Economic Functions of the peasant organization from the perspective of the household: A case study of a successful organization from Ecuadorian Sierra

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Abstract:

The purpose of this study is to identify economic functions of the base peasant organization and evaluate their significance for member households from the latter’s perspective. ATSF Asociación Trabajadores San Francisco, a base organization in Cotopaxi affiliated with CONAIE has been selected for the study and interviews were conducted with its members. In common with many other peasant organizations, ATSF has established relationships with external actors to secure access to resources and assistance. It has been singularly successful, however, in raising the level of welfare for all the members of the group. The member households were classified into three income strata to examine varying benefits and costs associated with the group’s activities. The study has revealed that a virtuous circle has developed linking three factors: economic functions of the organization, benefits and costs for households, and their evaluation of the organization.
I Introduction

In Ecuador studies of indigenous social movements and peasant organizations have advanced since CONAIE (Confederación de Nacionalidades Indígenas del Ecuador, established in 1986) organized a nation-wide uprising for the first time in June 1990. Peasant and indigenous organizations have been formed since after the breakdown of the semi-feudal hacienda order through land reform in 1960s and 70s (Korovkin 1997, 28).

Zamosc (1995) argues that a network of indigenous organizations has been formed, that solidarity among them has been strengthened as the number of organizations has increased, and that that was one of the factors that served as background to the uprising.

Most studies have presumed that in Ecuador peasant organizations have the capacity for collective actions because their members have common identity as the indigenous or the peasant in Andean Sierra. I believe that presumption derives from the view in which an image of long-sustained practices and collective production activities in traditional indigenous communities in Andes is superimposed onto new types of peasant organizations. For example, Anthony Bebbington (1996) asserts that indigenous identity has been an important contributing factor in the organization of peasant federations, or OSGs (Organizaciones de Segundo Grado), and that the peasant federations in Latin America are more capable of organizing than those in other regions in the world. External actors such as government, international agencies, and international or national NGOs see peasant organizations as well-organized partners capable of realizing programs and orderly transfer of resources (Zamosc 1994, 55).

However, experiences of the land acquisition credit program started in 1990 by FEPP (Fondo Ecuatoriano Populorum Progressio, a national NGO founded in 1970) have led to reconsideration of the functions of peasant organizations, as most peasant organizations could not maintain joint ownership or collective utilization of land, although they were stipulated as conditions for receiving the credit (Martinez 1998,

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2 “Peasant organizations” discussed by Zamosc (1995) are not traditional indigenous communities but refer to those registered at Ministerio de Agricultura y Ganadería. Typically, they are registered as comunas, cooperatives, or associations.

3 Important studies in this connection include Bebbington (1996), Korovkin (1997), and Zamosc (1994). Zamosc refers to the consciousness of ethnic identity as one of the three factors contributing to the surge of collective actions culminating in the indigenous uprising.
Martinez states that, among collective economic activities, construction of infrastructure is still conducted as collective activity but that collective cultivation and common utilization of land have already disappeared. He claims that peasant organizations are effective in mobilizing members for political and social activities but not for economic activities such as management of land and resources within the organization (Martinez 1998, 181-183). This would imply that the high appraisal, in previous studies, of the capacity of peasant organizations in mobilization for social/political movements does not apply to their effectiveness as development actors.

It has been pointed out in an authoritative review article that “[b]y and large the available literature devotes far more attention to recommending desirable development approaches, in accordance with indigenous aspirations and their own world view, than to empirical analysis regarding the economic and income-earning activities of indigenous peoples” (Plant 1998, 16). There are no case studies that describe or analyze how peasant organizations may contribute to economic activities of individual member households as development actors or how much and what kind of costs individual member households have to incur in order to receive benefits from organizations’ activities.

The purpose of this article is to investigate the relationship between economic functions of peasant organizations as development actors and individual households on the basis of a case study of a peasants’ association in Ecuadorian Sierra. In analyzing this case, I take individual households belonging to the organization as the unit of observation and analysis.

The peasant association I have studied in my field work is located in the Province of Cotopaxi, where indigenous movements led by CONAIE have been active and many members of Congress have been elected from among the candidates of the Pachakutik Party, political organizational representation of indigenous movements. From ATSF (Asociación Trabajadores San Francisco), the focus of this case study, one of the founding members has been elected as president of Junta Parroquial de Toacaso.

It is not uncommon in contemporary Ecuador for politicians and leaders of social movements derive from peasant organizations. ATSF, along with many other peasant organizations, has established and utilized networks with external actors through the mediation of its leaders. ATSF seems to be rather unusual compared to other organizations in that it has attained higher levels of welfare for all the members through its organizational activities. It also receives high evaluation from external actors with
regard to the high level of participation by its members in collective activities.

This article aims to investigate the contributions of the activities of the peasant organization to individual member households. Section II presents the analytical framework employed in this article. Section III describes the design and conditions of field work conducted by the author, emphasizing the classification scheme for households as an important methodological feature of the study. Section IV describes the process of establishment and evolution of ATSF. Section V provides information on characteristics of member households classified into three strata. Detailed information is presented on a sample consisting of three households, representing the three strata, regarding their involvement with the organization. Section VI discusses, from the perspective of the household, the benefits and costs associated with the membership of ATSF. In conclusion, an overall assessment is presented regarding a kind of virtuous circle operating between the organization and its member households.

II Analytical framework: the role of the organization from the perspective of the household

This study takes the household as the unit of observation and analysis of economic activities. Here the term "household" is defined to be a group of people, family members and possibly others, living together, sharing resources, and taking concerted actions under unified decisions.

This is an important methodological decision since it is common that the community, not the household, is stipulated as the unit of decision-making in studies of rural societies consisting of traditional communities in Andes.

