Peter Kropotkin argues that cooperation, not competition, drives evolution.
1904	Charles Gide endorses Webb's thesis.
1920s	Antigonish movement puts education at the center of the cooperative model.
1920s	Aaron Sapiro advocates vertical integration in agricultural cooperatives.
1920s	Edwin Nourse elaborates the competitive yardstick position in response to Sapiro.
1936	Toyohiko Kagawa draws explicitly from Christian social thought to describe a middle road among capitalism, socialism, and fascism in which cooperatives play a prominent role.
1970s	Evaluative reports suggest that the cooperative model imported from the Global North does not yield desired outcomes in the Global South.
1995	Cooperatives are explicitly named as a key strategy in social development.
2011	Martin Nowak buttresses Kropotkin's thesis with examples from evolutionary biology.
2012	The UN declares 2012 to be the International Year of Cooperatives.

Continuing to Seek Unity in Diversity: Key Theoretical Debates

Cooperatives today exist in practically all economic sectors across the globe, and the ICA has continued to attempt to develop a set of universal principles that will guide the global movement to provide unity in diversity. The initial principles drawn from the Rochdale Pioneers and codified in 1937 experienced two more revisions. In 1966, at the behest of members from the Soviet Union, the ICA issued a questionnaire to its members about principles. The results of that survey indicated that the main Rochdale principles continued to endure. The principle of political and religious neutrality was excised, and the principles of cooperation among cooperatives and provision of educate were appended.

The ICA continued to evolve reflecting the spread around the globe of cooperatives and the perceived role that cooperatives could play in development. In 1982, the ICA moved its headquarters from London to Geneva so that it could be in close proximity to the UN and the ILO. It also opened regional offices in Europe, Africa, Asia and the Pacific, and the Americas. In response to three crises (i.e., of credibility, of management, and of ideology), the ICA leadership decided yet again to revisit its cooperative principles in the early 1990s (Birchall, 1997). Its current principles, codified in 1995, are the following:

1. Voluntary and open membership
2. Democratic member control
3. Member economic participation

4. Autonomy and independence
5. Education, training, and information
6. Cooperation among cooperatives
7. Concern for community

It was not until 1995 that the final principle, concern for community, which might reflect the broad social development focus of cooperatives in the Global South, was appended to the list of ICA principles.

Although the ICA has delineated a unifying list of principles, there are two key theoretical tensions that have existed, and continue to exist, within the cooperative movement. First, there are those who would argue that cooperatives are a step towards a completely socialist system and others who would argue that cooperatives serve to mitigate the rough edges of capitalism. These tensions are reflected in Marx's own ambivalence towards cooperatives, discussed in chapter 2. On the one hand, theorists such as Beatrice Webb advocated for a cooperative commonwealth society wherein local cooperatives could form secondary cooperatives that could be responsible for sourcing necessary inputs. Over time, cooperatives would become the dominant business form. On the other hand, a popular view in the US by theorists such as Edwin Nourse was the competitive yardstick school, which conceptualized cooperatives as primarily being a way to check market failures thereby empowering small-scale agriculturists. Leaders of the consumer cooperative movement tended to lean towards the commonwealth perspective; leaders of the agricultural cooperative movement, the competitive yardstick school. The British also tended to prefer the commonwealth perspective whereas Americans tended to prefer the competitive yardstick school (although these are merely broad tendencies and they should not be taken as absolute characterizations). The way the tensions played out would have implications for the cooperative movement in the Global South. Given the US's backing and influence through USAID, the World Bank, and the UN, many cooperatives in the Global South would bear the stigmata of the producer-driven, competitive-yardstick model.

The second key tension is the degree to which cooperatives are a spontaneous social movement versus tools of state planning. Cooperative endeavors in Europe in the 1800s could be framed from a Polanyian perspective as a countermovement, or a spontaneous social response, to increasingly penetrative market forces. Skilled laborers in the 1800s saw their wages decline dramatically as machines labor cheaply replaced human labor. Consumer cooperatives offered a way to help them stretch their diminished salaries by buying goods in bulk and selling the goods back to themselves in an unadulterated form at the lowest possible cost. In this way, cooperatives were a social response to market forces. After cooperatives had formed, states often implemented public policies to support cooperative efforts with Germany leading the way in supportive legislation. Cooperatives in the Global South could also be framed as a countermovement, albeit one that arose from state planning rather than as a result of individuals voluntarily coming together to promote their common welfare. Colonial powers, having seen the potential of cooperatives within their own national borders, touted cooperatives as a way to gently modernize, so to speak, rural populations in the colonies. Thus, in the Global South, policies often preceded the formation of cooperatives. Given the role of the state in cooperative formation in the Global South, cooperatives often acted as an arm of the state rather than as a partner to or dissident of

the state.

These two tensions (i.e., broader purpose vis-à-vis the market, degree of (in)dependence from external influences) would play out according to a specific script in the Costa Rican context, which had implications for the cooperative cases in this study.

Chapter 2: Theories of Cooperativism

This chapter illuminates the insights that were discussed in the previous chapter. The cooperative conceptual model from chapter 1 outlined contextual factors that shape cooperatives, the internal processes that incorporate these factors, and the outputs expected from the intermixing of contextual factors and internal processes. With regard to each component, i.e., inputs, internal processes, and outputs, there are theories that help to describe, to explain, and to assess what cooperatives are and what they should do. This chapter, thus, develops the theoretical strands raised in the previous chapter. It raises three broad questions: (1) How are cooperatives conceptualized?, (2) why do people cooperate?, and (3) what value should we attach to cooperation?

Cooperative Conceptualization

Various theoretical perspectives inform how we conceptualize cooperatives. This section expands on three perspectives that were raised, although not named, in chapter 1: utopianism, collectivism, and anarchism. Each has, at different times, informed cooperative conceptualization.

Utopianism

Perhaps the earliest influence on cooperative thought was utopianism, beginning with Plato. A utopian perspective describes an ideal society; perhaps this perspective is inherently normative by describing how society should be organized. One of the earliest descriptions of a utopian society is Plato's *The Republic*. In this text, Plato chronicles a debate about justice. To that end, he identifies interlocking social roles. He identifies three main groups of people: rulers, soldiers, and producers. Each is to carry out its respective duty. If each upholds its role, then society will be orderly and, thus, just.

The teachings of Jesus and early Christians in the New Testament about 300 years after Plato's writings, too, lay out the prescription for the good society. Jesus turns Plato's ideas of the good society upside down by describing a perfect society in which the most marginalized will be exalted, and the most powerful will be humbled (see, for example, Matthew 5:3, Matthew 19:24, Luke 14:11). Jesus believes that putting the poor, rather than the rich, at the center is the best way to construct the ideal society, and he continually socializes with the most marginalized people in society, such as prostitutes and taxpayers.

Subsequent New Testament writers, mainly Paul, invoke the metaphor of the body to describe how people should relate to each other. Each person is endowed with a divine gift, and, by sharing their respective gifts, people can form a cohesive whole (see Ephesians 4:16). Each part is needed for the growth and development of the body. Acts 2:46 describes a brief moment when early Christians, indeed, seemed to achieve this vision by breaking bread together on a daily basis, but quickly this community devolved into in-fighting.

In the 1500s, Sir Thomas More, as noted in the previous chapter, composed the text *Utopia*, a play on the words for both *no place* and *good place*. Whether the society More's text lays out is considered to be an ideal to which to aspire or a farce not capable of (or not worthy

of) being achieved is amenable to debate. Certain beliefs espoused in the text, such as permitting divorce, contradict with what More's known Catholic background, which lends credibility to the latter interpretation. Nevertheless, the text spawned a utopian genre of literature, which continued with Francis Bacon's *New Atlantis* and Voltaire's *Candide*.

More's text contrasts contemporary Europe, which, according to one of its narrators, is rampant with delinquency and poverty because of the act of enclosures, to Utopia, a well-ordered island. This island is organized into cities, which are then organized into households. Households and cities democratically elect people to rule over them. On the island of Utopia, there is no private property, and men and women work side-by-side. Religious diversity is tolerated. The text also lays out a plan for a welfare state via universal health care.

The Industrial Revolution, an epoch during which the Rochdale Pioneers emerged, also witnessed a flurry of utopian socialist thought. Utopian socialism, much like the Rochdale Pioneers' cooperative endeavor, was a response to the ills of the time, such as the precipitous drop in the value of real wages and social dislocation. The utopian socialists advocated for communities to which all members contributed and from which all members could draw as necessary. Robert Owen's conception of townships and Charles Fourier's conception of phalanxes, both of which were discussed in the previous chapter, are examples of utopian socialist ideas.

Henri de Saint-Simon, too, could be classified as a utopian socialist. He called for the state to reorder society in a manner informed by the principles of science (Kirkup, 1892). Although his ideas were somewhat incoherent, the Saint-Simon school of thought would later elaborate on his idea of association. The school believed that a spirit of association, rather than domination, would come to characterize the social order. This spirit of association would begin in the family, then spread to the city, to the nation, and to the world. Development, it was believed, would be spurred on by the spirit of association.

Utopian ideas perhaps waned in their influence on the cooperative movement during the 1900s, but the utopian genre did not die. B.F. Skinner wrote *Walden Two*, which described a type of community that embraced social planning based on a certain set of psychological principles. Moreover, although many of the utopian societies listed above roughly reflect socialist ideas, classical liberals, such as Ayn Rand, have also espoused their own views of ideal, or utopian, societies. Polanyi suggested that market liberalism was also a utopian ideal that could never be achieved. The impactful utopian strand for the cooperative movement, however, was that of the utopian socialists discussed in chapter 1.

The utopian socialists' contributions to how we conceptualize cooperatives are significant. These authors had clear ideas about what was ideal, and they thought outside of the box to consider re-constituting society through planned intervention into a good society. Cooperatives, too, with their ideals of democracy, inclusiveness, participation, and non-discrimination aspire to improve on many of the values practiced in communities today through planned intervention. Many subsequently discussed theorists were familiar with the works above, and some were even acquaintances with the theorists themselves. Nevertheless, subsequent socialists, such as Marx, grew annoyed with the lack of pragmatism in utopian ideas. Thus, the next section explores the

ideas of collectivism, which, while putting forth an idea of a good society, are perhaps more grounded than those of utopianism.

Collectivism

Collectivism, too, informs how we conceptualize cooperatives. Collectivism promotes collectively owned production and distribution. I referred to collectivist values in the preceding chapters, suggesting that they form the core of cooperative enterprises. Collectivist values, generally speaking, suggest that the welfare of the individual is tied up with the welfare of the group. These values, such as solidarity, were also at the center of the utopian projects mentioned above. Marx and Engels (1848) in the *Communist Manifesto* praised these utopian socialists for their critique of existing society. Nevertheless, the collectivists believed that the projects of the utopian socialists were doomed to failure since they did not put class struggle at the center of the model. Their manifesto suggested that revolution, not peace, was at the center of social change. They believed that the working class would have to wrest control of the means of production from capitalists rather than to have that control given by enlightened philanthropists. This section, thus, discusses a struggle-oriented approach to cooperatives, one that involves workers owning the means of production.

Prior to the publication of the *Communist Manifesto*, Louis Blanc, mentioned in the preceding chapter, perhaps built the bridge between utopian socialists and collectivists. Blanc in 1839 published *Organization of Work*. This is the text, as quoted in the previous chapter, where he famously wrote “to each according to his needs, from each according to his abilities,” which Marx, discussed subsequently, would famously invert, again as mentioned in chapter 1. To achieve this goal, he recommended the creation of social workshops, or cooperatives, where people from a single trade would work together. To carry out these workshops, he believed the state would need a strong presence to help workers.

Marx would build on the ideas of Blanc, Fourier, and Saint-Simon as well as Proudhon (discussed subsequently) to conceptualize cooperatives in several texts, including *The Inaugural Address*, *Critique of the Gotha Program*, and *Das Kapital*. Marx was perhaps ambivalent towards cooperatives, at times extolling them while at others seeing them as a retrogressive iteration of capitalism. Jossa (2005) excellently ties together Marx’s various cooperative references to suggest that Marx was more pro cooperative than he is often credited. After the demise of the Paris Commune, notes Jossa, Marx wrote little about cooperatives, and thus subsequent socialist thinkers, such as Beatrice Webb, wrote about cooperatives in a way incongruent with Marx’s original ideas.

Some of Marx’s original thoughts about cooperatives actually extol cooperatives. In 1864 as part of the *Inaugural Address of the International Working Men’s Association*, Marx noted the following:

But there was in store a still greater victory of the political economy of labor over the political economy of property. We speak of the co-operative movement, especially the co-operative factories raised by the unassisted efforts of a few bold “hands”. The value of these great social experiments cannot be overrated. By deed instead of by argument, they

have shown that production on a large scale, and in accord with the behests of modern science, may be carried on without the existence of a class of masters employing a class of hands; that to bear fruit, the means of labor need not be monopolized as a means of dominion over, and of extortion against, the laboring man himself; and that, like slave labor, like serf labor, hired labor is but a transitory and inferior form, destined to disappear before associated labor plying its toil with a willing hand, a ready mind, and a joyous heart. (§ 10)

In this passage, Marx applauded the cooperatives as a successful social experiment and as evidence that an alternative economic form could, indeed, flourish.

He later (posthumously) discussed where cooperatives stand in relation to a socialist revolution. He noted the following in the third volume of *Das Kapital*:

The co-operative factories of the labourers themselves represent within the old form the first sprouts of the new, although they naturally reproduce, and must reproduce, everywhere in their actual organisation all the shortcomings of the prevailing system. But the antithesis between capital and labour is overcome within them, if at first only by way of making the associated labourers into their own capitalist, i.e., by enabling them to use the means of production for the employment of their own labour. They show how a new mode of production naturally grows out of an old one, when the development of the material forces of production and of the corresponding forms of social production have reached a particular stage. Without the factory system arising out of the capitalist mode of production there could have been no co-operative factories. Nor could these have developed without the credit system arising out of the same mode of production. The credit system is not only the principal basis for the gradual transformation of capitalist private enterprises into capitalist stock companies, but equally offers the means for the gradual extension of co-operative enterprises on a more or less national scale. The capitalist stock companies, as much as the co-operative factories, should be considered as transitional forms from the capitalist mode of production to the associated one, with the only distinction that the antagonism is resolved negatively in the one and positively in the other. (p. 305)

Marx, thus, saw cooperatives as an outgrowth of a capitalism and a movement towards a new system, and he explicitly contrasted capitalist stock companies with cooperative factories. Capitalist stock companies were self-financed; cooperative factories borrowed money from credit markets or from the state (Jossa, 2005). For Marx, the former (i.e., capitalist stock companies) were examples of cooperative members being “their own capitalists,” of which he spoke disparagingly as not being truly reflective of socialism. These were the types of cooperatives (often consumer cooperatives) advocated for by Beatrice Webb among others. In contrast, cooperative factories for Marx and his colleague Engels were truly reflective of a step towards socialism. Engels would affirm later in a letter that, indeed, cooperatives were an intermediate step to socialism as long as they sought funding from the state (Engels, 1886).

Lenin built upon these ideas, and even wrote an entire treatise on the issue (1923). Lenin, like Marx, derided the efforts of previous utopian socialists who did not put class struggle at the

center of the cooperative model. Lenin, writing two years after the implementation of the New Economic Policy, argued that in the Soviet Union the working class had successfully wrested control of the means of production. Since the state owned the means of production, the cooperatives touted by Lenin were consonant with Marx's previous positive appraisal of cooperative factories. Lenin argued that peasants should voluntarily join these cooperatives by recognizing that it was better to subject individual interests to the interests of the common good. He believed that cooperatives were a way to gently bring peasants into the new system. Furthermore, he believed that the peasants could be convinced to join the cooperatives and to abandon their small-scale enterprises by showing in practice the merits of cooperatives, which could be assisted with privileges from the state. In short, Lenin believed that cooperatives were central to a program of rural life.

The collectivists, of whom I have identified two major thinkers, Marx and Lenin, took many of the ideas of the utopian socialists (i.e., a critique of the existing social order, a vision for a new social order, a belief that collective interests supersede individual interests) and linked them to (a) practice and (b) class struggle. The ideas of the utopian socialists were considered to be lofty and unattainable; the collectivists believed their ideas were feasible (and perhaps inevitable), being tied to a class struggle in which the working class emerged victorious. With the victory of the working class, the state could own all the means of production, lending to groups of organized farmers/workers what they needed to successfully form cooperatives.

Anarchists

Although the state was central to the ideas of the collectivists, the dissolution of the state was central to the idea of the anarchists. This section discusses two key anarchist thinkers: Proudhon, who chronologically came before Marx, and Kropotkin, who came after Marx. Both believed that enlightened individuals could work together in groups that would not require state intervention or monitoring.

Proudhon, like Marx, was familiar with his predecessors. He actually met utopian socialist Fourier, printing one of his texts. But he also had a clear forward-looking vision, being the first person to use the label *anarchist*. In the political realm, he believed that anarchy would free people from a master, which he identified as being the state (Proudhon, 1840). He later noted the following:

If the sphere of activity of each citizen is determined by the natural division of labor and the choice one makes of a profession, social functions are combined so as to produce an effect of harmony, and the order results from the free action of all; there is no government. Whosoever lays a hand on me in order to govern me is a usurper and a tyrant; I declare him my enemy. (1849, ¶ 3)

For Proudhon, the revolution that needed to occur in order to achieve a political system without government was not literal but rather moral.

Proudhon believed that the economy should be organized around cooperative associations. Rather than having the state own the means of production like the collectivists,

Proudhon believed that society should own the means of production. He believed that the only thing that could be possessed was that which the laborers produced themselves. In his text, he noted, “The right to product is exclusive—*jus in re*; the right to means is common—*jus ad rem*” (section 4.3). Proudhon (1840) identified a system of federated workers’ associations as *mutualism*. If people were to understand the advantages of voluntarily cooperating in these associations, he believed, the need for the state would wither away. Accumulated private capital is what led to war and insurrection, Proudhon believed. If private capital were to be taken out of the equation, then people working cooperatively would have no need for the state to police them.

Kropotkin, too, had a vision of the good society in which there was no need for a government since workers would be organized into cooperative associations. Kropotkin, indeed, was very influenced by the works of Proudhon. In the 1870s, Kropotkin was imprisoned due to his work with peasants to spread revolutionary propaganda. He would not return to Russia until the 20th century. In the meantime, he spent time in various parts of Europe, continuing to develop his anarchist ideas. It was during his time away from Russia that he published *Mutual Aid: A Factor of Evolution*, referenced in the previous chapter. Like Proudhon, Kropotkin’s view of anarchy was not a simplistic no-government model. Rather than simply positing that the ideal was the absence of government, Kropotkin instead offered a rich model of the presence of communal associations. Speaking against the Social Darwinism of his day, Kropotkin argued that it was cooperation, not competition, that drove evolution. Drawing from examples in the field of biology, anthropology, and history, Kropotkin argued that cooperative groups that cooperate with each other was the norm and that cooperation superseded competition.

The utopian socialists, the collectivists, and the anarchists conceptualize cooperatives in related, albeit distinct, ways. For the utopian socialists, cooperative were synonymous with harmonious communities that could be models for other communities. For the collectivists, cooperatives were a way to promote the interests of the peasants and the working class while engaging in a state-centered project. And for the anarchists, cooperatives were a natural expression of human tendencies which, when put into practice, would eliminate the need for a strong state presence. Each influenced the cooperative movement.

Rationale for Cooperation

Kropotkin, as well as Nowak who was referenced in chapter 1, argued that cooperation is innate. Using a game theory lens, economists might argue that a system of sanctions and incentives justifies cooperation (Fulton, 2004). Psychologists might argue that cooperation emerges from shared attitudes and values, rather than from material interests (see Tyler, 2010). Political scientists might suggest that people are willing to cooperate when procedures and punishments are perceived as being just and, thus, legitimate (see Bowers & Robinson, 2012). Anthropologist and sociologists such as Durkheim and later structural functionalists such as Parsons (1951) might view cooperation as functionally necessary for social life, understanding that various interdependent parts come together to form a complete and harmonious whole (similar to the Biblical metaphor of the body cited in the previous section). Various disciplinary perspectives illuminate rationales for cooperation. Often in the fields of sociology and anthropology, cooperatives, especially fair-trade cooperatives, are set against a Polanyian theoretical backdrop to understand why they emerged (see, for example, Enríquez, 2010; Bacon,

2010a; Watson, 2010). This section, thus, lays out the major tenets of Polanyi's thesis in *The Great Transformation* and how these principles elucidate the emergence of cooperatives.

Polanyi did not write specifically about cooperatives, yet his name is regularly invoked in the cooperative literature. He drew from history to make a rich, complex argument. He argued that market liberalism emerged during industrialization in Britain (the same time period during which Owen and others were writing) in order to justify subordinating social welfare to the market. Since Britain played such a significant role in the world economy during that epoch, it was able to spread this idea of market liberalism. Market liberalism hinges on the idea of self-regulating markets that respond to supply and demand. Market liberalists, he suggested, like to downplay the role of the state in creating these markets, but, of course, the state was very involved in creating these markets, sustaining them, and amending them to correct for systematic failures.

The idea of market liberalism, argued Polanyi, was a radical departure from historical precedent and it, much like the communities described by More, Owen, and Fourier, was a utopian project. Previously, the economy had been embedded in social relations. Market liberalism, however, demanded the reverse, i.e., that society be embedded in economic relations. Society could not be completely disembedded because it would destroy human welfare and the environment. Land, labor, and money, noted Polanyi, were fictitious commodities because they were not produced to be sold on the market. Rather, land and labor existed prior to the market, and money is created and managed by the state. Market liberalism aimed to treat land and labor as real commodities, but treating them as such would ensure their destruction. Thus, Polanyi argued, people would rise up to form a countermovement in response to the movement of self-regulating markets.

Polanyi sheds light on the hypocrisy of so-called self-regulating markets. The state is very involved in monetary issues, managing inflation, deflation, and unemployment. Thus, complete disembedding is impossible, which leaves market liberals claiming that their ideas seem to fail because they have not been implemented fully. Nevertheless, the expansion of so-called laissez faire markets *needs* the countermovement for stability; together the movement and the countermovement are called the double movement.

The cooperatives could be conceptualized as one such countermovement. In response to the proliferation of disembedding market relations, cooperatives were a way for workers and producers to exercise self-determination and to deal with market forces on better terms. The Rochdale Pioneers, for example, came together to form a consumer cooperative in order to stretch their wages and to circumvent the shopkeepers who sold adulterated goods on unfavorable terms of credit. The credit unions in Germany helped ex-serfs to overcome their debts. And C1 and C2 emerged, in part, to help local farmers overcome imperfect market conditions, such as the lack of a consistent market exit, irregular payment, and lack of access to credit (which will be discussed in greater detail in chapter 3). Polanyi, thus, offers a lens through which we can understand why cooperatives developed and spread, including the two cases in this study.

Normative Perspectives

This final section examines the proponents and the dissidents of cooperation. Implicit in much of this manuscript, including many of the heretofore views, is the belief that cooperation is inherently good. Nevertheless, there are a number of detractors, ranging the gamut from Social Darwinists to neoliberals, who laud competition and individualism rather than cooperation and collectivism. This section, thus, briefly sketches the pro-cooperative and anti-cooperative normative literature. Of course, most of the perspectives discussed above are implicitly guided by normative perspectives. Fourier, Owen, Blanc, Marx, etc. all believed that cooperation is a good thing, and they worked to conceptualize and to explain how cooperative associations could come to be. Nevertheless, this section makes those normative perspectives explicit by exploring why some believe that cooperation is inherently good and others that it is inherently bad.

The belief that cooperation is a good thing extends back to Aristotle and the Bible. Aristotle, for example, in *Politics* argued that the community takes precedence over the individual in the same way that the body takes precedence over its parts (Kraut, 2012). More specifically, Aristotle noted that all children should receive the same education, and education should be a shared interest among community members. Aristotle further contended that individuals should make decisions in accordance with what is good for the whole. About 300 years later, Jesus suggested that the greatest commandment in life was to love others in the same way that one loves oneself (Matthew 22:39). Jesus taught that loving and serving God as well as loving and serving others encapsulates all the other rules laid out in the Bible (Matthew 22:40).

In addition to those referenced previously in this chapter, others from the field of social welfare suggest that it is cooperation that enables cohesion and, thus, progress. Titmuss's most famous work, *The Gift Relationship*, discusses blood donation, although its implications extend well beyond the field of health. Titmuss argued that the system of blood donation in the United States, which was financially driven, was more inefficient than the system in the UK, which was socially driven. Titmuss suggested that commodifying blood resulted in a lower quantity and a lesser quality of blood as compared to blood that is given from altruistic motivations. He argued that a narrow economic market based on exchange transactions is more inefficient than an economy embedded in social (or gift) relations. It is difficult to predict what Titmuss would have said about cooperatives specifically, and, in fact, the cooperative leaders feared that Titmuss's ideas about strong national welfare policies (specifically in the field of old-age insurance) would erode their membership (see Ellison, 2002). Nevertheless, Titmuss's writings reflect the broader social democracy literature, which shares some values with the cooperative movement.

The writings of Titmuss along with William Beveridge, Peter Townsend, and Gunnar Myrdal reflect the social democrat tradition, a tradition that advocates for a strong redistributive welfare state to offset poverty and inequality provoked by the market. In this tradition, social welfare policies are implemented universally. Social democratic ideas, such as pooling risks and resources, are similar to those espoused by the cooperative movement.

Although many uphold the idea of cooperativism normatively, there were also many detractors. Among the most famous of these were Milton Friedman, Friedrich Hayek (with whom Myrdal shared the Nobel Prize), and Ludwig von Mises, among others, who questioned

the notion of the common good and espouse libertarian ideas. Friedman, the leader of the Chicago school of economics, advocated for minimal government intervention. In *Capitalism and Freedom*, Friedman noted that the government's involvement in the provision of public goods should be very minimal, and many government-provided public goods could be resolved on the private market. He believed that welfare programs fomented dependency, and he advocated for a negative income tax rather than social programs. Hayek published *The Road to Serfdom* in 1944, the same year in which *The Great Transformation* was published. Hayek did not call for the pure implementation of laissez faire policies, but he advocated for a very minimal role for the government. Hayek, in later texts, would write that since the term *social justice* is devoid of any meaning, the state has no role in promoting social justice.

Ludwig von Mises, unlike Friedman and Hayek, did write explicitly about cooperatives. He (1947) contended that the cooperative movement had failed and was propped up by government supports, such as tax breaks and access to cheap credit. He directly opposed the ideas of Beatrice Webb, saying that what she had lauded as the cooperative movement's democratic tendency was actually oppressive. Like his colleagues Friedman and Hayek of the Mount Pelerin Society, Mises lambasted most constraints on an individual's freedom, many of which, he believed, emanated from government intervention.

Two other scholars, Kenneth Arrow and Garrett Hardin, also cast doubt on the possibility of cooperation. Kenneth Arrow (1950) discussed the impossibility of coming to a consensus in issues of public choice. Arrow's impossibility theory suggested that individual preferences could not be translated under certain criteria into community preferences when there are three or more options. Although not speaking about cooperatives specifically, Arrow's insights cast doubt on why people would be willing to cooperate when their preferences are likely to be translated imperfectly in cooperative practices.

Garrett Hardin, in his article "The Tragedy of the Commons," suggested that, in the absence of regulation, individuals would deplete common resources in favor of their own personal gain. The thesis had implications for the fields of ecology as well as social welfare. In the domain of social welfare, Hardin said that the welfare state enabled indiscriminant human reproduction. If people were not afforded a safety net, then they would choose not to have children. Thus, Hardin contended that the conscience was not a reliable mechanism for promoting the common good. Hardin's thesis, like Arrow's thesis, cast doubt on the possibility of a community coming together to work toward a common aim.

Others, however, have rebutted Hardin's thesis. Elinor Ostrom, the first and only woman to have received the Nobel Prize in economics, argued that, to the contrary, local communities are often quite able to self-regulate in order to protect the commons as long as certain criteria are met, such as boundary-drawing, participatory rule-setting, and accountability. Her key works (see Ostrom, 1990; Ostrom, Gardner, Walker et al., 1994) defended the possibility of voluntary and harmonious cooperation for the common good, in contrast to Hardin's and Arrow's skeptical ideas.

Aristotle recognized that there are differing opinions about what is good (Kraut, 2012). He said that reconciling these ideas is not merely a matter of knowledge for knowledge's sake;

resolving the differing opinions enables us to better explore what humans need to flourish in order to attain what is good. It is difficult to imagine that those defending cooperation could be swayed by those deriding it and vice versa. The idea of cooperation, it would seem, is the site of a flurry of intellectual activity.

I believe that Mises offers the most scathing and direct critique of the cooperative movement, and I find only one of the theorists above to offer a satisfactory response to his indictment: Polanyi. Mises argues the international cooperative movement in its first century of existence (since the Rochdale pioneers to the time of his writing, the mid-20th century) has been a failure. Mises claims that only three types of cooperatives are still in existence, and those three are pitifully propped up by government planning (an assertion which is false; there are actually many types of cooperatives in existence). Polanyi, in response, would famously say that “laissez-faire was planned; planning was not.” Polanyi claims that the government is involved in each of the following three markets: land, labor, and money. Mises claims in light of Polanyi’s, thus, seem hypocritical. Indeed, the state might prop up cooperatives just as it props up the supply and the flow of money. The theoretical insights of Polanyi, as well as the others in this chapter, will be interwoven throughout the rest of this manuscript as I discuss the tensions between practice and theory which, in turn, give rise to new practices and new theories.

Chapter 3: The Cases of Cooprouno and Cooprodos

As part of the push by the UN, the ILO, and USAID, cooperatives, specifically those devoted to the recollection and the processing of coffee, exploded in the 1950s and 1960s in Costa Rica. Coffee earned the nickname of *grano de oro* (the golden bean) in the Costa Rican lexicon in spite of its ongoing booms and busts during the 20th century. Over the course of the 19th and 20th centuries, coffee became embedded in the political, economic, social, and cultural fabric of Costa Rica. But the price that producers received was subject to variations in supply and demand and the market experienced several ups and downs during the 1900s, with significant lows occurring during the depression, World War II, and in the 1960s. After the demise of the International Coffee Agreement in 1989, the already fickle market became even more volatile, thereby engendering social instability, economic insecurity, and cultural breakdown in many Costa Rican communities devoted to coffee cultivation.

Coffee farmers have employed various strategies to cope with the unstable market. In the mid-1900s, coffee farmers began to form cooperatives to promote their welfare. Their efforts were supported by public policy that gave incentives to individuals seeking to form cooperatives. The coffee cooperatives that are the cases for this study were part of the coffee cooperative explosion of the late 1950s and 1960s. By the 1980s, some early-moving coffee cooperatives in Costa Rica were also seeking certification from fair trade in order to earn a guaranteed floor price; in the early 2000s, the coffee cooperatives in this study also began to seek fair-trade certification.

To contextualize coffee cooperatives in Coto Brus, the county where my case study cooperatives are located, it is important to understand the role of coffee in Costa Rican history as well as the historical development of cooperatives there. This chapter discusses the proliferation of coffee cultivation in Costa Rica, the rise and the spread of cooperatives after the 1940s, and the literature about cooperatives inserted in the market via fair-trade channels. The end of the chapter more specifically contextualizes the cases of Cooprouno (C1) and Cooprodos (C2), the two cooperatives that are the cases for this study.

Coffee in Costa Rica

Prior to independence from Spain, Costa Rica was one of its poorest colonies. A report from the governor of Costa Rica in 1719 noted that it was the most wretched colony in all of America, and he claimed to be the most indigent of all colonial governors (Jones, 1935). Indeed, Costa Rica had no precious metals to exploit, so it was considered to be a backwoods colony and settled mainly by a few subsistence farmers in the Valle Central (the plateau in the center of the country that is comprised today of the San Jose metropolitan area). Because labor was so scarce once the indigenous population had largely been displaced or exterminated, everyone had to work in the fields to farm basic staples.

Coffee was credited as the engine lifting Costa Rica from subsistence farming to farming for exportation from the 19th century to the late 20th century (Mitchell & Pentzer, 2008). The crop was introduced to Costa Rica in 1830 after independence had come to the region, and by

1840 it had become a huge export product (Sick, 2008b). In fact, in the 1800s, it was practically Costa Rica's only export (Biesanz, Biesanz, & Biesanz, 1999) only later to be joined by bananas. Noted Seligson (1980), Costa Rica traded its independence from Spain for dependence on the global coffee market. In the early 1900s, President Cleto González Víquez would later be quoted as saying that the fate of Costa Rica was determined by the markets in London, and that reliance on a single crop would be disastrous in the long term for the country's economy. His statement was perhaps overreaching at the national level, but at the local level a monocrop-reliant economy has proven disastrous in the 21st century for some counties, such as Coto Brus.

In the 1800s, however, coffee offered a viable path towards economic growth for the small country. Coffee was a crop well suited to the small-scale, family-run farms that had arisen in response to three colonial conditions: a small indigenous population that could not be readily exploited, the absence of natural resources to be extracted, and an abundance of land (Sick, 2008b). The beverage had been fashionable since the 1700s in Europe, and Costa Rica earned a reputation for producing high-quality Arabica beans to satisfy the European consumers (Sick, 2008b). The state attempted to increase the quantity of crop available for export by offering free land to anyone who would promise to plant coffee (Castro, 2004). Thus, the production of coffee was warmly embraced by families and by the state alike. By 1890, coffee constituted 90% of Costa Rica's exports (Luetchford, 2008a).

In addition to constituting a large percentage of exports, coffee also made exporters very rich throughout the 1800s. Small-scale farmers would be responsible for harvesting and transporting the coffee to the port. For these tasks, coffee farmers would earn about 2 to 4.5 pesos per quintal (1 quintal = 100 lbs or 46 kg), of which half was profit (Seligson, 1980). Exporters would then earn 3 pesos per quintal for their entrepreneurial prowess (Seligson, 1980). And, finally, importers would earn about 12 pesos per quintal (Seligson, 1980). In this system, domestic elites and foreign importers made the most money from the coffee business (Seligson, 1980).

Land was very plentiful in Costa Rica until the 1940s. The government would give land to anyone who promised to cultivate it. Farming families, thus, could move outside of the Valle Central to cultivate their land, which kept labor scarce and wages high (Sick, 2008b). As a result, large landholders were motivated to give away some of their land in the Valle Central to keep laborers nearby (Sick, 2008b). Prior to mechanization, coffee farmers, small-scale and large-scale alike, would process coffee by having oxen trample on it. With the advent of coffee-processing machines, small-scale farmers lost their ability to freely explore new frontiers (although land remained plentiful). Rather, farmers had to turn in their coffee to one of the coffee-processing plants, or *beneficios*, which produced higher-quality coffee than ox-trampled coffee (Sick, 2008b). Needless to say, *beneficios* required a good deal of startup capital and were often owned by coffee elites. There was often only one *beneficio* per region, which meant that *beneficios* enjoyed a monopsony on the local market (Sick, 2008b).

The importance of the *beneficios* extended beyond merely buying small-scale farmers' coffee. They also offered credit to farmers. After planting seedlings, coffee requires 3 to 4 years to begin to yield berries. Coffee farming also demands inputs at times when farmers have no income. Thus, *beneficios* became an important source of credit for farmers (Sick, 2008b). Prior

to World War II, the *beneficios* would borrow from the markets in London, and then distribute credit to the small-scale farmers (Sick, 2008b). In essence, the *beneficios* served as rural banks (Seligson, 1980). *Beneficios* (owned by elites), thus, served two roles: they had cornered the local market to buy small-scale farmers' coffee, and they offered credit. In this position, they were able to bilk small-scale farmers.

As roads and modes of transportation improved, the number of *beneficios* declined. In 1887, there were 256 *beneficios* that would exercise market control over a local market (Seligson, 1980). By 1940, there were 221 (Seligson, 1980), and coffee cultivation covered more of the Costa Rican landscape than in 1887. Because of improved roads, *beneficios* could locate *recibidores*, or receiving stations, in local communities, which increased the area they could cover. As a result, some large-scale farmers' *beneficios* were also closed, and they joined the small-scale farmers in complaining about the unfair practices of exporters and elite *beneficios*.

In response to small-scale and large-scale farmers' concerns about the portion of money they were receiving from exporters as well as their position vis-à-vis the *beneficios*, in 1933 the state formed the Instituto de Defenso del Café, the predecessor of the Instituto del Café de Costa Rica (ICAFE) that oversaw, and continues to oversee, nearly every aspect of the coffee industry and ensures quality control (Sick, 2008b). The creation of ICAFE was intended to mediate the relationship between growers and processors to curb exploitative processes (Mitchell & Pentzer, 2008). It also set the maximum price that *beneficios* could retain as export earnings at 12% (Seligson, 1980). And ICAFE also demanded that the *beneficios* provide credits on favorable terms to producers (Edelman, 1999). These reforms helped coffee farmers to retain a greater percentage of the export earnings, which increased to 75% (Sick, 2008b). The creation of the institute was an important one, yet coffee farmers said that it was not good enough and that they continued to be bilked, which was a motivation to create cooperatives, as discussed in the next section.

The state continued to intervene in the coffee industry as a mediator, especially when ICAFE's responsibilities were institutionalized and expanded in the late 1940s when Jose Figueres Ferrer, the head of the temporarily ruling junta in the aftermath of the country's civil war, deepened the role of the government in social welfare provision. ICAFE played, and continues to play, a role in credit provision, taxation, and payouts to producers. After the nationalization of the banking system, the chief source for credit provision was no longer the London markets but rather the national bank. Credit continued to be provided largely by *beneficios*, but ICAFE mandated that they could only charge 1% more in interests than what they had to pay (de Graaff, 1986). ICAFE also created an auction of non-exportable coffee for domestic consumption (Sick, 2008b). In the 1950s, the government also added two ad valorem taxes, one paid by producers and the other paid by exporters (de Graaff, 1986). These taxes were intended to develop rural infrastructure. In 1961, law 2762 institutionalized many of the functions and goals of ICAFE including the process by which farmers are paid for their crop independent of to whom they sell. They receive one payment in March depending on the quantity of coffee already sold and another in October after ICAFE has determined the final price that producer should receive (by deducting the ad valorem taxes).

