

**A TRANSACTION COSTS APPROACH TO COMMUNITY
PARTICIPATORY DEVELOPMENT:
ORTHODOX THEORY VS REALITY IN TRADITIONAL
COMMUNITIES IN MEXICO**

T H E S I S

Presented for a PhD Degree

by

Natal Alejandro Martinez Gonzalez

**Development Studies Institute
The London School of Economics**

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ABSTRACT

This thesis examines the obstacles that communities have to confront, and the solutions they have made use of to organise and sustain community participation for service provision.

Orthodox participatory theory assumes that communities have the knowledge and the appropriate attitudes to manage participatory projects effectively. This thesis questions these assumptions by using Transaction Cost Theory to understand the failures and successes of Community Participatory Development (CPD).

Participant observation in three traditional rural Mexican communities demonstrated that the assumptions of self-reliant participatory development theory overlook important problems, such as unequally distributed and limited information, limited resources and skills, opportunistic attitudes and conflicts of interest. These problems generate cooperation costs in terms of time, effort and other material and intangible resources. We argue that the larger these costs, the less likely it is that community participation will succeed unless effective incentives are created to overcome them. This is so, because rural people intend to be rational and self-interested individuals, who will only involve themselves in collective action if they expect the benefits to exceed the costs. However, we argue, that rationality is institutionally bounded, and that local institutions play a central role in determining choices and behaviour. Therefore, successful community participation is directly related to communities' capacity to use institutional arrangements to deal with the costs of cooperation and specially to reconcile private and collective interests.

This thesis shows that institutional arrangements that sanction opportunism, and shape individual behaviour in favour of the collective interest are needed for collective action to arise. These institutional solutions involve sanctions and hierarchies to ensure successful projects, problems ignored by populist participatory theories. By so doing, this thesis builds an alternative and more critical model for the analysis of participation theory, and presents a new perspective on the possibilities and limitations of Transaction Costs Economics.

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INTRODUCTION

Though the participatory approach has permeated most areas of development management the study of the factors that foster or inhibit it are, nonetheless, in a more rudimentary state. This paper intends to contribute to fill this gap by examining some of the factors that condition self-reliant community participatory development. The research question this thesis paper will try to answer is, which are the problems that communities have to confront, and what solutions can they bring about, if they are to organise and sustain community participation for service provision?

In order to answer this question we conducted an intensive fieldwork study in communities that were intending to provide for themselves in a self-reliant participatory fashion. These were three indigenous communities situated in rural areas in central Mexico. What we found there was most interesting. The long answer will be found in the pages that follow. The short one is that communities that try to provide for themselves face many obstacles when they have to organise and sustain cooperative service provision. These obstacles represent costs in terms of time, effort and many other material and intangible resources. These, that we called costs of cooperation, condition and shape the possibilities of collective action. What we observed strongly indicates that, the larger these costs, the less likely it is that community participation will occur, unless effective incentives are created to overcome them. Thus, this thesis argues, that successful community participation is directly related to the communities' capacity to use or to create new institutional arrangements to deal with the costs of cooperation.

This study explores the major role that institutions play in community participation and is intended to provide donors, agencies and NGOs, that are trying to modernise traditional community structures, with new insights.

I THE PARTICIPATORY APPROACH TO SERVICE PROVISION

Good services such as clinics and schools, roads and market-places, have always been considered paramount and central to rural development. However, throughout the years and the experimentation with different approaches, no straight-forward problem-free formula has emerged to solve this problem.

During the 1950s, the “Development Era”¹, there was heavy investment in rural infrastructure in developing countries that was expected to create the basis for solid economic and social growth. However, the infrastructure was underused and services were not taken up by the poor, as had been expected. In the following decades a succession of diverse programmes such as Community Development, the Green Revolution, “target-groups”, poverty oriented and integrated rural development programmes, among others, were implemented by different agencies and governments to provide services.

However, by the 1970s, it was realised that these programmes had largely failed or been insufficient to improve the living conditions of the poorest sectors of the population. Projects were poorly planned and executed by alien bureaucracies, inappropriate services did not match local needs, maintenance was poor and facilities deteriorated. The theoretical approaches that had informed those programmes were seen as the main culprits for these failures, as they had left the solution to central government authorities or to market forces, and both actors had fallen short. On one hand, governments’ lack of accountability and of information about the needs of the poor created projects plagued with corruption and distant from their recipients. On the other hand, because rural communities were often isolated and lacked purchasing power, markets struggled with access and profitability.

In the early ‘70s, the ILO’s Basic Needs Approach (BNA), appeared as a response to these problems, based on the assumption that without the active involvement of the beneficiaries, people may benefit but not develop from a project. It claimed that involving the direct beneficiaries of a project would give planners relevant information about their needs and local conditions, and that this would not only make services more appropriate but also increase local involvement and ownership. As a result a developmental methodology that came to be known as “people’s participation”, was soon adopted by governments, international agencies and NGOs throughout the world.

Their appealing arguments gave participation a leading role in development management and made it an important focus for development research and practice. Its influence became so

1.- The “Development Era” began in 1949 when Harry Truman, announced his “Point Four Programme” which committed the US and other first world nations to overcome the development challenge of the Third World.

important, that in recent years, it has become virtually compulsory in all donor managed programmes, and dominates the development management literature.

A major objective of the approach is to bring the people to a point where they can control their own development, i.e. achieve self-reliance. It has been stressed that self-reliance is central to participatory development if it is to break communities' dependence upon government agencies and NGOs. Therefore, communities are coached and their institutions transformed, until they "graduate" as self-reliant. Then, it is assumed, they will continue with their development process on their own. This understanding, in particular, we intend to discuss.

II NEED AND OPPORTUNITY FOR THE PRESENT STUDY

Despite the importance of the participatory approach over the last 30 years and the significance of its objectives, there are still many gaps in our knowledge of its mechanics. Much of the literature on participatory development is influenced by a strong normative commitment, which makes it difficult to distinguish scholars from activists. Much of this research has been concerned with stating what participation should-be-for to justify the need to build "capacity" amongst the poor, and on participatory methodologies – notably Participatory Rural Appraisal (PRA) and Participatory Learning and Action (PLA). These authors have focused on the role of participation in empowering the poor in order to change relations of power and the political and social constraints that block them. They look for methodologies to put them in charge of their own development (Chambers, 1995; Burkey, 1993; Wignaraja, 1991).

Some other authors have been more concerned with defining participation and with providing indicators that allow us to better analyse it and improve intervention (e.g., Cohen and Uphoff, 1977, 1992). This line of thought stresses the importance of participation as a mechanism to fight poverty and wishes to enable people to become self-reliant. Though important, some of this research seems sometimes to be more oriented to meeting the need for categories to enable donors, governments, and NGOs to monitor and evaluate their work, than to understand the problems that confront the rural poor when they attempt to participate.

Over the past few years there has been some very interesting work that departs from these two lines of research and that has begun to revise the approach to participation. As we show in later chapters, some authors and students² have started to re-assess and criticise the approach (Brett, 2003; Cooke and Kothari, 2001; Esman and Uphoff, 1984; Hickey and Mohan, 2004; Mohan, 2001). Their studies indicate that participation does not always bring the benefits to local people that are predicted by some authors. They suggest that participation is a far more complex affair and that there are a number of everyday-life problems we would need to address if participatory programmes are to work, notably those related to self-reliance.

Though, self-reliance is a major aim of many participatory projects at the community level, some consultancy reports have started to indicate that people face many obstacles to organise and maintain community participation when they are put in charge³. Our knowledge of how and why these obstacles develop and about the solutions that can be found to solve them is still very limited. We need, for instance, to better assess how communities perform after the agent leaves, how and why people choose new development enterprises, and which are the main obstacles that limit self-reliance. Our understanding of the factors involved in sustained community cooperation is also still slim⁴ and we need to take better account of the problems people face to maintain motivation, monitor performance and deal with free-riding. This thesis focuses most particularly on these issues.

We will look at some of the problems that communities trying to be self-reliant face, such as problems of expertise (Brett, 1996; Fox, 1996), of motivation (Fagance, 1977; Midgley, 1986), of opportunistic attitudes (Ostrom, 1990, 1993); and of leadership and information (Natal, 1995, 1996). These are all realities that appear in field reports but that still require much more systematic research. This thesis combines institutional theory with empirical work to better assess on the dynamics of community cooperation for service provision. By so doing, we look to inform the ongoing enterprise of revise participation and to bring information that helps us to

2.- At the Development Studies Institute of the London School of Economics, a number of students have also developed interesting insights into the need to revise the approach, see Brett (2003). Though they focus on different issues and areas their work reach similar conclusions about the approach, as we will show mainly in Chapter VII, see especially, Golooba Mutebi, (1999) and Nicholls (1998).

3.- See for instance Natal, Lugris, and Sandoval, 2002; Lugris, 2002; Conde and Natal, 2001.

4.- One of the most important and pioneer works in this area is that of R. Wade, Village Republics, who in 1988 studied the mechanics of cooperation in rural communities of India.

improve project implementation and to design more efficient policies for community development.

III OVERALL APPROACH TO THE RESEARCH

This thesis focuses its analysis on the factors that enhance or inhibit community cooperation for service provision, and especially on the costs and solutions involved in bringing about collective action.

We begin by critically reviewing the three main assumptions of participatory theory -first, that the poor know what they need; second, that given the opportunity, community members will actively become involved in working out solutions to their own problems; and third, that once rural communities start to participate they will be able to develop the organisational capacity needed to maintain self-sustained development. While our findings did not totally disprove these propositions they do suggest that they need to be seriously re-assessed. What we discovered was that each of these assumptions overlooks important problems that arise in the practice of community participation:

- First, that the poor have limited information that jeopardises their perceptions of problems, and that this information is unequally distributed within communities, allowing some individuals to use it to control the benefits from the service.
- Second, that because the poor have very limited resources, community participation can be very costly, not only in resources and time but in terms of the potential conflicts and disagreements that it will often create. Theorists assume that people will make these sacrifices in order to resist oppression (Freire, 1972) or where the benefits exceed the costs (Hirschmann, 1982), but it is also true that they will be significantly undermined by the costs of resisting the power of dominant groups, and the temptation to free-ride (Olson, 1965).
- And third, the assumption that they will be able to manage their projects in a sustainable manner ignores that fact that this will constantly be threatened by the

conflicts of interest and inequalities that exist in all communities, and by the fact that few local people will have the expertise required to manage technically complex projects.

IV HYPOTHESES AND THEORETICAL ASSUMPTIONS

The analytical basis for our research arises directly out of these assumptions. Given that successful community participation depends on good information, adequate resources, the ability to manage conflict, and technical expertise, it will only succeed if it is effectively resourced and institutionalised.

We recognise that rural people are intendedly rational and self-interested individuals, who seek to maximise their goals in a world of imperfect information; but their ability to do so depends on the existence of institutions that are required to enable them to do this, and therefore play a central role in determining their choices and behaviour. This thesis shows that local ‘institutions matter,’ and that those that actually exist, may actually be more useful in fostering participation than participatory methodologies, though may not necessarily support equitable participatory ideals.

Therefore, we believe that rational rural people will only involve themselves in collective action for service provision if they expect the benefits to exceed the costs. But recognise that individual choices are limited by the nature of local institutions and social relations on which individuals heavily depend. However, we argue here that this dependence is important but not deterministic, so collective action can only be successful where private interests and collective interests can be reconciled.

This analysis is strongly influenced by Transaction Costs Economics (TCE). We start from the assumption that under certain circumstances some individuals will be tempted to free-ride, particularly where the benefits of collectively produced goods are non-excludable, as is the case with some public services. Therefore, contracts that reduce the risk of opportunism and collective action failure are essential if individuals are to cooperate effectively. These contracts in rural communities, as TCE shows, are not necessarily explicit and are often not even visible

because they are part of existing institutional arrangements. Hence, for collective action to succeed communities have to use existing or create new institutional arrangements, that impose sanctions on free-riding, shape individual behaviour in relation to the collective interest, and thus, be the guarantors of collective action contracts.

The empirical evidence provided by this thesis will not only demonstrate the dangers associated with populist participatory theories that ignore the problems outlined above, but also show how the costs and the institutional solutions that shape the participatory process determine their successes or failures. It therefore, makes a contribution to the emerging effort of building an alternative and more critical model for the analysis of participation theory, as well as to exploring new ways of understanding the possibilities and limitations for the use of Transaction Costs Economics.

IV.A TWO TERMINOLOGICAL CONSIDERATIONS

This thesis approaches two notions in a different manner from other studies in the area. The first is the way it distinguishes between participation for the provision of a service and participatory development; the second, the way it distinguishes between participation and cooperation.

IV.A.1 Participation and Participatory Development

The literature on people's participation often fails to distinguish between the use of the term participation to refer to people acting collectively in a one-off event and to participation as a series of events. The former is a "single" collective action designed to build and/or develop a specific project. Here participants may disperse once they have reached their objective, i.e. built a road, and are not necessarily bound to continue acting collectively. The second use of the word is generally associated with a process of sustained collective action to achieve a series of differentiated but continuous events that involve the systematic participation of most members of a community. This has been referred to in the literature as community participation (Midgley, 1986), community participatory development, people's self-development (Rahman, 1993), self-reliant participatory development (Burkey, 1993), and so on.

Though both types involve “participation”, they depend on very different motivations, and have different objectives and problems, and thus, generate very different transaction costs. Nevertheless, generally the two are used loosely, often conflated and experiences of one tend to be compared with the other, representing a major theoretical and methodological mistake. Therefore, we have used the term ‘participation’ to refer to the former and community participatory development (CPD), to refer to the latter. Making this distinction has several advantages.

First, we can better identify the different parts of a cooperation contract; the different costs generated by each part, and how these costs add up, change or create new ones as the processes of CPD advances. This makes us look at how the roles, the costs and the benefits of various parties differ and evolve. This perspective enabled us to better explore who was involved, who contributed, and who benefited from in the contract, allowing us to expand Cohen and Uphoff’s “who dimension of participation” (1977), to provide more grounded explanations for who benefited, who paid what, and how individuals competed in participatory processes.

Second, focussing on the distribution of costs and benefits and on how negotiations are undertaken at different parts and moments of CPD, enable us to explore the evolution of different groups within communities and the role of informal institutions in participation and CPD.

Third, recognising the differences between participation and CPD allows us to analytically study each collective action for the provision of a specific service as a ‘subcontract’ that occurs within the major contract, the contract of community participatory development (CPD). In game-theory language, it could be said that each collective action for the production of a service is an isolated game, a one-off event. When CPD is analysed as a long-term contract, the isolated games can be aggregated and understood as a succession of games, a super-game. We can then study isolated collective actions, ‘participation’ as a one off-event, and apply the same instruments of analysis to the study of the process of CPD as a whole. This, increases the methodological rigour associated with the study of participation, by applying the same analytical instruments to the study of the parts and the whole. The former is what we will do in chapters six and seven and the latter in chapter eight.

IV.A.2 Participation and Cooperation

Participation is not quite the same as cooperation. The former is more about the nature of the relationship between project officials (agencies) and beneficiaries; the latter is about relationships within projects or firms. To the extent that it is part of the same agenda it relates to the distinction between 'strong' and 'weak' participation Brett has made before. As he shows, these different approaches raise different issues and each one needs to be analytically and theoretically studied differently (Brett, 2003). The cooperative ventures, processes and projects that we looked here, are part of the latter, cooperative experiences among pairs. They are related with the difficulties associated with 'putting the people in charge', and reveal a blind area, agencies and most orthodox authors had not recognised yet.

However, to maintain this thesis dialogue with the literature, we will use the terms participation or community participation, to refer to the cooperation of community members to provide by and for themselves. We, therefore, do not refer to political participation, not to vertically promoted participation, or people's involvement in government projects, unless specifically mentioned.

V ORGANISATION OF THIS STUDY

This thesis is divided into a methodological and an empirical parts. In the former, Chapter I outlines our general methodology; Chapter II provides a critical review of the participatory development literature; and Chapter III a theoretical overview of Transaction Costs Economics highlighting those elements that are central to the study of community participation. The second part, presents our empirical results. In Chapters IV and V, we introduce our case studies and give a brief description of the Mazahuas, the traditional communities in which they were situated. Then the next three chapters deal with the problems or 'costs' of participation identified earlier, Chapter VI with information related costs; Chapter VII with the costs of monitoring; Chapter VIII deals with the costs of allocating benefits, and managing participatory systems. In Chapter IX, we review our findings and their implications for the current debate about the role of community participation in development. Throughout these chapters, we argue that the participation of the poor is central to their own development, but that it needs to be managed far more realistically if it is not to lead to a "people's failure", wasted resources and

social demoralisation. If this happens we may only add the failure of participation to that of the state and the market.

CHAPTER I

THE STUDY

INTRODUCTION

With the idea of studying community participation we spent six months conducting a pilot study among several indigenous communities in the highlands of Central Mexico. This visit was fascinating and revealed many interesting problems, as several of the communities that had participated in distinct participatory programmes had been “graduated” and left to develop by themselves. We discovered that the communities that were attempting to be self-reliant faced many problems and, in particular, that their members were experiencing some difficulties in cooperating, that were not yet recognised by the literature. We thus decided to analyse the costs of community cooperation and the solutions that communities found to overcome them.

We, therefore, conducted some exploratory research in communities where external agents, who strongly believed in self-reliance had organised community action, set up some participatory activities and, after a series of successful collective actions, thought that the communities could then be left to develop by themselves. They assumed that enough organisational capacity and enthusiasm had been created within the communities for them to easily continue cooperating in developmental activities. Instead, we found that the communities were actually having great problems in organising cooperation, were making serious mistakes and that most people were getting frustrated and tired of participating. Looking to understand what had happened; we interviewed the original agents and found that they were still proud of the supposed continued achievements of the communities, though none of them had information or an evaluation of their performance.

We, therefore, designed a research project oriented to understand the difficulties involved in participatory development based on the assumptions outlined in the introduction. We went back to the communities and, for more than three years, carried out field research using participant observation to study a variety of collective ventures that rural people engaged in to provide local services. We selected three communities that were thought to be “self-reliant”. We looked for villages with different characteristics that allowed us to study the way they tried to provide a variety of services ranging from education to fisheries and from road construction to bridges.

During this process we interviewed most of the villagers and constructed an extensive database on their life histories, opinions, and interests, and the way these projects had affected them.

This data was extremely rich and exposed the many problems involved in self-reliant co-operative development, and especially the obstacles involved in organising and sustaining cooperation. This enabled us to identify the costs of cooperation outlined earlier, and also to understand how communities made use of their existing, or created new institutional arrangements to deal with these costs in order to make collective action possible. We had not expected these findings, since the literature at that time rarely discussed these problems, and the agencies behind these programmes usually ignored them altogether. The fact that we found the same problems in different communities with different backgrounds and characteristics suggests that these costs may not be exclusive to the communities studied but common to many other rural communities, which facing similar situations engage in Community Participatory Development¹.

We now believe that the larger these costs, the less likely it is that participation will occur, and that overcoming these problems depends on creating effective institutions to reduce them. Our findings provide us with a better understanding of the factors that make community participation succeed in some cases and not in others.

The rest of this chapter discusses how we conducted this research, and is divided into three parts. In the first, we present the research design and its objectives. In the second we review our methodology, specifying the research techniques and instruments that were used, explaining why we chose them, and detailing how we collected and managed our data. In the third, we begin to introduce the theoretical approach that will be further developed in Chapter III. We end with a brief conclusion.

1- We have found very similar costs to those described here in indigenous and peasant communities in Mexico in very different zones like Chihuahua on the border with the US and Campeche in the Maya region. This suggests that the costs of cooperation may be common to other communities trying to organize by themselves (see Natal, Lugris y Sandoval, 2002).

I RESEARCH OBJECTIVES AND DESIGN

This research was designed to identify the factors that sustain or inhibit collective action for service provision in isolated rural communities, and to explore how individuals cooperated with each other; how cooperative relationships were constructed and how social organisation contributed or not to foster cooperation for service provision. In other words, we paid special attention to how individuals reconcile their private with the collective interest, a conflict that has been largely ignored by participatory theorists, and which is a main reason for the appearance of problems in community participation.

Our previous experience in rural communities suggested that most field reports on participatory projects, were based on 'quick and dirty' research that gathered superficial observations and/or quantitative data that did not fully identify the actual problems of survival faced by the rural poor every day. We, therefore, decided that qualitative research based on long-term participatory observation that allowed us to focus on specific events and to observe in detail how processes and relations were constructed, was the best way to understand the mechanics of cooperation in rural communities (see King, Keohane and Verba, 1994: 3-33). Qualitative research is generally considered the best for situations like ours where a new approach is to be tested, a theory is missing and the concepts are ambiguous (Creswell, 1994). Statistical data and other quantitative information were only used here, as background information, because we could not find any relevant data that helped to explain how the process of cooperation actually occurred. We were, therefore, very careful in only making inferences that were fully sustained by our own empirical evidence, and tried to be very systematic in the process of research design, inquiry and observation, as in the management of data.

The research focuses on the Mazahua country, the region inhabited by the Mazahuas, but it is not intended to be a study of the region or of its people. We therefore, exclude a large amount of information on these issues that is available in many other studies about the Mazahua themselves² or about development in the area³. We are only concerned with the processes

2.- There are several ethnographic studies and statistical databases on the Mazahua, see for instance Camposortega, 1992 and Carro, undated. For social conditions, see Dick A. Papousek, *Alfareros - Campesinos Mazahuas; situación de estímulo y procesos de adaptación*, México: Gobierno del Estado de México c 1982. 300; for education, *Costumbres Mazahuas y su influencia en el rendimiento escolar* /

involved in organising cooperative projects, and only with their social relations or traditional institutions and values, insofar as they affect these processes.

This study is a comparative one. We opted for a multiple-case comparative study (see Ragin, 1987), designed to analyse similar or dissimilar situations and responses rather than to follow the whole life of projects (see Bradshaw and Wallace 1991; Yin, 1994). In this, our research differs from most others on participatory development, which have focussed on projects and, therefore, lose understanding about the process of cooperation itself.

Though this study is an exploratory research, we tried to carefully select our cases, which was not an easy task. We had extensive discussions with government officials and NGOs practitioners about different communities they had got involved with; we also had conversations with scholars working in the region about different cases conditions; we then visited a large number of the communities suggested and conducted some exploratory interviews. After all this, we found several interesting cases and, after careful consideration of the potential contribution of each of them to our research question, as outlined in the Introduction, we finally chose three that satisfied the following criteria,

We selected cases in which access could be facilitated.

Zerafin Jiménez Carmona -- Valle de Bravo, Edo.Méx. : Escuela Norma No.14 del Estado de México c 1986. 143 p.; Una educación ¿indígena, bilingüe y bicultural?: capacitación diferencial de los maestros Mazahuas / Beatriz Calvo Pontón -- México : Centro de Investigaciones y Estudios Superiores en Antropología Social c 1992.; and for traditions, "Color y diseño en el pueblo Mazahua" ; introducción a la semiología de la indumentaria y las artes textiles Mazahuas / Edgar Samuel Morales Sales -- Toluca, Edo. de Mex. : UAEM. Centro de Investigación en Ciencias Sociales y Humanidades c 1988.; Cuentos Mazahuas / recopil. Mieldred Kiemele Muro, dibujos de Luis Beltrán -- México: Gobierno del Estado de México : FONAPAS c 1979.; El viento negro ayudar: poesía y fábulas Mazahuas / Demetrio Espinoza Domínguez -- Toluca, Edo. de Méx. : Consejo Estatal para el Desarrollo Integral de los Pueblos Indígenas del Estado de México c 1995.

3.- There are a number of interesting studies about rural development in the region. Though some of them are however, a bit outdated general conditions have not changed much. Check, for instance, Reunión distrital de desarrollo rural : Lerma, Estado de México] / Comisión Coordinadora para el Desarrollo Agrícola del Estado de México -- Toluca, Edo. de Méx. : Gobierno del Estado c 1978.; Reunión distrital de desarrollo rural : Temoaya, Estado de México] / Comisión Coordinadora para el Desarrollo Agrícola y Ganadero del Estado de México -- Toluca, Edo. de Méx. : Gobierno del Estado c 1978.; Un modelo de organización rural : las unidades agrícolas de desarrollo municipal / Comisión Coordinadora para el Desarrollo Agrícola y Ganadero del Estado de México -- [Toluca?] : Gobierno del Estado c 1979. Inflación, devaluación y desarrollo rural en México: un análisis de la coyuntura postdevaluatoria, 1982 / coord. Iván Menéndez -- México: Nueva Imagen c 1983.; Reunión distrital de desarrollo rural, Ixtlahuaca Estado de México / Comisión Coordinadora para el Desarrollo Agrícola y Ganadero del Estado de México -- Toluca, Edo. de Méx. : Gobierno del Estado de México c 1978.; Reunión distrital de desarrollo rural; Tenango del Valle, Estado de México / Comisión Coordinadora para el Desarrollo Agrícola y Ganadero del Estado de México -- Toluca, Edo. de Méx. : El Gobierno del Estado c 1978.

We looked for communities that were fully acting by themselves, that had been “graduated” by the original agent that had promoted participation, as self-reliant and mature. The selected communities had all continued producing services after the agent had left and had experienced some difficulties in organising and sustaining cooperation for service provision they have finally solved.

To assure that the cases chosen would contribute to answering our research question, we decided to look for communities in which the original agent had been different, i.e., the government, an NGO and a QUANGO⁴, this gave the study a purposeful diversity (see Harris 1995). Varying a key explanatory variable (the original promoter of participation) enabled us to exclude the possibility that the problems we identified were the result of the methodology used by the different agents to promote participation. To further enforce this, communities were chosen that differed in size, leadership and occupations. Then if problems and solutions of community participation (our research question) were found to be similar, it had to be as a consequence of the process of cooperation itself.

To reduce exogenous variables and allow comparability among them, we took communities with the same culture, the same governmental and legislative framework, and same general level of social and economic development. This allowed us to discount the macro political economic environment, and cultural differences, as variables that could influence conditions for cooperation within the communities. Then, if problems and outcomes were to be different among them, they could not be attributed to exogenous conditions, but to the solutions given locally.

These decisions produced good results, and though we do not have claims of generalisability -as we will take up hereafter--, they challenged many widely accepted assumptions in the literature. For instance, small communities did not cooperate better; nor was participation promoted by NGOs more sustainable than that promoted by the government; and the poorest individuals did not participate more and were not always willing to get involved in collective action, as we will show later.

4.- A QUANGO is a “quasi-non-governmental organization”. Its name comes from the fact that they are formed by personnel from the government and also by volunteers of an NGO.

I.A HYPOTHESIS AND PROBLEMS OF OBSERVATION

Though during the preliminary research, we had a working hypothesis and a series of well defined questions to explore, we subsequently decided to open our approach (see Galser and Strauss, 1967) and let our observations reconstruct the research (see Taylor and Bogdan, 1998). This tactic paid off, and allowed us to observe that the larger the costs a group of participants faced, the less likely it was that they would be willing to engage in community participation, unless an institutional setting that enabled them to minimise these costs existed and/or developed. This realisation came to serve as a working hypothesis we intended to test with more extensive data and in-depth observations.

This hypothesis forced us to understand, and therefore observe, community participation and rural social interactions in a manner that the literature on participation has not often done. We realised that participation is a political-economic choice individuals have to make, not an article of faith or an ideal held by every single person in the community. We also tried not to follow mainstream interpretations that see indigenous people as always good-hearted, well-intentioned and exploited beings, whose actions are always oriented towards the community and rarely to their own interest.

II FIELDWORK METHODOLOGY

In this section we will describe the methodology and the different instruments with which we conducted our observations, and collected and managed data. We also discuss several of the limitations of this research.

II.A PARTICIPANT OBSERVATION

This study uses participant observation as a research methodology. Participant observation has been generally accepted as an excellent tool for micro-situational analysis; especially where cultural differences are important and where focus on unknown problems of processes is needed. Since we were interested in the process of cooperation, and not only in its

inputs or outputs, we decided to use an Ethnomethodological approach⁵ to field research (see Adler and Alder, 1994; Spradley, 1980). This allowed us to focus more on the actual process of cooperation, the micro-exchanges among participants, the way they communicate between themselves, and in the organisation of the social setting with its roles, relationships and social arrangements.

Our observation technique was of a selective-participant type (Ruiz and Ispizua, 1989). Selective, because we carefully chose and controlled which communities were to be studied, and participant because we lived as the people there do, without controlling any situation. Regarding the actual process of collective action we maintained ourselves at a distance, and did not participate in any joint venture with the community. We used several observational techniques and a variety of qualitative instruments that we applied to different informants and sources to obtain fieldwork data, as will be described later.

II.A.1 Access and Interpretation

Years before starting this research, we had launched a radio programme broadcast in the Mazahua language within the area of the communities studied, which very much helped us to improve our understanding of them and to somehow share their meanings and symbolism. Some community members remembered this and it facilitated our acceptance in the communities. We were also helped by the fact that we were introduced by the previous agents that had promoted participation, who had won the trust of the communities. These two things, combined with my physical and cultural similarity with the Mazahua, allowed for a better understanding of roles and perceptions and facilitated interaction, making it easy to gradually gain their confidence and trust (see Stanfield, 1994).

After these introductions and some preliminary visits, in order to be a full participant observer, we decided to move into the communities so as to better identify their anxieties and expectations and the problems they faced when they participated. We tried, however, to avoid common

5.- Ethnomethodology is interested in those process generally taken for granted. Using observational techniques it focuses on micro-exchanges. It gathers data in detail that illustrate how people operate naturally. It regards language as the fundamental base for communication and social order and analyses conversations to understand roles and relationships as well as social arrangements (see Adler and Alder, 1994).

failures of participant observers and intended to always maintain equilibrium about what we were there for. We thus, made efforts to be open to the complexities of community life without being wooed by it, and on the other hand, to not be too rigid and therefore only observe what we wanted to see. Therefore, following Malinowski, we fully immersed ourselves into the Mazahua life and culture (see Alder and Alder, 1994; Malinowski, 1998), letting it soak in by hearing their stories and dreams and trying to share some of their problems and struggles. We, nevertheless, recognised that we were still outsiders and the analysis presented hereafter does not intend to assume otherwise. Maintaining an outsider-mind helped, because we could detach ourselves from cultural interpretations of reality and everyday problems, and could then better understand the broader context within which cooperation operated. This helped us to understand the connections between problems and outcomes, the role of institutions and of leadership in the distribution of power, as we will discuss in the chapters to come.

II.A.2 Data Collection

As the collection of data started, it became evident that formal structured interviewing was too difficult to conduct, since the Mazahuas rarely give straight answers. Moreover, at the beginning even informal semi-structured interviewing presented problems for they did not want to be recorded (at least individually, in tête-à-tête conversations) and soon got tired if we took notes during the conversations (see Foote, 1984). Since there was no written evidence, previous studies or documents on cooperation among them, we were forced to apply special methods to construct our research. We, therefore, created an ample database using different instruments - structured and unstructured interviews (at any opportunity), life histories and sociograms. We also made a constant analysis of conversations and, at the end of every day, made extensive annotations on what had been said, including comments and descriptions of the observed situations (not only what had been said, but also to whom has it been said, how and in which circumstances). We also made endless notes from our own observation of events.

Though, after a while we had a wide database, we still lacked a way of fully grounding our observations and analysis in factual evidence on how community members own attitudes and cultural mechanisms related and impacted upon cooperation. The problem was not simple

because though we were somehow culturally close, there was enough distance to create misunderstandings and we could not openly talk about these issues with them⁶, for the reasons stated earlier. We had therefore to find another instrument that helped us to more fully ground our data collection. We decided that an oral-communication based research could be this mechanism.

a) Oral-Communication Based Research

We, thus, particularly focused in taking notes on what individuals did and said. Assuming that what individuals do and say is a result of their understanding of the world and of their place within it, or in other words, we assumed that attitudes are more a result of world maps (see North, 1991) than of instinct, magic, or a natural ethos. Thus, following Blumer and Denzin's symbolic interactionism (Blumer, 1969) we focussed on registering and analysing individuals' communications and attitudes, in order to understand their rationality. This, with the understanding that communication and interactions are culturally bonded, and so are values and relationships. Therefore, we always assumed that the Mazahua were rational individuals, but that their rationality was culturally dependant and, thus, related to the way they perceived their world. We, therefore, tried to identify in what Mazahuas said versus what they did, what goals they were trying to maximise, and which costs they were trying to reduce; as well as which culturally-learned values and which culturally-accepted mechanisms they were using to achieve their goals. This, however, was not an easy task, for two reasons.

First, communication among the Mazahuas has its peculiarities. They often do not answer questions directly, but reply with something apparently irrelevant to the conversation, a riddle, a proverb, a story or something like "it is said around"⁷, or just a laugh or a smile. This apparent incoherence or evasion is an idiosyncratic form of communication they have developed that is difficult to follow, but that once learned is full of meaning. For example, when one asked about

6.- These complications seem to be common to research trying to reach groups and individuals that have been ignored, oppressed, and forgotten (Fontana and Frey, 1994:368; Stanfield, 1994).

7.- In Spanish "*Dicen por Ahi*". Meaning that "it is been told" and is not "really me who says it". Mazahuas do not only use it as a way for reproducing others' words, but also as a pre-fix to their own personal reflection. This is clearly understood by the other part. What we believe that this may indicate is that when an individual transfers his/her words to "someone around" what they are implying is that there is a pool of commonly accepted rules and ways of doing things everybody around knows and accepts.

situations or individuals' performance in cooperation, the respondent was likely to answer with a story or a proverb, without any direct comment or reference to the particular situation or person in question. However, these answers were affirmations or condensed stories that articulated an analysis of reality or a lesson of life, and operated as cultural keys that unlocked deep understandings of what was socially accepted and what was not, as we will see. We, therefore, took careful note of jokes, riddles, proverbs, poems, songs, testimonies and stories said in interpersonal communication.

A second problem with communication amongst the Mazahua, was that they rarely give NO as an answer, preferring silence even when they strongly disagreeing with something, or answering with a story or a laugh. They may even answer with a shy "YES, we will see" or "God will tell", which everybody knows means NO, a very polite negative, that may confuse an external observer. For example, in meetings where collective decisions were taken, some groups might remain silent or even answer "let see". In other cultural settings this might be taken as a "quiet approval", while for the Mazahua, it actually meant total disapproval.

b) Observation Techniques

The instruments we used for our participant observation were (a) structured interviewing when possible, and semi-structured interviews with practically all relevant members of communities; (b) informal conversations in gatherings and conversations with community members, i.e., gossiping ; (c) construction of life histories of senior member of the communities, and (d) direct observations of meetings where decisions were made, and of activities taking place where infrastructure was being collectively constructed. The latter was particularly useful because it allowed us to compare what individuals did with what they said.

1) Interviewing

While some treat participant observation and unstructured interviewing as different things (Lofland, 1971), for others they go hand in hand in the field (Fontana and Frey, 1994). We followed the latter technique because of the complications described earlier, so we took the

opportunity to ask questions and get information about cooperative ventures in any encounter. These initial interviews were unstructured and interspaced with thousands of other community issues that informants wanted to talk about, but we tried to maintain them as focused as possible, raising specific issues, and tried to follow the traditional pattern as much as possible (see Fontana and Frey, 1994).

As time went by, after the resistance of community members to being recorded declined⁸, we also conducted some more formal interviews, making use of both Creative Interviewing (Douglas, 1985) and Post-modern Interviewing (Marcus and Fischer, 1986). From the former we took the idea of organising interviewing as a collection of oral reports, letting subjects talk freely about themselves and their environment. From the latter, we borrowed the notion of polyphonic interviewing, which consists in recording multiple perspectives from different sources, on specific subjects of interest for the research (see Krieger, 1983). We then discussed our inferences with our inquiry groups and got feedback on them.

When we had gained more trust of the community members, we also conduct a series of structured interviews where more specific issues were explored, especially those that needed clarification or precise answers. These were generally with key members of the community, as well as with the agents that had originally promoted participation and had clear memories about who had done what.

2) *Gossip*

While women spend more time at home, men in particular dedicate a significant part of their time to gossip. In the absence of newspapers and local media, this informal chatting plays an important role in sharing, distributing and discussing information about daily life⁹, so we decided to use it as a research tool.

8.- After the first rejection of the recording machine, we shifted to a walkman-type recorder with which most Mazahuas are familiar, especially the youth (who sometimes even possessed one) and that therefore presented less of a threat. This then enabled us to record conversations among participants and most of our interviews with key informants.

9.- Gossip also takes place in more affluent societies. The only difference may be that among the Mazahua a great deal of useful information was socialised through gossip, because of the lack of other communication mechanisms. Though, in other societies gossip is left to the exchange of more superficial information, it is not small and represents a large part of individuals time dedicated to communicate. Take

Although gossip may not appear to provide the basis for serious research, it has proved to be an extremely useful tool. Parsons (1936), for instance, who used gossip in her study of Mitla, an indigenous community in Mexico, says:

“In any systematic town survey, much detail is necessarily omitted and the life appears more standardized than it really is; there is no place for contradictions or exceptions or minor variation; the classifications more or less preclude pictures of people living and functioning together... [but through gossip one can observe the]... disposition of the town people, what they laugh at, what they are willing to talk about, and what they keep to themselves; the kind of behaviour they condemn or are indifferent about; how they feel about customs they know are lapsing; their manners and conventionalities....” (Parsons, 1936: 386).

Following Parsons’s steps we decided to use gossip as central to our research, and it paid off, as we will show.

The challenge, however, was to find ways of systematising gossip. To do this we first identified the different gossiping groups that existed in each community, and called them “inquiry groups”. As communities were small and every household had to participate in collective ventures, the groups were formed by the participants in projects. Groups regularly gathered in the same public places like little shops, central plazas, or strategic street corners, close by where members lived. They generally contained a hard core of six or seven regular members and some less frequent visitors, i.e., other participants such as friends, neighbours or next of kin, or individuals that had some other relation of confidence and trust.

We called each gathering a “gossiping session”. These were informal conversations on an incredible range of different topics that went on for hours, usually after work in the late afternoon. In them, a wide spectrum of community affairs was discussed, some more seriously than others. These sessions had a somewhat repetitive pattern in all three communities. First, individuals talked about nothing until a relevant element of their current daily life that they wanted to explore was identified. This happened in an informal and usually unintentional manner. The issue in question was, more often than not, a problem with someone, or who-was-doing-what-with-whom, or who was not. However, other affairs were also brought in to the

for instance the large number of magazines, internet chat rooms, TV programmes and so on dedicated to bring scandals and silly news about sport and movies stars. Dunbar reports that in a common day, the Sun and the Times, two very different journals in the UK, the number of inches dedicated to gossip, was similar, 833 and 859 respectively (Dunbar, 1996:6).

conversation, such as an experience, the need for or acquisition of a particular skill, or the need to change an aspect of their environment. Then, other individuals brought forward elements from their life-experiences, to understand how the relevant issue related to their values, world-vision and/or expectations. If the subject was an individual, then what was known of his/her personal life was also introduced into the analysis. Participants gave their opinions and argued until they reached some sort of consensus, between comments on the recent football game, jokes, politics, and other stories. A couple of members were usually more influential and persuasive than others.

These gatherings were particularly informative, because issues related to projects and the organisation of participation, were discussed on most occasions. Because we did not press informants with complicated questions but only participated as a rather quiet member, they felt free to express their views openly and clearly and to reveal their misgivings, dislikes and conflicts with other members of the community, the projects and/or authorities.

3) *Life Histories*

We also constructed life histories for this research since they can be very useful to understand power relations and the feelings and the intentions of individuals (Ruiz and Ispizua, 1989; Grohmann, 1996). We collected these histories from key individuals – leaders, organisers of collective ventures, those with a particular status in the community, or those who had been marginalised through extreme poverty or conflicts. These gave us a clearer picture, not only of how people constructed their reality in relation to participation, but also to understand how it operated over the long-term, as part of the complex network of solidarity arrangements through which the Mazahuas organise cooperation. We took extensive notes and recordings, and tested the information by systematically confronting it with that of other members of the community and with themselves (see Ruiz, 1996).

4) *Observation of Events*

We used direct observation of the actual places where infrastructure and/or collective services were being built or produced. We took extensive notes of who participated, where, how

and when; how many people showed up on a given day, what they had said, what was the general attitude of other participants, who participated most, and so on. We also took part in many events, festivities and traditional activities that allowed us to understand mechanisms of social mobility, reputation and power within the communities. After moving out from the communities we continued to visit them regularly to observe the changes that had taken place.

c) Problems of Validity

We used triangulation by cross-checking information via different informants and instruments throughout the research (see Taylor and Bogdan, 1998:80-82; Pratt and Loizos 1992). Data was often contradictory because much of it was derived from gossip, so as part of our polyphonic interview technique, we double checked and/or tried to explain these conflicting views. This was very useful because it enabled us to discover more about the history of interpersonal relations, social organisation, how individuals viewed each other, and therefore understand the position occupied by different members in their community's social organisation.

All of our key findings were discussed with senior members and leaders of the community, and with the agents that had originally promoted participation in each community. Their comments helped to corroborate some of our conclusions, and to discard others.

II.B DATA MANAGEMENT

We divided our data into units, observations, and variables. One unit of analysis was the individual. In addition to life histories, we produced a profile for all relevant members of the community, including their main interests, activities, participatory activities they had engaged in, kinship relations and friends, and special conditions (poverty, illness, etc.). As these were small communities, and only a fraction of the population took part in collective ventures (adult heads of household), this was not a problem.

Another unit, were interest groups. Adopting them as a unit, enabled us to identify group alliances, and how they interact or not and why. We also observed whether an individual was a member or leader in a gossiping group, what was said about him in other groups, as well as his/her social status.

The observations, the second category of our data organisation, were notes related to quantitative or qualitative facts on the variables. In general they were related to issues such as the actual number of overall participants, how many of them cooperated in each event, for how long, and when; who they were; the output of the work of each group on each day; the problems that had arisen that day, and so on.

The variables, were initially the type of service the community had decided to provide; the sizes of budgets; the type of participatory activities performed, number of members that participated, etc. However, after reviewing some of these variables we realised that we were falling in the trap of endogeneity¹⁰ (King, Keohane and Verba, 1994:185-206). The variables we were studying, following most of the literature on community participation, were in reality the consequences of cooperative strategies that individuals had previously adopted. Thus, we decided to focus on the costs individuals incurred in cooperating and on the incentives that moved them to do so or not. These, from then on, acted as our variables.

Organising data from the inquiry groups involved a careful classification of endless recorded conversations and gossiping sessions. Individuals and groups were mapped in relation to their level of involvement in a project and the extent to which they supported it or not. Alliances and conflicts were also tracked. We did this over a long period of time, so we could observe how groups' strategies evolved, how alliances were built and most importantly how these conditioned decision making, participation and service provision.

Ninety-six life-history profiles were systematically updated, using the Ruiz model (Ruiz and Ispizua, 1989). They included personal data as well as observations regarding the individual's leadership capacity, status, connections, solidarity networks, and so on. Key profiles included a sociogram which mapped the position of the individual within the community, and were cross-referenced with other files (inquiry groups and participant observations), in order to be able to follow lines of cooperation, alliances and other solidarity mechanisms in which the individual could be involved.

10.- That occurs when the researcher takes as causes of a specific event a cause or a set of them, when in reality is the other way around: the assumed consequences are in reality the causes (see King, Keohane and Verba, 1994:185-206).

II.C LIMITATIONS OF OUR RESEARCH

There are some important limitations of our study. The first, which we largely and greatly regret, was our incapacity to talk to women in the communities. Mexico has a well deserved reputation of having a *machista* culture, but within the Mazahuas, this is especially pronounced. It is not easy for a non-closely related male to approach a Mazahua woman, and it is taboo for an interviewer. Nevertheless, at the beginning of our research, we did attempt to interview women in the communities¹¹, either in the street or inside their own houses. However, most would not even answer us in the street, and their husbands or parents all refused to give us permission to interview them inside their homes. As we insisted, we were then most seriously told-off by a group of senior members of the community and, though frustrated, decided to abort our attempts for it was clear that this issue was compromising our stay in the community, and indeed all our field work¹². Besides, women' input, was not decisive for the research as they did not always fully participate in collective ventures and it is likely that they were not deeply informed about the problems of cooperation in the community. However, we did systematically take notes on what women did for community cooperation and how they related to it. Hereafter, we comment on them whenever relevant.

Another limitation of this study is the restricted cultural and geographical area in which it was conducted. As in other case-study based research, the generalisations that can be derived from these results are limited (Berting, 1979; Ragin, 1987). We have tried to offset this by using a comparative approach, but we do not believe that our conclusions can be straightforwardly applied to other communities in different contexts (see Creswell, 1994). We believe, however, that we found some areas where future research in other communities is likely to find important similarities.

11.- We were so insistent because we have managed to break initial resistance to interview indigenous women, in other research we have conducted. See for instance Natal (2005).

12.- We follow the implicit recommendation of several authors that stress the importance of establishing rapport by respecting local culture and traditions even at the expense of gathering less information. See for instance, Dean, Eichorn and Dean (1969), and Cernea (1985).

III CONNECTING THEORY AND DATA

After our first period of exploratory work in the field we returned to our desk, and found it very difficult to construct a framework that would allow us to theoretically explain our observations. Most approaches to participation were extremely simplistic and/or optimistic and differed much from what we had seen. Fortunately, we found Transaction Costs Economics (TCE) that enabled us to explain most of our evidence, mainly when enriched by incorporating other theories such as collective action, principal-agency and property rights theory into our approach. By focussing on the costs of cooperation, transaction costs theory allowed us to develop alternative and useful explanations to community cooperation, as we will show. The principles on which we operated will be set out in Chapter III.

IV CONCLUSION

This thesis has to meet three main challenges. The first is to show that oral-based research using the methods outlined above can actually be used to analyse the type of events involved in community participatory development; the second is to prove that transaction costs analysis can actually provide new and useful insights to the research of community development; and the third is, through TCE, propose a more realistic and theoretically grounded understanding of self-reliance and community development than is available in most of the contemporary literature.

Finally, we did not intend to exploit our subjects during the research process, and did wish to share our knowledge with the community as much as possible. However, we did not conduct this as a participative or action research project, nor did we promise to send back conclusions or information to the communities.

We, therefore, do not pretend to have empowered individuals to face their problems any better, but we do have a heavy debt to the communities and need to find some way of repaying the many people that opened their homes, minds and hearts to us. We believe that the best way to

this is to continue to look for mechanisms to help them out of their condition. We hope that some of the evidence and conclusions provided by this research will increase the visibility of the problems faced by the rural poor when they try to develop in an autonomous way. This may help to improve the development strategies being used by donors, governments and NGOs, and by so doing help the people themselves. The reader will judge if we accomplished to do this in the chapters that follow.

CHAPTER II

THE PARTICIPATORY APPROACH TO DEVELOPMENT: A REVIEW

INTRODUCTION

The participatory approach is nowadays so influential in development administration that for some “development is in fact participation” (Oakley, 1991:6). However, despite its importance for poverty alleviation and the increasing resources allocated to participatory projects, critical reflection on the issue is rare and much of the literature is simplistic and excessively optimistic. This chapter intends to go in a different direction. It further expands on the claims we have made about these problems in the introduction by critically examining the current state of the literature to show that participatory orthodoxy has not paid sufficient attention to central factors that affect development processes among the very poor, and has therefore overlooked many of the problems people face when trying to provide for themselves. The chapter is divided in three parts. First, we will examine the origins of the participatory approach and some of the reasons for its popularity. Second, we analyse how the different schools of thought involved in the approach evolved and how the orthodoxy was born. Third, we will present an analysis of this literature and some of the emerging critique that is emerging within it.

I THE PARTICIPATORY IDEAL

I.A THE EMERGENCE OF THE APPROACH: THE LATE '60S AND EARLY '70S.

Towards the end of the '60s theorists recognised that strategies for poverty alleviation had been largely ineffective in providing for the poor and that poverty was intensifying in many Third World countries. In 1973, the World Bank president, Robert McNamara, recognised that 40% of the world population was poor, and that most of these poor were rural. He recognised that traditional approaches to poverty alleviation had largely failed and that a new one was urgently needed¹.