The reason behind the methodological decision in this article is as follows: Almost all the members of ATSF come from one locality. The organization was formed for the purpose of obtaining support from external agencies for a potable water project. That is, ATSF was formed as functional organization intended to serve the specific purpose of serving as conduit for the realization of economic interests and functions. Under such circumstances it is reasonable to see membership in the organization as a result of the decision on the part of the household and to take the household as the unit of observation and analysis.

It is not uncommon in development economics studies to postulate that selfish individual motivations lie beneath apparently altruistic functions of the community and
conformant behaviors of its members. This article takes a similar stance and postulates that the household chooses to be a member of the organization in pursuit of benefits expected from membership.

At the same time, however, the household has to incur costs associated with the membership in order to be able to receive the benefits. Thus, it is postulated that the household decides on the degree of participation and involvement in the activities of the organization on the basis of its assessment of benefits and costs of membership.

First, let us consider what types of benefits the organization makes accessible to the individual household.

One authoritative study on the traditional community in customary economy defines the economic functions of the community in the following manner (Ishikawa 1975:454-455):

1) Principle of communal distribution of employment and income; 2) Principle communal realization of economies of scale; 3) Principle communal opposition to exploitive practices by urban-based merchants; and 4) Principle communal assistance in the face of emergencies.

It should be remembered that this listing is meant to apply to the traditional community in customary economy; it is not directly applicable to the object of this study, a contemporary organization newly formed for specific purposes.

In this study, the economic functions of the organization are defined as follows by modifying the above listing to reflect contemporary conditions where many new organizations are formed motivated and facilitated by active interventions by external actors.

(1) Realization of economies of scale in the form of collective production activities and constructive projects and the collective use of equipment and facilities; (2) Management of relations with external actors, including the access to loans, grants and technical assistance from agencies as well as negotiations with merchants from outside. (3) Access to employment and income, including guarantee of security of employment and income under normal conditions and in emergencies.

With regard to the first and second types of function of the Organization, there may be a possibility that small and/or poor households receive relatively larger benefits.
Regarding the second type of function it should also be pointed out that, for many households, establishment of relations with external actors is possible only through an organization. Even when that is not the case, transaction costs associated with the formation and maintenance of relations with external actors are greatly reduced by means of organizational membership⁴.

The third type of function includes two distinct contexts. For poor households the guarantee of employment and income serves as a critical means of risk coping, sometimes enabling to secure minimum requirements for subsistence⁵. In contrast, this function provides access to income-enhancing opportunities for the more well-off and powerful members of the organization.

Next, let us consider the costs involved in the membership of an organization. As discussed above, members of an organization receive benefits of its economic functions. But having access to such benefits is predicated on the willingness to incur costs to maintain a good standing in the organization. There are two broad types of costs.

First, members are expected to contribute money, time, and labor to the activities of the organization and thus are obliged to incur monetary and non-monetary costs. The latter is as real and burdensome as the former, however, since they typically generate opportunity costs in the form of lost income (or benefit) from other productive (or household) activities due to participation in organization activities. Here it is important to understand varied degrees of burden of opportunity costs for various categories of households. There are two points to be noted in this connection. First, members are expected to contribute money, time, and labor to the activities of the organization and thus are obliged to incur monetary and non-monetary costs.

The first point relates to relative weight of income loss in relation to the level of total household income. It is true that the absolute level of opportunity costs will be higher

⁴ "Transactions costs" signify, in the narrow sense applied to business transactions, costs incurred in the process of negotiations and for the enforcement of contracts. Here it is used in a broader sense covering all the transactions with external actors including governmental agencies and NGOs.

⁵ Methods and means for dealing with risks are classified into two broad categories: one is "risk management" measures, planned ex ante in anticipation of possible risks; and the other is "risk-coping" ones, adopted ex post in the presence of problematic situations (Alderman and Paxson 1992). The use of the term "risk-coping" in this article follows this definition.
for high-income households whose members typically earn more per hour. But the impact of foregoing that earning will likely be smaller for them than for poor households, the latter often being close to the verge of subsistence. Furthermore, it is often possible for high-income households to hire low-wage workers (peons) and have them either attend to activities of the organization or to original activities of the household, thereby greatly reducing opportunity costs for themselves. It is noteworthy in this connection that such substitution in income-generating activities is much more easily realized in self-employed activities while it will typically be much more difficult for those employed by others. In the latter case, failing to report to work could result not only in loss of income for the time not worked but also in the loss of trust and possibly the loss of employment itself.

The second type of cost of membership in an organization is transaction costs incurred in the negotiation process of reaching agreements among the members. These costs are greater when the level of mutual trust among the members is low. When there are concerns for free riders and betrayers, reaching and enforcing agreements is much more difficult to realize, making members less inclined to engage in activities of the organization. Such situations of mutual distrust typically arise from experiences of failures of activities of the organization and the perception of inequity in the allocation of benefits and costs among members.

In what follows, I will report the findings and analysis of the case study based on my field work and the analytical framework presented and discussed above.

III Methodology for field work

1 Households under study

Members of the base organization are individuals and in principle only one member is admitted from any household. Most households consist of nuclear families and either husband or wife assumes membership of the organization. In the case of households consisting of extended families incorporating multiple generations of married couples, it is commonly observed that the parent resigns from the organization and pass the

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6 Here "transactions costs" signify "costs associated with the formation of consensus and enforcement thereof among the members".
membership onto a married child. In some cases, the same arrangement is made between a parent and a married child living apart.

In this study, the term “household” is used, in principle, in reference to a group of people, mostly connected by familial ties, who share the same dwelling. In cases where there are unmarried children living separately who are considered as dependents by the parents, however, those children too are considered as members of the household. In the area of my field work, where members of Asociación Trabajadores San Francisco (ATSF) reside, 49 households were identified on the basis of the above-mentioned definition. The study reported here is based on questionnaires, interviews, and participatory observations covering 47 households, as I could not have contacts with members of the remaining two households. Five hacienda households located in the same area are not included, either.