ICAFE also promoted activities to promote productivity in the coffee sector. In the 1950s, government officials were concerned with productivity, and they offered loans to farmers with more than 2 manzanas (i.e., 3.5 acres) for the purpose of replanting coffee bushes, but 75% of growers had less than the required amount of land (Mitchell & Pentzer, 2008). It also piloted other productivity projects in the 1950s and the 1960s focusing on the Valle Central (Oficina del Café, 1965). Structural adjustment in the 1980s affected public spending in all sectors of agriculture by reducing both available credit and technical assistance (Luetchford, 2008a). Although the coffee sector was not hit as hard as the sector for grains, coffee farmers did experience an increase in debts. National banks were told to lend only on the basis of profitability and not according to any social development criteria (Edelman, 1999). Subsequently, productivity-promoting initiatives have decreased with notable exceptions in 1992 when the Calderon administration gave subsidies to all growers (Biesanz, Biesanz, & Biesanz, 1999), and 2012 when the Chinchilla administration used emergency funds to provide inputs for coffee farmers in Coto Brus.

ICAFE largely focused on mediating among various interests within its borders. But, the Costa Rican government has also been concerned with promoting its interests in the global coffee market. In 1962, the government assumed an active role in negotiating the International Coffee Agreement (ICA), an accord signed by the member countries of the International Coffee Organization (ICO) (Sick, 2008b). The agreement allotted each nation a quota of coffee for export. If more coffee than the quota permitted was produced, states could deal with the surplus by destroying the crop, by exporting the crop to non-ICO nations, or by purchasing the crop (a de facto subsidy). From 1962 to 1989, the agreement succeeded in stabilizing and raising the price of coffee. However, the era of the ICA should not be romanticized. Though it was largely successful, there were political squabbles regarding quota allotment. Costa Rica, for example, complained that its allotment was too low, and it circumvented the perceived slight by selling 40% of its coffee to non-ICO-member countries (Dicum & Luttinger, 1999). In spite of its shortcomings, the ICA provided a consistent living wage for coffee farmers. Its demise issued a severe blow to those who had come to depend on the stability it engendered.

In 1989, the agreement came to an end. It has been suggested that the demise is attributable to the end of the Cold War, which de-prioritized the stability of Latin American economies on the U.S. foreign policy agenda (Reichman, 2008). Upon its demise, the price of coffee plummeted by 19%, only to spike again a few years later when a frost in Brazil lowered the supply available for export, thereby increasing the worldwide price momentarily (Sick, 1997). Farmers responded to the temporary price hike by planting more coffee, especially in countries like Vietnam where coffee had previously been only a marginal export. Though coffee from Vietnam is of the *robusta* type, a type that is inferior to the *Arabica* bean produced in Costa Rica, technological innovations had enabled roasters to upgrade the *robusta* bean, passing it off as the *Arabica* bean to consumers' palates (Eakin, Tucker, & Castellanos, 2006). The supply of coffee, thus, skyrocketed when the new plants bore fruit, and in 2001 the price plummeted again to \$0.60/lb, reaching a 100-year low when adjusted for inflation (Sick, 2008b).

ICAFE has increasingly been at a loss to promote Costa Rican coffee farmers' interests in the international market. The price of coffee on the conventional market in recent years has also been greatly impacted by the dominance of five transnational companies that controlled 69% of

the market in 1998 (Bacon, 2008). These companies have increasingly vertically and horizontally integrated, thereby depressing the price of coffee that producers earn on the conventional market (Petchers & Harris, 2008). The end result is that, at the present time, Costa Rican coffee farmers only pocket about 8% of the final sale value of their coffee (Mitchell & Pentzer, 2008).

In sum, coffee was the motor for development in the 1800s and for much of the 1900s. During this time period, the coffee sector was dominated by a few coffee elites who controlled processing and exporting. Nevertheless, the coffee industry in Costa Rica was distinct from other countries in Central America in the sense that most small-scale farmers worked their own land rather than on the estates of the elites. In the mid-1900s, as part of a wave of broader social reforms, the government took a role in mediating among the various sectors of the coffee industry by institutionalizing policies regarding credit provision, taxation, and payment to small-scale farmers as monitored by ICAFE. ICAFE also offered technical assistance to augment the productivity of coffee farmers. Nevertheless, the potential of ICAFE to support coffee farmers was bounded both by structural adjustment programs as well as by the global coffee market, in which small-scale Costa Rican farmers are at a great disadvantage vis-à-vis transnational companies.

In response to both the volatile price of coffee in the past three decades as well as the investment of foreign capital into enterprise zones (such as the Intel plant in the Valle Central), the relative importance of coffee in the Costa Rican economy has precipitously declined. In 1986, coffee accounted for 35% of export earnings, and in 1995 its share of export earnings had decreased to 16% (Biesanz, Biesanz, & Biesanz, 1999). The decline is perhaps attributable both to the growth of other exports (agricultural and non-agricultural) as well as to the declining price of coffee. Nevertheless, coffee continues to be important to a certain segment of the population, the rural population that cannot diversify its production due to remoteness from non-farm employment opportunities as well as due to an inability to pay for the startup costs associated with other ventures. Coto Brus is one such area. In Coto Brus, coffee continues to be the *sine qua non* of the local economy. Although coffee has faded in its importance to the economy, its role in shaping cultural scripts as well as national institutions is undeniable. Coffee's most enduring legacy is perhaps the role it played in spurring on the spread of cooperatives in the country and the creation of state agencies to coordinate and promote the cooperative sector, discussed next.

The Rise and Spread of Cooperatives in Costa Rica

The rise and the spread of cooperatives was part of the Costa Rican government's broader approach to social welfare that began in the 1940s. The ideas of the Rochdale Pioneers drifted across the Atlantic in the late 1800s and early 1900s. It was not until the mid-1900s, however, that Costa Rican scholars began to write about cooperative principles. In the 1930s and 1940s, Rodrigo Facio, an esteemed economist who worked with the Center for the Study of National Problems (a center that informed the social reforms of 1948), suggested that cooperatives might be a way to promote small-scale coffee farmers' interests in addition to the coffee reforms being carried out by ICAFE. Facio argued that cooperatives could help small-scale farmers capture a greater percentage of the export value of their crop (Sick, 2008b). The principles that informed Facio's thinking were those of the Rochdale pioneers; cooperatives, it was thought, could bring

together economic, social, and human capital, thereby pooling risks and resources for the rural poor and improving social welfare outcomes for all (Vasquez-Leon, 2010).

Around the time that Facio was writing, two interrelated activities were happening that would have an impact on the cooperative movement in Costa Rica, one in practice and one in policy. The first coffee cooperative, Coopevictoria, was formed in Grecia (a small town in the Valle Central) in 1943 (Sick, 2008b). The state had confiscated a sugar and coffee processing plant in Grecia that had been owned by Germans. The small- and medium-scale farmers, thus, were left without a *beneficio* (as noted above, with improvement in transportation, the *beneficios* of many medium- and large-scale farmers had been closed leaving only the *beneficios* of the elite minority). The state, thus, gave the farmers the processing plant.

The big question is why the elite coffee families allowed the small- and medium-scale farmers to take over this processing plant. Sick (2008b) provides a cogent explanation that frames the role of cooperatives in the broader political economic system in Costa Rica. The move to allow the coffee farmers to take over the processing plant was palatable in comparison to a broader program of land reform and redistribution; taking over the processing plant was a more conservative step than collectivizing land ownership. There was growing social unrest among rural producers, and ultimately cooperative processing offered a lesser threat to elite interests than cooperative land ownership. In sum, the formation of Coopevictoria did not seriously challenge capitalist and elite interests; it was merely a small offering to placate small farmers. The theme of cooperativism as a form of merely softening the rough edges of capitalism is one prevalent in Costa Rica's cooperative history and reflects the broader tensions in the cooperative literature about whether they correct for capitalist market failures or whether they are a step towards socialism, and whether they are state-driven or grassroots-driven. In Costa Rica, cooperatives have helped small-scale farmers correct for market failures.

In terms of policy, the government began to pass legislation about cooperatives as part of its approach to social welfare. In 1940, Calderon Guardia came to presidential power. He was a doctor by training and a member of the so-called enlightened elite. He came to power with the backing of the elite coffee families, yet he alienated them by planting the seeds of Costa Rica's social welfare policies. Calderon Guardia had been moved by Catholic social thought, particularly the *Rerum Novarum* and the *Quadregismo Anno* (Rankin, 2012) and created an alliance with a bishop in Costa Rica to implement reforms that promoted the Catholic conception of social justice.

President Calderon began to pass progressive legislation that reflected his commitment to Catholic social thought which carved out a niche for cooperatives. In 1941, he laid the groundwork for the national healthcare system and provided social security benefits to urban workers with monthly incomes less than 300 colones (Edelman, 1999). In 1943, he promoted labor reform by passing formal legislation that provided retirement and disability pensions, subsidized housing, a minimum wage, and the right to strike (Edelman, 1999). These reforms became known as the Social Guarantees. The Social Guarantees also created a clause that promoted the formation of cooperatives. In practice and policy, thus, the seeds of the cooperative movement were being cast, not as a grassroots movement but rather as a form of state intervention to quell rural unrest.

Calderon was in alliance with the Catholic bishop to pass his reforms, but he had to look for new bedfellows to successfully pass them, and many of these new allies had interests that were at odds with the interests of his elite base. Thus, he also forged a tenuous alliance with the Communist party in Costa Rica. The Communist party was the same party, which, ironically, he had beaten in order to be elected, and the alliance further alienated the elites who he was supposed to be representing. Nevertheless, Calderon represented the face of the elite to many, particularly the growing middle class which had a Social Democrat political leaning.

Calderon could not serve two sequential terms, but he was able to run for office again in 1948. In 1944, President Teodoro Picado, a successor to the elite-Communist-Catholic alliance, continued to barely hold the alliance together. By the time the elections rolled around in 1948, the outcome was anything but certain. The results of voting were very close to call, but most reports indicate that Otilio Ulate, the opposing candidate representing extant Social Democrat interests, won (Rankin, 2012). A Calderon-leaning legislature, however, disagreed, and overturned the election results to name Calderon as president once again. Jose Figueres, a young rebel who had previously been expelled to Mexico for speaking against the Calderon administration, called foul play and led an army from his farm in southern Costa Rica to wage war with the still-in-power Picado government. In less than a month, with about 2,000 lives lost (many of them civilians), Figueres began to run the government as part of a temporary council (Rankin, 2012).

During Figueres's 16 months as director of the temporary council, he deepened and expanded the seeds of social reform planted by Calderon and created an interventionist role for the state in economic and social issues (Edelman, 1999). Figueres abolished the military, extended voting rights, and institutionalized the Social Guarantees (Rankin, 2012). He also nationalized the banking system, as discussed in the previous section. At the end of 16 months, as promised, he turned over power to Ulate.

During Ulate's term, Figueres was busy cobbling together the constituents that would form the Partido Liberación Nacional (PLN), a center-left party that represented some social democrat ideals. The group of people who formed this party would become known as the 40s generation, which is credited for implementing many of Costa Rica's social democratic policies. These policies, much like Calderon's policies, emanated from Christian social thought, and they supported the middle class, at times, by providing jobs in government bureaucracies formed by their policies (Seligson, 1980). Figueres would later run for office representing the PLN and serve as president for the first time in 1953 and then for 2 subsequent terms. He continued to implement social reforms, such as housing and urban development policies. During his terms, he also institutionalized the role of the state in intervening in economic policies via promoting import substitution industrialization and offering subsidies to producers (Rankin, 2012). He created enabling legislation to enact laws passed by the Calderon administration in the cooperative sector (Edelman, 1999). He provided tax advantages to cooperatives in the areas of agriculture, savings and credit, consumption, and transportation (Edelman, 1999).

The 1950s and the 1960s witnessed a flurry of (at times, ill-conceived) cooperative formation. Both national and international programs *prima facie* attempted to engender an

environment conducive to cooperative development. In 1953, Figueres created a department for credit provision to cooperatives within the national bank (although this department was accused of encouraging small-scale farmers to take over near-failing private businesses, and thus the newly formed cooperatives would be laden with debts, see Seligson, 1980). It was noted that the cooperatives seemed to have a high rate of failure due to the bank encouraging cooperative formation without surveying the probability that the cooperative could survive (Vargas as cited in Biesanz, Biesanz, & Biesanz, 1999). Cooperative managers were not trained to run enterprises successfully, so the cooperatives also suffered from a dearth of human capital (Sick, 2008b).

Initiatives from abroad, particularly President John F. Kennedy's Alliance for Progress, also had an interest in seeing cooperatives flourish as part of their tactic to keep Communism at arm's length. The Alliance's planners believed that land reform could disperse tension in the region (Sick, 2008b). The goals of the Alliance for Progress came out of the Punta del Este conference, during which cooperatives were articulated as a means of promoting democracy and solving the problems of the rural poor (Masis, 1989). In 1961 after the conference, Costa Rica passed an agrarian reform law aimed to promote the development of small- and medium-scale farms as well as to promote cooperative development (Seligson, 1980). The cooperatives promoted by the Alliance for Progress through this law reflected Rochdale principles without attention to how these principles might need to be adjusted to the local context (Weller, 1987). The law was executed by the Instituto de Tierras y Colonización (ITCO). Land reform and cooperative promotion by the Alliance for Progress had less to do with power restructuring and more to do with diffusing rural unrest (Weller, 1987). Unlike subsequent monies from USAID in the 1980s, the Alliance for Progress permitted Costa Rica to continue with its policy of import substitution industrialization (Rankin, 2012). Indeed, subsequent monies funneled by USAID during the 1980s intended in part to bail out Costa Rica from its debt and in part to ward off Sandinista influences from Nicaragua, were targeted to promote a positive balance of payments rather than to development assistance (Barry, 1989). In contrast, Alliance for Progress funds were directed towards alleviating poverty (even though they stopped short of mitigating inequality).

Although scholars such as Weller (1987) highlight the role of external agencies in fomenting cooperative formation, internal political pressures, specifically those from the PLN, also encouraged cooperative development (perhaps indirectly influenced by external agencies, such as the ILO and ICA). From 1962 to 1966, President Orlich of the PLN party encouraged the formation of coffee cooperatives in an effort to continue to challenge the stronghold of *beneficios* owned by elites (González-Vega & Céspedes, 1993). In 1962, he created the Federación de Cooperativas de Caficultores (FEDECOOP), a federation of coffee cooperatives that had the clout to directly enter coffee marketing (Sick, 2008b). FEDECOOP has helped small-scale producers associated with cooperatives earn more by providing technical assistance, providing credit, buying inputs in bulk which are then resold to producers, and establishing a factory that packs coffee so as to be ready for export (Sick, 2008b).

President Orlich also set in motion the seeds of Law 4179, a law that offered privileges to cooperatives. Under the law, cooperatives received a 10-year exemption from import taxes on tools, machinery, and various inputs (Sick, 2008b). The law also provided other advantages, such as priority in government contracting and priority in transportation of goods. Sick (2008b) notes

that the advantages so enabled cooperatives to install modernized machinery that some private businesses sold their processing plants to cooperatives and then attempted to control the cooperative from within. This law also prescribed organizational structure and norms for cooperatives, which will be addressed in the discussion of Cooprouno and Cooprodos.

Five years later, during Figueres's last term in office, the government created a public yet autonomous institution to oversee the cooperative sector, the Instituto Nacional de Fomento Cooperativo (INFOCOOP). INFOCOOP has the right to audit cooperatives to ensure they are complying with Law 4179, yet it also has the ability to award credit to cooperatives. INFOCOOP gets its funding from both the national bank and from so-called sin taxes on cigarettes and soft drinks. INFOCOOP, closely wed to the PLN, is an agency that largely reflects middle-class interests; it has not lobbied for land redistribution or cooperatives that challenge political power structures (Weller, 1987). Within the cooperative sector, there were wealthy cooperatives and poor cooperatives, and INFOCOOP has done little to equalize wealth (Masís, 1989). At the same time INFOCOOP was formed, a sister organization Consejo Nacional de Cooperativas (CONACOO) was formed, which represents the political interests of all cooperatives and to which all cooperatives in Costa Rica must join and pay dues.

By the time Figueres left office for the last time in the mid-1970s, nearly one third of coffee producers belonged to an agricultural cooperative, with the coffee cooperatives spearheading the agricultural cooperative impetus (Edelman, 1999). The state funneled money to increase coffee productivity through both coffee and cooperative research extension channels, which led Costa Rica to have the highest per hectare yields in the world (Edelman, 1999). In the 1970s there were as many as 35 coffee cooperatives, but the numbers subsequently dwindled, falling to about 25 today (Luetchford, 2008a). Nevertheless, coffee cooperatives continue to be an important part of coffee sector, processing about 40% of coffee (Luetchford, 2008a).

Under the guidance of Figueres, the PLN, international and US influences, the cooperative sector, especially the coffee cooperative sector, encouraged cooperative expansion. Indeed, the PLN has become synonymous with the cooperative movement. The type of cooperatives that the PLN pushed for was not revolutionary but rather reformist, reflected its concern to promote the interests of the middle class, and resonated with both liberal and Catholic ideals that individuals should come together voluntarily to cooperate for the common good (Luetchford, 2008a). Cooperatives were seen as a middle road, or a third way, between capitalism and communism (Mitchell & Pentzer, 2008). According to Weller (1987), cooperatives, or at least those encouraged by the PLN, were not meant to be socialist or rigidly efficient capitalist enterprises. Rather, they were created much in the spirit of Rochdale to fill necessities and to serve people rather than to collectivize or to earn profit. Costa Rican cooperatives, again according to Weller as well as Mayorga (1987), primarily serve the middle-income class rather than the low-income class. They claim that often members of the middle class are elected to the administrative council and appointed as managers. These middle-class leaders make decisions that elevate the interests of the larger landholders over the interests of the smaller landholders. Moreover, cooperatives, according to these authors, offer steady employment in their offices to members of the middle class rather than to the most vulnerable members of the community. Finally, both claim that cooperatives do little to promote the rights

of landless laborers. Both authors critique cooperatives for having implemented Rochdale principles without attention to unique Costa Rican characteristics.

The golden era of coffee cooperatives in the 1960s has long ago past. Coffee is no longer a key export nor do coffee cooperatives dominate the cooperative sector. Nevertheless, the cooperative sector in Costa Rica is thriving. Approximately 37% of the economically active population is a member of a cooperative (INFOCOOP, 2008). A total of 777,713 people are members of cooperatives, and there are a total of 347 cooperatives. Of these people, about 73% are associated with savings and credit cooperatives. The role of coffee cooperatives in the cooperative movement, thus, has been eclipsed. Coffee cooperatives have struggled to stay in existence due to several reasons, such as the volatile price mentioned in the first section, the cut to public spending in the wake of structural adjustment programs (SAPs) as discussed in the second section, and also the fact that many farmers have decided quite simply not to cultivate coffee anymore and instead have searched for alternative farm and non-farm employment. Coffee cooperatives have had to search for alternative linkages to maintain viability, namely the fair-trade market. The two cases in this study, Cooprouno and Cooprodos are attached to the fair-trade market. Thus, a brief discussion of fair trade follows.

Fair-Trade Coffee Cooperatives

Much of the literature about coffee cooperatives today, not just in Costa Rica but in other parts of Latin America as well as Africa, discusses a particular type of coffee cooperative: those that are certified as participating in fair-trade marketing channels. Fair trade and other alternative trading arrangements, such as Starbucks's C.A.F.E. practices, aim to draw consumers and producers together by eliminating intermediaries. In so doing, it is claimed that producers capture more money that would have been absorbed by exporters, importers, etc. Fair trade also promises to pay farmers a minimum price for their crops irrespective of market whims. Moreover, fair trade also offers long-term contracts to producers, which augments their ability to manage risk, and it also offers a social premium to producers which is to be earmarked for community development projects.

After the flurry of literature about the inability of cooperatives in the Global South to deliver in practice what they had promised in theory in the 1970s, the next substantive wave of literature about coffee cooperatives surfaced in the 2000s about those that had been certified by fair trade. Several coffee cooperatives in Costa Rica and those specifically associated with this study are fair-trade certified. Coffee cooperatives in Costa Rica were not early movers in fair trade, in part because they received support from both ICAFE and INFOCOOP unlike other countries where the state has not historically supported small-scale farmers' organization into cooperatives. ICAFE, however, has been an increasingly powerless force in shaping coffee prices since the demise of the International Coffee Agreement as decisions are made less by compromise among states and more by the small handful of transnational companies that dominate the coffee industry. Moreover, INFOCOOP and other state agencies have seen their budgets reduced in the wake of SAPs. The first coffee cooperative in Costa Rica became fair-trade certified in the 1980s, but the movement did not take off until the late 1990s and early 2000s.

The early literature about fair trade suggested that it offers a complementary and/or supplementary role to the state in providing for the social welfare. For producers, fair trade has raised household income and decreased financial volatility (Kohler, 2006; Macdonald, 2007; Murray, Reynolds, & Taylor, 2006; Taylor, 2002; LeMare, 2008; Bacon, 2005; Utting-Chamorro, 2005; Nicholls & Opal, 2005). For cooperatives, fair trade has strengthened organizational capacities, increased their legitimacy to members, and thickened social capital (Taylor, 2002; Macdonald, 2007; Ruben, Fort, & Zuniga-Arias, 2009; Simpson & Rapone, 2000; Taylor, Murray, & Reynolds, 2005; Utting-Chamorro, 2005; Jaffee, 2007). For communities, fair trade has funded numerous projects, ranging the gamut from transportation (Taylor, 2002; Simpson & Rapone, 2000), to environmental improvements (Taylor, 2002; Utting-Chamorro, 2005; Nicholls & Opal, 2005; Ronchi, 2002), to education and training (Taylor, 2002; Simpson & Rapone, 2000; Smith, 2009; Utting-Chamorro, 2005; Ronchi, 2002). Fair trade, thus, seems to have benefitted participating communities in the Global South.

In spite of the highly laudatory literature, there is an emerging body of literature that subjects aggregate data and preliminary claims to critique. Case studies have suggested that fair-trade practices do not reflect fair-trade discourses. Studies that focus on community dynamics have suggested that, in practice, fair trade can exacerbate inequality rather than raise the social welfare of all (Arce, 2009; Lyon, 2008; Bacon, 2010a; Luetchford 2008b). Lyon and Bacon, for example, focus on fair trade's mere lip service to gender equity, whereas Luetchford argues that fair-trade practices give short shrift to landless laborers and class distinctions among peasants. Other studies that focus on cooperatives' links to global markets have suggested that fair-trade coffee supply is much greater than fair-trade coffee demand (Jaffee, 2007; Goodman, 2008). Coffee cooperatives, thus, expend the effort and the resources to obtain certification, yet they cannot sell all of their inventory to the fair-trade market and must sell some of it to the conventional market where they are not guaranteed either the floor price or the social premium.

Research about fair trade in Costa Rica reflects both positive and mixed results. Wollni (2007) and Luetchford (2008a) both suggested that fair trade in Costa Rica has helped producers earn higher, steadier prices for their crop on the fair-trade market than on the conventional market. Ronchi (2002) noted that fair-trade coffee cooperatives in Costa Rica had used the social premium to fund several community projects, specifically in the areas of education and environmental conservation. Evaluations of fair trade in Costa Rica like evaluations in other areas also suggest that fair trade has cons as well as pros. Ruben (2008) found that fair-trade coffee producers actually make less than conventional producers because there were significant indirect effects, such as extra hired workers to account for the labor-intensive practices that fair trade requires. Sick (2008a) spoke positively of fair trade, but noted that the market is not large enough to absorb all the coffee that fair-trade coffee cooperatives produce. The studies carried out in Costa Rica on fair trade coffee, thus, reflect the broader literature about fair trade throughout Latin America and Africa and offers tentatively positive evidence regarding its effectiveness.

In spite of the tentative positive evidence for fair trade as a development initiative, both the broad literature and the literature specific to Costa Rica indicate that fair trade could be modified to better promote the interests of small-scale farmers. The tensions regarding how fair trade should be amended reflect the tensions about the cooperative movement's aims discussed

in the preceding chapter that outlined the historical trajectory of the cooperative movement. First and foremost, the gap between fair-trade practice and fair-trade theory reflect the disagreement among fair-trade proponents about whether fair trade strives to be revolutionary or reformist. The focus on certification suggests that fair trade strives to be more mainstream, or reformist, than revolutionary. The emphasis on certification also suggests that fair trade has increasingly become a top-down movement rather than a bottom-up social movement. Moreover, rather than reconfigure the market, fair trade aims to carve out a niche protective of small-scale farmers. The tensions in fair trade, thus, reflect the broader tensions in the cooperative literature. Having discussed the historical role of coffee in Costa Rica, the development of cooperatives led by public policy support, and the special characteristics of fair-trade coffee cooperatives, this chapter now turns directly to discussing two fair-trade coffee cooperatives in Coto Brus, Costa Rica: Cooprouno and Cooprodos.

Fair-Trade Coffee Cooperatives in Coto Brus

There are two coffee cooperatives in the county of Coto Brus: Cooprouno and Cooprodos. Cooprouno and Cooprodos were both founded during the early to mid 1960s in the midst of the explosion of cooperatives driven particularly by the boom of coffee cooperatives. Community folklore suggests that these cooperatives emerged as spontaneous social movements. The preceding discussion, however, suggests that the state probably played a large role in helping to initiate and to finance the cooperatives. Both are fair-trade certified, although neither sells more than half of its crop to fair trade.

Cooprouno

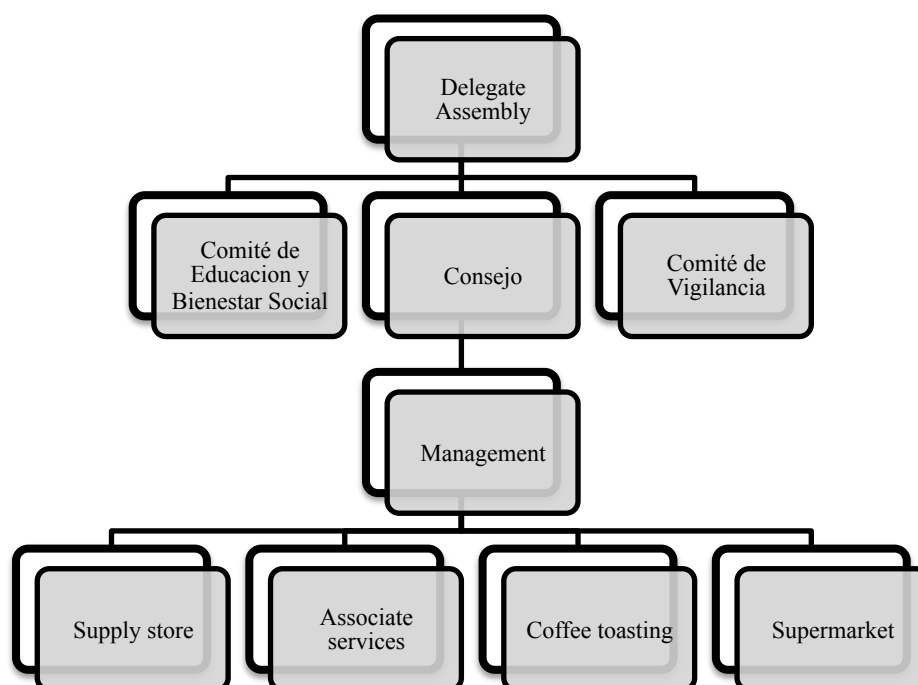
Cooprouno (C1) was founded in 1965 by a group of 22 Italian who had settled in Villa Uno as part of a colonization project and 28 Costa Ricans. It was founded because small-scale farmers had grown tired of the exploitation of businesses from San José which often failed to arrive to collect coffee and/or failed to pay as promised. The cooperative got off the ground by the initial members pledging a percentage of the startup capital for purchasing the physical plant and processing equipment as well as seeking 1,250,000 colones in financial assistance from the national bank.⁴

The cooperative grew, reaching its maximum membership in the 1980s when it had the capacity to process as much as 100,000 fanegas of coffee (1.5 quintales, a measure of weight, is equivalent to about 69 fanegas, a measure of volume) turned in by nearly 3,000 associates. In 1983 to accommodate the burgeoning membership, it also created a delegate system, which is permitted according to law 4179. In the delegate system, 1 delegate represented 10 associates from each community. The Comité de Educación y Bienestar Social, one of the administrative organs described below, is in charge of these community meetings where delegates are elected. Delegates are elected for a period of 2 years. Electing people by the delegate system created a group that easily can be accommodated in the Casa de Cultura in Villa Uno in March.

⁴ At the time, 6.625 colones were equivalent to 1 dollar, so the cooperative received \$188,679.20 in 1964 dollars, which would be about \$1.5 million in 2013 dollars.

Each year, the assembly of delegates is in charge of electing people to the Consejo and the Comité de Educación and the Comité de Vigilancia. Elections are structured such that there is never a complete turnover of cooperative administrative organ members; in one year, half the positions are up for election, and, the next year, the other half are up for election. The Consejo consists of 9 members, including a president, a vicepresident, and a secretary. There are also 2 alternates. The Comité de Educación and the Comité de Vigilancia each consist of three people. Within each of these committees, two assume the positions of president and secretary. Consejo and committee members are elected to a term of 2 years. In the delegate assembly, delegates are elected to specific committees. First delegates are elected to the Consejo, then the Comité de Vigilancia, and then the Comité de Educación y Bienestar Social. Committee members tend to be delegates; non-delegates who want to be elected need to ask to attend the delegate assembly. Administrative committee members receive no salary, but they do receive a per diem to help offset travel costs and the implicit cost of time. Please see below for an organizational diagram of C1.

Figure 3.1: Diagram of C1 Organizational Structure



Source: Diagram by civil servant June 17, 2011 adjusted by participant-observation

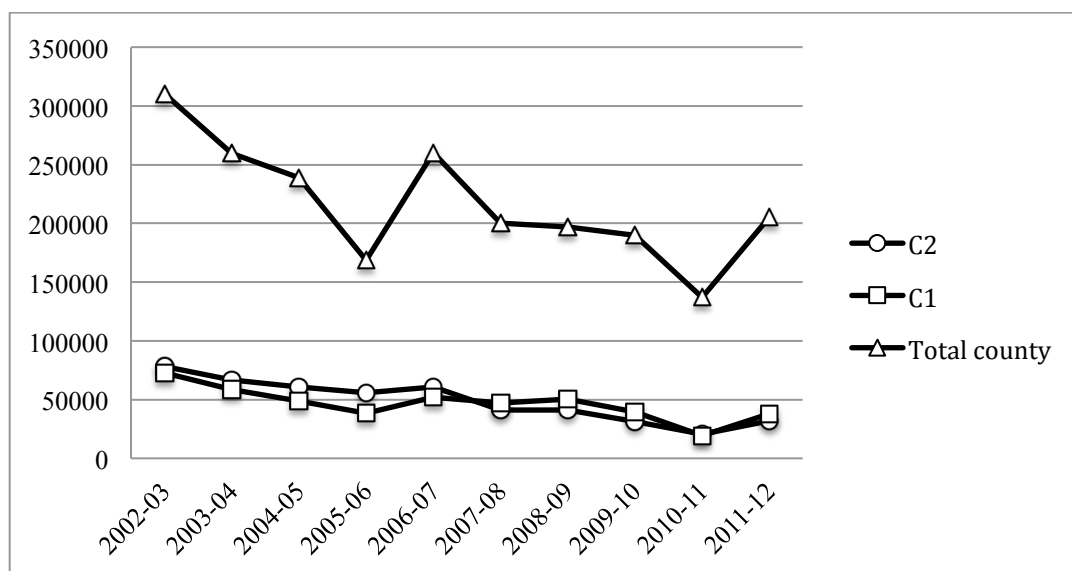
The role of the management is to implement whatever the Consejo decides. The management also supervises the branch stores of the cooperative, including the supply store, the coffee toasting business, the supermarket, and activities directly related to serving coffee farmers (e.g., credits, coffee collection, preparing beans for exportation). The supply store and associate services were present from the founding of the cooperative. The coffee toasting branch that produces C1's own brand of coffee and the supermarket were formed in the late 1990s and the mid 2000s, respectively. The coffee brand was formed when cooperative management realized that most of the associates did not know what a high-quality cup of coffee tastes like because

most good coffee is exported leaving behind low-quality coffee for domestic consumption. The goal of this brand is to provide high-quality beans at an affordable price to associates, the community, the region, and the country. The supermarket formed not because there was a need for a grocery store but because all but one of the grocery stores within the C1 zone of influence were owned by the same family, and this chain of grocery stores set prices in a way that was disadvantageous to consumers, according to interviews with cooperative managers, administrators, and community members. C1 opened its own grocery store to break price-setting practices.

Today, C1 claims on its webpage that it has 2,500 associates. However, less than half of these are still harvesting coffee, and of those 1,000 to 1,200 people who are still harvesting coffee and turning in coffee to the cooperative, only half are still active associates (i.e., still turning in coffee to the cooperative as associates). At C1, people can turn in coffee either as associates or as clients. Associates have 4% of their coffee payouts deducted and invested in the social capital of the cooperative. For this deduction, associates are given access to all the services that the cooperatives offers (e.g., discount in the supply store, loans, preference in hiring decisions at branch stores). Clients receive none of these services, but neither is the 4% deducted from their earnings. The percentage of people who turn in coffee as associates vs. clients has been in flux during the past 2 harvests. In 2010-11, 65.2% of coffee farmers turned in coffee as associates (the rest being turned in by clients), and in 2011-12, 40.66% of coffee farmers turned in coffee as associates. 18.8% of active associates are women, and 2.2% are members of indigenous communities. C1 is the only coffee cooperative in the country with indigenous associates, according to officials at INFOCOOP.

The management of C1 claimed that today it is responsible for processing about 40,000 fanegas of coffee, or about 20% of the county's production (which calculations from publicly available ICAFE data confirm, see http://www.icafe.go.cr/sector_cafetalero/comercializacion/ventas_benef_ant.html). C1 became fair-trade certified in 2005, and it sells part of its crop to the fair-trade market. However, the percentage of sales to the fair-trade market has never exceeded 10% of its total sales, and at one point it lapsed in its fair-trade certification. The Consejo and management hope to increase the percentage of coffee that it sells to both fair trade and to Starbucks. The fair-trade premium is used to support the work of the Comité de Educación as well as the work of the agricultural engineer. During the delegate assembly, the Consejo puts forth its plan for using the fair-trade premium and asks for delegates' approval.

Graph 3.1: Coffee Collected over Time (in fanegas)



Sources: ICAFE, C1 annual reports, C2 annual reports

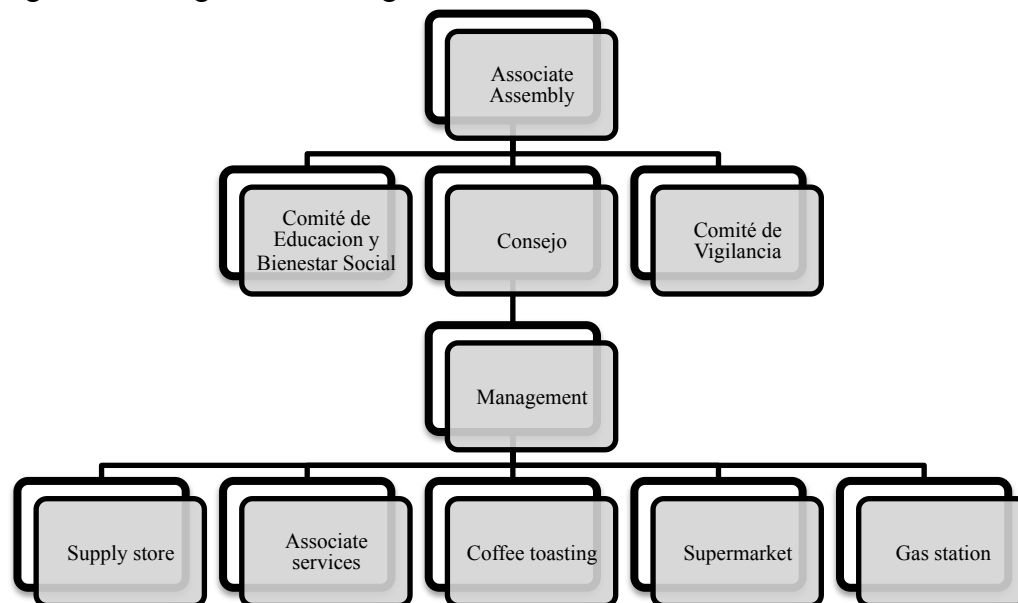
Cooprodos

Cooprodos (C2) was formed a year before Cooprouno in 1964. Like C1, it formed because small-scale farmers in Villa Dos wanted a place where they knew they could sell their coffee and where they would be compensated for it. The farmers of C2, just like the farmers of C1, each enrolled by paying a portion of the social capital, and they also received help from state banks. At the same time that C2 began to collect coffee from farmers, it also opened a supply store. Indeed, a strong motivation for forming the cooperative was to open this store.

In the early 1970s, C2 opened a gas station. According to administrators and to community members, it opened in response to community demand. The closest place to purchase gas at that time was Villa Uno, nearly 10 kilometers away. Fifteen years later (in the late 1970s), the cooperative expanded its operations to include a supermarket. The supermarket was initially located next to the cooperative, and it relocated to the center of Villa Dos in the mid-1980s. The opening of a supermarket was significant to Villa Dos because previously there had only existed *pulperias* (local convenience stores). At the same time as the supermarket was opened, the cooperative also opened the warehouse facility to service the *pulperias*. Today, close to 100% of *pulperias* purchase their inventory at the C2 warehouse facility. Like the gas station, the supermarket and the warehouse facility both opened in response to community demand. In 2012, C2 also opened a hardware store in the center of Villa Dos because management saw an opportunity to reach customers since the supply store is located outside of the center of Villa Dos.

Unlike C1, C2 hosts an annual assembly, which all associates are invited to attend. Community members are also invited to attend, although they cannot vote. The organizational structure of C2 is very similar to that of C1 (since cooperative organizational structure is dictated by law 4179):

Figure 3.2: Diagram of C2 Organizational Structure



Source: Diagram by civil servant June 17, 2011 adjusted by participant-observation

The chief organizational distinctions between C1 and C2 is that for C2, the ultimate governing body is the assembly of all associates (rather than an assembly of delegates). C2 also has a gas station, which was its second branch to open (after the supply store) whereas C1 maintains no gas station.

The process by which associates can become elected to one of the administrative organs is distinct in C2 as compared to C1. Everyone who would like to participate in an administrative committee puts his or her name forth. Associates then vote by secret ballot. The candidates with the highest number of votes earn a place on the Consejo, the candidates with the second highest number of votes earn a place on the Comité de Vigilancia, and the candidates with the third highest number of votes earn a place on the Comité de Educación. Unlike C1, the Consejo of C2 consists of only 7 members and 2 alternates.