Many reasons were identified for these failures. It was argued that strategies designed to transform the poor from within through education in new techniques and values had failed for a number of reasons, such as community-workers had been co-opted by local elites, lack of financial support from the government to the communities, and disruption of traditional systems and failure of new ones to work properly (Westergard, 1985; Natal, 2000; Hart, 1971). On the other hand, supply oriented strategies, that intended to help the poor from outside, i.e., improve access to markets and techniques, such as the Green Revolution² or "Targeted-group"³ were also accused of being incapable of solving structural problems, such as, inequitable land distribution, access to capital, weak contracts and little incentives, among others, and therefore inadequate to produce a real economic change despite the benefits achieved (see Lipton, 1973; Shiva, 1991; Westergard, 1985). But something that scholars, practitioners and even agencies identified as the main cause of failure in both types of strategies was the lack of participation of the poor in the projects that directly affected them. Hence, USAID in 1966 and the Inter-American Foundation (IAF) in 1969, called for an emphasis on "assuring maximum participation in the task of

1.- McNamara, R. Discourse at the World Bank's Annual Conference. Nairobi, 1973.

2.- The Green Revolution was informed by the "poor but efficient farmer" hypothesis that emphasised input supplies, including improved seeds, credits and better incentives (Schultz, 1964). These were provided through packages for farmers designed to give them access to cheap, subsidised seeds and fertilisers.

3.- By the late 1960s early 1970s, the World Bank adopted a development strategy for rural poverty alleviation that no longer focused on the community as a whole, but on target groups, introducing agricultural innovations to small groups of farmers. However, these groups only included the poor that already had access to productive assets, so many were excluded and/or inhibited by structural constraints, and the programmes did not yield the expected results.

economic development"; and in 1975 The Third World Forum declared in Karachi that strategies to fight poverty should focus on the satisfaction of basic needs and on the meaningful participation of beneficiaries (Westergard, 1985).

These ideas soon started to have an important influence on policy implementation, both of agencies and governments. In the early 1970s, McNamara, stated that the participation of beneficiaries would take a central stage in the Bank's priorities⁴ and launched its Regional Rural Development Programmes⁵; while the Pakistani government and SIDA, initiated the Comilla programme that included the participation of beneficiaries in the projects. Participation soon made a difference in these programmes that also stressed the importance of social self-determination, and cultural independence (Gsänker, 1994).

Hence, in 1976 the Basic Needs Approach (BNA), made participation the key strategy for poverty alleviation when it was presented at the ILO's World Employment Conference. This stressed the need to prioritise people's basic needs and the importance of including the people's voice in project implementation, to ensure that these were the needs that they actually recognised. Basic Needs were initially understood as food, clean drinking water, health, clothing, education, and housing; but later, other "non-material needs" such as, self-determination, security and cultural identity were also included. The strategy used to identify these needs focused mainly on community participation and the active involvement of direct beneficiaries in projects. In this manner, the Basic Needs Approach to development intervention was born, and it became so influential in policy planning that was soon adopted as a tool for project implementation by most of the development agencies.

4.- The McNamara discourse was important to push the approach at its beginnings (see McNamara, R. Discourse at the World Bank's Annual Conference. Nairobi, 1973), and after that within the Bank some working with urban projects and operations policy commissioned a project to explore the role of participants in the implementation of the Bank's projects (see Salmen, 1987). However, these ideas were only seriously integrated in the Bank's project management until the early 1990s and only adopted it formally in 1994.

5.- World Bank and USAID projects known as Regional Rural Development (RRD) were prototypes of IRD projects. They stressed project flexibility and case-by-case coordination, implementation in small geographical areas and emphasised decentralized planning and implementation.

Two different approaches emerged within the BNA, which can be described as ‘radical’ and ‘liberal’⁶. Radicals saw the participation of indigenous people, especially the poor and powerless, as the key to directing their own development. They saw the constitution of grassroots organisations and political action as the mechanism for doing this since they would enable the poor to recognise and fight the causes of poverty, like lack of land reform, unemployment and the unequal distribution of assets. They saw this as a ‘precondition’ for an attack on rural poverty, and the starting point for self-reliance. This approach was mainly followed by small radical NGOs, generally working at the grassroots level (Clark, 1991:44). Liberals on the other hand, saw participation as a way of giving people a voice in decision-making processes, but left aside anything related to the redistribution of wealth. They were more interested in increasing the long-term cost-effectiveness of projects through local financing and volunteer labour. This approach was mainly followed by the World Bank and other agencies.

These two views also differed over the degree of control that should be exercised by participants over projects and on the role of the training or education that they should be given. Both saw a ‘learning cycle’ in the relationship between education and participation where the more people participated, the more they would learn-by-doing, and the more willing and better equipped they would be to participate further. However, they disagreed on the purpose education should have in the process of participation. Liberals saw it as a way to ‘gain skills’, particularly those useful on the labour market; radicals saw it as the most important tool for “consciousness raising”, and as a participatory activity in itself through which the rural poor could gain control over their reality (Friere, 1972). These differences are somehow still with us as we will show later.

1.B THE ADOPTION OF THE PARTICIPATORY APPROACH: THE LATE SEVENTIES TO THE PRESENT

By the late 1970s the impetus of the participatory approach was strengthening. Westergard shows how this impetus stemmed from many factors, such as, changes in theory, increasing demand for services, and the need for accountability, public sector reform, and the creation of political capital (see Westergard, 1985).

6.- Wisner; (1988) refers to these two variants in a rather different fashion. He refers to the liberal view, as *weak* and to the radical as *strong* (see Wisner, 1988).

New developments in social, political and economic thinking reduced the differences between “right” and “left”, as scholars from both tendencies began to agree that beneficiary participation was needed to increase social welfare and improve democracy (Jain, 1992; Mackintosh, 1992; Magill, 1979). The left believed that it would make people more self-reliant; by being a tool for consciousness-raising and liberation from oppression (Freire, 1972:172-3⁷); that would mobilise new political forces to change political institutions, re-capture the “lost community” (Rybczynski, 1980:26), and finally bring “devolution of power and greater democracy” (Gran, 1983:276). For the right it was the best way to get relevant information from beneficiaries and thus to make projects more efficient, boost the local market economy, create an entrepreneurial spirit and produce cultural change. Thus despite their differences both perspectives saw participation as something that fought poverty and its causes, improved the poor quality of life and could bring psychological benefits to participants (Hatch, 1973).

The rise of the participatory approach was also influenced by increasing demands on governments for the provision of more and better public services by a growing population (see Brett, 2003). Third World countries, especially, were still trying to cope with a welfare-state model before the demand for basic services had been satisfied. Furthermore, as more groups in the population, gained voice and lobbying capacity⁸ the demand for better services became a political issue, while the resources available for service provision declined in the face of rapid population growth. The participatory approach then came to be seen as a mechanism to increase resources through the use of voluntary labour and contributions of local materials. It also seemed to be a way of overcoming the problem of taxing the poor and promised to be an appropriate solution to problems created by structural adjustment policies. As a result, it soon became an indispensable mechanism for policy implementation (Dudley, 1993).

Support for participation also grew as a result of donors’ dissatisfaction with the results of development aid in the hope that it would increase the accountability of governments (see Schumacher, 1973: 235-85; Midgley 1986:15). Aid had been growing since the early 1960s, but

7.- Though Freire started to publish on “consciousness-raising” in the early ‘70s, it was not until the end of the decade that his work became so influential.

8.- This influence was increased by factors like the growth in international media interest in issues related to poverty and government performance; the new donors’ approach to development and the rise of democracy in many Third World countries.

by the 1970s it was clear that problems like the lack of transparency, excessive centralisation and alienation of projects, stopped it from producing the expected results. Participation was seen as the best way to give people an opportunity to express their opinions, and have their voice heard without having to fear for the consequences. Participation, also enable them to detect problems in time to solve them, decentralise decision-making, and thus improve accountability and project success (Gow and Frankenhoff, 1994;WB, 1988).

The boom in participation was also stimulated by the need for public sector reform that began in Third World countries in the early 1980s. Participation came to be seen as a way to maximise the efficiency of project implementation, because agencies believed that people could often perform some functions better than the implementing agency (Skinner, 1983:125-50).

They also recognised the need for local knowledge, and that people knew best about their own priorities and how to achieve them (e.g., Chambers, 1983). They hoped that this would generate a feeling of “ownership” over these projects and persuade residents to participate in service provision and maintenance (Skinner, 1983; Tamney, 1975). This would also make people more aware of their own needs and capabilities, and increase self-reliance (see Oakley and Marsden, 1984; Skinner, 1983). Radical theorists, therefore, saw participation as a mechanism to achieve an “alternative” non-imposed development strategy that would preserve local cultures (e.g., Gamer, 1976; Reining and Lenkerd 1980; Brokenshaw, 1980; Goulet, 1981; Hatch, 1973).

Participation was also seen as a mechanism to increase the efficiency and accountability of the public sector, whose inefficiency was attributed to the fact that it did not have any interest in finding out what beneficiaries actually wanted, not responding, therefore, to local realities, what lead to the rejection or under-utilisation of services (e.g., Askew, 1983; Burkey,1993). They assumed that giving people ‘voice’ would force bureaucracies to become more aware of the needs of the poor, reduce their alienation, change their attitudes and make them more efficient (see Bagadion and Korten, 1985; Dudley, 1993; Gran, 1983; Korten , 1983; Montgomery, 1988; Salmen, 1987).

As participation was recognised by groups supporting a variety of ideological positions, it was adopted for projects by supporters in all political colours. It was also a bargain-buy for politicians, because it suggested that the people and the government could work ‘hand in hand’, while simultaneously increasing political control by co-opting community leadership, fostering patronage relationships with local social entrepreneurs, and supporting specific projects that

could increase politicians' political capital (Dresser, 1991:51; Korten, 1983; Skinner, 1983; Westergard, 1985).

Finally, in the area of rural development, in particular, the approach seemed also to be an innovative alternative. As critics to the failure of government and international programmes, to meet the needs of the poor echoed in the late 70s, international agencies, started to channel resources to NGOs working with local communities. This gave place to a new activist-type of intervention, largely influenced by the writings of radical authors like Alinsky, Freire, scholars like Schumacher (Alinsky, 1971; Freire, 1972; Schumacher, 1973), and the prominent role of the Catholic Church's theology of liberation (see Kane, 2001; Natal, 2002), all of them attempting to produce a social change in rural society. For many, the approach, known as community participation, was even seen as a trickle-up strategy and contended that the poor could provide for themselves without government aid (Mafeje, 2001 and Soto, 1989, quoted by Hall and Midgley, 2004). The approach was easily accepted by all actors, as it provided activists with resources and freedom to implement their ideas, represented a politically correct policy for donors and international agencies; for governments, it was a form of incorporating marginal communities isolated from the political and economic system and a relief of pressures for rural service provision; for the rural poor, it meant the opportunity to get involved and the provision of some needed services. Therefore, it settled soon as practice for most donors and NGOs.

In this manner, by the late 1980s the idea of participation had, therefore, become almost compulsory in development administration and poverty alleviation. From then on it continued to gain ground in development practice and became central to development policy. In the early '90s, for instance, the World Bank established the Learning Group on Participatory Development, later joined by SIDA and GTZ. But it was in 1996 when it definitively became a totem, when the WB published its Sourcebook on Participation, which strongly reinforced it as part of an "active process" in which "client groups" achieved influence and shared control over the decisions they make (Bhatnagar and Williams 1992:177; Paul, 1987; Workshop on Participatory Development, 1994; WB, 1996:3). The Bank has subsequently become so insistent on beneficiary participation that it has even withdrawn funding when governments have refused

to involve the people⁹. More recently, the Bank has also put forward a scaling up of the approach into national and international policy-making, the so-called, participatory poverty assessments (PPA) (Robb, 2002). Similarly, several governments of the left in several countries, have also adopted the approach and established a participatory decision-making of budgeting (Blair, 2000).

Thus, the Participatory approach has now become a common start-point for development projects, shared by most major donors, governments, NGOs and other agencies. It has even become a kind of religion for many of them, being treated as a panacea for all social problems by many authors and practitioners, so much so that proposing anything else is now considered to be anti-democratic. Nevertheless, some scholars are becoming increasingly aware of the problems caused by exaggerated optimism about people's involvement in development projects. Governments that adopted the strategy found it difficult to decide on the nature and scale on which people's participation should be supported (Dudley, 1993); while others merely used it as a populist solution to broader and more complicated problems of democracy, corruption and governance (see Barlow, 1995; Dresser, 1991). Theorists have begun to argue that using people's participation was a way of allowing the state to evade its responsibilities and to transfer them to the "community" or the "voluntary sector" (Midgley, 1986), that could never match the state's capacity as provider (Asmeron, 1992; Kats, 1971). Others have claimed that the approach had sometimes helped to perpetuate unequal relationships between agency and residents, with participation only serving to facilitate project implementation, rather than genuinely seeking to increase the decision-making of the poor (see Skinner, 1983; Cleaver, 2004); or that it has become a mere rhetorical concept used by governments and NGOs to obtain donors' support.

This suggests that after several years of implementation, the participatory approach did not seem to have overcome many of the problems it had originally been designed to solve, and has certainly not improved people's welfare on the scale that was expected and needed. We believe that this is due to the romantic and unrealistic assumptions used by many supporters of the approach, and to their preoccupation with ideological issues rather than with new evidence that could have allowed the approach to be fine tuned. This lack of critical discussion has meant that practitioners and scholars have failed to analyse many of the contradictory results reported from

9.- One of these cases is that of an Hydroelectric Project in Mexico refused to be supported by the WB for lack of participation (see World Bank, 1996).

the field and fall-short to address many critical every-day problems participants have to face to cooperate.

II DIFFERENT APPROACHES TO PARTICIPATION

People's participation is based on the assumption that allowing people to participate in projects directed to them will induce them to bring new resources like labour and local materials to the project, increase their sense of ownership, and their ability to act collectively, thus, increasing project sustainability. Most authors would accept these general principles, but they often differ on issues such as how participation should be conceptualised and implemented; to what extent, and by whom and for what purpose should it be promoted. These differences have produced four distinct Schools of thought that have been very influential in different areas of development management. Though these Schools emerged at different moments in time, and some of them have come together, they should not necessarily be seen in evolutionary terms. Based on Westergard's (1985) first classification¹⁰, we will develop our own version of these Schools, grouping new authors and incorporating a new school within the latest developments in the area.

II.A THE ILO

The first approach to participation was developed by the ILO. Since the late 1970s, the ILO developed a common perspective on participation through studies sponsored by its World Employment Programme, reflected in the work of Oakley, Marsden, Rahman, and others. In 1982 the ILO chaired the Panel on Participation¹¹, within the United Nations Task Force on Rural Development, whose objective was to promote the practice of participation in the UN programmes. Since then, the ILO heavily based on the BNA, stressed the need for the

10.- Oakley (1991) develops another classification by Schools of thought . He differentiates only two main approaches; one more oriented to include participants as human resources and the other interested in using participation as a mechanism to deal with the structural problems involved in poverty (see Oakley, 1991:vii).

11.- Other members of this Task-Force were The Food and Agriculture Organisation of the UN (FAO), the UN Development Fund for Women (UNIFEM), and the World Health Organisation (WHO).

participation of beneficiaries in decision making to ensure that decisions are taken in people's interests (Oakley and Marsden, 1984). This school, therefore, saw participation not only as a strategy but as an "end", a goal in itself (Oakley and Marsden, 1984), whose central purpose was to satisfy "people's psychological desire to participate in decisions which affect their lives" (Oakley, 1991:8). However, this School's attempts to formally define people's participation have been very weakly developed. Authors have been more concerned with its "authenticity" and "meaningfulness" (Oakley and Marsden, 1984; Oakley, 1988) than with assessing what participation actually is. They have focused on what they called their methodology, or the methods through which they hope to reach the participants (Oakley and Marsden, 1984; World Employment Programme of the ILO, 1978; Wisner, 1988); and far less in the analysis of the process itself (Oakley, 1991, the exception). Though the activities of this School have decreased in recent years it still has some influence on policy planning¹².

II.B THE CORNELL SCHOOL

The work produced by the Rural Development Committee at Cornell University, mainly undertaken by Cohen and Uphoff, is the basis for the Cornell School that has had a strong influence on governments and international agencies. It has also been informed by the work of David Korten, Alonso and the Philippines based Asian Institute of Management, as well as that of Michael Cernea.

They see participation as a "descriptive term" denoting the involvement of a significant number of persons in actions oriented to enhance their well being (Westergard, 1985:4). Though they acknowledge the importance of capacity building (Honadle, 1981) and people's self-esteem, they mainly understand well-being in terms of income, and participation as a means to increase people's economic assets (Westergard, 1985:32; e.g., Uphoff, 1992). They have been particularly interested in indicators to measure the presence, extent and effects of participation, seeing it as an effective means for project implementation, and especially for project sustainability (e.g., Bryant and White, 1982; Honalde and Klaus, 1979; Jedicka, 1977; Korten

12.- See for instance Novoa, Castro-Alemeida and Azevedo, where the influence of the ILO can be clearly seen in the instrumentation of the JADE programme, a programme for building capacity in young people in migrant communities in Portugal (Novoa, Castro-Alemeida and Azevedo, 1992).

and Alfonso, 1981). They reject the idea that participation should be seen as an end in itself, because they believe this ignores participation's distributive aspects and the issue of the quantification of its benefits (e.g., Uphoff, 1992).

The Cornell school has done systematic analytical work in order to give a coherent form to the approach by establishing indicators that enable the outcomes of the process to be measured (Cohen and Uphoff, 1980; Uphoff, Cohen, and Goldsmith, 1979; Uphoff, 1992; Norton and Stephens, 1995). A particularly important contribution of this school is on the so called "dimensions" of participation, in which Cohen and Uphoff, develop an analytical model to better understand the actual process of people's involvement (Cohen and Uphoff, 1977). The Gal Oya study is also an important contribution that provides some credible evidence about both benefits and methodologies (Uphoff, 1992). However, this School has produced little since Cohen and Uphoff's study, and their meticulous attention to the quantification of participation, despite its importance, has prevented them from elaborating a more rigorous theoretical analysis. This School is particularly influential on donors and agencies.

II.C THE UNRISD SCHOOL.

In 1979 the United Nations Research Institute for Sustainable Development (UNRISD) launched its Popular Participation Programme, with Pearse and Stiefel's "Inquiry into Participation" (1979) that created the basis for the School to which other prominent authors such as Rahman, Ghai, and Vivian have added (Westergard, 1985).

They understand participation as the organised efforts of groups and movements of the excluded, to increase control over resources and regulate institutions (Pearse and Stiefel, 1979). They attribute poverty to the concentration of resources and power, and promote a "vigorous pursuit of people's participation [for it] is an important instrument for reversing this trend towards the increased dependence and marginalisation of the masses" (Pearse and Stiefel, 1979, quoted in Westergard, 1985:5). They, therefore, look for a redistribution of resources and devolution of power, thus setting participation in a social context and making it a political tool.

We include the particularly important work of Robert Chambers here, since he has clearly associated himself with this vision. Building on Freire (Chambers, 1985:527), he developed a series of methodologies for rural intervention, such as rapid rural appraisal (RRA), and

participatory rural appraisal (PRA) (Chambers, 1985, 1991, 1994), that focus on the participation of the people in the identification of their problems and their roots for action (see Conaway, McCracken and Pretty, 1987). By promoting these methodologies, Chambers has become the leading figure in the development of participation as the tool for development action. His books, clinics and workshops have become a must for agencies, practitioners and development officials across the world, and have been extremely influential in policy planning. Currently, most NGOs follow Chambers' methodologies and in the Third World several governments¹³, tag along with his ideas - at least in their discourse -- in the design and implementation of poverty alleviation programmes. He has also formed and influenced many other authors working on participation, such as, Carruthers, Conaway, Jamieson, McCracken, Pacey, Pretty and Thrupp, among many others. These scholars have constructed many research linkages with academics and practitioners in the South and elsewhere, where they have become very influential. Chambers' influence has also permeated most other Schools. He, with Ghai, have contributed to bring together the ILO and the UNSRID School, and most in the Asian Institute of Management seem to follow most of his ideas, so it is not an exaggeration to state that his view represents a mainstream that can therefore be described as the "participatory orthodoxy"¹⁴.

This orthodoxy has been especially influential in development studies and administration and has informed practically all development action throughout the late 1980s and the 1990s.

II.D THE RATIONALIST SCHOOL

The Rationalist School of participation is an emergent perspective mainly informed by the work of authors such as Ostrom (1993), Paul (1992), Brett (1996, 1997, 2003), and Cleaver (2001, 2002, 2004). Here participation is analysed using a rational choice approach to human behaviour. As a result, participants are seen as individuals rather than as "people", and attention focussed on problems of service delivery and efficiency, and their relationship to incentives.

13.- This is not to say that Chambers' ideas are only influential in the Third World. He has also influenced policy planners and officials in the First World especially in social work and policies oriented to marginal groups (see, for instance, Novoa, Castro-Alemeida and Azevedo, , 1992; Marchoni, 1989; Rodríguez and Store, 1993).

14.- Recently, Cooke and Kothari have also used the term to refer roughly to the same group of scholars, practitioners and officials (see Cooke and Kothari, 2001).

Participation is seen as an aspect of development management, raising specific problems in relation to decision-making and accountability (Cleaver, 2002, 2004), opportunistic behaviour and enforcement (e.g., Brett, 1993, 2003; Ostrom, 1993). This school is not fully integrated and though some authors, such as Ostrom are individually very influential, as a School of thought it has not been widely used. However, it has opened up critical lines of reflection and new insights and explanations of the problems involved in participation in the field. The Rationalist School is theoretically very sound and its focus in key issues of project management can make an important contribution to the improvement of the approach. This tradition has exerted the greatest influence on this study, and some of its principles will be further developed throughout the following pages.

II.E *ALTERNATIVE VIEWS ON PARTICIPATION*

Not all authors working with participation are part of what we have called here the Orthodoxy, and certainly our critique does not go for them. Specially recently, there are a number of scholars that working on participation have constructed particularly rich and enlightening studies that present important criticisms and alternative views to the mainstream that need to be explored in detail. To recognise these important works is central to not stereotyping the debate and to elaborate a more comprehensive critique to the orthodoxy. Many of these works will be definitively central in the transformation that is urgent in CPD.

These works depart from many different fields and theoretical perspectives and not necessarily fully relate to each other. They have questioned the orthodoxy basic assumptions in relation to issues like, the adequacy of local knowledge (Mosse, 2001, Kothari, 2001); pluralism (Hildyard, Hedge, Wolvekamp and Reddy, 2001); complications in the process of collective decision-making (Cooke, 2001); the nature of communities (Mayoux, 1997; Platteau, 1990); and the complexities of empowerment (Henkel and Stirrat, 2001; Williams, 2004). Though, they do not represent yet an integrated theoretical body, the work of some of these authors has started to

converge¹⁵ and has marked a high-point in the critique against the Orthodoxy with the publication of the book, *Participation, the new Tyranny?* by Cooke and Kothari (2001).

Mohan and Hickey, in particular, have continued the critique of the Tyranny, making it sounder and more propositional (Hickey and Mohan, 2004). These authors had already criticised the approach for disregarding broader and more structural patterns of injustice (Mohan and Stokke, 2000), and as others before (Mosse, 1994; Khotari 2001) realised that one of the main problems of the orthodoxy is the lack of attention given to issues of power and politics, and have made of this their departing point (Hickey and Mohan, 2004).

Mohan and Hickey have broadened the agenda to capture a more political sense of agency and have initiated the construction of a more theoretically rigorous and transforming approach to participation. Based on a radical understanding of citizenship and critical modernism they have oriented the discussion on participation in a new and more promising terrain. By so doing they have re-politicised participation enabling it to more soundly discuss structural conditions and popular agency, departing thus, from the methodological individualism of other approaches (Hickey and Mohan, 2004: especially Chapter 4). Their focus on citizenship, links their approach to participation to a broader discussion of the politics of exclusion which may prove to be very enriching for development management.

On these grounds, these authors have influenced some other works in participatory development such as participatory governance (Gaventa, 2004; Regis and Gujit, 2004), agency and voice (Cornwall, 2004; Mitlin, 2004); empowerment, political capabilities and leadership (Williams, 2004; Henry, 2004).

However, this emerging approach still has several questions to answer; some of them are of special interest for this thesis. For instance, their focus on radical citizenship may oversee the everyday transaction costs people may have to exercise their rights. Though, at the community level their discussion of the issue of “ethnic citizenship” may apply, they do not fully assess how marginalised individuals are to exercise their rights through inequitable institutions and social structures that, for livelihood strategies, they may rationally prefer to accommodate with, rather

15.- Some of them participated in a Conference on participation in the University of Manchester where the idea of publishing the book, *Participation: the new Tyranny*, was put forward.

than challenge. They also seem to underestimate the importance of anti-social behaviour, such as free-riding and shirking, and to overlook the fact that voice formation and consensus creation are generally permeated by strategic attitudes and conflicts of interest. Finally, their main focus on the transformative role of participation, seems still to lose sight of the fact that the rural poor engage in participatory ventures to provide for efficient services and that they are concerned with the material benefits they may report to them. Therefore, they do not pay sufficient attention yet to the everyday life organisational problems of agency and learning the poor always face.

III CRITICAL REVIEW OF THE LITERATURE

The previous paragraphs show that there are important divergences between Schools, that lead to significant differences in the way they conceptualise and, more importantly, implement participation. To discuss each of them would be useless as most Schools lack an integrated theory or model that allows us to assemble constructive comparisons on different angles on how participation works, what are its implications in the field, and its long term impact in development. Large parts of the literature produced by these Schools goes over well trodden ground, in the form of manuals, methodologies, endless descriptions of successful or unsuccessful cases and ideological discussions on its purposes and possibilities. This also applies to the grey literature of the NGOs and donors.

Therefore, a review of this literature could simply produce a laundry list of perspectives, cases and methodologies. What we will do instead, is present a critique of the current state of the literature focussing on the key issues that have held back the discussion, but highlighting also those aspects and the work of authors that we feel have contributed to our knowledge.

We believe that three key issues need to be addressed - what participation is about, what it is for, and the assumptions that govern orthodox approaches to project success and the participatory learning process. We end this section with a discussion of the areas that need further research.

III.A WHAT PARTICIPATION IS ABOUT

The actual concept of participation is in itself rarely defined; and the few definitions provided suffer from suppositions, generalisation and vagueness (Oakley, 1991). Lisk, for instance, stresses that,

“...popular participation... should be *broadly* understood as the *active* involvement of *people* in the making and implementation of decisions at *all levels and forms* of political and socio-economic activities...” (Lisk, 1985:15, our emphasis).

As seen, this typical example of a definition of participation, is plagued with words, such as, “broadly”, “active”, “all levels and forms”, that though sound ample and profound, say little about the actual process, its boundaries and parts of specific applications. Moreover, this definition, as others do makes participation such a broad ideal that it becomes ambiguous and difficult to grasp in actual development management.

The ambiguity in definitions like this may stem from several causes. One is that participation is a “catch word” (Burkey, 1993:57), part of the vernacular language so that we are all expected to know its meaning. Further, the nature of the actual concept and its different ideological links or heritages is rarely discussed (Nelson and Wright, 1997; and Long, 2001, are two exceptions). Hence, it has been re-baptised many times through history, so the literature is crowded with many different names like “popular participation” (e.g., Lisk, 1985), “community participation” (e.g., Midgley, 1986); “people’s participation” (e.g., Oakley, 1984), “beneficiary participation” (e.g., Finterbusch, 1987), “stakeholders participation” (e.g., World Bank, 1994); “grassroots participation” (e.g., Gran, 1983), “village participation” (e.g., Hart, 1971), and so on. Though the authors generally justify the use of these different names, they actually mean roughly the same. The problem is not only that different names suggest different areas of analysis and disciplinary perspectives, thus creating misunderstandings and difficulties in communication; but that they also give us a concept with accumulated meanings that used carelessly can produce conceptual confusion.

Similarly, different schools and practitioners use the same label to describe widely different situations in relation to how participation is understood, how it is implemented, and in its types and quality leading to misleading or careless comparisons. For example, participation is used to refer to the organisation producing a service in a rural community (Schultz, 1964); to describe the political involvement of citizens in an urban neighbourhood (Contreras, and Bennett, 1994);

or to a long term process of development involving a committee working with local government or an NGO (Skinner and Rodell, 1983). Moreover, it been has used, in the same talk, to actually mean different ideological perspectives such as empowerment versus neo-liberal type involvement¹⁶ (see Turbyne, 1984; Michener, 1998).

The idea of participation has also permeated many areas of development action, so we talk about participatory research, participatory action, and participatory evaluation, among many others, making of participation a “common denominator” (Chaufan, 1983:9), although these activities do not have the same characteristics or operate with the same variables. Moreover, participation has somehow become synonymous with other under-researched cooperation processes. Thus, equally imprecise terms such as “self-help”, “self- reliance”, “capacity building”, “community involvement”, “people’s cooperation”, and “autonomy” have been added to the conception increasing its ambiguity and reducing our ability to grasp the actual process.

Further, as the participatory movement has expanded, its value has been taken for granted as a universal goal like democracy, which does not need to be justified in terms of other objectives (see Hatch, 1973). For instance, SIDA, stresses that participation needs to be viewed with reference to democracy and equity goals, as an objective in itself and as a basic democratic right (Rudqvist, 1992). For others it seems that participation has to be interpreted as fighting the system rather than as solving the immediate needs of the people (Westergard, 1985). This is the case of Pearse and Stiefel, for instance, who define participation as “... the organised efforts to increase control over resources and regulative institutions by the previously excluded from such control...” (Pearse and Stiefel, 1979, quoted by Oakley, 1991:6); or of Wignaraja for whom, participation implies “...the mobilisation, conscientisation and organisation of the people to ensuring social justice and greater equality for all...” (Wignaraja, et.. al., 1991:16).

All this has meant that participation is sometimes seen as a useful administrative tool for the promotion of local social and economic development, but also as a political campaign or, in the worst cases, as a way of justifying populist projects run by rent-seeking agents looking for political recognition and economic support.

16.- Turbyne, for instance, describes a case in Guatemala where organisations with totally different political ideologies used the discourse of participation and empowerment to mean, on one side empowerment to fight the system and on the other involvement in neo-liberal projects (see Turbyne,1984). Michener has also detected this very same thing in a very interesting study of an education programme of Save the Children Fund in Burkina Faso (see Michener, 1998).

Some authors have responded to these criticisms by stating that participation “defies any single attempt at definition or interpretation” (Oakley, 1984:6); or that it can be explored but not contained in a formal definition (Rahman, 1981), because it is a changing social reality (UNRISD, 1981). Or they simply assert that “development is in fact participation” (Oakley, 1991:6) and that because of its diversity, “... it is not clear whether it would be at all useful to try to construct a general definition of [it]” (Rahman, 1993:49).

We, with other authors, believe that statements like these have created a cloud of rhetoric around the idea of participation that only serves to make it more of a myth than a reality, a new system of belief that orthodoxy uses to tyrannise development¹⁷, by trying to save the poor from their self-interested attitudes¹⁸. An “*urbi et orbi*”, comprehensive and exclusive definition of participation is probably not possible, but we believe, as Oakley himself accepts, that it has lost much of its meaning and is now an empty concept or, in the best case, an abstract ideal (see Oakley, 1991).

However, ambiguity is not the only problem, since protagonists approach participation from so many diverse perspectives and different objectives, they do not add up to a coherent approach, but have created a conceptual salad difficult to digest. Here is a range of standpoints that we can find in the recent literature:

Studying the role of participants, Oakley classifies the different forms that participation can take - as contribution; as organisation and as empowerment. The first is merely a voluntary contribution by rural people to predetermined programmes and projects. The second occurs when people get together and form organisations. The third, participation as empowerment, brings control and decision making to the people (Oakley, 1991:8-9).

17.- We derive some of this criticisms from different authors. For Midgley (1986), as for Fugelsang and Chandler (1986) participation is now more a myth than a reality and for Uphoff (1986) an illusion; for Henkel and Stirrat (1996: 24-6) it is a new “system of belief” and Cooke and Kothari (2001) have impacted orthodoxy with their book on the tyranny of participation.

18.- For example, Chambers states that personal attitudes such as ‘ego, ambition, family-first motivation and the illusion of impotence’ can be changed as participation ‘often brought personal change for those who facilitate it’ (Chambers, 1995: 212-234).

Studying the stages of participation Cohen and Uphoff, have identified four key levels of the participatory process: (1) participation in decision-making; (2) participation in implementation; (3) participation in benefits; (4) participation in monitoring (Cohen and Uphoff 1977)¹⁹.

Studying the relationship with the state, Garcia sees three different types, organic, functional and cooperative. In the former citizens are incorporated into local government agencies so the community works as part of the local government. With functional participation the individuals do not give up their private interests, but work for the common good by pursuing their own interests in the private sphere. Cooperative participation implies a collective consciousness and will, where individuals voluntarily make a commitment to promote the common good because they believe that while pursuing their own interests, they are contributing to those of the whole community (Garcia de Enterria 1994).

Studying the levels of involvement in the process, Weiner and Hammon, have distinguished two types, participation as consultation and as decision making. In the former, people's opinions provide the decision makers with guidelines, in the latter it involves devolution where they can control the results of their decisions (Weiner and Hammon, 1994). This classification is similar to that of Michener for whom weak participation involves consulting and strong participation means partnership (Michener, 1998); and to that of Brett, who calls them weak and strong participation, and claims that "in practice all interventions operate along the continuum which stretches from weak to strong" (Brett, 2003:5).

Studying who is involved, Bhatnagar distinguished two types "direct participation" by affected people and "indirect participation" by other stakeholders (Bhatnagar, 1992). He stresses the importance of thinking first, of the beneficiaries as groups, i.e., as people like women, indigenous communities, the very poor acting collectively to achieve their needs; and secondly, of the role of other stakeholders in a given process, including representatives from central ministries, mid-level managers, line agency staff, interest groups such as NGOs and local government representatives (Bathanagar, 1992:2).

Studying the authenticity of participation, some authors classify it into two types, "authentic" and "non-authentic". The former being the representation of local interests and needs and not generated by pressures from the state or even NGOs. These theorists seem to be very close to anarchism (Mejia Lira, 1994) and attracted by a vision of small, self-governing communities

19.- See also Uphoff , Cohen, and Goldsmith (1986).

(Hatch, 1973), and with communes and utopias in small, close-knit, self-sufficient societies (Kanter, 1972).

Finally, studying participants' motivation, Contreras and Bennett (1994), identified three different types, these are: purely instrumental, political-instrumental, and socio-political. The first occurs when people consciously adopt a clientist attitude to exploit donor programmes. The second, when existing community organisations join programmes to obtain additional political and material resources. The third, the socio-political participation involves a redefinition of the basic components of social action and creates the conditions for development and social transformation. They believe that only this type of participation empowers individuals and enables them to exercise voice and influence the wider society.

This list is, of course, not exhaustive, but illustrates the variety of perspectives that have undoubtedly added richness and possibilities to the literature, but that have also produced so many typologies and classifications of participation, many of them so diverse and unconnected, that they do not provide us with the basis for a common body of knowledge.

III.B WHAT PARTICIPATION IS FOR

The issue of the extent of beneficiary involvement in participatory processes, or what participation is for, is perhaps the most controversial in this field and has received special attention in the literature. It is a key element in which not only Schools differ, but also governments, donors, agencies and even critics. These disagreements have also been referred to as the “means-and-ends” debate (Oakley and Marsden, 1984: 17-19). The positions in the debate include a wide spectrum of views, which go from the level of involvement of participants; to the understanding of the reasons for their participation. To visualise the different positions in this debate, one could imagine them as a continuum from right to left, from those that support participation as a means to increase project efficiency to those for whom it is an end in itself²⁰.

20.- Oakley and Marsden (1984) develop a continuum on which we built ours. We adapt from them in order to incorporate our view of the Schools of Participation and the new developments and tendencies that since have appeared.

At the right extreme, the most liberal authors understand participation as an extension mechanism²¹, as little more than a way to “sensitise people” and thus increase their receptivity and ability to respond to development programmes (e.g., Lele, 1975); or as a form of “voluntary contribution” by the people, who are not expected to take part in planning or evaluation (ECLA, 1973). Though this view was mainly held in the ‘70s and early ‘80s, it is still held by some governments that understand it as a mechanism to tax the poor and increase project efficiency.

For those in the centre, as for the Cornell School, people’s involvement should go beyond the implementation and sharing of benefits (Uphoff and Cohen, 1977). They believe that people have both a right and a duty to involve themselves in assessing their own needs, solving their own problems, mobilising local resources and suggesting new solutions (WHO, 1987). For these authors, participation is mainly a means to achieve specific project goals by increasing information (Baetz, 1980), and thus, to increase efficiency and project sustainability.

It is clear that the World Bank’s own perspective has shifted to the left along this continuum since it was first announced by McNamara in 1973²². It has evolved from involvement in project implementation, to the active participation to enable client groups or “especially disadvantaged people, to influence decisions that affect them” (Paul, 1987; Bhatnagar and Williams 1992:177) and participate in the direction and execution of projects in order to enhance income, personal growth and self-reliance (Cerna, 1991; Paul, 1987); to the effective participation by all the stakeholders²³ in decision making and management (Workshop on Participatory Development, 1994) in order to “gain influence and shared control over the decisions they make” (WB, 1996:3, our emphasis).

For the Bank, thus, participation is nowadays, mainly a mechanism to improve decision-making, project sustainability and to introduce some social change needed to foster development. Hence, as can be seen, in the discourse, the Bank has shown a need to identify with participatory

21.- Here we are using the word extension in the sense given by rural development to those activities oriented to educate, to persuade and interest rural peasants on issues related mostly to technology and agricultural production, see for instance Jones and Rolls (1982).

22.- This movement has been pushed through by authors such as Cerna, Paul, Bhatnagar, Clark, and others.

23.- This was a concept introduced by the Bank, to refer to those “parties who are either affect or are affected by the Banks’ policies” (World Bank, 1994:1). Stakeholder is thus a wider concept that incorporates actors in a wider context than that traditionally attached to participation, see also Nelson and Wright (1995) and Long (2001).

orthodoxy. However, in practice, the use of these methodologies has proven to be very problematic and hence a much weaker use of the approach is undertaken in the actual projects.

Finally, the far left of the spectrum is occupied by many NGOs and especially by those influenced by Chambers who have dominated the debate hitherto. They see participation as a process that should enable people to take autonomous initiatives and by so doing allow them to achieve political power in order to exert pressure for economic benefits and social change (Rahman, 1981). They use terms like “transformation”, “local control”, ‘capacity building’, “empowering”, “creating space”, “creating social assets” to explain the objectives of this type of participation. Authors like Oakley, Chambers, Burkey, and Rahman, for instance, associate it with the need to build the capacities on the poor, and they understand that participation is only “meaningful” if people participate “authentically”, and it serves to improve their quality of life and help them fight oppression (e.g., Chambers, 1995; Oakley, 1984; Rahman, 1981). For Oakley, for instance, participation is only authentic, when it is central to the project’s activities and where the analysis employed by the project sees it as central to the empowering of local people (Oakley, 1991:160-1).

This argument has in fact become so influential that it can be described as an orthodoxy that has permeated most of the thinking on participation and a large part of development practice, as we expand now.

III.C PARTICIPATORY ORTHODOXY

Dominated by the work of Chambers, the central argument of the orthodoxy, is rooted in Freire’s idea of *conscientização* or ‘awakening’ understood as a process of reaching a “critical consciousness” (Freire, 1972:172-3), that enables people to analyse reality and acquire awareness (Freire, 1972; Barreiro, 1982)²⁴. This awakening is supposed to give the people a better understanding of the causes of their problems and the power to solve them and fight

24.- It is important to say that Chambers, is not part of the more Freiran radical perspective, see Williams (2003a) on this.

collectively (Castillo, 1983: 487) to free themselves from oppression²⁵ (e.g., Stokes, 1981; Ckekki, 1980). Consciousness-raising is generally linked to education and participation in popular activities (Barreiro, 1972; Muñoz, 1979; Torres, 1984; Freire, 1973; Illich, 1977).

These theorists began with the idea of awakening and have since evolved it into the concept of empowerment²⁶, which has become the main objective of participation. Empowerment, is understood as the active involvement of those previously excluded from the use and control of resources, particularly through education²⁷ for socio-political action (Oakley, 1991). Empowered people are then expected to generate the changes in the balance of power that will give them greater bargaining power (Chambers, 1995). Empowerment advocates see this as even more important than the project itself, since it will contribute to the learning experience in the community even if the project fails. Thus, participation as empowerment, is seen as such a powerful process that inserts itself into peoples' approach to life (Moser, 1989) and produces "changes in their personal attitudes towards the collective" (Burkey, 1993:57; Castillo, 1983:487), changing their individualistic attitude "through the development of a collective understanding of their political force as a group" (Chambers, 1995: 212-234). Participation as empowerment is understood as an end in itself, a goal of development (De Leon, 1982; Oakley, 1991).

The orthodoxy seems to believe that participation as empowerment will allow communities to increase their confidence and abilities; to the point where they can effectively provide for all the services they need, by themselves (e.g., Burkey, 1993; Rahman, 1993). Self-reliance is thus understood as the materialisation of empowerment, as the "...possession of a sufficient combination of mental and material resources to be able to resist the dictates of others on one's own course of action" (Rahman, 1993:150). These authors see self-reliance as a safeguard

25.- For Stokes, Boyle and Ckekki participation makes people understand the causes of their problems and gives them the power to solve them (Stokes, 1981; Boyle, 1980; Ckekki, 1980); and for Castillo and Freire this enables people to fight collectively and free themselves from oppression (Castillo, 1983: 487; Freire, 1972:172-3).

26.- The Empowerment perspective emerged after the World Conference on Agrarian Reform and Rural Development (WCARRD) in 1979 emphasising the link between the transfer of power and participation.

27.- In fact we believe that in many occasions, "what people want participation for", is actually "what *the scholars or practitioners believe* people should want it for" (Thomas, 1992). Freire's "*conscientização*", seems to depend on how reality is constructed and presented to people, so awakening often means indoctrination rather than education. Even authors who follow Freire have to recognise that people have a certain resistance *to be awakened* (Alvarez, undated).

against paternalism or authoritarianism (e.g., Lisk, 1985) and a break away from dependency (OXFAM, 1991). This argument is so entrenched that many scholars treat the achievement of self-reliance as the *raison d'être* for participation (e.g., Lisk, 1985) and, therefore, present it as an aspiration for all communities and the ideal solution to the problem of poverty at the local level (e.g., Burkey, 1993; Rahman, 1993).

Though we do recognise the importance of giving the poor “access to decision making and power” (UNDP, 1993:21), and do recognise that self-reliance is an important goal, we believe that the approach has been overplayed by some authors and practitioners. In our view they have overlooked two significant problems - the relationship between empowerment and project success and with the learning process. To them, we turn now.

III.C.1 Project Success and Empowerment

While it is true that some donors have overemphasised the importance of project success and disregarded the need to change distributional patterns that have enabled elites to benefit more than the poor from development programmes, participatory orthodoxy has gone too far in the other direction. As a result, they have exaggerated the importance of empowerment by seeing it as the only meaningful aspect of participation, and their fixation with the political and structural problems of development has led them to neglect important issues for project implementation. These include, organisational problems, incentives and motivation, sustainability, and even the long-term redistribution of benefits that are crucial to project success (see Ditcher, 1992).

We believe that if participation is to be meaningful for individuals, it must produce at least some of the results they expected when they first gather to work together. Thus, participatory enterprises need to produce outcomes that generate higher returns for the majority of participants than those they would have achieved without it. Moreover, participatory service provision needs to be at least as efficient as other forms of provision, to be sustainable. Only if participation produces concrete benefits, will individuals be willing to continue participating and therefore to meet the costs of learning, risking and investing in the process. Project success is, therefore, essential to long-term empowerment, and project failure is more likely to lead to demoralisation and withdrawal than to empowerment.

III.C.2 Participation as a Learning Process

Another problematic implication of seeing empowerment as the objective of participation has to do with its relationship to the learning process. Most radical theorists, believe that people can only learn to participate by participating, that is to say “learning by doing” (e.g., Burkey, 1993:57) and that this will enable them to organise themselves to defend their rights and be more assertive (e.g., Rahman, 1983). If projects fail, they believe, people will learn from their mistakes and then improve their future performance (Burkey, 1993:69), so participation in any specific project has to be seen as a long term process “of awakening, organising and patiently learning to adjust to the dynamics of democratic groups activities” (Burkey, 1993:69). Under this understanding participation, and indeed self-reliance, become a life-long experience that may involve a number of attempts that would, then, imply more learning, more experience, and better participation. These claims raise some problematic issues. First, people are expected to learn many complex skills, which according to Burkey include:

“... how to express themselves in public, analyse and verify information, make decisions and resolve conflicts... constructively criticise their companions, acquire and use power, maintain channels of communication, keep accounts and use money wisely, and avoid such common problems as favouritism, nepotism, gossip, manipulation and autocratic leadership” (Burkey, 1993:52, our emphasis).

Here, Burkey brilliantly lists the necessary skills needed for participation, and appears to assume that they can be easily acquired. However, we believe, that even economically secure individuals that already have some of these skills, would still find it difficult to get together and decide collectively on the sorts of issues involved in even relatively simple projects. More realistically, a group of diverse and possibly competing neighbours with serious everyday problems of survival, fears, and conflicting interests are likely to take some time to learn these relatively basic skills. Moreover, complications escalate when the issues implicated involve conflicting values, like the choice of religion in schools, the use or not of traditional medicine, or the need to divide someone’s land to build a road to the neighbouring community. To expect

the rural poor to solve these problems is to expect them to do better than is often the case in advanced societies²⁸.

Second, this approach also implies that individuals will never get tired of participating and that, therefore, they will always have the spare resources required to do so! Though we agree with Burkey that, “the poor have *patience* to learn” (Burkey, 1993:68 –our emphasis-), we also believe that, as the poor have to face an everyday struggle to survive, and as they are intelligent and rational individuals, they will not play endless and costly games of trial and error without losing patience and opting out. However, even if we suppose that they can actually manage to learn the necessary skills, have the necessary patience, time and commitment, so that they are ready to put aside their personal needs and problems to work for the common good, many problems would still remain.

Hence, third, to learn to participate, communities must have the capacity to evaluate their own participation. But, to be able to learn from mistakes implies to have the capacity to identify failures and its causes, and this is not always the case. We of course do not mean that the rural poor are fools or incapable of analysing and learning from their reality. In fact this thesis is based on the opposite assumption. As we show in the coming chapters, the problem is that they often do not have the information they need to identify their mistakes, nor the power to correct them. For example, the rural poor often use traditional medicine as a mechanism to fight disease. This does not always yield the expected results but people cannot overcome this problem because they lack information. Furthermore, people may not be able to transform a traditional institution even knowing that it is the cause of their problems.

Fourth, orthodox theorists also seem to assume that those individuals in communities who do have the information needed to develop a project will be ready to share it with the rest of the community in order to produce “collective learning”. However, this is rarely so, as we will show throughout this study, especially in Chapter VI.

Moreover, fifth, assuming that participation will succeed in this way implies an evolutionary approach to the development of organisational capacity. It assumes that more efficient forms of

28.- Moreover, Finsterbush and Van Wicklin (1987) show that it is easier for people in more affluent societies to learn some of this skills than what it is for the very poor.

communication, collective organisation and management of participation will drive out others at the end of the game. However, the history of rural development suggests that this rarely occurs.

Further, sixth, orthodox authors pay insufficient attention to central issues such as how empowerment takes place and how it relates to power (Mosse, 1994). They do not consider, thus, that some individuals may learn first and therefore empower first, and at the expense of the others, an issue we systematically found in our field research and that will take up specially in Chapter VII.

Finally, participatory orthodoxy also assumes that communities can never learn the wrong lessons, for example to be less democratic, or to run projects that waste rather than make good use of resources. Though, it is generally accepted that this has happened in other types of societies and organisations, such as states²⁹ and firms, participatory theorists do not seem to believe it could also happen in communities.

These arguments are not intended to suggest that participation cannot bring about important learning experiences, or that people cannot learn from it. Instead we, as other authors have started to do, want to stress that the poor will only be willing to engage in, and will keep participating in learning-by-doing experiences, if they believe that they will not meet with repeated failures, if self-reliance is not an infinite chain of trial and error. Learning is, thus, a function of project success since only this will give them the self-confidence, energy, capacities and will, needed to modify or challenge institutions that oppress them.

29.- Relevant to our point is the widespread collapse of African economies since the 1970s, and the failure of most aid programmes to help matters. In the same manner many authors have noted that Argentina went in "the wrong direction" and "underdeveloped" itself, reversing its growth in the first part of this century. These cases show that we can learn in the wrong direction. For a further analysis see North (1995).

III.C.3 Some Critical Voices from within the Approach

Although we believe that optimistic assumptions still dominate the field, it is clear that orthodox theorists are now recognising some of the problems associated with the inequality and conflicting interests that we will focus on in the rest of this thesis, especially in relation to the political-economy of the community.

