

Community Venture in Agua Dulce

The Evolution of Civic Into Economic Democracy

Ana María Peredo

University of Victoria

At a time when the operations of democracy in Latin America are being called in question, the local level in the Andes reveals a rich heritage of civic community. This article discusses one case where that heritage has led to a novel and productive form of community venture the author calls community-based enterprise. The concepts of civil and economic democracy are explicated and are used to describe the fundamental merging of political community with collective business activity and the thoroughgoing democracy of the enterprise's operation. Context is provided by a review of some similar developments in other regions. There is a discussion of features that appear relevant to success in these developments as well as challenges for these enterprises in general and the subject enterprise in particular. The author concludes with the question of whether this development provides a model for other communities seeking self-development through entrepreneurship.

Keywords: economic democracy; sustainability; community development; grass roots; community-based enterprise

In the search for examples of democracy in action, Perú may not be the first place one would be inclined to look. On the contrary, this South American nation with a population of some 22 million, 80% of whom are either *mestizo* or indigenous, has only recently emerged from decades of dictatorship, corrupt governance, and brutal civil

The author gratefully acknowledges the generous help of William Warden and an anonymous reviewer with earlier drafts of this article.

Ana María Peredo, Ph.D., is an assistant professor in the faculty of business at the University of Victoria, Canada. Drawing in her background on environmental management and social and cultural anthropology, her research focus is on poverty alleviation.

THE JOURNAL OF APPLIED BEHAVIORAL SCIENCE, Vol. 41 No. 4, December 2005 458-481

DOI: 10.1177/0021886305279219

© 2005 NTL Institute

strife. Its orderly future is still not secured as the economy falters and a weak government beset by a multitude of conflicting demands attempts to bring stability.

Yet first impressions can sometimes be deceiving. High in the Andes, well beyond the horizons of either domestic or international tourism, lies the small community of Agua Dulce.¹ Communities such as this tend to function largely on their own, out of sight of the national government—providing nothing untoward occurs to attract attention. Agua Dulce however is a community with special characteristics. One of the most striking features of Agua Dulce, especially in relation to the purposes of this article, is the way that it brings together civic democracy with democracy in the workplace.

The purpose of this article is to show how culture and custom have combined with democratic traditions in this small mountain community to create a viable self-managed enterprise and to improve the quality of life for all. Moreover, the example of Agua Dulce carries a broader message to those who would promote democratization in regions such as this and more broadly in Latin America. On the margins, Agua Dulce may provide useful insights to those wishing to promote sustainable local development in relevantly similar circumstances.

AN EXPERIMENT?

The self-managed enterprise that has emerged in Agua Dulce is indeed an experiment in the sense that the enterprise is breaking new ground for an Andean community in terms of form and results. Although cooperatives are not new to the Andes—neither are other forms of communal economic endeavor—Agua Dulce manifests a number of characteristics that distinguishes it from other efforts at local community development. It is also experimental in the sense that pressures of the outside world, the market, globalization, and so on, are testing the sustainability of Agua Dulce. The longer term outcomes and replicability of the experiment are still unknown.

The form of venture that has taken shape in Agua Dulce is something I call *community-based enterprise* or *CBE*. *Community-based enterprise* and variations on that term, such as *community enterprise* and *community entrepreneurship*, have been used in a number of different ways in the literature. For example, Selsky and Smith (1994) use the term *community entrepreneurship* to represent entrepreneurial leadership that arises within not-for-profit organizations aimed at community benefits. The County of Los Angeles in California on the other hand uses *CBE* to refer to firms that may be certified “minority, women, disabled veteran or disadvantaged-owned businesses” (Los Angeles County Board, 2004). More generally, these expressions are used to represent efforts on the part of governments, nongovernmental organizations (NGOs), and (lately) corporations to use businesses or the techniques of business to support development of various kinds in poor communities and/or disadvantaged sectors of communities.

The way in which I use the term *community-based enterprise* differs from this broad range of usage in one important respect. In my use of the expression, I wish to capture those forms of business-based community development that arise from within the community itself and not as a result of outside interventions. I use it to refer to a

form of business organization in which a community acting corporately takes on the role of both entrepreneur and enterprise (Peredo & Chrisman, in press). It acts as an entrepreneur in the way that its members act collaboratively to identify and/or create one or more market opportunities and then organize to respond. It acts as an enterprise in the way that its members work together in carrying out the business of producing and exchanging goods and/or services. *Community* in this context refers to an aggregation of people that is defined initially by their geographical location combined with their ethnicity and culture and not only by sharing the goals or the productive activity of the enterprise. Profit making is not the primary purpose of the enterprise. Although some return is necessary to make the operation sustainable, that return is typically seen as instrumental in achieving some other community purpose(s), and a lower rate of return is accepted in exchange for the achievement of other community goals.

This is a somewhat formal description of the unusual and evolving form of business venture one finds in Agua Dulce. What is essential to recognize is that the distinction between the politically and geographically defined community of Agua Dulce and its collective business enterprise is difficult if not impossible to draw. The same aggregation of people is both a body of citizens and the membership of a self-managed business organization. And the form of decision making is thoroughly inclusive and participatory, in ways described in the following. In fact, the enterprise is arguably a paradigm case of what may be called *economic democracy*, of which more is said in the following.

It must be emphasized that the experiment of Agua Dulce has not arisen in a vacuum. The population of the community is the Quechua-speaking descendants of the Incas, whose empire was in full flower at the time of the arrival of the Spanish conquerors in the 16th century. Of particular relevance from the perspective of this study is the fact that Inca rule was marked by a highly developed system of discipline and sharing (Collier, Rosaldo, & Wirth, 1982). Land was allocated by the community; each family was expected to contribute to the common good. A portion of all produce was considered property of the state, and the system was expected to maintain a relatively equal food supply throughout the empire. A fundamental component of the Inca regime but predating it was the local indigenous community, a bastion of cohesiveness and social stability (Rostworowski, 1995/1999). Part of the genius of the Inca empire was that rather than obliterating these communities, it built on them and linked them.

Although the Inca empire fell, it left an enduring heritage of local communities with a high degree of what has come to be known as "civic community" (Putnam, 1993). Putnam explicates this concept in the following way:

Citizenship in the civic community entails equal rights and obligations for all. Such a community is bound together by horizontal relations of reciprocity and cooperation, not by vertical relations of authority and dependency. Citizens interact as equals, not as patrons and clients nor as governors and petitioners. . . . The more that politics approximates the ideal of political equality among citizens following norms of reciprocity and engaged in self-government, the more civic that community may be said to be. (p. 88)

Civic democracy is therefore community based and built on a culture of civic engagement, reciprocal trust, and shared decision making. It is important to acknowl-

edge this heritage in Agua Dulce because many of these elements are recognizable today and have played a significant role in the success of the enterprise.