When C2 first formed, it only had the capacity to process 5,000 fanegas of coffee. Now it has the capacity to process 80,000 fanegas. Like C1, C2 has about 1,000 active members and an additional 1,500 inactive members according to a former version of its website (which at the time of writing is under construction). According to a PowerPoint presentation prepared by the management for use in the *colegio*, a little less than half of active members produce less than 25 fanegas of coffee (i.e., they are very small-scale farmers). 30% of members are women; 70% are men. There is one indigenous member. Like C1, C2 also accounts for about 20% of the county's coffee production. The cooperative has been fair-trade certified since 2004 and Café Practices certified since 2005 (Starbucks). The cooperative sells about 35% of its coffee to fair trade and 15% to Starbucks. Like C1, it is attempting to increase those percentages. In the assembly of associates, the management puts forth several options for investing the fair-trade premium (i.e., return it to the associates as a bonus, purchase new coffee plants). The assembly of associates has always chosen the premium as a bonus, which is discouraged by fair-trade regulations.

C1 and C2 offer exceptional case studies of cooperatives' potential to engage in community practice. C1 and C2 are not outstanding in the quantity or the quality of coffee they process. They are outstanding in terms of the context in which they are situated, which is devoid of many state services. In the absence of many public goods, cooperatives rose up to become agents of development, although, as discussed above, cooperatives benefit from favorable public policy initiatives. Leveraging support from coffee and cooperative legislation as well as international influences, C1 and C2 originally formed in response to an economic need. Quickly thereafter, though, as engrained in their organizational mission, they also provided social goods. Thus, like other cooperatives in the Global South, they serve both business and development purposes. What was surprising in the research findings is the extent to which they became politically engaged in response to intense community need during the 2000s.

Chapter 4: Methodology

The dissertation research was carried out using a case study approach. A case study approach holistically attempts to understand all the complexity of a single system, i.e., a case. In unpacking the complexity of the single system, the case study attempts to identify the components of each system and their relationships to each other. Case studies are interpretive and seek understanding of the causal linkages among the system components (Walton, 1992). They aim to expose the “causal texture” of quotidian practices (Walton, 1992).

Case studies recognize the intrinsic worth of each system. Nevertheless, implicit (and sometimes explicit) in case studies is the acknowledgement that they are one of several cases belonging to an overarching category. Each case is common in that it is imbued with characteristics by which it can be grouped with others. However, each case is also unique. Case study reports often focus on what makes each system unique by highlighting the unique actors; the activities carried out in the system; the historical background; the physical setting; and the economic, political, and social contexts (Stake, 2005). Instrumental case studies explore a phenomenon, and the phenomenon explored in this project is that of cooperatives as agents of social change by promoting balanced and holistic development. The cases in this study were chosen non-randomly because of the opportunities they posed to maximize learning and to extend theory as well as because of their amenability to intensive study.

This chapter reviews the broad structure by which data were collected and analyzed about these two cases. It reviews the research questions, the design, the site, the sample, and the methods of data collection and data analysis. I also discuss reliability and validity; limitations and considerations; and ethical concerns.

Research Questions

The research examines cooperatives' roles in community projects in a county of southern Costa Rica called Coto Brus. The central questions are the following: Do cooperatives act as agents of community development, and if so, what projects do they support, how do they support them, and why do they choose to support them? Specific questions around these three clusters (i.e., what, how, and why) are listed below:

- What?
 - Do cooperatives facilitate community projects?
 - If so, what kinds of projects do they support?
- How and to what extent?
 - How do cooperatives decide which projects to support?
 - How do cooperatives finance these projects?
 - To what extent do the projects affect the broader community?
- Why?
 - Why do they choose to support community projects?
 - Why do the two cooperatives choose to pursue different projects?

These questions lend themselves to some inferences, as draw from the previously discussed

literature.

This study does not have hypotheses in the formal sense of the word. Rather, it raises a number of questions that lead to theory building. Nevertheless, drawing from the literature, there are a few inferences that can be drawn in response to the questions posed above. The descriptive and normative literature in previous chapters would suggest that fair-trade cooperatives in the Global South would have both business and development aims. Cooperatives in the Global South were introduced by colonial powers and international organizations with the intention of serving the dual purposes of economic and social development for their members. By participating in the fair-trade market, cooperatives are given a social premium to be earmarked for community development projects. Some literature, as discussed previously, suggests that the social premium enables cooperatives to promote community welfare broadly speaking whereas other literature suggests that participation in fair trade can exacerbate inequality within communities. The questions, thus, aim to flesh out these tentative inferences through an instrumental case study approach.

Design

To answer the research questions posed, I used the following sources:

- Published government reports
 - Instituto Nacional de Estadística y Censos de Costa Rica (INEC) data
 - Ministerio de Agricultura y Ganadería (MAG) diagnostic reports
 - A Grupo de Acción Territorial (GAT) diagnostic report
 - A Junta de Desarrollo Regional de la Zona Sur (JUDESUR) diagnostic report
 - Minutes from meetings at the municipality government
- Interviews with key government officials at the following institutions
 - Instituto Nacional de las Mujeres (INAMU)
 - Patronato Nacional de la Infancia (PANI)
 - Area of Health
 - MAG
 - Instituto del Café de Costa Rica (ICAFE)
 - Instituto Mixto de Ayuda Social (IMAS)
 - Instituto Nacional de Fomento Cooperativo (INFOCOOP)
 - Dirección Nacional de Desarrollo de la Comunidad (DINADECO)
 - The municipal government
- Administrative records from the cooperatives
 - Statute books
 - Accounting files (C2 only)
 - Annual reports since 2004
- Interviews with Comité Cívico (CC) leaders
- Interviews with community leaders
 - School administrators
 - Leaders of associations of development
 - Church leaders
- Interviews with cooperative management and employees
 - Cooperative management

- Administrators in branches of cooperatives (e.g., grocery store, supply store)
- Interviews with members of cooperative administrative organs
 - Consejos
 - The Comité de Vigilancia (C2 only)
 - Comités de Educación
- In-depth interviews with 23 ordinary cooperative members and 45 non-cooperative-belonging community members
- Participant-observation at CC events
 - Weekly meetings
 - Radio programming
 - A protest in San José
 - Community meetings
- Participant-observation at cooperative activities
 - Bi-weekly Consejo meetings (a total of 5 for each cooperative)
 - Trainings
 - Meetings in the community (C1 only)
 - Field visits to farmers (C1 only)
- Participant-observation at community activities
 - Weekly Mass
 - Bible studies
 - Cultural events (e.g., Day of the Child celebrations, Juan Santamaría Day)
 - School activities (e.g., bingo, dance performances)
- Secondary literature
 - Thesis written on this county (unpublished)
 - Thesis written on cooperatives in Costa Rica (unpublished)

This study contributes to previous studies about cooperatives as agents of social development by including all community members, especially those of marginalized groups related to gender and class, as potential study participants and not just cooperative members. The proposed design will permit documentation of cooperative processes, an understanding of their economic linkages, and an exploration of their social welfare function in the community from various perspectives.

Table 4.1 Research Questions and Data Sources

Research Question	Sources to Answer Question
R1: Do cooperatives facilitate community projects?	Government reports; administrative records; interviews with cooperative management and employees; interviews with members of cooperative administrative organs; participant-observation
R2: What kind of projects do they support?	Administrative records; interviews with CC leaders; interviews with community leaders; interviews with cooperative management and employees; interviews with members of cooperative administrative organs; in-depth

	interviews with ordinary cooperative members and non-members; participant-observation
R3: How do cooperatives decide which projects to support?	Interviews with cooperative management and employees; interviews with members of cooperative administrative organs; interviews with cooperative members; participant-observation
R4: How do cooperatives finance these projects?	Government reports; interviews with key government officials; administrative records; interviews with cooperative management and employees; interviews with members of cooperative administrative organs; interviews with ordinary cooperative members
R5: How effectively do these project affect the wider community?	Interviews with CC leaders; interviews with cooperative management and employees; interviews with members of cooperative administrative organs; in-depth interviews with ordinary cooperative members and non-members; participant-observation
R6: Why do they choose to support community development projects?	Interviews with key government officials; interviews with cooperative management and employees; interviews with members of cooperative administrative organs; interviews with ordinary cooperative members and non-members; participant-observation

The Site

The site of the research was Coto Brus, a county in the southern zone of Costa Rica. The county is located about 170 miles from San José, the capital city. The ride on a bus requires one to drive south on the Inter-American Highway for approximately 6 hours and then cross a bridge (constructed in the 1990s) and drive east towards the Cordillera Talamanca for approximately 2 hours via a circuitous, treacherous road that at times (i.e., during the rainy months) is impassable. Signs dot the road warning drivers of its poor condition.

The county borders Panama and was one of the last areas of Costa Rica to be colonized. As recently as 1921, the two countries went to war both on the Atlantic and the Pacific side of the border over their national boundaries. Costa Rica won on the Atlantic side; Panama, on the Pacific side. In spite of Costa Rica's loss on the Pacific side, the border was set in its favor because the United States meddled to create a border that was favorable to the business interests of the United Fruit Company (Smith, 1986). The border between the two countries remained contested until a treaty in 1941 established the line, albeit with a margin of error. Land within a few kilometers of the frontier cannot be titled.

After the frontier dispute had been resolved in 1941, Costa Ricans moved from the Valle Central to the zone where land was free and plentiful. The first Costa Rican settlers arrived to the

district of Villa Dos, one of the 5 districts that comprise Coto Brus, and became subsistence farmers due to the inability to market crops because of the area's poor linkages to other parts of the country. They believed that the Inter-American Highway would pass through the county, so they believed that moving to the zone would be strategic to their economic interests. However, the Inter-American Highway was later re-routed through Corredores to better serve the United Fruit Company and its banana plantation interests in Corredores and Golfito. The initial Costa Rican settlers in Villa Dos constructed the first school in the area although they did not move beyond subsistence farming.

In the 1950s, Costa Rica awarded 10,000 hectares of land to Italians in the district of Villa Uno.⁵ Additionally, together the Italian, Costa Rican, and US governments awarded the Italian settlers a total of \$800,000 to assist the colonizers in cultivating the land and establishing services in the area. The Costa Rican government also promised additional assistance, such as the construction of a road and a bridge to connect the county to the Inter-American Highway.

Villa Dos and Villa Uno took two different, yet interrelated, paths of development. Villa Dos plodded on with an economy based on subsistence agriculture until the 1960s, whereas Villa Uno had developed a hospital, a church, and a primary and a secondary high school in the area by the late 1950s. In the early-1950s, coffee was first introduced to the area. By the mid- to late-1950s, coffee was widely cultivated in the zone to help farmers move beyond subsistence farming to farming for domestic consumption and export abroad.

The county's economy continued to be based largely in coffee. Although other areas of the country became centers of industry and tourism, this county has remained devoted almost entirely to agriculture, and particularly to coffee. According to interviews with members of the CC, the head of coffee at MAG, and managers of the cooperative, about 75% of the county's economy is based on coffee, 20% on other agricultural products, and 5% on services (interviews on May 9, 2012 and May 12, 2012; Tertulias Emaús, May 9, 2012; Comité Cívico Agropecuario de Coto Brus, 2011b). Because the county is almost entirely reliant on coffee, global commodity markets, to a large extent, determine the economic welfare of the county. Since the demise of the International Coffee Agreement (ICA) in 1989, the price of coffee has been very fickle and, often, very low. With the demise of the ICA, countries abandoned the quota system, and countries that produce low-quality coffee, such as Vietnam, have inundated the market with coffee beans. Technological advances made it possible for roasters to blend low-quality and high-quality coffee in such a way as to disguise the taste from consumers. Farmers of high-quality coffee, such as those in Costa Rica, saw a drop in the demand for their crop, which lowered the price. In fact, the prices in the conventional coffee sector in the early 2000s tied a record low set in 1882 (Fridell, 2004). And of this very low price, coffee farmers only receive about 10 cents to 12 cents for each dollar spent on retail coffee (Whalen, n.d.).

⁵ There are few published accounts of the colonization project. One is written by Sansonetti (1995), although its validity is questionable given the vested interest of the author. More can be learned about the colonization process by visiting the Dante Alighieri cultural center in Coto Brus.

The low coffee price sent this county into an economic tailspin. A UN report suggests that Coto Brus has the lowest index of human development in Costa Rica (Programa de las Naciones Unidas para el Desarrollo-Costa Rica, 2011). In 2005, it was one of three counties with a high level of hardship, and in 2009 it was the only of these three counties (and, in fact the only county in the country) that still registered a high level of hardship. The region of the country in which Coto Brus is located has the highest poverty rate of any region in the country, about 40% (see data INEC, 2013).

Geographic remoteness has contributed to the county's continued reliance on coffee. Lack of linkages (i.e., transportation and lines of communication) have plagued this county since it was colonized, and they continue to plague the county. The roads are often barely passable, bus transportation is unreliable (during my research, there was a 1-month period during which I had no access to public transportation), and the county has a low coverage of landlines, cell phones, and internet services. Although the National Roads Authority (CONAVI) does not provide information on roads or ICE on communication services, participant-observation and interview data strongly suggest that the roads and communication services lag far behind those of the Valle Central.

Politically the county is isolated, too. Politicians and policymakers have little reason to visit the county because there is coffee, and very little else, in the area. When various government ministers came down to the county as part of the CC negotiations, it was the first time they had ever visited the county as evidenced in the notes of municipality proceedings. This county also does not usually have a political representative in the Legislative Assembly. The way the CR political system is set up, provinces are allocated delegates on the proportional basis of population (see chart below).

Table 4.2: Allocation of Legislators by Province

Province	Number of legislators
San Jose	20
Alajuela	11
Cartago	7
Heredia	5
Puntarenas	5
Limón	5
Guanacaste	4
Total	57

Coto Brus is a county in the province of Puntarenas. Citizens of Puntarenas elect 5 delegates in total to represent the province in the Legislative Assembly. The provinces of Puntarenas, Limón, and Guanacaste represent the provinces on the periphery of the country. Parts of the provinces of San Jose, Alajuela, Cartago, and Heredia comprise what is known as the Valle Central. The peripheral provinces have the least political representation (given their relatively small population size);

Climactically, Coto Brus is different from the rest of the country. It is more mountainous than the surrounding areas in Puntarenas since it is at about 1,000 m above sea level and most other areas in Puntarenas are at sea level. Coto Brus is also distinctive from other mountainous coffee-growing areas in the country because it receives more rain, according to publicly available data published by ICAFE. The area's climate is important because it is an agricultural one, so climate matters. The danger of having a mono-crop economy is that the county's welfare is subject to the whims of the environment and the global commodity market. Moreover, global climate change has affected this area. Rain has become increasingly heavy over the past 20 years, such that the coffee harvesting season has shifted forward by 2 months.

The area is thus very poor, geographically isolated, politically powerless, experiencing climate change, and very poor. In the face of these challenges, community members have looked for alternative ways to provide for their families. Many have turned to two illicit means, namely undocumented migration and trafficking of drugs, arms, and people. Both illicit activities have been well documented in the media.⁶

Both of these activities have significant social implications for the community, some of which are good and some of which are bad. On a positive note, migration and drug trafficking have provided an influx of dollars, which are injected into the local economy via increased consumption of goods and services as well as outright donations to needy individuals and community projects. On a negative note, oft repeated refrains in the community are that there is *desintegración de la familia* (family breakdown), drug use (because traffickers pay the mules in kind), violence, and attrition from primary and secondary education, according to interviews with community members.⁷

One final note about the study site: It is important to describe my relationship with this community. I served for two plus years, from 2003 to 2006, as a Peace Corps volunteer in Villa Dos under the auspices of PANI (child protection services), and I used the relationship I established with the community during that period to initiate the research. I realized that there are advantages and disadvantages to having a pre-existing relationship with a community. During my tenure in the Peace Corps, I lived with a family, and I was "adopted" by the community. Moreover, the projects that I led during my stint in the Peace Corps (such as the construction of a well utilized high school) have earned me credibility and esteem in Villa Dos, where I am known as *nuestra gringa*. Having a close affinity with families in Villa Dos and only a cordial relationship with families in Villa Uno may have affected the quality and the depth of responses elicited from participants. In spite of the limitations posed by having different relationships with the families in each community, my extensive experience in this particular county ensured that I had the language and the cultural fluency necessary to communicate effectively with respondents.

Sample

⁶ For drug trafficking, see Moya, 2010; Ulloa, 2011; Parrales, 2013; Aguilar, 2010; Umaña & Parrales, 2011. For undocumented migration, see Láscarez, 2012; Rojas Arias, 2013.

⁷ These claims will be explored in greater detail in subsequent chapters.

The population for this study was composed of the community members in Coto Brus. The sample included anyone over the age of 18. The community members consist of two distinct racial/ethnic groups: Costa Rican mestizos and the Guaymí indigenous people. Although I observed activities related to Guaymí indigenous people, I did not interview them due to lack of language and culture preparedness. Through participant-observation at cooperative, Comité Cívico, and community events, I gathered information on approximately 800 community members.

To speak with people who could provide me a top-down perspective on cooperatives' involvement in community projects, I purposively sampled cooperative managers and employees, members of the administrative organs (i.e., Consejo, Comité de Educación, Comité de Vigilancia), members of the Comité Cívico, and government officials. In total for C1, I interviewed 4 people in management, 3 administrators, and 8 members of an administrative organ. In total for C2, I interviewed 4 people in management, 4 administrators, and 9 members of an administrative organ. From the Comité Cívico, I interviewed 6 leaders. Finally, I interviewed 9 government officials. In total, I interviewed 47 people for a top-down perspective on cooperatives' involvement. In some cases, a thorough understanding required several interviews with the same person.

To speak with people who could provide me with a bottom-up perspective on cooperatives' involvement in community projects, I used both purposive and snowball sampling. I used purposive sampling to approach community leaders, such as those who are involved with the school and/or the church. I also used snowball sampling to speak with a broad cross-section of community members. I asked community leaders to pass my contact information to women, older adults, and those who do not own land in the community. These groups of people are often those who are not cooperative members. In total, I interviewed 65 community members in a semi-structured format. 37 of these interviewees were from Villa Dos; 28 from Villa Uno. Non-members represented 42 people in the sample, or 65% of the sample of community member interviewees. Interviews with community members lasted about 4 hours and took place in people's homes. Often they involved food, coffee, and small cultural exchanges.

Data Collection

Data collection proceeded in two stages. The first stage was preliminary data collection during the summer of 2011. The primary goal of this stage was to begin to establish connections with the 5 cooperatives in the area. I visited Cooprodos, Cooprouno, another coffee cooperative in Coto Brus, and two cooperatives in Corredores (a neighboring county in the Zona Sur). I made very strong connections with Cooprodos, Cooprouno, and a banana cooperative in Corredores. They seemed to be very open to working with me, and managers met with me to begin to discuss from their perspectives how cooperatives project themselves into the communities. The other coffee cooperative in Coto Brus seemed to be disorganized and on the verge of folding, which it later did. A palm oil cooperative in Corredores, the most commercially successful of all the cooperatives initially selected, seemed to be more difficult to establish rapport with than the other cooperatives. During the initial trip, I was also able to connect with colleagues at the Universidad Nacional who do research in the areas of cooperatives and community associations.

They directed me to a thesis that is relevant to my topic. Additionally, I participated in a World Bank-sponsored meeting of *campesinos* to discuss the topic of environmental sustainability.

During the second stage of data collection from March 2012 to September 2012, I began by reintegrating into the community. I immediately became a regular attendee at community events, such as weekly Mass, Bible study, church festivals, national holiday celebrations, soccer games, exercise classes, and school performances.

Through my initial immersion into the community, I heard of the Comité Cívico (CC). The CC was not a part of my original study design; it became institutionalized between my first and second rounds of data collection. The CC had just begun to hand out sacks of fertilizer, so I asked permission to participate in the process. Through handing out fertilizers, I met key opinion leaders not associated with the cooperatives (e.g., officials in MAG, owners of private businesses, leaders of la Unión Cantonal). I also received permission to attend CC meetings, which were often held on Wednesdays. At one meeting in particular, I even participated on radio alongside the committee. I also connected with each CC member outside of meetings for individual interviews. In addition, I attended some of the participatory agenda-building sessions at the district level carried out by the CC in conjunction with professors from the Universidad Nacional.

Shortly after arriving on site, I also re-established relationships with the two cooperatives where I knew I would have the greatest access, C2 and C1. I began with interviews with management of C2 because C1 was undergoing a transition in the head of management. Approximately two weeks later, I began meetings with the management at C1. I met with the manager of each cooperative for five interviews each. Meeting with the managers served as an entrée to meetings with other cooperative employees. After meeting with the managers, I met with employees, such as accountants, secretaries, agricultural engineers, field promoters, as well as administrators who work in the branch cooperative businesses (e.g., supermarkets, supply stores).

I also asked managers' permission to attend the biweekly Consejo meetings as well as meetings of the Comité de Educación and Comité de Vigilancia. At the C1 meetings, I was present merely as an observer in the corner. At the C2 meetings, I was present as a participant. I was given a place to sit at the table (literally). I was also invited by C1 management members to accompany them on field visits to individual farmers around its zone of influence. C1 officials also invited me to a series of five community meetings around its zone of influence that were intended to mobilize farmers to vote in the upcoming ICAFE elections.

During this time, I heard through meetings at the various cooperative activities that a third small coffee cooperative in the county was on the brink of collapse, and its farmers were looking to be absorbed into another cooperative. An interview with someone from INFOCOOP later confirmed these reports; according to INFOCOOP's knowledge, this cooperative still had some coffee it had to liquidate, but aside from that it was folding as a cooperative.

Also during the time of intensive data collection with cooperative management, employees, and administrators, I conducted interviews with officials in various national government offices as well as with people elected to the municipality government. I also

conducted a price comparison of the branch stores of the cooperative with comparable private enterprises using items chosen by consultation with a small group of neighbors in the community. I asked them to list the food items purchased most frequently (along with a few “treat” items), and I also asked them to list the items they would most likely purchase to build a home.

While data collection was well underway with the cooperatives, I began my interviews with community members. I purposively sampled some key leaders in the community affiliated with the church, the school, and the associations of development. I then asked for them to pass my contact information on to people in the community who are not involved in either cooperative. Of those who contacted me and I interviewed, I asked them to pass my contact information to others, and so on and so forth. The protocol for these interviews can be found in the appendix of this manuscript.

In addition to the aforementioned activities, there was also a community service component to my research. I taught weekly aerobics classes on Sunday nights to women. I also helped collect signatures to protest the withdrawal of the bus route between San Francisco and Villa Uno. Additionally, I encouraged women to attend, and I attended myself, the demonstration in front of the Legislative Assembly to amend tax policy on agricultural lands. Finally, I also co-facilitated a bi-weekly social group for older adults in a remote community.

Throughout the process, I maintained field notes for each day, and I transcribed most interviews within 2 days of the interview itself. I paid for someone to transcribe the radio proceedings of the CC. I would highlight parts of my field notes and interviews that needed clarification, and I would follow-up with people as appropriate. I often discussed my perceptions and my hunches with people with whom I had regular contact, and I asked if my understanding of what was happening aligned with their understanding of what was happening.

Analysis

Data analysis occurred as I gathered data; the process was iterative. I maintained a detailed log of all data gathered chronologically, such as important news clippings, statute books, annual reports, history books of the region, field notes, and interviews. In this log, I wrote a summary of the content of each data piece.

In addition to the summaries, I also memoed about three times a week. Sometimes these memos related to ideas about emerging analytical hunches. I also memoed about ethical concerns that arose, such as my sentiment that nationality, gender, and age opened access since I was perceived as important yet also non-threatening. I also freely wrote about my perceptions of the contradictory effects of drug trafficking on community welfare. Memos also served as the basis for drafting what I hope will be reports back to the cooperatives regarding areas in which they can improve to meet community needs.

I uploaded all data (e.g., interview transcriptions, field notes) and data summaries (e.g., results of price comparison) into HyperRESEARCH. In HyperRESEARCH, I created three cases: Cooprouno, Cooprodos, and Coto Brus. Data that related to Cooprouno was coded under its eponymous case, data that related to Cooprodos was coded under its eponymous case, and

data that related broadly to the history of the county or to the efforts of the CC was coded under the Coto Brus case name.

I coded interviews, field notes, and summaries of other materials (such as the price comparisons) first with retrieval labels. I created a total of 40 retrieval codes. These codes included the following:

1. Abandonment by government
2. Associations of development
3. Children and youth
4. Church
5. Coffee market
6. Comite Civico
7. Community history
8. Cooperative history
9. Cooperative statutes
10. Cooperative organizational structure
11. Cooperative projection into community
12. Corruption (in government)
13. Democracy
14. Development
15. Disloyalty
16. Dissent
17. Drugs
18. Economic diversification
19. Employment
20. Environment
21. Fair trade
22. Gender
23. Health
24. Housing
25. Indigenous
26. Inequality
27. Members vs. non-members
28. Migration to US
29. Mutual help
30. Older adults
31. Policy
32. Poverty
33. Prices
34. Private business
35. Public transportation
36. Relations among cooperatives
37. Roads
38. San Jose
39. Security

40. Tradition

Via memoing, I noticed that thick chunks of text were often coded with the same retrieval labels. That is, the following “clusters” of codes that emerged in sections of the text:

Cluster 1

Abandonment by government
Coffee market
Comite Civico
Corruption
Democracy
Development
Economic diversification
Environment
Policy
Poverty
Prices

Cluster 2

Children and youth
Cooperative statutes
Cooperative organizational structure
Cooperative projection
Dissent
Fair trade
Health
Housing
Inequality
Members vs. non-members
Poverty
Private businesses
Road

Cluster 3

Children and youth
Coffee market
Community history
Dissent
Employment
Inequality
Members vs. non-members
Prices
Private business

Cluster 4

Abandonment by government

Children and youth
 Church
 Environment
 Employment
 Poverty
 Public transportation
 Roads
 Tradition

These clumps loosely map on to Majee and Hoyt's (2011) analysis of cooperatives' anti-poverty potential. Majee and Hoyt acknowledge that cooperatives leverage bonding capital to improve indicators of economic and social welfare and additionally they leverage bridging capital to change broader environmental factors in which communities are embedded. I came to label cluster 1 as community engagement, cluster 2 as social goods, cluster 3 as economic stimulus, and cluster 4 as contextual factors. Thus, I began to use components of Majee and Hoyt's conceptual framework to inform data analysis, specifically regarding how cooperatives engage in community projects.

I engaged in another round of interpretive coding to understand cooperatives' engagement in the community, returning to my original research questions. Interpretive codes are the following:

1. Cooperativism
2. Ent threat (the emergence of private businesses in the county)
3. Family
4. Gap (between discourse and practice)
5. Individuals
6. Inward/outward
7. Limitations
8. Link env-prx (link between social environment and practice)
9. Link struc-prx (link between cooperative structure and practice)
10. Market penetration (degree to which market penetrates cooperatives' practices)
11. Poverty
12. Profit tension
13. Silence
14. Stratification
15. Targeting/universalism
16. Voice

Reliability and Validity

As a qualitative approach, perhaps I should eschew the terms reliability and validity for terms such as trustworthiness and credibility. In terms of ensuring internal consistency, I have attempted to draw from several sources (listed above in a previous section). Many claims were made by C1, C2, and CC. As much as possible, I attempted to crosscheck these claims with

reports from the media, the government, or other organizations. I also used participant-observation to flesh out interviews and interviews to flesh out participant-observation.

I do not make any claims about the ability to generalize from my study. The point of selecting these two cases was not to make generalizations about the broader population of cooperatives but rather to contribute to the scholarship about cooperatives and social development by bringing these two bodies of literature together. The study builds on an article by Majee and Hoyt in which they hypothesized what cooperatives conceptually could do to engage in the community. This dissertation examines empirically their claims and further refines their thoughts.

Limitations and Considerations

There are many limitations to be noted. The research only examines two cases. Given that I only intensely studied two cases, my ability to make broader claims about cooperatives in the southern zone is limited. What the study succeeds in doing is raising questions for further exploration.

Another limitation arises from differences in culture. Although I have lived in this county for approximately 3 years, there are distinctions between community members and me that will always exist and limit my ability to fully understand their circumstances. The most salient of these distinctions are educational attainment, earnings potential, and citizenship. In terms of educational attainment, I leverage a different set of tools than many community members to make sense of the world. My education also provides me with financial security. In terms of citizenship, I have a privilege which most community members do not: employment opportunities that compensate handsomely. In contrast, many community members have few employment opportunities due to limited educational attainment and the monocrop-reliant economy. Limited socio-economic mobility has given rise to the two biggest social problems in the community: drug trafficking and undocumented migration. My privilege impedes me from understanding fully the motivations that would lead people to traffic drugs or to leave their families for many years.

Limitations also arise from language. There were some instances when I could not understand entirely what respondents were saying. Specifically, when a group of men got together and began to banter with each other, I could understand neither the slang nor the innuendoes. As much as possible, I attempted to clarify exchanges after the meeting or event, but, unfortunately, some meaning was lost. There were also some terms related to the coffee business that I struggled to understand. I had several meetings with someone who works in ICAFE to clarify these terms, yet surely some meaning was lost. It was difficult to learn about an industry in another language.

Another important consideration emanates from gender, race, and age. Many of the key opinion leaders with whom I met were middle-aged or older men. Being a young woman with blue eyes, ironically, opened up doors for me into spaces that were dominated by older men. As appropriate in my field notes and in interview transcriptions, I included questions and comments made to me about my marital status and/or my appearance so I could analyze data reflexively.

And even though I observed men making lewd jokes, sometimes I believed that they were moderating their behavior on my behalf; I believe my presence changed the context I was studying.

A final consideration relates to the physical and social distance between research participants and me. Even though I had two rounds of data collection, there are still clarifying questions I would like to ask that distance renders very difficult if not impossible. At times in the data findings and data analysis chapters, I note areas where I still need clarification.

Ethical Issues

This project involved research with vulnerable populations, and as such I undertook every feasible procedure (a) to do no harm and (b) to promote the welfare of the group. In order to conduct the most ethically tenable research, I devoted attention to the process of informed consent. I offered the consent in the dialect of the community. One person declined to participate in the study. The high participation rate raised concerns for me. I wondered whether people understood the concept of research. I tried to have layers of explanation. To those with more education, I was able to talk more broadly of my university experience and my training and my future career goals. To those with less education, I said I was writing a book so that I could graduate.

Another ethical consideration arose in terms of the type of data that I gathered. I collected a good deal of unexpected information about sensitive issues, such as drug trafficking and migration, even though my interview protocol in no way directly solicited information about these topics. I had various strategies for handling this sensitive data. In some cases, I selectively did not record information that might jeopardize the subjects or me. In other cases, I used a code language or I wrote directly in English as I heard things in Spanish to offer protection to my subjects and to me.

At times, various research subjects asked for information about other subjects. The cooperative managements, for example, at times were competitive with each other in terms of seeking contracts or promoting their interests. I deflected these questions entirely, and I stated that all information was given to me in confidence and that I would maintain all information in confidence.

Chapter 5: Cooperatives and Community Practices

In general, cooperatives' practices in Coto Brus reflect the broader social development approach and extend the limits of what this approach might entail. The introductory chapter noted several key features of social development: (1) a coupling of economic and social dimensions, (2) a focus on promoting the welfare of entire communities and/or societies, (3) an orientation of process and progression, and (4) an interventionist stance. The cooperatives in this study, indeed, facilitate projects that are both economic and social in nature. They also go beyond what might be expected of a social development agent by facilitating a project that is political in nature. Cooprouno and Cooprodos facilitate a variety of projects, some of which target members specifically, some of which target members within universalism, and some of which promote community welfare broadly speaking. Thus, as a social development approach prescribes, they embrace a holistic approach that builds community capacity while working towards economic, social and political aims. Both C1 and C2 also draw from various planned interventions, such as national policy, fair-trade networks, and the international aid community, to facilitate their projects. In sum, C1 and C2 provide case studies that speak to, and extend, the social development approach.

The findings and the analysis are broadly categorized into three areas: (1) what, (2) how and to what extent, and (3) why. This first findings and analysis chapter asserts that cooperatives, indeed, engage in development and organizing practices that augment the welfare of the community. The second findings and analysis chapter (i.e., chapter 6) explores how and to what extent cooperatives engage in development and organizing practices. That chapter describes and analyzes the organizational mission and structure that instill concern for the community as a core cooperative principle. The chapter also examines the extent to which cooperatives promote community welfare. Surprisingly, cooperatives promote not just the interests of their members, but also the interests of the community as a whole. However, cooperative processes are not entirely virtuous, and there are key dimensions of diversity (i.e., gender, class, and race) by which cooperative practices do not fully reflect cooperative discourses. The final chapter devoted to findings and analysis (i.e., chapter 7) explores why cooperatives engage in practices that promote community welfare by drawing from the historical context of the research site. Context has shaped cooperatives, and, in turn, cooperatives have shaped their context such that C1 and C2 play a unique role in the community.

This chapter suggests that cooperatives are involved in community practice by stimulating the economy, by providing social goods, and by engaging politically. Thus, they interlink economic, social, and political aims to promote welfare holistically. These areas are arranged chronologically. C1 and C2 were first organized to respond to an economic need, i.e., a reliable outlet to which coffee farmers could sell their coffee for a fair price. Both cooperatives quickly expanded beyond merely collecting coffee to also providing essential commercial services, such as a supply store, a grocery store, and a gas station. Some of these services, prior to the cooperative founding them, had not existed in the county. Others had existed but were owned privately, and community members claimed that the stores set prices in such a way as to disadvantage the consumer. These commercial services, it is claimed, help to regulate consumer prices in the county. The cooperatives' commercial outlets have the additional benefit to the

community of providing employment opportunities. Cooperatives, thus, were organized primarily to serve an economic need.

As the initial kernel of cooperative pioneers began to identify a mission statement and to codify statutes, they engrained the provision of social goods as an essential part of the cooperative structure. As discussed in a previous chapter, law 4179 dictates some internal processes in all cooperatives in Costa Rica. This law mandates that cooperatives earmark a certain percentage of earnings for projects that benefit members, their families, and cooperative employees. The law also indicates that a specific committee, the *Comité de Educación y Bienestar Social*, be responsible for carrying out projects in the community. The projects that C1 and C2 carry out broadly belong to one of the following categories: health, education, housing, infrastructure, the environment, and miscellaneous services. As the literature suggests, cooperatives, thus, pursue both economic and social aims, and the cooperatives in this study do so by providing social goods.

Finally, C1 has taken a lead and C2 has supported the cooperatives' involvement in spearheading a community coalition of several dozen organizations. This coalition, called the *Comité Cívico (CC)*, has become engaged in political, albeit non-partisan, activities in order to pressure the state to invest in providing key services to the community, such as building roads, assisting coffee farmers, and planting seed money for small productive projects. The latest dimension of cooperatives' involvement in community practice, i.e., political engagement, has unfolded nearly 50 years after the cooperatives were founded. The step into political engagement represents a new relationship between the state and the cooperatives. The cooperative conceptual model explicated earlier primarily thinks of the relationship between the state and cooperatives as being unidirectional. C1 and C2 are creating a bidirectional relationship with the state by both accepting and making demands.

The chapter addresses each of these three areas of community practice. Throughout the chapter, I also interweave insights made by a vocal minority, a group of people who are disenchanted with the cooperatives' community (dis)engagement. I also briefly discuss the breadth of these projects, identifying which are offered to members only and which are offered to the entire community. The question of to what extent cooperatives' community projects raise the welfare of all will be explored in greater detail in the next chapter.

Economic Stimulus

C1 and C2 primarily serve as coffee enterprises. They were both initially founded by small-scale farmers who were tired of selling their coffee to unreliable intermediaries who sometimes visited the county and sometimes did not and who sometimes paid what they promised and sometimes did not. In response to contending with the whims of private intermediaries, the small-scale farmers banded together to form their own cooperative enterprise that would buy and sell their coffee. Any small-scale farmer can, and has always been able to, join; there are no arbitrary restrictions placed on membership. Thus, the first way in which they serve as an economic stimulus is by offering a steady venue to which peasant farmers can sell their coffee.

Secondly, as the cooperatives grew stronger and as the population increased in Coto Brus, the demand for commercial services, such as grocery stores, increased, and the cooperatives were poised to fulfill the demand for these services. In the case of Cooprouno, the cooperative began to offer these services because members complained that a monopoly of stores (owned by the same family) in Villa Uno was charging too much. In the case of Cooprodos, the cooperative began to offer these commercial services because no others existed in Villa Dos, and associates expressed to the cooperative management an interest in having access to these services without having to travel to Villa Uno. Thus, both cooperatives are now no longer only coffee cooperatives but rather multi-service cooperatives. Through these branch stores cooperative managers and administrators claim that they offer commercial services to the entire community at a low price. They also offer purchasing via store credit, although some community members claim that the cooperative has tightened the provision of credit.

Thirdly, the coffee-processing facilities and the branch stores stimulate the local economy by offering employment opportunities. Although these employment opportunities are offered first and foremost to associates and to their immediate family members, all community members irrespective of their association with the cooperative are considered for the positions. These employment opportunities, however, are also the source of some friction with cooperative members. The cooperative members, many of whom are small-scale farmers (i.e., most farm less than 5 hectares) get angry that cooperative employees receive a steady salary irrespective of market fluctuations. In contrast, their livelihood is dependent on the fickle global coffee market.

Purchase of Coffee Berries

The first way in which C1 and C2 stimulate the local economy is by offering a steady venue to which small-scale farmers can sell their coffee. Prior to the founding of C1 and C2, small-scale coffee farmers relied on private buyers who would come from Pérez Zeledón to purchase their coffee. Sometimes they would come; sometimes they wouldn't. Sometimes the private buyers would pay well for the crop; sometimes they wouldn't. Alone, none of the small-scale farmers grew enough coffee to have a direct exit to the market. Together, however, the peasant farmers could pool their coffee to have a sizeable offering to the market. Moreover, because of the enacted principle of cooperation among cooperatives, C1 and C2 could join with cooperatives from other parts of Costa Rica to export their coffee, further capturing profits along the commodity chain. Having an establishment to which to sell their crop and, further, an establishment that paid reliably enabled small-scale farmers to assess the risks associated with cultivating coffee, and many chose to seed coffee. Together, coffee and cooperatives became engines of development in the county.