Initially many assumed that communities have needs, expectations and interests that are equally shared by everyone. Castillo, for instance wrote:

“The community’s awareness of the necessity and effectiveness of their active participation in their own development will ensure that progress shall continue even after the formalised project ends...” (Castillo, 1983:487)

He, and others, seemed to believe in the existence of a kind of collective subconscious, or a community based invisible hand that organises individuals so as to harmoniously and systematically create the common good.

Further, although many of these authors stressed the importance of the “powerless” learning to resist the “powerful”, they said little about how the social relations of the powerless could be reconstructed to enable them to do this, or how their attempt to do so would affect the unity of the community. Paradoxically, these authors who failed to address these issues were those advocates of empowerment, who criticised other approaches for ignoring social differentiation and therefore being reductionist³⁰.

Fortunately, however, critical voices have now recognised the need for a more complex conceptualisation of the social relationships within communities that recognise the existence of problems of power and inequality within them. Etzioni, for instance, indicated that it is misleading to use a definition of community that treats it as a normative and romanticised concept in which interests are complementary and there is always a non-oppressive majority (Etzioni, 1996). The very important work of Wignaraja, also demystifies the idea of harmonic rural communities. He argues that conflicts among groups with opposing interests will arise in environments where land is unequally distributed and that are not organised in tribal or

30.- Stål argues that the UNRISD definition takes social differentiation into account. This is only partially true, as authors distinguish only between the excluded and not excluded. However, this is far too simple because community social differentiation is much more complicated than that, see Stål (1990:9).

traditional forms (Wignaraja, 1984). Similarly, authors like Tendler, Burkey³¹ and Cernea, have suggested that the social dynamics of communities can condition participation, though they do not take the matter further (Cernea, 1992; Burkey, 1993). Oakley, briefly outlines the existence of competing interests groups in communities (see Oakley 1991:13.n.13), while Parry recognised that participation can be “unreal”, when vested interest determine structural outcomes (see Parry, 1972), something that can clearly be applied to other forms of participation.

More recently the seminal work of Guijt and Kaul (1999), shows the enormous differences that women face in the participatory process. Chambers himself, in the prologue to this work, recognises the existence of inequalities and conflict in communities:

“...several contributions of this book strikingly confront consensual participation as a myth at least in short terms...” (Chambers, foreword to Guijt and Kaul, 1999: p. xviii).

Guijt and Kaul, addressed the problems of power and control over resources, revealing community division and complexity and recognising that:

“...Looking back it is apparent that “community” has often been viewed naively, or in practice dealt with, as an harmonious and internally equitable collective...too often has been an inadequate understanding of the internal dynamics and differences that are so crucial to positive outcomes... many participatory initiatives do not deal with the complexity of community differences” (Guijt and Kaul, 1999: p.1).

This recognition of problems of difference and conflict in communities has already helped authors to explore important issues that were previously ignored. For instance, Croll shows how Chinese women are largely marginalised from the participatory process (Croll, 1985). Focusing on the role of groups in community development, Huizer shows, in a study of Latin America, that inequalities and distortions of the development process contribute to socio-economic conflicts between groups (Huizer, 1985), and similar arguments have been made by Cooke and

31.- Burkey recognises the importance of working with groups to assure participation success. They see them as mechanisms to bring membership voluntary, to elect leaders, to increase participation in small groups and assure regular meetings to discuss issues that matter (Burkey, 1993: 163).

Kothari (2001). Similarly Alamgir has described how the poor are excluded from participation in decision-making and from many of the benefits of self-help in Bangladesh (Alamgir 1985).

These recent shifts do signal that some within the orthodoxy do recognise the existence of the critical problems that we will take up in the rest of the thesis, although they had not yet provided an analytical basis for incorporating them into a general analysis that takes account of them. We will intend to do so in this thesis, not by denying that participation can produce empowerment, important learning experiences or even positive outcomes, but by introducing some realism to the field where over-optimism have treated participation as a process that will effortlessly organise itself and always produce a Hollywood-style happy ending.

IV CONCLUSION

The recognition that participation is central to development and that the poor should be involved in projects that affect their lives is probably the most important recent advance in our knowledge about development management. This belief, however, is not exclusive to participation since it has been around for a long time in the demand for democratic rights and citizenship, the orthodoxy ignores (Mohan and Hickey, 2004).

Though orthodox theory has made an important contribution to the discussion, for example by emphasising the role of local knowledge and the need to include the excluded in the several parts of the project management process, it has concentrated so much on certain issues like the need for empowerment, that has overlooked many others that are at least equally important. Moreover, even within empowerment, as they depoliticise participation, they fail to provide us with an adequate understanding of how these processes can actually take place within the communities' political economy. Though, some orthodox voices have started to be critical about issues such as conflict of interests and the role of women and of institutions, for instance, their work on these topics is still limited and has not sufficiently permeated project implementation. Thus, in most cases implementation is still sustained by the old approach, that is, to say the least, naïve and simplistic. Furthermore, many NGOs and governments use it only to access funding so it has often become more rhetorical than effective action to help the poor.

Participatory programmes have to operate within the limits set by the unequal distribution of assets, and a risky environment in which actors compete for resources have conflicting interests, are constrained by domestic and external power structures, and by oppressive local institutions. Therefore, important issues that are bound to determine the outcome of participatory programmes, such as who exerts voice in a community, or how the decision making process take place or how the benefits are distributed, should be attended to more.

We believe that many of these weaknesses with the orthodox approach can be overcome by using institutional theory based on a rational choice and transaction costs approach. This may help us to understand the potential conflicts between individual and collective interests and incentives, and to see participation as a process of institutional change in a specific political-economic context. It may also help us to understand how collective decision-making choices are informed and socially organised and how they are enforced in a specific institutional setting. This approach may also allow us, to focus on power and social stratification without losing our focus on the scope, objectives and outcomes of participation. We will set out the theoretical basis of this approach in the next chapter and develop it empirically in the part II of this thesis.

CHAPTER III

TRANSACTION COSTS AND PARTICIPATORY DEVELOPMENT

INTRODUCTION

The preceding chapters have questioned the claims made by participation orthodoxy that insists that the poor know what they need and community members will actively involve themselves in working out solutions to their own problems and therefore build the organisational capacity needed to sustain development in their community if they are given the opportunity. Instead, we argue that the participation of the poor occurs in unpredictable environments and faces serious risks arising out of adverse weather, epidemics, threats to their property rights and political turmoil that reinforce scarcity and force them to compete for limited resources, often generating high levels of inequality and conflict. Hence, they do not always work on behalf of the 'community' in an altruistic way as participatory orthodoxy assumes, and often behave opportunistically.

Therefore, although the poor may know what they need, their limited and unequally distributed information may jeopardise their perceptions of problems and possible solutions. Though some of them are likely to become involved, limited resources and competing goals can subject participatory processes to conflicts and disagreements, and free-riding and opportunism can significantly undermine collective efforts. Further, even where the organisational capacity needed to sustain participatory processes has been built, it will be constantly threatened by the conflicts of interest and inequalities that exist in all communities, and by the fact that few local people will have the expertise required to manage technically complex projects.

This means that we need to develop theories and analytical models that enable us to take account of the way in which risk, uncertainty, scarcity and conflicting interests have forced rural people to create institutional arrangements -solidarity networks and other systems of reciprocity and obligation to overcome them. Given that cooperation in communities is influenced by competition as well as collaboration, those who advocate CPD must take both into account, and explain how individuals deal with them in environments dominated by scarcity, conflict,

uncertainty and mistrust. They need to recognise that cooperation can be the result of consent, but is more often based on different forms of compulsion and can only be sustained through the creation of the appropriate institutional arrangements that depend on cultural values and rules enforced through the operation of local kinship systems, ethnicity, religion, and other traditions. They need to understand how and when these arrangements reinforce CPD or undermine it; why not everyone cooperates even when the benefits from doing so are real and the collective values required to do so do actually exist; or why some individuals behave in anti-social ways by lying, stealing, or free-riding, as is often the case in participatory projects.

We believe that Transaction Costs Economics (TCE) offers us the best way of dealing with these problems by treating cooperation as the sum of cooperative transactions that individuals in a community have to manage with each other. TCE studies the contributions and compromises that individuals have to make in order to be able to initiate and sustain exchanges, or in other words, the costs and benefits involved in the transactions through which they make the agreements involved in cooperative processes, and therefore helps to reveal many of the difficulties that confront the poor when organising collective action. It focuses on who possesses the information relevant to a specific transaction and about the implications this has for the management of CPD. It, therefore, enables us to better understand the problems of incentives and imperfect information that bear on these processes, and the way they are distributed among different groups in the community. By focusing on the concrete problems involved in coordinating social behaviour it can also provide us with a better account of how opportunism arises and how it influences cooperation, motivation and outcomes. It enables us to study how contracts are organised and enforced and to find out how benefits are being distributed and who is getting what out of the process.

The first section of this chapter will introduce TCE and show how it can help to account for some of the problems discussed earlier. The second section will briefly explain how it relates to other aspects of New Institutional Economics (NIE) such as collective action and agency theory, to provide us with useful analytical tools. The third section will present an outline of a “transactional view” of CPD that will be further expanded in the chapters to follow. We conclude by identifying some of the additional understandings that TCE can bring to the study of participation.

I TRANSACTION COSTS ECONOMICS AND THE STUDY OF PARTICIPATION

Transaction Costs Economics is part of what is called the New Institutional Economics (NIE), an approach that has increasingly permeated other disciplines. In Anthropology, for instance, Mary Douglas (1979, 1986) has systematically and powerfully used the insights provided by NIE (see particularly Douglas, 1992), and other anthropologists have also applied it to analyse a series of issues, such as reciprocity (Smith and Boyd, 1990); risk and uncertainty (Finan, 1988; Plattner, 1989; Clark, 1990; Winterhalder, 1990; Hawkes, 1990); property rights (Ensminger, 1991); credit (McGregor, 1994; Shipton, 1994); devolution and institutional development (Ensminger, 1990, 1992); markets in the third world (Acheson, 1994, Sacks, 1983; Hamilton and Biggart, 1988); and state agencies and development (Marti, 1994; Moberg, 1994; McDowel, 1994). They have used micro-situational analyses to show that uncertainty frames individual choices in communities, (e.g., Acheson, 1985; Plattner, 1989; Ortiz, 1990); and so do institutions (e.g., Ensminger, 1991, McGregor, 1994; Shipton, 1994), and that this can alter reciprocity mechanisms and give rise to opportunistic behaviour (Russell, 1994).

NIE has also been particularly useful in the area of common pool resource management. Following the work of Elinor Ostrom (1990, 1992, 1993) a growing number of authors have studied problems of property rights and resource management (Acheson, 1989; Anderson and Simmons, 1993; Bromley, 1992; McCaay and Acheson, 1987). Ostrom, not only shows how cooperative agreements can be effective in managing common pool resources, but also sets out the very demanding conditions that have to be met to ensure that benefits are equitably allocated and contracts effectively enforced (see Ostrom, 1990, 1992, and specially 1993).

In the area of development studies the number of works using NIE as a methodological or theoretical base is also growing and very relevant collections of papers are demonstrating its important possibilities. These studies have called our attention especially to two main ideas, the importance of appropriate institutional change for development (Brett, 1996; Toye, 1996), and the centrality of transaction costs study to understand problems of development (Acheson, 1994; Harriss, et.al., 1995; Nabli and Nugent, 1989; Natal, 1996). Nabli and Nugent, in particular, have shown how individuals make developmental choices based on the costs they believe they will incur, and how the transaction costs of every-day micro-economic exchanges have affected

economic performance, institutional change, and development in Tunisia. Their work showed that TCE is a powerful tool to examine general problems of development and has led others to use transaction costs theory (Alexander and Alexander, 1991; Bailey, 1991; Cashdan, 1990; Ensminger, 1994; Natal, 1996; Stephens, 1990).

There are also efforts that have incorporated some ideas of NIE directly to the study of participatory development, such as Brett's work on organisational choice and efficiency (1996,1997); Paul's study on voice and exit in the participatory process (Paul, 1992), and Douglas's analysis of community institutions (1986), that can indeed be particularly useful for understating individuals' incentives to cooperate. For example Paul (1987) raised key issues, such as, problems of cooperative action, commitment creation, costs and information sharing in his early work on 'Community Participation in Development Projects'. He argued that

"... [community participation] is not a *costless* process. It *takes, time, money and skills to organise and sustain participation*. For communities of the poor the short term opportunity costs of organisation and active participation can be quite high" (Paul, 1987:11, our emphasis)

Though in this paper, Paul did not deal with costs of cooperation explicitly; his reflections made us reach the conclusion that the study of community participation through NIE, and more especially through transaction costs, was possible.

Brett has also used NIE to understand how individuals are motivated and why they choose a particular organisational form, in order to achieve the efficiency needed towards common goals (1996). His work advances our understanding of the institutional arrangements that increase the efficiency of people's organisations both internally - in terms of rules and hierarchies (1996) - and externally - by helping members find ways of organising their access to expertise and agencies (1997, 2003). Though, his work has been treated as an argument against people's participation (Mendez, 1997), it actually seems to embody a commitment to build a more rational approach to it in order to help to create more effective and accountable institutions that will actually serve the purposes for what they were created (Brett, 1996, 1997, 2003; see also 1992, for participation in service provision; and 1993, for NGOs and accountability).

Ostrom's work on the use of collective action for the management of common pool resources (1990, 1992) has also been decisive as we have seen.

Thus, it is clear that TC analysis focuses on the micro-situational analysis of the costs or overheads involved in the interactions between individuals or groups trying to manage co-operation to achieve collective purposes that are critical to the success or failure of participatory developmental processes.

I.A WHAT ARE TRANSACTION COSTS?

The New Institutional Economics, of which TCE forms part, is a body of knowledge that has evolved within economics in recent years. NIE is mainly based on Institutional Economics¹ (IE) and on many of the principles of Neo-classical economics (NE). From the former it took a concern for social and economic institutions and from the latter the understanding of the individual as the methodological unit of analysis and the ideas of scarcity and competitiveness.

The origins of TC analysis can be traced back to the work of scholars interested in organisational analysis and theories of the firm treating the firm as a transaction cost minimiser. Before this, the firm existed in the abstract world of Walras-Pareto equilibrium theories, while the problem of every-day managerial demands was ignored. The firm was then, understood as if it did not have a "... balance sheet... visible capital structure, [or]...debts, [and was] engaged... in the simultaneous purchase of inputs and sale of outputs at constant rates..." (Bouldin, 1950:34). In other words, the connections between the firm as an economic actor and the firm as an administrative organisation were invisible to theorists. Coase, departed from this understanding by developing a more dynamic way of understanding the firm based on the

1.- Institutional Economics emerged out of two traditions, the work of Veblen and that of Commons. The former, interested in different aspects of economic anthropology, from the behaviour of American industrialists to primitive tribes, the latter with social and economic institutions. Like other institutionalists of the time, they were concerned with the institutional and technical issues of the economy. For Rutherford their contributions were (a) the questioning of the idea that technological change was the motor of institutional adjustment and evolution of economic systems, and (b) the understanding that institutions are the motor of economic change (see Rutherford 1994:1-3). However, IE was marginalized by the pressures of the 1930's-depression that shifted interest away from detailed studies of institutions. It was seen as economically uninteresting or statistically unscientific, and lost ground to the more coherent and powerful formulations of neo-classical economics (See Herrick B. in Nugent and Nabli, 1989: 430).

realisation that in the real world transactions are not costless. Instead, they involve the costs of discovering what the relevant prices are, the costs of negotiating and contracting with other parties, and the costs of monitoring and enforcing contracts. Coase drew attention to the fact that the firm has not only to minimise production costs, but also transaction costs in order to be efficient and effective (Coase, 1937). The recognition of the existence of transaction costs not only changed our understanding of the firm as an administrative as well as an economic organisation but also broadened our understanding of organisations in general and, indeed, of all other processes of exchange.

Coase's works, "The Nature of the firm" (1937) and "Problems of social costs" (1960) informed subsequent economic theory and created the basis for the development of a new approach for the understanding of the economy as a whole (Harriss, et. al. 1996:3). Subsequent scholars became more and more interested in the ways in which institutions and individuals' behaviour influence exchange. But it was Oliver Williamson, following Commons, who took the transaction as a basic unit of analysis (see Commons, 1934:4-8) to develop a micro-analytical approach to the study of economic organisations that he called, Transaction Costs Economics (Williamson, 1985:1). He defined Transaction costs (TC) as the work that individuals or organisations have to do in terms of effort, time, and other expenses, in order to obtain relevant information with which to negotiate contracts, and to carry out the process of bargaining required to agree and enforce them (Williamson, 1985:2). This is the definition we use in this paper.

Authors agree that TC are always present in all the exchange processes through which individuals interact, and that they are decisive in economic performance; however they differ over why they arise and the form they take. For Williamson, they are mostly the product of the bounded rationality and opportunism (defined as self-interest with guile) of individuals, while North sees them as the general costs of growing specialisation and a complex division of labour (North, 1984); and Cheung as a consequence of operating institutions (Cheung, 1983:3). Most authors also agree that governance structures are to a large extent a consequence of the type of transaction costs individuals have to deal with. This is to say that different organisational forms arise from differences in the costs that individuals face, so that a change in the composition of transaction costs may largely account for institutional change.

1.B TYPES OF TC

Authors identify two main types of transaction costs, those that occur before and those after the contract, called ex- ante and ex- post TCs respectively (Williamson, 1985). Ex-ante costs are largely coordination costs, i.e. those involved in the organisation of joint activities, such as negotiating agreements among participants, making side payments and communicating to all relevant parties (Ostrom, 1993:47). Ex-post costs are, on the other hand, related to activities such as monitoring the performance of participants, sanctioning and renegotiating when changes modify the initial agreement, and so on.

There are many different forms transaction costs can take. Ostrom identifies what she calls strategic costs, as those that result exclusively from the opportunistic behaviour of participants (1993:48). Other authors identify information costs as those related to the difficulties involved in accessing, gathering and integrating the relevant information that participants need to make choices. Mustak Khan has highlighted the existence of contestation costs, as those involved in overcoming conflicting interests (Khan, 2003).

The different types of costs identified by these authors have been particularly illuminating and useful in the study of economics, but our knowledge of them is still underdeveloped and limited. These are not yet sufficient to adequately account for many of the organizational problems encountered in many different types of the less common transactions, and certainly not enough to explain many of the transactional problems that arise in other social exchanges like those that dominate CPD². The following chapters will, therefore, attempt to show how TC analysis can be applied to problems of access, codification and diffusion of information, of monitoring for strategic behaviour and of the governance of participation, issues that this thesis found, generated the more transaction costs to the communities' cooperative systems.

2.- See Boisot and Child (1997) for a similar development in the study of bureaucracy in China.

I.C THE BASIC ASSUMPTIONS OF TRANSACTION COST ECONOMICS

I.C.1 Rational Individualism

Neoclassic economics treats the individual as a self-interested being who confronts other self-interested actors across markets, in order to maximise his/her own interests. Self-interest is thus the key explanatory element in exchanges³. NE assumes, however, that in these confrontations (a) individuals make full, open and transparent declarations about their intentions and expectations; and (b) that their execution of their part of the contract will be coherent with those declarations (Williamson, 1985:49). This is to assume a model of behaviour in which self-interested "... individuals [are] playing a game with fixed rules, which they obey. They do not buy more than they can pay for, they do not embezzle funds, they do not rob banks..." (Diamond, 1971:13, quoted by Williamson, 1985:49, footnote).

TCE is based on a similar methodological individualism, but in a less naïve manner. For TCE, self-interest is a far more complex affair, where there is always room for bargaining in the interactions among individuals that goes beyond the simple formula of using price to explain demand. TCE authors also assume that individuals have hidden agendas, incentives or information they may use to maximise the benefits they derive from a contract at the expense of those they are dealing with⁴. Further TCE recognises that rationality is limited by physical, biological and social factors, and that individuals may want to make rational decisions, but they cannot be fully rational but only "intendedly" so (Barnard, 1938:12-45; Simon, 1961:xxiv). Simon called this "bounded rationality" (1957) and proposed several categories that limit individual's choice. These are (1) imperfect and incomplete information, (2) the complexity of problems, (3) limited human information-processing capacity, (4) the time available for decision making process, and (5) the conflicting preferences decision makers have for organisational goals (Hatch, 1997:274).

3.- See Mead (1937) for an early and very illustrative study on competition in "primitive people", as she calls them.

4.- Some authors stress how due to the fact that (a) the products of collective action are jointly-consumable and (b) individuals have heterogeneous preferences for public goods, some individuals have incentives to act selfishly and purposely reveal false preferences (Stiglitz, 1986 Ch.6; Kuran (1987a,b, 1988), or under- or over-state the costs (Hirschman, 1967).

For Simon, the most important of these problems are those derived from limited information i.e. uncertainty, and those derived from the different understandings and conflicting goals they face, i.e. ambiguity. Thus, following Simon, TCE theorists recognise the importance of imperfect information and conflicting interests, and therefore, the need to recognise the costs that individuals incur in obtaining knowledge (see Loasby, 1986:41; MacKaay, 1982: Chapter 6; Williamson 1975: 31-2); and the extent to which their conflicting views and interests will limit their willingness to cooperate with each other (Jensen and Meckling, 1976).

Some theorists have also expanded the notion of self-interest, so that it even includes the possibility of a kind of solidaristic self-interest, in which “individuals are self-interested actors concerned only with their own welfare and that of their families” (Ostrom, 1990:xx- our emphasis). This particular point, will be further discussed in the next chapters, when we will argue that reciprocity is framed, on the one hand, by the extent to which is socialised by a culture that induces individuals to get personal satisfaction out of working to benefit particular categories of others, and of the associated social pressure to be accepted and recognised; and on the other hand, by an environment characterised by fierce competition, that forces individuals to act strategically. We will then show that individuals are likely to make rational calculations about participation that relate to how much reciprocation they can expect, and that, thus, they use reciprocity as a strategic tool.

I.C.2 Contracting

TCE also assumes that, as individuals may behave opportunistically when they transact with each other, they are forced to elaborate in most of their exchanges binding contracts to protect their interests.

Thus, Williamson believes that individuals “... will not reliably self-enforce promises, but will defect from the letter and spirit of an agreement when it suits their purposes...” (Williamson, 1985: 388), while Knight claims that opportunism is the key reason why organisations emerge to impose binding rules, because these are necessary to ensure “the protection ... of members....against each other’s predatory propensities”, (Knight, 1965:254), an idea subsequently developed by Williamson.

Building on these understandings, many different situations have been studied, where a contract is developed to prevent opportunistic behaviour. Two that have been key for TCE work on contracting, its mechanisms and problems, are Knight's conception of "moral hazard" and Arrow's "paradox of information".

Analysing risk and uncertainty in the context of insurance, Knight first identified the problems of "moral hazard" (1965:260). He showed that individuals are more prone to take risks if they know that there is a contract that insures them. Complex contracts that include negative incentives to safeguard against moral hazard have, therefore, to be developed to avoid situations such as a car owner being more risky because he/she has car insurance. Arrow's (1971) "fundamental paradox" of information is based on the fact that the value of information to a purchaser is not known until he/she has purchased it, so the purchaser will not want to buy because he/she is not sure of what it is worth (1971:152). Hence, contracts have to be elaborated to protect purchasers from buying useless information and/or being cheated.

But not all contracting is produced by opportunism. Matthews has stressed that costs of organising and monitoring exist in any transaction, even when participants are honest and do not want to cheat, and that these costs need to be predicted and provided for in an initial contract (Matthews, 1986). Changing political and economic conditions may alter the attitudes of the parties towards the original transaction, and changes in their finances, interests or health, for instance, may modify their position and bring them to reorganise their participation. Knowing that this can happen, the parties may feel insecure about entering into a transaction, unless a contract that can provide for these hazards can be developed.

Moral hazard, the asymmetries of information, and the constant need of organising and monitoring for changes in conditions, are just a few of the many different factors that may modify actors' behaviour or that frame exchanges and modify agreements. These may reduce ex-ante confidence in transactions and individuals, therefore, need to elaborate safeguards or contracts to ensure that neither of them will be exploited (Williamson, 1985:30, 64).

Contracts, can take many forms, such as, hierarchy, norms, rules, and institutions, but in all cases they bring certainty to individuals and, by so doing, become transaction cost minimisers that make the exchange among them possible (Knight, 1965). In this same sense, social norms and indeed culture within a community, may work as an informal well-known and collectively

accepted contract that work to reduce TC and facilitate individuals interactions, as we will take up later.

However, because there is no perfect foresight, agents face difficulties in providing for all possible problems and difficulties that may arise in the carrying out of the expected tasks and, thus, contracts are always 'incomplete'. Therefore, there is always a certain level of ambiguity implicit in all contracts, and agents can in some cases manipulate them to benefit themselves.

The following chapters will show how CPD is threatened by different forms of opportunism and co-ordination costs, and how communities have created different contracts and institutional arrangements to deal with them. We will also deal with how some contracts' ambiguities were used in favour of certain groups within the community to maximise their interests, vis-à-vis those of the poor.

I.C.3 The Institutional Framing of Exchanges

A central principle of TCE is the recognition that institutions are necessary to frame and facilitate exchanges, firstly by shaping the choices of individuals and, second, because their impact on individual transactions is so high that they affect economic and social performance.

First, choices are made within contexts that are structured by institutions that act as the "rules of the game in a society", the "constraints that human beings impose on themselves" (North, 1990:3, 5). Institutions are made up of clusters of rules that can be informal, such as social norms, ethnic and religious bonds; and/or formal regulations such as the legal system. They create systems of incentives – a range of rewards and penalties – that induce individuals to make certain kinds of choices as opposed to others⁵. Most institutions try to attenuate self-interested and opportunistic choices, and by so doing they create confidence (McManus, 1975; Williamson, 1985), and may work as a mechanism to reconcile individual and collective

5.- Generally individuals take more than one incentive into account when making a choice. Therefore, TCE assumes that they do not live, do not choose in equilibrium, but in a "multi-equilibrium" situation they have learnt to manage (see North 1990:37). Though this may sound complex, it is actually a simple process, as individuals have internalised rules and dispositions that govern institutions through education, religion, and other systems such as the law, media and effects of reputation.

interests (see Brett, 1996; Ostrom, 1990, 1993, 1994). Here sociological theory takes this further in showing how institutions do not only depend on rules but also on the extent to which the individuals have internalised the knowledge and value systems that are necessary to make them work, as Douglas shows (Douglas, 1987)⁶. This is especially important in cooperative systems where agencies that promote participation bring in new institutions, which the people who are supposed to operate them do not have necessarily the skills and dispositions that are necessary to make them work. This we will take up later.

Second, because institutions impose heavy constraints on individual choices and the incentives that motivate them, they have a critical impact on economic and social performance. Building on Coase (1960), North (1990) and Williamson (1985) have argued that changes in the rules governing prices or markets, access to relevant information, as well as the decisions taken by government and access to political opportunities, generate risk, uncertainty and expectations in ways that strongly affect the costs of transactions. By modifying these costs of exchange, appropriate institutions can foster or reduce the willingness to transact of different economic and social agents and, therefore, can either inhibit or facilitate economic action (North, 1990; Williamson, 1985).

Institutions can facilitate transactions because of the major role they play in society in the reduction of uncertainty (North, 1990). They do so since they serve as mechanisms for gathering information and as insurance against other individuals' predatory practices. In an uncertain world individuals need reliable information in order to make decisions on what to transact, with whom, how and where⁷. They need information that allows them to make the best of their transactions and institutions are the social space where they can find it. As generally accepted systems of rules, practices and social norms, they provide individuals with ready-to-use formulas, with information on procedures and expected attitudes of the other parties, on the rules

6.- Though here we are not dealing with it for reasons of space, there is in fact a certain degree of tension between the individualistic versions of institutional theory used by most economists, and the more 'organic' theory that emerges out of the sociological tradition, from Durkheim to Parsons, Bourdieu, Douglas and Granovetter. Bordieu work on 'habitus', for instance, provides a most powerful exposition of the significance of institutions to human interaction, and of the limits of the individualism that those found in neo-classical economics. We will take some of his ideas on *habitus* later on, as also the seminal work of Granovetter on *embeddedness*.

7.- This idea of institutions as information mechanisms bring us to Coase's recognition that the need for institutions would be nil in a world of perfect foresight (Coase, 1960).

that others will probably follow, as well as with information of sanctions to be applied if needed (Coase, 1993:57, North 1990:6, 27). By so doing, they give individuals certainty and help them to develop common expectations. Culture, for example, defines the way in which individuals process and utilise information (North, 1990:42)⁸.

Institutions also facilitate transactions, because they act as insurance mechanisms that impose individual and collective checks and constraints over misbehaviour. Restrictions on individual actions that attenuate opportunism facilitate co-ordination and cooperation processes, minimise risks, reduce uncertainty and bring predictability (Nugent 1985; Pollak 1985; Porath 1980). This makes individuals feel better able to make choices (Arrow, 1974), to anticipate failures and be capable of enforcing the contracts they have made with others. Institutions, thus, act as “insurance” mechanisms that reduce transaction costs (Ouchi, 1980:130ff), just as firms do so in markets (North, 1990). By so doing institutions have, therefore, an important positive impact on individuals’ willingness to transact and on economic performance and social behaviour.

However, institutions do not always catalyse transactions, as they can also inhibit certain exchanges, either because they go against the rules or because they impose high costs on them (see North, 1990:63). This is why Coase believes that important exchanges, such as the so called “trickle down effect”, expected by the neo-classical economics, do not always occur, because heavy transaction costs, like resource allocation and property rights, are imposed on the process by institutional systems (Coase, 1960). That institutions affect economic outcomes by inhibiting certain transactions also explains why certain individuals may attempt to engage in actions to produce institutional change (Acheson, 1994; North, 1990) so as to make institutions serve their ideological or materialistic ends more effectively (Ensminger, 1992:xiii)⁹.

8.- This is a particularly relevant point in the study of institutions that North and others have highlighted, institutions must not be taken as merely the sum of individual-level searches for information, nor as the aggregated consequence of individual decisions. Institutions are understood by NIE authors, both as a result of and as a conditioning factor for individual choice.

9.- Social change is also a consequence of organisations’ action. Because, as a result of institutional constraints, for instance, individuals may create organisations, which maximising objectives interaction with transaction costs, pushes incrementally towards produce institutional change, so as to serve the organisations’ purpose. For North, organisations are therefore, the result of institutional imitations (see North, 1990: chapter 9).

This, the capacity of individuals to change their institutions is also an area of major criticism of NIE theory. For sociologists such as Granovetter, NIE actors are “undersocialised”; for him transactions do not occur in a vacuum but are embedded in a social matrix that conditions and determines them and, therefore, cannot be isolated and understood outside of it (1985:502-502; 1992:21-2). In a similar vein, anthropologists such as Mary Douglas have highlighted the fact that NIE lacks a cultural component to explain the extent to which the value system through which individuals evaluate decisions and take choices is “socially biased” (1986:11). For other authors such as Nelson and Winter (1982) institutions are a consequence of random variation of choices rather than the result of individual foresight. Though these are important criticisms and though there are many disagreements within NIE most of these problems are addressed by North. He argues that institutions are to a large extent the result of the confluence of historical factors that impose limits on the capacity of actors to make decisions (1990). He and other authors working with NIE, understand that transactions are embedded in institutions and that culture, and the symbolic system within which individuals are inserted, strongly influence their choices. To this understanding here we have called “institutional matrix”. Authors working with NIE also believe that social change occurs when individuals, after evaluating their options, find that the costs of changing institutions are lower than the possible benefits to be obtained by doing so.

Nevertheless, the processes through which change occurs are still a contested area within NIE. For some authors such as Williamson (1985) and Nelson and Winter (1982:308-322), it is competition that forces individuals to develop more effective institutional arrangements and, therefore, to drive out inefficient arrangements. However, there are many critics of this Darwinian/evolutionary approach to institutional change who have seen it as a kind of “optimistic functionalism” (Kuran, 1988:144) and have stressed that institutions operate as a result of a more complex path-dependence process of adaptation and technological change (Hodgson, 1996).

Other disagreements exist over explanations for the persistence and inertia of institutions. For Akerlof (1976), institutions may persist even when they serve nobody’s interests. Some authors have argued that institutional inertia plays a key part in the survival of institutions (Matthews, 1986), making them persist even when they produce sub-optimal or even regressive results (see

Zucker, 1986; Bates, 1983; Eggertsson, 1993)¹⁰. Though authors using NIE still differ over how institutions change, important responses to their critics are emerging. North (1996) has indirectly addressed the criticisms of Douglas and Granovetter by developing the idea of “mental maps”, and Brett (1996) has produced a perspective on social change in Uganda that also takes account of these criticisms. Through the analysis of the Mazahua communities, we will offer in following chapters a more elaborated and applied discussion of these issues.

II TRANSACTION COST ANALYSIS

The previous section has shown that transaction cost economics deals with different types of exchanges and transactional problems, focussing on the costs that parties face in making and implementing all kinds of contracts. The resulting analytical model has been called Transaction Costs Analysis (TCA) (Rindfleisch and Heide, 1997) that we will use to identify some of the hidden costs that the poor confront when they participate in community-based projects. We will also draw on the tools provided by other related theoretical developments, notably institutional analysis, property rights and agency theory and especially collective action theory that powerfully enhance TCA. It is worth noting that for Williamson, some of these theories are actually part of TCE (see Williamson, 1985:24).

Institutional analysis allows us to better account for how local institutional arrangements help individuals to deal with conflicts between collective and private interests and to identify which elements in existing arrangements foster or block the rise of cooperation. Property rights will enable us to identify who benefits or loses as a result of participatory processes. To distinguish between the right of use and the actual property may give us awareness of who really benefits from collectives ventures. Finally, agency theory will help us to better differentiate the different roles played by different members of the communities in participatory ventures. It will also help

10.- Some institutions actually impose perverse incentives and encourage socially regressive outcomes. Therefore, for authors working with TCE, it is clear that institutions can also be a burden for the people (see Bates, 1996), and inhibit important and needed economic and social actions. However, they also understand that they are not deterministic, but dynamic structures that evolve to fit the changing social needs. Therefore, there is always the possibility that ‘regressive’ institutions (those that sustain the power of exploitative elites, or that block progressive change) exist and that therefore implied major problems involved in changing them, see Eggertsson (1993).

us to deal with issues like the distribution of resources and power in a realistic way and relating it to the actual collective project. Collective action theory is perhaps the discipline, along with TCE, that we have found most useful in understanding problems related to the motivation of participants in cooperative processes, and with the organisational difficulties involved in organising collective enterprises. It also provides important insights into the limits to participation.

In the next section we will advance a general theoretical introduction to these disciplines that will be further expanded upon in relation to community cooperation in the rest of this thesis.

II.A Transaction Costs and Institutions

The nature of the institutional settings that are most conducive to cooperation and how existing traditional institutions support or undermine collective action in rural communities are little studied by the participatory theorists as we showed in the previous chapter. A better understanding of these issues is crucial for CPD, as many implementing agencies actually attempt to modify existing institutions without understanding the nature of the roles they may play in community cooperation. Institutional theory and TCE can serve to overcome this problem.

NIE enables us to understand the way in which institutions define choices and attitudes, because they are “governance structures or social arrangements oriented to minimise transaction costs” (Williamson, 1985) or “prescriptions about which actions are required, prohibited or permitted” (Ostrom, 1986). North has indicated that, just as firms can be analysed as mechanisms to reduce costs of economic transactions, other kinds of institutions set the terms on which transaction occur in other arenas of human interaction by helping individuals to develop common expectations and therefore facilitate coordination and cooperation (North, 1990). Influenced by NIE, political scientists have studied institutions as frameworks of “rules, procedures and arrangements” (Shepsle, 1986); sociologists as, “recognised practices consisting of easily identifiable roles, coupled with collections of rules conventions governing relations among occupants of these roles” (Young 1986:107); and internationalists, as ‘regimes’, based on “... implicit or explicit principles, norms and rules, and decision-making procedures around which

actors' expectations converge" (Krasner, 1983:2), and we have already referred to the work of anthropologists in this field¹¹.

These disciplinary developments depend on the fundamental NIE assumption that 'institutions matter' because they shape individuals' choices, activities, and organisational forms. Further, institutions, such as culture, can actually be understood as mechanisms designed for contracting, and are therefore crucial to our understanding of people's participation and community development, because they are the mechanism through which communities can minimise transaction costs and actually achieve cooperation.

II.B TRANSACTION COSTS AND COLLECTIVE ACTION

We saw in Chapter II that the literature has devoted little attention to how participants maintain motivation and how incentives encourage them to cooperate, or to opportunistic attitudes and the institutional arrangements that communities use to overcome them. We therefore do not have enough information on the nature of the institutions that exist or can be developed to enable communities to deal with these problems. Collective action theory can significantly enhance our understanding of these problems.

It was Olson in "The logic of Collective Action", (1965) and Hardin in "The tragedy of the commons" (1968), whose contributions have been most significant in calling our attention to the problems of providing public goods in a collective fashion. Both stressed that the fact that collective or public goods are non excludable and jointly consumable, individuals have an incentive to enjoy them without contributing to the costs of the producing them, that is to say, to free-ride. The more free-riding the larger the transactions costs individuals will incur in providing them, and therefore, the lower is the likelihood that the good will be produced or maintained. The need to overcome free-riding will therefore increase the transaction costs involved in collective ventures, and this is very likely to produce collective action failures.

11.- Though not influenced by NIE it is notably how Anthropologists have arisen to similar understandings of institutions. Examples can be found in the early work of M. Mead (1937) on cooperation and competition; Herskovits (1960) on economic anthropology, and the transactionalism of Barth (1966, 1981).

Similarly, game theory based on the "Prisoners Dilemma" (PD)¹², shows that in "... some...situations what is best for each person individually leads to mutual defection, whereas everyone would have been better off with mutual cooperation" (Axelrod, 1984:9)¹³. PD theory stresses that self-interested individuals may produce sub-optimal outcomes when they choose what they perceive is best for them, because they fail to cooperate with each other¹⁴. Olson (1965) in particular, has built on this showing that the more individuals are willing to free-ride the larger the costs that the community will experience and the lower their willingness to cooperate with each other will become.

Olson's pessimistic view of collective action has been challenged, by the study of the different forms cooperative strategies can take. Several scholars have identified different strategies that lead to the reduction of transaction costs and that therefore tilt games in favour of cooperation¹⁵ (Axelrod, 1984:20; Nabli and Nugent, 1989; Ostrom, 1990, 1993, 1994; Wade, 1988). These variations show that collective action can succeed when the costs of acting collectively can be reduced, or when higher costs are likely to be incurred by individuals that decide not to cooperate. For instance, where games are repeatedly indefinitely and each party is able to observe the action of the other, free-riding may no longer be optimal for the individual, because their behaviour in subsequent games can be adjusted accordingly¹⁶ (see Taylor, 1976; Wade, 1988). Here, free-riding becomes costly and cooperative outcomes more likely¹⁷. Free-riding

12.- Though there are many analyses and developments of PD, it appears to have been first identified by Luce and Raiffa (1957:94-5). Their original game is the classic example of two men arrested and questioned separately, in which either can confess, and defect against the other. Cooperation in this game implies that both refuse to confess, and therefore are convicted with minor charges.

13.- Axelrod defines PD as ... "a two-player game in which each player can either cooperate (C) or defect (D). If both cooperate, both get the reward (R). If both defect both get the punishment (P). If one cooperates and the other defects, the first gets the sucker's payoff (S), and the other gets the temptation (T). The payoffs are ordered $T > R > P > S$, and satisfy $R > (T+S)/2$ " (1984:206).

14.- See Axelrod (1984:6-24) for an extensive explanation of PD and cooperation theory.

15.- For a very comprehensive exposition of different PD games see Axelrod (1984:206-8).

16.- In repeated games, what generally happens is that, if the party A of the contract suspects that the other, B, may cooperate in future games only if A cooperates in the present game, i.e., that the B is practicing a "tit-for-tat" strategy, A has incentives to adopt the same strategy. When both do this and cooperate until the other does not, we have a successful game of cooperation. The "tit-for-tat" solution is also known as "matching behaviour" (Guttman, 1978).

17.- Prisoners dilemma has a basic number of variations in which non-cooperation becomes costly. To list all of them would exceed the purposes of this chapter. Suffice to list two here: (a) when players have a guarantee that in the $n-1$ period cooperation will still be present, cooperation becomes the dominant

also becomes costly in indefinitely repeated games where the group or society values cooperation as a social norm and obliges all individuals to cooperate and not to free-ride by creating the necessary social values and imposing the necessary sanctions¹⁸ (Ostrom, 1994:295). This is crucial to explain cooperation in rural communities, because social acceptance is not only important in terms of collective ventures, but central to the individuals' actual survival, as we will expand in the chapters to come.

Contracts that oblige individuals to monitor the activities of other parties are a critical strategy for overcoming transaction costs by ensuring that they make sure that other parties do not fail to meet their obligations. These provide them with appropriate incentives and sanctions, and/or with the leverage needed to organise collective activities. The development of contracts and the coordination of interactions among individuals is always a costly process and, therefore, represents overheads that have to be covered by those involved in the provision of a common good or service. Thus, collective action theory alerts us to the many problems involved in the collective provision and management of goods and services. Community participation can be subject to moral hazard and opportunism arising out of the existence of conflicting interests, so it depends on the existence or development of contracts or institutional arrangements that minimise transaction costs, and foster collective action.

This, then, raises the central question of how one defines success in collective action. Here we will argue that collective action is successful when the aggregate social benefits exceed the aggregate social costs of any public good or institutional change.

strategy for all periods (to defect in this game would be costly since the free-rider would lose the opportunity to get the help needed to pursue the provision of public goods he/she also cherished); b) if a party to the contract realises that the other may apply a tit-for-tat strategy, it is very likely that cooperation will prevail. To defect in this game is costly because of reputation effects.

18.- Norms are themselves a public-good, because they offer collectively shared solutions to problems and, therefore, facilitate collective life. In terms of collective action, norms assure that individual members of the group cannot be easily excluded from the benefits of a collectively produced good; nonetheless, norms are subject to free riding. Non-cooperative outcomes can also be overcome in finitely repeated game situations. Free-riding can also be overcome when individuals accept norms as fair, morally right or as providing self-fulfilment, even if the action or goods obtained does not benefit them all in the same manner.

II.C TRANSACTION COSTS AND PROPERTY RIGHTS

One of the key problems we have identified in participation orthodoxy is a lack of reflection on who actually benefits from the final products of collective ventures and of the limited discussion about the way private incentives relate to collective ones. This lack of reflection has also lead some authors, on the other side of the ideological spectrum, to see the creation of private property rights as the only way of providing the incentives needed to provide and care for rural services and overcome free-riding and resource problems. However, CPD is none. CPD is a form of collective service provision that needs to give clear rights of access and use of the service to participants in order to maintain their motivation and incentives.

Property rights theory can contribute to participatory management by studying CPD as a system of collectively owned, managed and used resources that cannot operate on the basis of private decisions, thus, recognising the need to create effective property rights to deal with incentive problems.

Property rights theory studies the rights that individuals or, in our case communities need to enable them to appropriate the goods and services they earn through the use of their own labour (North, 1990:33; see also, Alchian, 1961; 1965; Coase, 1960; Demsetz, 1969). Property rights exist in a variety of forms that assign individuals, or groups, the control over a resource (Acheson, 1994; Macpherson, 1978). The varied forms of appropriation are a function of the different legal rules, organisational forms, enforcement mechanisms, and norms of behaviour that operate in different contexts and that therefore determine the nature of the institutional framework (North, 1990:33). Property rights have to deal with three distinct requirements to ensure secure control over particular assets (a) guarantee the right to use and (b) the right to appropriate returns from, and (c) to create procedures that allocate the rights to change the form and/or the substance of the asset (Furubton and Pejovich, 1974:4, in Williamson, 1985).

Property rights theory shows that ownership matters in the explanation of economic performance, because it conditions the terms on which individuals realise the gains from exchanges by guaranteeing them rewards for their efforts and increasing or reducing transaction costs. If individuals feel that the use, and/or the appropriation of returns and/or their authority over the form of a good is not complete they will have to provide for more complete contracts,

search for more information, monitor and litigate for disputes, and this will increase transaction costs. Thus, inappropriate property rights will lead to high costs and the inefficient use of resources (Acheson, 1989:354-57). But property rights are not only relevant to economic performance, they also account for other social issues because they discourage all sort of transactions and may even create political and social conflicts over the possession or control of resources when they generate too much uncertainty and risk. On the other hand, where the different types of ownership are secure, transaction costs will be low, exchanges will be fostered and economic performance and social interactions will be boosted (Baker and Murphy, 1997). However, property rights are not always perfect and they can also guarantee inequality and exclusion. In this NIE somewhat fails to fully recognise the possibility of illegitimate rights based on coercion. Here, we will pay special attention to this, as it is relevant to participatory theory, because it effects on the amount of influence that different kinds of people can exercise over the process. CPD theory also tends to ignore these issues.

Property rights theory also allows us to understand the differences between private (i.e., excludable) assets and collective (i.e., non-excludable) assets. This is a fundamental difference, since the formers cannot be traded on free-markets and have to be produced and provided collectively. The latter are public goods, and imply collective, not private ownership. Ownership here is generally taken by the state, but can also be allocated to collectively managed groups as Elinor Ostrom shows.

Collectively owned resources can also create problems of inappropriate property rights as Hardin showed in the "Tragedy of the commons" (1968). He showed that where access to a resource could not be controlled, there will be a tendency for it to be overexploited and destroyed. He, therefore, argued that private property rights or state ownership would be necessary to give owners the incentive to protect and conserve the resource (Hardin, 1977)¹⁹. Though, the Hardin analysis actually applies to situations where there are no property rights at all²⁰, it teaches lessons to collective rights systems, whether managed informally by communities or formally by the state, as these are public goods that may also be subject to predation. The issue here is how to change the rights under which they are used to create incentives and sanctions that will ensure that they are properly managed.

19.- What certainly is not a Pareto optimum, as some individuals would have to be excluded.

20.- The Hardin case is in fact one of 'non-ownership' – and is used to justify the need for some form of rights – whether private or collective to guarantee preservation of the resource.

This point is central to CPD, and the effective management of public goods in general, because it relates to the control of resources that cannot be privatised or subject to market competition, but where effective collective ownership rights have to be established and regulated nevertheless. Scholars like Ostrom (1990, 1992, 1993), Wade (1988) and Ouchi (1980) have, therefore, suggested that collective property rights can be created by communities through collectively managed governance institutions that will reduce the transaction costs of cooperation and create certainty, allowing them to produce and manage the rules and norms required to administer their own resources (see Acheson, 1993; Tang, 1992; for similar conclusions in different settings). These studies have important implications for participatory theory as they show that participatory processes involve the provision of community produced and owned assets where community governance institutions are required to create the necessary ownership incentives to sustain the participation of community members.

This thesis will use these insights that may help us to understand how private interests can be reconciled with collective ones, and how communities can operate collectively to facilitate the production and maintenance of public goods or their predation. These insights should enable us to transcend the simplistic assumptions of populist participatory approaches in the coming chapters.

II.D TRANSACTION COSTS AND AGENCY THEORY

In Chapter II, we saw that participation orthodoxy rarely examines how the development process creates differences in power and wealth. It provides us with little information on issues such as voice formation, how much the poor actually participate in decision-making or whether they are they represented and how. We also know little about the extent to which elites capture the participatory process and if accountability mechanisms exist to institutionalise democratic procedures in the process. We believe that agency theory can be used as a theoretical model that allows scholars to focus on these problems in order to fill this gap.

TCE uses AT to study the overhead costs of exchanges that focus on the differences between the interests of the owners and users of a resource. This is crucial in all property-rights systems that separate ownership from control (Jensen and Meckling, 1976), and raises many important issues in relation to the control of collectively owned and managed assets, as we have seen. It is

particularly influential in organisational theory, where it analyses the firm as an administrative contract between the principal, who has the ownership (property) and the agent, the manager, who has control (Fama, 1980). It stresses the many different hazards involved in contracting between principals and agent in relation to the functioning of the firm (Holmstrom, Bengt, and Paul Milgrom, 1991) and has been extended to cover the relationships between firms and other kinds of agencies and their customers and beneficiaries or 'principals' (Pratt and Zekhauser, 1991).

Principal-agent theory recognises the existence of potentially conflicting interests between principals and agents and, therefore, recognises the need for appropriate incentives and accountability mechanisms to enforce performance. Parties have problems in monitoring and enforcing each other's performance. The principal should have the power to discipline the agent and therefore to enforce agreements (North, 1990:33), but problems of policing and enforcement are not trivial, for principals do not have complete information on all the attributes or characteristics of the performance of an agent, and have to devote costly resources to measure and monitor them (North, 1990:32).