2 Timings and methods of field work

Information used in this study was obtained through my field work conducted in three time periods: (1) March-May 2000, (2) September-October 2000, and (3) September-December 2001.

Three methods were employed in the field work: first, visits and interviews based on a pre-designed questionnaire with all the households belonging to ATSF; second, intensive interviews with selected ATSF members for detailed accounts of livelihood conditions and family histories; and third, participatory observations on collective activities. The socio-economic indicators for the households presented in this article are compiled from the questionnaire-based data set obtained during the period (3). In conducting the fieldwork I was accompanied and assisted by a former NGO worker and a former employee of a government agency, both of whom had previous working experiences in the area. Interviews were also conducted with leaders of peasant organizations, present and former representatives of NGOs familiar with the area, former employees of a government agency involved in the execution of rural development programs in the area, and staff of a local radio station.

7 In the census conducted by INEC (Instituto Nacional de Estadística y Censos), the household is defined to be "a group of people who share meals and accommodations in a single housing unit". The definition of the household used in my study differs from that of INEC in that the household is defined to include those dependents who live separately for the purpose of migrant work or schooling.
In this article it is hypothesized that the household decides on the level of participation in the organization's activities on the basis of comparison of benefits and costs associated with such activities, both of which will vary from one household to another. Presumably, one of the most important determinants of the benefits and costs will be relative standings of households within the organization. In order to pursue this point of view, I tried to classify households in the organization according to the level of affluence and to identify and compare the benefits and costs associated with the organization's activities across strata of household thus classified. In this attempt, I adopted the "Wealth ranking" methodology developed by Barbara Grandin (Grandin 1988) and followed the following procedure in selecting four members who would be requested to make rankings of households in the organization.

1) Request the founding member of the organization to classify households into three strata according to their status in terms of affluence (or conversely, poverty).
2) Select one household that was classified in the Highest strata in (1) and make the same request as in (1).
3) Select one household each from among those classified as Middle in both (1) and (2). Similarly, select one household from among those classified as Low in both (1) and (2). Make the same request to the two members thus selected.

In total I had a set of four rankings of all households in ATSF. I assigned numerical values of 1, 2, and 3 to the rank of High, Middle, and Low, respectively, calculated simple averages, and classified households into three strata.

There are two principal reasons for this decision.

First, objective indicators of income or wealth are not always readily available or trustworthy and also not always easy to interpret. In this study questions regarding income and land holding were included in the questionnaire. Information obtained may not be very reliable or readily comparable, however. With regard to agricultural income, it is dubious that peasants producers have precise understanding of their own income.

For example, potatoes are now produced in varied timings and sold at different prices throughout the year and peasant farmers do not keep records of sales to add up to find total annual sales. It is thus impossible for an observer to estimate annual sales for individual household.

Even if the income for the particular year is somehow estimated, it is not easy for an observer whether that could be considered as representative or typical compared to
those of other years. There is another kind of difficulty. Peasant farmers tend to underreport their income or asset in order to qualify for programs and assistances targeted to the poor.

Information on land holdings may be less subject to uncertainties and manipulations, although tendency to underreport seems to be prevalent. They suffer, however, from other types of difficulties. In the area of my field study, topography and micro-climates are such that productivity of land varies greatly from one plot to another. The area of land as such is not necessarily a good measure of income to be generated from it.

The second reason for adopting the subjective "wealth ranking" method is a more positive one: the method provides the investigator with an opportunity to learn about the criteria used in the classification of households, thus allowing her/him to understand how "affluence" is conceived by the people under study themselves. This subjective ranking by fellow members themselves is also likely to reflect fundamental conditions of households, including those not easily observed by outsiders, and less likely to be affected by temporary variations in their fortunes.

IV ATSF

1 The peasant organization under study

ATSF is registered as "asociación" with MAG (Ministerio de Agricultura y Ganadería). It is located in the administrative district called Parroquia Toacaso, in Canton Latacunga, in Provincia Cotopaxi, in the Ecuadorian Sierra. It is one of the Base Organizations affiliated with CONAIE. It belongs to Unión de Organizaciones Campesinas del Norte de Cotopaxi (UNOCANC), an Organización de Segundo Grado (OSG), which in turn belongs to Movimiento Indígena y Campesino de Cotopaxi (MICC), an Organizacion de Tercer Grado (OTG). The OTG is a member organization of Confederación de Pueblos de la Nacionalidad Kichwa del Ecuador (ECUARUNARI, also called Ecuador Runacunac Riccharimui), which constitutes the Sierra section of CONAIE (Figure 1).

Members of base organizations belonging to CONAIE are not necessarily indigenas. For instance, not all the peasants covered in this study identify themselves as indigenas; some of them will not be identified as such in terms of appearance, either.
Figure 1  Hierarchical structure of indigenous/peasant organizations

National Level

Region Level

Province Level (OTG)
( Organización de Tercer Grado )

Parish Level (OSG)
( Organización de Segundo Grado )

Base Organization
, Organización de Base,

CONAIE

CONFENAIE

ECUARUNARI

COICE

MICC

UNOCANC

ATSF

2 Formation and evolution of ATSF and its subgroups

ATSF was established by Mr. SR in 1983. Historically, the whole San Francisco area was occupied by an hacienda. The ancestor of Mr. SR was the only Huasipunguero on the hacienda\(^9\). ATSF was formed to realize a potable water project. The success of the project produced immediate tangible improvements in the lives of the members and impressed them with the understanding that organized activities were capable of achieving goals beyond the reach of individual households.