OUT OF THE POLITICAL WILDERNESS

The emergence of the CBE in Agua Dulce must also be understood in the context of the region's political history over the past several decades. Central and South America have been marked by dictatorship, repression, and violent civil wars. Law was more often than not administered through the barrel of a gun. Governments were controlled by and for the elites. Discrimination was a way of life for the indigenous. Poverty was endemic, and there were few social programs to moderate its effects. Perú was one of the countries to suffer a particularly vicious civil insurgency, causing the deaths of tens of thousands. The region of Agua Dulce was one of the most conflictive, with the population suffering excesses at the hands of both the guerrilla and the government.

Electoral democratization in the 1980s and 1990s and the application of the neoliberal economic model were to have laid the basis for gradual political and economic improvement. The International Monetary Fund, the World Bank, and various Western donors provided strong impetus for the reforms, regarded almost as theological dogma by its proponents and seen by many professionals as a "single all-purpose remedy" (Sen, 1999). And indeed, investment into the region did increase markedly while growth rates in some countries showed healthy advances. Inflation was largely brought under control (Reinhart & Savastano, 2003).

The contemporary overall picture however does not inspire unmitigated optimism. Serious problems of growth, unemployment, and poverty persist. For many at the lower end of the economic scale—and this includes virtually all the people in smaller rural communities—neither the electoral nor economic reforms of recent years have made a noticeable positive difference. Trickle-down simply has not worked. Over the past 5 years, there has been "no overall growth in income per head in the region" ("The Latinobarometro Poll," 2003). As national budgets have been tightened, such limited social programs as existed were either reduced or done away with altogether. At the theoretical level, there has been a tendency to speak in terms of economic forces, all the while forgetting "those that are embodied in actual human beings" (MacArthur, 2000). The prospects of any rapid solution to Latin America's embedded poverty currently seem slim. Recent polls in the region show a high rate of dissatisfaction with the functioning of democracy ("The Latinobarometro Poll," 2003).

It is against this turbulent background that the birth, growth, and current state of the CBE in Agua Dulce must be seen. Partially the product of community history and tradition, partially the result of the community drawing together even more closely in response to political violence, instability, and economic insecurity, the CBE was created to provide a buffer and to use available resources to provide benefits and proceeds to all its stakeholders.

The process of creation and development of the CBE has been a remarkable exercise in both political and workplace democracy. In this sense, Agua Dulce is a living

example of economist and Nobel-laureate Amartya Sen's insistence on the "extensive interconnections between political freedoms and the understanding and fulfillment of economic needs" (Sen, 1999, p. 147).

AGUA DULCE: FIRST IMPRESSIONS

The entrance to this community situated at some 11,000 feet above sea level is spectacular, marked by huge rock carvings. The first thing that may strike an experienced Andean visitor is the fact that the roads around the central plaza in Agua Dulce are paved, a remarkable feature for the region. The plaza itself is well kept, with well-groomed gardens. The well-maintained buildings in the town center testify to the work devoted to community infrastructure. The visitor may well observe a truck delivering subsidized fresh milk to the local people. Appearances generally reflect a sense of community pride.

In entering Agua Dulce with a view to studying its structure and function, I was entering something that I came to learn was at one and the same time an Andean village community and a complex working enterprise. One and the same organizational structure serves both as the equivalent of the local government and the governing body of a corporation. I quickly became aware of the extent to which Agua Dulce is in both respects thoroughly run by its entire citizenry.

FROM SILICON TO COLA

The fortunes of nature provided Agua Dulce with a number of natural advantages in the form of useable resources. Chief among these were deposits of silicon, gypsum, and marble. First exploited by a private family firm in 1947, the silicon deposits were turned over to a community cooperative in 1970, which continued to sell the product to the original private company. As for gypsum and marble, it is only in the past decade that attention is being directed to their exploitation.

The second principal resource bestowed by nature is the community's agricultural land. This is comprised of both private and communal holdings. Agricultural activity includes the cultivation of crops, a dairy, and the breeding and raising of sheep, cattle, and alpacas. A number of constraints affect agricultural activity, including contamination of land by nearby commercial mineral processing, the high elevation of the land (11,000 feet above sea level), and more.

Two other elements round out Agua Dulce's exploitable resources. The first is the area's natural medicinal water, which has a high degree of purity and reputed medicinal benefits. This led to the production of bottled natural water and soft drinks. Second are the region's spectacular views, together with medicinal hot springs, which have the potential to attract tourism.

A BRIEF HISTORY

Agua Dulce has been a clearly defined indigenous community throughout its recorded history. As one of its citizens told me, "This is a little democracy where [commoners] freely express their ideas and opinions in a constructive way, with respect, and taking into account the common good" (field notes, 1998). Indeed, as I learned, this notion of the "common good" carried down through generations predominates still today and expresses the complementarity between community and individual interests.

The Agua Dulce Community-Based Enterprise (ADCBE), formed with the specific intention of facilitating the common good, was formally created in 1975 by vote of the community's general assembly as the successor to various forms of enterprise organization. How did community members come to this decision? Responses to my query varied. For many, the cooperative movement that the government of the day had been promoting through its legislation did not fully respond to the community's aspirations. Most important for some, the "cooperative" envisioned by the government was not fully inclusive of the population and neglected a vital aspect of the community's heritage in its less than inclusive membership. Still others rejected the influence of government bureaucracy that the cooperatives imposed. As one local social worker told me, the government legislation was predicated on a "Western" model presupposing a sharp polarity between communal and individual, whereas Agua Dulce's requirement was for a reconciliation of both dimensions (field notes, 1998).

The Agua Dulce model thus differs significantly from a more traditional cooperative movement such as that developed by the national dairy development board (NDDDB) in India or the Mondragon cooperative corporation in Spain. Whereas NDDDB and Mondragon respond to the mandate accorded by those members with a specific stake in their operations, the ADCBE takes its authority from the community as a whole. There are similarities however in that both these organizations reinvest in community infrastructure such as education and health care.

The most important building block of the community is the *commoner*, and an understanding of what the term denotes is fundamental. All men and women 18 years and older who were born and subsequently live in the community are considered commoners. Someone who marries a native of the community can apply for commoner status. So also can anyone moving from the outside who resides in the community for at least 5 years and can provide evidence that he or she has been an upstanding community member during that period. Citizenship rules, both written and unwritten, spell out rights and duties ranging from the right to vote, to the right to use communal resources (lands and buildings), to the obligation to participate in assemblies and communal nonsalaried work (*faena*). Commoners older than the age of 60 are given some additional leeway in observance of their duties to allow for age and infirmity. Women are fully recognized as commoners in their own right.

THE COMMUNITY IS THE ENTERPRISE

The creation of the ADCBE by the community's general assembly of commoners in December 1975 marked the convergence of civic and workplace democracy. Community and enterprise were merged legally and operationally into a single entity. The name of the town—the Agua Dulce Community-Based Enterprise—represents the fact that there is no distinction at any level between local political governance and the operation of the corporate enterprise. The governance structure, based on ancient forms of local governance, consists of three bodies: the general assembly, executive body, and control council.

The general assembly is the entity where collective decisions are taken on all matters affecting the community/enterprise. Attendance on the part of commoners is obligatory, subject to certain provisions, as is voting. Each assembly is presided over by a debate chair elected when the session convenes and whose duty it is to ensure that all points of view are heard and a respectful atmosphere maintained. The assembly reviews the economic, administrative, and financial management of the community/enterprise; evaluates work plans; mandates audits; approves the admission of new members; and so on. In attending a session, I observed a high level of enthusiasm in the proceedings. There was little shyness on the part of either men or women in speaking up, voicing their views, or challenging elected officers.