Thus, agency theory recognises that the costs of acquiring information, measuring productivity and enforcing commitments are significant and create what Jensen and Meckling (1976: 308) call "agency costs", arising out of the need to monitor the different attributes needed to evaluate the performance of agents. These, mainly ex-post, costs are: (1) monitoring the expenditures of the principal; (2) meeting the bonding expenditures of the agent, and (3) the losses incurred by principal when agents use their power and control within the organisation to maximise their own interest at the expense of the those of the principal. This last cost is particularly related to Williamson's opportunistic behaviour, and is a heavy burden for self-reliant communities, as we will show.

Agency costs that are supposed to operate in relationships between owners, managers and workers within firms have been subjected to considerable criticism²¹. However, this form of

21.- Robins (1987), for instance, claims that TCA cannot be used to explain individual firm behaviour and to construct causal propositions. Stein, questions the fact that the firm can be seen as a "transaction costs minimiser" and challenges its inability to explain institutional innovation within the firm (Stein, 1996). Donaldson (1995), attacks the 'intrusion' of organisational economics (Ouchi, 1978, 1980) and of

analysis has also been used to study other kinds of organisations like governments, voluntary and collective organisations that can also be seen as agents dedicated to serve principals, which contract them for the provision of services (Brett, 1996, 2003). This approach enables us to identify the costs and difficulties that principals incur in monitoring and sanctioning the activities of state and NGO officials and of community activists involved in running participatory projects. In these cases, efficiency depends on the principal being able to solve these problems, but this is particularly difficult in the absence of competitive markets or of strong institutions that enforce accountability. Although more research is needed to understand that the effectiveness of these markets may be in allowing principals to control agents (see Brett, 2003). TCs stemming from opportunism are generally very high in these situations because the agent, has far more information than the principal and this makes it difficult to make him/her accountable or to litigate if disputes arise. Where this is the case in CPD projects, as we will show that it often is, they act as disincentives to contracting or lead to inefficient or even exploitative projects.

Hence, using agency theory in relation to CPD projects enables us to recognise the problems involved in the relationship between beneficiaries and the agencies set up to initiate and manage participatory projects; and in the relationships between the leaders who emerge to coordinate participatory activities and the community members. This is an important but neglected issue that has to be addressed if we are to understand the different roles played by those who lead self-help projects and the possibility that some individuals that are able to capture the process for their own ends, just as managers can do in private firms.

This section has identified the major contributions that NIE can make to the study of community participation. We will conclude this chapter by using these arguments to provide a more realistic theoretical approach to participatory processes than is available in the orthodox literature.

Williamson's TCs, into the explanation of manager's behaviour. He sees in TC a theory of "untrust and managerial delinquency" (166). He also sees TCs as part of the imperialism of economics and accuses it of being regressive and ahistoric.

III A TRANSACTIONAL APPROACH TO COMMUNITY PARTICIPATORY DEVELOPMENT

Development implies a shift from one style of living to another, a process of change driven by people's qualitative and/or quantitative desires to achieve new and more desirable ways of living. Thus, the desire and hope "to achieve something we do not have" or "to have more of something we perceive we do not have enough of" determines the way in which we act, respond to others and organise our lives and social relations (see Gabriel, 1991). Therefore, development is about choices, about how and what to do or produce and/or how and who to transact with and when. These choices determine the particular way in which individuals or communities use, organise and in some cases re-organise existing resources.

The processes involved in collectively making choices of this sort, i.e. deciding and realising the actions to achieve desirable changes, will be problematic because resources are scarce and unequally distributed, key assets are controlled by individuals and not susceptible to community control, and the management of even those, like land that are communally controlled often does not match the needs of different groups of the population, generating serious conflicts over their appropriation, control, and/or use. This complicates as the basic rules governing local ownership and the rights of communities to manage local assets are generated nationally, and increasingly influenced by market theory, for example in relation to land ownership²², potentially restricting the scope and making difficult the management of participatory interventions. Therefore, any realistic approach to CPD has to take all of these factors into account.

III.A Community Participation

Many decisions over personal behaviour and local public goods in rural communities have always been regulated by traditional community institutions that, therefore, create the limits within which the developmental choices made by individuals have to operate. However,

22.- For instance maybe the most important change to the Mexican Constitution since the 1910s Revolution was the modification of the article No. 27, that stated that rural land had to be held in common ownership. The article was changed in 1992, but at the time of study, many communities did not know about this amendment (See Procuraduria Agraria, 1993:28).

control over the decision-making process is not pre-determined since communities are not governed by a tyranny or an oracle. Differing and even conflicting views will manifest themselves as soon as more than one individual can participate in decisions about how to administer a particular resource, and the process will become even more complex as more community members are involved. This is so because individuals know that their choices will modify the way in which resources are allocated and managed; so they will try to defend their own interests and maximise their own benefits even when they are involved in solidaristic process. Community development-choices are, therefore, political as well as economic, and subject to contestation at both the private and collective level.

Participatory institutions are one social mechanism that has been created to solve these problems, by allowing individuals within a community to work together to achieve a common good. They will chose to co-operate if they expect to get “better things” than those they would have without doing so. However, it is worth emphasising that although co-operation can be voluntary and based on agreement, it also usually involves costs because it requires specific actions (such as collective work, taxation or quotas, etc.) designed to create or reorganise the community’s assets. People can be compelled to work by the state or the need to earn a wage in the private sector, but compulsion is not supposed to be used in CPD (though social pressures do exists) and individuals may or may not recognise the value of working collectively in order to change or reinforce their social relationships or to produce the proposed good. CPD is, thus, a political-economic process that depends on individual choices based on a broad cost-benefit analysis of the likely outcome of cooperating. This analysis takes account of both the economic and the usually intangible social benefits that they expect to gain from cooperating.

If they do decide to work co-operatively for the benefit of their community as a whole, they will have to go on making political-economic choices about community assets and the institutional arrangements that regulate them. Over time new arrangements will arise to modify the way the community operates and lead to a process of institutional change that will be governed by participatory processes. CPD, therefore, has to be seen as a political economic process related to community values, the choices informed by those values, the arrangements derived from those choices and, even to the restructuring of institutions that exist to facilitate these activities.

Hence, CPD is defined here as, a process in which groups of diverse rational individuals, with a common purpose and some shared interests and values, contract with each others to cooperate,

in order to produce public goods through organised collective activities, which are framed by the community political economy. This raises several key issues.

First, “organised activities” do not only include people’s physical involvement in action and decision making, but all the requirements of such a process in relation to organising information, creating consensus, coordinating activities, monitoring, conflict solving, and so on. These are all activities that impose costs on participants.

Second, our focus of attention is the individual as he/she relates to the community, and our definition problematises the relationship between individual and collective interests. We have already argued that CPD is likely to involve conflicting interests between individuals and/or groups that will be determined by the specific context of time, space and a particular political-economic situation, in which they are located. This means that successful participation will be context specific, and the extent to which individuals will be willing to reconcile their particular with the collective interest will depend on how rewards and costs are distributed.

Third, our view of CPD also implies that individuals will make long-term choices over their actions by systematically calculating their benefits and costs in order to decide whether to engage in collective action. Where choices produce tangible or expected net benefits, they will lead to a mutually reinforcing process that will be a function of the political economy of each particular community. We will refer to this as the community’s social dynamics²³ that frame how benefits and costs are distributed and which may not be necessarily equalitarian. This means that we are approaching CPD using an institutional rational choice approach to social processes (see Ostrom, 1993) that locates it in a specific political-economic context. This allows us, first, to analyse how individual values inform choices; second, how these choices are socially organised and regulated by institutional arrangements or contracts; third, how these contracts create costs for the participants, and are enforced within a specific institutional setting; and last, but not least, how different contracts produce different outcomes and how those outcomes inform people’s values. This enabled us, as we intend to show, to focus on power and social stratification when necessary without losing sight of the participation outcomes, for which the collective action was originally initiated.

23.- UNSRISD acknowledges that the initial participation theory is based in “ a variety of areas such as social change and the dynamics of social class in societies, theories of power...” (UNRISD, 1981: 11).

This approach implies that there are three areas central to the analysis of CPD:

- how individuals make choices to participate, i.e., engage in collective decision making processes;
- how they compromise with each other in order to achieve cooperative solutions i.e., create the contracts required for participatory action;
- and how CPD creates long-term contracts, inserts itself into the community governance structures, and how costs are distributed and benefits usufruct²⁴.

These three areas are clearly interlinked, but they represent different aspects of the participatory process with different problems and determining factors, and therefore require analytical differentiation, as we show in the following chapters.

Finally, we understand CPD as a contract. We have left this to the end since it is the most important element in our understanding of the way it operates, since it allows us also to apply the insights of TCA to the process and observe the different costs that are embedded in it, as we show in the next chapters. It also enables us to see two central issues for CPD: a) that it involves complex social interactions, because the individual's primary contract may be with the community, but he/she is also actively contracting with a series of other individuals and groups that organise community life, and b) that the collectively agreed rules are socially enforced, and become the framework for a series of transactions in which individuals provide inputs for the joint production, provision and enjoyment of a collective good or for a series of them. We take up these two issues now.

24.- *Usufruct*, is a term coined by Roman and later Scottish law. It is the right to use and enjoy the profits and advantages of something belonging to another as long as the property is not damaged or altered in any way. For this thesis, individuals use and take advantage of a property belonging to someone else, the community, and therefore we talk about the *usufruct* of collective goods. See the Oxford University Press Dictionary (1996).

III.B THE COMMUNITY AS A NEXUS OF CONTRACTS

A major assumption in our approach is that our object of analysis is at the level of the individual and not at that of the community as an entity. We believe that communities are not organic entities with common goals, values and conditions, but plural, complex networks made up of different interests and dependencies. This is so, because, rural people are not all the same but dedicated to different activities and have different incomes, potentialities, external relations and capabilities. Moreover, rivalries and conflicts exist within the communities, which are framed by an environment of scarcity and risk, and by an uneven distribution of power and means of production. Therefore, rural people do not necessarily always cooperate in perfect harmony, but rather compete among themselves and try to exert control over the resources they cherish.

This more realistic view provides better explanations of why communities have to spend time and effort to achieve collective action in order to deal with the contestation costs created by conflicting interests and attempts by some groups to control the decision-making process.

Seen like this, communities attempting to implement CPD become local arenas where different members with different opinions/interests try to make common decisions that oblige them to achieve a degree of consensus over the arrangements required to organise their social, political and economic life. These arrangements are formal and informal, explicit and implicit and specify the relations that should exist between individuals in many areas, such as property rights (e.g., inheritance, boundaries, recognition of ownership²⁵); status and roles (e.g., leadership, gender); expected behaviour (e.g., norms, reciprocity systems), and so on. These arrangements represent both a commitment on the part of the individuals to follow specific rules and to exchange tangible or intangible services and/or products. Most of these arrangements can be studied as contracts.

Hence, the community, is the locus where contracting takes place and is an aggregation of many kinds of contracts, or subcontracts that individuals establish to organise community life. This

25.- In Mexico, for instance the *ejido* system, the neighbours were the ones that gave the *ejidatario*, i.e., the steward of the land, the recognition of ownership.

multiple contracting gives cohesion and determines the structure to the community. The community is thus, a nexus of contracts.

This understanding obliges us to see the community as a web of complex, long term and highly interdependent relations of formal and informal obligations and rights in which individuals exchange tangible and intangible goods and services. Many of these exchanges fall into this last category of intangible goods and services such as favours and solidarity. These exchanges are framed by the rules established through the institutions that individuals use to relate to one another like status, gender, religion and trade. In rural areas where interdependence is vital for survival, individuals within a community live and organise their livelihood strategies through highly personalised, but informal contracts involving face-to-face contacts. The fact that contracting is carried out by self-interested individuals, with changing needs and preferences, confronts the community with a multiplicity of relational problems.

This approach to communities as a nexus of contracts is not totally new, as it borrows from organisational theories that understand the firm in a similar way²⁶. The basic idea is that the firm is only a "moral person" that signs contracts with external agents or that serves as an umbrella for a large series of internal contracts between its own members²⁷ (see Hansmann, 1993) - between different departments and divisions, managers and the owner, employees and employers, etc. This generates a long-term, highly interdependent system of contracting of the kind that has been referred as "relational contracting" (McNeil, 1974; Williamson, 1985; 1986)²⁸. The strong interpersonal links that characterise relational contracting in firms are very similar to those that occur in the community organisation of rural villages²⁹. When we apply this understanding to community analysis, we come to see that many interpersonal relations within rural communities can be seen as contracts and therefore be studied by contractual analysis.

26.- Jensen and Meckling use the concept of the firm as a "nexus of contracts" (1976). They built on Alchian and Demsetz (1972).

27.- It is understood that not all the contracts that occur inside the firm take the form of *market contracts*. Many are relational, informal agreements, or traditions, rules of behaviour implicit or not individuals agree to obey. They, however, structure the firm and allow the productive process to be carried out.

28.- See specially McNeil (1974) and also Williamson (1985).

29.- This should not be surprising. Both rural isolated communities like firms are closed environments, in which individuals are highly dependant upon each other. Complex relations such as relational solidarity, envy and competition are every day life in both types of organisations. Though with some differences even hierarchy is present in both and a permanent tension between individualism and collective action characterises cooperation.

This understanding of communities is not totally novel, since in different forms anthropologists like Scott, Foster and Hayami have seen community social organisation as a system of contracts. Scott, for instance, sees subsistence as the public good, and argues that community's institutional arrangements represent agreements between members to assure it (Scott, 1976), while Foster's 'Image of the Limited Good' can also be understood as a social contract in which individuals in rural communities subscribe to a basic minimum of obligations so as to assure survival. His 'peasants' pie' approach, assumes that peasants contract to safeguard the resources considered to be strategic for the community's survival (Foster, 1965), a clear recognition of the importance of agreements for the use of collective assets. Hayami, also describes an implicit, more complicated contract than those of Scott and Foster, in which the contract individuals in communities subscribe to, include order and peace as well as survival and security (Hayami, 1981). All these approaches assume the existence of a unitarian social contract, a tacit macro-agreement resembling Rousseau's' social contract, that individuals in rural communities recognise so as to live together.

But micro-level, interpersonal relations between individuals within communities have also been studied as contracts by anthropologists. Redfield, for instance, presents the *compadrazgo* (God-fatherhood)³⁰ as a dyadic contract in his study of Tepoztlan, a Mexican rural community (Redfield, 1930). He did not use contractual analysis, but he did use the term "contract" to acknowledge the fact that this informal relationship involved obligations and material and non-material exchanges, and that each of the parties, the *compadres*, knew what they could expect and demand from each other. Similarly, other anthropologists have studied labour and land informal relations of obligations and reciprocity as contracts, as well as other traditional forms of social interaction (see Hayami and Otsuka, 1993).

30.- The *compadrazgo* is part of the system of reciprocities and obligations in which rural life is organised in Mexico. Redfield analysis could have been extended to any of them (see Redfield, 1930).

III.C COMMUNITY PARTICIPATION AS A CONTRACT

CPD, like community relations as a whole, therefore, needs to be seen as involving a system of contracts oriented to reduce costs, managing conflicting interests and controlling opportunism.

“When multiple individuals are involved in environments where complex activities must be coordinated across space and over time, they may attempt to reduce substantial uncertainties they face through various forms of implicit or explicit agreements. Contracts are simply the arrangements by which individuals agree to directly or indirectly exchange one set of valued activities or objects for another. Contracts are involved in all phases of infrastructure development, from the initial agreement about the design and financing a project to the various agreements ... involved in the operation, use, and maintenance of the facilities” (Ostrom, 1993:46-7).

Following Ostrom, we will treat the contracts involved in CPD as generally tacit and informal agreements³¹, or series of them, that allow for the design and coordination of strategies that community members believe will enable them to achieve specific services.

These contracts to participate oblige individuals to operate within a specific set of agreed rules; and also imply an exchange of assets between them in which each individual provides labour or some other private resources in exchange of the enjoyment of a collective good. To operate effectively, these contracts do not operate as isolated events but as the system through which they produce collective goods. It is the modus through which they provide services, a tradition that is embedded in their culture, and therefore an institution whose rules they feel morally obliged to obey. Thus, it has to be analysed as an all-embracing long-term contract and a part of the mechanisms through which the community governs itself, as a super-cooperative-game. When individuals in communities recognise that CPD depends on long-term contracts, they develop institutional arrangements to reduce free-riding and foster motivation. This should eliminate opportunistic behaviour and predatory behaviour since it should enable individuals to recognise that they will be able to predict each others behaviour better, deter and/or negotiate

31.-Here, we define it as an informal contract for that is what we studied. However, we are clear that depending on the extent to which contracts that oblige participants to meet particular objectives and responsibilities are embedded in legally constituted agreements, CPD can be formal as, for example, the water agreements Ostrom describes in California (Ostrom, 1993).

with possible free-riders, and discover that cooperation is superior to individualism by playing a series of continuous games.

However, our research showed that this is not always the case because of external factors, and, even more, many internal factors that undermine the disposition to cooperate. These include their inability to eliminate conflicting interests, to form and maintain groups through bargaining and negotiation; to give way to the demands of others where necessary; and to share and control power.

TCA, will allow us to study community participation as a comprehensive long-term contract as we will see in Chapter VIII, but it will also allow us to analyse the operation of several particular and short term contracts required to produce a specific service (as we will see in Chapters VI and VII).

IV CONCLUSION: TCA AND PARTICIPATORY DEVELOPMENT

Orthodox authors have underestimated the problems involved by assuming that individuals live in a world of perfect cooperation. Instead, we have argued that empirical evidence and theory indicate that most rural communities live in extremely dense relations of power and production dominated by risk, scarcity, inequality and insecurity, and by competition, conflict and opportunism. Here imperfect cooperation, substantial uncertainty and high levels of contestation are endemic to participation so that any collective venture is likely to incur in serious transactions costs.

Transaction Cost analysis can, thus, enable us to deal with many of these problems, especially when enriched of the insights of collective action theory, property rights, agency theory, and institutional analysis. It especially will allow us to understand the costs of cooperation in a number of ways,

It can throw light on how people form their choices by identifying the costs involved in accessing and using information. Identifying the costs of monitoring will also enable us to understand how networks of individuals can act together to solve problems of opportunistic

behaviour and inefficiency and, thus, facilitate cooperation. Doing this should allow us to understand the extent to which participatory processes reduce the costs of cooperation, and/or how they can draw on other institutional arrangements that exist in the community to do this.

It will enable us to address political-economy issues and problems at the level of the community as a whole that might constrain or facilitate participatory development by bringing to light the conflict between individual and public interests in collective action processes.

It will improve our understanding of the difficulties involved in the production of collective goods and in the relation between the principals and agents involved by identifying the costs of creating adequate property rights in the provision of public goods. This will allow us to focus on issues like the competition for resources, how they are allocated, and how benefits and costs are distributed. This will also improve our understanding of how individuals attempt to exercise their voice, influence decisions and protect their interests, vis-à-vis other economic or political actors.

It will enable us to identify the costs of cooperation and therefore allow us to focus on why collective action sometimes fails, and why the poor are frequently unable to organise themselves and hence likely to remain poor. But it will also allow us to understand why they can sometimes reduce the costs of collective action and produce the institutional changes required to bring about successful cooperation and effectively provide for themselves³².

TCA may also be used to explain the effects of cultural variations in trust by making us understand the implications of the different forms of contracting that arise in different communities. By so doing it may prove to be a powerful tool for the analysis of institutional arrangements and value systems that favour exchanges and promote community development (see Arrow, 1969). We will now attempt to use TCA as a coherent and powerful set of analytical tools to understand the micro-situational issues involving complex networks of reciprocal responsibilities and diverse cooperative systems that we observed in the field. By taking transactions as the unit of analysis we will be able to study the costs of cooperation of CPD and the institutional arrangements that communities developed to deal with them. We will show how individual inputs governed by self interest and bounded rationality interacted with the institutional arrangements - the rules, social conventions, solidaristic networks in a dynamic way to produce more or less successful outcomes. Here individuals had to weigh the personal and

32.- Bates sees in NIE an efficient tool for solving social dilemmas and generating recommendations oriented to reconcile individual and collective interests (Bates,1996).

social trade-offs involved in cooperation and decide whether to cooperate in the light of their need to devote tangible and intangible resources to the process, postpone personal interests and make sacrifices for the interest of the community. We will do this by focusing first on the transaction costs involved in obtaining information, and those involved in the monitoring and governance of projects. We will then examine the ability of participants to use their existing institutions to minimise these costs or to create new arrangements to do so.

This will allow us to see CPD in a less idealised and more realistic way than is the case in orthodox participatory theory, and in a less utilitarian way than is the case in neo-liberal analysis. This should help us to find a more solid basis on which to construct a theory of participation that will recognise diversity, but also allow us to establish certain basic principles that explain why participatory projects are likely to fail if they do not take account the costs involved in the complex transactions that they always generate.

CHAPTER IV

THE MAZAHUA:

SOCIAL AND ECONOMIC BACKGROUND

INTRODUCTION

We decided to carry out this research within the region of the Mazahuas, an indigenous group inserted in the highlands of central Mexico. The three communities studied were chosen in this region, as further discussed in Chapter I, in order to reduce cultural variables and guarantee comparability as they shared the same culture, socio-economic and political conditions. The Mazahua region has all the conditions for communities to be able to achieve self-reliance. As we will show, the region is located in one of the more developed areas of Mexico with good communications, employment opportunities and efficient economies of scale; and communities have the necessary social organisation and the experience to provide for themselves.

In this Chapter, we will describe these conditions, presenting the social and economic background of the communities studied. In the first part, we will briefly describe the general conditions of the region and of the indigenous group communities members were part of, their historical background, human geography, economy and social organisation. In a second part, we will revise the specific characteristics of the communities studied and describe some of the projects undertaken, the groups of interests and specific characteristics of each community.

This chapter sets the basis for the next one that presents a general discussion on how previous participatory programmes were undertaken in the communities of this study.

I THE MAZAHUAS

I.A HISTORICAL OVERVIEW

The Mazahuas, or “people of the deer” (Camposortega, 1992:69), are an ancient indigenous group that may be descended from the Chichimecas tribe¹ or the Otomi family². They most probably arrived at some point in the VIth century, becoming some of the first settlers of the region. They were always present in the major events of Anahuac, the central valley of Mexico, and thus, fought and lived under the rule of the Chichimecas³, the Texcocans, the Atzcapotzalcas⁴ and finally the Aztecs⁵. They fought against the Spaniards, as mercenaries of the Aztecs, but were finally defeated by Gonzalo de Sandoval in 1521.

During the Spanish Colony the region was important not only for its fertile soil, extensive forests, and large production of fish and game, but also because it was the route to Morelia and Guadalajara, at the time, two of the main and richest cities in the Americas. During the Colony, the Mazahua were confined to the Republics of Indians, supposedly autonomous areas in which their control was easier. Later they were used as cheap labour in mining and agriculture. The different periods of Mexico as an independent nation brought no major changes to the conditions under which they lived. Their history, like that of most indigenous groups, has been one of

1.- This assumption is based on the idea that the name could have come from the nahuatl word “mazahuatl”, a derivation of the name Mazatl-Tecutli, or from the name Mazahua-coatl both leaders of Chichimeca migrations (see Camposortega, 1992; Jimenez, 1986).

2.- This theory is mainly based on the language origins, Jnhatro which is part of the Otamangue/Otomi family (Jimenez, 1986:13).

3.- By the XII AC century Xolotl, imposed his knights, Tecpatl and Iztacuahutli as lords of the Mazahuacan, the Mazahua kingdom.

4.- In 1357, Iztacquatzin, lord of the Mazahuas, with the Otomies and Matlatzincas, joined Tzompatzin's, lord of Mestitlan, and revolted against the Texcocan empire. The Texcocans allied with the Atzcapotzalcas of Tezozomoc and defeated the rebels. The Atzcapotzalcas took Mazahuacan as their reward and the Mazahuas became their subjects.

5.- When the Atzcapoltzacas were conquered by the Aztecs under Izcoatl in the 14th century, the Mazahuas became part of the Mexican Empire (Camposortega, 1992:69). They rose against their oppressors at the end of the rule of Tizoc, but were defeated by the following emperor, Auizotl. They became the mercenary forces of the Mexica Empire and the keepers of the eastern boundaries of the Empire.

neglect and discrimination (Memories of the IX Congress of Indigenous Peoples, 1993; Saladino, 1994).

In 1977, the Mazahuas awoke to political life with the creation of the Indigenous Revolutionary Front and the Patriotic Freedom Movement, and also signed the "Pact of the Matlatzinca Valley" with the blood of their leaders, in which four indigenous groups, the Mazahuas, the Otomies, the Tlahuicas and the Matlatzincas agreed to protect each other's interests vis-à-vis the *mestizos* and "the capitalist system" (see Garduño, 1985:152; Piñeiros, 1987). This Pact, in a seminal document presented at the Second National Congress of Indigenous People, pressed for bilingual education and called attention to the role of women and youth in the future of the group (see Garduño, 1985:152-163).

During these years the Jñatrjo, the Mazahuas' language, (Jimenez, 1986:13) which until then had not developed a form of writing, started to be seen as a political instrument by their leaders⁶, and as an element of identity and pride (see Ndarje, 1977)⁷. By the 80s, the Mazahua language started to be taught in indigenous bicultural schools of the region and used in radio programmes and books.

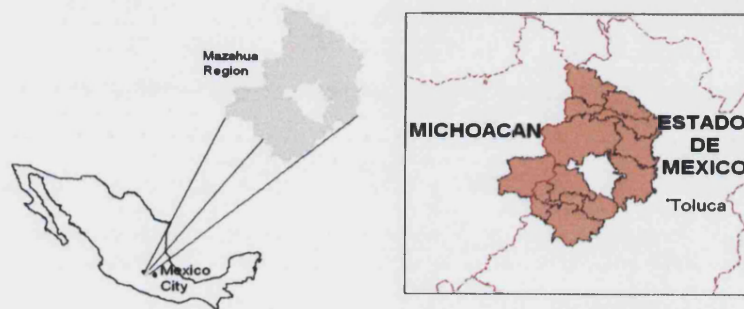
I.B GEOGRAPHICAL AND SOCIAL ENVIRONMENT

The area occupied by the Mazahuas today is much the same as the one they originally settled in - the western highlands of central Mexico, part of the Sierra Madre Occidental, mainly within the State of Mexico and a small part of Michoacan. It is set in a high plateau, 2100 to 2701 meters above the sea level, surrounded by a series of valleys suitable for agriculture, which has heavy rains in summer and a cold winter (see map number 1).

6.- For more on this for other groups, especially the *Zapotecas*, another indigenous group in Mexico, see Uribe (1988).

7.- A particularly interesting experimental study exists by Patricia Peña and Noemi Perez (1984) who initially launched a programme for alphabetisation in Mazahua language for adults in the region.

Map No. 1
MAP OF THE MAZAHUA REGION



Water is naturally plentiful in the region that contains the major Lerma river and many small streams, creeks, dams, community ponds and small reservoirs to irrigate the area. However, access to water has steadily decreased since the 1930-40s, when important springs were used to carry water to Mexico city; and the Lerma river began to receive large quantities of untreated industrial waste from Toluca, now the fifth industrial city of the country. Further, local streams and creeks are also heavily polluted with soap and plastics disposed of by local people. Fishing, an important element in local diet has collapsed, and the amazing beauty of these humid highlands is giving way to a polluted, drier and poorer landscape, covered with grey-brick houses.

The Mazahua population rose from 95,400 in 1970 to 114, 294 in 1990 (INEGI, 2000). They now represent about 10.35% of the population of the municipalities where they live. Their birth rate, of 30/1000 with 5.8 children per woman, is one of the highest in Mexico and far larger than those of the *mestizos* in the same region, which is 2.1 (Camposortega, 1992; 2000 National Census).

I.C ECONOMY

The Mazahuas live in the State of Mexico, one of the richest states of Mexico, which has per capital incomes comparable to countries such as Portugal. However, income distribution is still incredibly unequal and the Mazahuas are, with practically no exceptions, amongst the poorest of the poor. 40% of houses have no running water, 80% no sewage (Camposortega, 1992), and 60% of Mazahua houses have one or two rooms to accommodate 5 to 6 individuals (2000 National Census). In 1992, 20% to 34% (depending on the zone) of the population above 15 was illiterate.

Health is still precarious, and high levels of intestinal parasites and malnutrition in children are high, while pneumonia and influenza are the most common diseases. However, access to primary health care is relatively good, so the problem of poor care may be rooted in local perceptions and attitudes to health and illness, since the Mazahua, believe that some diseases are tests of God (good illnesses) and others the result of a curse, delivered by an enemy (bad illnesses), or the result of exposure to the elements. It is common to hear that someone “caught air” or sun or cold. They also experience linguistic barriers and discrimination, as well as long distances to health centres (see Garrocho and Sobrino, 1995). As a consequence, by the 1990s, child mortality was of 65/1000⁸, and life expectancy was 63.5 years, seven years less than the local *mestizo* population (Camposortega, 1992:77).

Most Mazahuas own their own house and a piece of land. By 1990, about 55% of the population above 12 years, was employed and contributed to household income, although, they usually earned less than the minimum wage (Camposortega, 1992). Agriculture is probably the most important activity, and maize the main crop and source of food. They also cultivate agaves, prickly pear⁹, beans, apples and pears. Soils are often poor and degraded by limited rotation, fertilisers, and heavy erosion. Therefore, production is very low, which combined with land fragmentation, dramatically reduces household incomes. Poverty is intensified by poor markets, low prices, and many risks especially from climatic changes. Livestock is limited to a pair of cows and a sheep; most families have chickens for household consumption (Carro, undated).

8.- Data from Camposortega and COESPO (1992).

9.- Locally known as *nopal*. Is a main source of food since not only the fruit but the actual plant is eaten.

The Mazahuas are active traders who spend practically all year preparing products to be sold at particular times like wool products for winter. They travel long distances to market them (Camposortega, 1992:70; Carro, undated). Women do embroidery and knitting and sell their handicrafts in the streets of nearby cities. Their extraordinary mobility is possible because they have the best communications among the indigenous regions in Mexico, since the region is crossed by three major highways and an extensive network of local roads, most of them paved. Most of them live about 40 to 90 minutes from the major city of Toluca (700 000 inhabitants) and around two to three hours from Mexico City. Public transport is widely available in all major towns and main villages.

Migration to main cities to work in the construction sector has been one of the major sources of income for Mazahua men since the 60s. During the 70s women, generally elder daughters, also started to migrate to Mexico City for domestic employment, returning every month for a weekend to support their households they maintained. Migration is largely a consequence of the shortage of local employment opportunities and low agricultural prices (see Camposortega, 1992:79; Carro, undated).

I.D SOCIAL ORGANISATION

The family is the centre of local social organisation, but grandparents, out-of-marriage-siblings, adopted children, widows and single-mothers are accepted as part of what they understand as the nuclear family (see Camposortega, 1992:72). Kinship binds individuals very strongly and there is great respect for elder brothers and parental authority.

Women are oppressed by men, got married very early, have no status in the community and even though they sometimes work more than men, are rarely taken into account in community decision-making (Camposortega, 1992). However, this is changing slowly. By the 1990s, up to a 29.9% of women, were heads of households (Municipality of El Oro), reflecting the impact of mostly male migration on family structure, as well as, the leading role that women are gaining in families when they increase their contributions to the household income. In 1992, 70% of women worked at home, 11% had a salary, and 7% had their own business (Camposortega, 1992:76).

The young have few options in these communities and most migrate to the neighbouring cities between the ages of 18 and 30, so the region is suffering from high levels of population loss

ranging from -2.0% to -0.8% (National Council for Population, 1993:55-56). Men often do not return and family disintegration is common.

Religion, predominantly Catholic, is extremely important, with communities usually organised around a festivity to honour their Patron-saint. Being part of the authorities organising these events gives individuals status and power within the community¹⁰. They have to finance, generally from their own pockets, all public events related to that specific cult during the year for which they were elected.

In terms of government, the Mazahuas have a Supreme Council, now co-opted by the PRI¹¹, the ruling political party in the area. Communities have a *delegado*, an administrative delegate appointed by the municipality. These sometimes play the role of “justice of the peace”, a reminder of the traditional authorities that previously existed to solve disputes and litigate on conflicts among community members.

II THE MAZAHUA COMMUNITIES STUDIED

II.A GENERAL CHARACTERISTICS

II.A.1 Poverty

The three communities had very similar economic characteristics, perhaps the most important for this research being that most individuals made a similar income despite the different activities of the diverse community groups. The very poor made around US\$ 5.3 per day, but also sold a daily average of US\$ 3 of crops each year, and produced crops for their own use. Wealthier individuals made around US\$ 15 per day and were generally senior community

10.- The main authorities are the *fiscales* (annually elected), who represent the religious authorities and are in charge of supervising all the activities of a cult. The *mayordomos* are in charge of a specific festivity and/or cult of a particular saint. The *topiles* are the assistant to the *fiscales* and *mayordomos*.

11:- in English: Institutional Revolutionary Party, *Partido Revolucionario Institucional* in Spanish.

members, or owners of enough land to rent or exploit using family labour. Others increased their incomes through external employment in nearby factories or by sending remittances from jobs in the city. However, they also had higher expenses, either because they had larger families to support or had to pay for transport and food while working outside. Assets, notably land, are mostly owned by older people, and the younger landless people had become factory workers or seasonal migrants to the neighbouring cities.

Income differences between households were therefore not significant, and class conflict, class consciousness and class-based groups were not a significant issue. The groups we observed, therefore, were not related, had no any type of class-consciousness. However, despite this, there were factors that distanced the very poor from the rest of the community, because they were trapped in the subsistence economy and depended largely on favours from other community members in times of need. They had poor education, were often illiterate, spoke little Spanish and could not find jobs outside the community so they did not migrate. Many were single mothers or elderly and some of them did not send their children to the school. They were generally deferential and submissive, accepted their destiny, and were therefore caught in a poverty trap. On the other hand the wealthy had more options, were more assertive and better able to manage risk. They, therefore, dominated the process of community participation as we will see.

II.A.2 External Relationships and Pressures for Change

Far more than any other Latin American country, Mexico is a multiethnic and multilingual country, but it is the *Mestizos*¹² who largely dominate the social, economic and political system. Their technological and institutional control means that their practices and values have become universal for all Mexicans, exerting a low-key but systematic discrimination against all those who do not match them. The *Mestizo* models and roles, thus, impose a major pressure for change on the Mazahuas and on other indigenous communities with different identities and traditional institutions. These pressures for change come from many different sources.

Migration, has always been a major source of new values and interests. It has occurred since Aztec times, when the Mazahuas were employed in the construction of the pyramids and monuments of the empire, and it has now become a source of modernisation. Most migrants are young so they bring back new ideas and needs that question traditional structures and represent a major force for social change. For instance, most young women in San Lorenzo that migrated at some point in their life no longer wear the beautiful traditional dress that made some poets call them princesses, but the cheaper and more comfortable dresses of the *mestizo* women (see Santana, 1978). The few older women willing to comment on this said they were happy their daughters were adopting “modern” dress, because this would reduce discrimination against them. Similarly, the young were transforming traditions in San Cristobal, because they were seasonal migrants to the neighbouring cities and had acquired different perceptions and understandings and a better grasp of city manners, job opportunities and government programs. The young in this community were refusing to serve as *mayordomos*, the “volunteer” chairman in charge of organising the festivities for the patron saint, described before.

Changes in religion had also transformed everyday lives. In San Cristobal, for instance, there had been a massive conversion of 19 families from Catholicism to the Christian Evangelical Church in 1980. These families had close contact with outside groups and had radically changed their views about community values and their expectations. There had also been many

12 .- Though originally, in the XVI century, the name was used by the Spanish crown to designate to those individuals born from a Spaniard and an Indian, actually, as more of the population is somehow result of these two blood lines, it is used to define the non-indigenous people.

conversions in El Salto where those involved would only participate in collective activities that had no relationship with Catholicism.

The rediscovery of traditional culture by many indigenous communities in Mexico, had also occurred here and had also stimulated change. However, it was more rhetorical than practical, and was used as a means of accessing funding and defending community interests from outsiders rather than representing a real cultural revival, especially in the case of San Lorenzo. However, it had given some individuals new arguments and categories on which to base an alternative view of community development. Paradoxically, this view had little to do with tradition but actually brought communities closer to a *Mestizo* version of modernity, as we will show in coming chapters.

But the most significant changes in these communities probably came from the reforms to the *Ejido* land tenure system¹³. Under, the *ejido* system land was redistributed, but did not give peasants full ownership rights. They could only use, exploit, live on and inherit a piece of land but could not rent, sell or divide it. A *Junta Ejidal*, a local community board formed by all those using the land, managed the system. The *Junta* solved conflicts, adjudicated inheritance disputes and so on. Though the *Ejido* system was somehow effective in terms of redistribution, it started to present problems by the early '70s, which by the early '90s were menacing the future of agriculture in the country. Population growth had created enormous land pressure and led to fragmentation since land was endlessly divided among the siblings, producing a pervasive *minifundio* effect (mini-parcels). These small parcels did not yield enough to make them worth exploiting; so many peasants ignored the ownership restrictions and sold or rented their plots, or in the worst cases abandoned them. Lack of investment, deterioration and erosion of fields, low returns, inadequate incentives and complicated social regulations (*Junta Ejidal*), therefore, produced a downwards agricultural spiral.

The Mexican government, therefore, reformed the *Ejido* system in 1992 and gave peasants full ownership rights that allowed them to sell or rent their plots. The weakness of the land market in many rural areas meant that this reform had had little effect at the time of observation, but what

13.- The *Ejido* was introduced after the Mexican Revolution of 1910, to redistribute the large amounts of land that were concentrated in the hand of one single owner, called *latifundios*.

it did do was to remove the community boards or *Juntas Ejidales* that were important institutions of community life, significantly reducing individual dependence on the community.

Hence, significant diversification was taking place in these communities that had changed the economic system from one based on land to one in which people could sell part of their time as labour, mainly in the construction and manufacture in the nearby cities. This did not entirely eliminate dependence on land. Many, especially the wealthier, spent as little time as possible on cultivation. But it still had a strong psychological meaning for them even for those whose production was practically nil. Thus, the new economy was based on both land and employment and peasants sometimes relied more on one, sometimes on the other. In El Salto, for instance, many members were not peasants anymore, 20% worked in nearby factories, 35% were masons, and 15% were merchants. Diversification, had also created new occupations and external linkages.

These transformations had also produced important social changes. Increased external exposure had led to important differences in the amount and type of knowledge that different individuals possessed. As a peasant put it in El Salto,

“... before we were all the same... Now there are those who know things and those who do not...know Spanish, know how to drive, know the city and that weird way to dance...” (Don Celesforo Mendez, San Cristobal.)

People also recognised that social change manifested itself in individualistic attitudes towards the community that were now much more driven by private interest and outside demands, than by collective interests. As one informant in San Lorenzo said, “in these times, each mouth speaks differently here, each one has his own mind”. Thus, increased individualism had undermined traditional collective institutions and produced converging world visions and perceptions of what was important for the community. As an informant put it, “...before we were a community... now we only are bunches of *indios*¹⁴ trying to make an agreement...” (Don Antonio Severo, El Salto).

14.- Is not rare that indigenous people in Mexico, call themselves *indios*, literally meaning “Indians”, a word used in an un-respectful manner by Mestizos.

This modernisation process was, therefore, creating a series of new societal forms and activities and also, more importantly leading to a re-articulation of the basis of the social system that was shifting one based on collective loyalties to one based on networks. This produced a group structure that strongly influenced all collective activities.

II.A.3 Interest Groups and Social Organisation

From the beginning of our research we realised that people constantly referred to the activities of groups, which were not immediately visible. These groups were referred to for many matters but specially when talking about collective activities. Two examples selected from many other cases in San Lorenzo and San Cristobal, help to illustrate this. The first was provided by the NGO official in San Lorenzo when a leader tried to capture funds for himself and his friends. She said:

“... when he and his group knew that the people from the ministry were coming they positioned themselves in the road to wait for them... This group wanted the Ministry to give them only the funds... This, shows you, how hypocritical some people in the community are and how secret alliances and groups “beneath the water” operate... I was very afraid of the impact of this incident and even thought cooperation was going to end... Incredible, as it may appear, everybody in the community took the event as if nothing had happened and in the next meeting all said they wanted to continue working collectively... I was impressed!” (Gabriela Meza, NGO Project Manager, San Lorenzo).

And again in San Cristobal:

“... When the government gave the community the funds... the *delegado*... made a meeting and distributed them among his own group... but we did not say anything for some of these people are also friends of ours or even relatives and there is not point in conflicting with them. Money comes and goes, but we have got to live together for the rest of our lives...” (Don Antonio Paulino, participant, San Cristobal)

These comments and many others, alerted us to the impact that these groups could have on participatory service provision, and led us to look more closely at how they operated. These groups were not immediately obvious, and would not be visible to an external observer on a short visit, who would have imagined that the communities were participating in a united way to

implement the CPD teachings of the field officer and agencies. This view would be strongly reinforced because the communities had rediscovered the Mazahua traditional culture as a way of gaining political identity. Thus, they used the language of community indigenous solidarity to present themselves to the outside world, and to represent community participation as a universally supported and problem-free activity.

However, living in the community, gave us a totally different perspective since we could see that the picture of harmonious cooperation was only a façade and that most of the important deals were being struck back-stage. Their implications could only be understood by identifying the key interest groups that gave pairs an important place-identity and that were the mechanisms through which the community structured loyalty obligations. Our informants told us that they did not really expect support from the community as a whole, but from their group or solidarity network. Groups helped individuals to harvest crops, find a job, care for children, provide insurance against years of bad crops, with loans, and so on. An informant in San Cristobal put it in this way,

“...if alone, one is nothing... we have to cooperate with what the community wants... even if they tell you things, or assign you more work... for us, we know we have to live in community and “*aguantar vara*”¹⁵ ... though, at the very end... is not really the community... but your friends you have grown with ...those are the ones that will come and tell you: “*compadrito*, how are you, do you need any help?”... (Don Julio Jaimes, informant San Cristobal)

Similar comments were made to us in El Salto and San Lorenzo, where we also observed how different groups operated in these communities. Individuals had a strong interest in maintaining healthy relations with their groups in all three communities where they were formed mainly by persons with similar world-visions and interests based on strong reciprocal ties. They facilitated individuals access to information on key issues, such as where work was available, when government funds were coming, how to save in medicines or food, and so on.

These groups contained a mixture of individuals who joined one or more of them in response to kinship, vicinity, or affection, and operated around a leader (see Natal, 1995). They were informal and implicit, though everybody knew the groups to which they and others belonged.

15.- Literally meaning “resist the stick”, and used to imply something like “resist if you are beaten”.

We observed that some individuals were members of more than one group and mobility from one to another was possible, but that most people tended to stay in one group during the time we lived in the community. They were not the only mechanism through which the community was organised, but they existed in all three communities and had crucial and clearly recognisable effects on the social relations that structured rural life. Despite their significance it took us several months to identify them and understand their significance¹⁶. We will describe them in the following sections.

II.B THE CASES OF OUR RESEARCH

We worked in the communities of El Salto, San Cristobal and San Lorenzo, in the State of Mexico. All three were identified by the external agencies promoting participation as already self-reliant and had continued building and maintaining infrastructure for collective use after the agency left. Communities had the independent right to decide which services to produce, to lobby and/or fund-raise for them. They also had the responsibility to manage and maintain them. They were, therefore, self-managing their development in all respects.

As discussed before, we chose communities in which CPD had been promoted by different agencies – a QUANGO, an NGO and the government – so that we could detect if differences in community performance were related to the nature of the agency involved. This also allowed us to observe if different agents transferred different skills to communities.

We will now describe, first, the general characteristics of each community and, then, those of the key groups that operated in each. We will provide a general review of the experience of community participation in Chapter V.

16.- Bosco confirms our findings, showing that while groups may be informal, and invisible to external observers, individuals speak as self-conscious members, continuously stressing the importance of loyalty to their group (see Bosco, 1992).

II.B.1 El Salto

El Salto, is a 80 household community of about 480 people located in the northern area of the Mazahua region, in the municipality of San Felipe del Progreso, the poorest area of the Mazahua country. It is 45 minutes driving from the major town of San Felipe less than two hours from Toluca, four by public transport. The last 1.5 kilometres are an unpaved path that deteriorates badly in the rainy season. El Salto is not developed as a town. Rather it consists of groups of houses scattered throughout the area. Plots are generally 6.18 acres (2.5. hectares) with the houses in the middle. There is neither a town hall, nor a central plaza, and the village reunion centre is the kinder-garden where the community gathers whenever there is a collective event. This type of rural development is known in Mexico as *rancheria*.

In El Salto, there were only two very small groceries, and no other business. At the period of observation, there was no health-centre, nor elementary or secondary schools, nor a central plaza, or any other public space. There was only a two-classroom kinder-garden, where one of the rooms was used as a sewing atelier by the women of the community.

Most men work in the construction industry as temporary workers in Mexico City where they could earn a maximum of £ 50 per week, that can go down to £ 25 after deducting travel and maintenance expenses. Women generally work at home producing subsistence crops, mostly corn and a few vegetables on poor and stony soil. Cold winters often damage crops. Half the population is Catholic and half Evangelical, the latter feeling more attached to the neighbouring village where their temple operates. Domestic violence and alcoholism were common.

El Salto had been politically neglected and forgotten by the local government until the participatory process began. Then, the Patronato de Promotoras Voluntarias, a regional QUANGO entered the community in 1991 to sell low cost food packages mainly to increase children's nutritional levels and subsequently helped the community to build, through participatory methodologies, a sewing school for women (1991); an electricity network (1992); 5 small water-reservoirs (1993); and the kinder-garden (1994). Most of this infrastructure was built through different participatory development schemes, mainly funded by government.

The QUANGO left in 1994, because it considered that the community had enough organisational capacity and had become a self-reliant community. The community subsequently

engaged in a series of projects that we observed throughout our research. These were an access road to the community (1995); an elementary school (1996); a two thousand cubic meter potable water system and a fish tank (1997). These, we will describe later.

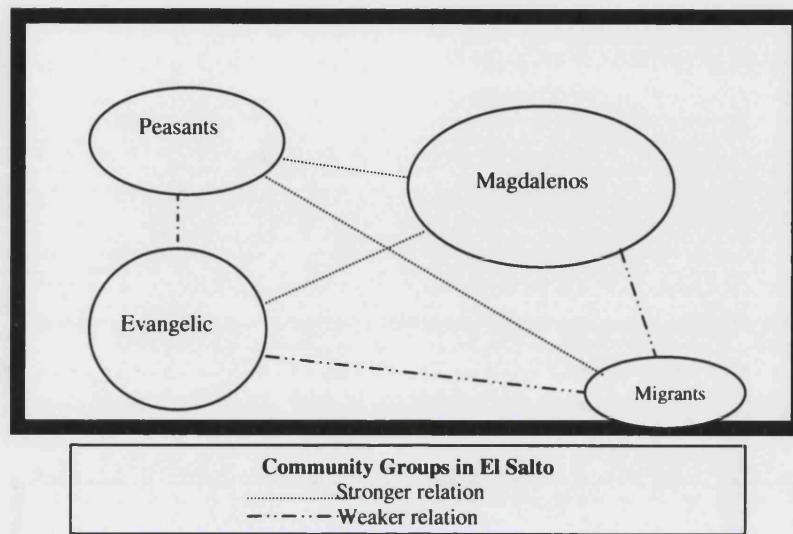
Groups in El Salto

There were four main interest groups in El Salto. About 14 families formed the Peasants group, who owned land and were *ejidatarios*, they had a special influence over land allocation and control in the community. They were totally dedicated to agriculture, but did not always have the best lands. They were scattered and badly organised as a group, but could become an important force in town when they had to defend their interests. They were thought to represent community values and were very influential because of this.

The Evangelicals were an important group, composed of about 12 households that formed a highly integrated and organised group that participated actively in all collective efforts. Though they did not accept the community's traditional values, they were well accepted by the rest, and had important external connections.

The Magdalenos, was made up of the families of the 13 heirs of Don Magdaleno, a senior member of the community and was a much respected group. Some were peasants and possessed the best lands in town. The extended family was very close and despite her size acted as a group. Don Magdaleno donated the piece of land where the elementary school was constructed.

The Migrants formed another important group of about 10 families. All heads of household commuted every Monday to the nearby cities and generally came back at the weekends and were amongst the wealthiest in town. They did not physically participate in many of the collective efforts but made financial contributions. They had high status and respected as brave and entrepreneurial individuals.