In 1991, an irrigation project was completed by means of minga utilizing pipes donated by CESA (Central Ecuatoriano de Servicios Agrícolas), a national NGO. Also in 1991, the first subgroup 4 de Octubre was formed to purchase an hacienda in the west part of San Francisco and collective management of a farm was initiated.

In 1994, ATSF obtained a loan from FECD (Fondo Ecuatoriano Canadiense), an international NGO, which led to a drastic increase in milk production. That enabled ATSF to have a stronger negotiating position vis-a-vis milk collectors, resulting in higher sales prices. From 1994 on, el prioste, who bears all the cost of fiesta santa, has come to be selected through self-initiated candidacy rather than nomination by the elders.

In 1996, the second subgroup, Campo Verde, was formed for a collective purchase of land. In 1998 Cooperativa de Ahorro y Credito de San Francisco was formed upon a proposal of a staff member of FEPP who was in charge of this area\(^10\).

In 2000, 4 de Octubre repaid in full, and before the due date, the loan from FEPP. 4 de Octubre proposed to serve as prioste in that year. Toward the end of 2001, the leaders of ATSF decided to construct a refrigerated tank for storing milk. A loan is to be obtained through the good offices of one of the hacendados. The tank, once completed, will help stabilize the quality of milk delivered to the collectors and thus was expected to contribute to higher sales prices.

3 Organization's activities

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\(^9\) "Huasipungueros" refer to those peasants who owed the obligation of labor to the hacienda in return for small plots for subsistence and supplementary wages (Barraclough 1971).

\(^10\) The cooperative was funded by the shares contributed to by the ATSF members. No external financial assistance was received.
The meetings for ATSF decision-making are held on Thursdays from 7pm. On Thursday is the day of market in a nearby town and Thursday evening is convenient timing for the members (Table 1). Meetings start punctually. Meetings of the subgroups are held on other days of the week also from 7pm. No records of attendance are kept, but many come to attend for obtaining information. Sometimes discussions last past midnight.

Leadership positions are filled based on anonymous elections instead of being rotated to all the members in turn. Qualified people tend to stay in leadership for a sustained period of time\textsuperscript{11}.

ATSF members take turns in nighttime watch to forestall the stealing of animals. When this was started in 1999 each member had to serve twice a month for this purpose. That proved to be so demanding and demoralizing that it has since been abandoned; now each serves once a month.

The revenues of ATSF are generated from two sources: one is the collection of transit fees on the highway passing through the area; and the other is penalties imposed on members for absence at minga and for other offences against the organization's rules. For example, there was an incident in which an unmarried woman gave birth to a baby and her father sold off that baby to somebody outside of ATSF. This matter was discussed at a meeting and a fine of 500 dollars was imposed on the father.

The subgroup 4 de Octubre repaid the loan obtained from FEPP by 2000 and has distributed $1,200 to each member from the accumulated earnings of the group. ATSF and its subgroups hire regular employees for the collection of transit fees and for the operation of collective farms. The cooperative established in 1998 also hires three young office workers.

ATSF provides emergency assistance to member households. Assistance is proffered in the case of death, illness, and other kinds of difficulties, and the specific assistance measures are decided upon in a meeting. The subgroups also provide similar assistance\textsuperscript{12}.

\textsuperscript{11} In some peasant organizations executives are rotated to all the members in turn irrespective of qualifications for leadership roles. In such cases, the organization's activities could be adversely affected under poor leadership.

\textsuperscript{12} In cases of assistance like this, the names and amounts of donations of those who contribute are announced at a meeting and that record is handed to the recipient.
### Table 1 Characteristics of ATSF and its Subgroups

<table>
<thead>
<tr>
<th></th>
<th>ATSF</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Name</strong></td>
<td>Asociación Trabajadores San Francisco</td>
</tr>
<tr>
<td><strong>Level</strong></td>
<td>Base Organization</td>
</tr>
<tr>
<td><strong>Leadership</strong></td>
<td>Anonymous voting in December every year. President, vice president, secretary, accountant, and auditor. Repeated appointments of qualified members.</td>
</tr>
<tr>
<td><strong>Decision-making</strong></td>
<td>Weekly meetings on Thursday evenings from 7pm</td>
</tr>
<tr>
<td><strong>Minga</strong></td>
<td>A few times a year as cleaning before the fiesta santa</td>
</tr>
<tr>
<td><strong>Duties rotated</strong></td>
<td>Night watch, once a month., Cleaning of irrigation canals, as needed.</td>
</tr>
<tr>
<td><strong>Regular employees</strong></td>
<td>Two members in charge of collecting transit fees.</td>
</tr>
<tr>
<td><strong>Revenues</strong></td>
<td>30% of transit fees collected and penalties on members.</td>
</tr>
<tr>
<td><strong>Emergency assistance</strong></td>
<td>Emergency loans from Cooperative. Donations of $2 ($1) or more per member in the case of death (illness). Donations proposed at meetings in cases of other hardships. Cover coffin and funeral expenses for those not belonging to either subgroup.</td>
</tr>
<tr>
<td><strong>Penalties</strong></td>
<td>$3 for each time absent from minga. (Could be cancelled by contributing an additional worker to minga.) Also to violators of the internal norms of ATSF</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>4 de Oct</th>
<th>CV</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Name</strong></td>
<td>4 de Octubre</td>
<td>Campo Verde</td>
</tr>
<tr>
<td><strong>Level</strong></td>
<td>A subgroup of ATSF</td>
<td>A subgroup of ATSF</td>
</tr>
<tr>
<td><strong>Year of foundation</strong></td>
<td>1991, not formally registered.</td>
<td>1996, not formally registered.</td>
</tr>
<tr>
<td><strong>Leadership</strong></td>
<td>Anonymous voting every two years. President, vice president, secretary, accountant, and auditor. Repeated appointments of qualified members.</td>
<td>Anonymous voting every two years. President, vice president, secretary, accountant, and auditor. Repeated appointments of qualified members.</td>
</tr>
<tr>
<td><strong>Decision-making</strong></td>
<td>Biweekly meetings on Monday evenings from 7pm.</td>
<td>Biweekly meetings on Friday evenings from 7pm.</td>
</tr>
<tr>
<td><strong>Minga</strong></td>
<td>Collective production activities.</td>
<td>Collective production activities.</td>
</tr>
<tr>
<td><strong>Duties rotated</strong></td>
<td>None.</td>
<td>None.</td>
</tr>
<tr>
<td><strong>Regular employees</strong></td>
<td>One.</td>
<td>One.</td>
</tr>
<tr>
<td><strong>Revenues</strong></td>
<td>Sales of milk and agricultural products.</td>
<td>Sales of milk and agricultural products. Rental fees for tractors.</td>
</tr>
<tr>
<td><strong>Emergency assistance</strong></td>
<td>Donate a coffin for a member’s deceased family</td>
<td>Same as in 4 de Oct.</td>
</tr>
<tr>
<td><strong>Penalties</strong></td>
<td>$1 for each time absent from meeting and $2 for minga (Could be cancelled by contributing an additional worker to minga). Possible expulsion for those unworthy of membership.</td>
<td>Same as in 4 de Oct.</td>
</tr>
</tbody>
</table>