The executive body is responsible for the day-to-day management of the enterprise and in that capacity is responsible to the assembly. The executive appoints department heads and implements financial and social measures of the community. The president of the ADCBE, who chairs the executive, is the legal representative of the community/CBE. Members of the executive can be recalled.

Similarly elected and playing a crucial role is the so-called control council, which evaluates and audits the actions of the executive. I witnessed the independence of the auditors when they convened a special session at which the executive president was accused of hiring someone for a full-time position in violation of a specific directive. Only some adroit maneuvering enabled the president to retain his office.

Elections for executive and control council are held every 2 years, supervised by an independently elected electoral committee. Electoral lists are drawn up and public debates organized. In vigorous exercise of their democratic rights, commoners actively participate in the preelectoral discussions and campaigning.

PRODUCING FOR THE COMMON GOOD

Mining carried out under the authority of the ADCBE is the main source of income and jobs in Agua Dulce. In the 1970s, an independent report estimated the community's high-quality silicon reserves at several million tons. Much of the enterprise's investment is directed at developing new sites and maintaining the mines' infrastructure. Although the product is sold to an external company for marketing, debate continues over the desirability of developing the enterprise's own commercialization capacity.

The agriculture sector encompasses both communal and private activity. The community manages the communal land as part of the enterprise, dedicated to cultivating grains and vegetables for the benefit of the population as a whole. Grasslands feed communal livestock. Some mining revenue is invested in livestock production, which in turn generates revenue through the sale of wool, mutton, breeding cattle, and dairy products. The commoners hold some 80% of the community's cultivatable land privately, although the 20% that is most productive is reserved for collective purposes.

The bottling works are also a revenue generator, although this branch of the enterprise is rather precarious due to increasing external competition, outmoded machinery, the appeal of foreign and new domestic brands, and so on. A serious impediment is the fact that under present regulations a community-based enterprise is precluded by its nature from access to credit from commercial banks. Where credit can be obtained, the interest rate is usually insupportably high.

ECONOMIC DEMOCRACY

One very striking feature of this merger of community and venture is the way in which it has made the thoroughly democratic polity of the community applicable to its enterprise as well. Indeed, the ADCBE can be seen as an exemplar of what has come to be called economic democracy.

A number of commentators have made use of this concept to identify a form of industrial governance in which those persons and/or bodies most affected by an enterprise have an appropriate form of control over its operations (see, e.g., Korten, 1999). Melman's (2001) proposals concerning "workplace democracy" fall into this category. Perhaps the most developed account of what this appropriateness standard entails is that given by Archer (1995), and it is worth seeing how his notion applies to the development in Agua Dulce.

What makes Archer's (1995) notion of economic democracy democratic is its grounding in what he calls "the 'all-affected principle.'" According to this principle, all those whose ability to make and act on choices is affected by the operations of an organization should be able to share in affecting the decision-making processes of the organization. This lofty standard is made workable first of all by distinguishing the different sorts of effects that an organization may have on a person and then by noting that there are importantly different ways in which affected persons may in turn affect the decisions that bear on them.

The different sorts of impact an organization might have on an individual are brought out by identifying the different forms of relationship one might have with the organization. Archer (1995) uses the more-or-less standard list of "stakeholders" in a conventional capitalist firm to achieve this. So one might be an employee, a consumer, a shareholder or investor, a supplier, a financial institution, and/or a local resident. Each of these is affected in a somewhat different way by the operations of the firm.

Archer (1995) then distinguishes two distinct ways in which a person may exercise a degree of control over the decisions of an organization. The first and most obvious way is by participating in some way in its decision-making process, for example by

sharing directly in discussions and choices that take place or by having a responsive representative do the same. This can be called “direct” control. The other form of influence one may have is “indirect” and consists of placing constraints on the decisions that can be made. This may be done for instance by withdrawing from the relationship as employee, customer, investor, and so on that allows the organization to affect you or by managing to obtain government restrictions on the choices open to an organization.

In the standard commercial enterprise of developed capitalism, these methods of control are distributed in a way familiar to us all. Direct control (a variety of what Hirschman, 1970, calls “voice” control) is available only to providers of capital. Indirect control (“exit” control in Hirschman’s [1970] terminology, plus access to government regulation) is what other affected parties must resort to. In an economic democracy, according to Archer (1995), the roles are radically different. Direct control in this model is reserved for employees on the grounds both that they are not as free to exercise control by exit and their freedom is more limited because they are subject to the authority of the firm in a way other stakeholders are not. Other stakeholders must exercise their control by indirect means, as outlined earlier.

The only respect in which Archer’s (1995) ideal departs from the reality in Agua Dulce is the position of community members in the control structure. In Archer’s scheme, local residents must exercise their control indirectly, through exit or government regulation. In Agua Dulce, community members are the direct decision makers. The distinctive setting of the Agua Dulce experiment makes it easy to defend the amendment to Archer’s proposal. The community in these cases is not merely the environment in which a business operation is situated; it constitutes the business. Community members in these circumstances are therefore not like the “local residents” listed among Archer’s stakeholders. The impact of these enterprises on community members is both more potentially significant and less avoidable than the impact of enterprises on community members in more typical cases. Appropriate government control may be difficult or impossible to achieve and exit prohibitively costly. Accordingly, it makes sense to include them among the direct governors in an economically democratic enterprise, along with the employees (who will typically be members of the community anyway in a community-based enterprise). In fact, the democracy of Agua Dulce’s venture extends beyond control of decision making on policy and overall governance. As outlined in the following, workers take an active part in the organization of their own work patterns and responsibilities.

It is fascinating to consider the extent to which the democracy of this economic engine in a community contributes to what it has already accomplished and to its potential. It may also be a feature that creates some of the challenges that now face the ADCBE. It is beyond the scope of this article to attempt this sort of theoretical evaluation. But it is not possible to describe the Agua Dulce undertaking without noting its implementation of the economic democracy model and at least raising the question of what role this may play in the successes and the trials of Agua Dulce’s venture.

A PRIVATE SECTOR?

Individual and family businesses flourish under this political and economic umbrella. This sector of business consists mainly of small shops and service providers. In areas of overlap—for example, a private and communal pharmacy exists virtually side by side—the relationship tends to be more complementary than competitive. Similarly, as noted earlier, 80% of the cultivable land is held privately by the commoners who use their produce mainly for personal consumption but also on occasion for sale to others.

AND THE BENEFITS?

Proceeds from the various operations of the CBE, apart from those plowed back into the enterprise, are distributed in a variety of ways. In this respect, ADCBE does not operate like a cooperative. Commoners, although they are shareholders, do not receive a standard per capita dividend at some regular interval. They do have preferential access to jobs in the community enterprise, so many commoners are employed by one of the industrial or agricultural undertakings of the community (e.g., mining, bottling, livestock management, or farming) and receive a salary for their efforts. Commoners unable to find this kind of employment are expected, like others in the community, to contribute to regular *faena*—communal, nonsalaried work parties that support agricultural production as well as community projects such as the erection of schools. These efforts entitle contributors to share in the agricultural harvests as well as access to community social services, which are also supported by income from the ADCBE.