II.B.2 San Lorenzo

San Lorenzo is a 15 minutes drive from the centre of Avandaro, in the southwest of the Mazahua country, by far the richest area of the region. It is 30 minutes from Valle de Bravo, the municipal capital where services are widely available, and two hours on public transport from Toluca.

This is a 30 year old community that migrated from a troubled mother-community close by. The Mazahuas invaded a federal environmental reserve and slowly built a small town with a school, a basketball court and a small chapel at the centre. It consists of 40 extended family households living in houses built on small plots of around 300 square meters each. Better houses are built of stone and brick with a concrete roof, while the poor live in houses of wood without floors. They cook with wood at ground level, and houses do not have proper ventilation.

The town is set in a forest at the shore of a lake, and their land is surrounded by rich country-houses developments that impose pressures of many kinds. Thus community members have to choose between selling their properties to land developers¹⁷, or to create infrastructure and

17.- Land developers are keen to buy government land because of its high value in the area. In the past the government gave property rights to people who had invaded reserves or other government land, while anyone who has lived peacefully for more than five years on a clearly delimited piece of land can claim

services for their own community. Every household knows that their strength as a group will diminish if any of them sells, so they try to resist these pressures, and community participation has therefore become a mechanism to strengthen cohesiveness.

Local incomes were above the minimum wage. Most men worked in the nearby tourist area either as gardeners or taking care of weekend houses, while those with fewer skills worked as masons. There was also a carpentry shop owned by the wealthiest member of the community who employed some of the youth; two families fished and sold their caught in the community. Most women sold their knitting in the tourist area close by, and their husbands collaborated in the administration of the business. All inhabitants were catholic, and very enthusiastic about religious festivities and obligations.

A local NGO, the Fondo Vallesano de Solidaridad (FOVASO), had worked with them for five years, helping them to become more self-reliant and get municipal funds to build small roads, and bring in electricity. They also built a small public school (1991) and a basketball court (1992), brought in potable water (1992); and also opened the road for of access to the community and to the four streets that made up the town (1993). The NGO left in 1994 assuming the community was self-reliant. During our stay, the community worked on: the construction of a road (1994), paving the major street, school toilets (1995); a large containing wall to avoid floods from the lake in the raining season (1996); and two projects, producing mushrooms and ornamental plants (1997). These last two, we did not include in this research as they were not related to infrastructure construction.

Groups in San Lorenzo

There were also four groups in San Lorenzo. The smallest was that of the “Youngsters”, formed by nine individuals that worked outside and commuted together every weekday. Most were masons and some worked in nearby businesses. They were the youngest group to be active and influential in community decisions. They usually only participated in community tasks on weekends but were very efficient, and were very close internally. However, they were also the most shy and respectful and generally left the main decisions to other groups, although they were influential.

legally enforceable property rights over it. The beauty of San Lorenzo and its location makes this land highly valued.

The Carpenters were the largest group in the Village, with 12 heads of household, formed mainly by the owner of the carpentry and his employees. The Carpenter was the leader as he decided who could work with him and who would not. They were a very cohesive group, secretive and compact most concerned to protect their private interests.

“The Panchos” was a group that worked as gardeners, masons or employees in the nearby weekend resorts. They were marshalled by Don Pancho, a very well known leader, with a clear command of Spanish, elder brother of the largest family in town. This was certainly the most influential group, due to its strong ability to negotiate with other groups, and the charisma of Don Pancho.

Finally, the Victor’s was a group of around 12 households, but with less cohesion than the others. It was formed by the poorest people in town that lived in the western outskirts of the village. They had less ability to move out of town than the others. They had to engage in multiple every-day activities to earn an income, so they had always found it difficult to meet their participatory commitments.

II.B.3 San Cristobal

San Cristobal is at the heart of the Mazahua country, one hour’s drive from Ixtlahuaca, the capital of the municipality, the last 20 minutes have to be done along a non-paved path. It is surrounded by the Lerma river, and creeks and reservoirs, but water is becoming increasingly scarce as we have seen. This was once a very productive valley surrounded by beautiful forests, but now the soil in is highly degraded and erosion is a serious problem.

San Cristobal has 400 households organised in 4 barrios or colonies. It is the largest of the communities studied with far more public infrastructure, including a central plaza with a big beautiful new church, an evangelical temple, an administrative office for the delegate, a couple of rooms that were once used as the community jail, a clinic, a four-room elementary school, a very well built kinder-garden, and a two-storey secondary school.

The local economy is based on weaving wool and the main crop is corn. However more and more men were going to work in the nearby industrial complex of Pasteje, making much higher

wages than they would make as peasants and significantly increasing family income. This has encouraged the youth to remain in town rather than migrating, but has also radically changed the traditional social organisation of the community.

The community was divided between Catholics and Evangelicals who clashed by the late '80s and early '90s, but were living harmoniously and even participating in joint projects during our stay. However, they did represent very different interests that made themselves evident in meetings, as we will show. CPD projects included two-storey of the elementary school, a kindergarten, several roads, an electrification system, a bridge, a council house, a secondary school, and a clinic, all with the patronage of the government that originally promoted participation in the village. All of them made with the help of government officials before 1994.

The government agency that was assisting San Cristobal, left in 1994 when it was thought to have achieved the capacity for self-reliance. During our stay the community finished the connecting road and a bridge they had started the previous year (1993/4) and built a brand new Central Plaza (1994); the secondary school (1995); an extension to the secondary school (1996), and several secondary roads (1997).

Groups in San Cristobal

There were five clearly differentiated groups in San Cristobal.

The *Delegado's* group, was most powerful and controlled by the members of the *delegado*, the formal administrative authority in the community that had all the strongest contacts with external actors. The *Delegado* himself was a charismatic leader with the best Spanish in town.

The Peasants were an old and important group made up of the old families that owned most of the land. They were much respected and an influential group with strong economic capacity and many connections.

The Outsiders, lived on the outskirts of town, had the worst land, and were generally the very poor. They were very badly organised and had very low leverage.

The Workers, were the smallest group and made up of seasonal workers. They were mainly young landless community members who had relatively important economic skills but were out

of town most of the time. They generally preferred to avoid conflict with other community groups and ended up conceding in everything.

Finally, the Evangelicals, were a relatively new but very powerful group. They had the support of a larger church in the city that had helped their members to set up family businesses such as a convenience store, a grocery, and a beauty-parlour. Their members had increased their incomes as a consequence and engaged in civic activities as a group.

All these groups coexisted peacefully and there were at least sixteen individuals that were part of more than one group because were more talkative or had relatives or close friends. They provided some cross-memberships that facilitated communication and fostered agreements and cooperation among groups.

Table 1 identifies the key groups in each of the communities.

Table 1
Key Groups in the Mazahua Communities

Community	Interest Groups
El Salto	The Peasants The Evangelic The Magdalenos The Migrants
San Lorenzo	The Youngsters The Carpenters The Panchos The Victor's
San Cristobal	The Delegado's The Peasants The Workers The Evangelic The Outsiders

III CONCLUSION

This chapter presented the Mazahuas and the communities we studied. It shows that they had most conditions to achieve self-reliance. They were settled in a prosperous economic region; agents that had introduced participatory methodologies, had worked with the

communities for a while and had with them achieved to produce important infrastructure that could help their development. Moreover, communities had acquired organisational expertise to continue participating. Thus, it was logical, under the approach, for the three agents, to suppose that communities would continue developing by themselves, as they indeed somehow did. However, problems derived from the communities' internal social and economic conditions, which had not been considered to impose costs on their development as we will see in the coming chapters.

We also intended to portray here something we realised as soon as we moved in to the communities: that they were not units, but complex aggregations of different interests. This realisation allowed us to more critically observe a series of other phenomena that were occurring in relation with community cooperation, and was particularly useful in helping us to understand the way in which decisions were made, who controlled them and how negotiations benefited some groups more than others, as we will show in chapters to come.

In the next chapter we will present a brief review of how the participatory approach developed in the region and how the Mazahuas organised cooperation for service provision.

CHAPTER V

PARTICIPATION IN MEXICO AND AMONG THE MAZAHUAS

INTRODUCTION

In Mexico service provision in marginal rural areas has always been problematic, because the poor are not only scattered and isolated physically and culturally, but differences in geography, climate, culture and language make their needs very heterogeneous, making policy design and implementation difficult. Further, insufficient markets and discrimination, plus the inefficiency of policy planners and the indifference of the political system, have undermined the social development of indigenous people and increased their political and economic isolation. However, though not sufficient, some advances have been made in providing them with services, and different approaches have been tested, notably the participatory approach. The approach emerged in the late 1970s in the country as a whole when the achievement of autogestion - self-reliance or self-management became the pivotal objective of policy implementation. As we have seen, policy makers believed that communities could be left to themselves once they achieved the organisational capacity to manage their own development process on a cooperative basis, the claim that this thesis has set out to test.

This chapter will set out the background to the detailed study of the costs involved in managing participatory processes that we will provide in the next three chapters. It is divided into two parts. The first will review how the participatory approach emerged in Mexico, its major influences, and how it came to be used to promote development based on the idea of self-reliance. Here, we will describe some of the participatory programmes developed in the region that have influenced some of the communities. We will continue with an overview of the cooperation among the Mazahua and the role of groups in this area.

In the second part we will revise some of the more relevant aspects of the management of collective projects we observed in the communities where we worked, looking at the social context in which they operated and at some of their achievements and difficulties during the period at when this research was conducted. We do this by treating the nature of decision-

making processes, project implementation and of community cooperation as a long-term strategy for development. We describe the most representative aspects of project implementation of many we observe in the three communities, trying to establish similarities and parallels which will be further analysed in future chapters. Our conclusion will identify the implications of these cases for the chapters that follow.

I THE PARTICIPATORY APPROACH IN MEXICO AND WITHIN THE MAZAHUA

I.A THE PARTICIPATORY APPROACH IN MEXICO

The participatory approach to development emerged in Mexico in the late '70s. It was boosted by a series of ideas and events that had been occurring in the Mexican political-economic environment, such as the counter-cultural student movement at the National University in 1968; the growth of the NGO sector and the emergence of radical elements within the government with different approaches to social intervention. It also represented an attempt by populist governments to regain political support.

The Mexican student movement of 1968 was, as elsewhere, a social protest for more freedom, democratisation and development that involved a counter-cultural attempt to produce changes in discourse and practice that would actually address the causes of poverty and exclusion. It became very influential in the NGO sector that emerged in Mexico in the late '60s and early '70s (Natal and Gonzalez, 2001) and later informed policy making. It was associated with a wide range of new and more radical approaches that were emerging across Latin America, such as, Liberation Theology, the "popular education" approach developed by Freire in Brazil (see Freire, 1972); and the concept of the "New man" promoted by Torres in Colombia and Che Guevara in Cuba, (Lugris, unpublished: 20-22 quoting Moya, unpublished; see also Baran and Sweezy, undated; Castro, Dorticos and Roa, 1978; Debray, 1975). It was also influenced by a series of nationalist and populist ideologies (see Kitching, 1982); and of course, by the very influential ideas of the Dependency School (see Hunt, 1989:198-223). The participatory approach was, therefore, seen as another instrument to fight dependency and colonialism (see Lowenthal, 1987).

In Mexico, the participatory approach, took forms such as the “participative and militant research approach” (*investigación participativa y militante*), and the “people-centred approach to planning” (*planeación centrada en la gente*) (Lugris, unpublished: 20-22, quoting Moya, unpublished). In the mid-1970s, the National Institute for Indigenous People¹, developed a methodology for participatory action-research to work with indigenous groups, that was followed by a similar methodology by Anton de Shutter for adult education in Michoacan. Influenced by the work of the FAO, the INEA (National Institute of Education for Adults) also developed a methodology for participant learning known as the INEA/FAO methodology (Lugris, unpublished), that latter informed many other initiatives in different fields. Other agencies also adopted the participatory approach. For instance COPLAMAR (Coordination for the National Plan for Depressed Areas and Marginalised Groups) developed a methodology for project intervention that was very influential for it stressed the differences between different groups and types of poverty, and used participation as a key strategy. This methodology produced a particularly rich and useful analysis of the causes and alternative solutions to rural poverty in Mexico (see COPLAMAR, 1982, 1983; Provencio, 1990). All these efforts built up to make of this peculiar version of the participatory approach the methodology for poverty intervention in the country.

The approach was also strongly influenced by pressures from below in the form of the Ecclesiastic Grassroots Units, or CEBs (*Comunidades Eclesiales de Base*). They were participatory cells of the Catholic Church, which developed what they called “peasant auto-diagnostics”, an influential analytical tool similar to what later came to be PRA. They promoted alternative forms of collective action from those proposed by the State, which co-opted practically all other civil society initiatives from the ‘60s to the early ‘80s (see Natal y Gonzalez, 2000). The NGO sector also started to develop its own methodologies for participatory action. In the ‘80s, the ANEPA, (National Association for the Study of Agrarian Problems and Solidarity with Peasants and Indigenous Communities), an independent organisation, The Environmentalist Study Group (GEA), and other NGOs also developed methodologies based on the participatory approach (Lugris, unpublished). In the late ‘80s, PRA was introduced into Mexico by McCracken and Anderson, and academics of the University of Yucatan (Lugris, unpublished). The WRI

1.- Its is better know for its Acronym INI, *Instituto Nacional Indigenista*, now the CNDI, National Commission for indigenous People.

(World Resources Institute) also promoted their version of PRA, influencing NGOs such as GEA, ERA, EDUCE and CESE.

The approach was also fostered from above. It was promoted by populist regimes such as Echeverría's (1970-76), that needed to increase their social base, and later by those that needed to reduce the crisis of confidence and/or the pressures created by structural adjustment policies (Lopez Portillo 1976-82, De la Madrid 1982-88). The need to regain political capital was paralleled by the pressures from the international agencies, especially the World Bank, to increase beneficiary participation. As a result the country adopted a series of participatory policies that went from the Participatory Rural Development or DRP (Desarrollo Rural Participativo), to the National Programme for Solidarity, or PRONASOL, also known as Solidaridad.

Solidaridad was a nation-wide programme for poverty alleviation based on beneficiary participation (see Solidaridad, undated). It bypassed existing development bureaucracies, and funds were allocated directly by the President's office, so it allowed often legitimate, criticisms of its populism and the existence of hidden political agendas (Dresser, 1991). However, it did channel funds directly to the very poor in order to foster their organisational capacity and create the basis for the development of collective action. As a result, PRONASOL was one of the most important experiments of the participatory approach across the world. One of its key objectives was to impel communities to achieve self-reliance, which subsequently became central to poverty policy. Though PRONASOL was ended in 1994, its influence can still be felt.

PRONASOL has been widely reviewed in the literature that has focused on the uses, and, to a lesser extent, the abuses of participation, but despite its importance we will not discuss it here because we believe that the key issue now is to understand how participation as a way of achieving self-reliance and poverty reduction, can actually be made to work as part of community development.

I.B REGIONAL PARTICIPATORY PROGRAMMES

The State of Mexico, where our case studies were located, is the region that gives its name to the country and is at the heart of the nation. It is characterised by large income inequalities, that for years has intended to attend, by providing several different programmes for rural extension and service provision based on forms of self-reliant participatory rural development.

One of the earliest participatory programmes launched in the state was a regional development programme called the “*Ejercito del trabajo* (ET)” (literally “the army of labour”), that organised communities using some of the principles of the participatory approach to produce collective goods in the early ‘80s. Although it was sometimes used as a means of political co-optation, it gave people certain organisational experience that later allowed many communities of the region to participate in projects of PRONASOL. ET was followed by other programmes undertaken by the state government, to increase accountability in rural infrastructure construction and as a tool for the decentralisation of service provision (Natal, 1997). One of them was the regional government created the Comites Ciudadanos de Vigilancia (known as COCICOVICS), launched in 1993 that still exists. These are voluntary committees of citizens that follow-up the construction of public infrastructure in their vicinities. Developers, whether government agencies or private firms, have to present their plans to these committees that monitor them. The committees are expected to ensure that the installations are constructed to the standards specified and that the resources are transparently allocated. This model of monitoring has received criticisms, particularly in terms of the ability of often illiterate rural people to fully analyse the manuals and reports presented by experts. Nonetheless, it has added some skills and organisational capacity to the rural people involved.

As a result of these and other several experiences of participation, some more successful than others, more and more communities in the area are now considered to have enough organisational capacity to develop by themselves, i.e., to be self-reliant. As a consequence either the state, NGOs or QUANGOs, have started to retreat from direct interventions in rural communities that are now said to have “graduated” by having developed the capacity to operate as autonomous entities. This, paralleled with a strong process of decentralisation initiated by the regional government, has enabled rural communities to make their own decisions on how to administer their resources for service provision. The regional government’s role in community

development matters is, thus, reducing more and more to (randomly and relatively) supply expertise and to meagrely funded service production when, and only when, it is approached.

I.C COOPERATION AMONG THE MAZAHUAS

The Mazahuas are the indigenous group with the strongest tradition of cooperation and collective involvement in the region, one that dates back to pre-hispanic times. They have been historically marginalized and have traditionally provided for themselves in a collective manner, through what is called the “*faena*”. This is a form of collective organisation of the type of *tequio*, a pre-hispanic system of hierarchical obligations and responsibilities that is not exclusive to Mazahua, but is a common heritage for most of the indigenous groups of the Plateau of Anahuac. The *Faena*, imposes an obligation on every adult member to participate in collective activities for the provision of common goods and has been used since ancient times to construct commonly used infrastructure, such as schools, churches, roads, etc.

Faena goes hand by hand with the *mayordomias* system, a series of hierarchical responsibilities organised around religious activities. The *mayordomo*, or the volunteer administrator, takes on responsibility for organising a year of religious celebrations, and has to pay for most of the town's celebrations. This is a system of income redistribution that assigns a very important status to the *mayordomo*. Although the *faena* is still a central institution for indigenous communities, certain social changes like migration, new labour markets and democratisation have reduced its obligatory nature. In the same manner, the participatory approach has contributed to change traditional patterns of cooperation by creating a whole range of transformations that are affecting the entire political and economical organisation of communities, as we will show in later chapters. Something worth noting is that these traditional institutions are in fact rather hierarchical and not at all democratic or ‘participatory’.

The Mazahuas, as a group, have also developed other important collective organisations. They have several important community-based organisations (CBOs) in the area and also in major cities, like Toluca and Mexico City to support and lobby for their special interests, for example *Flor de Mazahua*, (Mazahua Flower) an organisation of mainly female domestic workers, lobbies for their rights and provides them with legal aid when needed. They have also created organisations to lobby for cultural changes and reforms, as well as other collective arrangements used for religious purposes. For example, the Union of Knitting Women of San Jose Villa de

Allende, has given women of the region strong support to commercialise their products, value their work in relation to the community, and defend them against domestic violence.

Hence, because there existed a strong regional commitment to support collective action, local traditions, experience and personal skills in organising and maintaining cooperation, is why we believe that the Mazahuas society should have turned into one, where the predictions of the participatory optimists should be easily fulfilled.

I.D THE ROLE OF GROUPS IN MAZAHUA COMMUNITIES

We noted the critical importance of local interest groups in managing participatory processes and identified the key groups in Chapter IV. Expanding on them, and before looking at the actual cooperation processes, we need to make some general comments about their role in bidding for resources, managing conflict and maintaining reciprocity, all these activities that importantly framed community cooperation.

Although the participatory process was governed by a rhetoric of solidarity, and there was strong reciprocity within groups, there were always serious conflicts between them, or as an informant put it “there was much going on beneath the water”. In El Salto, for instance, there were old rivalries between the peasants and the Evangelicals; and between the Panchitos and the Carpenters in San Lorenzo.

Nonetheless, although groups were often involved in conflict, many of the comments of our informants indicated that they all recognised that they needed to be able to cooperate with others if they were to actually produce service infrastructure. This need to produce services, thus, produced both competition between groups and the realisation that they needed to work together, a tension communities overcame by group negotiations.

A case that helps us to understand how groups did this, occurred during the construction of the secondary school in San Cristobal. Here, groups’ differences surfaced and revealed what tended to be concealed in other projects. Since 1993, the *delegado* and his group wanted to build a secondary school, but they had no support from the other groups that each had different projects that they wanted to pursue. The Peasants wanted the roads to take their products to outside markets, the Outsiders wanted a bridge and electrification of their neighbourhoods, the Workers wanted basketball courts they could use whenever they were in town, and the Evangelicals

wanted to build a proper central plaza where the community could meet and that would foster commerce.

The community spent several weeks discussing the problem in informal meetings, where the *delegado's* group spent a great deal of time trying to obtain the support of the other groups. Heavy under-the-table negotiations took place and groups fiercely defended their positions. The project leader in the community brilliantly summarised the problem:

“... We have dedicated several weeks to this thing of the school, and many are getting tired... the problems we have are... the difficulties of having a list of what we all want and ... then, as we have little time and money, and we can only do one thing at the time.... we have to bring everyone to agree on what this thing should be... and this is not easy... because everybody wants to do different things...finally, we have to somehow please others ... and let them know that if they help with the School their time will come...” (Don Antonio Marcelo, project leader in San Cristobal)

What we found interesting here was that, though, groups took strong positions to defend their cherished projects, they were also ready to negotiate privately to reach an agreement. In fact, the other groups' leaders secured general commitment to the construction of the school, by persuading the *delegado* to support their own projects in the future. One leader put it this way:

“... the only way to organise this thing of cooperating is to negotiate with the others...if we need help tomorrow let us help today...even if we do not want what they are pushing...” (Don Panchito Gomez, San Cristobal)

Another informant made a similar point:

“... look, the thing is very easy, they know that if we do not help them they will not be able to do it [build the school] by themselves.... and even if they put all their effort and built it, they know that afterwards they won't be able to stop our children from going into it.... Therefore they have to compromise.... We want to build the road first... and they will have to agree if they want us to help them to build the school they want...” (Don Susano Gómez, San Cristobal)

After several weeks of negotiations, consensus was achieved when some groups were persuaded to postpone their proposals. In informal gossiping meetings, it was accepted that the community should first complete the construction of the main road and the central plaza, the projects put forward by the Peasants and the Evangelicals. Privately, they all knew, that the construction of the school was to follow afterwards. The *delegado's* group had finally managed to get agreement for their project but had had to pay a high cost, delaying it two years. As a result the

road was built in 1993, the plaza in 1994, and the school in 1995. All of these decisions were subsequently agreed at formal meetings without any reference to these informal intra-groups agreements. The *delegado* himself then organised the necessary activities each time, and the collective works were started immediately with cooperation from all groups, creating the appearance that there had never been any disagreements at all.

However, we saw afterwards, that the *delegado's* group systematically used gossip to threaten the others with the possibility of stopping cooperating just to let the others know they still had some control over the final situation. They stressed in public that they only co-operated with the other groups to "do them a favour", and on condition that they subsequently reciprocated as the following comment shows,

"... the thing is easy. We have let them know that we may not work properly now, and not come regularly to work, and really help them... unless they maintain their commitment to support us in our own project... They know they will not be able to finish the plaza by themselves... even if they put all their effort... Therefore they have to compromise.... We want to build the school immediately afterwards... and they will have to respect the agreement if they want us to help them now..... we are friends and they have helped us in the past...these are favours that we all need to honour..." (Santiago Jacinto, San Cristobal)

This attitude was not particular to San Cristobal as we can see from a similar comment referred to us in El Salto, during the construction of the School facilities,

"...we cannot ask others for what we don't give. Even if we disagree with what they are doing, we have to help them. Even if it is difficult for us...because then, they will own us a favour... and then, they will have to help us when it will be our turn..." (Tomás Ruíz, participant, El Salto).

The realisation that the communities studied were complex aggregations of different interests, that through groups of interest, competed and bargained for putting forward their agendas while cooperating, allowed us to more critically observe a series of other phenomena that were occurring in relation to community cooperation. This was particularly useful to understand the way in which decisions were made and projects undertaken, as we discuss now.

II MANAGING PARTICIPATORY PROJECTS: AN OVERVIEW

Our objective has been to understand the general problems faced by communities involved in CPD so we will not describe particular programmes or projects, but show how community members managed both similar projects like schools and roads, and different ones like fisheries, a dam, and a bridge. This should enable us to understand problems that were not project-specific or caused by particular local conditions, but common to the participatory process itself. Table 2 identifies the major projects undertaken during the research period.

Table 2
Participatory Projects in the Mazahua Communities

	1994	1995	1996	1997
EL SALTO	Kinder-garden	Feeder road	Elementary School	Water System Fish Tank
SAN LORENZO	Feeder road	Main Street and School facilities	Containing wall	Productive projects
SAN CRISTO BAL	Finishing Feeder Road and Bridge Central Plaza	Secondary School	Extension to the School	Secondary Roads

The rest of the chapter will, therefore, present some of our key observations relating to a number of key issues - decision making, leadership, issues associated with project implementation, and with the viability of CPD as a long-term strategy. We provide a birds eye view of these issues here, since they will all be expanded further in the chapters that follow.

II.A DECISION MAKING

II.A.1 Negotiations

The nature of the decision making process during the initial stages of projects struck us as highly significant from the beginning. Most people were silent and only a few said very little during the actual meetings, and everybody then voted calmly so consensus seemed to have been easily reached. However, after living in the community we discovered that people might be silent in meetings, but they were nevertheless actively talking to each other and discussing issues related to projects through informal and not easily observable gossip networks.

A case that clearly illustrates this occurred prior to the construction of the road in El Salto. We noticed during our pilot research that when the topic of where the new road should go, and therefore, whose fields would be affected, everyone realised that this must involve serious conflict between groups with opposing views.

Then, the contending groups tried to explore each others' opinions before the meeting took place. The Peasants, first sent a good gossipier, to approach other groups to obtain information. Both the Evangelicals and the Migrants listened to the information that he was bringing them, but his real role was mainly to discover the messages that the opposing groups wanted to be sent back to his own group. All this was totally informal and camouflaged as casual conversations between neighbours, and took place in public spaces.

This was not exclusive to El Salto, as commented before in San Cristobal, this informal inter-group communication was extensively used during the decision making of the road, the central plaza, the school and the secondary roads.

After observing this in the three communities, we realised that these communications were the mechanism through which opposing groups got to know each other's position in order to decide theirs. As information came and went, and individuals adjusted their positions accordingly, they constituted genuine under-the-table ex-ante negotiations. These, we could observe in all projects undertaken during our field research, and though they were particularly intense on controversial

subjects, like the impact on fields of road building, they also took place before less conflictive decisions.

But there was something we were puzzled about, why people needed to invest so much time in pre-meeting negotiations and discussion instead of doing so during the meeting itself, taking then democratically decisions about what to do? When we put this question to leaders in the three communities, they told us that after the supporting agencies left and they tried to make decisions using open discussion and the "one-member one-vote" model, as they had been taught, they simply could not reach agreements. They identified a number of complications this system had implied to them.

Avoidance of animosity. They had had problems with democratic voting because it was considered to be "rude" and "impolite", since, Mazahuas always avoid open confrontation. Mainly, because, as several of informants said, "...you do not want to openly oppose others whose support you most surely will need in the future² ...".

The need to reduce open and adversarial conflict in project management. They also stressed that allowing preferences to be confronted and problems ventilated in open discussions was like "opening the doors to conflict". Then, decisions were subverted by old differences between neighbours and unsolved quarrels between individuals, families and groups. An informant put it this way:

"...here ...it always rains above what is already wet³ ...we are a small community and the past is not always in the past... Some have a very stubborn memory and like to unbury old stories every single time..." (Don Antonio González, San Cristobal)

Time consuming and tiresome meetings. They claimed that the system of individual voting introduced by the agencies, made them feel that they were "walking in circles", as one of them put it, forcing them to talk from "the hour when God awakes until the hour God makes

2.- The actual comment literally said: "*que te pueden echar una mano*" that could be translated as "who can give you a hand".

3.- A popular saying "*Siempre llueve sobre mojado*", is commonly used to mean that there is past history of problems and conflicts.

darkness"⁴. They also stressed that it was difficult to make decisions using this method of voting because "... no-one wanted to let his arm be twisted"⁵. As a result community members simply got tired using this method and voted for whichever option would end the meeting and let them go home. As one said, "...after those long discussions people got tired and numb and therefore voted for whichever thing that would harm them least..."⁶.

For these reasons it was clear why communities had turned to informal negotiations that occurred before the formal meetings where gossip always played a key role, and were far more effective than the "one-member-one-vote" system, as they were more expeditious, reduced conflict, and allowed community members to reconcile diverging interests.

Another interesting feature of these prior negotiations was that people could leave the task of negotiating to the members that had the best communication skills. Those who took on this role were more assertive and their fellow members believed that they could represent their interests better, since they had more gossiping abilities, time to do so and bargaining power.

These fellows, that soon became leaders, dedicated an impressive amount of time to establishing connections with other groups and carrying out pre-assembly bargaining. We found that they always had to make use of their loyalty chains, their social capital and reputation in order to prove that what they wanted was also in the general interests of the community.

II.A.2 Leadership

Not everybody was equally involved, talkative, or influential in the decision making process. When we asked one informant about his limited participation in the meetings for the construction of the school said,

"...how can we imagine how a school should look when one did not even go to school? ... how many classrooms, which size?...no, no, no... I can not waste all

4.- This is a popular saying in this region of Mexico, "*Desde que Dios amaneca hasta que Dios anochece*", that is used to refer to a tiresome and boring period of time.

5.- A popular saying "*No quiere dar su brazo a torcer*" is used to refer to a situation where an individual or a group do not accept any other point of view or do not want to negotiate their position.

6.- In Spanish: "*La gente se aconcha y se cansa y vota por lo que menos le afecte*".

this time making all this thinking. We can only do what we can... those that know... those must do it..." (Seferino Meza, informant El Salto)

Similar comments, repeated to us in the three communities, showed that some members did not want to exert their participatory right to collectively develop new ideas, but found it a burden, and therefore chose to leave "all the thinking" to others. As a result one or two people were asked to put together the project after the meetings, and became the project leaders.

These leaders were always persons most active in the decision making process, and those that appeared to have the ability to overcome the problems involved. As one project leader in San Lorenzo said,

"...we wanted to make a dike to stop the water flooding to the lagoon. We organised a meeting to decide how to do it. Nobody knew ... and I was the only one who had an idea. Finally all the thinking had to be done by myself... and from that day they left me always to do the job" (Don Panchito, San Lorenzo)

His case was not unique since few members knew exactly what to do, so community members almost always looked for a project leader, generally from the group that had proposed the project, to organise the collective venture.

Leaders did not have an easy task. For example, Don Santiago who was project leader in El Salto was asked to volunteer to organise the construction of the road. He then had to find out how much time others could put in the venture, and get permission from other community members that would be affected by the works. He said:

"...it takes weeks to visit all in the community... even if I do it by horse... I have to spend hours visiting and explaining things again and again... Finally, people always talk and at the end of the day if you do not find someone they say you did not want to invite him..." (Don Santiago Magdaleno).

Similarly, Don Antonio, in the case of the school in El Salto, devoted entire days to thinking about the issues involved in the construction of the school. He visited members, looking for information on times, ideas, possible contributions and so on. He said:

".... after having done all the thinking.... I still had to go and visit every single household to see if they liked the idea and when they had time. Generally everybody had their own opinion. Then I had to bring all together and create a

single project.... It was too much work for me alone....but I accomplished it...”
(Don Antonio Severo).

These comments identify some of the problems involved in the initial developing of projects that required of technical information, and constant communication and agreements among community members; but, as households were scattered and isolated and the communities had no modern means of communication such as telephones, or a local radio or newspaper, even simple tasks like informing everybody of the date of a meeting, implied immense amounts of time, effort and resources on the part of project leaders. Complications escalate as different and differing points of view had to be brought to consensus, some members behave opportunistically or kept information for themselves. However, despite these problems, these social entrepreneurs made significant efforts and generally managed to involve most households. They, therefore, did get more satisfaction from getting involved than other members of the community despite the lack of tangible benefits, because they were able to contribute in a useful and credible manner.

Social entrepreneurs, like these emerged in all communities where there were from four to eight or project leaders. Their life histories showed us that they shared very similar characteristics.

Like Don Sebastian or Don Antonio, all were better-educated, could read and fluently speak Spanish. They were generally mature men of around 40 to 50 years, with important collective experiences and reputation. They also had more expertise and were more street-wise, as they had generally worked or lived in the nearby cities. Some had worked in factories and were more assertive or as one informant put it, were *de razon* [literally “people that can think”]. They were wealthy enough to be able to give part of their time to organise collective ventures. They were generally charismatic and able to motivate people, so the rest expected them to lead.

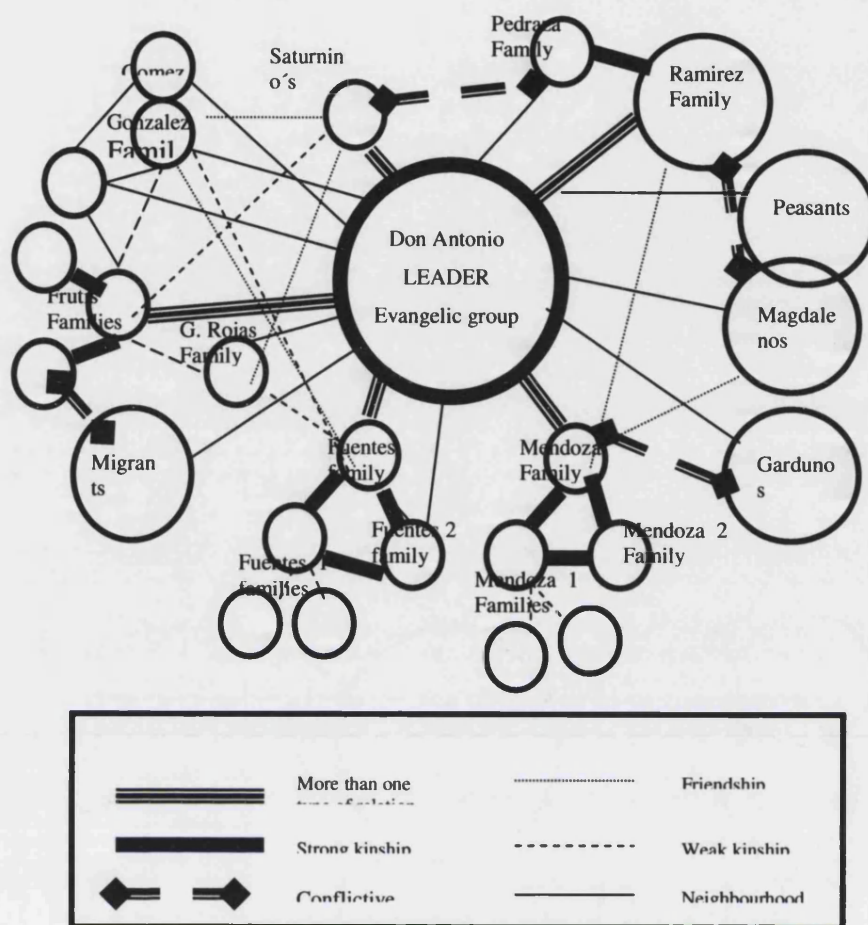
Leaders lived permanently in the community and spoke Mazahua, had a clear picture of their community needs and potential, as well as those of their neighbours whom they knew very well. They were highly respected and people gathered around them because they not only had more expertise and organisational capacity, but were also seen as those who knew the “modern” manners that the rest were trying to learn. They knew how to drive, how to dress like the people of the city, they knew which jobs had more future, how to use electrical appliances, which music was trendy, and so on, as this comment from El Salto shows:

“...who else is going to tell us what to do... he is the only knowledgeable one...
we have no school and know nothing about nothing... He knows about

things...has lived in the city... knows how to talk... So is better for him to be in command ...” (Don Cesar Macedo, participant, El Salto).

This respect and their skills put leaders at the centre of their groups and amplified their relational links. For example Don Antonio’s sociogram⁷ (see graph No. 2), shows how he was a key figure in a web of relations of dependence and reciprocity based kinship, occupation and religion. His links to conflicting groups shown in the figure enabled him to relate to people and groups that would otherwise have difficulty in working together. Community members also reported that his authority was based on past events when he had successfully represented their interests in meetings, conflicts and other public events. This was also the case for the other leaders and especially true of their relationships with the poor and marginalized people, who generally had limited voice, assertiveness, and/or bargaining power and that therefore, relied on them for information and support. This was even more important when traditional institutions failed to provide for them (Natal, 1995).

7.- Sociograms were not constructed merely out of our own interpretation of community networks. We constantly ask individuals for which we want to construct one, two simple questions: a) From one to ten how close you are from X?; and b) Assuming that you all have the same age, if you were to play football with, which position would you give to X?. These simple questions proved to be extremely useful. For instance, question “a” helped us to “measure” how close participants felt about other community members and “b” how much they valued their skills, regarding the importance of the positions they assign to each player. However, we were not expecting that a response to question “b” could be, that they would choose X to be an adversary in the other team!, but the answer came many times. Moreover, interviewees went even to assign positions in the contender team, these, generally corresponded to community groups leadership, as we will take up later.



Graph No. 2

Example of Community Leaders Relations: Don Antonio's Sociogram

All of these factors gave leaders more and more influence over the participatory decision making process and authority within the community at large. Thus, the whole community and not just the poor had to depend on them, *confiar y cobijarse* [trust and cover] and put themselves “under their umbrella”, as they said. One informant reported:

“... sometimes we have to let those who speak properly Castilla [Castilian or Spanish] to do the job for all of us. Otherwise nobody is going to understand what we want but only ourselves...!.. They are good, we have got to trust them...” (Don Nicolas Uribe, participant, San Lorenzo).

another put it this way:

“...we have to let ourselves be covered (*cobijarnos*) by those that have gone out of the community, seen the city and know better what our community needs, where should we head to and how ... for if not... what else can we do...how could we know?... we have always lived like this... (Don Rafael Loza, participant, San Cristobal).

It is clear that most of the projects realised during our field research would never have been built without the investment in terms of time and effort of these leaders. These social entrepreneurs not only carried the burden of organising the collective venture but showed a strong commitment towards their project. The case of Andres a Project Leader illustrates this point further.

Andres was one of the brokers of San Cristobal that had advanced the idea of building an extension to the school and had co-ordinated a very enthusiastic participatory process. Close to completion he believed that delays in the arrival of materials would postpone it for a week, so that the school would only be finished after he had completed his period as *delegado*. He had always wanted the school to be inaugurated on the exact day that he was leaving office, and said that he was even ready to “plaster bricks at night, if necessary” to achieve this. This type of commitment was not rare in leaders.

However, leaders did not feel that their commitment and efforts were always fully recognised, as the following comment shows:

“... people are really ungrateful... I did not receive any payment at any moment from doing all the project by myself alone...and after all everybody is talking about me and how bad the project went...” (Don Marcelino Perez, Project Leader, El Salto).

This raises important issues about the incentives that existed to elicit these efforts. Although leaders’ commitment was sometimes impressive, it was not for free, and some criticisms of their activities were justified. It soon became clear to us that they were not acting totally altruistically,

but that they often used their influence or greater knowledge to their own advantage. For example, although Andres was actually ready “to plaster bricks at night if necessary”, he was also trying to ensure that another member of his group would be elected for the next project, as he himself acknowledged later. This was true of other leaders. In San Lorenzo, for instance, it was suggested in a reunion, that some of the brokers were capturing more benefits than anybody else, but one community member said:

“... that is the price to pay, for he is always so good in getting the things right. It is preferable that he gets some things for himself and organise things properly than to have somebody else who is very honest but that does not know where to go and what to say, and we even get nothing done...” (Don Marcial Alejandro, San Lorenzo)

Most people nodded in agreement because they were ready to pay the price. Similarly, in El Salto, a social entrepreneur had taken advantage of information he had received first about some incoming government funds and only organised the people of his group to apply for them. The community, therefore, recognised that he was a good organiser but also stressed that he had to be watched, as the following comment shows,

“...who else is going to tell us what to do? ... It is better for him to be in command...Our job is to be attentive to keep him to his limits...” (Don Cesar Macedo, participant, El Salto.

What was important in these cases was that the opportunism of these leaders was not merely selfish or oriented to serving only their own interests as individuals, but rather to favour the interests of their groups, as Don Marcelino, a leader in El Salto, commented:

“... Next time I will organise -because they need me- but, I will not explain every thing until I assure some things for my people first, as I have seen that others have done....” (Don Marcelino Perez, Project Leader, El Salto (our emphasis)

This comment was similar to that of many other leaders, and demonstrated that they put the interests of their affinity group ahead of that of the community at large as we can also see in San Cristobal, when the government approached the community with a programme to improve houses. The community leader from the Evangelical group, did not pass the information to the very poor, that needed the incoming materials most, and only he and his group benefited from the programme. An informant put it this way,

“... When the government gave the community the funds to restore houses, they were intended to reach the poorest households. But he [the leader], was the one that knew when the funds were going to arrive. Thus, he only informed his people. They went there pretending they were the poorest, made a meeting and distributed the funds among themselves, only within their own group ...” (Don Miguel Cañero, community member, San Cristobal).

Something similar happened during the construction of the water-network in El Salto. The social entrepreneur, from the Magdalenos group, who promoted and organised the venture and persuaded the government to construct the part of the network that served his group's homes first. He later said in the community that the government officials had told him that this was the cheapest way to do it. However, he did not tell the community that the funds would end when the last of the Magdalenos' houses had been served. This led to serious criticism in the community where one participant said:

“... now we first want to see what he has to offer... He [the Project leader] cheated us once already.... at the end he alone and his group were the ones that got all the support of the government for themselves...they did not tell anyone here...they were the only ones to know that the project had phases... and used this to their benefit only...” (Don Miguel Garcia, participant, El Salto).

On another occasion, a leader was asked at short notice to inform people about the visit of experts from the Secretary of Agriculture to San Lorenzo to explore the possibility of developing a mushroom farm but he only informed a group of his friends. According to the field officer:

“.... They brought them to their own house-yard and approached them pretending they were the leaders so as to get from them all the information... After that, they only told the community part of it... keeping for them the key information... This group wanted the Secretary to give them the funds to them alone, pretending they represented the whole community...” (Gabriela Meza, NGO Project Manager, San Lorenzo).

We observed other examples of opportunism, in this case designed to exchange favours between community members. For example, Don Panchito put forward the idea of paving the main street of the village that was the entrance to the community, and passed by the school, the plaza or basketball court, the chapel and his own house. Though it was an important project, he told us that he expected participation to be low because there were only 12 households that would benefit directly, and some members thought that there were more urgent tasks that were needed. Nonetheless, he negotiated with each of the opposing members and they finally cooperated,

although they did a bit less of work than others. When the street was completed, we asked him how he had persuaded the opponents to participate and he told us that he had had to ask them to repay some favours they owed to him, and they could not refuse because this is a question of honour in the Mazahua culture. We will take up this point in coming chapters.

All of these cases demonstrate that leaders constantly hid information and captured resources to benefit their own groups first, despite the unquestionable commitment they showed to the project they were leading. They also demonstrate that the communities were ready to pay the price if it helped to get the infrastructure built because they would not have access to the necessary information or organisational capacity without them.

We also need to stress that there were no women leaders, despite external concerns with gender issues. This may be because gender equality is not valued among the Mazahua, and because women lower education, the social pressure of a *machista* culture and their general bad command of Spanish, discouraged them from speaking and participating. Few had ever left the communities, and they were generally shy and quiet. Hence, they never spoke at meetings or presented ideas and therefore were never chosen as project leaders⁸. Had they been allowed to do so they probably could have been as effective as them.

II.B COMPARING IMPLEMENTATION PROCESSES

The capacity to implement projects differed from community to community and project to project. However, in their organisation they all displayed very similar problems. We will provide an overview of some of these problems in the rest of this chapter, using our fieldwork observations to provide insights into the nature of them and the factors that led to failures or successes. We will begin with a review of the different outcomes in the three communities in similar projects - in road construction that took place in all of them. We will

8.- Our findings are somewhat similar to those of Mayoux, who discovered that women were less involved in participatory processes, and “less than enthusiastic about participating” [Mayoux, 1995: 241]. Among the Mazahua, women were not involved the same in physical activities. However, they helped in everything else that was permitted - they brought food and water to participants and encouraged men to go to the meetings but their subordination meant that they did not participate in decision making or other management tasks.

then try to explain differences in performance and show how communities dealt with faulty work. In the sections that follow we will consider the importance of reputation and gossip in securing effective participation, and conclude by reviewing the overall sustainability of the approach.

II.B.1 Road construction in San Lorenzo

In San Lorenzo, a carpenter who was the wealthiest man in the village, the largest employer, and owner of the only car in the community, persuaded many of the heads of household that furniture production could be increased leading to greater employment if the road connecting the village with the main road could be rebuilt with better materials. The section of feeder road, between the village with the main road involved was very small, a bit more than 300 meters, but its construction involved practically every member of the community.

Four work teams were organised and expected to work a specific number of hours. Teams were composed of five to six (rarely seven) individuals that each worked in *faenas*⁹, of four hours per week, using different timetables, so teams never met. Each interest group provided one work-team each, and they all worked very well at the beginning when construction was on time.

However, problems soon appeared, as it became evident that not everybody was putting the same effort and that many were free-riding. Quotas were not being completed so the motivation of participants diminished, and it was soon clear that some teams were doing very little work. When we asked the carpenter why this was so he said:

“... it is understandable that they do not cooperate... They have a totally different kind of job, you know, they are masons... nobody really blames them in the community. The road is not going to benefit them that much... we had already calculated, from the beginning, that they would not cooperate equally... it is always like this... we will do the same...” (Don Agustin Galvan, Project leader in San Lorenzo).

9.- It is important to differentiate these *faenas* from the traditional institution with the same name, we described in earlier. *Faena* also means in Spanish “an activity, a determined piece of work to be undertaken”. This is why communities used the same name, and also because it represented for the idea of voluntary work for production of a collective good.

Performance was so poor that community leaders feared for the project, so they agreed that each team would report members who had not shown up or had not completed their quotas. But it soon became clear that team members did not want to expose the failures of their members. When asked why they did not report them, they gave us three types of answers, (a) that they were close friends or kin, and “you cannot shame one of your own in public”; (b) that they were “*cuates*¹⁰” or members of their own group; or (c) they did not want to create “problems for free” for themselves with life-long neighbours. One informant told us:

“... you cannot go there as a judge fingering the lazy ones. That is the easiest way to create enemies for yourself. Most people here are relatives or neighbours and, even if not... we all need each other sooner or later. So it’s better to be in peace... because you never know when you will need a favour...” (Panchito Romero Romero, Project leader in San Lorenzo).

As the problems of lack of commitment could not be solved and teams did not meet their quotas properly, de-motivation increased. Part of the problem was that some people in the community did not participate fully because they felt that the road benefited most the carpenter that had a car rather than everyone.

Don Panchito then talked to everyone and persuaded them that the Carpenter’s group would make a bigger contribution to future ventures. He then assigned quotas to all teams, with larger ones for to the Carpenter’s group, and announced prizes for the best performers. He also dedicated an impressive amount of time to maintaining motivation. Teams were happy with this and though some group-members still did not do their job properly, their teams either covered for them and completed their work or put far more pressure on them than before. Thus, the road was finished with some delays but it was well done.

Interestingly, the three communities took similar action to deal with the free-riding problems that we observed in this project and many others. The list of those that had failed to participate several times, and the sanctions they had earned were read out at in a meeting, as was the case for the road in San Lorenzo. Surprisingly, however, these individuals were then publicly forgiven, in this case with a public announcement by Don Panchito. This was repeated in the other communities in most projects. The leader generally stressed they had to contribute and

10.- A common name to designate a close friend.

extra quota or a *faena* but sometimes they were told they would have to do something for the community “in the future, whenever they could”. We will take this up later.

II.B.2 Road construction in San Cristobal

In San Cristobal, the community also built a feeder road. They organised in ten work teams that (around two per interest group), because of members’ timetables (many of them work in nearby factories) worked half-a-*faena* per week. The road had around 800 meters long and 10 meters wide. Materials were provided by the government and had to be used before the rainy season.

There, at the start of the road project, the community faced similar problems of free-riding than those of San Lorenzo. The problem was clearly identified in a gossip session:

“... we just help a little...just to avoid problems... we help a bit and we make *guajes*¹¹ ... We do this a little ... because they can not tell in the future that we did not help when they called us... They will have to help us then... though they will, in turn, do less... If we help now, even if only a little, we can exchange this help for something we will soon need...” (Don Agapito Moreno Valle, participant, San Cristobal).