Over time, and increasingly in the last 15 years, private businesses formed. These private businesses often evolved from large family farms. These large family farms began to bypass the cooperative channels to purchase their own processing equipment in order to sell coffee directly to exporters, thereby capturing more profits for themselves (although hurting the cooperative). Having invested in the fixed cost of processing equipment, the large family farms sought to also purchase the coffee of their neighbors in order to maximize the utility of their investment in processing equipment. In this way, private businesses became larger and began to compete for

the coffee of small-scale farmers. One of these private businesses has even become a sizeable business, X Café, that actively competes with cooperatives across the county.

Thus, although cooperatives once stimulated the local economy merely by offering a steady purchasing venue, in the last 15 years the effect of competition amongst coffee purchasers has been to maximize the price received by growers. There is little wiggle room in terms of the price that coffee-processing businesses receive on the global market and, thus, the price they can pay for coffee berries from small-scale farmers. Coffee, unlike wine, is not differentiable unless coffee-processing businesses can access niche markets, such as fair trade and other so-called ethical trading arrangements. C1 and C2 have begun, only somewhat successfully, to access these markets. The bonuses they capture through fair trade are not reflected in the prices published by ICAFE (reprinted below). Also to maximize the price they can pay small-scale farmers, C1 and C2 have had to cut their social spending (discussed in the next section). Cutting social spending, such as a medical clinic that used to attend to cooperative members and their families, has angered some cooperative members into claiming that there is no difference between cooperatives and businesses as usual. The managers of C1 and C2, thus, are caught in a bind: Their members expect them to pay the highest possible price yet also to provide social services. Some community members critique them for achieving neither.

Publicly available data from ICAFE suggest that both cooperatives pay below the county average. However, the data must be interpreted with caution. Namely, these averages are unweighted. A few microenterprises buy coffee berries only from the best regions (i.e., high altitude) at only the peak moment of the harvest. Their coffee, thus, is the highest quality and earns the highest price on the market. In contrast, the cooperatives accept all coffee (i.e., coffee from the beginning and the end of the harvest, which is inferior quality) from all regions (i.e., low and high altitude). The comparable private enterprise to the cooperative enterprises (in the sense that it solicits coffee berries from peasant farmers across the county) is X Café, which, except for one year, consistently pays less money per unit of coffee.⁸ It is also noteworthy that the social premium associated with fair trade often gets returned to cooperative farmers in the form of an end-of-year bonus (which is voted on democratically during the annual assembly), and that bonus is not reflected in the ICAFE figures.

⁸ Some private businesses cut into their entitled 9% earnings and pass on a greater percentage of the sale price to coffee farmers in order to attract coffee farmers so that they have enough volume to meet the contract demands with exporters, roasters, etc. Thus, although X Café might receive a lower price per fanega than C1 or C2, the farmers who sell their coffee to it might end up making more money than those who sell their coffee to C1 or C2 because X Café might decide to forgo some of its 9% earnings.

Table 5.1: Price of Ripe Coffee (Colones per Fanega) by Year (unweighted)

Year	County average	Standard deviation	Cooprouno average	Cooprodos average	X Café average
2011-12	82,529.13	14,689.68	81,410.40	80,844.06	78,510.95
2010-11	78,882.13	16,299.60	74,349.69	70,262.79	75,044.31
2009-10	65,732.52	10,559.42	63,291.35	68,798.44	54,602.07
2008-09	54,397.79	10,507.22	49,878.16	52,722.83	45,024.36
2007-08	50,687.60	6,447.87	50,044.85	49,825.02	42,312.15

Source: ICAFE (http://www.icafe.go.cr/sector_cafetalero/liquidaciones/liquidacion.html)

It is also important to note that the cooperatives pay members differently than private enterprises. Private enterprises pay right away and in full and often in cash. Sometimes private businesses do not keep a complete registry of who their clients are. Cooperatives, in contrast, pay their members throughout the year in installments. Moreover, each cooperative subtracts a *capital social* from members' earnings. The social capital helps to support cooperative operations, and when members withdraw from the cooperative, they receive their accumulated social capital as a form of savings. When cooperative administrators discuss how much of a loan an associate can receive, they often examine how much the associate has contributed in the form of social capital. In C1, the social capital totals 4%. In C2, the social capital totals 1.5%. C1 believes that some people turn in coffee as clients rather than as associates to avoid paying the 4% fee, so it was trying to lower the social capital fee to encourage people to turn in coffee as members rather than as clients. C2 does not give people the option to turn in coffee either as clients or as members; everyone must be an associate in the cooperative to turn in coffee. No one in the C2 management noted the social capital as deterring people from turning in coffee to the cooperative. In the short term, thus, farmers who turn in coffee as associates to C1 and farmers who turn in coffee to C2 do not receive the price in its entirety because of the social capital payment. However, in the long term, they receive their social capital in the form of a savings account.

Thus, the first way in which cooperatives have historically stimulated the local economy is by offering an establishment to which peasant farmers know they can always sell their coffee and, second, by promising to pay reliably. Cooperatives also attempt to pay the highest price, but they cannot always do so. Cooperatives are one of the few coffee-processing businesses, if not the only coffee-processing businesses, in the county that accept the low-quality parts of the harvest along with the high-quality parts of the harvest. Additionally, cooperatives subtract the social capital from the price they payout to producers. Cooperatives also are interested in long-term gains rather than short-term ones, so they would not choose to cut into the 9% earning to which they are entitled by the law.⁹ Some private businesses might choose to cut into this entitlement in order to make profit in the short term, but consistently cutting into these earnings

⁹ See Ley 2762, article 57.5. From the sale price, coffee-processing businesses can deduct certain expenses, such as social security payments for employees, cost of transportation, and electricity. After deducting those expenses, coffee-processing businesses can keep only 9% of what remains as profit.

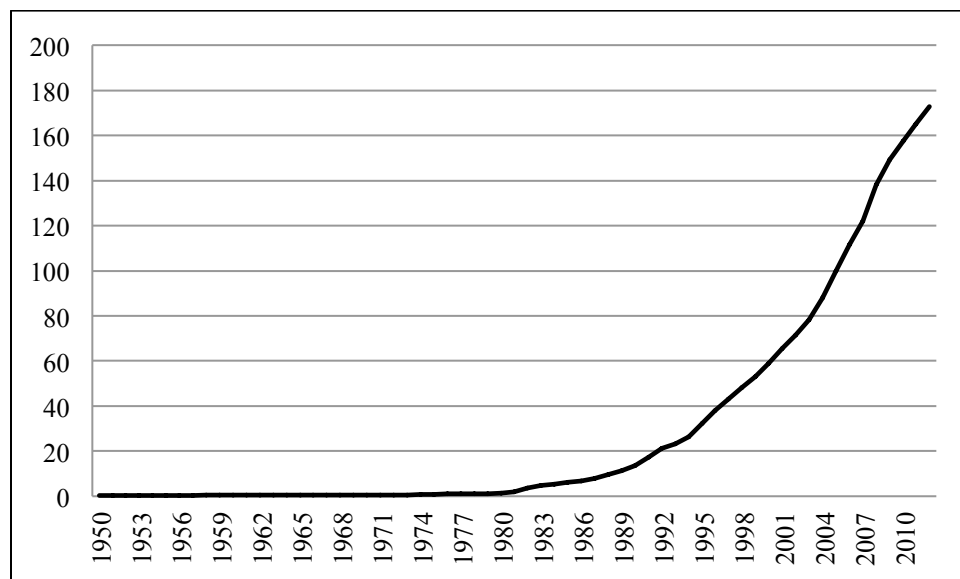
undermines the sustainability of the business in the long term. C1 and C2 have also attempted to ensure their longevity by opening branch stores, which also serves as regulators of price, discussed next.

Regulator of Prices

Managers and administrators at both C1 and C2 claim that the cooperatives importantly serve as regulators of prices. By this phrase they mean that the existence of cooperative branches in various areas (e.g., food, hardware, agrochemicals) implies that private businesses cannot charge whatever they want. Rather, because the cooperatives have projected themselves into these various markets and because they are committed to serving the common good, they operate with the lowest possible margin of profit. In so doing, they can pass on savings to consumers by way of low prices. Six of the ten grocery stores in Coto Brus are owned by a single family (the FG family), which could provide an opportunity for price setting. However, the presence of the cooperatives, claim the manager of C1 and C2 as well as the administrators of the C1 supply store and the C2 grocery store in various interviews, prevents the privately owned grocery stores from doing so. Two cooperative administrators also told me that they had been approached by private businesses to raise prices so that the private businesses and cooperatives could both earn more money at customers' expense (although I could not corroborate these secondhand accounts with the owners of the accused private businesses).

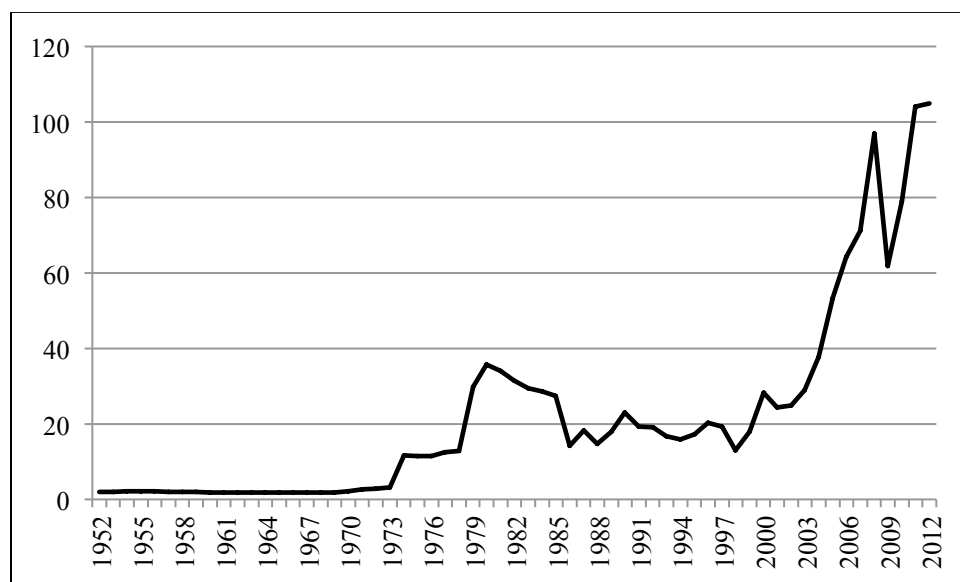
Community members have felt the pang of the increase in prices during the past few decades, which many attributed to the increase in the price of oil. Many discussed increasing prices when I asked what they thought the community would be like in 10 years. No interviewee suggested that prices are decreasing or staying the same. People noted how difficult life has become. There is less work available in the community at the same time that prices have increased. The graph below, using data from the International Monetary Fund, shows the increase in the Consumer Price Index over time. The rapid increase in prices, beginning in 1989, corresponds exactly with the demise of the International Coffee Agreement.

Graph 5.1: Consumer Price Index in Costa Rica



Source: International Monetary Fund (accessed by CEIC Global Database)

Graph 5.2: World Price of Crude Oil (\$/barrel)



Source: International Monetary Fund (accessed by IMF.Stat)

The rapid increase in consumer prices, beginning in 1989, corresponds exactly with the demise of the International Coffee Agreement when coffee prices became erratic. The increase in the 2000s in oil prices illuminates the assertion that in the past decade, coffee farmers have felt a pang in their oil-related expenditures, such as the cost of transportation to take their crop to market.

To help community members maximize their dwindling income derived from coffee and to confront the steep increase in prices, cooperative managers and administrators attempt to offer the lowest possible price within what is feasibly possible for them to break even. A manager and an administrator of C1, in particular, are proud of the fact that the Ministry of the Economy featured its supermarket as one that offers the cheapest prices in the entire country. The manager further explained that obviously he has to charge enough for the supermarket to stay financially afloat but irrespective of whether one is an associate the supermarket aims to charge the lowest possible price (interview, May 9, 2012). The manager also claimed that because the cooperative supermarket has entered the market, the competitor chain has had to lower its prices, which helps all community members irrespective of whether they shop at the cooperative supermarket.

An administrator from the C1 hardware store claimed that the scenario is the same in the hardware market of the county:

We exist just for one reason apart from the lots of benefits that we give associates: The cooperatives are a regulator of price. Sometimes lots of private businesses don't like the cooperatives because the cooperatives aren't for earning profit; we are here for helping the community and society. My price is going to be rock bottom. What would happen if the cooperative were not to exist? The [privately owned] hardware stores could collude with each other and price this [holds up a hammer] at, for example, 2,000 colones although it might just cost 100 colones. That is why the [C1] hardware store is important for the community. We both win, the cooperative and the consumer.¹⁰ (interview, May 22, 2012)

The cooperative employees, thus, claim that their presence in certain commercial services, such as the provision of food staples and supplies, prevents price setting.

An administrator from C2 also expounded a moral argument for community members to shop at the C2 supermarket rather than the other grocery store (which is privately owned by the same FG family who owns several Villa Uno grocery stores) in Villa Dos:

No, we offer the same products as [privately owned supermarket]. [I had just asked if the cooperative supermarket attempts to sell sister cooperatives' goods.] But in terms of community welfare, the supermarket of the cooperative has a lot of advantages because it helps the whole community with good prices, with discounts, with everything we can give. The advantage of the cooperative is that it is of the village [so any earnings accrued are divided among all members], but the supermarket is a private business where the wealth just goes to one person. (interview, May 10, 2013)

By shopping at the cooperative grocery stores rather than privately owned grocery stores, claimed administrators, community members could benefit from low prices, and cooperative members could benefit from commercial earnings.

¹⁰ All translations are the author's own unless otherwise noted.

The claim that cooperative branch services, such as the grocery stores and the hardware stores, both help consumers save money and help cooperative members earn profits exposes a contradiction in discourse and, perhaps, a gap between discourse and practice. If cooperative branch stores attempt to merely break even, then the stores would earn no profits. Moreover, although cooperative managers and administrators claim they play a unique role in keeping the market honest. They neglect to acknowledge the role of other private competitors (i.e., private competitors not associated with the large conglomerate owned the same family). And, in fact, some of these private competitors offer extremely low prices because they are so-called dirty businesses used to launder money from trafficking according to community rumors. The role of dirty businesses in undercutting legitimate businesses is discussed in a community diagnostic spearheaded by professors at the Universidad Nacional and carried out in conjunction with the Comité Cívico (discussed subsequently; see <http://www.prodelsan.org/index.php/8-proyecto-coto-brus?start=4>).

To investigate whether cooperative branch stores indeed promote community welfare through offering low prices at their branch stores, I conducted two price comparisons: I compared grocery store prices in both the cooperative supermarkets to those in privately owned supermarkets, and I also compared supply store prices (supply stores sell agrochemicals and hardware) to those in privately owned supply stores. To choose the items for the grocery store price comparison, I relied on 5 peasant women's input regarding what they purchase for their *diario* (biweekly or monthly shopping), choosing both staples, such as rice and beans, as well as luxuries, such as chocolate. To choose the items for the hardware store comparison, I consulted with 3 peasant men regarding which supplies they would likely use to construct a home. I matched the brand, the specific type (e.g., color), and the quantity of each item.

The results of the grocery store price comparison suggest that aside from one atypically cheap store, the C1 supermarket, indeed, is the cheapest, followed by two privately owned grocery stores in Villa Uno, followed by the C2 supermarket, followed by another privately owned grocery store in Villa Uno (not part of the FG family). Community rumors report that the privately owned grocery store in Villa Dos owned by the FG family is intentionally cutting price to drive C2 out of business only to thereafter raise prices. However, the C2 supermarket in annual reports to the Legislative Assembly as well as in Consejo meetings is consistently mentioned as being poorly managed and has passed through a succession of managers. The C1 supermarket does seem to offer an attractive price to consumers in Villa Uno. However, the supermarket is about a kilometer from the center of town and might not be convenient to many Villa Uno consumers (especially those without cars). Although the results of the price comparison are not conclusive, it is difficult to either prove or disprove the management's claims at both cooperatives that in their absence, the grocery stores owned by the FG family would conjointly raise prices, thereby harming consumers in Coto Brus.

Table 5.2: Supermarket Price Comparison (cost in colones)

Item	FG Villa Dos	C1	FG Villa Uno 1	FG Villa Uno 2	C2	Independent
Cornflakes	1,550	1,635	1,697	1,697	1,845	1,843
Milk	838	710	590	725	710	687
Coffee	2,656	2,805	2,803	2,803	2,680	2,900
Drink mix	1,046	1,065	1,105	1,105	1,075	1,200
Crackers	398	405	415	415	420	415
Tuna	875	840	881	881	875	872
Dish soap	467	460	477	477	495	480
Beans	835	875	880	904	990	863
Sugar	1,136	1,145	1,158	1,160	1,145	1,178
Oil	929	1,090	1,059	1,010	1,059	1,048
Rice	1,446	1,475	1,468	1,468	1,635	1,490
Salt	242	235	251	260	245	253
Cookies	485	500	505	505	525	506
Chocolate	700	725	731	731	730	747
Bread	981	920	1,089	1,089	960	1,160
Oatmeal	592	660	618	618	700	684
Soup	286	300	303	303	310	311
Tortillas	625	625	625	625	625	625
Salsa	810	880	890	826	945	878
Total	16,897	17,350	17,545	17,602	17,969	18,140

Source: Authors' field survey, July 30, 2012

The supply store comparison was more difficult to conduct since brands are not as standardized in construction materials as they are in food. However, in this price comparison, the C2 supply store clearly emerged as the cheapest supply store in Coto Brus, which confirms popular perception. The C2 supply store was followed by a private supply store in Villa Uno, which is claimed by community members to be a dirty business. Following private business 1 was the C1 supply store and thereafter a privately owned supply store in Villa Dos.

Table 5.3: Supply Store Comparison (in colones)

Item	C2	Private Villa Uno	C1	Private Villa Dos
Tin roof	8,350	8,700	8,200	8,000
Cement	5,641	5,900	6,100	6,280
Block	341	395	425	400
Oil paint	9,326	9,675	10,320	12,800
Ceiling	1,769	1,840	2,100	1,990
Pine door, 1 m	29,203	34,000	35,700	38,000
Wood, 4 bars, 4 in x 1 in	1,732	1,820	2,250	1,600
Total	56,362	62,330	65,095	69,070

Source: Authors' field survey, September 4, 2012

The administrators of cooperative branch stores also claim to offer additional services to customers, such as credit and discounts, which ensure that community members can access the staples they need. In addition to offering low prices, the cooperative administrators offer a service to the community by allowing customers, irrespective of their association with the cooperative, to buy on credit. At the C1 supermarket and supply store, associates can receive a 30-day credit whereby they are given 30 days to pay off their accounts. After 30 days, they are charged 2.7% interest for their goods. If they do not pay, the cooperative reserves the right to deduct what they owe from the payments for their coffee. Non-members also qualify for credit, although taking out the credit involves more paperwork. Non-members have to have a member sponsor them, and they have to submit earnings statements from their employer to verify that they have the capacity to pay off the credit.

The C2 grocery store and the C2 warehouse (a buy-in-bulk establishment) have a similar policy; they award credit for 30 days to members and to non-members alike. However, the process for non-members attaining access to this credit is less tedious at the C2 supermarket than the C1 supermarket. For example, I was able to use this system of credit without having a member sponsor me or filing out any paperwork. However, the ease with which I was able to solicit credit might have something to do with perceptions of my nationality and my reputation in the community. It is also important to note that the C2 grocery store is poorly managed, so perhaps the ease with which one can access credit has more to do with disorganization than benevolence. The C2 supply store no longer offers a credit system, a benefit that was cut, according to the administrator, because of the stiff competition in the coffee market that has forced the cooperative to make cutbacks in some places. The C2 gas station also awards credit to “familiar faces” in Villa Dos for up to 8 days irrespective of whether they are members or not in the cooperative.

Although most community members spoke positively of the cooperatives’ commercial services and its system of credits, there were a few dissenters who complained about being denied the credits and/or the interests charged on credits. Through informal conversations with community members, I classified these few dissenters mainly as being farmers who had defaulted on previous credits and who were highly debt-laden. Nevertheless, the critics of credit provision pointed towards a genuine shortcoming in cooperatives’ capacities: They cannot engage in counter-cyclical spending. Said a community member who lives in Villa Uno:

Before the people needed less, we needed less from them, and then they helped more because there were credits and financing for food and stuff. Now they don’t do that. Now it is just like a business like whatever, and the associates, if there was a year when they were economically bad, they would help with the food. It was better before, but not now. They helped the associate more back then. (interview, August 2, 2012)

Cooperatives are tightest on the provision of credits precisely when community need for those credits is the highest.

Both members and non-members can also receive discounts at the various branches of C1 and C2. There is no discount at the C1 supermarket, although an administrator is considering that possibility. The discount for members at the C1 supply store is 2%. The discount for members at

the C2 supermarket is 5%. There is no longer a discount for members at the C2 supply store, although there is a discount for those who purchase large quantities of products, which varies from 2% to 5%, depending on the administrator's discretion. At the C2 gas station, the administrator also awards a discount to members and non-members who are frequent customers at his discretion.

In sum, managers and administrators at both cooperatives make emotive arguments about the role cooperatives play in regulating price. Data neither confirm nor deny these claims in their entirety. However, it is difficult to either prove or disprove the claims that in their absence private businesses would set prices in such a way that would be disadvantageous to community members except through historical comparison (i.e., pre-cooperative entry into the market as compared to post-cooperative entry into the market) or comparison with neighboring communities where there is no cooperative presence, but these two comparisons are beyond the scope of this dissertation.

Employment Opportunities

C1 and C2 claim that they help community members save money, and they also claim to provide employment opportunities in an area where there are few. Lack of employment is one of the biggest problems confronting the county, according to the CC report and interviews with community members. Issues with employment were mentioned 89 times in interviews with community members, making it the sixth most frequently coded retrieval label, and the most frequently coded retrieval label not directly related to this study's themes (e.g., perceptions of community, cooperative projection, member targeting). Said one community member succinctly, "There are no sources of employment. The biggest problem is a lack of employment" (interview, August 21, 2013).

Others claim that the lack of employment has led to brain drain from the county, and several interviewees in both Villa Uno and Villa Dos noted that they wish there would be opportunities for young people in the community. Educated and motivated youth often have to go to Pérez Zeledón (about 150 km away) or to San José (about 275 km away) to begin their careers, according to community members. Community members are grateful for the increase in access to education over the past few decades. Most neighborhoods now have their own elementary school, and access to secondary education has increased via the proliferation of night classes offered by traveling teachers. The young people, thus are more educated, but community members question for what they are educated for. Young people cannot put their education to use in the community.

Some youth leave the county to seek employment elsewhere, and some that remain choose to make careers in the drug industry. Community members claim that a reason why young people have gotten involved in drug trafficking is because of a lack of employment. They note the two main sources of employment for those who choose to remain in the county: coffee picking and drug trafficking. The former does not provide a living wage; that latter, ironically, does for those who survive the violence. Said one:

You cannot live just off the land. The people here can't live just by having a farm. It hurts to say that, but you can't. And that is why people get into drugs. You can see that the young people don't have hope and don't have money, and they [traffickers] offer them small quantities and that is how they begin. They offer them small quantities to traffic and then more and more. (interview, Villa Uno, August 28, 2013)

Thus, in the community there is a concern about young people getting involved in drug movement and drug consumption because of a lack of licit employment opportunities.

Youth seem to have been attracted to drugs to make a living; some adults have migrated to the United States (most without documents) and remit money to help families financially stay afloat. Some people who have migrated have been able to build homes or to purchase farms within the community, which generate employment by way of hired hands. More specifically, one explained:

Many people went to the USA to work there and sent savings to help people back here and to build houses. This has helped a lot. If we do a survey of who went to the USA, it would be one per household. People have bought a farm and a car. This has helped a lot. It has also helped us get seed money for small businesses. (interview, Villa Dos, July 9, 2012)

To cope with the instability of the coffee market, therefore, people, mostly men, have migrated to the United States to provide a stable income for their family. The journey, according to community members, costs about \$7,000 with a *coyote* across the Arizona desert. Sometimes migrants are required to carry drugs on their backs, too. Those who fail to pay for their crossing must sign away whatever property their families own. Cases of family farms being taken away, however, are few. For the most part, migration to the United States has enabled community members to pay off past debts and to attempt to get ahead financially.

In spite of some positive consequences, migration to the US has caused what community members call *desintegración de la familia*, or family breakdown. Marriages often unravel, and children grow up without knowing their fathers. Many community members claim that lack of male role models in the community has led to drug use in youth and attrition from secondary school. Drug trafficking and migration to the United States, thus, provide financial opportunities, but these material opportunities come at a social cost. Drug trafficking and migration, thus, lead to what Midgley (1995) terms *distorted development*, or development that does not attend to both economic and social dimensions.

Cooperatives, according to about half of community members who discussed the lack of employment as one of the biggest problems that the county, offer legal, sustainable employment opportunities in the county. Positions in the cooperative are highly sought after. Administrators of the various cooperative business services have noted that for each open position, they receive anywhere between 20 to 50 *curricula vitae*. One administrator noted that he had a cabinet full of CVs. The central C1 office said that it receives about 200 CVs per year, yet in all its branches there might only be 3 openings per year. Though 6 of 8 administrators interviewed noted that family members of associates receive preferential hiring status all other things being held equal,

all 8 noted that they receive and review curricula vitae from all community members. Cooprouno employs 27 people in its branches (supermarket and supply store), of whom 7 are women. Additionally, it employs 12 people in the main offices, of whom 5 are women. It also employs between 7 to 25 people in coffee processing, depending on whether it is harvesting season. Additionally, C1 employs 2 people in the marketing of Café Pittier, its unique brand of coffee.

In Villa Dos (which is smaller and less densely populated than Villa Uno), Cooprodos is the main employer. And other services, such as the Banco Nacional and the Banco de Costa Rica, opened branch offices in Villa Dos to serve Cooprodos, thereby creating employment opportunities secondarily related to cooperative stimulus. In the branch offices (i.e., gas station, supply store, hardware store, grocery store, and warehouse facility), C2 employs 48 people, of whom 7 are women. C2 also employs about 8 people in its main office, and between 4 and 10 people in coffee processing, depending on whether it is harvest season.

Over half of interviewees recognized the role of cooperatives in generating employment in the county, and especially within the context of Villa Dos (which is more rural than Villa Uno). Community members, however, recognize that the employment the cooperatives offer does not satisfy community members' demand for employment, and they are resentful that cooperative employees receive a steady salary irrespective of the coffee market's fluctuations. Said a former cooperative member living in Villa Uno:

Yes [I was a member], but I left because I believed in cooperatives but not how they work in Coto Brus. I think they have never given priority to the associate. If I am the one that produces the primary product, I should have priority, and all the people that are there in the installations are serving themselves. All the employees there get a salary; it doesn't matter what the price of coffee is, so it is the producers who are suffering. (interview, August 29, 2012)

Another current cooperative member (albeit a disloyal one who turns in part of his coffee to a private business) living in Villa Dos expressed anger about the cooperative employees' right to create their own association to secure their rights as guaranteed under the cooperative law. The disenchanted cooperative member believed that associates organize to secure privileges (e.g., salary, benefits) that disadvantaged the coffee producers (interview, August 28, 2012). Though the employment that the cooperatives generate is generally recognized as a boon by community members, there are others that are resentful of that employment.

Cooperatives, thus, primarily formed to meet an economic need and, in so doing, became an economic stimulus for the county with some mixed results. First and foremost, they were a steady establishment to which farmers could sell their crop. They have also attempted to secure the best price for the coffee crop, although they have done so with varying success. As they continued to expand to meet the county's needs, the cooperatives both opened branch stores to offer commercial services that had either had not been offered or had been offered only limitedly. The commercial services attempt to offer customers the lowest possible prices for goods, and they do so with varying success. A secondary effect of opening the branch stores was generating employment, which, although valued by community members, is limited in quantity. The cooperatives' role as an economic stimulus, thus, seems to be most important as a *long-term*

economic backbone of the community. Though they are not always the most successful in offering the best prices or in balancing producers' and employees' interests, they are successful in terms of making an ongoing commitment with the community to provide steady, reliable services. They have also been a backbone for the community in terms of providing social goods, which are underprovided by the state in this rural county.

Provision of Social Goods

As noted above, C1 and C2 are an economic stimulus in the county. Additionally, cooperatives provide social goods in and of themselves to respond to community needs. The cooperatives' mission statements note explicitly that they have dual commitments to both economic ventures and social aims. Said a member of the C1 Comité de Educación, "A cooperative is like the two wings of a plane: If we take away one, it doesn't work; it will fall" (interview, May 20, 2012). The social aims, claim the mission statements, are what distinguish a cooperative from a typical business. Noted several cooperative administrators: Private businesses seek profit as an end whereas cooperatives seek profit as a means to invest in the community. The types of social projects that cooperatives help to facilitate are wide in scope, ranging from health, adult education and training, primary and secondary education, housing, environmental stewardship, community infrastructure, and miscellaneous services. I will discuss each of these in turn.

Health

Both cooperatives are involved in the provision of health services albeit through different mechanisms. Cooprouno sponsors a commercial fair with a strong women's health component whereby it brings medical experts from San José, such as gynecologists, to attend to the needs of cooperative members and community members at large. The medical experts who attend the fair promise to perform a certain number of procedures, check-ups, and/or exams for a price paid by the cooperative. Cooperative members and their immediate families are given priority for these medical services. Whatever appointments remain are opened up to community members also free of charge. This fair also entails a number of health-related talks specifically geared towards women. In 2012, a doctor gave a lecture to about 20 women about breast cancer and the practice of self-detection, and a social worker also gave a talk about domestic violence. At the end of the lecture, the representatives passed out a pamphlet about skin cancer and told the women where they could seek further information if they had been embarrassed to ask a question in public. Cooprodos brings in a gastroenterologist from Pérez Zeledón (the nearest major city) one Sunday per month to attend to community members. On an average Sunday, the doctor attends to about 30 people. To reserve an appointment, community members call the receptionist at C2. Anyone, irrespective of membership status in the cooperative, can reserve an appointment with the specialist. C2 arranges for the doctor to attend to patients in a room rented from the Banco de Costa Rica in the center of Villa Dos. The cost, which patients must pay out of pocket, is 25,000 colones for the consultation, 40,000 colones for the gastroscopy without anesthesia, and 45,000 colones for gastroscopy with anesthesia. A gastroenterologist is the specialist most sought after by coffee farmers, and the county has the highest rate of gastric cancer in the country, according to the Area of Health.

In addition to its service of bring a specialist from Pérez, C2 also helps to offset the cost associated with members having to travel to San José to see a specialist. The amount given is small, but the cooperative is one of the very few, if not the only, institutions that will donate travel funds according to community members.¹¹ The members of C2 note that in the past the cooperative used to give more travel funds, but the funds have tightened in the past two decades (i.e., the post-ICA era). Members of C2 also note that there used to be a doctor who would attend to associates, but this service has been cut. Some express a longing for the service to be restored.

Adult Education and Training

Both cooperatives are involved in training activities by attempting to inform associates of market conditions, best agricultural practices, and political developments. C1 gave a series of talks in five communities in May (i.e., the pre-harvest season) within its zone of influence about managing *ojo de gallo* in conjunction with meetings in the community wherein it informed associates of the state of the business and the coffee market. The purpose of these meetings was to mobilize C1 associates to vote for the C1 candidate to be one of the producer representatives on the ICAFE directive council. They coupled the mobilization purpose with educational purposes.

In each of these meetings, the manager began by discussing what types of coffee prices and credits members could expect as well as the importance of member loyalty. He explained that the prior year (i.e., the 2011-12 harvest) coffee farmers had received about 90,000 colones per fanega, but this year coffee farmers are not expected to receive the same type of compensation. He expected each fanega this year to only earn about 55,000 colones. He also reminded farmers that this year they had received help from the government in terms of purchasing agricultural inputs, and next year they would not likely receive the same help. Thus, the manager urged the associates to be mindful about managing household budgets. He also explained the process whereby associates qualify for credits. He said that the cooperative has to be careful to whom it gives credit because the money loaned is not C1's money but rather money that it has borrowed from other cooperatives. He discussed the implications of associates' disloyalty. When members do not turn in all their coffee to the cooperative, the cooperative loses its collateral on credits already rendered. Finally, the manager in his report to the community explained the difference in pricing in terms of coffee quality. This year, he said, coffee will be distinguished not on the basis of altitude but rather on the basis of whether it is harvested at the beginning, the middle, or the end of the coffee harvest. He noted that in the past few years, the cooperative has seen associates turn in only the beginning and the end of the harvest to the cooperative (i.e., the inferior quality coffee) while turning in the middle of the harvest (i.e., the superior quality) to private businesses. Because of their choosiness in which coffee they collect, they offer a higher price per fanega than the cooperative offers, which is tempting to coffee farmers. The cooperative manager explained the importance of everyone turning in all the harvest to the cooperative in order to ensure that the farmers pool together risks and resources.

¹¹ I also witnessed committees associated with the Catholic church collect money for ad hoc purposes, such as trips to San Jose for medical appointments.

After the manager gave his report regarding the performance of the coffee market and the business, he passed the microphone to the agricultural engineer who talked about how to control *ojo de gallo*. He explained that farmers in the past year have been able to decrease the incidence of *ojo de gallo*. He then proceeded to show a chart published by ICAFE that indicated which fertilizers should be applied at what time in order to control the disease. However, he explained that the chart wasn't directly applicable to Coto Brus because it was designed for coffee farmers in the Valle Central, which harvests coffee a month to two later than Coto Brus.

The agricultural engineer's report was followed by a presentation by a member of the Consejo (the members of the Consejo rotated this responsibility depending on the community in which the meeting was being held). The Consejo representative talked with the attendees about the political situation for coffee farmers. Specifically, the representative would address what the Comité Cívico had accomplished and the role of C1 in spearheading the CC. Then the representative talked about the upcoming elections for the ICAFE directive council and the importance of the C1 nominees to win (versus the C2 nominees) in order to advance C1's interests.

C2, in the past, has held meetings in various communities about best practices in the field, although in recent years community members claim that these workshops have decreased in number. C2 did not hold meetings to mobilize associates to vote for the C2 slate of candidates in the ICAFE elections. However, later in the year, it did hold informational meetings in a few communities about the control of *ojo de gallo*. C2 associates frequently commented that they wish there were more talks on how to better manage their coffee fields.

Both cooperatives also have agricultural engineers on staff who routinely visit farms. In the case of C1, this service is financed by the social premium from fair trade, and it is available only to associates. In the case of C2, the visits are part of routine operating costs, and the service is available to anyone who purchases goods at the supply store. The agricultural engineer who I talked with likened his job to that of a doctor. He said that he attempts to make a diagnosis and to write out a prescription. "If it isn't *gallo*, it is *gallina*" (interview, April 25, 2012).

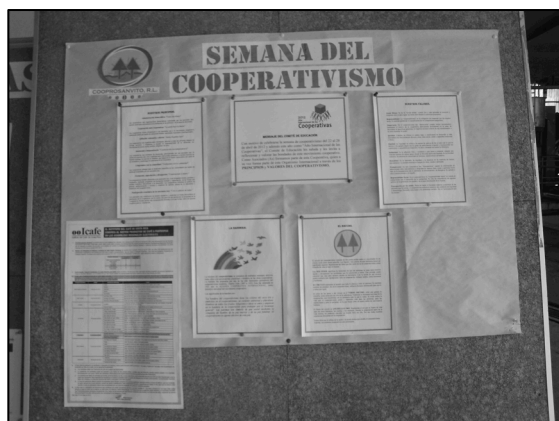


Photo 5.1: Bulletin board about cooperativism week in C1. (Photo taken May 9, 2012)

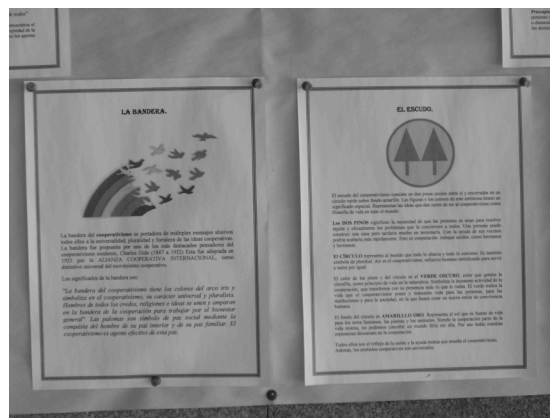


Photo 5.2: Materials detailing the meaning of cooperative symbols in C1. (Photo taken May 9, 2012)

Both cooperatives also play a role in educating adults about cooperative practices. C1 plays a role in educating adults about cooperative principles via the configuration of its offices (see above). At the entrance to the office in the waiting area, there is a bulletin board that explains the international principles and principles of cooperatives as well as the principles of fair trade. The signs also discuss the emblems for the international cooperative movement and explain the significance of 2012 being the international year of cooperatives as declared by the United Nations. The cooperative also distributes material about fair trade.

C2 also gives its employees training on cooperative principles and values. An audit by INFOCOOP had found that employees did not know what was distinctive about cooperatives as a form of enterprise, so the manager addressed the situation by inviting educators from CENECOOP to do a training. Comité de Educación members at both cooperatives do not train new associates on cooperative principles, although both expressed a desire to do so.

Primary and Secondary Education

Cooperative's educational outreach addresses the needs of children and youth in the community through the provision of scholarships, infrastructure, supplies, and talks on the theme of cooperativism. C2 gives scholarships to students who might not be able to afford the cost of books and uniforms. These scholarships are intended for the children of cooperative associates. However, I heard at least one case of these scholarships going to indigenous children who often do not qualify for/do not make use of government scholarships from the Instituto Mixto de Ayuda Social (IMAS).

C1 and C2 have committed to constructing primary and secondary educational facilities and/or to selling the materials needed to construct educational facilities at a discounted price. Both cooperatives have supply stores where they sell construction materials that they are willing to donate or to sell at a competitive price. C1 constructed computing facilities for a school in its zone of influence. The director of a high school in C2 was particularly laudatory about how C2 has collaborated with the high school in its construction efforts. In this high school, C2 constructed recycling facilities. They both have contributed to schools' efforts to construct lunchrooms and lunchroom furniture. Schools that regularly purchase construction materials from their supply stores or food staples from their grocery stores are given priority for these grants.

They also aid schools by providing school supplies, such as writing utensils and notebooks, which they obtain from their surplus inventory at their respective grocery stores. C1 distributes these materials when members of the Comité de Educación visit local schools for talks about cooperativism. C2 distributes these materials on the Day of the Child to schools that purchase food for the cafeteria from its grocery store (i.e., schools that are loyal to the cooperative). It creates a list of the schools and distributes educational materials on the basis of school enrollment. Then school principals are given autonomy to distribute the materials to students as they see fit. An administrator at C2 further explained why the cooperative had decided to partner with local schools for the Day of the Child by giving away about 3.5 million colones, or \$7,000. He noted that it was a way to reward the schools that regularly buy from the cooperative as a way to thank them for their business and to incentivize them to continue doing

business with the cooperative. Thus, both the schools and the cooperatives benefited from the collaboration. The school received materials for students in need, and the cooperative garnered some good publicity.