V Households under study

1 Socioeconomic indicators of the households studied

The language of daily use for the member households of ATSF is Spanish. This is true even with old people. All of them have electricity and also access to potable water. Almost all of them have radio receivers although only a small percentage of households have TV sets.

Table 2 shows socioeconomic indicators for each stratum identified through wealth ranking. There salient features are:

(1) the higher the stratum is, the higher the income;
(2) the higher the stratum is, the larger the number of cattle and the higher the proportion of the households owning automobiles; and
(3) the higher the stratum is, the larger the land areas owned or accessed.

Table 2  Socioeconomic indicators for member households by economic strata

<table>
<thead>
<tr>
<th>Economic strata</th>
<th>Total</th>
<th>.</th>
<th>.</th>
<th>.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of Households</td>
<td>47</td>
<td>11</td>
<td>20</td>
<td>16</td>
</tr>
<tr>
<td>Number of people</td>
<td>261</td>
<td>53</td>
<td>116</td>
<td>92</td>
</tr>
<tr>
<td>Average number of people per household</td>
<td>5.6</td>
<td>4.8</td>
<td>5.8</td>
<td>5.8</td>
</tr>
<tr>
<td>Average age</td>
<td>22.3</td>
<td>21.1</td>
<td>21.2</td>
<td>24.3</td>
</tr>
<tr>
<td>Average age of head of household</td>
<td>38.5</td>
<td>38.1</td>
<td>36.9</td>
<td>38.3</td>
</tr>
<tr>
<td>Average number of dependents per household</td>
<td>1.9</td>
<td>2.4</td>
<td>2.0</td>
<td>1.8</td>
</tr>
<tr>
<td>Average years of schooling, of those above 13,</td>
<td>5.3</td>
<td>7.6</td>
<td>5.4</td>
<td>4.2</td>
</tr>
<tr>
<td>Number of part-time students among working population</td>
<td>8 (4.7)</td>
<td>1 (3.7)</td>
<td>6 (7.8)</td>
<td>1 (1.6)</td>
</tr>
<tr>
<td>Number of students attending schools beyond commuting distance from home</td>
<td>25 (40.3)</td>
<td>13 (76.4)</td>
<td>12 (42.9)</td>
<td>0 (0.0)</td>
</tr>
<tr>
<td>Average income per household,$</td>
<td>435.2</td>
<td>826.3</td>
<td>387.4</td>
<td>226.2</td>
</tr>
<tr>
<td>Average land access per household, ha</td>
<td>10.7</td>
<td>16.7</td>
<td>11.6</td>
<td>5.1</td>
</tr>
<tr>
<td>Average land holding per household, ha</td>
<td>9.6</td>
<td>12.3</td>
<td>12.0</td>
<td>4.6</td>
</tr>
<tr>
<td>Average number of cows per household</td>
<td>6.7</td>
<td>9.5</td>
<td>7.1</td>
<td>4.3</td>
</tr>
<tr>
<td>Number of households owning automobiles</td>
<td>9 (19.1)</td>
<td>8 (72.7)</td>
<td>1 (5.0)</td>
<td>0 (0.0)</td>
</tr>
</tbody>
</table>


2 Economic activities

Almost all the households under study are engaged in own-account agricultural and
livestock activities. In agriculture, main products are potatoes and broad beans for self-consumption and also, in some cases, for market sales. In my interview it was learned that about 80% of the households attained self-sufficiency in potato during one year previous to the time of the interview. In livestock, in addition to cattle, pigs, sheep, chickens, and guinea pigs are bred and grown. Dairy farming for milk production has gained added significance as source of income for many households, aided by credits obtained through the organization.

The prevalent system of agricultural production features simultaneous cultivation of a variety of potatoes on multiple dispersed plots. In busy seasons demands for labor tend to outstrip supplies. Traditional practice of exchange of unpaid labor has all but disappeared, and the employment of peons on a daily basis is commonly observed.

Next, let us confirm what types of non-farm economic activities are engaged in for various strata (Table 3). There are two points worthy of note.