To solve these problems of lack of participation and commitment, the community decided to ask one of the most senior members of the community to act as supervisor to monitor the efforts of each team and to report who was not doing their share, as well as to check for mistakes in the construction. He was a local leader and the teams agreed to rely on his organisational and monitoring skills. Being a supervisor was not a paid job, but it increased his reputation and freed him from the actual physical work so he had more time to organise the road construction. He was highly motivated because this project gave him a position of distinction within the community. In his case, ‘fingering’ the free riders did not create enemies, but instead gave him the chance to talk individually to “the lazy ones and persuade them on good terms”, as he said.

11.- The expression “*hacerse guaje*” is often used in central Mexico and is a way of describing the free-riding phenomenon. *Guaje* is a non-edible fruit known as gourd in English that, in Mexico, was generally used by indigenous people to carry water when travelling. Since it is hollow, the word is now applied to those who free-ride while pretending to cooperate, making participation a *façade* that has nothing inside.

He assigned each team work quotas, based on the average of what all the teams had built in the past weeks, and allocated them a fixed amount of stones and cement to be used. He also imposed penalties on teams and individuals that failed to meet the quotas. As a result, the road was finished relatively early in and community members were very happy with the positive outcome of the venture.

II.B.3 Road construction in El Salto

The feeder road between El Salto and the main-road was also constructed during our stay. After extensive and complicated negotiations the community leaders managed to get some funding for this road from the local government. This was only supposed to be a small road 500 meters long but the project was held up because no one wanted it to 'cut' their fields. After endless negotiations it was decided that the road would bypass all the fields, thus, it became a labyrinth of more than a kilometre and a half long. However, although the length of the road had tripled the budget had not, so materials became so scarce that it was very poorly built, and teams felt frustrated because their tasks had tripled so they started to do the things in a hurry and many members failed to perform. Someone suggested that they should be punished, but motivation was so low that no one was willing to denounce them. The road was so badly done that it soon deteriorated.

Women's participation in this project was outstanding. They formed "women only" teams and performed even better than many men's teams, even on heavy tasks. However, despite their impressive performance they were systematically excluded and their interests were never properly represented. Within a year the road fell into disuse and people returned to the old path they had always used.

An interesting aspect of the construction of this road, and in other projects, was intensive gossip devoted to the personal situations of individuals who did not show up due to sickness or other special needs, like single mothers. In general they were usually excused by the community as the following comment shows:

"...it is better for her [a widow] not to come to the meetings and, moreover, not to cooperate in the construction of the road, she will neither take part in the school... and better take care of her children.... We prefer it that way.... and of course, she can send her children to the school we are building afterwards, even if she does

not participate..., it is better for all that way..." (Don Cipriano Arredondo, informant, El Salto).

Similar comments were made in relation to different projects in the three communities that will be discussed further in the following chapters.

II.B.4 Differences in Performance

When comparing the road construction projects with other similar ones we realised that there were large differences in the performance of teams. We learnt that the same team's performance, changed radically depending on the nature of the project, and that this was the case in all three communities. This puzzled us, and we decided to more carefully observe teams' performance. To judge performance we attended to the level of participation by individual members, team productivity, and overall commitment to the completion of the task¹². We initially assumed that the key explanation for performance would be the expertise of teams-members, but discovered that there were also other reasons, as we explain now.

Lets take as an example the group of Los Panchos, of San Lorenzo. Formed by six members that were very close friends, a gardener and five masons who had real expertise in construction work. Careful observation of this group revealed that team members always made major efforts to remain in their team and not join another, even if they had to modify their work patterns or change their jobs to do so. The Panchos group, maintained itself without a single change of members during 4 years. This was not rare, as in general in the three communities, team membership remained more or less the same over time, showing that team composition did not depend on who was available at the same time, but on the desire to work with people who shared their interests and/or values.

12.- We created a scale using the number of team members; number of meters or items built; and number of hours worked by the team as a whole. To create an efficiency-oriented evaluation that took account of factors like culture, climate, soil conditions, and others that might reduce the efficiency of some teams in certain situations, we measured performance against the actual targets agreed by the communities. Performance was measured by the level by which teams failed to achieve each of our indicators (size of teams, level of output, and commitment) by failures to attend, achieve targets, or hours not worked.

As in the case of Los Panchos, that had 5 masons, teams were generally made up of people with similar occupations and therefore expertise. Hence, masons were better than merchants at building a bridge, but worse than them when organising the purchase of furniture for the school. However, these differences in expertise, abilities and occupation were not sufficient to explain differences in performance and commitment because we found that the same work-teams performed very differently in projects that required the same type of expertise. In fact bad-performers could become good-performers even on similar projects. For instance, Los Panchos, performed very well during the construction of the school facilities and very badly on the containing wall, though both projects required the same expertise.

When comparing the many cases where performance varied from good to bad, we confirmed that the difference was not merely the result of expertise, but also to the fact that the composition of teams was directly related to their membership to the different interest groups within community. Performance was most strongly correlated with group's interest in the project, since their teams were clearly more willing to work on those that were promoted by their group than on those that were not. Again, in the case of Los Panchos, though both projects required the same expertise they had performed very well during the construction of the school facilities, a project proposed by them, and badly on the containing wall, a project they were just supporting. This explanation applied in all other projects in San Lorenzo, and similar situations occurred in the other communities.

We found also that performance was related to the quality of inter-group negotiations and the level of support a group expected of others for next ventures. This was clearly demonstrated in the case of the small bridge in San Cristobal, across the Lerma river to allow cattle and people to cross. The whole community agreed to build it, but participation was initially low because many felt that it would only benefit the few that lived on the other shore. However, after negotiations some interesting meetings between different groups in the community the opponents of the project did attend and participated actively. This was because it had been agreed that the groups that would be immediately benefited by the bridge would help the rest to build the road in the next collective venture. The bridge was then successfully finished.

II.B.5 Quality Control

We soon discovered that it was not easy for communities to build high quality infrastructure because of two key problems, faulty work and lack of expertise. These problems reappeared at different levels, in every collective venture that they undertook. These problems were directly related to the participatory nature of the projects firstly because this made it difficult for them to control poor quality work, and secondly because not everyone had the skills needed to do the job properly.

The control of quality was difficult, since, as our informants repeatedly stressed, it was difficult for them to expose other people's mistakes, even when they recognised them. They stressed that this could generate controversy that had to be avoided. Two cases clearly illustrate the problems associated with not exposing those that did not do their work properly.

The first case is the construction of school facilities, in San Lorenzo, where toilets had to be added to the original school built with the support of the NGO. At the meeting where this was announced, people immediately organised themselves for what seemed to be a simple task for a community where several members had experience as construction workers. The toilets had to be raised by two meters to match the existing floor level. This was done and they were built, but they collapsed only two months later. According to local gossip this occurred because, though several of the teams had construction workers, and some of them tried to call attention to poor work at the interior of their groups, their teams call them off as they were more interested in finishing than with re-building, so no one paid attention to quality so it failed.

Similar problems arose with the bridge in San Cristobal that started to collapse just two days after completion. Most of the participants told us that they had in fact noticed that there were problems during the construction as a result of mistakes made by other teams that had not put the sufficient (as well as the appropriate type of) cement into the mixture. However, they had preferred to remain silent hoping that the construction would somehow survive, saving them from being the "accusing ones", as they said, a role none wanted to play.

Incredibly, this community had appointed a mason as a supervisor to this venture. However, though he had some expertise, he did not have enough technical knowledge having never built a bridge.

This, take us to our second problem in terms of quality control, the lack of experience and expertise, a recurrent complaint in all three communities, that one Project Leader summarises when commenting,

“...the thing is that we are always doing new things... and one can not know everything about everything...” (Francisco (Panchito) Romero Romero, Project Leader in San Lorenzo).

Panchito was right, because since projects were always new enterprises community members suffered from a permanent deficit of experience, and they were usually ignorant of technical know-how, minimal standards or how to deal with special conditions. As a result they made many mistakes as these two cases that follow show.

The first case is the fishery project in El Salto. Here, the community agreed to designate a piece of land to dig a large tank and seed it with fish. It was about 30 by 60 meters in size, on a high plateau close to the main road. This project was widely supported because people believed that it would help community's poorest households to feed themselves as well as others in times of “slender cows”. Construction began in a very participatory mood and people met to decide whether they should approach the regional Fisheries Department to receive an assessment and get the necessary supplies. However, the idea was ruled out because the community was far from the city and buses were slow and few so it would be difficult and expensive for them to find external support. Afterwards, several Project leaders reflected on this at a gossiping session:

“... we decided not to approach the Fisheries department at the beginning... because at the time nobody had the time, not the money to go to the capital city... We could not afford to go from office to office investigating where the department was.... just to find out that at the end of the day it was closed.....You can not imagine how many times this has already happen to us... You cannot go earlier because there are no buses from here to there... even if you leave here at six in the morning, you get to Toluca [the capital city] by ten.... it takes you another hour to reach the regional government central offices - that is eleven- ... You still have to find where the office you are looking for is...Then you have to wait... and, if the secretaries treat you as a human being (because there are some that have the character of monsters), ... they tell you where it is... and for a reason that I can not understand it is never nearby... You have then to go to a totally different place in the city if not to yet another one... By that time the working day - because bureaucrats only work until mid-afternoon- is gone. So it took you - if you are lucky - one entire day just to find the address of the office you are looking for! ... and then you have to go another day only to make an appointment... Once you

make the appointment you come back home... Then you have to spend yet another day - another day's salary-- to go back on the appointed date... If you are lucky then you get what you were looking for. But sometimes you just find out that in that office they cannot help you, or even worse, that what the secretary told you was wrong and that in that office they do not actually do what she said! ...it is crazy, isn't it?...That is why we, in our meeting, decided to avoid all these problems and just approach the Fisheries Department once, at the very end, when the tank would be finished... to ask for the fish, this way we would only would have the pain, and the expenses, once..." (Don Sebastian Reyes, Project Leader; Don Antonio Esquina, Don Nicolas Reyes, Don Anselmo Gutierrez, participants, El Salto.)

These comments made us realise that the community did not have enough knowledge to develop many of the facilities they needed, and the outcome of the fisheries project demonstrated this. Within a few months the pond started to leak as it had been built on inappropriate soil and it soon became an unhealthy area that was not only inadequate for fish, but a menace to the community health as it turned into a breeding ground for mosquitoes. The participants themselves recognised that their lack of appropriate knowledge made the whole project a waste of time.

A second case was the school, also in El Salto. The community agreed to build an elementary school with some funds the government had granted them a few days after we arrived. They began to organise the project, but immediately confronted difficulties in finding out how to build it, as one participant said:

"...one thinks of a classroom and kind of imagines a big room. One never went to a school...So you have to imagine everything!, the size, where the children will sit, where the windows go,... everything... this took ages and one still had to work!... the problem was that at the end of the day we could not think of the right thing...." (Don Arturo Sebastian, participant, El Salto)

As the comment show, despite the apparent simplicity of the project, participants needed to spent hours discussing apparently simple details, such as how many rooms there should be, how wide the wall should be, which materials should be used and how they should be built. This problem was not exclusive to the construction of the school, nor to El Salto, but common to the construction of most other rural infrastructure and in the three communities. Some weeks later Don Antonio finally worked out a plan that the community accepted with very little opposition. The construction of the school was organised, the Magdaleno family gave the plot and works

started. The community was so enthusiastic and collaborated so intensively, that the school was finished only three months after works were begun.

However, many problems soon became evident. The school was built on the only piece of land not used for agriculture at the bottom of a tiny valley close to a cliff. It was a dangerous spot subject to falling rocks and with slippery soil that represented a security problem for the children. Moreover, when concluded the facility contained only two rooms that were too small, dark and cold and, as a consequence, soon after classes started most of the children developed pulmonary related illness, because of these conditions. As a result, the regional Secretary of Education only gave the school a temporary permit and later on refused to confirm this, because it became clear that it could never be improved sufficiently to guarantee the safety and health of the children. Eventually the facility was abandoned and children moved to the closest town school.

Our informants repeatedly stressed that though masons had been involved in building the facility, none of them had the necessary knowledge of how to build a school, nor the information of the required government standards.

A parallel effect of the lack of expertise, was that it also reduced the participation of several community members in most projects. During the meetings to decide how to build the school, for example, people became increasingly shy and cut their participation after the general issues had been discussed, and the decisions became more technical relating to the size of foundations, type of cement to be used and so on. The same thing happened during the construction of the fish-pond, when very few individuals actually involved themselves in decision making, and told us that they did not have the capacity to participate because of the technical complexity of the problems involved and the little they felt they could contribute to the discussion.

We observed similar problems in all three communities, once the simpler projects like building rooms or basic facilities for a school or paving a road had been completed. When communities engaged in more advanced projects like a fish pond or a water network, difficulties multiplied, since these, required more complex information about their general requirements, technical specifications and the permits needed. Their problem was then compounded because the communities had limited access to technical information and because it was very costly to get

information and support from external state agencies, as we have shown. This throws considerable doubt on the adequacy of the 'traditional knowledge' that so romanticised by the participatory orthodoxy.

II.C SUSTAINABILITY OF COMMUNITY PARTICIPATION

II.C.1 Leadership, Reputation and Accountability

Controls over performance were often exercised through gossip that established people's reputations and exerted pressure on participants as well as leaders. We attended several gatherings that scrutinised not only the behaviour of the Project leaders but also that of other participants. People were very aware of this, as we saw in the earlier comment when one of them said that "people always talk", and to avoid this they made strong efforts to maintain their reputation as cooperative and committed members of the community. This, they told us, also ensured that they would be helped when they were in need.

The poor in particular made real efforts to participate, to a large extent due to gossip, but also because they had the greater need for community support. However, they tended to participate less, because they had more demanding jobs or because they were shy. An informant put it this way,

"...why should I participate much, if in any case at the end of the day I will not be able to show up!. Then I look like a parrot...much talk and no action... Better to be quiet, let them that have more time to decide and... then I help in what I can... The problem is that anyway one never wins, because they will say that I did not help the same!..." (Don Sebastian Moreno, informant, San Cristobal).

Reputation also imposed strong pressure over leaders. This was the case with Andres the *delegado* in San Cristobal, referred to before. He was ready to plaster bricks so that the school could be inaugurated on the day he was leaving office because he knew that this will give him a good reputation, as he told us at the time. This was not unusual, since all leaders were aware of

the need to maintain their reputation, and it was this that gave them the incentive to be good providers, and enabled the community to select the leaders who would be likely to guarantee the success of the enterprise.

However, we actually discovered that reputation was not always correlated with project success despite the general assumption that reputable leaders would be more successful than others. Some highly reputable leaders had actually led their communities to terrible failures. This was the case, for instance, of Don Santiago who was universally recognised as a successful leader, and a hard working, entrepreneurial, wise and honest person. However, he led the community to the terrible failure with the fish pond project, and this was also true of Don Anselmo with the bridge in San Cristobal, Don Antonio with the school in El Salto, and Don Panchito with the containing wall in San Lorenzo. Thus, being an outstanding and reputable leader did not guarantee the success of a venture, a finding that will be discussed further in the chapters to come.

II.C.2 Inequality, Failures and the Sustainability of CPD

One could logically think that the long-term sustainability of CPD depends on its ability to provide benefits to all sections of the community, and to provide services in a relatively cost-effective manner. However, our research raised many doubts about both issues.

First, we discovered that some projects benefited some groups far more than others. In San Cristobal, for instance, participants claimed that the main road had benefited the peasants most, since they who used it to take out their production to neighbouring markets, and that they were the main beneficiaries when secondary roads were built in 1997. They also claimed that the Central Plaza, had mainly benefited the businesses of the Evangelicals, and that School and its extension had been built to support the political career of the *delegado* and his group.

Similarly, informants of San Lorenzo and El Salto, suggested that their experience of unequal benefits had made them modify their level commitment. In San Lorenzo, for instance some teams worked far less than others on the road. When we confronted them with their apparent lack of participation they said,

“... The thing is that he [the carpenter], and his little group - because he only employs his friends - ... always benefit most from what we do. First, when we brought electricity he was able to bring machines for his carpentry...when we built the school, he made some money - not much but some - for he made the furniture...and now with the road it is just for him really, for we most of the times walk through the forest and do not use the road... So, we participate little because our benefit will also be small. He and his group, know that. Therefore they cannot ask us for more....” (Don Panchito, project leader, San Lorenzo).

The groups that had not succeeded in promoting their projects like the Outsiders and Workers, in San Cristobal, that wanted the electrification of their neighbourhoods and sports facilities, were after a while far less willing to participating. However, it is also true that they could not make an equal contribution because they had more demanding jobs and were too poor to be able to afford to lose a days salary. This inability to contribute was also true for the poorest groups in El Salto and San Lorenzo, where they usually lived in conditions of poverty, were ill, or had jobs that made it difficult for them to take part.

Secondly, we found in El Salto that their long list of failures militated against further collective efforts, despite their high levels of cohesion and solidarity. People wanted to get involved, but felt overwhelmed by the technical complications and official requirements for the development of the infrastructure they wanted. The representative of the original QUANGO initially solved most of these problems by providing the contacts with government offices and finding the expertise that they needed. When she left she assumed that the community had learnt how to do this, but this was not the case. We have already seen how difficult and costly this was for communities with very limited resources and who considered the big cities, as our informants in El Salto commented, “a world apart”¹³.

Moreover, in some cases community-based projects that had been successfully carried out were actually useless, like the containing wall in San Lorenzo. The village is on the shore of a lake so community members successfully built a large containing wall at great expense because they feared that it might flood in the rainy season. They did not know that this could never happen because the water level was regulated by a dam, and even if it did fail, the water would flood the other side of the lake shore. Here as in other cases, self-reliance led them to invest heavily in

13.- Informants systematically referred to discrimination, their bad management of Spanish, and even political differences as causes of the refusal of permits.

useless projects that did not practically contribute to reduce their poverty. This has important implications, especially for the advocates of participation as an end in itself.

Unequal usufruct of projects' benefits and the long list of failures, led to demoralisation and reduced participation. Even in San Cristobal, where projects were generally more successful, and there was a strong sense of achievement, poor members were tired and felt neglected. There, participation had also become an increasingly divisive issue, as was also the case in the other communities.

III CONCLUSION

The experiences presented in this chapter raise important issues for the following chapters. It shows that, although the communities did know how to organise themselves and had produced and provided new services, their results were often inadequate because of the difficulties they faced in accessing information, maintaining motivation, solving disputes, and so on. These cases presented here, show that people often made the wrong decisions, not only because of their lack of information about government requirements, technical issues, and threats from the environment, but also because of the difficulties involved in using of information that already existed in the community, identifying their own needs, creating consensus and fighting the opportunistic behaviour of some participants.

Thus, the result was that in El Salto, the failure to produce appropriate services reduced motivation and the willingness to co-operate; in San Lorenzo participation was undermined by the opportunism of some groups, and in San Cristobal leaders had to make use of strong traditional organisation to persuade participants to cooperate.

All of these problems had emerged in communities that should have been perfect candidates for CPD. As discussed, these communities had access to good exogenous conditions like communications, markets and government programmes; as well as to endogenous ones, like organisational capacity, co-operative traditions, experience with participation, and earlier

capacity building. However, as we presented here, the problems faced not only limited their ability to effectively provide for themselves, but often generated disastrous results.

The evidence presented in this chapter, raises serious doubts about the assumptions on which CPD is based that will be taken up in the following chapters. We will do this by expanding and analysing the nature of the obstacles we identified at the different stages of project implementation, the decision making process, implementation of specific projects, and finally the limitations that communities confront when participation is seen as a long-term strategy for their development. This we do in the next chapters.

CHAPTER VI

MANAGING INFORMATION COSTS

INTRODUCTION

This chapter uses evidence from the Mazahua cases to explore one of the major issues raised by CPD, how communities access, use and organise the information they need to provide services for themselves. It focuses on the way communities managed information, and on the costs involved in it, and argues that especially high information costs can impose serious constraints on communities' ability to perform, unless institutional arrangements can be created to help communities to deal with them. It therefore focuses on the collective management of information, and its impact on CPD, an issue totally neglected by participation orthodoxy.

In different spheres of human activity it is widely accepted that individuals have to acquire certain basic information in order to complete an exchange. In the market, for instance, consumers have to get information about prices, guarantees, and conditions of use, and all contracts depend on knowledge about the trustworthiness of the other party. There are plenty of studies that have extensively investigated such issues because it is recognised that consumers will not spend their money if the acquisition of relevant information becomes too complicated, so institutions have to be created to facilitate access to information, reduce uncertainty and therefore facilitate transactions (Akerlof 1970, 1986; Barzel, 1982; Cheung, 1977; Katz, 1993; Kerr, 1975; Myers, and Majluf, 1984; Stigler, 1961; Williamson, 1985).

Despite this recognition of the importance of problems related to the acquisition and management of information in other areas, similar problems have been neglected in rural communities. Some authors have tangentially identified some of them (Gluckman, 1963; Havilan, 1977; Marsden, 1994), or very superficially discussed them in field reports (Fox, 1996), rural infrastructure studies (Ostrom, 1993), or hinted at some of their theoretical implications (Cleaver, 2001) but they have very rarely been studied in a systematic way (Biggs quoted by Cleaver, 2001; Natal, 1996; Natal, Lugris y Sandoval, 2002). Thus, the great

difficulties that information management imposes on rural communities are largely ignored. This is particularly true of participatory orthodoxy, because scholars who assume that people “know best” also seem to believe that rural communities have perfect information about what to do and how to do it.

However, as we saw in Chapter V, communities have to make decisions in an environment of imperfect and scarce information where they face many different information-related difficulties. These include obtaining data on crucial issues like technical requirements and specifications; obtaining permits, buying the right materials, designing and building infrastructure; and informing and obtaining consensus in the community. These difficulties seriously impact on CPD and often seriously threaten the possibilities for self reliant provision.

This chapter, therefore, argues that even communities that have a great deal of local time and place information may still lack the information they need, to make adequate decisions about how to provide for themselves and that this will often lead them make poor choices, often not choosing those they actually need, but those about which they have information, thus, they can only choose what they know. Collectively managed information can also lead to problems of capture, and of its opportunistic use, both of which have been neglected in the orthodox literature.

The first section in this chapter will therefore outline the main information-related problems we discovered and show how they created transaction costs for CPD. The second will show how new or existing institutional arrangements were used to deal with them. We end this chapter with a brief conclusion on the impact of information costs on self reliant CPD.

I INFORMATION COSTS IN PARTICIPATORY DECISION MAKING

Advocates of participatory self-help development assume that communities have important information about local conditions such as climate, river flows, soil, social and institutional factors like culture, references on other community members, and especially about their own needs. They then assume that this means that self-determined participatory decision-making will enable them to maximise the benefits they can derive from using this information.

In the communities studied, people did indeed have much relevant information that were using to provide for themselves. For example, in El Salto the knowledge of old people about the nature of soils and possible flooding proved to be highly valuable because they knew where it was best to locate a well and lay the pipes. In San Lorenzo, old people's memories about the heights the lagoon had reached in years of heavy rains were impressively clear and provided useful information about the height of a containing wall they built. However, this information was relevant, but only provided limited help to the people involved in decision-making and implementation. The previous chapter showed they had great difficulty in finding essential information outside the community, as we would expect, but also in gathering and aggregating it internally. We found that community' members had to dedicate significant amounts of time, effort and other resources to access, aggregate, organise and share the information they already had. These difficulties were so great that they cannot be ignored any longer. We will therefore treat them here as the transaction costs involved in the community management of information for collective action.

The costs were always combined and inter-related, but to organise our argument we present them as analytically distinct problems dividing them into two main categories depending on their causes. These relate to the incompleteness and to the distribution of information.

I.A PROBLEMS OF INCOMPLETE INFORMATION

The difficulties the communities studied had in terms of incompleteness of information were related to entrepreneurship; aggregating local information; searching for external information; distributing it; and its opportunistic use.

I.A.1 Entrepreneurship

Participation orthodoxy tends to assume that people can solve their problems by deciding what they actually need, and then straightforwardly develop a project to achieve it using their local knowledge. We discovered that this was not as easy as it seems.

To turn an idea into a practical project meant that the communities had to do two things. First, they had to actually imagine what it should finally look like which is not always simple as we

saw the previous chapter, where a participant in the school project noted how difficult it was to plan a service that one has never seen nor used. Second, sustaining participation throughout the implementation of the project was highly problematic because as complexity increased, more problems appeared, and this reduced participation because people left when decisions demanded more information than that they had. Furthermore, as we saw in Chapter V, participation especially on the more complex projects, like the fish pond, declined because members did not have the time or the capacity to find or decode the necessary information. Hence, participating in the development of new ideas soon lost its enchantment and became a burden, either because community members did not have confidence in their own knowledge or because they were too tired to solve the difficult problems involved.

Most members, therefore, chose to leave “all the thinking” to others, generally project leaders as Don Panchito in San Lorenzo, who had to plan and organise the construction of the containing wall because nobody else imagined how to do it. These leaders had to devote entire days to acquiring the information and develop a proposition on behalf of the community. They were social entrepreneurs who appeared in all the communities who were better educated and informed than the rest. They did not face the same difficulties in developing ideas and managing new information as their community fellows. Thus, while most people withdrew when complexity increased, this small group of entrepreneurs dominated the participatory process with effects we will explore in this and forthcoming chapters.

We believe that the time, energy and resources that these leaders had to devote to acquiring and managing information on behalf of the community can be understood as the entrepreneurship costs of CPD. In fact Bacow (1980) and Frideres (1992: 200) have already suggested that project development will impose serious opportunity costs on the entrepreneurs, and that entrepreneurship itself is a necessary overhead¹ of the whole process.

These entrepreneurship costs are transaction costs, because they are a function of the effort needed to create a contract for cooperation. They can also be studied as information costs in TC theory because they are related to identifying and coordinating the information participants had and needed before and during the project.

1.- We understand overheads as the general running costs of the project rather than the cost of a particular transaction (see Hawkins and Allen, 1991)

As the evidence provided in Chapter V shows, these costs condition the cooperative process, first, because the role of entrepreneurs, and therefore, the relative power and privilege of economic and educated elites, grew as projects became more difficult and information constraints increased. Second, because these costs determined who actually participated, since the uneducated, the poor and those with higher opportunity costs, systematically excluded themselves as information demands increased. Finally, as many individuals dropped out and let others do the job we can see that, to some extent, it was these costs that produced free-riding and, more importantly meant that the participatory process came to reflect the unequal distribution of power in the community.

I.A.2 Aggregating Information

Project development not only required the development of new ideas, but also the aggregation of the information that already existed in the community. Leaders, like Don Antonio, a project leader in El Salto, had to go from “house to house” as we saw in the previous chapter, to gather information for projects, requiring a heavy investment of time, effort and other resources. Overcoming this dispersion of information therefore greatly complicated decision making in the communities studied, as has been observed elsewhere (see Hapgood 1965:6). Ostrom, for instance recognises that aggregating time and place information is “frequently more difficult than that of dispersing scientific knowledge” (Ostrom, 1993:53).

But this problem of dispersion was less complex than the problem of negotiating agreements because communities were not organic entities but made up of different interests with differing access to information and often competing views of what the collective interest should be. Thus, in El Salto, the Evangelicals and the Migrants did not have the same ideas as the Magdalenos or the Peasants; while the Workers, Evangelicals and Outsiders had converging visions in San Cristobal that were rather different from the Delegate’s or the Peasants group. The Youngsters in San Lorenzo had opposed perceptions about how projects should be undertaken to the Carpenter’s group because of their different experiences and interests. Thus, even when there had been negotiations among groups, project leaders had to incorporate the different insights of the different groups in order to maintain cohesion and commitment. This greatly complicated project implementation and produced infrastructure based on compromises that helped to meet these competing demands but contributed little to effectiveness.

The problem of aggregating information was complicated even more by the fact that some “public information” was not always public and not public to everyone. In addition to the problems of opportunism that will be analysed later, access to supposedly public information was complicated because the publication of new information was influenced by the needs of the groups that acquired it. As with the visit from the Secretary of Agriculture in San Lorenzo, or the funds for house refurbishment in San Cristobal described earlier, different groups captured information and only shared it partially or in a calculated way. This delayed projects and often forced project leaders to return to the same issues several times. This may also be true for other communities, as Marsden has found:

“... there are different types of public knowledge [and it]... is in the nature of interactions within and between ‘knowledge systems’ to make manifest certain sorts of information and to keep other sorts hidden...” (Marsden, 1994:53)

All of this suggests that, aggregating the public information already available to communities, is far more difficult than participation orthodoxy assumes. Complications arise from geo-spatial issues, like the dispersion of households; sociological ones, like the existence of different knowledge systems; or political-economic ones arising out of conflicting interests. These difficulties are intrinsic to the very nature of collective information management and can have significant and powerful effects on the performance of CPD projects. Therefore, for collective action to arise, the communities studied used some institutional arrangements, such as, leadership, to aggregate data, and actually incorporate the views, ideas, and information on goals, resources, processes, and materials derived from different individuals. The project leaders performed this function that involved major investments of time, energy and other resources. These investments in the aggregation of information represented large costs that project leaders, as well as the community in general, had to pay for successful cooperation.

I.A.3 Accessing Information

While the costs of aggregating information are related to the problems of aggregating information internally, heavy costs are also involved in searching for relevant information outside communities. The fisheries project in El Salto, discussed in the previous chapter, perfectly illustrates this type of problem. The comments of our informants exposed the series of often unmanageable problems involved in getting relevant information on issues such as

permits, technical specifications, requirements of a service and so on. Difficulties tended to multiply as projects became more and more complex and information became more difficult to access. This was so because of the great scarcity of information, especially of a technical nature in these communities and in most rural areas elsewhere. This information was a long way away and controlled by a small number of people who spoke a different language. Hence, searching for information has to be undertaken in a culturally different, disinterested, and even hostile external environment, so the costs of acquiring it were so high that community members decided to opt out and use only the information available, as in the case of the fish pond and school in El Salto, with disastrous results.

Accessing relevant information was so costly in terms of time, effort and other resources, that can be understood as an *ex-ante* transaction cost. The failure in taking into account and attend for these costs in project management is likely to produce faulty structures, as the ones reported here. Furthermore, the existence of this type of costs shows that local knowledge by itself will not enable a community to achieve sustainable self-reliant development.

1.B THE DISTRIBUTION OF INFORMATION

The problems involved in finding and aggregating information were compounded by problems stemming from the unequal way in which it was distributed as we saw in Chapter V. We saw there that not all participants felt equally confident to participate in the decision making process because, as our informants said, they did not feel equally knowledgeable, or have the capacity to understand new information. This was not only because of their perceptions about themselves, but because of real inequalities in knowledge and ability-aspects of collective information management in communities, that have not yet been discussed by orthodox participation theory.

As we have shown, communities were not homogeneous, but aggregations of individuals with unequal control over assets, different interests, life histories and expectations, levels of education, command of Spanish and experiences outside the community. Thus, their backgrounds and capacity to access and to decode, time and place information was very different. For example, in El Salto the migrant workers had different perceptions and understandings of things and were far better informed on city manners, job opportunities and government benefits than other community members because of their work experience in the

neighbouring cities. In San Cristobal, this was also true of the Evangelicals who had a different perception of the world, and of the Outsiders who were mostly immigrants who saw the community in a rather different manner from other groups. These differences meant that the community did not share *a* local knowledge, but a series of local *knowledges*, that in some cases even contradicted each other. Some times one of these local *knowledges* was most useful for the community and sometimes it was another.

These differences increased the time and effort that had to be dedicated to a number of activities, such as, translating information into Mazahua, helping those that had never left the community to imagine what the proposed project was about, and enabling them to understand each other's knowledge systems in order to be able to reach an agreement on a collective venture. All of this also represented unavoidable transaction costs for collective action, which we identify as costs of distribution of information. We have divided them into two types that we discuss below.

I.B.1 Non-Strategic Information Distribution

As we have shown in the previous section, those with good Spanish found it easier to understand a new proposal than those who did not, and those who were street-wise found it easier to contact bureaucrats and donors than those that were not. As our informants said in the previous chapter, the ones that did and were, acquired more control over situations and over other individuals without these advantages, who had to *confiar y cobijarse* [trust and cover] or put themselves "under the umbrella", as they put it, of those that did. These types of information inequalities were not strategic, but simply a function of the backgrounds of individuals and were situation-dependant. Therefore, the types of costs derived from them were not the result of opportunism but of the relevance that different information endowments acquired under different circumstances.

I.B.2 Strategic Information Distribution

The strategic use of information costs occurred when individuals used the comparative advantages of their knowledge to compete for resources by using it in an opportunistic manner to gain or maintain control over collective ventures. This was clearly observable in the several cases referred in the previous chapter when leaders attempted and often succeeded in managing

information to gain benefits for themselves or their groups. This was the case of the funds for homes restoration in San Cristobal, or the water network of El Salto, where some project leaders, realising that information was a valuable asset, were ready to capture and use it on their own behalf or on that of others with whom they collaborated. Paradoxically, it was these leaders who verbally insisted on the importance of community cooperation and solidarity, but in practice retained their information within their groups and also tried to get control of that of others. Similar to these observations Marsden has also noticed, that the,

“...rhetoric of solidarity often ... is accompanied by less formal opportunities to exchange ‘secret’ information...” (Marsden, 1994:5, our emphasis).

The opportunistic use of information and the problems derived from it are not exclusive to the communities studied. Organisational Economics literature is full of cases where information is used strategically, a well identified situation that has been called asymmetric information (see Akerlof, 1970, Arrow, 1971).

As is true of other types of organisations guarding against asymmetric information substantially increased the time, activities, resources and effort leaders, community members, and especially the participants in projects had to invest among the Mazahua to enable participation to take place. As we have seen members had to monitor leaders in order to “keep them within their limits”, and had to dedicate time to gossiping about all of those involved to ensure transparency. The tangible and intangible resources involved in these activities had to be invested to overcome the opportunistic use of information, and have therefore, to be treated as transaction costs because cooperation could not occur without them.

We see them as the costs of asymmetric information, and our case studies presented earlier show that successful collective action will be jeopardised when they are too high. This, has also been observed by Ostrom who claimed that

“...increased [asymmetric information] costs can be expected to reduce the volume of beneficial trades... [and in] the worst case... can eliminate some types of mutually productive activity entirely” (Ostrom, 1993:55).

This review of the significance of information costs on CPD, might lead us to assume that collective action would be impossible, but this was not the case. The Mazahua cases show that communities can make use of a number of institutional arrangements that we will discuss now.

Table No. 3
The Information Costs Of Community Participation

I N F O R M A T I O N C O S T S	INCOMPLETE INFORMATION COSTS	COSTS OF ENTREPRENEUSHIP
		COSTS OF AGGREGATING INFORMATION
		COSTS OF ACCESSING INFORMATION
	DISTRIBUTION OF INFORMATION COSTS	NON-STRATEGIC DISTRIBUTION INFORMATION COSTS
		STRATEGIC INFORMATION COSTS

II INFORMATION COST-REDUCING INSTITUTIONS

Our research demonstrated that communities used a variety of institutional arrangements to deal with the costs of information that counteracted the difficulties identified

above, in order to reduce costs and facilitate collective action². We identified four kinds of these arrangements - development brokers, reputation effects, interest groups, and gossiping. They were all inter-linked and mutually reinforcing but analytically distinct as we will show.

II.A Development Brokers

As discussed before, better-educated individuals with more relevant information and a wider range of external contacts played a key role as social entrepreneurs in organising collective action. They helped to reduce information costs in three main areas:

(a) The isolation of local people to get external information, so it were only these leaders who knew enough to identify the necessary, information and knew where and how to find it outside the community who could overcome their problem. Most people were, therefore, keen to rely on individuals who had these skills, were more assertive and, as one informant put it, were *de razon* [literally “people that can think”]. This is the local recognition of what Akerlof refers to as licensing practices, i.e., the acknowledgment that these individuals were proficient in significant issues or had useful skills (Akerlof, 1986:33-37). Leaders also had the advantage of being fellow community members, people just-like-them with whom they could identify. Moreover, they were important not only because they could translate information such as written or spoken Spanish, but also because they could teach the rest more subtle types of information like manners, forms of behaviour, etc. Thus, they played a similar role in providing access to information to that of money lenders in India, as described by Darling (1932)³. This significantly reduced the costs of accessing relevant information and helped to reduce some problems created by the non-strategic distribution of it.

2.- The role of institutional arrangements to reduce costs has also been identified by other authors. For Williamson, they function to reduce uncertainty in contracts (Williamson, 1985); for Akerlof arrangements are like guarantees, brand-name goods and chains counteract the effects of quality uncertainty (Akerlof, 1986); and Ostrom claims that kinship networks, nepotism and corruption act as counteracting institutions to reduce asymmetries in information in rural infrastructure maintenance (Ostrom, 1993).

3.- Darling explains that for people in rural communities it is easier to establish relations with local loaders than with bureaucrats because this did not involve formalities, applications, or personal questions.

(b) The Mazahua entrepreneurs also had a considerable knowledge of the needs, strengths and weakness of the people around them, since they all knew everyone in the community. This allowed them to explore the feasibility of particular projects, anticipating who would be willing to participate and who would not. This information was crucial to organise action so that they could pre-empt opposition and give the project political viability. Information on other people's behaviour allowed them to know how they could be more effectively persuaded, monitored and controlled, and therefore to reduce the strategic use of information and facilitate its aggregation. They were therefore good political articulators that helped to reduce information costs.

(c) This control over information also turned these individuals into leaders of interest groups. The sociogram of Don Antonio in Chapter V, shows how they were the key figures in maintaining networks of dependence and reciprocity. These were based initially on relationships such as kinship, occupation and religion, but cemented later by the usefulness of the information that the leader provided for the group. Thus, their leadership also depended on the trust generated by the fact that they were central to maintaining the reciprocity networks that acted as an insurance mechanism for individuals. By so doing, leaders gave individuals confidence that maintaining cohesion with the group would guarantee the benefits of reciprocal support in the future.

d) All of these factors meant that group leaders voted first in community assemblies and then the others followed them, and that they were left to negotiate on behalf of the group. Their leadership also depended on their role in representing group interests in meetings, conflicts and other public events. Poor and marginalized people with limited voice, therefore, depended on them for the information that was no longer provided through traditional channels because of the changing nature and complexity of local realities (Natal, 1997). Leaders, thus, helped to aggregate information and smooth the whole decision making process.

Hence, these Mazahua entrepreneurs reduced information costs by accessing external information, pool information about everyone's interests and past behaviour, and by supporting reciprocity and representing group's interests. Many of them also bore the costs of

entrepreneurship and were responsible for starting collective initiatives⁴, and were therefore acting as brokers that significantly reduced information costs, thereby fostering cooperation and facilitating collective action. Because of this, from now on, we will call them Development Brokers (DB), and will further expand on their key role in CPD in the following chapters⁵.

The significance of the role of these entrepreneurs negates the assumption that the whole community can be involved in project development. The fact that they actually dominated community cooperation was probably inevitable because no one else had the skills, the time and in many cases not even the will, to invest their effort and meagre resources project development. This suggests that, inequalities in access to information and entrepreneurial skills, as well as other reasons -that will be discussed later—, can make of participation an unequal and asymmetrical process⁶ from the start.

II.B REPUTATION

Reputation was important for both individual community members and leaders because it served as stored information that counteracted tendencies to shirk, free-ride or abuse power (see Granovetter, 1985). Members were very aware that they were constantly observed and made huge efforts to participate to ensure, as an informant said “that the others won’t talk”. The fear to acquire a bad reputation was particularly important for the poor, because they confronted more risks and therefore had more to lose, in terms of social acceptance and foregone contracts, from a negative reputation (see Wade, 1988: 193).

4.- Tilakaratna also found that participatory ventures may need an “animator” doing similar functions to our DBs. The difference is that he found that these animators were outsiders (see Tilakaratna, 1991: 234-5).

5.- The term brokers is taken from Anthropologist Colin Filer, who first applied the term broker to individuals acting as bridges between the community and other actors (see Filer, 1999). Williams, has also used the term to refer to “power-brokers” that perform very similar roles to ours (Williams 2003a:177-8). We have however, called them Development brokers, since for us their role is not only to act as bridges or to break power structures (which they sometimes reinforce –and they act indeed as one-, as we will take up hereafter). Nonetheless, as we will show, as for Williams our brokers are more than selfish rent-seeking entrepreneurs (though they also are that) and serve the poor representing them and helping them to reduce their costs of cooperation as we will take up later.

6.- Wolf, also found that individuals with larger endowments also benefited more from participatory ventures showing that individuals who had larger herds and used the commons in Portugal, benefited more than those with smaller ones, although the whole community had to contribute the same amount of work (Wolf, 1992).

An informer in El Salto put it like this:

“... when you are poor you lose if you cooperate, for you have to put time and bring materials - at least a similar amount to those that others bring,... if you do not want them to make you less.... This sometimes represents a sacrifice for you... But it is always better to do it, for if not, you lose more in the future...if you make yourself a reputation of *gorron* or *aprovechado*⁷ ...nobody will help you in the future...then you really lose...” (Don Marcos Pantoja Valle, informant El Salto.)

Knowledge about the quality of people’s reputation was shared in gatherings through gossip where everyone acquired information on who could be relied on cooperate and who could not.

Reputation was also particularly important for anyone who wished to be a successful broker. They needed “to be known as a concerned member of the community”, or “to be respected”, as they repeatedly commented; or to be known as a knowledgeable person so they would be consulted and followed in future ventures.

Reputation also reminded DBs that they were always being observed in order to “keep them within their limits”, as one informant said; so, it was a particularly strong incentive for them to be honest.

Reputation also gave the community information about who could best reduce entrepreneurial costs, since the presence of a reputable leader was a guarantee that everyone would be involved. Respondents repeatedly reported that there were some leaders whose presence would assure larger involvement, so reputation reduced uncertainty about whether to cooperate or not. Hence, the reputation of DBs came to guarantee success in the same way that written guarantees and brand names do in formal markets. Some informants even stressed that they would be willing to make a higher contribution when reputable leaders were involved because they knew that co-operation would be successful, just as consumers will pay a higher price for reputable products in contestable markets.

7.- Popular names for freeriders. *Gorron* means literally someone that takes things for free. *Aprovechado* literally means someone that takes advantage of others’ disadvantages.

Reputation, therefore, acted as a strong incentive for brokers to be good providers, honest, and good cost minimisers. It made them work hard to reduce entrepreneurship costs, as those derived from the non-strategic and strategic use of information; it brought them to be good negotiators and to try to foresee the most on how the interests of other groups could impact theirs.

Nonetheless, for the DBs, gaining and maintaining reputations involved heavy costs, as in the case of the broker of San Cristobal, who during the construction of the school was ready to “plaster bricks at night, if necessary”, just to finish on time.

Reputation effects explain why the Mazahuas voted accordingly to their preferred brokers. They also explain why they were more ready to put more effort to the ventures of those they believed that, as they said “in their hands they would have more chances to do things properly”, “because [they] know about things”.

However, this perception of community members, did not necessarily matched with the actual leaders ability to produce successful services. Since, if we define project success as the achievement of a cost-effective and sustainable service, most leaders fall short. We saw in the previous chapter that several of the most popular leaders had lead their fellows to terrible failures. Therefore, though leaders did contribute to the effective administration of the peoples’ involvement, they did not necessarily provide the technical knowledge and skills necessary for effective service provision. Some people and especially the agencies that originally promoted CPD tended to discount these failures, insisting that,

“...what matters is the participatory experience...they can learn from their mistakes afterwards...and they will...” (Alma Gonzalez, QUANGO officer, El Salto).

However, our research suggests that they were not actually learning and that many individuals in the three communities had begun to question the benefits produced by these services, as some projects had been completely useless, despite the good reputation of the leaders that had promoted them. Nonetheless, they did not attribute these failures to dishonest or uncommitted leadership, but to a lack of information about technicalities, and about the procedures and requirements of the government. One informant said, referring to the failure of the fish pond:

“... it is not his [the DB’s] fault ... how could he know [that the soil was not adequate]?... Not knowing... that is our problem... because we are indians and do not understand of things...” (Don Salvador Arce, informant, El Salto.)

Repeated comments like this, showed that high information costs, were making individuals disillusioned with participating, as they felt they were not getting anywhere.

II.C GROUPS

Interest groups were the mechanism through which communities organised competition for resources. They enabled individuals to overcome collective action problems in several ways.

(a) They acted as a meeting place where individuals could find others with similar interests, needs, information and mental maps, etc. As has been reported for other rural communities, the Mazahua, groups were where information could be exchanged, and the social locus where individuals could find similar others (see Bosco, 1992).

(b) They served as pools of information, facilitating individuals access to relevant data, such as where work was available, what had been the past behaviour of other members of the community, etc.

(c) They were also a safe space where individuals could freely exchange important information with others that they could trust. This is exemplified by an informant in San Lorenzo talking about a person from another group that was “visiting” their gossiping gathering. He said “we had to wait for him to go to talk, as we do not really trust him”. In another gossiping session in El Salto, when talking about the possibility of incoming resources from the local government, elders said to a young member, “you have to be careful with what you say to them, for they can use that to *madrugarnos*⁸”. This behaviour is not uncommon, since Bosco has also showed that in Taiwan, information was distributed on the basis of group rationality in communities (Bosco, 1992), and Skelcher that it was exchanged on a “who you know” basis, that systematically built a space of trust (Skelcher, McCabe, and Lowndes, 1996).

8.- “*Madrugarnos*” literally means “win us the early morning”. Is a Mexicanism that is used to indicate that someone can capture a resource or a benefit before oneself.

Thus, groups facilitated entrepreneurship, and the aggregation of and access to information, by bringing together a group of allies with similar world-view and needs, a reservoir of useful information, and a space to exchange it with trusted others.

II.D GOSSIP

As we saw in Chapter V, a superficial observer of public decision-making in the communities studied would have reported that people were inhibited, said little and reached consensus very easily. However, we have shown that they were actually actively looking for relevant information, negotiating diverging views and trying to get data on issues related to projects through gossip networks. Gossip enabled us to identify the dynamics, the contradictions, the differences between groups and the information problems involved in making collective decisions (see Parsons, 1936: 386).

Gossip enabled participants to informally exchange information about their impressions about others and of issues they considered relevant for cooperative ventures. It fulfilled different information needs that could not be attended through other channels of personal communication, playing thus, several roles in cooperation.

(a) Gossip enabled people to know what they should say and what they should not. As an informant said to other, "...take care do not tell that...". It provided individuals with conceptions about the kinds of information that could be used in their interactions with others, as has been reported for other rural communities (see Handelsmann, 1971:396).

(b) Gossip did not occur in a vacuum since it depended on trust. Hence, it operated within a specific affinity group, so it implied not only knowing what to say and what not, but also to whom. Thus, when the elder told the young in a gathering "... be careful about what you say to them...", and when another informant said "do not tell those others", he was highlighting the importance of knowing the boundaries of their group. It therefore served to construct and maintain the boundaries and the "unity" of groups and increased their level of integration. This is a point that has also been studied for Welsh peasants (Gluckman, 1963).

(c) As integration increased, groups moved from being affinity groups or individuals with similar information needs, to interest groups or safe spaces from which they could strategically use information to protect their interests.

(d) Groups constantly searched for information about what other groups had done or were planning to do in order to analyse how others' actions might eventually affect them. As reported in Chapter V, a gossip was always sent to find out about other groups' positions and to let them know theirs. These exchanges of information were totally informal and secretive, but perfectly planned and helped groups to know each other's standpoint. Hence, gossip enabled groups to become real "social weapons" that helped individuals to establish a common strategy, and that served to protect members from incursions by outsiders.

e) Gossip not only increased group unity, but also minimised the levels of open and adversarial conflict. When topics that involved serious conflict were expected, the contending groups used gossip to explore each others' positions, and to negotiate and adjust them before the meeting took place. These informal discussions were really under-the-table ex-ante negotiations that reduced conflict at the actual gathering so consensus could easily be reached. Similar processes have been reported among the Tzetzales indigenous group in Mexico (Haviland, 1977:1-15) and in Welsh villages (Gluckman, 1963).

f) Gossip was, therefore, the reservoir of information on values and traditions⁹, which were implicit in every gossiping gathering, as was also true of the Makah (Gluckman, 1963:311, see also Haviland, 1977). This turned participants into what Bailey calls a "moral community", that is a group of people "prepared to make moral judgements about one another", based on a code of shared values (Bailey, 1971:7 quoted in Haviland, 1977).