The same assembly that sets policy for the enterprise's conduct of business also determines the allocation of funds for community social services and infrastructure. Unlike most inhabitants of the Peruvian Andes, Agua Dulce's commoners have access not only to jobs in their own community but also to services either funded directly by the enterprise or provided by civic organizations (i.e., the mothers' club, cultural organizations, parents' groups, youth clubs, and more), which are in turn supported by the ADCBE. These services include an education system at the elementary, secondary, and postsecondary levels; a health center; community pharmacy; day care for children; milk delivery and dining center; and other services often unavailable in other peasant communities such as electricity, potable water, community TV antenna, and a system of public security. The access of a commoner in good standing to these resources is a form of distribution from the earnings of the community enterprise.

In addition to this general access to community resources, commoners with special needs due to problems of ill health or unemployment may look to the Assembly for help with their specific cases. The Assembly considers such special circumstances, and another form of the community's distribution of resources is the activity of the Assembly in aiding particular individuals or families it feels need and deserve assistance.

The community's educational institutions are supported not only by financial investment from the ADCBE but also by the tradition of *faenas*. Where once only a few students could afford to travel to the city to attend high school, today some 220 young people are enrolled in Agua Dulce. A reflection of the level of sociopolitical consciousness that has emerged is the fact that the town is well known regionally for the schoolteachers it now produces. In addition, local graduates working in the enterprise include sociologists, lawyers, and an anthropologist. Also impressive is the number of young people who have gone on to study business administration. Fellowships are provided to postsecondary students.

The health center was built by means of *faenas*. Although the national health ministry supplies a doctor, the ADCBE pays for two nurses and for utilities. For serious emergencies, community transport is used to move patients to the city. A communal pharmacy supplies basic medicines at subsidized prices, with indigent commoners receiving their drugs free.

Local workers can obtain meals at cost in a community dining center, whereas people in need are fed without payment. Fresh milk is also available at a subsidized price every day. Similarly, at harvest time each family receives a share based on the number of workdays contributed, and the assembly may decide to allocate a share to those unable to contribute with their work.

The highly flexible form of distribution of income from the enterprise outlined earlier also addresses the potential for free riders. On one hand, distribution is not tied in any strict way to contributions made by members to the community's efforts. Special circumstances and hardship are recognized, and there is a well-developed safety net in the form of health care, food supplies, and similar social support. On the other hand however, there is no doubt that participation in these benefits is contingent on maintaining status as a commoner in good standing. This means participating actively in the communal life such as the *faena*, attending assemblies, collaborating in other collective activities and committee work, complying with the rules and agreements of the general assembly, paying fees and penalties as appropriate, defending the collective property, and cultural patrimony. Responsibilities extend to registering livestock to allow for planning the rational use of grassland as well as generally respecting the individual and collective agricultural areas and defending the good name of the community. Compliance with this extensive list of requirements is not taken for granted. Every commoner must be registered in a special ledger called the "communal list," which is revised and updated every 2 years. The closeness of the community ensures that anyone failing to discharge the duties of a commoner, or offending by such things as abuse of authority or theft of community property, can expect at least to be sanctioned by assembly. In extreme circumstances, one may be deprived of standing in the community or be challenged when attempting to reregister. One of the great successes of this community enterprise has been its ability to produce resources and share them in an environment where many other communities have remained mired in poverty. But these benefits are not distributed without regard for the efforts and the need of their beneficiaries.

A further direct benefit attributable to the democratic governance system in Agua Dulce is the avoidance of the corruption and instability so rife throughout the Peruvian political and corporate scene. To begin with, commoners share an interest in minimizing financial leakage from the enterprise and maximizing funds available for reinvestment into the community. Furthermore though, the extent to which business and administrative activities are embedded in the relationships of neighbor to neighbor make corruption a prohibitively expensive undertaking. Furthermore still, as Melman (2001) shrewdly observes, in business as in politics, no one should hold absolute economic power. This is a principle to which the commoners of Agua Dulce rigorously adhere.

ON THE JOB

For obvious reasons, the enterprise is the main source of jobs in the community. It employs some 150 persons in relatively permanent positions while indirectly creating an appreciable number of other work opportunities. Although Agua Dulce has its share of unemployment, the situation is much better than that of most other Andean communities, in addition to the fact that facilities exist to deflect the most serious consequences of unemployment.

Democratic practice extends beyond governance structures into the workplace. Although experienced individuals from the community manage the various departments of the enterprise, a sense of equality pervades the workplace. The scenario of course is much less formal than the one described by Melman (2001) in his discussion of workplace democracy at the automobile manufacturer, Saturn, near Nashville, Tennessee. But the list of work-unit functions described by Melman is not dissimilar in content to a list that might emerge from an analysis of the operations of the ADCBE. In both places, consensus is targeted in decision making. Job design and assignments are made by workers themselves, who perform incidental equipment maintenance, and so on. In Agua Dulce, the employees, who are also commoners with voting rights, feel unconstrained in posing questions and offering advice. Indeed, managers often take the initiative in consulting their fellow workers on various issues affecting production and workers' welfare.

A vital element in developing leadership potential in the community is the expectation that from the time of assuming standing as a commoner, community members will occupy in their turn a variety of diverse public positions. Leaders such as executive members are then chosen by the community largely on the basis of their track record of community service and inherent management skills. One result of this process, in keeping with the Andean tradition, is that no personality cult has emerged. One respect in which the cultural patterns of authority have adapted to contemporary outlooks is that senior positions, such as president, that were formerly occupied by elders are increasingly held by younger, more highly educated members of the community.

At the same time, the role of democracy in the enterprise's workplace does not go unchallenged. As the community becomes ever more subject to the stresses and strains of the outside world, management expertise and financial resources are increasingly challenged. Because of the nature of the enterprise, it is difficult, for example, to downsize the workforce, and the issue has generated ongoing discussion and some tension in the general assembly. At the time of my visit, the agreement was not to cut jobs for the time being but nonetheless to freeze salaries and reevaluate each position. There are those in the community who argue, at least by implication, that a democratic approach to governance of the enterprise stands in the way of effectively managing these problems.

INCORPORATING NEWCOMERS

The ADCBE's elaborate system of rights and responsibilities and the commitment to mutuality and democracy in which it is embedded raise the question of how new members to the community are led into its culture. How is the regard for the common patrimony and respect for the blend of communal responsibility and personal accountability communicated to newcomers to the community? Newcomers enter by "assimilation," which means either that they have married someone who already qualifies as a commoner or they have lived for 5 years in the community and resigned their membership in their community of origin. Most of those entering the community in either of these ways will come from neighboring communities and are familiar with Quechua traditions. Maintaining commoner status for anyone who qualifies in this way requires of course that a person discharges the other responsibilities of a commoner (attendance at assembly meeting, contribution to community effort, etc.) as set out earlier, which will have the effect of reinforcing these traditions and explicating their expression in the ways of Agua Dulce life.