Both cooperatives are active not just in providing material goods to the schools but also to giving talks to primary and secondary schools about cooperativism. Cooperativism is a required component of the school curriculum in civic education, and the schools invite the committees of education to fulfill this requisite. The Comité de Educación at C1 has an hour and a half PowerPoint presentation that it presents in elementary schools in the area. The PowerPoint was prepared by someone in the management at C1 and contains sound bytes and movie clips on cooperativism. Two of the three members of the Comité de Educación have received training from CENECOOP regarding cooperative principles, and they use the PowerPoint to share their expertise. Schools will send a solicitation to the Comité de Educación. See chart below regarding the exact number of schools visited.

Table 5.4: Participants in Cooperativism Talks in Villa Uno

Year	Schools	Children	Educators	Producers	Total
2006	12	514	33	0	547
2007	13	439	27	4	470
2008	32	1,125	131	10	1,266
2009	31	1,361	83	28	1,472
2010	29	1,304	85	15	1,404
2011	0	0	0	0	0

Source: C1 Comité de Educación records

The talks that the members of the C1 Comité de Educación gave review what a cooperative is and what its values (e.g., mutual help, democracy) and principles (e.g., honesty, social responsibility) are. They also provide illustrations of cooperatives cooperating, such as when a cooperative in the zone of the Santos donated machinery to C1 during its off season. They also discuss how cooperatives express concern for the community by, for example, supporting recreational and cultural events, such as a recent soccer cup event. They also address how students can practice environmental stewardship. They show a slide that illustrates how chemicals that people put on coffee plants can get swept into the water supply. They also explicitly delineate cooperatives' obligations to the community. The slide on social responsibility, for example, discusses the role of cooperatives in generating employment and justly distributing wealth. The members of the Comité de Educación at C1 have also trained teachers to give talks on cooperativism; they trained teachers in a high school within its zone of influence on how to incorporate cooperativism into the curriculum. The Comité de Educación at C1 has a budget of about 4,000,000 to 5,000,000,000 colones for its work in the schools, although there have been some years (such as the one following the 2010-11 harvest) when they had no budget whatsoever and were unable to visit schools.

Members of the Comité de Educación from C2 also visited one school to discuss cooperativism during Cooperative Day on April 27. The trip, however, was marked by confusion and even maltreatment of the children. To be specific, a member of the Comité allegedly hit a

student for misbehaving, and the committee has been asked not to return to the school. On a more positive note, the Comité also took a group of 15 high school students to Pérez Zeledón for a training on cooperative principles, and the director of this high school was pleased with the outcome of the trip and noted that the students had returned to the high school excited to form a student cooperative.

Finally, both cooperatives often open their doors to young people by providing internship opportunities and other opportunities for educational enrichment. Accounting students at a high school in Villa Dos, in fact, are regularly offered temporary and permanent employment at the accounting department in C2, according to the principal.

Housing

Another area in which these cooperatives provide for the social welfare is housing. C1 serves as the administrator of public housing vouchers by partnering with COOPENAE, a credit and savings cooperative. According to an administrator of the C1 hardware store, C1 competed for this contract by appealing to the common bond that both entities have as being cooperatives, and C1 was motivated to pursue this partnership to promote its public image as a business that serves the public good. An administrator said the following:

The concept of cooperativism is directed by values to look for the common good. If I were hypothetically a private business owner, I would just think how do I do to earn more profits. A business is for growing, don't get me wrong, but we [the cooperative] earn what is just, and we don't charge more than what is needed. So they [the cooperative credit union managing the housing vouchers] prefer us, or another cooperative, because we are brothers; we are part of the same group. (interview, May 29, 2012)

Sharing similar principles, thus, served as the basis for a partnership between a cooperative credit union providing house vouchers and C1 supplying necessary materials.

The process by which people are able to construct a home via the housing voucher proceeds as such. People apply for a housing voucher with an application establishing financial need, ownership of a land plot, and a plan for providing the labor needed to construct the home, and then C1 sends the applications to the cooperative credit union. The union then chooses which families receive housing vouchers. C1 then gives the chosen families a kit of approved materials. An inspector periodically visits the construction sites to ensure that construction materials are being used as specified by construction plans (all homes constructed with a housing voucher have the same floor plan). Rather than skimming off the top, the cooperative only charges enough to cover the administrative and physical costs of house construction. The result is that the cooperative is able to provide more materials and higher quality materials than privately owned and operated administrators in other counties. A Cooprouno administrator proudly noted that C1 is the only administrator of the housing grant that gives recipients five doors (instead of three), a ceiling (instead of just a roof), paint, and ceramic flooring (rather than cement), a claim that an independent inspector who travels around the country confirmed. According to an administrator, private businesses will take 75,000 to 80,000 colones off the top of each contract to earn profit. An administrator from C1 said that he aims to break even with each housing voucher and only

takes money away from the housing contract to cover administrative costs. Community members are aware that C1 goes above and beyond what is required in its contract to provide a comprehensive home construction kit. In particular, C1 homes are distinctive from other homes constructed via the housing voucher program because they are painted. C1 has garnered a good deal of positive publicity from its role in managing a housing voucher program.

Cooprodos went about the task of providing housing by purchasing a large tract of land (108 hectares) in the mid-1980s (there was no consensus on the exact date by interviewees). The land had belonged to a coffee farmer who had been one of the original Costa Rican settlers to arrive in Coto Brus in the 1960s. After buying the large farm, C2 then divided the tract into parcels and entered interested members into a lottery for each parcel to construct a homestead. The lottery had varying terms; some lots were given free of charge and others were sold at a very cheap price. Though only members could participate in the lottery, some re-sold their lots to community members. Noted a manager, “The idea was to make a village where we would live and work together” (interview, April 30, 2012). An administrator further elaborated, “You have to remember that Villa Dos is a very new community. The lot raffle built the community. I think a lot of people have forgotten” (interview, April 8, 2012). The maps below are two of five maps that illustrate how the enormous tract of land was parceled out into smaller homesteads.



Photo 5.3: Map of a section of the parceled lot. (Photo taken April 30, 2012)

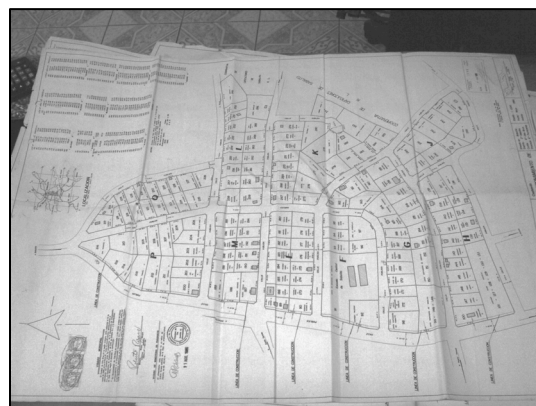


Photo 5.4: Map of a section of the parceled lot. (Photo taken April 30, 2012)

In essence, this large raffle constructed the town center of Villa Dos. All of the central area's main neighborhoods (e.g., Cinco Esquinas, El Ceibo) were created from this raffle. The maps show the number of lots parceled. C1 and C2, thus, have both been involved in providing affordable housing to community members within their respective zones of influence, although they have gone about doing so in distinct ways.

Environmental Stewardship

In the area of environmental stewardship, both cooperatives have been involved in initiatives largely because of their efforts to maintain fair-trade certification. Both cooperatives have had to prohibit their associates from using certain red-ticketed (i.e., highly toxic) agrochemicals. Instead, they promote the use of less toxic agrochemicals by only selling yellow-ticketed and green-ticketed agrochemicals in their respective supply stores. The agricultural engineers at both

cooperatives also offer trainings regarding how to use these less toxic agrochemicals. The signs posted in Cooprouno proclaiming its commitment to using less toxic agrochemicals as shown in the photograph below.

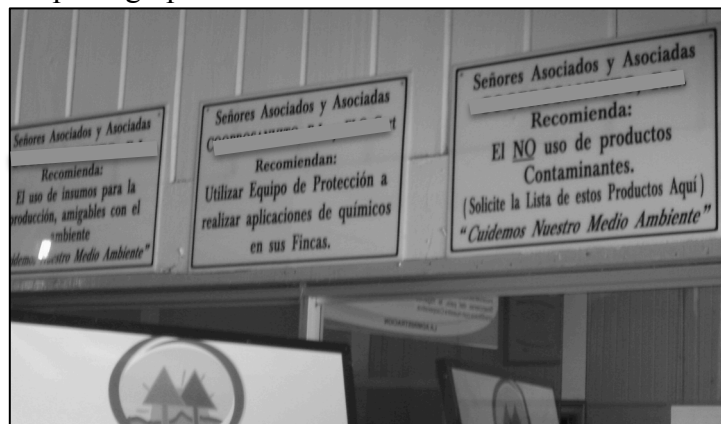


Photo 5.5: Waiting room at C1 (Photo taken May 9, 2012)

Additionally, both cooperatives have promoted recycling and have recycling bins available for use at all their events. C2 has also helped a high school to construct a recycling facility. In the county, recycling is rare. The only incidences of recycling that I encountered were those that the cooperatives had sponsored. Recycling was not often mentioned by cooperative members and community members as being a service that the cooperatives provide, and I learned about cooperatives' commitment to recycling largely through participant-

observation. Nevertheless, one person praised the cooperative for its recycling services, namely the reuse of plastic agrochemical receptacles. Recycling, thus, is a social welfare program offered by the cooperative, albeit largely unrecognized by cooperative and community members.

Community Infrastructure

Both cooperatives invest in community infrastructure, such as bus stops, aqueducts, waste disposal systems, trash collection, parks and other recreational areas, and bridges and roads by partnering with community associations. The head of an association of development in Villa Uno said that the association always looks for help from C1. Another head of an association of development within the zone of influence of C1 said that the cooperative almost always helps with giving sand or cement when the association is carrying out a construction project. An administrator in C1 confirms that C1 almost always gives help to community projects, even if it is a small contribution.

C2, too, is involved with facilitating projects to build community infrastructure. The president of one association of development said that C2 had helped with the transportation of materials needed to construct a sidewalk. C2 also gave some materials to build a gymnasium free of charge since this association buys most of its supplies from the cooperative. What I witnessed at the meetings of the C2 Consejo confirms that, indeed, almost always tries to give something to community associations, even to associations from disloyal communities. They often do not grant the request in full, but they grant something.

In spite of the evidence that the cooperatives are involved in collaborating with community associations to build infrastructure, there is a vocal minority within the C1 zone of influence that alleges the cooperative does nothing to promote the construction of community infrastructure and, in fact, that the cooperative thwarts efforts to construct infrastructure. The neighborhood association closest to the C1 offices complains that C1 has overstepped its

boundaries to protect its own interests to the detriment of the neighborhood. Although two heads of neighborhood associations claimed that the cooperative has been quite helpful in infrastructure-related projects, I never observed the Consejo voting to approve the allocation of assistance. In contrast, about 5 minutes of every Consejo meeting that I attended at C2 were dedicated to approving assistance to neighborhood associations. C2, through my participant-observation, seemed more involved than C1 in providing community infrastructure, and community members were aware of the role that C2 has played within its zone of influence in creating and maintaining roads, bus shelters, etc.

Miscellaneous Services

Finally, both cooperatives also assist families on an ad hoc basis. Community associations and schools regularly solicit prizes for raffles from the cooperative grocery and supply stores. C1 and C2 often give coffee makers or soccer equipment. I asked two community association leaders, one within the Villa Uno's zone of influence and another within Villa Dos's zone of influence, if the FG conglomeration of grocery stores in the community also gives prizes for raffles. They both said, no, that that chain of grocery stores often rejects requests for donations.

C2 additionally steps in to provide miscellaneous services to individuals and to families. For example, if a family needs money to bury a relative, C2 can often step in to supply the necessary funds. These funds are directed primarily towards members, but there are exceptional cases where all community members can apply for the funds.

In sum, the cooperative directly promotes social welfare by providing for community needs in the areas of health, adult education and training, primary and secondary education, housing, environmental stewardship, community infrastructure, and miscellaneous services through specially earmarked funds. Both C1 and C2, however, have recognized that in the face of fickle coffee prices and increasing consumer prices that their ability to meet community needs is diminished, and they cannot engage in counter-cyclical spending. Thus, recently the two cooperatives, led by C1, opened a new chapter in their community practices by becoming politically mobilized in order to make demands on the state.

Political Engagement

Cooperatives have provided an economic stimulus and social goods in the county of Coto Brus. As discussed before, community needs have increased over time due to a decrease in coffee prices as consumer prices increase. Though the cooperatives have historically played a critical role in providing for the social welfare of the community, community need in recent years has outstripped their capacity. Beginning in 2011, thus, cooperatives added community organizing to their existing community development practices.

The cooperatives in Coto Brus have been involved in political, although non-partisan, activities by creating and sustaining the Comité Cívico (CC), a coalition of 80 community-based organizations in Coto Brus. The leaders of Cooprouno (C1) spearheaded the movement to convoke the organizations in response to a hurricane and a tropical storm, which decimated the

2010-11 coffee harvest. Prior to this particularly bad year, small-scale farmers had found it difficult to manage risk in the face of fickle global coffee markets. The climactic catastrophes served as the focusing events to spur the cooperative leaders into action. Activating their social networks, the leaders of C1 drew community organizations into a participatory project that both defined key problems that the county was facing and brainstormed solutions to address the problems. The unified coalition then presented the problems to government officials, and when the officials failed to act, the coalition called for a demonstration, which led to another round of negotiations. The second time, government officials delivered on what they had promised, and within a year of the demonstration, government officials had given aid for agricultural inputs and road reconstruction. Additionally, the CC was part of a nationwide *campesino* movement that aimed to pressure policymakers to lower taxes on agricultural lands. As the Comité Cívico transitioned from a transient social uprising to a watchdog committee, both Cooprouno and Cooprodos gave financial, human, and physical resources to serve as the backbones of the Comité Cívico.

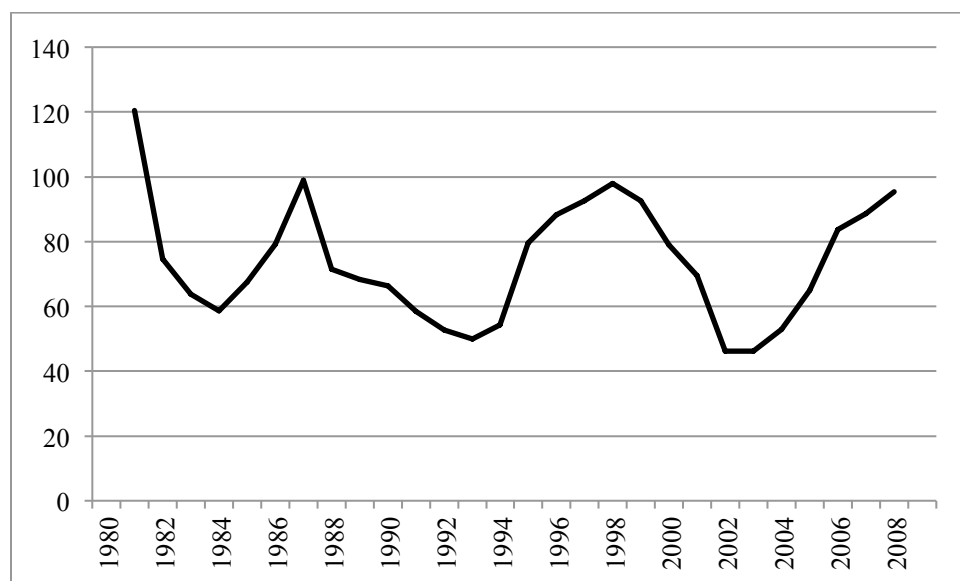
Antecedents to Comité Cívico

Since 2000, both national and international factors have converged to make it difficult for small-scale coffee farmers in the county. Some of these factors, such as a rapid increase in consumer prices and the implementation of structural adjustment programs, have been mentioned in previously. In the words of Don Pedro, a well-spoken leader of the CC:

We have been in an adverse situation that has affected the profitability of coffee since 2000 by phenomena that many times have nothing to do with coffee farming, such as international policies and national policies. These policies have hit the Costa Rica coffee farmer very hard and especially the peasant farmer. (interview, May 11, 2012)

Internationally, the demise of the International Coffee Agreement in 1989, has led to fickle markets characterized by spurts of bust and, less often, boom (see chart x.x). The rise in the cost of living (see chart x.x on p.) has not been mirrored by a rise in the price of coffee. Moreover, the rise in the cost of gasoline has increased transportation expenses, according to interviews with community members and cooperative managers. Nationally, the government has not offered policies that support small-scale farmers, according to CC leaders.

Graph 5.3: Coffee Prices to Growers in CR (¢/lb.)



Source: International Coffee Organization, prices not adjusted for inflation (see http://www.ico.org/new_historical.asp for more information)

As a result of these national and international factors, many people in Coto Brus have decided not to produce coffee altogether or to devote fewer hectares to coffee or to tend less attentively to their coffee plants. The number of those turning in coffee to any coffee-processing establishment in Coto Brus has decreased from 7,627 in 1997-98 to 3,984 in 2008-09 (ICAFE, unpublished data, 2011). Key opinion leaders in the CC believe that the precipitous drop could have been curbed if the government had supported the coffee sector. Coupling the decline in the coffee price with the decline in coffee production resulted in Coto Brus being the county with the lowest index of human development in Costa Rica in 2009 (Programa de las Naciones Unidas para el Desarrollo-Costa Rica, 2011).

The quantity of coffee produced for the 2010-11 harvest was particularly low. Due to excessive rain provoked by Hurricane Thomas and Tropical Storm Nicole and the proliferation of a disease called *ojo de gallo* (*Mycena citricolor*, a fungus that attacks coffee leaves), the 2010-11 coffee harvest was about 40% lower than expected, according to leaders of the CC (although ICAFE statistics suggest that the loss was about 25% lower than expected). Specifically, the county historically has produced about 200,000 fanegas¹² of coffee during the 2000s, but in the year of the two climactic disasters, production fell to about 130,000 fanegas (from ICAFE PowerPoint presentation created by the local Coto Brus branch). This represents a loss of 5,000,000,000 colones (about \$10 million) in direct payments to coffee farmers and harvesters, which, in turn, represents a loss of 15,000,000,000 colones (about \$30 million) invested in the

¹² One fanega is equal to about 100 lbs. of green coffee after processing.

local economy¹³ (from Municipality Extraordinary Session 42). Coffee serves as the basis for the county's economy (75%, according to CC reports). Hence, the local economy, already weakened by fickle coffee prices and rising consumer prices, was in a state of emergency.

A leader in the Cooprouno Consejo de Administración (a 9-person council to which associates are democratically elected in the annual assembly) noted that its members were crying out in pain from the coffee losses, and the council had to do something to promote the welfare of its members (field notes, May 10, 2012). Thus, on December 4, 2010, the C1 Consejo convoked a meeting of 40 plus organizations, including local representatives of state institutions, private businesses, church leaders, *asociaciones de desarrollo* (community development organizations), and the municipality to discuss presenting problems and a plan of action to alleviate the extreme poverty of the county (report from the Comité Cívico, 2011). About 150 people attended, according to two members of the CC (interviews on April 30, 2012 and May 11, 2012). Noted Don Pedro:

We are very far from the center of the country. The country has a model of development that directly comes from San José, which is out of touch with the reality of rural villages. When we came to discuss this [the coffee losses provoked by natural disasters], we started to analyze that the reduction in production of coffee meant the local economy would lose about 5,000 million colones, which was the value of the 60,000 fanegas. That money would not be distributed among local modes of transportation, the local businesses, etc., that benefit from the coffee harvest. If this [money] doesn't circulate, it doesn't generate wealth. The business owner can't sell, and no one will use the transportation. And 5,000 million colones circulating in the local economy yields 15,000 million colones in benefits. What does that signify? A paralysis of our economy. We lost an important source of work (coffee) and stopped circulating the money in the local economy. We were in a true crisis. When we met the 4th of December of 2009 [sic] to discuss this problem, we came up with the idea of a civic organization to be in front of this that would coordinate the organizations that wanted to participate. Back then, it was 40 [community organizations], but now it is 87. (interview, May 11, 2012)

As a representative of C1, Don Pedro gathered several community leaders to discuss the problems facing the community and possible solutions. The group of community leaders representing several dozen community organizations would come to coin themselves as the Comité Cívico Agropecuario de Coto Brus, or the Comité Cívico (CC) for short. The Comité members quickly recognized it would need to ground its emotive pleas about the emergency status of the county's economy in numbers, so they calculated how many fanegas were lost in the harvest and what the value of those fanegas would have been (although as time went on, the CC inflated its estimates for a dramatic effect). They also recognized early on that it would not suffice to make a list of grievances to submit to the government. Rather, they wanted to present a list of feasible programs that could be implemented in order to address the grievances. The Comité wanted to develop the list of feasible programs through a participatory process in order

¹³ Each dollar derived from the sale of coffee generates about 3 dollars in the local economy, according to local leaders, because of the indigenous community and other migratory laborers who relocate to the town specifically for the harvest.

to ensure that the programs reflected what the people of Coto Brus wanted, not what the bureaucrats in San Jose thought that the people of Coto Brus wanted.

As the interview with Don Pedro (who is a charismatic storyteller) about the Comité Cívico continued, I asked him where specifically the idea was born and how it initially came into being. He elaborated:

The idea was born here in this Consejo of Cooprouno. Because of the dismal coffee harvest and the economic prostration of this county, we had to look for what to do. At least, if we aren't going to reach a consensus in terms of what to do, at least we can familiarize the leaders of organizations to the problem that we [peasant farmers] are confronting. And it wasn't just a problem of the coffee farmers of Cooprouno; it was a problem of all the organizations in the county and all the inhabitants of the county. We were the people suffering; it was not the bureaucrats [in San Jose]. It was the civil population of Coto Brus that had been adversely affected by a low harvest and by changing climactic conditions. We needed a push from the government to confront these problems. And from there was born the idea to discuss our ideas [the ideas of the Consejo of C1] with all the leaders of organizations [in the county] to see what we do. And this precisely was the beginning of a committee that at the beginning we called a coordinating committee, and lately it has evolved into what it is today, the Comisión Cívica and the Comité Cívico that is the executor of the Comisión Cívica. (interview, May 11, 2012)

Interviews with other leaders of the CC corroborate the claim that the CC was born in the Consejo de Administración of Cooprouno (interviews conducted on April 9, 2012 and April 30, 2012).

As interviews confirmed that the idea for the CC was born in C1, I became interested in how C1 had been able to convoke such a broad coalition of community organizations. A manager at C1 responded that it was because of the social networks of its council members (interview, May 12, 2012). Interviews with Cooprouno Consejo members reveal that the cooperative council leaders have served in various government agencies, which fostered thick social networks from which to draw (interviews May 12, 2012; May 20, 2012; May 24, 2012). A member of the C1 management noted the following about the leaders of C1:

The Consejo de Administración of Cooprouno is very experienced. The people who get involved are very visionary, and they, throughout the years, have been involved in various organizations: lots of organizations in the government, lots of cooperative-related organizations like INFOCOOP and CENECOOP, and in ICAFE. For example, [name] of the Consejo has 27 years of being in the Consejo and has the experience of having participated on committees with INA [Instituto Nacional de Aprendizaje], Banco Popular, ICAFE, INFOCOOP, so [name] has lots of experience, lots of vision. [Name] has been in institutions of the government as an engineer in MAG. So he, too, also has lots of experience. [Name] [...] has studied cooperativism a lot. He was in Spain, in Belgium, in Cuba for 2 years, too. They are all very visionary. And when they saw this situation we had in the county, they knew we had to do something. And if the municipality wouldn't do it, we would do it. And the person who has directed the CC is [name]. He is the head

of the CC because the idea was born here, so he has been the primary representative of the CC in all negotiations. He elaborated the list of petitions... all this came out of the Consejo de Administración of Cooprouno. (interview, May 19, 2012)

Someone else in the management of C1 noted that the members of the C1 Consejo have been members of the Consejo for a long time and “they love the cooperative and fight for the cooperative” (interview, June 8, 2012). Thus, the Consejo at C1 is comprised of people of experience who have connections to state and to non-governmental organizations, and they are people who are deeply committed to the cooperative. Based on interview data, it seems as if the impetus for the C1 Consejo to launch the CC primarily came from promoting the interests of the community.

To explore my thoughts about the cooperative’s commitment to promoting community welfare, I had another conversation with Don Pedro. I asked him why the idea for the CC was born in a cooperative rather than in a private business, such as X Café, which had been equally affected by the devastating 2010-11 harvest. Don Pedro answered as follows:

Your question is very important. The cooperatives have a social commitment from their origin. I’m not talking about the origin of C1 but rather the international cooperative movement. When the first cooperative was organized in England, it was organized to help a group of people to improve their work conditions and quality of life. This [the social commitment] is a condition that has existed in all cooperatives around the world. And over time, it [the social commitment] is a value that has come to have a greater recognition within the [cooperative] movement that cooperatives exist for the continual improvement for its associates. The social commitment of this cooperative is enormous. Cooprouno has almost 47 years from its founding in 1965 of working uninterruptedly to improve the lives of its associates. And today it isn’t just content with helping its associates to sell their coffee and improve their coffee plants and have better living conditions, but also we are concerned about the development of this county. And this is precisely the work we have been realizing, the social commitment with a cooperative spirit in favor of the people who today are most needy. (interview, May 17, 2012)

Don Pedro was aware of the history of the cooperative movement and its distinctiveness from business as usual. At the core of the cooperative movement, implicit in his comments, are people, not profits. Moreover, his final comments indicate a commitment to all people, particularly the most vulnerable, not just to members. The commitment to community welfare, he suggests, come from the cooperative movement’s collectivist values.

In sum, in response to two serious climactic events, the leaders of C1 convoked a countywide meeting of various community organizations to delineate problems and solutions to present to the government with the hopes of improving the welfare of its members and the community.

Institutionalization and Formulation of an Agenda

The first countywide meeting resulted in the formation of the Comisión Cívica in order to institutionalize a mechanism to shape and to sustain the bubbling social unrest. From the Comisión Cívica came a Comité Cívico, a group of 8 members, which included representatives from the Institute for Coffee (ICAFE), the Ministry of Agriculture and Cattle (MAG), a private coffee business, la Unión Cantonal, Cooprouno, Cooprodos, Servicio Fitosanitario (SEFITO), and la Unión de Productores Agropecuarios (UPACOB), that devoted itself to forming a political agenda. Noted Don Diego, a colleague of Don Pedro and a leader in the CC:

[After the initial meeting on December 4, 2010], it wasn't just an instance of coordination, but it also began to strategize about its political engagement. When I say political, we are talking of political in its correct conception. We aren't talking about political in terms of elections but rather of the process of defining positions that can correctly identify what were the thoughts and the feelings of the population of Coto Brus in terms of the development we want and the support the government should give [us] to reach this development in the long term. In this process of defining the sentiment of the county and a political strategy, we arrived at a final concept of institutionalizing the organization of the county through a civic committee. (interview, April 30, 2012)

Therefore, the initial meeting on December 4 gave rise to the recognition that the bubbling unrest needed to be shaped into a unified, organized front, and this front took the form of the Comité Cívico. The CC intended to represent the sentiments of the county to the government through transparent and participatory processes.

As the Comité Cívico began to crystallize its membership, its structure, and its agenda, it also developed a coherent mission statement. A report by the CC notes that it “represents the lifeblood in the county to analyze, propose, and watch over government activities in favor of development that will facilitate reversing the tide of impoverishment and deterioration in the quality of life in the county of Coto Brus” (CC, 2011). The committee’s 2011 annual report notes that it does not aim to usurp the responsibilities of the local and the national governments; it aims to work shoulder to shoulder with government institutions to carry out work in a harmonious, intelligent, direct, and coordinated way that eliminates wasted resources and avoids duplication of efforts. The CC has no political affiliation. It is merely political in the sense that it encourages the inclusion of citizens’ voices, as noted above. At the beginning, the CC met twice per week to discuss the context in which problems had emerged and what government interventions could address the county’s problems. The consolidation of an agenda for public action contained three points: recognition of coffee losses that had been aggravated by state inattention, reactivation of the local economy, and a plan for short-, medium-, and long-term development in the county. Smaller sub-committees organized around each of these 3 points in order to define the problem and to propose a course of government intervention.

Recognize losses of coffee producers

The task group devoted to getting the government to acknowledge the losses of coffee producers that they believed was caused in part by state inaction was comprised of representatives from the following groups: UPACOB, a fertilizer company, Cooprouno, Cooprodos, 5 private coffee-receiving businesses, Centros Agrícolas Cantonales, the

municipality, the Union Cantonal, ICAFE, MAG, la Universidad Nacional (UNA), Ministerio de Salud, and the Consorcio Cafatelero de Coto Brus.

The task force first attempted to contextualize the problems coffee farmers were facing by seeking published and unpublished data from the branch offices of various government ministries, such as MAG and ICAFE. It then amassed these data and published a report. The report claims that the population in the county is declining by 3,309 inhabitants per year¹⁴. There are fewer people turning in coffee (from about 7,000 in 1997-98 to about 4,000 in 2008-09), according to unpublished data the CC gathered from ICAFE. Although the population decline explains some of the decline in cultivated hectares and number of coffee farmers, a number of people have decided not to grow coffee anymore, according to reports from the CC. Many factors have hit coffee farmers hard, such as the increased price of agricultural inputs, the increased price of gasoline, the devaluation of money, and climactic factors, which have negatively impacted the profitability of growing coffee. 86% of coffee farms have less than 5 hectares in Coto Brus, and on average farms in the zone are 2.86 hectares with productivity of about 20 fanegas per hectare (about 5 fanegas less per hectare than the national average), according to CC reports. Because lots of farmers are small farmers, they haven't been able to invest in their coffee fields the way they should have to fortify plants, so productivity has decreased as well, according to CC reports.

Although the coffee harvest has been declining in Costa Rica generally and in Coto Brus more specifically, the 2010-11 harvest was particularly bad, claim reports by the CC, because of excessive precipitation, which disrupted flowering, made ripe coffee berries fall from the plant, intensified the proliferation of *ojo de gallo* by 30%, and lowered the quality of coffee received by the cooperatives and private businesses in the zone. Productivity dropped from about 20 fanegas per hectare to 11 fanegas per hectare, according to reports from ICAFE cited by the CC (CC, 2011b). Given the lower harvest and the inferior quality of coffee received from the 2010-11 harvest cycle, the coffee task force believed that losses totaled 12,600,000,000 colones (a figure that is 2,400,000,000 colones less than the one that the CC would eventually cite in a quote above). According to the task force, 4,200,000,000 colones (a figure that is 800,000,000 colones less than the one that the CC would eventually cite in a quote above) in losses is attributed to anticipated coffee that was not turned in and the rest is attributed to loss of money in local economic circulation.

The result of these coffee losses was an increase in poverty, which led to migration to other parts of the country and to other countries, the loss of capital, and the impossibility to attend to coffee fields (Comité Cívico Agropecuario de Coto Brus, 2011c). Socially, the task force claimed it led to family disintegration, drug trafficking, drug addiction, citizen insecurity, and delinquency. The impoverishment of coffee farmers because of the precipitous decline in the harvest has particularly affected the cooperatives, which according to Don Pedro, are the champions of small- and medium-scale farmers. As a solution, the speaker of the task force asked for 1,150,000,000 colones from JUDESUR (a government agency devoted to development

¹⁴ This claim is disputed by data from INEC, which indicate that the population will decline by 8,000 people between 2000 and 2015. See <http://www.inec.go.cr/Web/Home/GeneradorPagina.aspx>.

in the southern zone) to purchase various fertilizers and agrochemicals that would rehabilitate coffee fields in the zone.

The first point of the agenda, thus, was specifically to rehabilitate coffee fields to attend to the needs of the people who either directly or indirectly depend on coffee for their livelihoods in the county. The two subsequent points on the CC agenda aimed to wean dependence on coffee in the short-, medium-, and long-term.

Stimulation to the Coto Brus economy

Coffee represents 75% of the economy, other agricultural products represent 20%, and other services represent 5% of the economy (Tertulias Emaus, 2012; Comité Cívico Agropecuario de Coto Brus, 2011b). The poverty rate of the region in which Coto Brus is located is 40%, as noted on p. 60. The problems, according to the CC, are a reduction per hectare in coffee productivity, the low production capacity of small farmers, the small amount of land dedicated to cattle, the lack of competitiveness of other agricultural enterprises on the national market, and the little to no help that the government has given to the wellbeing of the agricultural sector. As noted above, the productivity is 5 to 15 fanegas lower per hectare than the national average. About 90% of farmers in the county are small-scale farmers who turn in about 45% of the coffee (Comité Cívico Agropecuario de Coto Brus, 2011; ICAFE, 2007). Given their small plots of land, they have found it difficult to manage risk and to invest in the agricultural inputs needed to maintain productivity and ward off diseases, according to leaders of the CC.

The CC, thus, laid out a table of ways in which the Coto Brus economy could be revitalized, including the investment of money to rehabilitate the coffee fields (as noted above), the stimulation of the cattle industry, the creation of a dairy-processing plant, and the planting of tubers, avocados, and plantains (Comité Cívico Agropecuario de Coto Brus, 2011b). The desired outcome to the seed money would be sources of employment, diversification of the economy, capture of value-added processes, access to stable markets, and less poverty. The hope is that the provision of credit would be flexible with low interest rates. The CC also called for technical assistance that is producer-centered. In the long term, the CC would also hope for a more robust free-trade agreement with Panama, because the center for distribution in San José is far away and there seem to be promising trade possibilities close by in Panama.

The second point, thus, aimed to stimulate the local economy by diversifying its agricultural sectors. In the 1960s, 70s, and 80s, the cooperatives had harnessed the potential of coffee to promote development within the county. Because of its fickle price, coffee is no longer perceived as offering a sustainable path to development. The CC, thus, urged in its demands to the government a broadened economic base that would be true to the county's rural sensibilities.

Rural Development

Thirdly, the CC put forth a plan of rural development in the long term that would reflect what the people of Coto Brus needed and wanted. Noted Don Diego, one of the charismatic leaders of the CC who has for many years attempted to organize the campesino sector in the county:

The third point was the necessity to define a model of integrated rural development that would permit us to consider all the human activities that improve the quality of life of the population, and this model of development has to be indigenous (of us; that it responds to our idiosyncracies), bottom-up (ascends from us), participatory (that it doesn't destroy anyone in their intention to participate but it is an effort totally democratic and respectful), and inclusive (in the way that there is not any type of discrimination of religion, social class, etc. where anyone can participate who has the good intention to participate in the effort of rural development in this community). Well, with these characteristics the model is demanding because it easily excludes the model that the country has used which is all to the contrary... the model we [historically in Costa Rica] have is descending (the decisions are made in San José), exclusive (because they don't take into account the opinions of community leaders), and non-participatory. (interview, April 30, 2012)

The plan that the CC developed included credit programs for agricultural projects, technical assistance that is producer-centered and participatory, transformation of the market by capturing value-added processes, seeking out trade agreements in Latin America, and creating centers of distribution in the Zona Sur (because of the distance from centers of distribution in the Valle Central). The CC report noted that members of the agricultural sector feel abandoned by the state (Comité Cívico Agropecuario de Coto Brus, 2011a). To elaborate on the plan of rural development, the CC and the municipality consulted with a professor in the Universidad Nacional. For long-term development, the professor had suggested doing participatory diagnostics and problem solving in key areas: health, culture, sports, agriculture, education, security, tourism, electrification, environment, aqueducts, services, housing, natural resources, and roads. The diagnostic and troubleshooting would be carried out by representatives in local government agencies and the CC, and all citizens of Coto Brus would be invited to participate. The idea was to do a pilot project in Coto Brus that would later become a model for sustainable rural development in communities around the country.

First Negotiations

The CC met with the representatives from the government on February 5, 2011 in the Casa de Cultura to discuss each point of its three-point plan, according to notes kept by the municipality. Representing the national government were Luis Liberman, the second vice president; Gloria Abraham, the minister of agriculture and cattle; Xinia Chavez, vice-minister of agriculture and cattle; Ronald Peters, the executive director of ICAFE; and Carlos Acosta, the executive director of the National Roads Authority (CONAVI). The negotiation was carried out as an extraordinary session of the municipality. The leader of the CC made a presentation to the government representatives. One by one, he went through the elaboration of the CC's three-point plan.

As he laid out the first point, a recognition of losses in coffee, the leader of the CC suggested that fertilizer requested be handed out collaboratively among four agencies: the municipal commission of emergencies, the CC, ICAFE, and the coffee businesses (private and cooperative) in the zone. At the conclusion of this point, Gloria Abraham agreed to accompany the CC with the executive power's full endorsement for the provision of such funds, which

would help over 3,000 farmers. The point of handing out the fertilizer, according to a member of the CC, was not about giving a handout to coffee farmers but rather restoring coffee plants. The idea of the coffee fertilizer plan as articulated by Don Diego was the following: “We don’t want to hand out a little fish to the coffee farmer. What we want to give is the fishing rod. And that is what we did” (April 30, 2012).

In response to the second point, reactivation of the local economy, the minister of agriculture said she would transfer 67,000,000 colones for the dairy processing plant in Santa Rita, a neighborhood in the county. And in response to the third point, the ministers said they pledged their support. In particular, the head of CONAVI noted that the roads in Coto Brus are in horrible condition, and he intended to completely reconstruct some of the roads, specifically the road between Villa Uno and Paso Real. And the vice president agreed that he would approach universities to help carry out necessary studies.

Ultimatum

The February meeting resulted in agreements among the CC, the municipality, and the national government, and the CC gave the national government 6 months (until August 16, 2011) to take the necessary course of action to redress specified problems and to deliver on specified promises. When the agreements amounted to naught, the CC called for a demonstration on the Inter-American Highway. Each of the organizations that comprise the CC (such as UPACOP, the cooperatives, the cattle farmer union, taxi drivers, bus drivers, teachers, and the Union Cantonal) notified its members of the demonstration and encouraged them to attend. The turnout, however, was not what had been hoped by the CC. Members of the CC estimated about 200 to 300 people turned out, an estimate which attendees to the demonstration confirmed. Of these people, about 70 to 80 were *campesinos*. It was estimated by attendees that 75-80% of attendees were men, the rest being women. People showed up in buses, trucks, and cars.