Therefore, since cooperation was seen as an important traditional value, gossip was also used to make judgements about which cooperative behaviours, performances and reputations were morally acceptable and which were not. This was especially true for DBs who stressed the importance of having a reputation as a '*participador*' [committed to participation] and a '*buena gente*' [a supportive individual], and realised what they did would become public information

9.- Though gossip is generally seen as a way to maintain the *statuo quo*, we found that it also served as a mechanism to contrast new with traditional information and could therefore help to facilitate social change. See also Gluckman, (1963:308).

through gossip. Gossip, therefore, not only allowed individuals to evaluate others' previous performances, but also to monitor current performance. Gluckman found something similar among peasants in Welsh villages (Gluckman, 1963).

In general, therefore, gossip reduced uncertainty and facilitated information exchanges, the construction of reputation, monitoring, conflict resolution and negotiation. It was an extraordinarily important counteracting institution that significantly reduced information costs, and therefore fostered the rise of collective action, as we will see in relation to other aspects of the participatory process in forthcoming chapters.

III CONCLUSION

Our case studies show that the participatory orthodoxy seriously underestimates the many problems associated with access to and use of information experienced by rural communities attempting to be self-reliant. We have shown that rural people face significant problems in gathering information inside and outside the community, in aggregating different points of view, and in creating consensus, all of them difficulties that can seriously limit their ability to cooperate. We have demonstrated that these difficulties were the outcome of two factors, incomplete access to information, and its unequal distribution.

This chapter has shown that individuals in self-reliant communities may be given the right to decide on their own future but will often not be fully able to do so because of the absence of the relevant information. In these communities information is a scarce resource that is generally underprovided. Technical information generally has to come from outside and is difficult and expensive to obtain, while local information is complicated to aggregate, because of geographical dispersion and diverging group interests and needs.

We also discovered that the rhetoric of solidarity conceals serious competition and limited trust and this also creates conflicts between private and public information. These conflicts would not exist if everyone had believed that their points of view would be properly taken into account and

they might then subordinate their personal interests to those of the community as a whole. However, when this is not so, as is often the case, groups will most probably use information strategically. This was what happened in the Mazahua communities, and it has many implications for CPD of which two are crucial.

First, we need to question the orthodox claims about the adequacy of local knowledge. We have shown that local knowledge is not always public and not equally public. Second, we have shown that who controls what kind of information determines the outcome of cooperative processes. This means that not only co-operation and solidarity, but also competition and conflict, determine decisions in CPD.

We found that information costs also explain why many self-reliant projects can produce faulty structures as the case of the fish pond and the school clearly demonstrates. The limited nature of local knowledge, observed in these and other projects, implies that autonomous self-reliance is as problematic as central planning (see also Brett, 1996; 2003 and Gardner and Lewis 1996 for similar conclusions).

We also learnt that information costs ensure that some individuals acquire positions of leadership while others exclude themselves from the decision-making process, especially the less educated, the very poor and women. This auto-segregation, is not the consequence of religious conflict or class distinction, but of personal “choices” that result from the high information costs that self-reliance imposes on individuals, as Frideres also recognises (see Frideres, 1992:199).

We do not want to be seen as collective action pessimists by drawing attention to these information costs, but rather to stress that our communities were actually able to foster it by using counteracting institutions like DBs, reputation, interest groups, and gossip networks to overcome them. These informal and often invisible institutional arrangements played a major role in reducing these costs by creating certainty, serving as a reservoir for patterns of accepted/expected behaviour, supplying information, and creating guarantees and insurance against others' malfeasance. We have, therefore, attempted to provide a more realistic understanding of the problem by highlighting the importance of traditional institutions and the role they play in articulating community life and managing the reciprocity on which successful collective action depends. Recognising this should help donors, NGOs, governments and even

the community organisations to make better informed decisions about their programmes and procedures, and help everyone to strengthen the communities' ability to access the information that they need. Unless this happens, CPD will never work for the people.

CHAPTER VII

MONITORING COSTS

INTRODUCTION

This chapter is primarily concerned with analysing costs incurred during the actual process of collective action, those that occur after decisions on what to provide have been made and projects were implemented. For reasons of space, we focus here on the costs that are the consequence of the emergence of strategic behaviour. We will, therefore, centre our attention on how opportunistic attitudes impact on CPD, a problem that is totally overlooked in orthodox theory.

We discovered that, during project management, communities were usually very good at organising budgets, timetables, and work-teams because many of their members were masons with practical knowledge of costs, techniques and teamwork, and with experience of traditional systems of social organisation. They were generally able to solve most of the practical details of cooperative projects in a single management meeting, which were amazingly efficient compared with the earlier time-consuming meetings to decide “what to do”. Management meetings demonstrated an impressive organisational capacity that closely matched the optimistic assumptions of the orthodox advocates of community participation.

However, as in the case of the decision-making process, our research demonstrated that the real problems came outside the meetings, when among other difficulties, community members had to deal with the strategic behaviour of some participants. We also discovered that local people developed a number of institutional arrangements to solve these problems that reproduced old, or created new power structures in order to overcome them, thus, reinforcing or modifying existing institutions.

We will address these problems in three stages. First, we will analyse the problem of opportunistic behaviour, and some of the activities the community had to engage in to overcome it. We will argue that these activities can be seen as a number of costs, that we will call

monitoring costs. Second, we will describe some of the institutional arrangements that were created in order to minimise these costs. We will conclude with a brief conclusion on the main effects that monitoring costs have on CPD.

I MONITORING COSTS IN CPD

We saw in Chapter V that problems of opportunism and motivation appeared as soon as work began, and this forced community members to attempt to monitor everyone's performance and solve the conflicts among them. This, generally, created two critical problems - monitoring the completion of quotas and maintaining cooperation.

In all projects, work teams were always organised and the number of hours, timetables and goals set, but in many of them sooner rather than later, some teams started to do the minimum, or as an informant in San Cristobal said "... some already started to make themselves *guajes*¹...". Yet despite the private criticisms, in public, participants seemed to tolerate and even encourage this behaviour. This presented us with a paradox because free-riding is generally seen as a strategic attitude that implies guile that people should be expected to condemn, especially if they were involved in collective ventures. We, therefore, tried to understand this paradox better. We discovered after painstaking observation and careful classification of events and actors that the Mazahua saw free-riding differently from how it is commonly understood in the literature. They saw it as a multifaceted and complex phenomenon that was not only evaluated in relation to whether actors cooperated or not, but also in relation to the individuals' personal circumstances and the community's long-term well-being. They, therefore, identified several different types of free-riders and treated them differently, so our first task is to understanding how they did this.

1.- Literally 'shirkers', see the previous chapter for a full definition.

I.A IDENTIFYING AND MANAGING FREE-RIDING

I.A.1 Structural Free-riding

Structural free-riding occurred in cases where personal problems like sickness, dependent children or extreme poverty made participation difficult, as in the case of the widow who did not work on the road construction, in El Salto. The community evaluated and excused free-riding like this in many different situations that made it morally accepted. In the case of the widow our informant accepted that her children could become a problem for the community if she collaborated, so most individuals understood that excusing people like her from cooperating could have a positive overall impact on the long-term welfare of the community. Therefore, their acceptance was not just altruistic, but based on a long-term rational socio-economic calculation. Hence, some free-riding can even be encouraged in small and interdependent groups in order to protect broader long-term collective interests.

Excusing members with difficult structural conditions could be seen as community solidarity rather than free-riding. However, we classified it as free-riding, for two reasons; first, because it did involve strategic behaviour on the part of those who failed to participate and, second, because the community nevertheless expected these individuals to pay a penalty.

We sustain that structural free-riders practiced a mild-opportunism, because, some of them took advantage of their condition to exploit the situations in which they knew that the community's moral calculations would allow them to free-ride, or not. The following observation made in San Cristobal, illustrates this point,

“... We had a very bad year with the crops.... moreover, for us, the very poor, to go to the school is a short-term affair.... it is good for children to be educated... but I need them to help in the fields... Everybody knows this... this is why.... I knew that I could skip this project for everybody knew my situation... and they would not blame me for this... but I could not possibly fail in the cooperation for the fiesta of the patron saint, even if my family goes hungry, because there I will have not excuse...” (Don Adrian Carmona Lopez. Informant, San Cristobal.)

Further, in many occasions structural free-riders, could have done something for the collective venture, even if it had been far less than the others, especially since there were other equally disadvantaged individuals who did make a contribution. However, in most cases they did not and the communities seem to tolerate it.

Though this type of free-riding involved a very mild form of opportunism, to realise that it exists is actually important because it call our attention to other more significant issues. When understanding why this type of free-riding was tolerated, even when community members knew that some were using it strategically, we realised two important points that have been overlooked by participatory theorists, (a) that communities were recognising the inequalities implicit in the assumption that everyone should contribute equally or otherwise be accused of free-riding, and (b) that everybody is keen to collaborate. Communities tolerated this free-riding, because they recognised that individuals in difficulties should be allowed to participate less and also, and more importantly, that they would have to tolerate some free-riding from those less motivated to avoid conflict and, paradoxically, to keep collective action on track. We will discuss this further below.

The second point, on why structural free-riders were expected to pay a penalty, will be also analysed hereafter when will discuss sanctions and favour trading.

I.A.2 Distributional Free-riding

We talk about distributional free-riding to deal with situations when some people did not participate because they did not expect to benefit equally from the project. This was also tolerated and even expected by the community, as the comment of the carpenter quoted in Chapter V showed, when he said that shirking “was expected” from such groups. Another comment made in El Salto during the construction of the road further illustrates this point:

“... We set a day to start working. Everybody showed up as they had said. But on the second day some of them started to fail. We knew this would happen.... We had considered this, thinking that those that were going to be less benefited by the road would eventually start to *hacerse guajes* [shirk]. One ... [the owner of the field closest to the main road to which he has direct access], was practically not going to use it..... The other a poor household in the middle of the road ... they never go out.... The other two [the owners of households at approximately 170 and a 250 meters respectively from the main road] have no donkeys, no carts, not even bicycles and therefore they practically won't benefit from the road. These all, we decided, we could excuse from participating. But, those others, a couple of neighbours, which did not show up, we were angry with, those are of a different kind. They will heavily use the road for they both have donkeys, bicycles and sometimes rent tractors. They, will, certainly, use the road.... The others are O.K.

... if they do not work, their turn will come, but these two, they will use the road de a *gorra*² [for free]" (D. Enrique Reyes Valle. DB, El Salto.)

This comment shows that regarding distribution of future benefits, some free-riders were accepted and others condemned. Community members had, thus, a very clear idea of the differential benefits different individuals would extract from a service. The idea of distributional free-riding, therefore, captures the inequalities between net donors and net receivers in CPD.

I.A.3 Bargained Free-riding

Trading favours involved a type of "on-the-edge-free-riding" or a form of conditioned cooperation. The individuals that practiced this were either free-riders or cooperative persons that helped or not depending on the possibilities of obtaining cooperation from others in the future, as in the case described in the gossip session in San Lorenzo illustrates. This strategy was reported in project after project and meant that individuals chose to free-ride or not on the basis of trading favours as part of a bargaining strategy.

This does, therefore, involve reciprocity, but of a strategic kind because the objective was to do as little as possible, so as to still be able to trade favours and bargain for similar contributions in future games. Further, the fact that these games were organised by interest groups with different agendas, clearly indicates that it involved a calculated strategy to support those who would support them in the future and not those that would not. This "strategic reciprocity" was thus closer to factionalism than altruism.

However, this form of shirking did not involve guile because its purpose was not to cheat but to bargain, as a comment made to us by a DB with whom we had developed a close relation in San Cristobal shows:

2.- *Gorra* means 'have the things for free', it is one of a series of very popular words used in central Mexico to refer to attitudes related to the free-rider problem. *Gorròn*, is a free-rider; *gorrear*, the act of free-riding and others are part of the lexicon dedicated to describe free-riding. These terms may have evolved from the word *gorriòn*, or sparrow in English. Sparrows come to farms to eat domestic fowl grain for free and are, therefore, the archetypical free-riders.

“...what one has to do is to observe and see what others want to do... every group has its projects, and the money coming in is scarce... so the thing is to help those that will help you... I talk with my people and tell them to cooperate but not to get tired. We now co-operate a bit less; because in our projects they will do the same and we will have to work more... they know that... We cooperate with those that will help us and not with those that wont... The point is to learn who, should you help, when, and how much ...” (Don Daniel Gonzalez Escamilla. DB. San Cristobal).

This comment and cases described earlier show that, besides expectations trading cooperation, individuals free-rode or shirked on the assumption that they would put more effort than the others in forthcoming games. They expected their counterparts to do the same, so when the time came it would be easier to persuade them to take part. This implies that individuals somehow intended to equalise the benefits and costs of cooperation over time, by condoning shirking and trading contributions depending on the importance that they attached to particular projects. All this made other groups support a project that was not that central for them and fostered the sustainability of collective action.

I.A.4 Free-riding With Guile

Finally, opportunistic free-riding also took place when individuals cheated in order to make others believe in their commitment so that they could enjoy the benefits of community cooperation without bearing any of the costs. Free-riding of this kind in fact sometimes occurred as some individuals pretended to support the project only to renege on their commitments afterwards, like those that did not show up during the construction of the road in El Salto. However, this type of free-riding was rare, because ‘embeddedness’ as Granovetter (1985) calls it, meant that social knowledge and social sanctions, i.e., gossip and reputation effects, acted as incentives to overcome free-riding problems as we saw in Chapter VI. In these communities, social pressures and access to information about everyone’s behaviour meant that people could not behave purely individualistically as neo-liberal theorists like Olson might assume.

I.A.5 Categorising Free-Riding

The following chart summarises the categories used by the Mazahuas to evaluate free-riders:

Table No. 4

Free-Riding and Community Values Among the Mazahuas.

	Types of free-riding			
	Strategic free-riding			Free-riding with guile
Subtypes	Structural	Distributional	Bargained	Classic free-rider
Community response	Acceptance	Tolerance		Rejection

These differences in the perception of free-riding among the Mazahua, described earlier were the result of our involvement in gossiping sessions, where we observed the different nature of the judgements made by communities about the free-riding of individuals with high opportunity costs and of those that benefited less from a particular service, among others. We saw in Chapter V, that these normative judgements were not static but continuously revised in gossiping sessions. These debates implied elaborate cost-benefit analyses involving multiple actors and games and careful situational analysis that took long-term and societal factors into account. Community members evaluated how other people's problems might affect their own livelihood strategies in the future in order to decide the extent to which it would be in their best interest to make an investment based on solidarity or reciprocity.

These different types of free-riding and the way they were evaluated, show that people's contributions did not simply depend on altruism, as participatory orthodoxy assumes, but rather on a carefully calculated reciprocity that not only expected something in return, but that also involved strategic calculations. These cost-benefit calculations were not always explicit, conscious, or used systematically as a way of rewarding or punishing individuals for what they did or did not do. Further, people did not apply this process of cost-benefit analysis to every decision they made, but instead, often used formulas based on pre-existing institutions and practices. These institutions enabled the Mazahua to deal with different kinds of free-riding in a systematic way as we will show later.

I.B MONITORING PROBLEMS

The communities had to develop a number of monitoring strategies to deal with the different forms of free-riding and also with faulty work. Here we will describe three different forms.

I.B.1 Monitoring Failure

We saw in Chapter V, that serious problems of free-riding occurred during road construction in El Salto. Group members were asked to denounce shirkers in both communities, but this failed because team members did not want to “finger” the shirking of their own members, or to shame them, lose a friend or fight with neighbours. In fact, we discovered that this ‘fingering’, or groups internal-monitoring, was also subject to free-riding because our informants stressed that it generated heavy personal costs, in order to benefit the rest of the community. Hence, individuals had an incentive to wait for someone else to do the job. Ostrom has also identified this phenomenon in kinship networks, that although they have better information about the character of kin than outsiders, are also less willing to discipline them than are outsiders, because of the ties of affection that bind them (Ostrom, 1994:65). Thus, though in El Salto everyone knew who was shirking, no-one reported them so participation declined, quotas were not met, and motivation deteriorated. As the community could not find any other solution to discipline shirkers, they increased throughout the project that, as discussed in the previous chapter, failed as a result of free-riding. However, different kinds of solution did emerge in the other communities.

I.B.2 Output Based Monitoring: Workteams

In San Lorenzo, shirking also became a problem during road construction. There, after hours of discussion and debate the community came to the conclusion that they could reduce it by using the internal motivation of groups. DBs used group dynamics to promote competition between teams, assigning ten meters of road to be finished within a week to each and giving a prize to the first team to complete 300 meters. Since everyone knew which team had worked each day, all the other teams and the community could monitor their performance, and groups

that did not meet their quotas were exposed as shirkers. The individuals in each team did not want a reputation of shirkers, so they forced themselves, and more importantly, they forced everyone else in their group to deliver. We observed that team members visited the houses of the slackers, reminding them of the day assigned to their team, and even collecting them to go to work. Here, thus, work-teams, as the community as a whole, acted as an effective monitoring mechanism to reduce shirking. Output based monitoring of this kind has also been also reported by Ostrom (1994), Coward (1980) and Siy (1982).

This internal group monitoring in San Lorenzo shows that although people were not willing to finger shirkers, they were effective in imposing internal checks on shirking, and as motivators to their members, because everyone in the group knew who was shirking and who was not. Individual performances were not quantified or measured as such, but were informally monitored and assessed, relative to each other's performance through gossip. These measurements were, of course, totally subjective and informal, but a powerful tool to encourage performance.

The time and effort required from group members and DBs to monitor and motivate shirkers was very significant, sometimes involving hours each day, especially when they had a difficult or lazy team member. DBs were involved in constant monitoring and then had to gather twice a week to check on the progress of teams and penalise opportunistic free-riders, evaluate forgiveness for non strategic free-riders and so on. These substantial investments were indeed an inescapable cost of successful collective action.

I.B.3 Input Based Monitoring: Supervision

Shirking also started to become a problem in road construction in San Cristobal where to solve it the community appointed a 'specialised monitor' to deal with it after long and difficult discussions. They chose Don Agustino, a DB, to do this job. He organised the production process as we have seen, and then kept close watch on the performance of different teams in order to ensure that no-one could free-ride (Alchian and Demsetz, 1972: 309, describe a similar process in private firms). He spent more than three weeks organising timetables and quotas, personally persuading shirkers. He assigned each team a certain amount of materials that had to be finished per day. He imposed penalties on teams and individuals that did not meet the quotas. As a result the task was completed on time.

Using a monitor to check progress and impose penalties on free-riders, was not new amongst the Mazahuas. In San Cristobal we were told that there, twenty years ago, there had been a community monitor who could even jail free-riders for a couple of days. Here, some old men felt nostalgia for the times when “things were easier...and you did not need to go house by house... intending to be nice and persuading others to cooperate”. In other communities of the region we were told that this supervisor could impose a “law of ice”, that involved social ostracism for a determined period of time that depended on the gravity of the offence, clearly an unbearable punishment in isolated and so interdependent communities. Similar procedures have been reported elsewhere. For example, by Cheung, describes how work-teams in the boat construction industry in China hired an external monitor to whip shirkers (1983:8 Cheung 1983 in Ostrom, 1993).

The decision to use a monitor in San Cristobal rather than group competition, as in San Lorenzo, was that the monitor could finger shirkers and punish free-riders more easily, and ensure the best use of resources. However, they still found it difficult to detect faulty work, as we will show now.

I.B.4 Operational Monitoring and Quality Control

The problem of quality control is critical in CPD. As we saw in Chapter V, complications relating to materials, building techniques, or the technical requirements or specifications of projects, arose because communities did not have the appropriate mechanisms to guarantee quality control by measuring the quality of materials or techniques or to monitor the quality of performance. They, therefore, found it difficult to decide when faulty work had been due to shirking, inappropriate skills, or inappropriate materials or techniques.

Operational and strategic monitoring are easier in private organisations where they can be disaggregated into technical departments to control the quality of product or service standards, and personnel departments to match skills to specific tasks, and to fight free-riding and shirking. The need for these complex controls demonstrates that quality control is a serious problem, even for well structured organisations, yet it has been generally ignored in the participatory literature.

Nonetheless, despite the complicated nature of the task, the communities dedicate time and effort to deal with these problems. They spent hours to find ways of avoiding faulty work before they began, and later to understand what had gone wrong. However, they did this very inefficiently because they lacked the necessary information and training. We have already described many of the difficulties involved in monitoring for quality-related problems, and the inadequacies that seriously jeopardised CPD.

These operational problems, associated with the need for quality-control, constitute another critical transaction cost for CPD that we will call operational costs. This type of costs is virtually unrecognised in the literature but must be fully understood if CPD projects are to work properly.

I.C MONITORING COSTS

The previous sections challenge the basic assumption of participatory theorists that individuals will be willing to cooperate whenever given the opportunity. They have shown that not only individuals but also communities know that this is not so and recognise that they will have to deal with some opportunism and lack of motivation by tolerating some free-riding and dealing with. We are not alone in these observations since they have also been documented by authors like Brett and Golooba Mutebi, and by Nicholls, using more realistic assumptions about participation in Uganda (Brett, 1993: Ch.3; Golooba Mutebi, 1999; Nicholls, 1998).

Therefore, as the last section demonstrated, communities had to incur heavy monitoring costs to reduce shirking and free-riding, and minimise strategic behaviour, as Ostrom also showed (Ostrom, 1993:48). These costs are, therefore, defined as the effort, the time, and social conflict and other tangible and intangible resources that have to be invested in managing projects to reduce opportunistic behaviour and limit faulty work. They are also transaction costs for they are created by the need to ensure that individuals interact with each other in particular ways in the process of service production. Because they mainly arise after projects have been agreed, we treat them as ex-post costs that are critical to effective project implementation.

In all communities characterised by high levels of risk, scarcity and competition, strategic costs are likely to multiply due to corruption and the asymmetrical distribution of information, power, or other resources (see Ostrom, 1993).

Table No. 5
Monitoring Costs and its Types

COSTS OF PROJECT IMPLEMENTATION	MONITORING COSTS	STRATEGIC
		OPERATIONAL
	COORDINATION COSTS	

Monitoring costs are not the only costs of project implementation, (see Table No. 5) as it may also involve coordination costs to bring together and manage the deployment of all of the different inputs required. This, even when opportunistic attitudes are not a problem, as other authors have recognised (see Matthews, 1986:906; and Ostrom, 1993: 120). However, even when we observed them, we will not deal with these costs here for reasons of space.

II INSTITUTIONAL SOLUTIONS TO IMPLEMENTATION COSTS

We saw in Chapter V that some individuals participated in CPD to achieve their own personal goals. However, as individuals have also vicarious interests, the desire to improve the well-being of their parents, children, wives, friends, and even that of the community at large was a powerful incentive that conditioned their behaviour. Therefore, in the communities there were individuals that did tend to behave in accordance with the ideals of participation orthodoxy. We, thus, do not wish to deny the existence of this kind of others-oriented behaviour, our approach is not collective action-pessimistic. Nonetheless, we do believe that cooperation can only be brought about when its full costs can be met.

Our theoretical approach to community participation can explain this type of ‘altruistic’ behaviour by recognising that the incentives that govern individuals rational choices, may include the affection they feel for others and their commitment to ethical values (Brett, 2003). This explains why people were more willing to contribute to projects that were more likely to

improve the well-being of people close to them, like schools, than to those like roads that they were unlikely to be able to use.

However, even when these are powerful incentives, many people did not respond to them and thus free-riding and shirking appeared. Moreover, they increased as projects were less directly related to their own personal affections or values. This, as well as faulty-work, generated significant costs that might have stopped communities from cooperating without coercion, as Olson predicts. However, this was not the case and the communities did indeed overcome these problems by using mechanisms that will be examined in this section.

We will do this by showing that monitoring, like information costs, were minimised by using existing institutional arrangements that fostered collective action. These were not large macro-institutions but local 'micro' arrangements that enabled communities to reduce free-riding and shirking, by creating incentives that helped individuals to reconcile the conflict between collective and private interests, and therefore open the way to successful collective action.

II.A MONITORING THROUGH GOSSIP

We saw in the previous chapter that gossiping was an institutional arrangement that helped collective decision-making; here we show that it also worked as a monitoring mechanism.

The analysis about free-riders presented in the previous section shows how our involvement in gossiping sessions enabled us to identify a series of categories that enabled communities to strengthen their monitoring capacity. They were able to develop a pool of norms and behaviour models to decide when free-riding was appropriate; decide when someone's personal circumstances had changed, thus increasing their costs of cooperation; explore disagreements and create consensus, for example, over whether someone should be punished or not for free-riding; and develop collective values and judgements and let free-riders know when they might be sanctioned. We do not have the space to fully discuss all of these processes here because of their complexity, but will only show how gossip helped to monitor and reduce free-riding.

The comments of informants reported in Chapter V demonstrated that social acceptance was an important incentive for everyone (Wade, 1988: 193) and was determined by gossip. Gossiping

sessions created the social space where community members evaluated the attitudes and performance of individuals in cooperative activities by examining their personal circumstances, reputations, and contributions to collective ventures. Because everyone was very aware that gossip was being used to influence their reputations, they made enormous efforts to behave in appropriate ways, find out how they were being judged and forced themselves to contribute more when their reputation had fallen. This is also true in Scottish society where Dunbar found that “gossip is all about the management of reputation” (Dunbar, 1996: 123). For the Mazahua, gossip was, therefore, an excellent monitoring mechanism to reduce free-riding and foster participation.

The success of gossip in controlling free-riders also depended on the fact that it did not always take place behind the back of the culprit, since *indirecta*³ existed as a form of gossip that took place in their presence in order to convey the message to them. The *indirecta* was a mechanism that was used to let free-riders know that they were being watched and disapproved of, since it involved an insinuation, a phrase with a double meaning that generally involved an analogy based on a comparable situation elsewhere. The clearest example of this occurred in a gathering when one participant commented, “I had a friend –once– that was too lazy to cooperate”; someone answered briefly by stressing the evils of non-cooperation and a third thanked God for “not having such individuals in the community”. The whole conversation took place in the presence of a shirker the others wanted to condemn. *Indirectas* were largely used to politely sanction the lack of cooperation of individual members, household or groups⁴. They were such powerful monitoring and enforcing mechanisms that several individuals told us that they had involved themselves in community projects, “*para que no hablen*” or “*para que no digan*” or “*para que no hechen de habladas*” (all meaning “so they can not talk” or “to avoid talking”).

Thus, secretive or open forms of gossip acted as an important sanction to reduce free-riding, as often occurs elsewhere. Indeed, Enquist and Leimar, suggest that gossip is a form of language humans may have developed to warn each other about cheats and set standards of behaviour.

3.- This literally means “indirect”, a popular term used to describe an indirect way of talking designed to politely communicate one’s non-satisfaction or disagreement with their reprehensible behaviour.

4.- Lewis, makes a brief analysis of *indirectas* in his “Tepoztlan Revisited”. He does not deal with them at length, but reports how they served as mechanisms to manage factional antagonism and/or to reinforce accepted moral behaviour (Lewis, 1951).

They show mathematically that free-riders are less successful in a gossiping community of co-operators (Enquist and Leimar, 1993).

It is important to note that the evaluations of free-riding through gossip were not fair or precise, but were actually highly subjective and moralistic, as it was also used strategically by conflicting groups. Many gossipers also failed to separate the personal qualities of some individuals from their institutional roles⁵. Nevertheless, what is important for our analysis is not the fairness of the process, but the fact that it operated as a socially constructed monitoring mechanism that controlled free-riding.

II.B SANCTIONS AND THE TRADING OF FAVOURS

Gossip enabled communities to recognise that cooperation imposed larger costs on some of them, but when it came to sanctions, structural and distributional free-riders were treated in the same way as strategic free-riders. We saw that these sanctions were non-trivial involving economic penalties like a day's wages in the construction business, the public announcement of the free-riders' names or the reprogramming of the failed *faena*.

However, we also saw in Chapter V, that most of the time, structural and distributional free-riders did not pay their fines or show up to participate the next time. The surprising thing about this situation was the fact that everybody knew and accepted that this would happen, so it was clear that the Mazahua were applying formal rules even when they knew that they would not be obeyed. As a result some individuals had accumulated a long list of penalties.

However, as we have seen, these lists were from time to time read out in meetings and then publicly forgiven. Moral considerations were always advanced as the reasons for forgiveness

5.- Wade also stresses that there is a "lack of practice [among] people in small rural communities [in] separating institutionalised role relationships from the totality of interpersonal relations" (Wade, 1988:195).

and a full cost-benefits analysis was presented⁶. Widows, single mothers, the old, sick and the very poor were excused from participating until next project when they were expected to free-ride, just to be sanctioned and be forgiven again.

Two factors can be advanced to explain this apparently paradoxical process. These were, the practical need to maintain homogeneous rules, and second, to facilitate favour trading.

It was easy to accept free-riding by some members in practice, but it would have been difficult to elaborate and apply different rules for different individuals when applying sanctions. In most organisations homogenous sanctions, are the basis for maintaining order and a sense of equality, so if lower sanctions had been applied to strategic as opposed to opportunistic free-riders, for instance, the latter would have had a greater incentive to continue free-riding. This is neatly illustrated by the following comment by an organiser in El Salto:

“... I have to organise things on a ‘*o todos coludos o todos rabones*’⁷ (equal) basis... I cannot go case by case... because if I do and I decide to excuse someone from participating, some others will say I am not being fair... and I am bias towards my friends. We have to be practical here... we cannot afford divisions...”
(D. Jose Reyes Gonzalez, El Salto).

The other side of the paradox, however, was that we learnt that failures were not totally forgotten when free-riders were forgiven. In fact the decision to forgive someone or to bear the consequences of their fault was regarded as a favour, so everyone knew that when this happened they had been put into a situation in which they owned a favour to the community. Phrases such as “*hoy por ti mañana por mí*” (“today is for you and tomorrow will be for me”); “*una de cal por las que van de arena*” (“one of lime for those of sand”); “*se las estoy guardando*” (“I am

6.- Processes similar to this existed in Mazahua traditional practices. Traditional judges were the only people allowed to apply sanctions, but were more concerned with reconciliation than punishment, so they often *forgave* law breakers. However, these judges did not exist in every community so individuals had to travel long distances to attend trials, so community leaders allowed many conflicts to accumulate before they took individuals to visit judges. Thus, people learnt to tolerate ongoing conflicts with their neighbours and learnt to live with a list of pending sanctions. When judges started to disappear, some of their functions, and especially that of reconciliation, were informally assumed by the reputable individuals with more reputation in the communities, that we have called development brokers.

7.- This is a commonly used say in central Mexico. “*O todos coludos o todos rabones*”, literally meaning ‘either we all are *tailed* or we all are *un-tailed*’. It is used when one wants to mean that rules have to be applied to everyone in the same way, and to justified situations in which some individuals have to suffer some inconveniences for the sake of general equality.

counting his/hers”) were commonly used to demonstrate that individuals were very aware of the balance sheet that determined their relationships with their neighbours, and that they would have to find some way to pay their debt in the future⁸.

The giving and accumulation of favours, therefore, represented a way of accumulating reciprocity-capital that was critically important because, being able to count on the solidarity of others, was critical to deal with high levels of scarcity and risk. This was even more important, as favours could be accumulated, demanded to be paid back and had some degree of transitivity, so they could be partially traded. Foster, highlights the importance of what we have called favour trading when he says:

“...peasant societies are cooperative only in the sense of honouring *reciprocal obligations*, rather than in the sense of understanding community welfare...”
(Foster, 1965: 308, emphasis added).

This shows that favour trading, or honouring reciprocal obligations, is crucial to an understanding of what motivates cooperation. Further, favour trading was not only used altruistically, but could be used strategically to advance particular interests.

What we have said thus far suggests that the willingness to excuse free riding amongst the poorest members of the community meant that favour trading worked as a redistributive mechanism. This, however, is only partially true since the poorest were constantly trapped in a cycle of owing favours and having to pay them. Many were very unhappy with the permanent tension that they confronted in deciding whether to cooperate or free-ride. Thus, most of them made impressive efforts to contribute though their costs were very high, in order to avoid accumulating debts to the rest of the community. They did this because, as they reported, they did not perceive that forgiveness stemmed from solidarity or generosity, but acted as a mechanism designed to keep them in the vicious circle based on their obligation to repay favours to others.

8.- To owe and trade favours is not exclusive of Mazahuas. In modern Mexico, people constantly trade favours with their neighbours, their friends and even with unknown persons. It is not difficult to be approached by a friend with the phrase “you cannot say no” before asking a favour; or say goodbye with “*me debes una/te debo una*” (you owe me one [favour] –or- I owe you one).

They stressed two key problems in this institutional arrangement. First, they would have to repay the favour sooner or later, and therefore, have to devote time and effort to other people's ventures, as sometimes the paying back involved contributions to the leaders' personal enterprises rather than the community as a whole. Second, they realised that their failure to participate, put them in disadvantage with their own interest groups and the community, reducing their voice and bargaining power. As an informant in San Cristobal put it "if you owe favours to no one, then your mouth is free".

Nonetheless, despite the heavy costs they realised owing favours implied, they were systematically involved in the "free-riding-forgiveness-favour-debt" chain, and most of them were always net debtors of favours.

II.C DEVELOPMENT BROKERS

When the external agencies left, communities had to develop their own management systems that involved the emergence of DBs who specialised in, and developed the expertise needed to organise cooperation. DBs were asked by less skilled members of the community to do this and became the organisers and monitors of the community collective action, as we saw in Chapter V. They soon took control of collective ventures and became a real power in community affairs, turning participatory projects into hierarchies rather than democratic ventures⁹. This need for hierarchy is common in other organisational systems. Abrahamsson, for instance, found that:

"... action to counter opportunism, such as monitoring, central management, rules, and sanctions, pushes the organisation towards hierarchy..."(Abrahamsson, 1993:97).

Williamson, also, claims that monitoring costs create pressures to move towards a more hierarchical organisation and away from multi-contractual decentralised structures (Williamson, 1975).

9.- Though with differences in terms of place and power, similar observations have also been reported by Henry for the case of the Gurage rural dwellers, which established hierarchy relations with the urban elite that provided leadership, and by Masaki, who reports how lower-caste Nepalese villagers depended of landowners patronage (see Henry,2004 and Mazaki, 2004).

Hierarchy enabled DBs to develop rules and procedures that the majority did not always like, despite the fact that they had been elected by the community. However, community members were generally willing to follow DBs, and they rarely questioned them, even though they could always be sacked. This, au-contraires of what has been described for some Indian villages, where communities are reported to easily sack leaders (see Rahman, 1993)¹⁰. Within the Mazahua, there was some discussion of DBs proposals, but in general community members easily accommodated themselves to these brokers' rules, even when they disagreed with them. Gossip was very useful to this acceptance because even when individuals did not fully decide on rules, as they were previously socialised and informally discussed, they felt they had somehow participated in the decision and not been obliged by DBs¹¹. Nonetheless, leaders did acquire a great deal of discretionary power, as has been seen in other cultures (Nicholls, 1998). Among the Mazahua, this can be attributed to several factors,

(a) DBs knew very well that they were giving favours when they forgave non-strategic free-riders. Strictly speaking, it was not the leaders who forgave, but the communities as a whole. But in practice, however, they were the ones that recommended the procedure, defended the perpetrators, tried the cases and made the forgiveness public. The poorest who were net free-riders, therefore, saw them as the forgivers, and as their protectors, and DBs could later capitalise on these favours either to extract labour or as political capital. It was, therefore, in their best interest to maintain a system of homogeneous sanctions in order to retain their power to forgive¹².

(b) DBs also derived power from their closer circle of loyal supporters, which significantly increased their social capital. These individuals' support depended on the fact that the DB could

10.- Rahman, and other orthodox participatory theorists use very liberal assumptions about the contractual relationship between principals and agents. They assume that an employer can fire or sue an employee as easily as one can *fire* one's grocer by purchasing from another, or sue him for delivering faulty products (Alchian and Demsetz, 1972:777). Agency theory has seriously questioned these assumptions by demonstrating the importance of information and power asymmetries in this type of relations (Abrahamsson, 1993; Perrow, 1986) as we showed in Chapter III.

11.- For a similar observation, but in terms of active citizenship, see Mohan and Hickey, 2004:65

12.- Similarly, in a totally different setting Williams show that, because the poor are very aware of their limitations to participate, to associate themselves and rely on power-holders, for him power-brokers, has an strategic value; an scenario, as he states, far more attractive to the poor than the proposed by Chambers (see Williams, 2003a).

overlook their failure to cooperate, give them access to his reciprocity-capital, and to relevant information on issues like access to jobs, or government support (see Natal, 1995).

(c) The power and status of DBs also enabled them to solve the problem of enforcement described earlier, since they had the authority to act as a “judge fingering shirkers”, which the community could not¹³. Therefore, as DBs could impose heavy costs on shirkers, those prone to shirk and free-ride, as structural free-riders and the poor, were obliged to maintain good relations with them. Thus, DBs usually did not even have to use their authority to punish shirkers or free-riders, but only had to let them know (through gossiping) that they were unhappy with their attitude¹⁴. Sanctions could range from not advising them on a job opening, to excluding them from a new resource, like a government grant for home improvement.

(d) The prominent role played by DBs, was a manifestation of the community realisation of the need for supervisors to enforce the rules and coordinate the collective action needed to achieve successful cooperative projects (see Brett, 1996). They represent a pragmatic realisation that to give out participatory rights can be more useful for the collective venture¹⁵. Their appearance involves a transfer of authority from the community to ‘uppers’, somehow mirroring the hierarchical relation between employee and employer in private firms.

A key difference between DBs’ contributions and those of the rest of the people was that they were critical to the sustainability of CPD, while that of any other member of the group was of minor significance. This sometimes made it possible for DBs to manipulate community

13.- The Mazahuas traditionally used elected village judges, that still exist in a few communities. A citizen plays the role of *juez de paz* (judge of peace), to deal with minor disputes and offences. They could also be found in communities of fishermen in northern Portugal. The community elected what they called *hommens de respeito*, “men of respect” to deal with conflicts in the community. Their status and a wealth enabled them to criticise and to punish to any other member of the village. Their role was recognised even by high official authorities (Wolf, 1992). Similarly, voluntary ‘justices of the peace’ are an important part of the English legal system.

14.- Wade found something similar in his “corporate villages”. “Many who might be tempted to free ride are socially subordinate to others in the user group, and are checked from doing so by sanctions who derive from the wider order of the caste and property without the council having to use its own authority” (Wade, 1988:193).

15.- Mitlin has arrived to a similar conclusion in her study on federation among local organizations in Victoria Falls, where she shows that organisations’ members were ready to hand over their participatory rights to leaders, for a series of reasons, including the risk that participation involved for them (Mitlin, 2004).

development in order to maximise their own interests, however, within the Mazahua, CPD could not have succeeded without them.

Having said this, it is important to remember, as we have discussed before, that DBs were limited by gossip and reputation effects, thus, they could not become local autocrats, but had to maintain equilibrium between their hierarchical position and their capacity to represent others' interests.

III CONCLUSION

This chapter shows that monitoring costs are a critically important aspect of the dynamics of community cooperation, as they will seriously jeopardise it if participants see them as larger than the possible benefits.

Recognising these costs enabled us to analyse the ways in which the Mazahua dealt with free-riding and conflicting interests in CPD, processes that are central to transaction cost theory, but not to participatory orthodoxy.

In this chapter we show that, though, free-riding sometimes took very mild forms, these indicate that co-operation did not depend merely on altruism. Our research showed also, that communities were neither made up of totally selfish individuals, as neo-classical theory assumes, but that it was a far more complex aggregate in which individuals carefully adjusted their own needs and expectations against other peoples' behaviours and attitudes.

The different forms of free-riding also revealed the inequalities implicit in the process of community co-operation. We have shown that to assume that everyone should contribute equally or be accused of free-riding is not only unfair but unrealistic. It is unfair to expect the sick, the old, female heads-of-household, and the poor and marginal to make the same contributions as other members of the community. As communities have realised this, they had a more elastic way of understanding free-riding than that of the literature.

However, we found that the very poor felt pressured to contribute as much as the rich for facilities that they would not necessarily use as much, like schools and roads. But because they could not always do so, they become net debtors of non-cooperation--forgiveness favours to the

community. Since these favours had to be paid back, CPD could operate as a regressive form of taxation. Fortunately, we found that these issues were recognised and mechanisms to control leaders, such as gossip, had developed to deal with them. Nonetheless, gossip as a process of costs-benefit analysis, and forgiveness rituals did not always lead to fair contributions and in many cases actually perpetuated the structural inequalities embedded in the status-quo.

Monitoring costs also explain the need for local hierarchies to manage CPD and, therefore, obliges us to revise ways of thinking about how to empower the poor. Thinking about these costs obliges us to recognise the impact of the relationship between management needs and power. The Mazahua cases teach two main lessons on this,

(a) Some individuals were empowered first.

The study of monitoring costs shows that self-reliant CPD did not eliminate inequality because monitoring and information costs meant that the poor and indeed most of the community had to let DBs take the initiative. The poor, confronted with higher opportunity costs in cooperation, could not acquire organisational and other skills, and thus became trapped in vicious circles that increased their dependency, and brought their efforts to help other wealthier groups more than themselves. Hence, our research shows that CPD did not do much to build capacity amongst the poor but amongst those who already had the skills required to get involved in managing cooperation.

Therefore, though CPD created some social mobility and a new leadership, it also consolidated the power of existing elites who used their superior skills, wealth and status to control the resources generated by CPD.

(b) In self-reliance there may be a tension between hierarchy needs for project management and participatory ideals. Though DBs' control was essential, since it was the motor of collective action, and enabled the community to punish free-riders and coordinate activities without conflict, it also gave them control over collective ventures. Moreover, the fact that they were also heads of interest groups, and as power is not equally distributed in rural communities, meant that they could not simply be fired. These factors gave them power to lead CPD in the direction they preferred.

In the communities studied, it might be expected that monitoring costs would reduce cooperation, or that it would be totally captured by the DBs. This would then lead the very poor to exit the whole process sooner or later. However, this was not the case since communities found ways to manage these conflicting interests effectively as we will show in the next chapter.

CHAPTER VIII

GOVERNANCE COSTS IN CPD

INTRODUCTION

The last two chapters have examined the information and monitoring costs related to the managing of individual service delivery projects. This one will examine those involved in sustaining the contract of CPD as a total system over the long term. The key issue that it will address is the potential conflict between individual, group, and collective interests that have to be reconciled if CPD is to succeed. This is a crucial matter that has been generally overlooked by orthodox authors.

We will especially focus here on the problem of organising priorities - determining whose interests and needs should be attended to first. This is a problem because, without a soothsayer or a dictator able to use dogma or force to generate consensus, ranking priorities under conditions of scarcity will produce conflict (see Mclean, 1987:25). We have already shown that this was true of all of the projects that we studied, where competing groups with diverging needs and interests, and different opportunity costs and expectations had to make difficult choices of this kind, that not only complicated how voice was heard and the decision-making process undertaken, but also the achievement of consensus and the maintaining of the long-term support for the process as a whole.

To solve these problems, the communities studied developed institutional arrangements designed to manage 'voice' in order to achieve agreed compromises between conflicting demands. They also engaged in a series of activities like maintaining long-term motivation, planning development, aggregating members' preferences through time, developing rules of behaviour and building the organisational systems needed to coordinate and sustain members' cooperation. Successful outcomes, then, depended on factors such as the timing of decisions, levels of scarcity, balance of power, and the ability of leaders to deal with dissent.

However, though, communities were able to overcome these problems, dealing with them involved significant transaction costs in the form of effort, time and other resources. Though these costs were involved in most activities, here we will give special attention to those that related with the challenge of sustaining the whole participatory system over the long-term. Since these costs stemmed from the general problem of governing community cooperation, we have therefore, called them here, governance costs. These costs only emerge when community members expect CPD to operate as a system based on continuous informal contracting for cooperation over the long-term. These costs may not be exclusive to the Mazahua communities studied here, as similar problems have also been found in Mozambique by Galli, and Mclean in England (Galli, 1999; Mclean, 1987).

This chapter will show that governance costs, play a central role in the management of collective action on a long-term basis, that they multiply in environments characterised by scarcity and strong competition for the control of resources; and that the higher these costs, the more difficult it will be to sustain CPD. However, we will also analyse the mechanisms communities developed to deal with these costs, and discuss the key role that local institutional arrangements played in minimising them.

This chapter is divided into four sections. The first examines the different kinds of transaction costs involved in the governance of CPD, focusing in particular on conflicts between the interests of communities and of the different groups that composed them. The second section identifies the institutional arrangements used by communities to deal with these costs and sustain collective action. Here, we show that the activities of interest groups increased some of these costs, but paradoxically also acted as catalysers of CPD. The last section concludes with a brief evaluation of their impact.

I GOVERNANCE PROBLEMS IN CPD

A superficial observation of the formal meetings supporting CPD would lead one to believe that they were truly democratic and operated in harmonious and solidaristic communities. This was true of the meetings we attended where individuals appeared to take full

account of each other's priorities, and reached agreements fairly easily. As discussed, meetings were dominated by DBs who only briefly discussed priorities and consensus was quickly achieved, because different groups quickly put aside their own demands. However, we have seen that this rosy picture concealed serious disagreements that were only aired during the informal pre-meeting negotiations based on gossip, informal gatherings, *indirectas*, and favour trading. Discovering how much time and effort was devoted to these activities made us recognise the intensity of the group competition for the incoming resources that was going on behind the scenes. This raised three interrelated questions that we will discuss in this chapter. First, how the decision making process was structured; second, how priorities were organised, and, third, how the community dealt with the conflicting interests.

I.A *DECISION MAKING PROCESSES: EXCLUDING DEMOCRATIC VOTING*

In Chapter V, the Mazahua reported on several problems they had faced when using by themselves the “one member one vote” decision-making system, taught to them by the agencies that had originally brought CPD to their communities. As a consequence, by the time we arrived informal pre-meeting negotiations had forgone democratic voting. Building on that evidence in this chapter we intend to analyse those problems in the light of our approach to community participation in order to understand why democratic voting could not root within the Mazahua.

First, when our informants reported that with democratic voting they could rarely reach a majority decision because “none wanted to allow their arms to be twisted”, what they were confronting is the preference-ordering problem, analysed very clearly by Shepsle. Table 6 based on a San Cristobal case we reconstruct, illustrates how this problem builds up.

Table 6
Stalemate meeting in San Cristobal

	GROUP	PREFERED SERVICE		
		School	Clinic	Road
G R O U P	The Delegado's	For	For	Against
	The Workers	For	Against	For
	The Peasants	Against	For	For
	The Outsiders	Against	For	Against
	The Evangelicals	For	Against	For

Here, participants were facing the well-known problem of stalemate that often blocks decision making in small groups with strong positions when it is impossible to reach agreement because there is no clear majority. This problem arises in many political and administrative disputes¹, to political ones (see Shepsle, 1997), and shows the difficulties created by the ultimate impossibility of aggregating individual preferences, identified by Arrow in his classic study, Social choice and Individual Values (1963).

This problem is overcome, for example in the state system, by majority voting which enables those in the majority to oblige the minority to accept a final decision, even when they may be strongly opposed to it². However, this solution had to be ruled out in our communities, because of the need to maintain long-term reciprocity, and because those who were voted down could

1.- Mclean reports on a comparable problem in Liverpool relating to the use of some land the Council owned. The three options were to leave it as an open space (x), to build some council housing (y) or to sell it for private housing (z). All parties had a strong opinion of what was their best option, but each of them differed from the others. The voting was 'x' beats 'y' (2 to 1) 'y' to 'z' (2 to 1) and 'z' beats 'x' (2 to 1), thus, no result was achieved (see Mclean, 1987).

2.- This problem can also be overcome by taking, second preferences, Shepsle shows that this can create a situation where no-one really gets their first choice, but this has to be accepted to allow any decision to be taken at all. This is common in internal elections in political parties (Shepsle, 1997).

refuse to make an effective contribution (in the form of labour and time) to the project. Therefore, as decisions had to be reached by consensus, the problem was greatly complicated.

The need to overcome stalemate and reach consensus creates important differences between a state and a participatory based approach to service delivery. Despite some limitations the State has far greater scope to impose decisions, while participatory processes need to be based on persuasion, a fact that strongly conditions the way in which participatory principles conditions the processes through which priorities have to be organised in self-reliant CPD.

Orthodoxy authors have not addressed the problem, perhaps because they assume that community members should be able to reach consensus through open discussion based on a rational evaluation of the relative benefits of each project. However, this kind of discussion, where disagreements could be openly expressed was very problematic for the Mazahua. This was so, because as we saw in Chapter I, they rarely give a "No" answer. Therefore, as they reported in Chapter V, to openly oppose someone else's point of view is considered "rude" and "impolite". What is perfectly understandable in small communities where people do not want to openly contest with others whose support they might need in the future, but negates the possibility of open discussion of conflicting interests and democratic voting.