As noted in the following, there are strains in the community over matters ranging from the concept of community resources as patrimony to demands for more professional management. These strains appear to run largely along intergenerational lines, but it is possible that the arrival of newcomers to the community contributes to the tensions.

This subject raises the question of the role of inherited culture in forming and maintaining the distinctive structure of the ADCBE. It seems clear that long-standing traditions of civic democracy and collective action have played a decisive role in shaping the conjunction of community and enterprise that constitutes Agua Dulce. One question is whether the ADCBE can survive in its highly democratic and collective form if that heritage attenuates. Will the Agua Dulce undertaking continue in something like its present form even if its members become less connected with the traditions that helped give rise to it? Another question is whether something like this model can be replicated where the cultural roots are shallower or absent. Could something like the Agua Dulce community/enterprise be assembled in other rural communities lacking the centuries of a culture of civic democracy or in a setting such as a refugee settlement? Answers to those questions are beyond the scope of this article but are rec-

ognized elsewhere (Peredo & Chrisman, in press) as crucial issues deserving further research.

A CLASH OF GENERATIONS?

Agua Dulce in spite of its relative remoteness cannot exist in isolation, and tensions between the present and the past, the new and the old are beginning to surface, posing issues with which the community must grapple. For example, some of those young professionals educated at the enterprise's expense take issue with its cultural ideology, including the notions of a "common patrimony" and the common good. In their view, such notions are a obstacles to progress. Their solution would be privatization or leasing of some of the community resources to individuals or to outside groups. Opposed to this are the traditionalists who point to the inability of other communities to involve private investors in a manner beneficial to the community. (Some of the older commoners worked previously in a nearby major mining complex developed by a multinational corporation. The mine functioned for a number of years, providing jobs until the resources were exhausted, after which the community was left as an island of poverty and with few means of subsistence). Indeed, they argue that the harsh struggle of the past several decades has been precisely to protect against external, corporate exploitation. They hold that the community acting collectively is capable of responding to the demands of modernization.

The same debate exists with respect to management. The younger generation emerging from business administration programs are pushing for a shift to a corps of professional managers in contrast to the current situation where few of the enterprise's senior officers have much acquaintance with higher education. As one young business graduate told me, "We are a bunch of peasants managing our enterprise badly. We need to develop private enterprise" (field notes, 1998).

Even more fundamentally, some young members urge a separation of the business functions of the organization from the social operations. In their view, the efficiency and productivity of the business undertaking is seriously compromised by being harnessed to community and social goals. Another sarcastic quote: "We need to stop improvising and spending on *fiestas!*" (field notes, 1998). Not all of the younger graduates share in this criticism. As one education specialist stated, "This is our own model managed by our own people. We manage with our own resources" (field notes, 1998). The outcome of this debate is very much undetermined. Its very existence however attests to the fact the Agua Dulce experiment is not simply a cultural dinosaur but an evolving and adaptive undertaking.

The harsh reality of increasing global competition has intensified constraints on the enterprise. The ready market the enterprise once enjoyed for its mining output has shrunk significantly as competitive product has become available from abroad. Similar pressures now affect the sale of meat, cattle, soft drinks, and so on. The ADCBE can call on the resources of its traditional ways of operating, for example *faena* as unpaid work for the common good, in responding to these forces. Whether the historical sense

of mutual responsibility embedded in the psyche of the commoners of Agua Dulce will be sufficient to ensure the survival of the enterprise as a community undertaking remains to be seen.

SOME CONTEXT: OTHER COMMUNITY INITIATIVES

Entrepreneurial initiatives have been tried in many places as an approach to community development. Most of these have accepted the conventional assumption that entrepreneurship is an activity of individuals or small groups and have incorporated this assumption in various forms of interventions from outside agencies into the communities concerned. Although there have been success stories in this genre, there have been many disappointments (Crewe & Harrison, 1998). Much less visible has been a number of entrepreneurially based initiatives in which entrepreneurship did not conform to the conventional assumption and did not consist in interventions from without. These can be seen as communities drawing on their own material and social resources to act corporately in an entrepreneurial way. Few of these have been extensively documented. In what follows, I will draw attention to some instructive examples of this sort of enterprise. It will be useful to consider as well some relevantly similar cases that are not perfectly corporate or confined to their own resources but illustrate well the collective action of communities.

Perhaps the best-known case of these is the Mondragon Corporation Cooperative (MCC). This community cooperative arose in the Basque region of Spain during the 1940s under conditions of unemployment, recession, and civil war. It began as a small apprentice school, opened by a parish priest using contributions from 600 local inhabitants. Later, the students began buying up small, bankrupt factories using the capital of community members. Today, the system, which includes 166 cooperatives with more than 2,100 workers, has become the world's most significant cooperative system in an industrialized market economy (Greenwood, 1991; Morrison, 1991; Poole, 1993).

Other less documented community enterprises are found in relatively poor countries such as Mexico (e.g., the Forest Cooperative of New San Juan; Tenenbaum, 1996) and India (e.g., the village of Ralegan Siddhi; Hazare, 1994/1997). Still others are located in struggling areas in rich countries, such as Retirement Living in Elliot Lake, in Ontario, Canada (Organisation for Economic Co-operation and Development [OECD], 1995b). And there are examples found in former communist countries, such as the Town and Village Enterprises (TVE) in China (Perotti, Sun, & Zou, 1999).

Many of these cases emerged in conditions of some form of crisis. For example, the Forest Cooperative of New San Juan was a response of the Purepecha Indians to endemic poverty but also to the threat of losing their forest land to outside developers. Likewise, the Town and Village Enterprises in China arose in the face of a significant labor surplus and lack of income in rural areas. By the 1980s, the Chinese government openly began to encourage the enterprises as villages became increasingly responsible for the provision of basic services (education, infrastructure, and social welfare). And

even in rich countries such as Canada, where areas have been become ghost towns after the closure of mining companies, communities have organized to revitalize themselves. When the uranium mine closed in Elk Lake, Ontario, people began to emigrate, leaving the town with an excess of affordable housing and a lack of business. Using the example of retirement communities in Florida, community leaders developed the concept of Retirement Living. Caravans of seniors began traveling across North America to spread the word, and a new community flourished on the site of a former ghost town.

What appears significant in successful cases is that communities build on a culture of solidarity that emphasizes the promotion of both entrepreneurship and democracy. Most of them involve not only individuals but families and the society of which they are a part. Most of them combine a variety of goals, such as economic, social, cultural, and environmental. Respected Mondragon scholars, Whyte and Whyte (1991), write that in interviewing people in Mondragon one of the things that most impressed them was the sense of social vision of the future for the community. Even though people in Mondragon have diverse opinions on controversial issues, MCC has created an organizational culture supported by major policies, structures, and instruments of governance that enables it to resolve conflicts in the context of social, economic, and political development (Bradley & Gelb, 1985; Whyte & Whyte, 1991).