Although it had been hoped that the rally would be a peaceful one, it turned violent. According to attendees, they had blocked one lane, so that the police would show up (the Coto Brus police had been pre-dispatched to the highway in anticipation of the strike). It was the police who made the decision to block both lanes and to turn traffic away. Then the police began to throw tear gas. Noted one interviewee in particular:

They started firing us with that stuff, and we didn’t have any trucks or anything blocking the road. We were just there and they started shooting us. It was crazy. Things calmed down a little... and we were trying to cross the road, and the police wouldn’t let us cross the road... the police said they were going to put us in jail. They put about 10 people in jail because they were blocking the roads, and they didn’t want to move, so they put them in jail. (interview, April 26, 2012, original in English)

There were several arrests, some for people who were blocking the roads and at least one for a person who was caught carrying a concealed weapon (it is illegal to carry a concealed weapon to a demonstration in Costa Rica). It was believed that if the thousands of people who had been expected to turn out would have, indeed, attended, that the police wouldn’t have attacked the protestors. Although the turnout was not what had been hoped, those who turned out for the

event turned out based on concern about the roads as noted by interviewees who attended. They said they wanted to bring national attention to the state of the roads. The interviewee cited above continued:

The goal was to make news to the country that we were there because we are still part of the country. We are the second most poor town of Costa Rica, but still we export a lot of coffee and tomatoes and other stuff and we need to use the roads to get the stuff up there because we do good for the community... the whole Coto Brus region does stuff for the country. (interview, April 26, 2012, original in English)

In spite of a low turnout, organizers were able to speak with the minister of the presidency, Carlos Ricardo Benavides, by telephone by the end of the day. The minister was able to name specific people to attend to the Coto Brus's grievances, specifically the recognition of the loss of millions of colones of coffee, immediate (re)construction of 5 key roads, reactivation of the economy, and integrated rural development. The CC demanded to meet with each of the following executive branch members: agriculture, security, housing, health, and education. The demonstration once again resulted in national-level officials coming to Coto Brus to pledge courses of action in order to alleviate the county's dire poverty.

Further Negotiations

On September 2, 2011 in the Casa de Cultura at 9:00 AM representatives of the national government again visited the county, including the Minister of the Presidency, the Minister of Agriculture and Cattle, the Minister of Health, the Viceminister of the Presidency, the Viceminister of Public Works and Transportation, the Viceminister of Security, the Director of Police, an official of the Ministry of Public Education, the President of the Directive Council of JUDESUR, the Director of Road Conservation, and the Director of CONAVI (Municipality Extraordinary Session 39). Noted Don Pedro:

There are certain types of circumstances when the people of the village confront the officials of the government, and there is always fear on the part of the authorities who come to negotiate to the territory where there are uprisings. In this opportunity, I talked with the vice minister and the minister of the president to assure them of the personal security of each of the functionaries that came to meet with us, so they would have trust that here no one was going to retain or threaten them. And we would treat them in good conditions. The meetings were done in a cordial, respectful manner. We gave them the attention that an authority of high level deserves. And we also showed them that we were respectful of the effort each had put in to come visit us. (interview, May 11, 2012)

The ministers agreed to parts of the three-point plan. First, they recognized the losses to coffee fields. MAG agreed to pay 500,000,000 colones, specifically aimed at the 2,781 producers of coffee of less than 100 fanegas (medium- and small-scale farmers) to purchase inputs to revitalize their coffee fields. JUDESUR authorized an additional 1,000,000,000 colones to be used to purchase inputs for all coffee farmers irrespective of productive capacity. ICAFE and MAG together agreed on a method for handing out fertilizer, which was scheduled to begin in March 2012.

Second, they agreed to completely reconstruct the roads between Villa Uno and Paso Real, to analyze the design of the road between Villa Uno and Ciudad Neilly, and to maintain the roads between Villa Uno and Gutierrez Brown, Villa Uno to Mellizas, and Villa Dos to San Francisco. The Ministry of Public Works and Transportation (MOPT) and the municipality would coordinate the execution of these road projects.

Finally, the meeting set out a plan for comprehensive rural development in the areas of security, education, housing, agriculture, aqueducts, and transportation. Meetings with the ministers from these departments were set on the following days: September 9 with the Minister of Public Security, September 16 with the Minister of Health, September 23 with the Minister of Public Education, and September 30 with the Ministers of Housing and Agriculture.

The scheduled meetings did not proceed as anticipated. The meetings were delayed. On September 21, the Vice Minister of Public Security was supposed to attend but did not (Municipality Extraordinary Session 41). The municipality and the CC sent a letter expressing indignation. On September 23, representatives from the Ministry of Education visited Villa Uno in an extraordinary session of the municipality (Municipality Extraordinary Session 42). According to the transcript, a leader of the CC presented a list of grievances publicly: He noted that the infrastructure in some of the schools was crumbling, some without even restrooms, and they were under-resourced. In terms of human resources, he noted that the schools lack teachers in English, physical education, and special education. He also mentioned the need to create a circuit to serve the Villa Cuatro district (which until then had been unserved) as well as a circuit to serve the large indigenous population. Finally, he noted that students in this zone are largely excluded from university opportunities since the county does not have any public universities (aside from UNED), and most families cannot afford the living expenses associated with sending children to universities in other regions. Though no agreements were reached, the Cotobuseños clearly expressed their grievances. They decided on a date in December for the next meeting.

In the meeting with the officials from housing, again according to municipality records, the leader of the CC presented the big concerns of Cotobuseños: There are too few housing vouchers, no access to owning a home for bureaucrats in the middle class, deplorable conditions of housing for older adults, and a number of homes in a state of disrepair (Municipality Extraordinary Session 43). Again, the representatives from housing listened to the grievances and set a date for another meeting. On October 6, the representatives from the ministry of security came (Municipality Extraordinary Session 44). The record from this meeting is incomplete (perhaps intentionally), but it is apparent from what exists that the chief concern was the insecurity in Coto Brus being a frontier zone.

On October 7, the CC met with representatives from MAG. At MAG, they discussed several themes (Municipality Extraordinary Session 45). First, they discussed the disbursement of the emergency money for the coffee farmers. The CC expressed dissatisfaction that the money had not yet been disbursed. The representatives from MAG indicated that the money had not yet been transferred because it is public money, which requires authorization from the Contraloría. Next, the CC brought up the issue of reactivating the economy, specifically with respect to a dairy processing plant, the establishment of a center of produce distribution and/or a center to

process plantains, and expanding the cattle industry. The representatives listened to the cases presented, and discussed the millions of colones that they had pledged to various projects.

To carry out these preliminary efforts and to attend to the government representatives, the CC relied on funding from various sources, including the two cooperatives and private coffee businesses in the area. There were also large anonymous donations from private donors and the Union Cantonal gave 500,000 colones.

Government Action

This time, the government has delivered on its promise of aid. The government gave two rounds of fertilizers to the 2,781 coffee farmers of Coto Brus, one in the amount of 500,000,000 colones (about \$1 million) for small-landholding coffee farmers, and another in the amount of 1,000,000,000 colones (about \$2 million) for all coffee farmers irrespective of productive capacity. It was decided by the CC, the municipality, MAG, and JUDESUR that it was important to target small-scale farmers yet also provide assistance to all coffee farmers because it was important to help the large-scale producers recover as well because they generate employment and reinvestment money in the local economy. All coffee farmers, whether members of a cooperative or not, received this government assistance.



Photo 5.6: Sacks of fertilizer to be distributed.
Photo taken April 27, 2012.

The provision of agricultural inputs to the farmers proceeded in an orderly manner. Cooprodos (C2) lent its resources for storing and handing out fertilizer. Specifically, it lent a full-time employee to supervising the process. If any bags of fertilizer were to go missing, then this person would have had to deduct the loss through his paycheck. It lent another employee to supervise handing out the chemicals for leaves. And yet another employee was in charge of registering each person who came through with the authorizing paper from MAG. It also hired 4 men to help with the manual labor of loading fertilizer sacks into people's trucks. The men received 45 colones for



Photo 5.7: Boxes of agrochemicals to be distributed. (Photo taken April 27, 2012.)

each sack loaded, and each man loaded

about 1,300 to 1,800 sacks per day, which averaged out to 55,000 colones per day, which they split among the four of them.

From March to May 2012, people were invited to retrieve agricultural inputs based on the district in which they live and the first letter of their last names. To retrieve the fertilizers, coffee producers presented their authorization form from MAG to the representative from C2. Additionally, the farmers who arrived were invited to donate 500 colones per sack to support the work of the CC (each sack would have cost 14,000 to 15,000 colones at the supply store). The CC paid two women to collect the voluntary donation. These two women are involved in organizations pertaining to the CC, and both received 10,000 colones per day. There was also one member of the CC who oversaw the whole process (who received 75,000 colones per week). About 98% of farmers who arrived to pick up fertilizers chose to make the voluntary contribution, and about 92% of all farmers eligible came to retrieve fertilizers (interview, April 27, 2012).

On the authorization paper, it was listed exactly how many sacks of fertilizer each person was entitled to as well as bottles of chemicals. What they were eligible for was dependent on their 2009-10 harvest. For each 20 fanegas they had turned in during the 2009-10 harvest, coffee farmers were eligible for 6 sacks of fertilizer. For each hectare, they received a correspondingly appropriate amount of agrochemicals. At the end of the provision process in May, only 1,000 sacks of fertilizer remained, mainly sacks belonging to farmers who were only eligible to receive one sack, and the transportation cost outweighed the benefit. At one point, the Consejo of C1 discussed using one of the official C1 cars to distribute the sacks to the very small-scale farmers, but this idea was never acted upon, and the remaining sacks were distributed evenly among those who turned in more than 100 fanegas during the 2009-10 harvest.

During the process of handing out fertilizers, one major problem was encountered. A private business had not kept a registry of the small-scale farmers who had turned in coffee to it in order to avoid paying taxes, and so those farmers were not on the ICAFE registry. Thus, they were ineligible for the fertilizer. If these farmers could show proof (e.g., receipts) that they had turned in the coffee to this private business, they received the benefit of the doubt and were given the fertilizer. The CC filed a complaint against the private business for dodging laws about maintaining a registry. Said Don Pedro, “We are in agreement that we are doing the best thing for the producers... we need to think from the perspective of the producer, and cooperatives have to intervene for cases of extreme poverty” (interview, May 11, 2012). Because of the provision of agricultural inputs, coffee production for the 2012-13 harvest is expected to climb in contrast to the harvest in other coffee-growing regions of the country, according to representatives from both ICAFE and C1 (final numbers for the 2012-13 harvest won't be published until July 2013).

The government in 2012 also began to repair the main road that links the county to the Inter-American Highway with more monies pledged to repair other main roads in the county in 2013. To date, there have also been several small-scale projects that benefit Cotobruseños, such as the provision of seed money for a dairy processing plant and the construction of adequate police facilities.

Social Protest #2

Though grateful that the government had begun to deliver on a few key issues, the CC moved into action again to protest taxes on agricultural lands. There is a nationwide movement to reform land laws by identifying two types of land: residential land and agricultural land. It is a nationwide movement, but it originated in the Zona Sur. There was a legislator from the South who lives in Corredores, a neighboring frontier county, who had suggested it. It began as a project as noted in *La Gaceta* June 13, 2011. The project said that municipalities could only tax lands devoted to agricultural activities at 20% of the prescribed level because the agricultural sector, which was recognized as being a backbone of Costa Rican heritage, has been threatened recently by climate change, instability in global markets, and the rising price of oil. The CC, in conjunction with agricultural coalitions across the country, aimed to codify the project into law. It came up for consideration in the Legislative Assembly on May 15, 2012, and since it was negatively received, the CC conducted another demonstration in conjunction with agricultural groups from across the country.

There were several buses that left in support of the demonstration from Coto Brus (field notes, July 31, 2012). There were two buses that left on behalf of the CC (one largely filled with members from C1 and the other with members of the Union Cantonal and UPACOB) along with two mini buses from the group of cattle farmers and C2, respectively. On one of the buses representing the CC, Don Diego explained that the protest revolved around Expediente 18070, the project that reduced taxes on agricultural lands that was hoped would become law. He said, “The agricultural sector has been forgotten by the government, yet we are the backbone of the country, and we must remind the government that, even though we are simple people, we are organized” (July 31, 2012). Don Diego also reminded participants to behave. The Comité Cívico had to pay 400,000 colones at the last demonstration in Palmar for the legal defenses of people who had been thrown in the jail. He said that businesses had jumped to the rescue, but they didn’t want to have to assume the same expense. He also explained what we were enjoying now (e.g. the bus, the lunches, etc.) was paid with the voluntary contribution of 500 colones per fertilizer sack. The CC did not pocket that money; it was reinvesting it in the community.

The CC, along with organizations from across the country, such as cooperatives, organizations of cattle ranchers, and farmers of all types of crops (e.g., beans, fish, rice, dairy) converged on the walkway in front of the Legislative Assembly (field notes, July 31, 2012). The procession started to march down the main streets of San José and ended in front of the Legislative Assembly. The idea was to be in front of the Legislative Assembly as legislators walked into the building to state emphatically that the agricultural sector would, and must, be heard. There was a stage set up where representatives of various groups, including a leader from the CC, made speeches in which they denounced the federal government for forgetting the agricultural sector. From time to time, a politician would come out to curry favor with the protestors. By counting a designated area, I estimated (based on identifying apparel) that about 70% of protestors were associated with a cooperative, 20% with a cattle association, and 10% miscellaneous farmers. By 4 PM, the crowd received word that, indeed, the legislation would be put up for a vote during the upcoming week and enough legislators had pledged their support to turn the project into policy. By mid-August, the project had become a policy, and agricultural lands were taxed at an 80% discount.

Also in mid-August, the CC hosted a celebration of the coffee revitalization project. During this celebration, leaders of the CC detailed exactly how the money had been used and how many people had benefitted from the project. Also present on stage were representatives from MAG, ICAFE, and SEFITO. A leader of the CC who gave an address brought to the attention of government leaders the good things that come from state-civil society partnership (field notes, August 23, 2012). At the conclusion of the celebration, members of the CC distributed copies of Expediente 18070, the special project that had become a law.

As I left the research site, the CC was preparing to organize around the issue of health care in Coto Brus. Specifically, there is a dearth of specialists, and the county's emergency room is not capable of carrying out surgeries. They allege that the director of the public hospital in Villa Uno is corrupt and incompetent, and they aimed to have him ousted to attempt to attract specialists. They also claimed that doctors in the public system delay treatment in order to encourage patients to be treated in their private clinics. The CC aimed to curb the alleged abuse of privilege.

Throughout the life cycle of the CC, C1 and C2 were both active supporters in time, energy, and resources to sustain the nascent coalition. Although neither cooperative is directly politically engaged, both are engaged indirectly via their robust support of the CC. Indeed, the CC has an indelible mark of cooperativism. Its focus on participation and inclusiveness are both reflective of cooperative values. The cooperatives' progression to political engagement is a unique chapter in their involvement in community projects. Their prior projects involving economic stimulus and the provision of social goods could be characterized as community development projects, or inward-facing projects that, although meeting the immediate needs of community members, do little to change the larger structures in which the community is embedded. In comparison, the cooperatives' involvement in the CC is a community organizing project, or an outward-facing project that strives to reshape the broader structures that affect community welfare. I believe that a unique focusing event, the natural disasters of the 2010-11 harvest, spurred cooperative leaders into action and made evident that the status quo was simply not sustainable.

Their involvement in the CC is also interesting in how it reshapes the conceptual model developed in chapter 2. Some scholars of cooperatives in the Global South, particularly Develtere, argue that cooperatives in the Global South are an extension of bureaucracy rather than spontaneous social movements. Because of their top-down origins, Develtere argues that cooperatives in the Global South do not reform economic systems but rather prop them up by helping vulnerable farmers to get by (but not get ahead). The efforts of the cooperative leaders through the CC shows the cooperatives' attempts to create a bidirectional relationship with the state, one in which they are not merely given benefits (such as tax benefits) that enable them to shoulder some of the state's responsibility in providing social goods but rather one in which they make demands on the state to provide those social goods. What is happening in Coto Brus, thus, represents a transformation of the relationship between the state and cooperatives, and it is a transformation that is incomplete and warrants further exploration.

What is significant about the cooperatives' involvement in the CC, too, is that it represents the way in which they have most potently promoted the welfare not just of their members but of the community broadly speaking. The concessions the CC gained, such as the provision of fertilizers and the improvement and construction of roads, were not targeted only at cooperative members but rather at the entire community. Thus, although some other projects the cooperatives have facilitated to stimulate the economy and to provide social goods have promoted community welfare broadly speaking, all of the cooperatives' political activities vis-à-vis the CC have improved community welfare. The table below lists some of the major projects each cooperative has carried out and characterizes the degree of targeting evident in each project.

Table 5.5: List of Community Projects Facilitated by C1 and C2 by Accessibility

Project	Members Only	Primarily Members*	Entire Community
Economic stimulus			
Coffee receiving and processing	C2		C1
Access to commercial services			B
Credits at commercial services		B**	
Discounts at commercial services		B	
Employment at cooperative		B	
Social goods			
Health services		C1	C2
Meetings in community		C1	C2
Consultation with agricultural engineer	C1		C2
Cooperative education for adults and children			B
Scholarships		C2	
School construction			B
School utensils			B
Housing voucher			C1
Housing lot		C2	
Ban of toxic chemicals			B
Recycling			B
Community infrastructure		C1	C2
Donations for community events			B
Miscellaneous personal solicitations			C2
Political engagement			B
Provision of fertilizer			B
Provision of seed money for microenterprises			B
Construction of roads			B
Reduced taxes on agricultural lands			B

* *Primarily members* refers to the idea of targeting within universalism, i.e., making a good or service available to everyone but offering something extra to members within the general population.

** *B* refers to both cooperatives.

In sum, cooperatives *do* carry out community projects, and these projects can be grouped into one of three major categories: economic stimulus, provision of social goods, and political engagement. Some of these projects target members, some target with universalism, and others promote community interests broadly speaking. Reviewing the chart above, it is evident that C2 is more generous than C1 in providing social goods to the entire community whereas based on the preceding discussion of political engagement C1 is more active in promoting the work of the CC. The question remains: How are each able to invest in these community projects (albeit with slightly different foci) that promote community welfare?

Chapter 6: Means to Facilitate Projects and Their Implications

Social development interventions aim to be process-oriented (i.e., raising the welfare of all, not just a few) and holistic (i.e., focused on both means and ends). Midgley (2003) traces the intellectual heritage of social development and identifies one key strand as being the idea of community participation. This strand of thought contends that the process by which projects are realized is equally as important as the projects' outcome and, in fact, the process can become an outcome by building and strengthening a community's capacity to meet its own needs and enhance its own opportunities. Understanding how cooperatives facilitate these projects illuminates the opportunities afforded for democratic participation and self-determination.

Moreover, exploring how cooperatives are able to finance their projects sheds light on a case study of Midgley's (1995) institutional approach to social development. Midgley's institutional perspective is a form of pluralism that sees a role for the state, the market, and communities working together in order to achieve common aims. Cooperatives derive resources from various entities, including cooperative-focused state agencies, fair trade, and their own profits in order to fund and to guide their projects. Moreover, historically they have received assistance from international initiatives, such as the Alliance for Progress, to carry out some of their projects.

Finally, Midgley's conception of social development suggests that it should "promote the well-being of the population as a whole" (1995, p. 25). The preceding chapter indicated that C1 and C2 both facilitate projects that positively impact the entire community. Nevertheless, careful exploration of the mechanisms by which projects are prioritized and facilitated reveals subtle ways in which these projects can have unintended consequences, i.e., stratification along lines of race, gender, and class. Thus, a closer examination of projects points to a gap between discourse and practice.

The preceding chapter suggested that, indeed, cooperatives are involved in community development and community organizing projects, which can generally be classified into one of three areas: economic stimulus, provision of social goods, and political engagement. The claim that cooperatives promote community welfare raises two broad questions: how and why. This chapter discusses (1) how cooperatives decide which projects to facilitate as well as how they are financed, and (2) how the projects affect the wider community.

Mechanisms to Finance and to Prioritize Projects

The law that governs the formation of cooperatives is called the *Ley de Asociaciones Cooperativas y Creación del INFOCOOP*. According to the law, the overarching administrative organ of each cooperative is comprised of three committees: one dedicated to the management of the cooperative (i.e., the Consejo), one dedicated to ensuring everything runs smoothly and honestly (i.e., the Comité de Vigilancia), and one dedicated to education and social welfare (i.e., the Comité de Educación y Bienestar Social) (see article 36). The functions of this last committee (i.e., the one dedicated to education and social welfare) are to educate new members (article 50) and to put before the Consejo a plan for social projects that will benefit associates and their families and then execute those plans. This committee, in principle, should be the chief

facilitator of community projects. In practice, however, the committees of education and social welfare of C1 and C2 are the weakest committees of the administrative body. In C1, most community development projects (i.e., those that relate to the provision of social goods) are initiated and facilitated by the management, and most community organizing projects (i.e., its involvement in the CC) are initiated and overseen by the Consejo. In C2, most community development projects are initiated and facilitated by the Consejo, and its involvement in community organizing is largely at the behest of the manager.

There are four main sources of funds from which the cooperatives draw to finance their community development and community organizing efforts. The first and most substantive source is earmarked funds. Both cooperatives, as mandated by law, must earmark a certain percentage of their earnings to put towards certain social purposes. The second source is the fair-trade social premium. Neither cooperative draws from this source extensively, but it represents an extant source of funding. The third source is international aid. Historical evidence suggests that cooperatives received financing from the Alliance for Progress as channeled through state banks as seed money. The final source is state funds. Although cooperatives do not receive monies outright from the state, they receive tax breaks, which help cooperatives to be financially viable.

Article 80 of the Law of Cooperatives describes from where earmarked social funds come. One fund is the reserve for education (article 82), which is to be used for imparting cooperative education, training, or general education within each cooperative's zone of influence. This fund is constituted by at least 5% of profits, and an additional 2.5% can be used to pay CENECOOP for its training programs. Article 83 discusses the reserve for social welfare, which is to be used for associates and their direct families for economic help or social assistance that the Caja (social security) does not provide. This fund comprises at least 6% of profits. The assembly can vote to increase the percentage of profits earmarked for each of these funds, and the Consejo can also decide to create funds in addition to those mandated by law. After these funds as well as general operating costs are subtracted from the cooperatives' earnings (which must be justified transparently to the annual assembly), the remaining earnings are divided among members on the basis of how much coffee they deliver to the cooperative.

C1 and C2 have operationalized and implemented these statutes in slightly different forms. C1 maintains the 5% education fund (to be used broadly within the cooperative's zone of influence), the optional 2.5% to CENECOOP, and the 6% social welfare fund (directed at associates, workers, and their immediate families). The Comité de Educación uses its fund to give talks in the schools within its zone of influence. The management decides when and how to use the 2.5% profits to CENECOOP, although I never witnessed the allocation of these funds during my participant-observation. Thirdly, the C1 statute book does not say how or by whom the social welfare funds are allocated. In practice, it is the management that allocates these funds to community projects (C1 does not allocate funds to individuals).

Although the statutes are clear about what percentage of profits are to be earmarked for these funds, the practice is messy. A manager at C1 told me that the business had not earned a profit for several years now. I asked, then, how the Comité de Educación was financing its activities in the school and how the cooperative was financing its activities with the CC. The

manager responded that, indeed, in the face of losses, especially during the 2010-11 harvest, the cooperative had decreased its financial commitment to educational and community projects (interview, May 12, 2012). He noted the cooperative had been able to carry on with some activities with the fair-trade social premium, which will be discussed subsequently. That is, the money for the talks in the schools comes specifically from the fair-trade premium, which also pays for the agricultural engineer's outreach to associates. In my participation at Consejo meetings, I had seen the proposed budget during a Consejo meeting for the distribution of the fair-trade social premium, and the premium had been directed towards talks in the school, the work of the agricultural engineer, and the cost of obtaining certification.

I asked the manager for clarification regarding how much and from where funds to support the other community projects, such as the construction of roads. The manager replied that C1 spends about 1.5 million to 2 million colones (or \$3,000 to \$4,000) on community projects per year. In 2011, C1 gave help to 18 community organizations. The manager of C1 would not provide any additional information regarding from where those funds came or which specific projects were approved of for funding and which were denied, he would not give me access to that information. What he responded is the following:

I can't give you a number, although the collaboration is small. Every week solicitations arrive saying that an association of development is going to do an event and asking if we can give something, or a committee of roads needs some materials for a bridge, or a school needs uniforms and balls for the kids. In the end, there are lots, lots, lots of organizations that every, every, every week ask for help. We can't give a lot, because lots of organizations ask for help, so we have to divide our small assistance among many people. (interview, May 12, 2012)

The money for the small projects, thus, often collaborations with grassroots *asociaciones de desarrollo*, total a few thousand dollars each year. Generally speaking, though, the C1 manager was not willing to divulge much detail. Competition in the coffee business is fierce, so businesses tend to guard information about profits and how those profits are allocated.

I pressed further, trying to learn how it is decided which projects are funded. It is the management that decides which community projects to fund and which to not fund. The C1 manager said that they decided whether or not to fund a project on the basis of whether the community had been loyal to the cooperative. More specifically, he said the following:

We help almost all the organizations, but sometimes there are some to which we have denied help because there are communities that are very faithful to the cooperative like those that I just mentioned. There are also some that aren't faithful, that turn in their coffee to another business. If a community comes like [loyal community], we will almost never say no because [loyal community] turns in almost all its coffee to the cooperative. We have a special case [disloyal community]. Although it is in the zone of influence of C1, and it used to give all the coffee to us, now it doesn't even give us 5% of its coffee crop, so [disloyal community] is a community to whom we have denied help. But for the rest, we help them. (interview, May 12, 2012)

Loyalty, thus, is very important in allocation decisions that C1 makes about which communities should receive assistance. Unlike C2, C1 does not award grants to individuals (interview May 19, 2012).

In addition to its small collaborations with grassroots community groups, C1 also carries out large-scale projects, such as the health fair and the facilitation of the housing voucher program. These programs are carried out by linkages with other businesses and banks rather than from the cooperative's earmarked funds. The health fair, for example, has a number of commercial sponsors that end up covering the entire cost of the health fair. And the housing voucher program is carried out via an arrangement with a cooperative bank.

I also asked how C1 is able to make contributions to the CC even in recent years when there have been few profits. C1 attempts to make donations to the CC in-kind. For example, it regularly loans its facilities to the CC, or it provides office supplies. The Consejo will also vote to draw funds from general operating costs to support cash expenditures related to the CC, such as the cost to rent a bus to take people to the demonstrations in both Palmar and San Jose. C1 also made a large cash donation to the CC. These donations were approved by the Consejo whose leadership, as noted before, overlaps with the leadership of the CC.

C1, in sum, gives small contributions to community projects out of earmarked funds, which have been scant in recent years due to challenges discussed previously. It also draws from market-based sources, such as fair trade, as well as from partnerships with other enterprises. The C1 also makes donations to community projects in-kind. Finally, the Consejo will also vote on extra funds to support projects considered to be vital to the cooperative's interest, such as the CC.

C2 operationalizes the national cooperative law differently. It allocates 5% of profits to the education fund, 6% of profits to the social welfare fund, and an additional 6% in the social help fund. C2 does not maintain a fund for CENECOOP trainings. The distinction between the social welfare fund and the social help fund is that the former is administered by the Comité de Educación and is earmarked for cooperative members and their immediate family whereas the latter is administered by the Consejo and is earmarked for community projects. In addition to managing the social welfare fund, the Comité de Educación also administers the education fund.

Like C1, the implementation of the cooperative statutes is messier than statutes might prescribe. The management of C2 was more forthcoming than the management of C1 about from where its community development funds come and how projects are prioritized, which helped to identify gaps between discourse and practice. C2, as noted above, maintains two social welfare funds: one is managed by the Comité de Educación for assistance specifically to members and the other is managed by the Consejo for community projects. The management provided me with data about the amount of money it has spent in the former: 680,961 colones from October 1, 2008 to September 30, 2009; 847,832 colones from October 1, 2009 to September 30, 2010; 905,838 colones from October 1, 2010 to September 2011. These funds were divided into four subcategories: *ayudas sociales* (social help), *becas* (scholarships), *ayudas comunales* (community assistance), and *fondo mutual* (mutual help fund). The distinction among subcategories, however, seemed to be moot, and the accountant could not give me a cogent explanation for the distinctions among the subcategories.

The Consejo allocates the *ayudas sociales* fund (comprised of the four subcategories) during its bi-weekly meeting. Just as in C1, letters arrive requesting funds, but rather than being processed by the management they are processed by the Consejo. The secretary reads aloud the letter, and the entire Consejo and the manager decide how much help the cooperative can provide. The Consejo gives some small amount to just about any solicitation that is sent to the cooperative. Although I witnessed the Consejo discussing the loyalty of the community from which the solicitation arrived, ultimately they gave something to every request that arrived. I believe that the Consejo additionally draws from the two funds that the Comité de Educación manages (and does not entirely use, as will be discussed next), although I could not get a verbal confirmation about my hunch.

The C2 Comité de Educación is in charge of two funds in theory, but in practice it does not use these two funds in full. The Comité de Educación of C2, in general, seemed to be disorganized. I believe that the disorderly Comité de Educación is, in part, the historical legacy of someone who was a manager for 20 plus years. When this person was manager of the cooperative, he limited the freedom of all the administrative organs (i.e., Consejo, Comité de Vigilancia, and Comité de Educación) so that he could pull the strings, according to interviews with past C2 Consejo members (interviews on May 4, 2012; May 14, 2012; and August 16, 20). In particular, he used to allocate the Comité de Educación's budget as he saw fit. I also believe the Comité de Educación is a relatively weak organ because Consejo members have a lack of faith in the Comité de Educación's discretion as evident in my participant-observation at Consejo meetings. The committee lacks prestige in the administrative council, which is evident by even where they sit during the meetings: the back corner. In the annual elections, the candidates with the most votes are appointed to the Consejo; those with the second most votes are appointed to the Comité de Vigilancia; those with the least votes are appointed to the Comité de Educación. Thus, the people elected to the Comité de Educación are considered to be the least qualified. A member of the Comité de Educación expressed to me his sentiments about the administrative council's (lack of) regard for his committee. He noted, "We are very undervalued. I am ready to leave. They [the members of the Consejo] set us very apart. Just now they are beginning to take us seriously" (interview, May 1, 2012).

Generally speaking, C2 errs on the side of generosity when it comes to allocating funds. In the five Consejo meetings that I attended, I never saw the Consejo deny help to a community organization, no matter how inane the request might have been (i.e., for duck statues in the recreational area of a schoolyard). I even saw C2 award uniforms to a church soccer team. The statutes of C2 explicitly say that the cooperative cannot endorse any religion or political party. When I asked members of the Consejo why they had awarded uniforms to the church soccer team, they said that the money was not advancing religious beliefs. I also saw the Consejo offer support to community organizations from communities that have not been loyal to the cooperative, such as those near the Parque La Amistad, which turn in most of their coffee to nearby private businesses.

The Comité de Educación, although more generous than statutes might prescribe, was not as lenient as the Consejo in allocating its social welfare funds. To determine eligibility, members of the committee spend time discussing whether a solicitation that arrives is from an individual

who is a cooperativist. Cooperativists, according to committee members, are people who turn in all their coffee to C2 and who also do all their shopping in the various branches of C2. Members of the Comité de Educación often advocate for narrow interpretation of the statutes by only allocating funds to cooperativists and members of their immediate families. I heard the committee go through various solicitudes it had received. Most requests were medical related, from needing glasses, to needing money for bus passes to San José to receive treatment, to needing money to pay for cancer treatment. Although statutes say that the fund is directed to members and to their immediate families, I witnessed extended family members also being awarded funds from the Comité de Educación (albeit reluctantly), especially if the solicitors were extended members of a “loyal” family, i.e., a family that has turned in its coffee for many years to the cooperative and that does all of its personal purchasing at subdivisions of the cooperative (e.g., grocery store, hardware store). There was a girl, for example, who had ovarian cysts. Her family was not a member of the cooperative, but a member of her extended family was a good cooperativist and she was from a loyal community, but the Comité de Educación chose not to give her help. Said a member of the Comité, “We want to help everyone, but we can’t if they aren’t an associate. The law doesn’t help non-associates. They [the associates] are the ones that give us financial help.” However, when the Comité gave its report to the Consejo, the members of the Consejo urged the Comité to give her some small cash award.

The Comité de Educación also only claims the entirety of the education fund at the management’s behest. Unless they are prompted by the management, the Comité de Educación members do not regularly reach out to schools for cooperativism talks or to communities for training in best coffee practices. As mentioned before, there was an incident in which a member of the committee disciplined a child who participated in one of its talks on cooperativism in the school via physical force, so schools have not been proactive about soliciting their talks either. Recently the management has considered fortifying the committee with training to ensure that they are clear about statutes, what cooperativist behavior looks like, and how they can utilize and make the best use of their budget.

Unlike C1, C2 does not use its fair-trade social premium for education and training. In fact, C2 does not use its social premium for community projects at all. Rather, it divides the social premium among all cooperative members and returns the premium as a cash bonus.¹⁵

C2, thus, manages three funds that are earmarked for community projects. In theory, two are managed by the Comité de Educación and one by the Consejo. In practice, however, the Consejo is the strong administrative organ determining the allocation of funds, and I believe that the Consejo draws from the Comité de Educación’s unspent funds to finance its projects. C2, unlike C1, is not preoccupied with loyalty in determining to whom to allocate funds, and most solicitations are funded, although perhaps not in full.

Unlike C1, C2 has not made a large investment in the CC. It did give 50,000 colones (about \$100) to the startup costs of the CC, but it has not lent its facilities or office supplies. The

¹⁵ Fair-trade labeling organizations actively discourage this practice preferring instead to have the social premium directed towards community development projects, and it is not clear how C2 has been able to gain auditors’ approval of this practice.

bridge between C2 and CC has been the contract C2 management forged with the government to distribute aid. C2's efforts were not voluntary; they were compensated.

There are two other funding sources for the cooperatives' community engagement: international aid agencies and national policies. Historical accounts of the founding of both cooperatives indicate that both successfully secured loans from the national bank as startup money. This money, it could be hypothesized, might have come from the Alliance for Progress, which was pushing for the establishment of cooperatives as discussed in chapter 1. Records for C1 indicate that it received 1,250,000 colones (\$189,000 in 1964 dollars and \$1.5 million in 2013 dollars) and C2 received 925,000 colones (\$140,000 in 1964 dollars and \$1 million in 2013 dollars). I cannot link the dollars both cooperatives received directly to the Alliance for Progress, but I know that in the 1960s Alliance for Progress dollars were given to state banks explicitly for the purpose of starting cooperatives. Additionally, the cooperative sector has continued to receive benefits from the state, such as the tax breaks on purchasing machinery, as also discussed in chapter 4 and outlined in the national cooperative law.

The chart below lists the ways, in practice, that cooperative organs allocate funds and from where they draw these funds.

Table 6.1: Types of Funding for Community Projects

	C1	C2
Social welfare fund	6% of profits to be allocated by the Consejo for community projects	6% of profits to be allocated by Comité de Educación for social assistance members and their families
Education fund	5% of profits to be allocated by Comité de Educación for educational purposes within the zone of influence	5% of profits to be allocated by Comité de Educación for educational purposes within the zone of influence
Social help fund	Does not exist	6% of profits to be allocated by Consejo for community projects
Training fund	2.5% for training conducted by CENECOOP	Does not exist
Fair-trade social premium	\$.20/lb. to be allocated by democratic processes for community projects	\$.20/lb. to be allocated by democratic processes for community projects
International aid	Seed money from Alliance for Progress	Seed money from Alliance for Progress
State incentives	10-yr tax exemption on import taxes; priority in government contracting and transportation	10-yr tax exemption on import taxes; priority in government contracting and transportation

As noted above, the financing and the prioritization of projects in practice is messier than the table above would prescribe. I believe that funds that go unused in some areas get claimed by other stakeholders. And sometimes funds above and beyond what is earmarked are approved by

the Consejo to be drawn from general operating costs. In C1, there is some discretion used in the sense that management will deny requests from disloyal communities. There is also discretion in the sense that the leaders of the Consejo have pushed for the cooperative's involvement in the CC. In C2, there is less discretion used, and most projects are funded, even requests from disloyal communities and non-members. Additionally, C2 does not use its fair-trade social premium for community projects but rather to augment the prices that coffee farmers receive.

As evident from the previous discussion, the dominant determinant of cooperatives' ability to invest in community projects is their profits. If cooperative members turn in only the first and the last of the harvest (i.e., the inferior parts), the cooperative makes less profit. If cooperative members turn in all of the harvest to the cooperative, the cooperative can better pool risks and opportunities. Member loyalty, or lack thereof, is a central theme in cooperative conversations given its relevance to cooperative vitality. Cooperatives don't have the "force of law," or the ability to expel people from the cooperative (although the cooperative technically has that right according to the statute book, culturally that would be unacceptable given the high priority placed on the cultural value of getting along with everyone), so they cannot mandate people to turn in their coffee to the cooperative; what they can do is withhold credits from individuals and solicited funds from communities to encourage people to turn in their coffee. Both cooperatives maintain records of how much land a member has and how much historically the member has turned in and how much a member turns in each day. If a member turns in significantly less one year compared to the previous years, the cooperative gets suspicious. Or if there are weeks (likely the center of the harvest) when the member did not turn in anything, the cooperative gets suspicious. The inspector at each coffee collection site also looks for people driving away with coffee.

Private businesses emerged in the zone within the last 20 years, according to interviews with management at both cooperatives. Just 20 years ago, there were only 4 businesses in the zone: C1, C2, Cooprotres (a cooperative that went broke in 2006 due to mismanagement), and a private business (that continues to be a big competitor of the cooperatives). At that time, the county also produced 350,000 fanegas annually (interviews, May 9, 2012 and July 20, 2012). Now there are 15 businesses in the county, and the county only produces about 200,000 fanegas annually. Both C1 and C2 have the capacity to collect and to process double the coffee that they have collected and processed the past few years. The reduction in productivity and the crowded pool of coffee buyers has dealt a costly blow to both cooperatives. Noted one manager:

We went from 100,000 fanegas years ago to just 42,000 fanegas. The infrastructure is there. We have the capacity to produce up to 100,000 fanegas, and we are just processing at 50% capacity. It would be ideal to receive more for the economy of scale. The less the [quantity of] coffee, the more expensive to process the coffee. (interview, May 12, 2012)

Cooperatives, therefore, have had several blows in the past 20 years: decreased productivity per hectare, a fickle global coffee market, environmental changes that have caused the proliferation of coffee plant-attacking diseases, and increased local competition to buy coffee berries.