Table 3 Number of cases of engagement in economic activities other than own-account agriculture and livestock farming by economic strata

<table>
<thead>
<tr>
<th>Strata,</th>
<th>Strata .</th>
<th>Strata .</th>
<th>.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Transportation,OA</td>
<td>5</td>
<td>Hacienda,E</td>
<td>13</td>
</tr>
<tr>
<td>Milk collector,OA</td>
<td>2</td>
<td>House maid,E</td>
<td>4</td>
</tr>
<tr>
<td>Permanent project,E</td>
<td>2</td>
<td>Temporary project,E</td>
<td>3</td>
</tr>
<tr>
<td>Sewing,OA</td>
<td>1</td>
<td>Flower growing,E</td>
<td>3</td>
</tr>
<tr>
<td>Middleman,OA</td>
<td>1</td>
<td>Retail sales,OA</td>
<td>2</td>
</tr>
<tr>
<td>House maid,E</td>
<td>1</td>
<td>Apparel factory,E</td>
<td>2</td>
</tr>
<tr>
<td>Military,E</td>
<td>1</td>
<td>Construction,E</td>
<td>2</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Permanent project,E</td>
<td>2</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Other,E</td>
<td>1</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Peon,E</td>
<td>15</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Hacienda,E</td>
<td>7</td>
</tr>
<tr>
<td></td>
<td></td>
<td>House maid,E</td>
<td>6</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Permanent project,E</td>
<td>2</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Security guard,E</td>
<td>2</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Construction,E</td>
<td>2</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Transportation,OA</td>
<td>1</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Retail sales,OA</td>
<td>1</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Other,E</td>
<td>5</td>
</tr>
</tbody>
</table>

Notes: OA: own account  E: employed

First, economic activities include employments in projects generated in the context of organizational activities. There are two types of projects and employments. Projects and employments may be temporary ones financed by external actors for a limited period of time or indefinite ones financed by the organizations themselves for undetermined durations. In ATSF, there is one agro-forestry project and one employee financed by UNOCANC. The other projects are own-financed and contribute to the generation of permanent employments. Those employed come from various strata (Table 4).
Table 4  Details of project employments

<table>
<thead>
<tr>
<th>Project</th>
<th>Organization</th>
<th>Strata</th>
<th>Job description</th>
<th>Wage, $ per month</th>
</tr>
</thead>
<tbody>
<tr>
<td>Agro-Forestry program</td>
<td>UNOCANC</td>
<td>2</td>
<td>Care of alpacas, weekdays except Thursday.</td>
<td>180</td>
</tr>
<tr>
<td>Transit fees</td>
<td>ATSF</td>
<td>2</td>
<td>Collection of transit fees and record keeping (day and night)</td>
<td>100</td>
</tr>
<tr>
<td>(Same)</td>
<td>ATSF</td>
<td>2</td>
<td>Collection of transit fees (day and night)</td>
<td>80</td>
</tr>
<tr>
<td>S&amp;L cooperative</td>
<td>ATSF</td>
<td>2</td>
<td>Book keeping on Tuesday and Friday afternoons</td>
<td>30</td>
</tr>
<tr>
<td>(Same)</td>
<td>ATSF</td>
<td>1</td>
<td>Book keeping on Tuesday and Friday afternoons</td>
<td>30</td>
</tr>
<tr>
<td>Farm</td>
<td>4 de Octubre</td>
<td>3</td>
<td>Milking and grazing of cows</td>
<td>80</td>
</tr>
<tr>
<td>(Same)</td>
<td>Campo Verde</td>
<td>3</td>
<td>Milking and grazing of cows</td>
<td>100</td>
</tr>
</tbody>
</table>


Second, there are distinct patterns in the relative weights of own-account and employment activities across the strata of households. The percentage of household members engaged in own-account activities is higher for higher strata and conversely the percentage in employed positions is higher for lower strata (Table 5). Similar patterns are detected in the correlation between strata and proportions of incomes earned in self-account and employed activities (Table 6).
Table 5  Number of cases of economic activities per household by type and strata (%)

<table>
<thead>
<tr>
<th>Strata</th>
<th>Total average</th>
<th>Own account</th>
<th>Employed</th>
<th>Other</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>2.400,</td>
<td>2.357.5,</td>
<td>0.267.</td>
</tr>
<tr>
<td>Own account</td>
<td></td>
<td>1.840.9,</td>
<td>2.352.3,</td>
<td>1.368.</td>
</tr>
<tr>
<td>Employed</td>
<td></td>
<td>1.642.1,</td>
<td>2.155.2,</td>
<td>0.152.</td>
</tr>
<tr>
<td>Other</td>
<td></td>
<td>0.267.</td>
<td>0.000.</td>
<td>0.012.</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td>3.8100.0,</td>
<td>4.4100.0</td>
<td>0.380.</td>
</tr>
</tbody>
</table>


Note: 1. Readings in this category only include those who specialize in own-account agriculture and livestock farming. There are others who engage in it on a part time basis while also doing other types of works.

Table 6  Household income per month by type of economic activity and by strata ($) 

<table>
<thead>
<tr>
<th>Strata</th>
<th>Own account</th>
<th>Employed</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>815.498.7%</td>
<td>10.91.3%</td>
<td>826.3,100,</td>
</tr>
<tr>
<td></td>
<td>243.362.6%</td>
<td>145.137.4%</td>
<td>388.4,100,</td>
</tr>
<tr>
<td></td>
<td>102.545.3%</td>
<td>123.754.7%</td>
<td>226.2,100,</td>
</tr>
<tr>
<td>Total</td>
<td>329.375.6%</td>
<td>106.424.4%</td>
<td>435.7,100,</td>
</tr>
</tbody>
</table>


3  The households relations to the organization

In what follows, detailed comparisons of households belonging to different strata are presented. One representative household was selected from each of three strata. They are representative in the sense that they engage in economic activities characteristic of the strata they respectively belong to. Themes to be addressed here are the benefits and costs of participation in the organization’s activities, and the perception and evaluation they have of the organization’s activities.

(1) Stratum 1: Household A

Household A consists of five family members: Mr. A, 32 years old, his wife, 32,
three children. The average income per month is $1,658 in total and is the sum of
$1,608 from own-account agriculture and livestock farming and $50 from
transportation service utilizing an owned truck.