The case of the Forest Cooperative of New San Juan, Mexico, was similarly based on the preservation of village structures and traditions (Tenenbaum, 1996). There are two bodies, the community and the cooperative. The community assembly sets community goals, and the forest co-op designs and implements plans based on business principles and sustainable forestry.

Before 1976, the village of Ralegan Siddhi in India with a population of 2,000 inhabitants was a very poor area with a serious problem of food security. Of the population, 15% to 20% were underfed (one meal a day), 55% to 60% borrowed grain from other villages, and there was general deterioration in the health of the community. Only 70 to 80 acres of land could be irrigated due to a general lack of water. Droughts were common, and the 15 to 16 inches of annual rainfall was not conserved. A local group started a few watershed development works and increased the interest and participation of the rest of inhabitants. Basic community decisions are made in the village assembly, whose members (recently, both men and women) are nominated annually by the community.

Although there are features of community-based enterprises unique to their particular context, Peredo and Chrisman (in press) identify a number of typical characteristics, including the following:

1. Typically, they are local-level initiatives aimed at self-sufficiency, each emerging out of cohesive communities that had economic and social needs not being met by outside organizations.
2. Communities are generally poor, small, and isolated, the latter features often generating strong funds of social capital (Coleman, 1988).
3. Enterprises are characteristically guided by multiple goals. Economics is not the objective in and of itself. Rather, sustainability through job creation, income generation, and retention of local business is the end, which in turn prevents community members from having to leave due to economic circumstances. CBE is the mechanism that finances and sustains other "quality of life" initiatives such as health, education, employment, infrastructure, and services.

Many studies of community entrepreneurship (e.g., Mondragon and Ralegan Siddhi) focus on the leaders, on "the man with the vision." Although strong individuals lead many of the initiatives documented, this is not always the case. Even where this happens, the decisions and plans are often made collectively by the community (Selsky & Smith, 1994). The leader provides an organizational framework and brings people together, but it is the latter who then develop a collective consciousness as a community. Moreover, the entrepreneurial risk taker becomes the community itself, not the leader. Thus, as Selsky and Smith (1994) point out, community contexts for exercising leadership are substantially different from those traditionally found in other organizational business settings, where participants are diverse, inclusive visions do not exist, and decision-making processes are not agreed (Selsky & Smith, 1994). Often leaders emerge with the initial idea for community entrepreneurship, although the precise role these leaders play differs from community to community.

A role for government in supplying funding, training, or other kinds of support appears more common in the instance of communities in relatively well-off nations such as Canada (e.g., the Elliot Retirement Living; OECD, 1995b) and Japan (e.g., the village of Amagase; OECD, 1995a). Government intervention appears less common in the poorer areas such as India (e.g., in Ralegan Siddhi; Hazare, 1994/1997). In some cases (e.g., the Town Enterprises in China; Perotti et al., 1999), government simply tolerates community enterprise. In other instances (e.g., Mexico; Tenenbaum, 1996), government appears cool to these local initiatives, and they persist as a form of resistance.

It may be instructive at this point to consider the examples of similar developments that have relied more on external stimulation and offered a reduced "voice" to worker-citizens. There appear to be certain pitfalls linked to the degree of involvement of NGOs and other outside organizations in community development. Where the community relies solely or in large part on outside organizations for project funding or implementation, the project may fail as the community has little stake in ensuring sustainability. For example, the Sarvodaya Shramadana Movement in Sri Lanka was locally self-funded for 22 years. However, when civil war broke out in 1983, the movement began to accept overseas aid for their initiatives, as the movement had by that time established some 7,000 outreach points. Today, it is largely financed by overseas aid and appears not as successful as it was previously (Lean, 1995). Lean (1995) conjectures that villagers began to feel that their goodwill was being exploited, and the outside organizations replaced accountability to the villages with a new accountability to various external NGOs who measure success in terms of economic, political, and social objectives while ignoring the cultural, moral, and spiritual needs of the villagers.

Outside organizations are not involved in the New San Juan Forest Cooperative in Mexico. However, it has been so successful that international development organizations have funded similar initiatives based on this model elsewhere in Mexico, Bolivia, Peru, and Thailand. Despite this funding, some of the initiatives are struggling. Others are shutting down, with failure attributed to mismanagement and disorganization

(Tenenbaum, 1996). One other possible interpretation is that the mismanagement and disorganization derive from the lack of direct participation of the entire community in the initiative and consequently a lack of social pressure and monitoring by the community aimed at ensuring individual accountability.

These cases underline a suggestion that community involvement is crucial to the success of entrepreneurially based efforts at community rejuvenation. Harrison, Hogget, and Jeffers (1995) point out that “where targets are imposed from above rather than negotiated at the project level, workers/volunteers may have no sense of ownership and may quickly learn to play the game of meeting targets rather than developing a coherent equality strategy” (p. 153).

A similar pattern appears in the Michoacan Highlands, Mexico, where a medium-sized dairy processor attempted to organize small dairy farmers in the area to gain better quality of milk for expanding exports from the local to the national scale. This was done in the hope that

Like-minded farmers will create both horizontal integration amongst themselves (thus reducing their costs of production through centralized purchasing of farm inputs) and better vertical integration with the market through the sale of larger volumes of, in this case, higher-quality milk. (McDonald, 1999, p. 276)

Farmers themselves were not involved in the implementation of the plan and knew little about the details. Eventually, the program began to fail because given the lack of consultation, neither the processor nor the government truly understood what problems the individual farmers faced (McDonald, 1999).

It is difficult to avoid the impression based on this informal survey that economic democracy in the form of significant voice from worker-citizens is positively correlated with success in entrepreneurial ventures aimed at sustainable local development.

WHAT APPEARS TO MAKE AGUA DULCE (AMONG OTHERS) SUCCESSFUL?

From the literature and personal observations, it seems that the “bottom-up” approach to development, which begins with the initiatives and input of those whose development is intended, is a positive factor in many cases of relatively successful community entrepreneurship, both because it enlists the commitment of the local population and because it takes advantage of community collective experience. The Agua Dulce example powerfully reinforces this view, as do others in the list given earlier.

Agua Dulce’s example also supports the suggestion arising from other instances that an existing sense of community identity provides a foundation for cooperation based on shared characteristics and problems. As in Mondragon, where the Basques were drawn together by political persecution and marginalization, the inhabitants of Agua Dulce drew on a sense of social, political, and economic exclusion as well as geographical isolation to form a strong sense of corporate identity.

Many scholars (e.g., Korten, 1980) point out that accountability poses a major challenge and can be a key element in success or failure. The strong sense of accountability built into the Agua Dulce arrangements of authority and responsibility arguably give it a clear advantage in dealing with the dangers of indolence and corruption. Similarly, the Mondragon Corporation Cooperative has evolved a complex system based on small group units to ensure accountability at the various levels of its highly participatory organization (Morrison, 1991; Poole, 1993; Whyte & Whyte, 1991).