The competition emerged from family-owned businesses. Families that were large cultivators of coffee (i.e., those that produce 500 plus fanegas) began to process their own coffee,

which according to a coffee expert in the country was positive in terms of reinvigorating interest in coffee. They then began to look for coffee from neighbors, and as they increased their capacity they began to look for coffee from the entire county. Small groups of high-altitude, medium-scale farmers have also begun to drive their coffee all the way to exporters in San Jose to excise the cooperative as an intermediary.

The entrance of private enterprises has had mixed results for the average small-scale farmer. According to interviews with cooperative management and community members, often they do pay higher prices for legal and illegal reasons. Unlike cooperatives, private enterprises do not have to pay *cargas sociales*, or payments to social security, since many are family-owned and family-managed. They do not offer any services or have any committees like the Consejo or the Comité de Educación. They tend to only purchase the middle of the harvest, not the beginning or the end. They also tend to think in the short term by purchasing coffee only when the global price is high. They also cut into their profits to make some money in the short term. Costa Rican law says the coffee businesses can only earn 9% by the sale of coffee. The private enterprises will often cut into their earnings (perhaps by only taking 7%), thus enabling them to offer a higher price per fanega of coffee than the cooperative. For small business owners, it is better for them to cut into their earnings to attract the best export-quality coffee than to safeguard their 9% earnings. Consistently cutting into their earnings is not sustainable, but they often are thinking in the short term rather than the long term. In contrast, cooperatives are thinking about the long term, and they need the full 9% earnings to provide services for associates, such as transportation.

These private enterprises often operate outside the law to offer competitive prices. They dodge Ministry of Health and Ministry of Labor regulations, such as the law that coffee businesses must maintain a registry of all the farmers who turn in coffee to it. One of the private businesses in Coto Brus was reprimanded for failing to maintain a registry when the CC handed out fertilizers (field notes, May 9, 2012). Cheating on the registry helps the private enterprises to evade paying taxes. They also sell coffee below the table, which helps them to dodge other taxes (field notes, August 31, 2012 and September 7, 2012). As can be imagined, private enterprises' focus on the short term means that new private enterprises appear while others fade with great frequency. In contrast, both C1 and C2 have been in business for almost 50 years.

In the short term, thus, private businesses seem to offer an attractive option to small-scale farmers. Private businesses pay out at once in cash at a price that might be 5,000 colones per fanega higher than the cooperatives. However, private businesses have proven not to offer a steady outlet for small-scale farmers. They appear, and then they vanish (interview, May 12, 2012). They only accept the best part of the crop (interviews May 19, 2012, July 30, 2012, August 18, 2012). And they offer no services during the dry months when there is no coffee to harvest. Families who chose to turn in coffee to these private businesses often have no safety net.

A coffee expert in Costa Rica told me that without a doubt small-scale farmers are best off selling their coffee to the cooperative (interview, May 12, 2012), and I agree with his analysis. However, small-scale farmers often find it difficult to think of what is best in the long term when there are pressing needs in the short term. Increasingly, farmers have sold their coffee to private businesses, which has cut into cooperatives' profits and, logically, their ability to invest in the

community. Each cooperative is only responsible for about 20% of the coffee in the county, a percentage that has fallen dramatically from 20 years ago. The various branches of the cooperative (e.g., grocery store, supply store), thus, provide not only critical commercial services, but they also have helped C1 and C2 to stay viable. A review of annual reports from both cooperatives confirms that it is the branches that contribute most to the overall profit of the cooperative. There have been several years when coffee created a loss for both cooperatives, which has been offset by gains from the other branches.

Cooperatives pay for these projects from their profits. Their profits have decreased due to several exogenous factors, such as the fickle global commodity market, as well as endogenous factors, such as the increase in competition to purchase coffee berries in the county. Therefore, their ability to invest in the community has taken a downturn at the exact moment that the community perhaps most needs investment. I suggest the lack of investment in the community has created a vicious circle, wherein it becomes difficult for small-scale farmers to perceive the benefits of turning their coffee to the cooperative, which makes it difficult for cooperatives to offer a robust collection of services to the community. Nevertheless, the cooperative does offer services not just to members but to non-members as well, thus raising the welfare of the entire community.

Extent of Impact

C1 and C2 are both involved in community projects, but to what extent do these projects affect community welfare? Sometimes the literature on cooperatives can be characterized as being ideological, recognizing only their strengths as a social development strategy. And, indeed, I intend to affirm the ways these two cooperatives are involved in both community development and community organizing projects. Nevertheless, I also want to point out their limitations and areas for improvement.

Both C1 and C2 promote community welfare along economic, social, and political axes, and cooperative members and non-members alike recognize the role of the cooperatives in the community. Noted a cooperative member:

They [C2] give help to people if someone comes with a need, but the help is small. Here in this zone, what we call the frontier zone, it [C2] is the only one that helps us. If we need financing for something or if we need money, it is the only one that helps us because the government doesn't help us in anything. (interview, August 30, 2012)

The comment above refers to the fact that the cooperatives are embedded in a frontier context, a context in which there is little state presence because of the remoteness of the area from the Valle Central. In this context, cooperatives supplement some state functions.

It is not only cooperative members who recognize the importance of the cooperatives to community welfare. A non-member stated the following:

The cooperative helps the coffee growers a lot. It projects itself to help the communities and the producers. There is like a circle among the association [the association of

development], the cooperative, and the school so that the people in this community can have a better future. (interview, May 7, 2012)

The cooperative, among members and non-members alike, is commended for having played in the past, and for continuing to play, a pivotal role in community development. The mission statements of both organizations note that they are primarily interested in promoting the interests of their members, and they do offer targeted benefits aimed specifically for members, such as some credits and discounts. There are other benefits that are targeted generally towards members but with a good deal of leniency. For example, when it comes to hiring decisions in both C1 and C2, they attempt to hire immediate family members of members, but if they cannot find someone who is qualified who meets that criterion, they open the position to community members, broadly speaking. Finally, there are benefits that all community members enjoy, irrespective of their association (or lack thereof) to the cooperative. The policy advocacy that the cooperatives carry out, through the CC, benefits the entire community.

Nevertheless, we cannot assume that all the projects carried out are virtuous. The prioritization and the facilitation of projects are conducted by Costa Rican men for Costa Rican men. Often not included in cooperative management, Consejo, Comité de Vigilancia, Comité de Educación, and the CC are those who have no land, Costa Rican women, and Guaymí indigenous men and women. The result, I argue, is that the cooperatives' and the CC's roles in community engagement are not as robust as they might could be. The rationale behind participatory programs is that when everyone has a voice, everyone can express concerns and contributes strengths thereby leading to promising outcomes for everyone. Given the composition of leadership in C1, C2, and the CC, I doubt that everyone's interests are being equally expressed. Cazanga (1987) argues that cooperatives have largely been a tool to promote the interests of middle-class farmers. My research begins, albeit tentatively, to expand on his research by considering how cooperatives shore up the interests of landed farmers vis-à-vis those of landless farmers, the interests of men vis-à-vis those of women, and the interests of Costa Rican mestizos vis-à-vis indigenous persons.

There are no arbitrary restrictions placed on cooperative membership; anyone can associate who has coffee to turn in. Landless laborers do not have any coffee of their own to turn in, and so they are not cooperative members. Many landless laborers are Guaymí indigenous people; there are also Costa Rican mestizos who work the land of others. The former are called *peones*; the latter, *jornaleros*. What I witnessed is the management of both cooperatives as well as cooperative members resist the government's efforts to promote the rights of these individuals (field notes on June 13, 2012 and August 16, 2012). Various government ministries want to ensure that landless laborers have adequate homes in which to live that meet certain sanitary requisites, such as having running water. The government ministries also want those who employ these laborers to pay for part of their health care. Additionally, employers (i.e., cooperative members) must ensure that their laborers have received certain vaccinations. And for those who employ migratory laborers, employers must ensure that their employees have crossed the border with appropriate documentation. Cooperative management and members have actively resisted these measures, and they have achieved some success. They argued that given the unique frontier context of Coto Brus, employers need an extension before these measures are implemented. The farmers of Coto Brus have been granted this extension.

Cooperative discourses claim to put people at the center of their model. The resistance of cooperative management and members to these health and labor codes, however, shows the limitations in the people-first rhetoric. That is, cooperatives' practices reflect a two-tiered conception of citizenship; they promote first-class rights for landed farmers (e.g., the movement to reform how agricultural lands are taxed) and second-class rights for landless laborers (e.g., a reluctance to adhere to health and labor codes). Luetchford (2008), too, critiques the fair-trade discourses for rendering invisible the landless laborers who make the labor-intensive farming requirements of fair trade possible. Instead, Luetchford argues, fair-trade discourses fetishize the small-scale farmer.

Cooperative practices also have the potential to stratify along gender lines. To substantiate this person, I reflexively draw on my personal experience as a woman participating in male-dominated spaces. On a personal level, I felt uncomfortable at many C1, C2, and CC meetings that I attended. I found the social environments to be in some ways hostile to women. In one of the meeting places, there are photos of half-naked (or half-dressed) women from *La Teja* clipped and tacked to the wall. Sometimes the men in these groups would make crude jokes about various reproductive organs. After one of these group's meetings, men often congregate outside to smoke for the "second little meeting" during which they engage in what we might call men's locker room banter. Men regularly harassed me about not having a Costa Rican boyfriend, to which I replied that I was engaged. Their response tended to be indifference. Then several proceeded to ask me out, even when the interview was being tape recorded. In short, I was in a number of uncomfortable situations because I was a woman. It is difficult for me to hypothesize whether Costa Rican women feel the same way as I did given that there are major differences between Costa Rican women and me: our nationality, our education, and our culture. Nevertheless, I felt like there were several instances where it was intimidating to be a woman, and I wondered if this precluded Costa Rican and Guaymí women's involvement in addition to their gender roles in the household more generally.

Indubitably, there was not gender parity in most leadership activities. Repeatedly in my field notes, I tallied the number of men and women. On the C1 and C2 Consejos, there was only one woman (in C1). Someone who has worked at C2 since the mid-1970s said there had only been 5 women during her tenure, and most of the women end up withdrawing from the Consejo before their 2-year commitment ends for various personal reasons (field notes, May 16, 2012). At all the cooperatives' branch stores, men outnumber women as employees. At a community meeting held by C1, there were 40 people, 6 of whom were Costa Rican women (field notes, June 16, 2012). At another meeting, 38 people attended, 8 of whom were Costa Rican women (field notes, June 13, 2012). At yet another, there were 45 associates, of whom 8 were Costa Rican women and of whom 1 was a Guaymí man (June 14, 2012). On the way to the demonstration in front of the Legislative Assembly to protest tax policy on agricultural lands, I hopped on a bus where there were 9 Costa Rican men on board. I boarded alone. Then at the next stop, 8 more Costa Rican men got on board. We continued picking up people as we drove through the county. By the time we got to our first rest stop on the Inter-American Highway, I counted the number of women in line to use the women's restroom: 5. I counted the number of men in line to use the men's restroom: 30 (field notes, July 31, 2012). Repeatedly, women were underrepresented in activities.

I asked a few times with genuine curiosity why there aren't more women who are present in leadership and at community activities. One man replied that, indeed, women had been very involved. He responded that women had helped in secretarial capacities as well as by preparing food, and he hoped that they would continue to amplify their participation in the future (interview, May 10, 2012). I then asked a clarifying question. I asked why women were not involved in leadership capacities. He explained that women are not interested in those matters. I would argue, however, that there are subtle barriers to participation, such as the jokes that could be perceived as being sexual harassment.

I noticed in the formation of some committees that women were roped in as token female representatives. It is Costa Rican law that women must have equal representation to men on committees. I witnessed a committee that came together around the issue of the *pagos ambientales* at a retreat held by the World Bank to involve the *campesino* sector in stewardship (June 16, 2011). When initially formed, the committee consisted only of men. An observer noted that the committee needed at least one woman. A woman was nominated to the position, and it was apparent that she felt flustered by the nomination. A man assured her that she would not have to do anything; her presence was merely symbolic. Thus, not only were women underrepresented in numbers, but they were also not represented in leadership or, when they were, their presence reeked of tokenism.

Guaymí men and women have even less presence in activities than Costa Rican mestiza women. There are two reservations of indigenous people in the county, and a few indigenous families have settled into shacks in all the neighborhoods around Coto Brus as *peones*. Very few attend C1, C2, or CC activities. I have heard people in leadership in these groups speak very disparagingly of indigenous people, making culture of poverty arguments that indigenous people at their core have different intellectual capacities than Costa Ricans (field notes, June 12, 2012). At one CC event, the speaker stated that Coto Brus is the second poorest county in the country, second only to Talamanca (a county that is wholly indigenous in the province of Limón on the frontier with Panama). The speaker then moved on to say that being second only to an indigenous county in terms of poverty should be humiliating for those who live in Coto Brus (field notes, May 12, 2012). I cringed as I glanced over at the one indigenous man in attendance.

I believe the lack of landless laborer, female, indigenous participation betrays the principles of the cooperative movement and undercuts the projects in the community that the cooperatives carry out. Although the cooperatives offer ample opportunities for capacity building, these opportunities are building the capacities of a distinct segment of the population. For example, in the area of political engagement, the CC has devoted itself to economic activities in which Costa Rican men are the chief actors. The participatory diagnostic process that CC leaders facilitated in collaboration with professors from the Universidad Nacional appraised problems and solutions in 5 areas: culture, environment, social, political/administrative, and economic. The leaders of the CC have become politically engaged so that they can focus on economic activities that most directly benefit men (e.g., handing out fertilizer, providing seed money for dairy processing). The CC has neglected the other areas, some of which might most directly benefit women and indigenous people. Several women, for example, mentioned to me in interviews that they would like a playground in their respective neighborhoods as well as safe places for youth

to hang out. Neither of these possible interventions was mentioned in the C1, C2, or CC meetings that I attended (aside from the solicitation for the duck statue).

I do not mean to minimize the efforts of C1, C2, and CC; I would merely like to imply that they might look different, and they might have a greater impact, if the leadership committees of each entity were attentive to various dimensions of diversity. In conversations with the various leadership committees, however, lack of diversity does not seem to present a problem from their perspectives. Moreover, I only interviewed one female community member who mentioned that she would like to participate in the Consejo but felt she was precluded from doing so because of gender constraints (interview, September 1, 2012). A handful of women did mention that they felt uncomfortable being in the cooperatives, so it is possible that given the discomfort of simply being in the cooperative might hinder women from even thinking of running for a leadership position. I argue, thus, that although cooperatives promote community welfare along three axes, they also interject the possibility of stratification, thereby mitigating their potential.

In addition to asking to what extent cooperatives promote the welfare of all community members, I can also ask to what extent cooperatives promote community welfare vis-à-vis other “interventions.” Thus, I now compare their potential to that of drug trafficking and migration to the United States, the other two large development efforts in the area. These two sources of income and employment do seem to offer a counterweight to the fickleness of global coffee markets. Drug trafficking was one of the top 5 retrieval labels in interview coding. But beyond the frequency with which drug trafficking appeared in semi-structured interviews, drug trafficking was a prevalent theme in my daily life. There was a drug trafficking-related murder just 300 meters from my host family’s home within my first month of arriving at my site. I could not safely leave my home after dark or before 5 AM. When I waited to board the CC bus for the demonstration against tax policy on agricultural lands in the wee hours of the morning, I was terrified. I knew that there was a major drug deal going down just 20 meters from where I was standing at 3 AM. I saw the expensive and flashy cars outside a bar that serves as a front to launder money, and I prayed that the bus would pass soon. My bus did not pass quickly, but a neighbor who was going to the demonstration picked me up and drove me to another pickup point where other people were waiting for the CC bus. The drug traffickers themselves are often not the targets of violence; it is family members and friends of drug traffickers who are at risk. Thus, many innocent community members are at risk. Drug trafficking, fear, and violence were part of my quotidian life.

Despite these clear dangers and problems associated with drug trafficking, perhaps the greatest contributors to community organizing and community development projects are drug traffickers. Drug traffickers, for example, went to the major demonstration on August 29, 2011, on the Inter-American Highway and carried several community members in their trucks. Perhaps ironically, the drug traffickers in this case were pressuring the state to invest in the community and to have more of a presence, which might pose a threat to their own financial interests. Drug traffickers are also involved in community development. They contribute to community infrastructure projects, and they also contribute to individuals in need, particularly the indigenous population. An indigenous girl who needed money for books and shoes to attend high school did not go to IMAS for aid; she went to a drug trafficker (field notes, June 11, 2011). Drug trafficking also provides employment through businesses they own to launder money, such as

bars, car repair shops, and restaurants, which is mentioned in a community diagnostic (see <http://www.prodelsan.org/index.php/8-proyecto-coto-brus>). Unfortunately, sometimes these businesses also can afford to undercut the competitors' prices, which makes it difficult for "legitimate" business owners to stay afloat. Nevertheless, community organizations, people seeking aid, and people seeking employment would likely approach drug traffickers before they would approach a cooperative. Drug traffickers have much deeper pockets than the cooperatives. Not only do they often have more money than they could ever need, but they also need to invest in the community to buy its silence.

Undocumented migration to the United States, too, has provided a pathway for community development by way of remittances. The school, in particular, has benefitted from remittances. Families who have had a family member migrate (often the father) claim that the member migrated to provide for the children, mainly to provide an education for the children so that they will not have to migrate as well. These parents are often willing to remit money to contribute to school construction projects, such as lunchroom facilities, recreational facilities, or computer facilities. They also contribute to purchasing school equipment, such as instruments for the school bands that commemorate national holidays. Migration also provides a form of access to employment for the community. Although both cooperatives offer several dozen positions, community members' demand for employment outstrips the cooperatives' supply. Migration also provides secondary employment because migrants often employ construction workers to build new homes and hired hands to take care of coffee fields in their absence. The construction of homes also provides business to supply stores in the area. Together, drug trafficking and undocumented migration to the United States are perhaps the veritable engines of development in the community in spite of cooperatives' significant contributions. Cooperatives are beholden to the whims of the market. While drug traffickers and undocumented migrants, too, are beholden to market fluctuations, the fluctuations in their respective markets seem to be less extreme, and they can contribute to community organizing and community development with greater regularity than cooperatives. Though cooperatives' community projects are significant (and legal!), they are not as potent as drug trafficking and undocumented migration to the United States.

Chapter 7: Rationale of Cooperative Involvement in Community Practice

This final findings and analysis chapter explores why cooperatives are willing to facilitate and to finance community projects. These projects take away from both cooperatives' potential earnings, and they create extra responsibilities in terms of time and effort. Why would an organization engage in practices that, from a narrow cost-savings lens, would detract from its overall functioning? I have identified two broad reasons why C1 and C2 have both invested in community projects, one extrinsic to the context and the other intrinsic. The first reason stems from the overarching values of the international cooperative movement, many of which are drawn from a juxtaposition of collectivism and populism as explicated in chapters 1 and 2. From a collectivist perspective, the welfare of the individual is bound up with the welfare of the group, and from a populist perspective, "the people," or communities, are ascribed primary importance. Thus, the cooperative model puts people, rather than profits, at its core to ensure human flourishing. There is also a second rationale why C1 and C2 represent illustrative case studies of cooperatives' potential to engage in community practices: They are both embedded in a unique frontier context, a context in which there is a limited state presence, and, thus, cooperatives have had to be innovative to fulfill human needs and to enhance opportunities. Nevertheless, C1 and C2 are embedded in slightly different contexts, and understanding their subtly distinct environments sheds light on why C1 excels at community organizing whereas C2 excels at community development. In sum, two reasons, one ideological and the other practical, help to explain why cooperatives have become involved in community projects.

Ideological Roots

Cooperative principles inform the national cooperative law, the *Ley de Asociaciones Cooperativas y Creación del INFOCOOP*, which, in turn, has informed the mission and the structure of both C1 and C2. The law derives its ideological grist from collectivist values, as discussed in chapter 2. In this law, the *raison d'être* for cooperatives' existence and prescriptions for organizational structure are discussed. Specifically, the legislation notes cooperatives as being one of the most effective mediums for economic, social, cultural, and democratic development whose purpose is to fulfill necessities and promote economic and social betterment. Both cooperatives must comply with the cooperative law, which dictates that cooperatives must be involved to some extent in providing services to cooperative members and their families as well as to the community at large.

Cooprouno and Cooprodos express this mission in their respective statute books. Both note that the objective of the cooperative is to pursue whatever activity will help to develop associates and their communities and to engender a spirit of mutual help among members. Their mission statements reflect the people-centered approach to business. Cooprouno notes that part of its mission is to contribute to its members' socioeconomic development, and Cooprodos notes also that it is committed to the both the social and the economic development of its associates. Both missions draw from cooperative principles, which were explicated in chapter 1, and from the spirit of the cooperative movement. What I found surprising is how various members of the Consejo and the Comité de Educación of C1 had so thoroughly internalized the cooperative movement history and principles that they could spout them off by memory. People in these committees, who I knew were barely literate, were able to talk with me at length about the

Rochdale Pioneers. One even writes poetry about cooperative principles. I contend that the cooperative spirit is present and alive in each cooperative, from the way offices are decorated (with the emblems of two pine trees on the walls and rainbow flags), to the way members are named (*asociados* rather than *socios* to show that there are many co-owners of the cooperative and that the cooperative is not strictly about business), to the open-door policy through which anyone, even me, can walk in and be attended to by the manager on the basis of non-discrimination and transparency (although, as I mentioned in the previous chapter, there are limits to which these values are implemented).

Cooperative principles inform the mission of C1 and C2, which, in turn, inform the organizational structure of the cooperative. Each cooperative has earmarked funds from their earnings to be invested in the community, as discussed in chapter 5. It is a part of the structure of the cooperative to devote some of its earnings to social welfare. These cooperatives, as I argue above, consistently invest in community projects. Is this investment distinct from corporate social responsibility? I argue that it is because serving the community is engrained in the organizational mission and, thus, the organizational structure of cooperatives. Cooperatives, at their core, have two bottom lines: a social one and an economic one. An interviewee who was quoted in the data findings chapter noted that the cooperative is like an airplane; it needs two wings to fly. He further elaborated:

If we just go for the social aspect, we would lose associates because we would go broke. And if we just go for the economic aspect, we would lose associates because we wouldn't have the human being at the center of our business model. It is not an easy equilibrium. (interview, May 19, 2012)

The cooperative model is different from mere corporate social responsibility because investing in people is not a side project; it is at the core of the cooperative model. Social spending is not something done at whim; it is engrained into the statutes of the enterprise. Thus, there is an ideological basis for cooperatives' involvement in community projects.

Contextual Basis

In addition to an ideological basis, there are also contextual factors that have given rise to C1's and C2's involvement in community projects. I believe that the rationale for carrying out such projects reflects its historical role as a development agency in the community. Cooperatives in this county are not exceptional case studies in terms of the volume of coffee they receive or in terms of the price they receive for their coffee on the market, according to officials at INFOCOOP (interview, August 16, 2012). INFOCOOP officials noted, however, that C1 and C2 are exceptional in terms of their context. Namely, both are situated in a frontier zone, which shapes the opportunities and the challenges that the community faces. In this zone, there has never been a state presence. The county was literally given away to enterprising individuals, both Italian and Costa Rican, in the 1940s and the 1950s who were willing to forge their own paths. Land was given to these people free of charge or at cheap prices if they promised to cultivate it.¹⁶

¹⁶ Although there were indigenous settlers before the Costa Rican and Italian settlers, no published literature addresses their presence immediately before and during colonization. The

The Costa Rican government made certain promises to the Italian settlers, such as the construction of a road and the construction of the bridge, that it did not deliver on until the 1990s (field notes, June 11, 2011). Thus, a strong spirit of mutual help exists in the community because the state has never been present.

The development of the county, according to interviews with older adults in the community, has depended on mutual help among neighbors, and the cooperatives were synonymous with mutual help and development in the past, especially in Villa Dos, according to interviewees. They remember when they were bilked by intermediaries from other counties for their coffee. In response, the cooperative formed, and people recount walking alongside oxen to deliver coffee to the cooperative where they knew they could always deposit their coffee and where they knew they would always be paid. They remember when the biggest building in town was the cooperative building. Recounted one older woman:

The first time that I went to Villa Dos, there was a little house bigger than one [I] had ever seen before. I say it was large in comparison with the houses in [neighborhood name], and I said, What is this? This is the cooperative of Villa Dos, and that was when I began to know it. The first time I entered there were the coffee processing machines, and I had never seen anything like that. (interview, August 18, 2012)

Community members remember that the first grocery store opened in Villa Dos was managed by C2. Another woman recounted the experience of visiting the C2 grocery store (which used to be located right next to the coffee processing plant):

It was very lovely to arrive at the supermarket because you arrived and in the supermarket there was... it was like when you entered the [name] supermarket [a large supermarket in a town in the Southern zone that has an extensive lunch counter]. Back then, the supermarket was where the supply store is, and it was exciting to go and shop because after you bought the food and everything was ready, you could eat right there. There was a *soda* [a small eating establishment] where they sold fried chicken. And everyone liked to go there because they bought the food and then they would eat their piece of fried chicken. So one went to buy food but also to eat the fried chicken. (interview, May 13, 2012)

The fried chicken that the C2 supermarket used to sell came up in 7 semi-structured interviews. Community members in Villa Dos also remember when the only doctor in town was one that the cooperative (C2) paid for. The spirit of the cooperatives, not the state, was the backbone of development. Especially among older adults, the fondest memories of childhood had to do with the cooperatives. The cooperatives were the lifeblood of the county, and they are embedded into the history of the county.

In spite of their similarities in playing a special role in the development of the county, they have been shaped by slightly different local contexts and, in turn, they have reshaped their

Sansonetti (1995), Gutierrez (2002), and Cooprodos (2007) texts as well as the exhibits at the Dante Alighieri center make no references to indigenous populations.

contexts in distinct ways. C1 and C2 both generally promote social welfare through economic stimulus, the provision of social goods, and political engagement. Nevertheless, each excels in distinct areas. Specifically, C1 places more emphasis on community organizing; C2, community development. I believe that their geographic locations, Villa Uno and Villa Dos, respectively, in part describe why each has chosen a different approach to promoting social welfare. Villa Uno is the county seat (which is comprised of 5 districts in total), which makes it more densely populated in addition to being the center for local branches of state agencies and the center of business in the county. It was made the county seat because it developed more rapidly and more centrally as part of a coordinated post-World War II colonization project in comparison to Villa Dos. Costa Rica gave 10,000 hectares of land to Italian settlers, and the Italians, in return, promised to cultivate the land of Villa Uno.¹⁷ The nascent Italian colony also received a combined total of \$800,000 from the Italian, Costa Rican, and United States governments. With this money, the Italian settlers put in a school, church, and medical clinic in Villa Uno.¹⁸

In contrast, Villa Dos was settled by a slow, uncoordinated trickle of enterprising Costa Rican families who were looking for a better life (i.e., free or very cheap land).¹⁹ The first families actually arrived in the 1940s, before the colonization of Villa Uno, because there was a rumor that the Inter-American Highway would pass through Coto Brus, and families perceived an economic opportunity. Villa Dos, well into the 1950s, was dedicated primarily to subsistence farming, according to a book of oral histories collected by C2 entitled *Memorias: La Historia de Algunos Fundadores de Villa Dos*. The inhabitants of Villa Dos began to rely on the services of the rapidly developing Italian colony, which had quickly moved from subsistence farming to a mixed service and agricultural economy. Though Villa Uno was colonized with a bang and quickly became the center of administration and commerce for the county, Villa Dos, and the other districts in the county (i.e., Villa Tres, Villa Cuatro, and Villa Cinco, all of which are considered to be part of C1's zone of influence), have developed as satellites around Villa Uno. C1's location in Villa Uno, thus, means it has access to a more developed area with better state and commercial services than C2's location in Villa Dos.

I argue, then, that C1 has placed more emphasis on community organizing (through the CC) than on community development. Relatively speaking, people living in Villa Uno have greater access to state-provided services. (Important caveat: whether one is in Villa Uno or one of the outlying districts, relative to the rest of the country, the entire county has fewer services than counties in the Valle Central). In Villa Uno are located the following agencies: the Instituto Mixto de Ayuda Social (IMAS), the Patronato Nacional de la Infancia (PANI), the Ministerio de Agricultura y Ganadería (MAG), the Ministerio de Salud, the Área de Salud, the Instituto de Café (ICAFE), and the Hospital de Villa Uno. These local branches of state agencies are readily accessible to most people in Villa Uno, at most one bus ride away. Villa Uno also has a (relative) abundance of local businesses. There are 6 grocery stores, 3 bread stores, 3 banks, several

¹⁷ For a firsthand, albeit self-glorifying, history of Villa Uno, see Sansonetti (1995).

¹⁸ All this information was gathered from the Dante Alighieri cultural center in Villa Uno, which shows pictures and relics from the first settlers.

¹⁹ For a collection of oral histories from C2 founders that details the history of Villa Dos, see Cooprodos (2007). Also, for a discussion of the resentment of Costa Rican settlers towards Italian settlers, see Gutierrez (2002).

restaurants and *sodas*, about a dozen clothing and jewelry stores, a handful of office supply stores, and several agricultural input stores. In contrast, most of these agencies and stores are at least two bus rides away for people from other districts and can be day-long and costly excursions. Villa Uno, thus, can devote less attention to meeting immediate material needs and more attention to lobbying for improvements in the local branches of state agencies. Additionally, by virtue of being located in the county seat, the administrative organ members and managers of C1 might have greater familiarity with the state institutions and, thus, be better able to make demands than those living elsewhere. Therefore, C1 focuses on securing resources from state agencies and coordinating institutional responses by engaging in policy advocacy to create an integrated, sustainable program of rural development.

Moreover, I believe that there is something general about the cooperative structure that has made a cooperative the cornerstone of the CC, yet I also believe that there are contextual factors specific to C1 that have made it, and not C2, the leader of the CC. Generally speaking, the fact that a cooperative was responsible for the gestation of the CC is not a coincidence. C1 was able to mobilize other community organizations because of its foundational principles, which, in turn, inform its organizational structure. Cooprouno, like cooperatives around the world, is committed to the principles promulgated by the International Cooperative Alliance explicated in chapter 2. The concern for community alerted the directive council members that something had to be done to respond to not just its members' poverty but also the poverty of the county at large. Moreover, the cooperative's commitment to democracy promotes an organizational structure through which elected members gain leadership experience, special training, and networking opportunities with other cooperatives and community organizations. When the Cooprouno Consejo recognized the need for action, they were able to draw from experience, leadership, training, resources, and networks to convoke the countywide coalition.

These are general reasons why the CC was born out of the cooperative, yet C1 has played a bigger role in the CC than C2. Noted a manager of C1:

When the scenario happened that a lot of coffee fell off the plant and there was a lot of [economic] loss because of not having coffee, it was Cooprouno that brought about this idea. We invited all the organizations of the county and the other businesses, and we involved all the... all the county. We went to the Casa de Cultura, and we said we are going to fight for the government to help us, and today this assistance that has benefited all the county... it was the idea of Cooprouno. (interview, May 12, 2012)

As the CC evolved from a one-time meeting to an ongoing coalition, both the cooperatives provided financial, human, and physical resources, with C1 being particularly generous. Financially, both cooperatives made donations to the CC (CC, 2011d). Both cooperatives also released a member of each respective Consejo to form part of the directive council for the CC. C1, in particular, permitted one of its leaders to step down from his role to assume a smaller role within the cooperative's Consejo so that he could donate more of his time to the CC. In terms of physical resources, both cooperatives, but especially C1, supported the CC by means of office supplies and space to meet. Everyone involved, from bureaucrats in local state agencies, to elected officials in the municipality, to community members, to fellow CC leaders, note that the cornerstone of the CC is/was a leader from C1.

The Consejo members of C1 are very enmeshed in national cooperative and coffee networks based on oral reports given in meetings of both Consejos and based on the outcome of the ICAFE elections in May. A C1 leader is involved in a regional consortium of cooperatives attempting to create a market whereby cooperatives can barter with each other. Another four Consejo leaders are involved in that national coffee congress and another is elected to the directive council of ICAFE. But one leader in particular seems to have connections to government at all levels. This man, Don Pedro, is credited as initiating the CC and is very outward thinking in terms of creating horizontal and vertical alliances. This individual is identified as the man with *la pluma más grande*. He is a charismatic, well-networked person, a person who appeals equally to state officials (having once been one himself) and to *campesinos* (having given up his government roles to devote himself fully to caring for the land). And this person has had the wholehearted support of his fellow C1 Consejo members to devote less time to C1 and more time to CC because they have recognized the importance of the CC to community welfare. In the community meetings that C1 carried out prior to the ICAFE elections, each Consejo member lauded the accomplishments of the CC, and they were not reticent to make explicit the support C1 had given the CC.

In semi-structured interviews with community members as well as in participant-observation, people who were familiar with it spoke overwhelmingly positively of the CC. I only heard one negative remark, a remark from a woman who noted that the Unión Cantonal should have been in charge of handing out fertilizers rather than the CC (interview, August 29, 2012). This comment was anomalous and not consistent with my other data. I must note that only half of interviewees in the semi-structured conversations knew the CC by name. To spur on recognition of the CC, I often had to prompt with a comment about handing out fertilizers. Once I was on the same page with interview respondents, however, they heaped praise on the CC. People noted that they had never received a cent from the government, not a cent, until recently because of the work of the CC. It was even deemed to be a historical landmark. Said another respondent, “The government has never given us not a cent and now they gave inputs to small and medium farmers to fumigate to prevent diseases” (interview, April 30, 2012).

Fertilizers and improvements in roads are appreciated, but what is most appreciated, according to a few interviewees is evident in the following comment:

Of all the results, inputs and improving streets are good ones, but really to have credibility, that the efforts of the CC are really fighting for the interest of the county and not for a specific project, that the conditions of the county really improve. So the significance is the belief in something and I recognize the work they are doing, more than the construction of the roads or the small small productive projects or the inputs is the credibility that they have. (interview, May 2, 2012)

Added Don Diego of the CC:

What are the committee’s greatest achievements? Getting together all the associations for a common cause. It is a very, very important achievement because everyone got together,

discussing what are the most pressing problems, and what are possible courses of action of redress. (interview, April 30, 2012)

The CC, thus, has had a potent impact on the community capacity to discuss and to resolve problems in the long term.

It is interesting that although people speak highly of the CC, few people aside from those who participate directly in the C1 Consejo are aware of the direct role that C1 has played in creating and sustaining the CC. The Consejo members attempted to make this link explicit when they visited communities to mobilize members to vote for the C1 slate of candidates in the ICAFE elections. Nevertheless, the message about C1 spearheading the CC seemed not to stick. Unlike C2, C1 does not host an annual legislative assembly wherein all cooperative members congregate. Rather, C1 runs its legislative assembly via a delegate system. One delegate represents 10 cooperative members. About 100 delegates attend the annual assembly. I hypothesize that the relationship between C1 administrative organs and cooperative members mediated by delegates has severed a sense of belonging and has decreased members' knowledge of C1's community engagement.

It is also interesting that there were some vocal community members in the Villa Uno zone of influence who are dissatisfied with the work of the cooperative in the community. I encouraged interviewees to think about what cooperatives *could* do to support community development. About half of interviewees interpreted that question as an opportunity to critique existing cooperative practices. Of the 28 semi-structured interviews within C1's zone of influence, 18 made negative comments. (In comparison, of the 37 semi-structured interviews within C2's zone of influence, 7 made negative comments.) Examination of the profile of those who made negative remarks reveals that most of them were either former cooperative members or current members who are currently being disloyal (by turning in coffee to a private business). Thus, C1 seems not to have strategically and clearly communicated its role in the CC to community members, which might lead some to believe that the cooperative does nothing for the community or exists for the purpose of making its employees richer.

A few factors help C1 to excel at community organizing; similarly, geographic factors situate C2 as a community development entity. Villa Dos is distanced from the services in Villa Uno, and there are fewer commercial enterprises in Villa Dos. Although few people go hungry in Villa Dos because fruit and vegetables abound, few people can get ahead. There are no poverty data by district (only by county), but community members report that Villa Dos, Villa Tres, Villa Cuatro, and Villa Cinco are all poorer than Villa Uno. C2's role in the community, thus, is to meet immediate needs and to stimulate the economy. C2 responds to requests from individuals in need; C1 does not. C2 is lenient about giving money to communities, even disloyal ones; C1 is not. In Villa Dos, there are few businesses aside from the various branches of the cooperative and the businesses that were located in Villa Dos, such as the two banks that exist primarily to serve C2.

The limited commercial opportunities in Villa Dos reflect the broader historical trajectory of the district. The Costa Rican colonizers who arrived to Villa Dos in the 1940s were largely subsistence farmers. In the 1950s, according to oral histories from older adults in the district

compiled in a locally available text (Cooprodos, 2007), coffee was introduced into the district so that, in addition to meeting household consumption needs, they could also earn a living. Unfortunately, given the distance from the Valle Central and the poor access to the county (at that time, one had to cross by raft to enter the county), they found that they could not rely on businesses based in other counties to whom to sell their coffee. An older adult noted the following:

Before the cooperative, there was a business called [name], but it would rob a lot because the payer came from San José, and sometimes he wouldn't come back and would rob the money, so that is when they decided to make Cooprodos. (interview, August 19, 2012)

Another told the following story:

When I was 15 years old, we would go to leave coffee with horses and oxen. Back then, we had [same business mentioned above]. You had to go in the dawn to wait and to wait and to wait until the boss would come, and sometimes they would say *there is no money*. Sometimes you would arrive and there was a lot of coffee to sell [a long line of farmers], so you would have to get in line early in the morning or else the money wouldn't last, so a group got together of people that had a little coffee, and they bought the business from the [name of an early frontier person who had a small coffee processing plant to process his family's coffee] for 90,000 colones, I believe. And then there was a manager and then they began to pay steadily for coffee. (interview, August 21, 2012)

C2 gave farmers in the newly formed district a place to which they could entrust the sell of coffee. C2 formed a year before C1.

C2, community interviewees claim, continued to drive development in Villa Dos. The cooperative evolved from a coffee-processing business, to also including a supermarket, a hardware store, a warehouse facility, and a gas station. I asked someone who has served on the C2 Consejo for many years how the cooperative decided which commercial enterprise branches to open. He responded by saying that the cooperative expanded by responding to community needs (interview, June 12, 2012). In sum, C2 has played a pivotal role first in providing small-scale farmers with an exit for their coffee crop and second in meeting the material needs of community members.