The household has benefited from a loan from FECD made available through the
mediation of ATSF in broadening the options in economic activities. Mr. A used part of
the loan received for the purchase of milk cows as fund to enlarge the land holding. He
thus bought 12 ha of land while at the same time expanding the scale of dairy farming
through the purchase of cows.

Mr. A is also a member of Campo Verde. He has served as accountant for the group
ever since its formation. He finds that duty as a burden and hopes that somebody will
take over this role. He received a loan from the cooperative to purchase cows. He
joined the irrigation group in 2001. On that occasion he made a payment to the group to
compensate for the lack of contribution in minga up to that point. He is one of the
promoters of the construction of a milk tank. He or his daughter attends minga and
meetings of ATSF or Campo Verde. Sometimes he hires a peon to attend them on his
behalf.

In 1999, he volunteered to serve as the prioste of the festival to show his appreciation
for the activities of ATSF. He says proudly, "ATSF is capable of resolving any problems
within the organization. This is a great achievement."

(2) Startum 2 : Household B

Household B consists of seven family members: Mr. B, 47 years old, his wife, 51,
and five children. There is another son, already married and independent, outside of the
household. The average income per month is $664 in total, the sum of $114 from
agriculture and livestock farming and $550 from employed activities. The latter
consists of employment at an hacienda for Mr. B, employment at flower growing farms
for two of the sons, and employment at an apparel manufacturer for a daughter; one of
the sons and the daughter live away from home.

Household B was one of the beneficiaries of the potable water project, carried out
right after the formation of ATSF. He thinks highly of the project and says that the
members learned of the importance of unity as an organization through that experience.
In 1991 he was appointed by the president of the association to be the leader of the
irrigation group. He has since been in charge of the distribution of water to member
households.
Mr. B has been employed by the hacienda since before his marriage. He has little free
time during the day on weekdays. He has been unable to join 4 de Octubre or Campo
Verde, the subgroups of ATSF, because he is unable to join in minga for collective
production. His family lives in an owned house located near Toacaso to facilitate the
schooling of children and stay with him only on weekends. Alone, he could do no more
than discharging duties as member of ATSF.

He has not received loans from FECD, since he had experienced the death of a cow
bought on a loan from another financial institution. He has taken out loans from the
cooperative, however, for the purchase of agricultural inputs and daily necessities. The
shareholders of the cooperative are members of ATSF. He says, "the cooperative is our
own" and has a strong sense of commitment to its continuation.

(3) Stratum 3: Household C

Household C consists of eleven family members: Mr. C, 37 years old, his wife, 43,
five children between them, one daughter from wife's previous marriage and that
daughter's child, and wife's mother and sister. The eldest son suffers from mental
disorder. The average income per month is $362 in total, the sum of $88 from
agriculture and livestock farming, $40 from other own-account activities by Mr. C, and
$234 from employed activities. The non-agricultural own-account activity consists of
transportation service started in 1998 utilizing a human-powered tricycle; Mr. C
engages in it on Thursdays when the market is open. Employed activities comprise Mr.
C's work as caretaker at the farm owned by Campo Verde, milking work by a second
son at an hacienda in the morning and evening, employment of wife's mother and
daughter as peons at other households, and employment of wife's sister as live-in maid
in Quito.

Household C was one of the beneficiaries of the potable water project. It has been a
member of the irrigation group ever since its formation. It received a loan from FECD
and purchased two milk cows. Mr. C joined Campo Verde in expectation of receiving
dividends in the future. When he was faced with difficulties in sustaining livelihood, he
petitioned to other members of Campo Verde that he become an employed by the group,
to which others concurred. As part of the agreement for the employment, he and his
wife agreed to participate in minga so as to compensate for their absence in the past.

Mr. C is assisted by his family in conducting his work for Campo Verde. He feels that
the family's living conditions have improved greatly thanks to the employment at
Campo Verde and a stable income that enables. Moreover, he is entitled to raise a milk cow of his own on the common grazing field of Campo Verde, which is a great help to the household whose land holding is limited to 3 ha owned by wife's daughter. In 2001, they opened a savings account at the cooperative for the purpose of purchasing milk cows.

The cases of the three households presented above show that the activities of ATSF have brought benefits to all of them. In particular, the benefit to household C in the stratum 3 has been relatively large, since the regular employment and assured income provided by Campo Verde has been instrumental in sustaining livelihood on a stable basis. The costs of participation in the organization's activities appear to be larger for households whose mainstay is employed activities, as illustrated by the case of household B; in fact, it chose not to join the subgroups in view of the time it would have to allocate to group activities as member. In the case of household A in stratum 1, it is true that Mr. A has spent his time and energy for the organization's activities as the accountant for Campo Verde and as promoter of the milk tank. Engaged in self-account activities, however, he has more flexibility in the allocation of his time and also is capable of minimizing adverse impacts by substituting hired peons' labor for his own work.

VI  Household' relations with the organization

The comparative examination of the three cases presented above has revealed contrasting positions between households whose mainstay is self-account activities and those primarily dependent on employed activities for their livelihoods. In this section, we will explore this contrast within the organization and try to sharpen the argument by conducting a two-way comparison between the high and low strata.

1  Benefits of the organization's activities

Table 7 shows in a schematic form how the three economic functions of the organization, presented and discussed in relation to the analytical framework of the study, are realized in the actual situations of ATSF.
(1) Realization of economies of scale

Most noteworthy is the access to loans for individual households in ATSF through the intermediation of the group. The easier access to loans has been particularly valuable for households in the low stratum who had no previous experiences of receiving loans from financial institutions located in cities and for young people who previously had no choice but to migrate and earn cash incomes but now could purchase milk cows on loans and stay in the area as dairy farmers.