The Agua Dulce enterprise is the result of a process grounded in collective experience and learning and in this respect mirrors the history of other successful community enterprises (Helmsing, 2002). Frequently, the communities in which community forms of entrepreneurship emerge have previously been involved in collective political action, such as demanding access to basic services from the government, contesting government reforms, or protesting against such conditions as counterinsurgency or large-scale land ownership. These previous activities may result in the development of tacit knowledge with regard to organizing to achieve goals that is embedded within the community (Spender, 1996). Following Spender (1996) and Nahapiet and Ghoshal (1998), I suggest that such knowledge provides a strong advantage to communities who seek to embark on CBE or similar initiatives.

It seems clear that the resort to self-help or voluntary labor is an invaluable asset to community development efforts based on entrepreneurship. Because individuals in small communities (especially in poorer areas) generally lack the capital necessary to finance their initiatives, they contribute instead through their labor. The Agua Dulce enterprise is built around the tradition of *faena*, or voluntary unpaid labor. This approach is echoed in the Sarvodaya Shramadana Movement in Sri Lanka, which is built on the concept that working together for the common good builds community spirit and solidarity (Lean, 1995). Similar experiences are seen in Ralegan Siddhi (Hazare, 1994/1997) and a community-based enterprise in Walkerswood, Jamaica (Lean, 1995). Thus, voluntary labor appears as a key factor in the establishment of community entrepreneurship because individuals do not receive income until the project becomes successful, much like the typical entrepreneur who "volunteers" his or her time in setting up a business and only recovers the unpaid time when the business makes a profit.

CHALLENGES FACED BY COMMUNITY ENTERPRISES

One serious challenge reported by these movements is associated with size. The concern to keep these organizations democratic and accountable is obviously threatened as they grow larger. In China, as TVE gets bigger, it tends to become corrupt and excessively bureaucratic (Perotti et al., 1999). Elliot Lake is facing a similar predicament of size, for if the town grows too big, the small-town feeling will be lost and house prices will rise, thus destroying its competitive advantage. In the 1970s, Mondragon faced problems with one co-op that had become too large. Since then, the

number of members for any one co-op in the group has been limited to 500 (Morrison, 1991).

Although isolation may contribute such things as the accumulation of social capital, it also leads to difficulty in creating outside networks (Korten, 1980). Rural communities often face difficulties creating the networks/transportation/communication they require with the outside world both to sell their products and to connect with government and other agencies whose policies affect them. Agua Dulce has had to address this challenge partly by entering into a program of road construction, but the problems go far beyond this. ADCBE has organized an association of commoners who live in major cities such as Lima to open doors to commercial opportunities and lobby government as needed. Examples of others facing this challenge can be found in the New San Juan Coop (Tenenbaum, 1996), Amagase (OECD, 1995a), and TVE in China (Perotti et al., 1999). A related challenge is that of communicating and collaborating with other similar community entrepreneurial ventures.

Many CBEs face the challenge of global competition affecting market stability. Agua Dulce is typical of CBEs in its relatively small size. Like many other communities acting entrepreneurially, Agua Dulce must compete in the world market against much larger enterprises. The ADCBE for example faces growing pressure from large foreign competitors who can sell silicon to processors at a price uneconomical for the small, local producer. In China, the TVE are disadvantaged compared to the State-Owned Enterprises (SOE) because the SOE have greater access to "technology, labor skills, education levels of staff, access to bank loans and government supports" (Perotti et al., 1999, p. 2). The effects of global competition are not always as straightforwardly economic as the case of Agua Dulce's silicon. Globalized markets often bring a sense of what is standard or "modern" or desirable in some other way that is sometimes at odds with the character of products marketed by local community ventures. "TNCs [transnational corporations] with their advertising exert an enormous influence on what is produced and consumed. . . . The products of TNCs are regarded in poor countries as modern, fashionable and consequently highly desirable and as status symbols" (Peredo, 2001, p. 8). One of challenges faced by Agua Dulce for instance in marketing its locally produced soft drink is the widely shared sense that Coca Cola is the "in" soft drink.

Agua Dulce, with its Andean tradition of blending individual and collective interests, faces another challenge that will be shared by any community where these interests are both in play. In producing and distributing benefits but also in calculating the impacts of its operations, such communities must find an acceptable balance between these interests. Failure to produce such a balance can be expected to undermine the democracy on which the enterprise develops as members see inadequate connections between the practices and outcomes of the enterprise's operation and the interests that motivate them, and consequently exit. In a neighboring community that attempted a modest community-based enterprise based on livestock, a crisis arose when the stock held in common grew to the point where individual grazers found their access to grazing land seriously impaired. It was necessary to adjust the balance to allow increased individual access to maintain the collective venture. Similar problems are faced by

many communities working collectively to develop themselves in a way that takes account of the needs of individuals and families within them (Peredo, 2001).

There is another form of balance that needs to be considered by organizations of the kind I am discussing. Community-based entrepreneurial ventures face tensions among the various sorts of goals typically driving a community enterprise. Any standard, for-profit organization finds it necessary to balance its interest in economic outcomes with at least minimal regard for ethical and social goals that its membership in society enjoins on it. The community initiatives under discussion face this balancing challenge even more urgently given that their agents are acting collectively as citizens, with a variety of social goals primary in their sights. The balancing of social goals with economic objectives remains a challenge. For example, should the community settle for decreased profitability in exchange for increased employment? Similarly, it is sometimes difficult to know how to balance social goals with one another. For instance, should increased regard for environmental effects be allowed to reduce employment prospects?

AGUA DULCE'S UNCERTAIN FUTURE

I have discussed the challenges that Agua Dulce shares with its CBE counterparts in other regions. There are other factors that Agua Dulce may also have in common with others but are especially evident in creating uncertainties for the ADCBE. One central uncertainty concerns the very democracy that is a hallmark of the Agua Dulce enterprise.

The democracy of the community and the workplace, of which the commoners of Agua Dulce are so proud, has reached the point where it is a double-edged sword. On one hand, most commoners are deeply convinced that the strength of their community-based enterprise and its ability to provide a significant level of economic and social benefits to its members is directly due to the right of all to participate in the decision-making process. On the other, with the fresh winds of change and the maturation of a new generation of educated young people sensitive to the transformation of the national and global economies and steeped in traditional business school paradigms, the possibility becomes ever more real that some core Andean values that have been revered to date may be voted out.

The ADCBE thus, in looking to the future, is caught between something of a rock and a hard place. Interestingly, the democratic precepts, both political and civic, that are so much a part of the psyche of commoners in Agua Dulce are the product of a long and painful struggle. They have evolved over time from history and tradition. Indeed, one of the important lessons of Agua Dulce is that democracy survives and thrives best in a situation where people have a determining role in their own development and in a situation of reasonable economic stability.

TOWARD A SUSTAINABLE FUTURE

The community of Agua Dulce has been well served to date by its integration of democratic practice within the community and the workplace. A standard of living and quality of life above those of surrounding communities has been achieved. The extent to which the ADCBE can serve as a model for other communities in the Andes however is still not clear. As Stokely (1995) points out, when it comes to community economic development, "There are no cookie-cutter solutions" (p. 4).

The formidable challenge facing the commoners of Agua Dulce will be to devise a means for reconciling the traditions from the past and strengths of the present with the threat and opportunity posed by globalization, competition, and reform. It seems clear that this cannot be achieved in isolation and that if the issues represented by Agua Dulce are to be addressed effectively, creative new approaches by the national government, international economic institutions, and corporations will be required.