I do not mean to minimize C2's capacity for policy advocacy; C2 regularly sends representatives to the various national-level coffee and cooperative associations. However, unlike C1, its members do not ascend to leadership roles within these associations. C2, for example, did not mobilize, or even notify, its members of the ICAFE elections in May 2012. C1, in contrast, held five community meetings and offered transportation to its associates to encourage them to vote in the ICAFE elections.

C1 and C2, thus, serve different roles in their respective districts. Whereas C1 is located in a district with a more diversified economy, C2 is the driver of the economy in Villa Dos. Thus, the former focuses on community organizing; the latter, community development. The former is more outward facing; the latter, more inward. Although both are part of the international

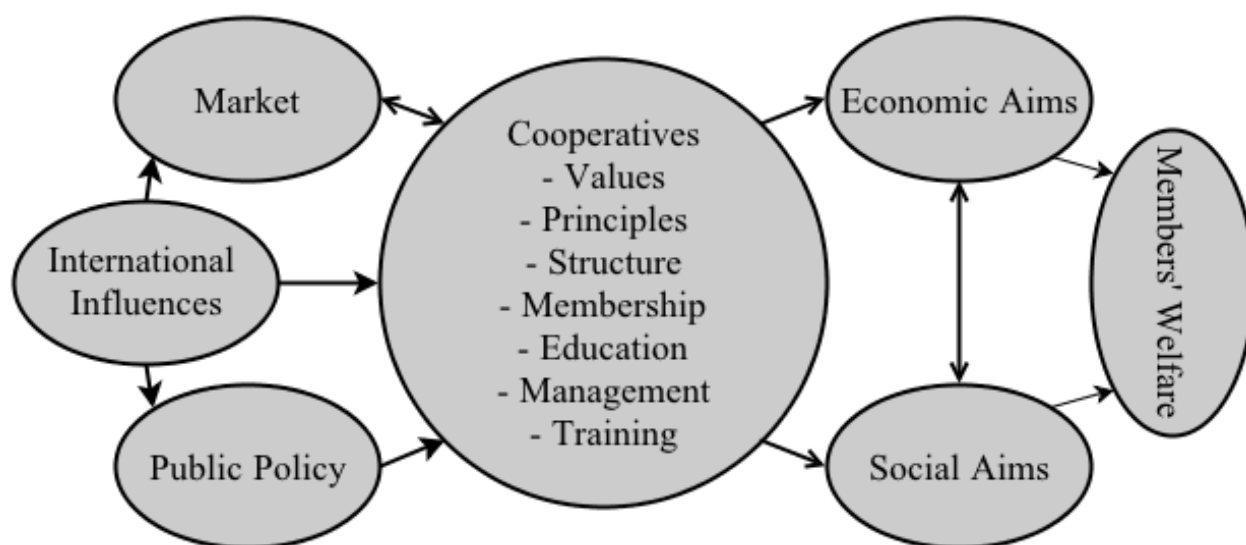
cooperative movement and therefore adhere to the same principles, they interpret and apply those principles differently depending on the contexts in which they are embedded.

Chapter 8: Implications

I contend that grounding cooperative practices in a social development effort illuminates possibilities to promote social welfare. It has been argued that cooperatives, including C1 and C2, emerged from a long line of iterative cooperative practice and theory, and cooperative practice and theory will continue to evolve. Imbuing cooperative practice and theory with a social development perspective can perhaps afford the possibility of maximizing opportunities and minimizing challenges that confront C1 and C2, as well as other cooperatives in Latin America, the Global South, and the world.

In chapter 1, I developed a conceptual model using history to understand how cooperatives function. I want to return to that model, examining how these cooperatives contribute to the model and identifying the contradictions in the model. The following was the final model developed in the chapter:

Figure 8.1: Cooperative Conceptual Model, Iteration 6



In this model, I argued that there are three external forces that impact cooperatives' functioning: public policy, international influences, and the market. Public policies are both enabling and disabling to cooperatives. In the Global South, public policies have tended to be prescriptive, shaping cooperatives' mission and structure. The cooperatives of C1 and C2, too, have been shaped by the cooperative law, which mandates their structure as well as the allocation of profits to social and educational purposes. The creation of *Ley 4179*, of course, did not emerge in an ideological vacuum. Rather, this law was shaped by both domestic influences, such as the PLN's march to erode elite power, and international influences, such as the ILO and the ICA. These organizations hoped that cooperatives would serve dual economic and social purposes to advance the interests of middle- and small-scale farmers. To help them carry out their mission, the law grants various concessions to cooperatives, such as tax breaks.

On the other hand, public policy is also disabling. The lack of investment in the community generally speaking has created distressing conditions of which drug trafficking and

undocumented migration are symptoms. Common refrains in interviews with community members were the following: a lack of employment, a lack of economic diversification in the county, and a concern for the future of the county for their children's sake. Community members also linked these phrases to a common source: abandonment by the government. The lack of investment in the county by the state, thus, is a limiting factor on these cooperatives' ability to function. Under conditions of poverty, people cannot tend to their coffee crops the way they should, lowering productivity. Some people have left the county entirely, further diminishing the amount of coffee turned into the cooperatives. Finally, some coffee farmers will make decisions that are best in the short term in order to make ends meet, such as selling coffee to a nearby microenterprise, that might not be best in the long term. Public policy both opens and closes opportunities for the cooperatives.

The second input, international influences, has also directly impacted cooperatives' functioning both positively and negatively. In the 1960s, the Alliance for Progress interjected lots of money into state banks to create cooperatives. The 1960s, thus, were the golden era of cooperative formation in Costa Rica. International influences also came to influence the market in which cooperatives were embedded with the creation of alternative trading agreements, such as fair trade. International influences have also constrained cooperatives' activities. It was the demise of the ICA in 1989 that delivered a swift and hard blow to coffee farmers. Sick (2008b) suggests that the US had had a vested interest in upholding the ICA during the Cold War. When the Cold War ended, upholding the ICA declined in importance to US interests. The ICA had helped to stabilize coffee prices, and in its absence the price fluctuated wildly.

Finally, the market, as noted above, has also opened and closed opportunities for the cooperatives. The constraints on human welfare imposed by the market have long been the impetus for cooperative formation, stemming all the way back to the Rochdale Pioneers. Cooperatives emerged, in the Polanyian sense, as a countermovement to the deepening of market relations. The emergence of C1 and C2, too, reflected a concerted effort by the farmers of Coto Brus, assisted by money from the state and the Alliance for Progress, to grapple with market forces on the best possible terms by pooling risks and resources. Market failures on the local scale, perhaps ironically, were an impetus for the formation of these two cooperatives.

Market failures on a global scale, however, have contributed to their struggles. In the coffee industry, five transnational companies controlled 69% of the instant and roasted markets, and eight exporting companies controlled 56% of the coffee trade in 1998, whereas an estimated 20 to 25 million families were involved with its production (Bacon, 2005). Trading power is concentrated; producing power is dispersed. Given the concentration of trading power in the hands of a few, traders stand at a negotiating advantage over producers (Nicholls & Opal, 2005). Transnational companies also control most of the value-adding processes, specifically roasting, which means that coffee farmers only receive about 2% of the value of a cup sold in a coffee shop (Petchers & Harris, 2008). These market failures, along with the demise of the ICA, have contributed to the fickle price the profits of coffee cooperatives and coffee farmers.

These factors, i.e., public policy, international influences, and the market, shape, although they do not determine, cooperative practices. These influences are filtered through a host of factors endogenous to the cooperative, such as the training of the management, the human capital

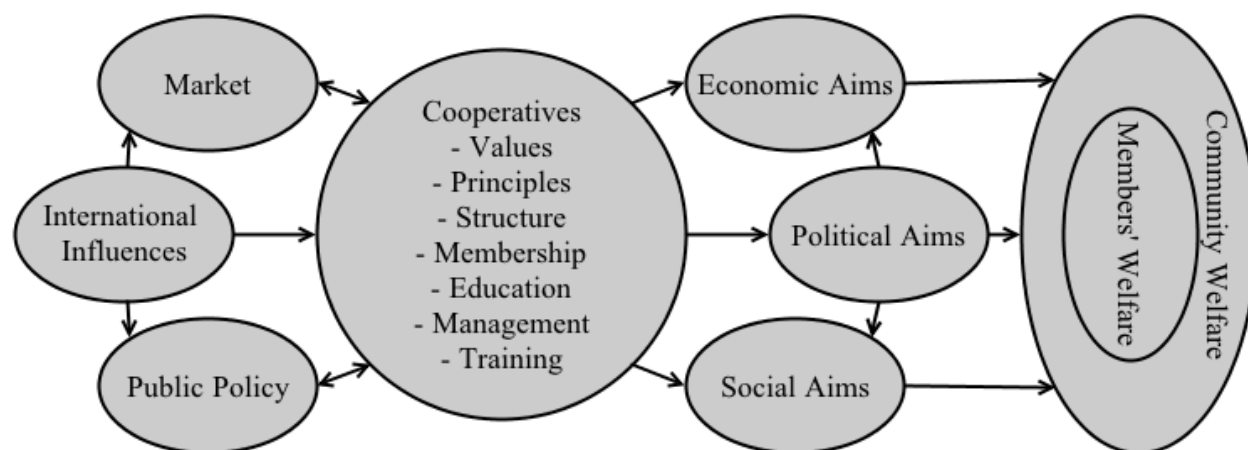
of the cooperative administrative council, the strength of linkages among members, and both management's and members' commitment to collectivist values. C1 and C2 have both struggled over the past few decades to retain qualified managers. High turnover in recent years and the gross mismanagement of a now defunct cooperative in the county have eroded some members' faith in all cooperative's management. The human capital of the administrative councils, to which managers actually report, is also critical to cooperative welfare. C1 and C2 have very distinct administrative councils. The administrative council of C1 is well networked and respected; its members are outward looking. The administrative council of C2, on the other hand (particularly the Comité de Educación), is not as well networked; it was greatly weakened by a former heavy-handed manager who did not allow council members to flourish in their various elected capacities.

The two administrative councils also draw the boundary of collectivist values differently. Coto Brus has witnessed a bubbling up of microenterprises, which pose a threat to cooperatives. These microenterprises evolved from large family farms which saw the individual benefit of processing their own coffee rather than contributing their coffee to the cooperatives' respective pools of coffee. Thus, many of the largest landholders have ceased to turn in their coffee to the cooperative, which reduces the quantity of coffee the cooperatives are processing. Moreover, these microenterprises have begun to solicit the high-quality coffee (i.e., coffee grown at high altitudes during the middle of the harvest) from their neighbors. This siphoning off of high-quality coffee also diminishes cooperatives' overall earning potential. C1 is very cautious about investing in neighborhoods that have been disloyal. C2, on the other hand, invests in its entire zone of influence without respect to neighborhood loyalty or lack thereof.

External influences commix with internal factors to produce a unique set of outcomes depending on the context. Generally speaking, cooperatives strive for both economic and social aims, which mirrors the broader social development literature. Both cooperatives pursue economic and social aims, as the model would expect. Both cooperatives stimulate the local economy and both provide social goods to the community, albeit to varying degrees. Additionally, C1 and, to a lesser extent, C2 extend the conceptual model by also engaging politically. Both cooperatives (C1 through its political engagement by which it attempts to shape public policy and C2 through its broad provision of social goods irrespective of loyalty) extend what is commonly assumed to be cooperatives' purpose. Most of the descriptive and the normative literature²⁰ assumes that cooperatives exist to promote the economic and social interests of their members; these cooperatives, on the other hand, promote social welfare broadly speaking, mirroring the holistic approach of the social development perspective. Below is the revised model incorporating findings and analysis from these two case studies:

²⁰ A notable exception that is highly relevant to this manuscript is Kurjanska (2012).

Figure 8.2: Cooperative Conceptual Model, Iteration 7



These cooperatives have added a new dimension to the conceptual model by explicitly pursuing political aims that create a feedback loop to promote economic and social aims by informing public policy. Although the state along with international influences might have had a strong role in forming and shaping C1 and C2, now C1 and C2 are attempting to form and to shape state interventions.

The emergence of the latest iteration of the conceptual model emerged from contradictions in practice. A member of the Comité de Educación used a metaphor to describe the work of the cooperative; he said that the economic and the social aims of a cooperative are like two wings of an aircraft, and both are needed for the cooperative to fly. Given the fickle price of coffee since the demise of the ICA, in conjunction with rising consumer and gasoline prices, in conjunction with climactic and environmental challenges, C1 and C2 have found it difficult to harmonize economic and social aims. Community members astutely pointed to a limitation in the cooperative model: Cooperatives are least able to invest in the community when needs are at their highest, i.e., cooperatives cannot engage in counter-cyclical spending. Inability to invest in communities when their need is the highest erodes members' trust in the cooperative, which creates a vicious cycle whereby cooperatives' ability to invest in the community is further compromised. Although cooperatives' efforts in the community are significant, a chief critique from dissenters is that cooperatives have strayed from their core values and seem to resemble businesses-as-usual.

The cooperatives seem to not clearly communicate and to educate (in spite of the education fund) what is distinctive about cooperative identity perhaps, in part, because they cater to a specific demographic group's interests: those of landed, Costa Rican males. Although the cooperatives do not always specifically target their members, generally speaking their projects are directed to a certain demographic group. In this paper, I drew attention to the ways in which cooperatives, which claim to be people-centered enterprises, do not fully attend to the interests of landless laborers, women, and Guaymí indigenous people. Cazanga (1987) in the past argued that cooperatives largely served middle-class interests. His thesis at this point is somewhat outdated because many of those medium-scale farmers have formed their own microenterprises, pulling their resources from the cooperatives. Nevertheless, his thesis still holds merit in the

sense that cooperatives cater to the interests of landed Costa Rican males, and they show no interest in expanding their core membership. I would argue that attentiveness to various dimensions of diversity would help cooperatives to shore up their long-term interests, especially given the number of single-female-headed households due to male outmigration to the United States.

Cooperatives' commitment to the long-term interests of the community is perhaps their most impactful contribution to social welfare and the most difficult to prove. Warbasse (1944) noted that cooperatives have fewer failures than traditional enterprises. C1 and C2 are not looking to make a quick profit nor are they going to make risky gambles. They price the goods in their grocery stores and their supply stores competitively, but not extremely cheap such as to put their sustainability in question. They offer their producers a reasonably competitive price for their crop, but they do not chase after the highest price by refusing to accept marginal coffee (i.e., coffee grown in low altitudes and coffee harvested during non-peak season). They aim for steady and reliable development, and, indeed, they have been the backbone the county for many years. The development of the cooperatives has been synonymous with the development of the county. Few recognize the long-term importance of the cooperatives to this county. The emerging coffee microenterprises chase after profit at the expensive of longevity. In contrast, cooperatives do, albeit erringly at times, put people at the center of their model by creating a macro environment conducive to the county's development in the long-term. C1 does so through its political engagement; C2, through its provision of social goods with limited targeting.

I will tie some of these comments about specific cooperative practices back to the social development approach. Cooperatives in this study clearly draw from various sources, including the state and the market, to invest in community projects, which mirrors Midgley's identification of various actors in the institutional approach to social development. They also aim (although at times they fall short) to promote development holistically. They link economic and social aims by putting people, rather than profits, at the center of their business model. Not to be mistaken, they do seek profits in order for the cooperatives to be sustainable. But a certain percentage of the profits are automatically reinvested into the community as evidenced by the organizational structure. Remaining profits, once general operating costs, social and educational funds, and legal funds are deducted, are divided among members on the basis of the amount of coffee turned in. The wealth that the cooperative generates, thus, is divided among many, including those who are not even members.

Although there are ways in which the two cooperatives help to refine an understanding of social development, there are also ways in which these cooperatives could heed the insight of social development practice. Another key component of Midgley's definition of social development is *dynamism*. These cooperatives' roles in promoting community development have been circumscribed by reliance on a single crop. A repeated theme in interviews was a desire for cooperatives to help coffee farmers to diversify their crops. The CC has helped to secure some seed money, but coffee cooperatives, which diversified their services in earlier periods by opening grocery stores, supply stores, etc., need to continue to evolve. The cooperatives opened their branch stores prudently to serve the needs of the community and to promote the longevity of the cooperatives in the past. In the present, the cooperatives have failed to continue to evolve. Plagued by a rapid overturn of managers among other reasons, cooperatives have been unable to

cast a vision to further diversify their services and, in so doing, have become static. If they are not able to engage dynamically in development, they will cease to be the long-term backbone of the county.

Perhaps cooperatives could elaborate a short-, medium-, and long-term plan for dynamic development with greater state assistance. Cooperatives, circumscribed by the market, cannot engage in counter-cyclical spending. Perhaps the state is the stakeholder best situated to assist these cooperatives in carrying out their pivotal role. Midgley notes that social development should be *a process of planned social change*, and this case study of cooperatives' political engagement vis-à-vis the CC shows how planned social change can, and perhaps should, take into account various stakeholders' perspectives. CC leaders repeatedly discussed the limitations of a top-down, San Jose-driven approach to development. These leaders wanted to educate state officials about the changes they hoped to bring about for their own community. Thus, these cooperatives illuminate the need for participatory consultation during the process of planning. Although cooperatives generally speaking are not often explicitly and extensively linked to the social development literature, C1 and C2 contribute to an understanding of social development processes. In turn, their practices can be enhanced by insights from a social development approach.

References

- Aguilar, N. (2010, January 6). Narcotraficante prófugo se ocultaba en casa de su mama. *La Nación*. http://www.nacion.com/ln_ee/2010/enero/06/sucesos2214985.html.
- Arce, A. (2009). Living in times of solidarity: Fair trade and the fractured life worlds of Guatemalan coffee farmers. *Journal of International Development*, 21, 1031-41.
- Arrow, K. (1950). A difficulty in the concept of social welfare. *Journal of Political Economy*, 58(4), 328-46.
- Asamblea Legislativa de la República de Costa Rica. (1961). *Ley 2762: Ley sobre régimen de relaciones entre productores, beneficiadores, y exportadores de café*.
- Bacon, C. (2005). Confronting the coffee crisis: Can fair trade, organic, and specialty coffees reduce small-scale farmer vulnerability in Northern Nicaragua? *World Development*, 33(3), 497-511.
- Bacon, C. (2010a). A spot of coffee in crisis: Nicaraguan smallholder cooperatives, fair trade networks, and gendered empowerment. *Latin American Perspectives*, 37(2), 50-71.
- Bacon, C. (2010b). Who decides what is fair in fair trade? The agri-environmental governance of standards, access, and price. *Journal of Peasant Studies*, 37 (1), 111-47.
- Barry, T. (1989). *Costa Rica: A country guide*. Albuquerque, NM: Inter-Hemispheric Education Resource Center.
- Beecher, J. (1987). *Charles Fourier: The visionary and his world*. Berkeley: University of California Press.
- Biesanz, M.H., Biesanz, R., & Biesanz, K.Z. (1999). Boulder, CO: Lynne Rienner Publishers.
- Birchall, J. (1997). *The international co-operative movement*. New York: St. Martin's Press.
- Blanc, L. (1839/1911). *Organization of work*. Cincinnati: University Press.
- Bowers, J., & Robinson, P.H. (2012). Perceptions of fairness and justice: The shared aims and occasional conflicts of legitimacy and moral credibility. *Wake Forest Law Review*, 47, 211-84.
- Castro, S. (2004). Privatization of the land and agrarian conflict. In S. Palmer and I. Molina (Eds.), *The Costa Rica Reader: History, culture, and politics* (pp. 57-61). Durham, NC: Duke University Press.
- Cazanga, J. (1987). *Las cooperativas de caficultores en Costa Rica*. San Jose, CR: Ciudad Universitaria Rodrigo Facio.

- Comité Cívico Agropecuario de Coto Brus. (2011a, February). Programa de desarrollo rural.
- Comité Cívico Agropecuario de Coto Brus. (2011b, February 25). Reactivación de la economía cotobruense.
- Comité Cívico Agropecuario de Coto Brus. (2011c, February 25). Reconocimiento de pérdidas a los caficultores de Coto Brus y Buenos Aires.
- Comité Cívico Agropecuario de Coto Brus. (2011d, December 21). Informe de labores: Año 2011.
- Cooprodos. (2007). *Memorias: La historia de varios fundadores de Villa Dos*. Santo Domingo de Heredia, CR: Editorial Enfoque Sur.
- Davis, B., & O'Hagan, F. (2010). *Robert Owen*. New York: Continuum International.
- De Graaf, J. (1986). *The economics of coffee*. Wageningen, Netherlands: Pudoc.
- Develtere, P. (1994). *Co-operation and development*. Leuven, Belgium: Acco.
- Dicum, G., & Luttinger, N. (1999). *The coffee book: Anatomy of an industry from crop to the last drop*. New York: New Press.
- Digby, M. (1960). *The world cooperative movement*. London: Hutchinson University Library.
- Eakin, H., Tucker, C., & Castellanos, E. (2006). Responding to the coffee crisis: A pilot study of farmers' adaptations in Mexico, Guatemala, and Honduras. *The Geographical Journal*, 172(2), 156-71.
- Edelman, M. (1999). *Peasants against globalization: Rural social movements in Costa Rica*. Stanford, CA: Stanford University Press.
- Eisenhardt, K.M. (2002). Building theories from case study research. In A.M. Huberman and M.B. Miles (Eds.), *The qualitative researcher's companion* (pp. 5-36). Thousand Oaks, CA: Sage.
- Ellison, N. (2002). *Egalitarian thought and labour politics: Retreating visions*. New York: Routledge.
- Engels, F. (1886). *Engels to August Bebel in Berlin*. Retrieved from http://www.marxists.org/archive/marx/works/1886/letters/86_01_20.htm.
- Enríquez, L. (2010). *Reactions to the market: Small farmers in the economic reshaping of Nicaragua, Cuba, Russia, and China*. University Park, PA: Penn State Press.

- Fals Borda, O. (1971). *Cooperatives and rural development in Latin America: An analytic report*. Geneva: United Nations Research Institute for Social Development.
- Fridell, G. (2004). The fair trade network in historical perspective. *Canadian Journal of Development Studies*, 25(3), 411-28.
- Friedman, M. (1962/1982). *Capitalism and freedom*. Chicago: University of Chicago Press.
- Fulton, J. (2004). Understanding cooperative behavior: The prisoners' dilemma approach. In C.D. Merrett and N. Walzer (Eds.), *Cooperatives and local development: Theory and applications for the 21st century* (pp. 147-64). Armonk, NY: M.E. Sharpe.
- González-Vega, C., & Céspedes, V.H. (1993). Costa Rica. In S. Rottenberg (Ed.), *Costa Rica and Uruguay: The political economy of poverty, equity, and growth* (pp. 3-183). New York: Oxford University Press.
- Goodman, D. (2008). The international coffee crisis: A review of the issues. In C.M. Bacon, V.E. Mendez, S.R. Gliessman, D. Goodman, and J.A. Fox (Eds.), *Confronting the coffee crisis: Fair trade, sustainable livelihoods and ecosystems in Mexico and Central America* (pp. 1-25). Cambridge, MA: MIT Press.
- Gutierrez, J.R. (2002). *La gloria de dos titanes (La historia que no se ha contado): Crónica testimonial – La verdad sobre la colonización de Coto Brus*. San Jose, CR: Editorial Garabito.
- Hardin, G. (1968). The tragedy of the commons. *Science*, 162, 1243-8.
- Hayek, F. (1944/1976). *The road to serfdom*. Chicago: University of Chicago Press.
- Hoyt, A. (2004). Consumer ownership in capitalist economies: Approaches of theory to consumer cooperation. In C.D. Merrett and N. Walzer (Eds.), *Cooperatives and local development: Theory and applications for the 21st century*. Armonk, NY: M.E. Sharpe.
- Instituto Nacional de Estadística y Censos (INEC). (2013). Principales características de los hogares y de las personas, Por nivel de pobreza, Según región de planificación, Julio 2010. Retrieved from <http://www.inec.go.cr/Web/Home/GeneradorPagina.aspx>.
- Instituto Nacional de Fomento Cooperativo (INFOCOOP). (2006). *Ley 4179 de asociaciones cooperativas y creación del INFOCOOP y otras normas conexas*.
- Instituto Nacional de Fomento Cooperativo (INFOCOOP). (2008). *III Censo Nacional Cooperativo*. Retrieved from http://www.aciamericas.coop/IMG/pdf/censo_cr.pdf.
- Instituto del Café de Costa Rica (ICAFE). (2007). Censo cafetalero: Principales resultados. San Jose, Costa Rica.

- International Cooperative Alliance (ICA). (1978). *Cooperatives and the poor*. Retrieved from <http://collections.infocollections.org/ukedu/uk/d/Jh0859e/5.2.7.1.html>.
- Jaffee, D. (2007). *Brewing justice: Fair trade coffee, sustainability, and survival*. Berkeley, CA: University of California Press.
- Jones, C.L. (1935). *Costa Rica and civilization in the Caribbean*. New York: Russell and Russell.
- Jossa, B. (2005). Marx, Marxism and the cooperative movement. *Cambridge Journal of Economics*, 29, 3-18.
- Kirkup, T. (1892). *A history of socialism*. London: Adam and Charles Black.
- Kohler, P. (2006). The economics of fair trade coffee: For whose benefit? HEI Working Paper No. 06/2007. Retrieved from http://repec.graduateinstitute.ch/pdfs/Working_papers/HEIWP06-2007.pdf.
- Kraut, R. (2012). Aristotle's ethics. In E.N. Zalta (Ed.), *The Stanford encyclopedia of philosophy*. Retrieved from <http://plato.stanford.edu/archives/win2012/entries/aristotle-ethics/>.
- Kropotkin, P. (1902/1972). *Mutual aid: A factor of evolution*. New York: NYU Press.
- Kurjanska, M. (2012). Partners for Peru: The collaboration of development-oriented organizations and coffee cooperatives on local social, economic and environmental development projects. LASA presentation. Retrieved from http://www.fearp.usp.br/cooperativismo/_up_arquivo/3683991bd01.pdf.
- Láscarez, C. (2012, September 25). Migración con mapas digitales. *Al Día*. Retrieved from http://www.aldia.cr/ad_ee/2012/septiembre/25/sucesos3332872.html.
- LeMare, A. (2008). The impact of fair trade on economic and social development: A review of the literature. *Geography Compass*, 2(6), 1922-42.
- Lenin, V.I. (1923). *On cooperation*. Retrieved from <http://www.marxists.org/archive/lenin/works/1923/jan/06.htm>.
- Luetchford, P. (2008a). *Fair trade and a global commodity: Coffee in Costa Rica*. Ann Arbor, MI: Pluto Press.
- Luetchford, P. (2008b). The hands that pick fair trade coffee: Beyond the charms of the family farm. In G. DeNeve, P. Luetchford, and J. Pratt (Eds.) *Hidden hands in the market: Ethnographies of fair trade, ethical consumption, and corporate social responsibility* (pp. 143-70). Bingley, United Kingdom: Emerald.
- Lyon, S. (2008). We want to be equal to them: Fair-trade coffee certification and gender equity within organizations. *Human Organization*, 67(3), 258-68.

- Macdonald, K. (2007). Globalizing justice within coffee supply chains? Fair trade, Starbucks, and the transformation of supply chain governance. *Third World Quarterly*, 28(4), 793-812.
- Majee, W., & Hoyt, A. (2011). Cooperatives and community development: A perspective on the uses of cooperatives in development. *Journal of Community Practice*, 19, 48-61.
- Marx, K. (1864). *Inaugural address of the International Working Men's Association*. Retrieved from <http://marxists.org/archive/marx/works/1864/10/27.htm>.
- Marx, K. (1894). *Das Kapital: Volume 3*. Retrieved from <http://www.marxists.org/archive/marx/works/1894-c3/>.
- Marx, K., & Engels, F. (1848). *The Communist manifesto*. Retrieved from <http://marxists.org/archive/marx/works/1848/communist-manifesto/index.htm>.
- Masis, G. (1989). Agrarian cooperatives in Costa Rica. In M. Edelman and J. Kenen (Eds.), *The Costa Rica reader* (pp. 175-7). New York: Grover Weidenfeld.
- Mayorga, L.F. (1987). Cooperativismo y propiedad social en Costa Rica. *Anuario de Estudios Centroamericanos*, 13(1), 151-9. Retrieved from <http://www.jstor.org/stable/25661919>.
- Merrett, C.D., & Walzer, N. (Eds.). (2004). *Cooperatives and local development: Theory and applications for the 21st century*. Armonk, NY: M.E. Sharpe.
- Midgley, J. (1995). *Social development: The developmental perspective in social welfare*. Thousand Oaks, CA: Sage.
- Midgley, J. (2003). Social development: The intellectual heritage. *Journal of International Development*, 15, 831-44.
- Midgley, J. (2010). Community practice and developmental social work. In J. Midgley and A. Conley (Eds.), *Social work and social development: Theories and skills for developmental social work* (pp. 167-89). New York: Oxford University Press.
- Mitchell, M.T., & Pentzer, S. (2008). *Costa Rica: A global studies handbook*. Santa Barbara, CA: ABC-CLIO.
- More, T. (2012). *Utopia* (D. Baker-Smith, Trans.). London: Penguin Books.
- Moya, R. (2010, June 18). Fiscalía pedirá congelar seis fincas de grupo narco. *La Nación*. Retrieved from <http://www.nacion.com/2010-06-18/Sucesos/NotasSecundarias/Sucesos2413542.aspx>.

- Murray, D.L., Raynolds, L.T., & Taylor, P.L. (2006). The future of fair trade coffee: Dilemmas facing Latin America's small-scale producers. *Development in Practice*, 16(2), 179-92.
- Nicholls, A., & Opal, C. (2005). *Fair trade: Market-driven ethical consumption*. Thousand Oaks, CA: Sage.
- Nowak, M.A. (2011). *SuperCooperators: Altruism, evolution, and why we need each other to succeed*. New York: Free Press.
- Oficina del Café. (1965). *Informe annual de labores*. San Jose, Costa Rica.
- Ortmann, G.F., & King, R.P. (2007). Agricultural cooperatives I: History, theory, and problems. *Agrekon*, 46(1), 40-68.
- Ostrom, E. (1990). *Governing the commons: The evolution of institutions for collective action*. New York: Cambridge University Press.
- Ostrom, E., Gardner, R., Walker, J., et al. (1994). *Rules, games, and common-pool resources*. Ann Arbor, MI: University of Michigan Press.
- Padgett, D.K. (2008). *Qualitative methods in social work research* (2nd ed.). Thousand Oaks, CA: Sage.
- Parrales, F. (2013, March 9). Panamá pide condenar a tres ticos por tráfico de armas. *La Nación*. Retrieved from <http://www.nacion.com/2013-03-09/Sucesos/Panama-pide-condenar-a-tres-ticos-por-trafico-de-armas.aspx>.
- Parsons, T. (1951). *The social system*. Glencoe, IL: Free Press of Glencoe.
- Petchers, S., & Harris, S. (2008). The roots of the coffee crisis. In C.M. Bacon, V.E. Mendez, S.R. Gliessman, D. Goodman, and J.A. Fox (Eds.), *Confronting the coffee crisis: Fair trade, sustainable livelihoods and ecosystems in Mexico and Central America* (pp. 43-66). Cambridge, MA: MIT Press.
- Plato. (BC 380/1992). *The republic* (trans. G.M.A. Grube, 2nd ed.). Indianapolis, IN: Hackett.
- Polanyi, K. (1957/1944). *The great transformation: The political and economic origins of our time*. Boston: Beacon Press.
- Programa de las Naciones Unidas para el Desarrollo-Costa Rica. (2011). *Atlas del desarrollo humano cantonal de Costa Rica*. Retrieved from <http://pnud.or.cr/mapa-cantonal/atlas.pdf>.
- Proudhon, P.J. (1840). *What is property? An inquiry into the principle of right and of government*. Retrieved from <http://www.gutenberg.org/files/360/360-h/360-h.htm>.

- Proudhon, P.J. (1849). *The nature and destination of government*. Retrieved from <http://www.marxists.org/reference/subject/economics/proudhon/1849/government.htm>.
- Rankin, M.A. (2012). *The history of Costa Rica*. Santa Barbara, CA: Greenwood.
- Reichman, D. (2008). Justice at a price: Regulation and alienation in the global economy. *Political and Legal Anthropology Review*, 31(1), 102-17.
- Rojas Arias, E. (2013, January 23). Nuevas tendencias migratorias en Costa Rica. *Semanario Universidad*. Retrieved from <http://www.semanario.ucr.ac.cr/index.php/suplementos/crisol/8701-nuevas-tendencias-migratorias-en-costa-rica-.html>
- Ronchi, L. (2002). The impact of fair trade on producers and their organizations: A case study with Coocafe in Costa Rica. Prus Working Paper No. 11.
- Roy, E.P. (1969). *Cooperatives: Today and tomorrow*. Danville, IL: Interstate Printers and Publishers.
- Ruben, R. (2008). The development impact of Fair Trade: From discourse to data. In R. Ruben (Ed.), *The impact of fair trade* (pp. 19-48). The Netherlands: Wageningen Academic Publishers.
- Ruben, R., Fort, R., & Zuniga-Arias, G. (2009). Measuring the impact of fair trade on development. *Development in Practice*, 19(6), 777-88.
- Sansonetti, V. (1995). *Quemé mis naves en estas montañas: La colonización de la altiplanicie de Coto Brus y la fundación de Villa Uno*. San Jose, CR: Jimenez and Tanzi.
- Seligson, M. (1980). *Peasants of Costa Rica and the development of agrarian capitalism*. Madison, WI: University of Wisconsin Press.
- Shaffer, J. (1999). *Historical dictionary of the cooperative movement*. Lanham, MD: Scarecrow Press.
- Sick, D. (1997). Coping with crisis: Costa Rican households and the international coffee market. *Ethnology*, 36(3), 255-75.
- Sick, D. (2008a). Coffee, farming families, and fair trade in Costa Rica: New markets, same old problems? *Latin American Research Review*, 43(3), 193-208.
- Sick, D. (2008b). *Farmers of the golden bean: Costa Rican households, global coffee, and fair trade*. DeKalb, IL: Northern Illinois University Press.
- Simpson, C.R., & Rapone, A. (2000) Community development from the group up: Social-justice coffee. *Human Ecology Review*, 7(1), 46-57.

- Skinner, B.F. (1948/2005). *Walden two*. Indianapolis, IN: Hackett.
- Smith, D. (1986). La frontera Panamá-Costa Rica: Relaciones económicas y sociales. *Integración Latinoamericana*, 11(118), 65-71. Retrieved from http://www.iadb.org/intal/intalcdi/integracion_latinoamericana/documentos/118-Comentarios_3.pdf.
- Smith, L.P.F. (1961). *The evolution of agricultural co-operation*. Oxford: Basil Blackwell.
- Stake, R.E. (1995). *The art of case study research*. Thousand Oaks, CA: Sage.
- Stake, R.E. (2005). Qualitative case studies. In N.K. Denzin and Y.S. Lincoln (Eds.), *The Sage handbook of qualitative research* (3rd ed., pp. 443-66). Thousand Oaks, CA: Sage.
- Taylor, P.L. (2002). Poverty alleviation through participation in fair trade coffee markets: Synthesis of case study research question findings. Retrieved October 27, 2010, from <http://www.cfat.colostate.edu/research/one-cup-at-a-time/>.
- Taylor, P.L., Murray, D.L., & Reynolds, L.T. (2005). Keeping trade fair: Governance challenges in the fair trade coffee initiative. *Sustainable Development*, 13, 199-208.
- Tertulias Emaús. (2012, May 9). Live radio program. Coto Brus, Costa Rica.
- Titmuss, R. (1971). *The gift relationship: From human blood to social policy*. New York: Pantheon Books.
- Torgerson, R.E., Reynolds, B.J., & Gray, T.W. (1998). Evolution of cooperative thought, theory, and purpose. *Journal of Cooperatives*, 13, 1-20.
- Tyler, T.R. (2010). *Why people cooperate: The role of social motivations*. Princeton, NJ: Princeton University Press.
- Ulloa, S. (2011, November 16). Costa Rica es “casa de narcotráfico.” *CRHoy.com*. Retrieved from <http://www.crhoy.com/costa-rica-es-%E2%80%9Ccasa-de-narcotrafico%E2%80%9D/>.
- Umaña, J., & Parrales, F. (2011, June 10). Hombre muere baleado en Villa Dos de Coto Brus. *La Nación*. Retrieved from <http://www.nacion.com/2011-06-10/Sucesos/NotasSecundarias/Sucesos2806424.aspx>.
- United States Agency for International Development. (1985). *Cooperative development*. Retrieved from http://transition.usaid.gov/policy/ads/200/coopdev/cd_commchar.html.
- Utting-Chamorro, K. (2005). Does fair trade make a difference? The case of small coffee producers in Nicaragua. *Development in Practice*, 15(3/4), 584-99.

- Valko, L. (1968). *Raiffeisen: Father of agricultural credit cooperatives*. Pullman, WA: Washington Agricultural Experiment Station.
- Vasquez-Leon, M. (2010). Walking the tightrope: Latin American agricultural cooperatives and small-farmer participation in global markets. *Latin American Perspectives*, 37(6), 3-11.
- von Mises, L. (1947/1990). *Money, method, and the market process: Essays by Ludwig von Mises*. Norwell, MA: Kluwer Academic Publishers.
- Walton, J. (1992). Making the theoretical case. In C.C. Ragin and H.S. Becker (Eds.), *What is a case? Exploring the foundations of social inquiry* (pp. 121-37). New York: Cambridge.
- Warbasse, J.P. (1942). *Problems of cooperation*. New York: The Cooperative League of the United States of America.
- Watson, M. (2010). Towards a Polanyian perspective on fair trade: Market-based relationships and the act of ethical consumption. *Global Society*, 20(4), 435-51.
- Weller, J. (1987). El desarrollo del cooperativismo y la sociedad costarricense. *Anuario de Estudios Centroamericanos*, 13(1), 127-48. Retrieved from <http://www.jstor.org/stable/25661918>.
- Whalen, K. (n.d.). Your coffee dollar. Retrieved from <http://www.pbs.org/frontlineworld/stories/guatemala.mexico/images/coffee.swf>.
- Wollni, M. (2007). *Coping with the coffee crisis: An analysis of the production and marketing performance of coffee farmers in Costa Rica*. Development Economics and Policy, No. 57. New York: Peter Lang.