(2) Management of relations with external actors

ATSF has received various types of assistance from external actors. They have high regards for ATSF as well-organized partner, which has produced further opportunities for ATSF. For instance, the cooperative was established on the proposal received from a staff member of FEPP. Furthermore, ATSF has maintained good relations with the haciendas remaining in the area, which has opened the possibility of obtaining access to loans from external actors through them.

(3) Access to employment and income

ATSF has generated employment opportunities in its own projects. Noteworthy in this connection is the fact that members of some households belonging to the lowest stratum of 4 de Octubre and Campo Verde are employed in the farms owned by those subgroups. This is significant as demonstration of social security principle in the form of employment or income guarantee within the groups. In emergencies, donations and loans are arranged as institutionalized rescue mechanisms.
Table 7 Economic functions of peasant organization: case of ATSF and its subgroups

<table>
<thead>
<tr>
<th>Economic functions</th>
<th>ATSF, CV, and 4 de Oct</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Realization of scale economy</td>
<td></td>
</tr>
<tr>
<td>. Collective use of equipment</td>
<td>tractor (CV)</td>
</tr>
<tr>
<td>. Collective production</td>
<td>Collective farming and livestock</td>
</tr>
<tr>
<td>. Construction of infrastructure</td>
<td>Irrigation, church, school, community center</td>
</tr>
<tr>
<td>. Production enhancement</td>
<td>Night watch against thieves, cleaning of irrigation canals</td>
</tr>
<tr>
<td>. Provision of loans</td>
<td>FECD, cooperatives</td>
</tr>
<tr>
<td>2. Management of relations with external actors</td>
<td></td>
</tr>
<tr>
<td>. Joint marketing</td>
<td>Milk</td>
</tr>
<tr>
<td>. Access to external resources</td>
<td>FEPP, FECD</td>
</tr>
<tr>
<td>3. Guarantee of employment/income</td>
<td></td>
</tr>
<tr>
<td>. Ordinary</td>
<td>Employments at cooperatives and for transit fee collection (CV, 4 de Oct)</td>
</tr>
<tr>
<td>. Emergency</td>
<td>Donations, loans from cooperatives</td>
</tr>
</tbody>
</table>


2 Costs associated with the membership and the members’ evaluation on the organization’s performance

As stated in relation to the analytical framework of this article, the household needs to incur costs to maintain relations with the organization.

In ATSF and its subgroups, meetings are held in evenings, thus minimizing adverse impacts on economic activities during the daytime. Minga is called as needed by the subgroups. The burdens associated with the night watch assignments have been reduced upon requests from the members. It is true that households belonging to low strata incur proportionally more burden compared to those in high strata; the arrangements cited above, however, help keep absolute levels of the burdens as low as possible.

It was the impact of the success of its first project, a potable water installation project, that galvanized the members of ATSF into active and sustained engagements in the organization’s activities. Leaders have been selected from among a small number of qualified members, which helped to raise the reputation of the leadership among the
members and further promoted their participation in the organization’s activities.

ATSF and its subgroups were initially formed to promote economic welfare of its members. As they developed successfully on economic functions, they have come to take on social and judiciary functions as well.

For instance, the decision on the responsibilities for the execution of the Saint festival was transferred to ATSF breaking with the tradition in which the elders had the authority for the decision. The transfer of decision-making authority has resulted in a significant change in the assignment of responsibilities among the members; in particular, poor households are now spared from inordinate burdens.

The cow contest started on an initiative of a son of one of the hacienda owners has become an important event organized by ATSF. This and other events have contributed to stronger ties among the members. The judiciary function, by which conflicts between members are resolved within the organization, has made the members proud of their organization, which has helped further promote group identity and solidarity.

These positive developments across a wide range of activities have contributed to the formation and sharing of norms among the members, which in turn has further strengthened mutual trust among them. The virtuous circle has been closed with mutual trust reducing transactions costs in reaching agreements among the members, thus facilitating further expansion of the organization’s activities.

VII Concluding remarks

This paper has focused on the analysis of decision making by peasant households regarding their participation in the organization’s activities to which they are members. Particular attention has been paid to distinct characteristics of households belonging to different strata of "affluence" and attendant differences in benefits and costs associated with the organization's activities.

This in-depth study based on fieldwork has traced the process of ATSF's evolution and collected views and evaluations regarding the organization's activities from its members sampled from across the whole strata. Through such extensive and systematic interviews and careful analysis, this study has revealed that a virtuous circle has developed linking three factors: economic functions of the organization, benefits and costs for households, and their evaluation of the organization. ATSF has successfully served diverse economic functions, both external and internal, and brought benefits to
all member households. In particular, households in lower strata seem to have received proportionally larger benefits. On costs side, arrangements have been made so that opportunity costs of participating in the organization's activities are reduced. With the success in economic activities and high regards for the leaders, trust in the organization has been strengthened over time, in turn leading to increased participation, expanded activities and enhanced performance, and again resulting in heightened sense of mutual trust and solidarity.

Many organizations seek resources from external actors ostensibly for the benefit of the whole membership, but they do not always promote or realize benefits for all the members. I am well aware that there are some organizations where internal mistrust and discord are so serious that they face a risk of being dissolved. They represent the case of a vicious circle where participation in the organization's activities tend to carry high opportunity costs, decision making is fraught with high transactions costs, and benefits from external resources are not distributed equitably.

The case of ATSF merits special attention in identifying the factors and conditions for successful realization of external and internal functions of the organization and furthermore for the realization of a virtuous circle in the role of the organization and participation of member households. This study should offer useful insights and checkpoints to external actors involved in the promotion of rural development by helping them understand the nature of internal dynamics within the organization. Insofar as the purpose of the collaboration with groups is to contribute to the betterment of the conditions of the whole membership, such understanding should form an important part of external actors.

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