Government and the more fortunate countries, including corporations, have an essential role to play. Reform programs, legislative provisions, and corporate investment should create conditions for the expansion and strengthening of those community entrepreneurial and cooperative initiatives that contribute to local development. Corporate investment should be accompanied by a strong sense of social responsibility to the communities where the investment is made, with account being taken of history, tradition, and social and material needs.

Far from being a matter of philanthropy, the nurture of sustainable economic improvement at the grass roots is a long-term matter of enlightened self-interest. At the local level in the Andes, culture and tradition have provided a platform for political, social, and economic development. As Agua Dulce demonstrates, a community whose citizens enjoy the necessities of life, have access to a reasonable system of social amenities, have a sense of empowerment, and are intimately involved in setting their own destiny is a community that is open to new ideas, a community where new enterprise can take root and where stability and democratic forms of governance can flourish.

In the context of increased economic globalization, communities around the world, in the north and in the south, are claiming on behalf of their citizens control over local social and environmental factors that affect them. There are many examples of these movements, including local sustainability movements in such cities such as Seattle and Boston in the United States and Calgary in Canada and the revival of a cooperative movement responding to massive lay-offs, declining natural resources, and the volatility of business on the west coast of Canada. Prominent among these movements are indigenous societies anxious to achieve meaningful self-governance and looking to entrepreneurial initiatives as a potent force in achieving this end. Against this backdrop, Agua Dulce may provide a suggestive model of the way in which traditions of civic and economic democracy may combine to bring genuine and lasting local development.

NOTE

1. The community's name is fictional out of respect for community privacy.

REFERENCES

- Archer, R. (1995). *Economic democracy: The politics of feasible socialism*. Oxford, UK: Clarendon.
- Bradley, K., & Gelb, A. (1985). Mixed economy versus cooperative adjustment: Mondragon's experience through Spain's recession (World Bank Discussion Papers). Washington, DC: World Bank.
- Coleman, J. S. (1988). Social capital in the creation of human capital. *American Journal of Sociology*, 94, 95-120.
- Collier, G. A., Rosaldo, R. I., & Wirth, J. D. (Eds.). (1982). *Inca and Aztec states, 1400-1800: Anthropology and history*. San Diego, CA: Academic Press.
- Crewe, E., & Harrison, E. (1998). *Whose development? An ethnography of aid*. London: Zed Books.
- Greenwood, D. J. (1991). Labor-managed systems and industrial redevelopment: Lessons from the Fagor cooperative group of Mondragon. In F. A. Rothstein & M. L. Blim (Eds.), *Anthropology and the global factory: Studies of the new industrialization in the late twentieth century* (pp. 177-190). Westport, CT: Greenwood.
- Harrison, L., Hogget, P., & Jeffers, S. (1995). Race, ethnicity and community development. *Community Development Journal*, 30, 144-157.
- Hazare, A. (1997). *Ralegan Siddhi: A veritable transformation* (B. S. Pendse, Trans.). Ralegan Siddhi, India: Ralegan Siddhi Pariwar Publications. (Original work published 1994)
- Helmsing, A. (2002). Perspectives on economic localized development. *Eure-Revista Latinoamericana de Estudios Urbano Regionales*, 27(84), 33-61.
- Hirschman, A. O. (1970). *Exit, voice and loyalty*. Cambridge, MA: Harvard University Press.
- Korten, D. C. (1980). Community organization and rural development: A learning process approach. *Public Administration Review*, 40, 480-511.
- Korten, D. C. (1999). *The post-corporate world: Life after capitalism*. West Hartford, CT: Kumarian Press.
- The latinobarometro poll: The stubborn revival of frustrated democrats. (2003). *The Economist*, 369(8348), 33-34.
- Lean, M. (1995). *Bread, bricks, and belief: Communities in charge of their future*. West Hartford, CT: Kumarian Press.
- Los Angeles County Board. (2004). *Job order contracts (JOC)—Community-based enterprise (CBE)*. Retrieved January 29, 2005, from <http://isd.co.la.ca.us/scripts/joc-cbe.htm>
- MacArthur, J. R. (2000). *The selling of free trade*. New York: Hill and Wang.
- McDonald, J. H. (1999). The neoliberal project and governmentality in rural Mexico: Emergent farmer organization in the Michoacán highlands. *Human Organization*, 58, 274-284.
- Melman, S. (2001). *After capitalism: From managerialism to workplace democracy*. New York: Knopf.
- Morrison, R. (1991). *We build the road as we travel*. Philadelphia: New Society Publishers.
- Nahapiet, J., & Ghoshal, S. (1998). Social capital, intellectual capital, and the organizational advantage. *Academy of Management Review*, 23, 242-267.
- Organisation for Economic Co-operation and Development. (1995a). Floriculture using local energy in Japan. In *Niche markets as a rural development strategy* (pp. 16-31). Paris: Author.
- Organisation for Economic Co-operation and Development. (1995b). Retirement living in Elliot Lake, Canada. In *Niche markets as a rural development strategy* (pp. 75-87). Paris: Author.
- Peredo, A. M. (2001). *Communal enterprises, sustainable development and the alleviation of poverty in rural Andean communities*. Unpublished doctoral dissertation, University of Calgary.
- Peredo, A. M., & Chrisman, J. J. (in press). Toward a theory of community-based enterprise. *Academy of Management Review*.
- Perotti, E. C., Sun, L., & Zou, L. (1999). State-owned versus township and village enterprises in china. *Comparative Economic Studies*, 41, 151-169.

- Poole, M. (Producer & Director). (1993). *Trading futures: Living in a global economy* [Television broadcast]. Toronto, Canada: Canadian Broadcasting Corporation.
- Putnam, R. D. (with Leonard, R., & Nanetti, R.). (1993). *Making democracy work: Civic traditions in modern Italy*. Princeton, NJ: Princeton University Press.
- Reinhart, C., & Savastano, M. A. (2003). The realities of modern hyperinflation. *Finance and Development*, 40(2), 20-26.
- Rostworowski, M. (1999). *History of the Inca realm* (H. B. Iceland, Trans.). Cambridge, UK: Cambridge University Press. (Original work published 1995)
- Selsky, J. W., & Smith, A. (1994). Community entrepreneurship: A framework for social change leadership. *Leadership Quarterly*, 5, 223-226.
- Sen, A. (1999). *Development as freedom*. New York: Knopf.
- Spender, J. C. (1996). Organizational knowledge, learning and memory: Three concepts in search of a theory. *Journal of Organizational Change Management*, 9, 63-85.
- Stokely, J. (1995). Community-based economic development. In R. Kemp (Ed.), *Economic development in local government* (pp. 3-26). Jefferson, NC: McFarland and Company.
- Tenenbaum, D. (1996). Entrepreneurship with a social conscience. *Technology Review*, 99(4), 18-30.
- Whyte, W. F., & Whyte, K. K. (1991). *Making Mondragon: The growth and dynamics of the worker cooperative complex* (2nd ed.). Ithaca, NY: ILR Press.