Moreover, people also reported that they were afraid that open expressions of disagreement would reopen old rivalries and that differences between neighbours would block agreement. This problem is also reported by Eyben and Ladbury amongst communities in Nepal where, community members insisted the decision of where to locate a well should be made by an outsider because they "... feared that any attempt to make a decision locally would have exacerbated internal divisions..." (Eyben and Ladbury, 1995:197).

A second problem that people identified was what they referred to as "walking in circles"³, as we saw in Chapter V. They actually recognised that attempts to aggregate preferences through voting could produce intransitive results and make agreement impossible, or involve them in meetings from "the hour God awakes until the hour God makes darkness"⁴.

3.- "Solo andamos a la vuelta y vuelta" in Spanish.

4.- In Spanish: "De la hora en que Dios amance a la hora en que Dios oscurece"

They could not afford this waste of time, mainly because as they reported, participants became exhausted in these meetings and therefore voted for whichever option that would bring the meeting to an end, a problem also reported in village meetings elsewhere (see Eyben and Ladbury, 1995).

Hence, the one-member one-vote mechanism, that works in the west and was introduced by the agencies was not compatible with local culture and practices and, therefore, demanded the learning of new skills to communities. This is shared by Brett who states, "western values imported by donors... oblige local communities to develop different kinds of organisation from those they have used in the past, thus demanding new skills..." (Brett, 2003:15). However, the Mazahua, after some tries when the agencies left, chose not to continue developing these skills and returned instead to the informal methods that were closer to their own cultural traditions, a solution replicated in other communities⁵.

I.B ORGANISING PRIORITIES

The case studies presented in Chapter V and the discussion in Chapter VI, demonstrate that choosing between competing priorities was a very complex task, involving large investments of time deciding on how much to invest in one service as opposed to another, identifying the long-term costs and benefits that different services would deliver to different groups, and which services should be postponed and the order in which these should be provided in the future. These decisions were difficult since choosing one generally excluded others. For instance in El Salto, the community wanted to provide both health and education, but had to sacrifice one to provide resources for the other, so zero sum choices were always having to be made, at least in the short-run. As one informant said "...all this participation is very good, but the problem is that there are too many chickens for too little corn"⁶.

5.- Both Lisk (1985) and Galli (1999) recognised that participation could be realized through informal arrangements outside the structure of the formal planning, although most orthodox studies pay very little attention to the issue (see Lisk, 1985; and Galli, 1999).

6.- In Spanish: "*Muchos pollos pero poco maiz*", a common expression in the area to exemplify situations of scarcity.

Orthodox theory assumes that participation will allow communities to choose the projects they really need. However, with so many unsatisfied wants there was no possibility of satisfying everyone, and no logical basis on which priorities could be determined. Scarcity would not have been such a problem if all projects could have been justified on the basis of a generally accepted developmental rationality supported by a belief that decisions would be taken on an equitable basis in the long run. If those who lost out at one point could be sure that they would benefit in the future, conflict would be reduced and everyone could have been persuaded to forego their own interests in favour of those of the "community". This did happen to some extent, but as we have shown in previous chapters, the setting of priorities did not depend on any coherent developmental rationality or always work to benefit the community as a whole but favoured the groups with greatest bargaining power instead. Therefore, as we saw in Chapter V, because different groups had different needs and priorities, any decision generally meant that some groups would benefit at the expense of others.

The case of San Cristobal helps to illustrate this point. We saw in Chapter V that, the *Delegado's* group won the projects it wanted in 1995 and 1996, and the peasants won the construction of the secondary road in 1997, both having the support of the Evangelicals with whom they were voting in alliance. These three groups succeeded because they had the most bargaining power, while other groups failed year after year despite the fact that the project they wanted were desperately needed. For example, the electrification of marginal neighbourhoods demanded by the Outsiders, was far more important than refurbishing the Central Plaza, or even than the repairs to the School because it would have given a large number of families greater security, productive capacity and quality of life. However, the lack of voice and bargaining power of the Outsiders group, meant that they lost out and had to electrify their neighbourhood by themselves, even though they had cooperated with the other groups in all other projects. Similar situations were observed in San Lorenzo, and El Salto.

The realisation that the benefits of cooperation could be captured by particular groups explains why people and groups invested so much time and effort to advance their own initiatives and/or protect their interests. This involved intensive pre-meeting activities to promote their preferred projects by lobbying for support using all of their loyalty chains, their social capital and their reputations to prove that what they wanted was also in the general interests of the community. DBs played a key role dedicating an impressive amount of time in this pre-assembly bargaining

that implied a slow and tacit but systematic and continuous process to identify the groups that would agree to postpone their own priorities to “benefit the community”.

We saw in Chapter V that this “under-the-table” bargaining was extremely intense, complex, and constantly threatened by conflict. However, it was essential to the long-term maintenance of the participatory system as a whole, since persuading some to postpone their interests, so that choices could finally be made, secured consensus. The cost in time and effort, devoted to these activities was significant and must be accounted for in any long-term participatory development programme.

I.C MANAGING CONFLICTING INTERESTS

Managing the dynamics of group competition within the community generated another series of problems and therefore costs for the sustainability of CPD that will be examined in this section. We will show how the long-term governance of the process depended on both (a) groups role smoothing cooperation and (b) their ability to use a “participatory calculus” to negotiate strategically, using the possibility of withholding their labour as a bargaining tool. We will also consider the impact of these processes on the poor.

I.D THE ROLE OF GROUPS IN CPD

We saw in Chapter V and VI, that groups were critical to the long-term organisation of CPD, operating as webs of social relations that enabled individuals to build reciprocity networks with similar others. They then provided them with essential information, insurance against the uncertainties of rural life, help at harvest time, and access to work, child care, and so on (see Natal, 1995). Similar networks have been reported to operate elsewhere, but the Mazahua are particularly similar to those reported by Lomnitz in Chile (1971) and Bosco in Taiwan (1992). Bosco describes a very similar institutional arrangement of reciprocity as the one found within the Mazahua, called *guanxi*, through which individuals exchange tangible, but most importantly, intangible goods on a reciprocal basis (Bosco, 1992). In Taiwan, as among the Mazahua, *guanxi* builds through networks that operate on the basis of both kinship and friendship, and are central to individuals’ lives who therefore actively work to maintain them (Bosco, 1992:167). Thus, Mazahua informants constantly stressed the need to cultivate friendship networks, saying things

like "*valen más los amigos que el dinero*" ("it is more valuable to have friends than money") and the Taiwanese proudly stated "*wode penyoung hen duo*" ("I have many friends"). In both cases, the size of their networks, was used by group leaders and community members as a measure of their status (see Bosco, 1992). As in Chile within the Mazahuas, the value of friends was the possibility to trade favours through reciprocal networking (see Lomnitz, 1971). Thus, what made *guanxi* work, was reciprocity and not altruism.

Within the Mazhua, *guanxi* was initially based on dyadic contracts such as friendship, a particularly important bond for them. It expanded through extended friendship networks that included more and more individuals that shared similar interests, until it formed, an identifiable group of close friends who could expect favours from each other⁷ (see Kipnis, 1997). As in Chile, this system of dyadic and extended contracts produced a complex pyramid of kinship and friendship linkages and favour trading called *compadrazgo*⁸, in Mexico this added formality and structure to *guanxi*, and contributed to group integration. As these networks became closer and more integrated over time and in response to the role they acquired in CPD negotiations, they acted as groups of interests⁹, through which individuals could protect themselves, as we have further discussed elsewhere¹⁰ (Natal, 1997).

These groups, therefore, enabled community members to aggregate their objectives, and their interactions with other groups and became critical to ordering priorities and creating consensus, as we have just seen. For example in San Cristobal, their efforts produced consensus about the

7.- Community members did also establish relations with people outside their networks, but there were certain kinds of favours that they could only expect from other group members because this depended on the continuous exchange of favours.

8.- In Chile as in Mexico, *compadrazgo* strictly is a traditional catholic institutional arrangement through which individuals, and more importantly families, bond themselves through compaternity, when one makes the other godfather of a daughter and/or son. However, colloquially the usage of the term, in both countries, has enlarged to include other very close friends to which one feels almost as family (see Lomnitz, 1971).

9.- Burkey provides a useful definition of interest groups that he describes as "... any group of any size composed of men and/or women who have come together to pursue a common interest related to individual or group improvement in the spheres of economic, political and/or social development..." (Burkey, 1993:134). Other theorists also recognised in groups the basis for social intervention; see for instance, Contreras (1980).

10.- We have shown that bonding is further strengthened, because some individuals that situate at the "centre" of groups provide others with information, help and insurance mechanisms. As competition for resources increases affinity, groups become trust-groups and when risk increases they turn into "centres of gravity", or groups of interests (see Natal, 1997).

construction of the main road, the creation of a Central Plaza, the Secondary School and secondary roads, leading to a major change in the community as a whole, providing the basis for effective long-term cooperation.

However, scarcity, heterogeneity of interests; and low levels of certainty, meant that groups do not only work as harmonious reciprocity structures that facilitated CPD¹¹. Instead they also enabled individuals to gain voice and power vis-à-vis other groups, and therefore also operated as the actors on a battleground where competing groups attempted to control the allocation of collective resources¹². Thus, groups also served individuals to compete for scarce resources as other theorists have acknowledged (Burkey, 1993; Wignaraja, 1984; Skelcher, McCabe Lowndes and Nanton, 1996). The Mazahua groups' role on competition was further complicated by their historic social role as mediators in the tension between conflict and peace in the community, because as we reported in Chapter V, several clashes between groups (especially religious) had occurred. Then, groups had been very useful to reduce open conflict. Similar cases have been reported at the local level by Haviland's work on Zinacantan (Haviland, 1977) and at the national level by Huizer's for several periods of Latin America (Huizer, 1985).

As can be seen the Mazahuas groups faced contradictory tendencies, stemming from the existence of competition and the need for cooperation to achieve collective benefits. This contradiction is similar to what Banfield reports about post-war rural Italian communities, where the interdependence of rural life, forced individuals to cooperate with each other, thus producing an ethos in theory; while, on the other hand, scarcity led to competition, selfishness and opportunism, producing an ethos in practice (see Banfield, 1958). In the communities studied, members were very aware of this duality and clearly understood that too much competition would lead to too much individualism and a failure to provide common services, but that too much cooperation would mean renouncing each one's own welfare objectives. They stressed this through colloquial expressions, such as "*ni muy muy ni tan tan*" (literally translated as "not so

11.- Nichols also argued that the tensions and mistrust stemming from social heterogeneity in Ugandan communities also jeopardised project performance (see, Nicholls, 1998).

12.- Groups, can be argued, are an intermediate space between the private and the public, they represent an intersection of the type described by Cleaver, where "...negotiations about resource allocation, sharing, compromise, conflict resolution and appropriate representation actually take place" (Cleaver, 2004:275).

so, nor as as”¹³). They also recognised the key role of interest groups to find this balance, seeing them as the bridge to reconcile their private interests with the collective good, or as informant put it “in the herd each sheep with her own, we are together but not mingled”¹⁴.

Thus, every cooperative venture involved competition, and therefore, while cooperating groups behaved strategically, tried to increase their influence over future collective ventures, or “to bring water to their own mill”¹⁵, as an informant in San Cristobal put it. This was very clear to us when we found the *delegado* in San Cristobal trying to organise collective action late at night. He told us:

“...if we inaugurate the school and we make a party and people enjoy it, this would mean that somebody from my own group would be elected as *delegado* for the next period...this will give our group more chance to continue pushing for the project we want...” (Don Andres Sanchez, DB, San Cristobal.)

This observation confirms Marsden’s claim that “...rituals...of solidarity often disguised jockeying for position...” (Marsden, 1994:5).

Group attempts to maximise their interests while cooperating operated through two main strategies, one group could use a threat to free-ride as a bargaining ploy to negotiate a better deal for their cooperation, and second they could use an agreement to participate in a service as a favour that would have to be re-paid later. The nature of these strategies is illustrated in a comment made in a gossiping session in El Salto:

13.- “*Ni muy muy ni tan tan*” is a game of words, a colloquial expression difficult to translate into English, meaning something like “Not much much, not so so”. It is used in situations where it is important to stress the need to find balance. Another informant referred to the same problem by saying, “*ni tanto que queme al santo ni tanto que no lo alumbre*”, which could be translated as “not to burn the saint nor to fail to light him”. This is a popular saying probably taken from the catholic ritual of lighting candles to the saints, and used to stress the importance of finding a balance in a given situation.

14.- In Spanish: “*en el rebaño cada oveja con su pareja, estamos juntos pero no revueltos*”. A word-game mixing two proverbs commonly used to address, the first situations where individuals got to be with their own, and the second, when in a flock acting together, there are differences not always visible. This is a colloquial way of understanding what Young describes as political “togetherness in difference”, the understanding that groups have a relational conception of difference, where their identities are created vis-à-vis each other and where the possibility of alliances exist (Young, 1993:123-4 quoted by Mohan and Hickey, 2004:64).

15.- In Spanish: “*traer agua a su molino*”, a common expression to refer to situations where one individual is behaving strategically.

“...we do not expect them to come and help us to build our church... How could they?... They cannot help to build it because they do not believe in Jesus. Not even we would like it. We want them to agree with us to use some of the materials we got from the local deputy to build our church. They have also used some materials from the government to build their own catholic church.... They will not oppose because they want us to help them to finish the school... If they oppose, us to use the money to build our church, we will not participate, or we will participate very little so as to they will never be able to get the school finished on time, as the president wants...” (Don Luis López, DB, El Salto. Our emphasis)

These comments show that managing long term cooperation depended on an ability to balance cooperation and competition, through long term exchanges of favours among interest groups. Groups needed, therefore, to be able and willing to maintain a reputation for meeting their contracts. However, meeting these obligations was also used strategically, as we saw in a case in San Lorenzo. There, two groups agreed to support each other's projects during two consecutive years. The first project was successfully completed, but when in the following year the turn of the other group came, as their leader had died, the remaining members were resilient to pay back the favour. The group that had lost out threatened to withhold its labour from all collective projects permanently. The resulting conflict was only solved after intense gossip when it was informally agreed that all the other groups would support the project of those that had been let down for the coming year.

This type of conflict was not exclusive to San Lorenzo, but it was rare. Nonetheless, the fact that it could happen, taught groups that they had to act strategically, and that the best way to protect themselves was to withhold labour. Because cooperation depended on voluntary contributions rather than state power or wages, it could only succeed because all groups could be persuaded to contribute. This means that successful CPD to carry out collective projects depends on the ability of communities to convince all groups to recognise that everyone can be relied on to make a fair contribution over the long term.

Hence, maintaining CPD as a system depended on all groups operating on the basis of a 'participatory calculus' involving an ongoing evaluation of the pros and cons, risks and costs that they faced, and using this to decide how much to contribute or how much free-ride, or threaten about it, in order to balance cooperation and competition and get the best return on their efforts.

However, though efficient in terms of governing cooperation, this process did not benefit all groups equally, as we saw in the previous section in relation to the ability of the Delegado's group, the Peasants and the Evangelicals to over-ride the interests of the Workers

and Outsiders in San Cristobal. Thus, even though CPD can produce successful projects, it does not necessarily empower all community members, or produce a democratic outcome. The role of groups, and of the DBs associated with them, are indeed the basis for the sustainability of CPD, but paradoxically they go against participatory ideals as they turn self-reliance in an exercise of power to determine resource allocation, which preserves social inequalities and determine the trajectory of local development.

I.E GOVERNANCE COSTS

We have seen that communities found it very difficult to organise their priorities and to organise competition and cooperation, because of the difficulties involved in reaching collective decisions that satisfied most of them. Moreover, the level of competition involved, led some of them to try to capture collective action processes to maximise their gains. Communities, therefore, had to dedicate significant amounts of time, effort and other resources to the communication, negotiation, motivation, persuasion and conflict resolution involved in these processes. These governance costs were transaction costs, crucial to the success CPD as a service delivery system.

Governance costs differ from information and monitoring costs, examined in previous chapters, in that the former are associated with specific transactions or sub-contracts, while governance costs are generated by the long-term processes involved in managing CPD. Hence, these costs only become evident when cooperation is used as a permanent system for service provision that involves a continuous series of individual co-operation games that have to be aggregated in order to sustain the super-game. These costs are not exclusive to community development, but are described by Ostrom's ex-post transaction costs that she calls sanctioning and governance costs that involve "litigating disputes... or establishing organisations to govern ongoing relationships among participants" (Ostrom, 1993:48).

Matthews shows that they operate in the case of firms where, "the costs of drawing a company's articles of association are overheads of conducting a set of transactions...; and yet others are overheads of maintaining the system..." (Matthews, 1986:906). In a totally different field, Jagannathan has also found similar problems as those transaction costs have for the Mazahua. He argues that the problem of dealing with these costs is far more severe in LDCs, as our own

observations of the difficulties involved in reaching agreements and guaranteeing compliance among the Mazahua show. He stressed how:

"... [W]hile transaction costs *within groups are lower, between groups they continue to be high*... Unlike the Coasian framework, in a less-developed country the economic system as a whole is not a smoothly functioning competitive model. High transaction costs between groups imply that economic exchange between groups or segments may have varying degrees of inefficiency. Benefits of economic growth could therefore have very uneven spread across different segments of the population..." (Jagannathan, 1987:34-35, emphasis added).

Though, Jagannathan here is referring to economic exchanges and not to reciprocal exchanges, the significance of his observation and its relevance to ours is that transaction costs between groups are likely to be high when there are no effective mechanisms in existence to ensure fairness and compliance, as do exist in well functioning markets governed by economic or electoral competition. Conversely, as we have shown, in our communities resource allocation was governed by group negotiation, favour trading, reputation, and strategic reciprocity, all exchanges with various degrees of inefficiency, that allowed the benefits to be captured by dominant groups producing unequal benefits as Jagannathan suggests.

Here, we have identified two main types of governance costs, first those generated by the need to make collective choices about the ordering of priorities; second those derived from the political competition between community groups attempting to maximise the benefits they receive from the provision of new services.

The nature of these governance costs and the solutions they generate will be modified by local culture, but the general problem will be common to all attempts to create self-reliant service provision systems based on CPD. It is, therefore, crucial to find out how they operate, who pays for and who benefits from CPD, in order to understand how decisions are taken and to assess its long term impact on development, the relative welfare of specific sectors or target groups such as the poor, women, landless, and its long-term sustainability. Identifying the full costs of governance, many of which are often hidden because of their informal nature, can also show that the costs of apparently successful projects may actually have been greater than the benefits of the project.

Thus, focussing on governance costs and on the institutions created to manage them can help us to understand why particular CPD processes have become inefficient and inequitable, have led to elite capture, conflict within the community, and to the politicisation of welfare provision. Doing this may be the only way to avoid possible breakdowns in the ability to manage collective action and a general failure of the participatory development process. What we have shown throughout this thesis is that local communities cannot manage these costs by simply following the teachings of orthodox participation theorists who do not recognise the problems of scarcity, inequality and conflicting interests that generate them, but only by using the formal and informal institutions that regulate community life to deal with them. We will end the substantive section of this thesis by showing how some key institutional arrangements contributed to the solution of this general problem.

II INSTITUTIONAL RESPONSES TO GOVERNANCE COSTS

II.A *INTEREST GROUPS*

The existence of interest groups was the main institutional basis for the management of governance costs and the facilitation of collective action. They performed many important functions.

First, as networks of reciprocity they enabled people to learn who they could trust in, as we have discussed in earlier chapters.

Second, as guarantees of social support, groups maximised people's ability to use voice and exercise bargaining power. This was especially important for the poorest and most marginal sectors of the community.

Third, group support ensured that individuals would not be the only ones to participate in collective ventures because they knew that at least their fellow members would show up so they would not be suckered.

Fourth, groups helped individuals to disagree with others. Groups could say a corporate "no" to other groups in gossiping sessions, and therefore defend their members' interests without directly confronting specific individuals in the community. By so doing they served individuals as a mechanism through which they could quietly oppose and negotiate without being involved in open conflict with others. This helped cooperation as it reduced open disagreements,

controlled back-stage conflict, and helped to minimise inter-personal quarrels, and by so doing facilitated negotiations among rivals, as we showed in Chapters V and VI.

Fifth, groups helped to aggregate priorities and created the necessary consensus for CPD through gossip and *indirectas* where groups negotiated agreements, and advertised what they thought and how they were going to vote. This reduced uncertainty, allowed each group to adjust their behaviour, and facilitated the reaching of consensus in meetings.

By performing all these functions groups acted as key institutions in managing and reducing the transaction costs involved in achieving the agreements needed for successful CPD. The “logic of cooperation” in CPD systems, therefore, depends largely on the social capital existing in the interest groups in any particular community, a factor that needs to be clearly recognised by those who attempt to use participatory approaches.

II.B VOTE TRADING

A second key local institution designed to organise priorities and ensure compliance was vote-trading that was derived from traditional processes of favour-trading. As we have seen, groups dealt with disagreements or opposition to particular projects, by trading votes in the same way that they traded favours. DBs that represented the interests of particular groups were able to negotiate deals with other groups to guarantee commitments to their projects in exchange for support for other projects in the future. This guaranteed confidence in every group’s commitments and ensured that the reciprocal obligations on which the system depended would be accepted.

In fact groups rarely failed to meet their commitments, as reputation effects made vote trading relatively certain. Gossip ensured that the rest of the community would know if any group failed to perform, so groups usually fulfilled their promises. These groups performed a similar function to the communal groups in Indian industry that Akerlof claims used “communal ties to encourage honest dealing within the community” because information about cheating would easily spread and lead to a costly loss of reputation (Akerlof, 1986:35).

II.C DEVELOPMENT BROKERS

DBs played a central part in the reduction of governance costs. To avoid repetition we are not going to expand on their functions as information brokers and hierarchies, through which they contributed to the sustainability of CPD as a long-term game. Suffice to add that they helped to reduce costs of organisation of priorities by maintaining their reciprocity networks cohesion as a group. They, thus, could represent their interests in meetings and present a corporate front that reduced the number of options, facilitated the negotiation of their turn in collective ventures and served as guarantees of reciprocal support in the future. Similar realisations have been discussed elsewhere (Cleaver, 2004).

They served the community to reduce costs of political competition among groups by using their political base, their knowledge of the community, capacity to monitor other groups' strategic activities and their abilities as political articulators to pre-empt opposition, either by persuasion, by cashing in favours, or even by exerting pressure on other groups and individuals to cooperate. By so doing, they gave political viability to the ordering of priorities, and therefore sustainability to CPD as a long-term game of cooperation.

Nonetheless, the existence of governance costs and the need to deal with them, increased the dependence of the poor on them. Showing that, as we discussed before, self-reliant CPD may not necessarily contribute to reduce existing inequalities in the communities.

The role of groups, DBs and vote-trading has not been seriously examined in participatory orthodoxy, perhaps because they usually operate informally, because the bargaining processes involved are often concealed from outsiders, and because their emphasis on the solidarity approach to participation leads them to ignore conflicts and inequalities. However, we believe, that these processes are not confined to our communities, since the problems they are designed to solve are likely to exist in other CPD systems.

III CONCLUSION

The evidence presented in this chapter has enabled us to identify a number of key issues and explain a number of problems that are often ignored in the orthodox literature. These relate to the costs communities have to incur to maintain CPD as a system based on stable long-term contracting between groups and individuals who are providing their labour in exchange for improved services. CPD theory assumes that self-reliant communities can use this system to make step-by-step decisions and, thus, incrementally provide for many of their needs. They also assume that it would lead to increased democracy and participation in the construction of the common good. Although our observations showed that local communities were able to run participatory projects, these were often relatively unsuccessful, and the processes involved did not conform to the very optimistic assumptions used orthodox participatory theorists.

We have shown that participatory processes operated in environments where resources were very scarce so that they involved many zero-sum decisions. Different groups with unequal power and influence, and different needs therefore had to reconcile contradictory priorities in order to reach agreements. Ordering these priorities was not an easy task, and therefore generated high governance costs. This means that cooperation in the Mazahua communities was based on negotiations between interest groups with potentially conflicting interests, rather than on the generalised community solidarity imagined by the orthodox theorists. This alternative understanding of community cooperation forces us to recognise that CPD is a political process that does not necessarily provide what is best for the community, but what is best for the more powerful groups.

Our findings also challenged the orthodox assumption that democratic voting in formal meetings, is a critical part of participatory processes. We found that the Mazahua use it only as a formal way of registering decisions, suggesting that formal democratic procedures may be unsuitable in some 'traditional' communities where they can often lead to stalemate or expose or intensify latent conflicts. This need not imply a rejection of the need for widespread involvement in decision-making processes, but the need to be open to use alternative methods to do so. However it does mean that, to assume that western democratic procedures can be applied in all contexts, may be a serious mistake.

The Mazahua cases teaches us that even with a democratic façade, the real decisions involved in the construction of the collective agenda were mainly based on 'behind the scenes' negotiations carried out by small elites on behalf of particular groups that were based on the trading of favours rather than on a rational developmental plan. This generated serious transaction costs and inefficiencies, as well as inequality because those that usually had to forego their interests were those with limited bargaining power - the poor, the uneducated, and women.

However, although, this did not produce pro-poor results, it did have some positive results. The whole CPD process would have probably broken down had the powerful groups and their leaders not been willing to organise and exchange support, and able to defend individual interests in the competitive process over the long term¹⁶.

We, therefore, believe that recognising the governance costs inherent in CPD introduces a greater degree of realism into our understanding of the processes involved. It draws attention to the differences between individual and collective interests and choices, and to the need to manage the inevitable conflicts of interest that are generated by all processes involving the collective allocation of scarce resources. Incorporating the analysis of group conflict into the study of CPD, overcomes the idea of rural communities as organic wholes and reveals them as pluralist, living, non-static political and economic aggregates, that struggle to maintain their coherence in the face of scarce resources and diverse and conflicting interests.

16.- Here we reach to a similar conclusion to that stated by Cleaver who claims that "Decision-making processes and the exercise of agency within them, ... may be contradictory in their social effects; respectful attitudes, conflict avoidance and consensus decision-making can all serve to reinforce inequality despite securing functional outcomes" (Cleaver, 2004:272).

CHAPTER IX

CONCLUSION

INTRODUCTION

This thesis has attempted to use transaction costs analysis to improve our understanding of the participatory approach to community development (CPD). We began by challenging three key assumptions used by orthodox theory to justify the use of CPD as a service delivery system that the poor know what they want; that they will be willing to contribute to projects that benefit them, and that they will learn from their experiences and be able to generate the organizational capacity required to sustain cooperation. However, the empirical and theoretical analysis provided in the body of the thesis has demonstrated that these assumptions ignore many factors that seriously constrain people's ability and will to cooperate. We believe that this analysis has enabled us to provide a more plausible view of both the strengths and weaknesses of CPD as a service delivery mechanism.

Though these findings are exploratory and analytical rather than statistically significant, and we do not have made claims of generalisability, the fact that outcomes were similar in the three communities studied, and that comparisons can be established with reports of other authors elsewhere, may make this research of some use for the generation of new hypotheses for future studies.

In this concluding chapter we will recapitulate some of the main findings and their implications.

This chapter is organised as follows. First, we will summarise why our transactional approach to community participation shows that the premises of the participation orthodoxy are misleading and how a new perspective can contribute to a better understanding. In a second section, we discuss some of the implications this paper may have for future research, methodology, theory, and for policy implementation. We end with some final comments.

I CHALLENGING PARTICIPATORY ORTHODOXY

Our analysis of the processes involved in CPD in three Mazahua communities demonstrated that successful participatory development involves far greater costs than orthodox theorists assume, many of them arising out of the problems related with to making and enforcing of the agreements involved in running complex long-term projects and programmes. These problems are in fact recognised by individualistic liberal theorists like Olson and Hardin who use them to deny the viability of the whole approach. We will first summarise our own findings exploring the orthodox perspective, then outline the liberal case before setting out a compromise position based on our own conclusions.

I.A THE COSTS AND CONTRADICTIONS OF COMMUNITY PARTICIPATORY DEVELOPMENT

We identified four key problems that orthodox participatory theorists do not fully address.

First, participants' willingness to contribute to collective ventures cannot be taken for granted. Instead, we found that community participation is directly related to individuals' assessment of the relationship between expected benefits and the tangible and intangible costs they will incur, many of which take the form of transaction costs. These costs require the creation of an adequate system of informal contracting, enforced by local institutional arrangements that regulate interactions; assist the creation of consensus and commitment; solve disputes and organise the distribution of benefits. These arrangements are necessary to resolve potential conflicts between individual and collective interests and involve heavy costs. The ability of communities to create them cannot be taken for granted.

Second, even when individuals were willing to cooperate, they still confront serious information costs that limit their ability to successfully manage projects. Local knowledge is rarely sufficient to solve complex technical problems, while access to essential expertise is often highly constrained. Aggregating local information is also costly and complex, while asymmetrical access to information within communities gives a few individuals more control over decision making than the majority. The existence of information costs, therefore, means that individuals

cannot choose what they want to have, but only what they are capable of providing with their highly limited technical and organisational knowledge and skills. We also found that CPD was based on highly asymmetrical rather than democratic decision-making processes.

Third, we have shown that not all individuals are willing to participate as fully as orthodox theorists assume, but that many of them free-ride whenever they can. We found that communities recognise this problem and have had to rely on traditional institutional arrangements to monitor performance and deal with opportunism.

Finally, we also found that it was too optimistic to assume that people would automatically acquire all the organisational skills required to sustain cooperation, achieve self-reliance and provide their own services. Though it is true that some community members had acquired some organisational skills, these were not the poorest. Moreover, we have shown that because there existed governance costs, the organising of priorities did not have a developmental but a political rationality, and therefore, community members had to give authority to political articulators, generally the elites. However, although these elites made an essential contribution to project management, they also captured the participation agenda. This suggests that, though CPD can create some organisational capacity in the community, it builds first in some members and is unlikely to equalise benefits or power, and generate a fully democratic developmental process.

These findings challenge the main assumptions of orthodox authors and suggests that CPD, as proposed now by them, will only succeed where many preconditions can be met. These include a conducive environment where essential expertise can be accessed and local information and knowledge are always shared; where participants are highly motivated and local institutions exist to ensure that most people can be made to invest similar amounts of time, energy and other resources into the venture; and where the local intelligentsia has the capacity to undertake social projects to attend those in more need first.

Unfortunately, these conditions are rarely fully met in most rural communities, leading to the failure of many CPD projects and raising serious questions about the viability of the strategy as a whole. We do not want to use this analysis to discredit the idea of participation altogether, but we do believe that those who wish to use these techniques need to develop far more effective solutions to these problems than they have done hitherto.

I.B RESOLVING THE CONTRADICTION BETWEEN INDIVIDUALISTIC AND PARTICIPATORY THEORY

Participatory orthodoxy assumes that if an action is in the collective interest of a group it will also be in the interest of all of the individuals in the group. For them, communities seem to be single-minded entities with a collective will that are likely to act in the same way as individuals do. If this were true, each individual could be expected to act in ways that maximised the interests of the community as a whole, there would never be opportunism, nor competing interests. Failure to acknowledge these problems, makes orthodox assumptions fall in the “fallacy of composition”¹, a well identified problem in game theory, that undermines most studies of community participation. Our substantive analysis has shown, however, that conflict between private and collective interest is not rare; and that rational individuals do not necessarily achieve rational collective outcomes, especially in environments characterised by great scarcity and competition for scarce resources.

Liberal critics of participatory processes use these arguments to suggest that non-cooperation and collective action failure is the most likely outcome where rational individuals interact and, therefore, recommend weak participation and the use of for-profit or state agencies to provide public goods. However, this view is also based on a serious misunderstanding. It assumes that the incompatibility between individual choices must always produce a collective non-cooperative outcome, without recognising that the institutional incentives created by the community can modify individual preferences enough to enable them to participate. In other words, individualistic liberal theorists assume that community cooperation occurs in an institutional vacuum, a problem identified as the fallacy of static generalisation (Hardin, 1982).

Our findings have demonstrated that that this individualistic understanding is also mistaken, because self-interested individuals do not decide in isolation, but their decisions are conditioned by a complex web of social relationships that are updated through continuous interaction within a system of evolving institutional arrangements. Hence, individual interests, incentives, and their

1.- The fallacy of composition is to assume that the whole would act, has the same interests as its parts. See for instance (Mackie, 1982:173 quoted in Hardin, 1982:1).

interactions are constituted through the way they operate within collective and dynamic social contexts.

Like other authors before, such as Ostrom and Wade, this thesis has questioned the individualistic assumptions of the classic prisoners' dilemma that question the viability of cooperative solutions to service delivery problems. We have shown that individuals do not choose in ignorance of others' decisions and that they may modify their behaviour during cooperative processes. In particular, we have brought evidence indicating that because community members understand that they should not base their judgements on the outcome of a particular service, because this is part of a long-term process, there is no need for them to capture a single event, but rather to play the super-game. Further, since their contributions to participatory projects could be traded, cooperation in a particular event could become an investment for future help in more relevant projects. In these circumstances cooperation could be a highly rational choice.

These factors that impact on individual choices are reinforced by the role of institutional arrangements designed to control non-cooperative behaviour. Gossip makes it difficult for individuals to conceal what they do, and reputation enables people to base their judgments on past behaviour. These two arrangements increase the ability to predict each other's behaviour, improve monitoring and allow individuals to strategically modify their interventions in collective processes. These pressures to participate and conform are reinforced by the strategic value of remaining part of a group since individuals are highly dependent on each other, so cooperation becomes a survival strategy and an insurance mechanism.

All of these variables show why most individuals recognise that to cooperate first, and only defect if the others do, is the most rational strategy². This explains the relatively low level of free-riding in these communities, the willingness of some groups to co-operate more, in response to signs of non-cooperation in other groups, as well as the role of existing institutional arrangements like strategic reciprocity, conditional cooperation, and favour-trading to maintain everyone's incentives to cooperate.

2.- See Wade for a similar conclusion (Wade, 1988:203)

Our analysis has, therefore, led us to depart from the positions taken by both participatory optimists and liberal pessimists. It allows us to offer a more realistic perspective that transcends the limits of both. We will now attempt to identify the major components of this approach that recognises the need for participation by the poor, but is also able to criticise the limitations of populist approaches, and therefore produces more effective results than those we discovered in the communities where we worked.

This approach is based on three main assumptions – first, that rural peasants are rational individuals subject to bounded rationality and opportunism, second, that they experience community life as a multifaceted network of individual interactions and interdependencies that are embedded in a complex array of formal and informal institutions; and third, that community cooperation takes the form of a cluster of transactions between rational individuals whose frame of reference is realised within the institutional matrix.

If these assumptions are accepted, we understand that cooperative transactions, like any other exchange, imply two things. First, a mutual exchange of tangible and/or intangible resources that can take the form of labour, time, effort, reputation or reciprocity, and second, a socially established contract specifying the mutual contributions, that all parties are willing to honour. These are generally tacit and informal contracts that may be invisible to external observers but are clearly known by the community members.

This allows us to study community participation as an informal collective contract for cooperation accepted by individuals who wish to provide their own goods and services. However, transactions involved in cooperation are not costless and are dealt with through local institutional arrangements based on their distinctive histories and political economy. This emphasis on the significance of transaction costs, the key role of local institutions, and the impact of community political economy on CPD, constitute the key findings of this research.

As we have shown, bounded rationality, incomplete information, and opportunism in these communities generated high risks and a corresponding need to reduce the costs of information, monitoring, and long term planning and governance. We found that local institutions like gossiping networks, favour trading or Development Brokers (DBs), played key roles in doing this by enabling communities to arrive at agreements and enforce cooperation contracts. The nature of these institutional arrangements was a function of the distribution of power and wealth

in the community and the political, social and economic relationships associated with it. This produced webs of affinity based on kinship, job, or religion, and interest groups based on them that enabled communities to organise competition for resources and facilitate the compromises needed for collective decision-making.

II FINDINGS AND IMPLICATIONS

This study raises important questions about research opportunities, methodological implications, theory, and for policy design and project management. Let us consider each of these issues in turn.

II.A OPPORTUNITIES FOR FUTURE RESEARCH

This thesis has made evident the need to further explore some under-researched areas that are crucial to understanding the cause and effect relationships that determine the success of participation and their implications for the contexts where it is introduced. On the basis of our research we could pin-point some that could help to fill gaps in our current knowledge about participation.

II.A.1 The Limits of Participation

Nowadays, to talk about the limitations of participation is practically a heresy. Few theorists have paid any attention to the limits to collective planning, decision making or community action. They seem to assume that the resources and capacities for the implementation of participatory projects are infinite. However, as Hall and Midgley, we believe that,

“... there is always a danger that local potential may be exaggerated or romanticised, feeding the optimism of intellectuals rather than the stomachs of the poor. Local-level initiatives are surely of fundamental importance in many

respects but there is a limit to what they can achieve on their own..." (Hall and Midgley, 2004:104)

Like these authors, we consider that deciding when participation stops being effective because the costs exceed local capacities and likely benefits, is a key issue for development. Here at least five serious problems arise in relation to geopolitics, expertise, operation, learning, and the size of resources.

Geopolitical problems concerning the way local decisions complement or conflict with those of neighbouring towns, countries and regions have been neglected³. However, local decisions may contradict national or regional programmes, and several communities in the same area can fall into tragedy of the commons-type traps that may compromise their own development through participatory decision making that operates at the purely local, and isolated, level.

Expertise also sets serious limits to participation. The "alternative development" movement associated with Chambers⁴, has made the validity of local knowledge central to the participatory approach, and stressed the evils of "centralised planning" and the errors external experts, who "hold the stick", as he puts it (see Chambers, 1994,1995). Chambers states,

"... Central professionals are pervasively ignorant, out-of-touch and out of date, about...[local] realities... It is not "them", those who are peripheral, poor, weak and vulnerable, who are responsible for these problems of knowing, acting and error. For it is no they who have been wrong, but us..." (Chambers, 1997:32).

Based on these ideas, Chambers and others developed Participatory Rural Appraisal (PRA), latter transformed into Participatory Learning and Action, (PLA), instruments designed to help participants to "...share, enhance and analyze their knowledge of life and conditions, to plan and to act' (Chambers, 1994: 953). However, our own findings demonstrated that local knowledge often fails to incorporate the necessary information for project success, so we need more systematically research on the real strengths and weaknesses of PRA and PLA.

Moreover, we have to bear in mind that in the provision of some basic services such as health and education, 'local knowledge' can rarely produce viable solutions by itself alone. This is why some authors, such as Brett, have stressed that putting the last first, i.e., to get rid of experts, is

3.- Westergard, is an exception, he shows how in West Bengal the political environment frames and condition participation, see Westergard (1985).

4.- See also Gamer (1976), Reining and Lenkerd (1980), and more recently Marsden (1993).

unrealistic and dangerous (Brett, 2003). He emphasises the need to shift the discussion from an idealisation of “traditional knowledge” to a more realistic one, where participation can be understood as accountability, through which consumers and beneficiaries can exert effective control over agencies. This more realistic understanding of participation as accountability may enable us to make better use of both the people’s traditional knowledge and the expertise accumulated by hierarchies and technicians, while giving the poor voice and real control over the resources that matter. This suggests the need for more research on the actual operation of alternative ways of organising effective relationships between agencies and their beneficiaries.

But, let us assume that communities could effectively provide for all the services they need, and keep on engaging in collective action to produce them. We would still have a problem, as expertise needs to increase as decisions become more and more abstract and complex, as we have shown in this thesis. Orthodox theorists seem to believe that by participating people will go on building the capacities they require to plan and operate more and more complex services. Instead, our case studies show that this is not always the case and strongly indicate that this simplistic account of how self-reliance is to be achieved and sustained needs to be re-evaluated. In a similar manner there are very few reports that actually explore the way communities use experts⁵; or discuss the relationship between people’s participation in relation with expertise (Brett, 1996; one of the exceptions), and this is an issue that calls for urgent attention.

The problem of management has also been overlooked. Some orthodox authors have recognised that

“...the translation of the concept [of participation] into practice, in a meaningful way may not be dependent so much on any one pattern or style of development. Instead it depends on the existence of appropriate institutional arrangements and administrative structures within a given political and socio-economic context...”
(Lisk, 1985: 4).

However, apart from this statement, the literature says very little about these issues and has generally failed to make realistic assessments of the operational capacity of communities when utilising their own assets. They seem to assume that the people are always effective administrators or if not, that the participatory experience will produce collective learning that

5.- Bagadion and Korten’s report on an irrigation project in the Philippines, represents an important contribution to our assessment of the mechanics of interaction between people and development bureaucracies, see Bagadion and Korten (1985).

will eventually solve all problems. Thus, we know little about people's learning curves and of their operational limitations.

A further problem, mainly for governments and donors, is that participation is generally relevant for the development of an increasing number of small and scattered projects. This therefore neglects the development of important larger rural infrastructure that could boost regional economic development. Participation was thought of as a way to increase local resources and, thus, increase the resources available for local projects. However, as projects become more and more complex and expensive and as more and more communities demanded them neither the state nor the communities could meet these demands, leading to a proliferation of small, non-integrated and unfocussed projects. Part of the problem, as Brett states, is that these scholars are dealing with a micro-projects perspective, because that is what NGOs do and NGOs are their main subjects and the major consumers of this literature⁶ (Brett, 2003). Therefore, these theorists have not seriously considered whether 'small and beautiful' projects are really better than larger ones for sustained development. Thus, when participation is transferred to a national development policy, as is the case for many Third World countries, the fact that very few of them have enough resources to do both, small and large projects, is rarely considered. This suggests the need for a closer look at the ways of ensuring that local projects can be articulated with larger ones, while setting up effective representative arrangements to allow local communities some say in the way these larger projects operate.

II.A.2 Decision Making

This paper has shown the important role that information plays in community participation, a subject that has received little attention in the literature up to now. Apart from studies like that of Ng about relations between centralised and local-level decision-making, (Ng, 1985), or the very illustrative analysis of the role of women in decision-making of Croll (1985), both in China; we still lack sufficient information on a number of key issues:

6.- See for instance B. Whitaker (1983) presents very illustrative statements that show how, and why, NGOs bought these ideas.

- How people's opinions are formed and informed, and how they access and use information;
- The identity of those who take part in decision-making, despite the orthodoxy stress on the need for 'voice'. We have little information about how "voice formation" occurs or on "who's voice is heard", or on who provides the leadership in relation to the choices about how resources are to be used⁷;
- How the "exercise of voice" is organised – whether by individuals, groups or households - and the nature of its dynamics. The participation orthodoxy seems to ignore the question of how voice formation is related to local institutions, despite the fact that there is a large literature on 'micro-politics' both in anthropology and in local government studies in political science;
- How the many economic, social, ethnic, religious or other groups within communities bargain and negotiate over the production of collective goods;
- or how final solutions are actually achieved by the participants.

II.A.3 Incentives and Motivation

Even when some orthodox authors recognise that individuals may be self-interested, they tend to see participation as a kind of liberating force that makes them "less concerned with their short-term personal interests" and more with the welfare of the community (Chambers, 1995:212; see also Castillo, 1983). However, they do not show how this transition takes place, nor who passes from one state to another, when, and especially why. Even if we do accept that participation can bring a solidaristic enlightenment to participants, we need to know how this transmutation occurs, that is to say, the nature of the incentives that lead participants to participate and how and under what circumstances their personal interests can be reconciled with those of the group.

The literature also seems to assume that the enthusiasm of the people to participate constantly re-generates itself, and therefore their willingness to contribute further never ends (Turner and Fichter, 1972). However, this thesis shows as have other field-works reported that there exist

7.- The important study of Croll, 1985 on women voice formation and Guijt and Kaul (1999), are an exception.

many problems, like lack of involvement⁸, perverse incentives, lack of motivation and opportunistic behaviour⁹. Thus one of the major needs in the field is to develop a more complex theory of motivation, looking more realistically at the relationship between self-interest choices and how they relate with collective action. This is crucial if we are to understand the incentives needed to persuade people to participate in the provision of services or projects for their own development.

II.A.4 Community Political Economy

Recently authors working in and out of the participatory approach have started to highlight the importance of better understanding the communities' political economy. Etzioni (1996) has made us aware of the problems of an oppressive majority, and Wignaraja (1984), Guijt and Kaul (1999), and Alamgir (1985), among others, have initiated the task of demystifying community life, revealing that community division exists and that vested interest may exercise power and control over resources. Now there is a growing recognition that conflict of interests may have an impact upon participation (Cooke and Kothari, 2001; Hickey and Mohan, 2004).

However, despite these important works, we need to more fully understand communities as politicised entities subject to vested and conflicting interests, as this research has shown. The work presented in this thesis confirms Shepherd claims' that there is still much to be known about group conflict (Shepherd, 1988) and Mayoux's (1997) that participatory development has no clear strategy for negotiating conflicting interests among participants. More research is also needed on issues, such as the forms of competition for resources and how benefits and costs are distributed. Furthermore, if we want to understand the effects of empowerment we also need to assess how the re-deployment of resources generates political and economic changes in communities and households and how the competition for resources takes place in the new context¹⁰.

8.- Some authors reporting this are, Hardiman (1986: 65), Midgley (1986: 36), Berger (1977:XVII), Fagence, (1977:370), Natal, Luján and Sandoval (2002).

9.- Reports on these issues can be found in Contreras and Bennett (1994), Brett (1996), Natal (1993) Natal, Luján and Sandoval (2002) Ostrom, (1993)

10.- Uphoff (1992) has developed some ideas on the *who* participates, but they are still very limited.

II.A.5 The Question of Institutions

Though some authors have recognised its importance, very little systematic attention has been given to the institutional factors involved in participation. Uphoff, has kept on recognising the importance of institutions in participatory development (see Uphoff, 1992), but his work is more instrumental than analytical. Majeres has dealt with the role of state institutions but focusing more on the role of the government in promoting participation (Majeres, 1985). Local institutions have been analysed in relation to power distribution in India (Mosse, 1995) but important issues such as how participation is structured and linked to the community institutional settings in which it takes place still need more attention. Cohen and Uphoff's discussion of how participation is being conducted could have been a useful start to the role of institutions had they asked why participation is conducted in one way and not in another (Cohen and Uphoff, 1977). The recent book by Mohan and Hickey does a much better job than most on this area (Mohan and Hickey, 2004) as certainly does Williams (2004).

However, we still know little about how traditional local institutions frame participation, nor if they foster or inhibit it. We also need to know more on how Community Cooperative Systems are conformed and how local institutions structure incentives, positive and negative, to bring people to participate. We need to better understand how CCS deal with free-riding locally and how this relates with power structures in the community. All of these key issues for community participation, as this research has shown.

Similarly, while the issue of social change is constantly raised in the literature, we know very little about how participation influences institutional change. Even though radical authors systematically emphasise participation's ability to induce social change to benefit the poor, they have said little about how this actually occurs, nor what happens when it is accompanied by other local institutional changes, or on how it relates to broader social change. Some authors, notably Elinor Ostrom, and the Rationalists, are now coming to stress the importance of these issues. Based in the New Institutional Economics they have provided the basis for their emerging critique; this thesis intends to be part of this effort.

II.A.6 From Participation to Self-reliance

Perhaps the major conclusion emerging out of this research is that the assumption that communities can achieve self-reliance by systematically participating in collective projects is mistaken. We believe that this is a highly misleading approach for the reasons we have set out above. We have shown that, among many other problems, self-help projects can often be abused and captured; and their success compromised by conflicting interests.

This paper has revealed the very limited knowledge we actually have, on the mechanics of self-reliance – for example in relation to what happens when the agency that originally promoted participation leaves the community, whether communities do much better once they are considered to be “self reliant”, or whether negative path dependence problems are solved or reinforced. Similarly, besides this research and other of our intends, little attention has been devoted to how communities manage to build their own capacities, and there are very few reports to explore the way in which communities relate to their own hierarchies and control their local elites (Natal, Lugris and Sandoval, 2001, one of the exceptions). Important issues such as skill creation and project effectiveness versus empowerment are also understudied.

II.B METHODOLOGICAL IMPLICATIONS

This study was based on participant observation and oral-based research. Here, our major discovery was the crucial importance of monitoring gossip as a way of understanding the different agendas that motivated individuals and groups involved in collective ventures. Using this information was complicated by the fact that actors’ judgements were often based on incomplete or subjectively biased information, which needed to be systematically validated with other research tools like polyphonic interviewing, life histories and participant observation. Once that was done, gossip allowed us to discover information that would not have been provided through formal surveys or individual interviews.

The information we obtained by accessing gossip networks enabled us to discover crucial data about individuals’ values, the nature of their interactions with others, their insecurities and the factors that facilitated their transactions. As gossip was the reservoir of information about the informal rules that governed participatory processes, we could then learn, how people got to know what they had to do in collective processes, who should talk for the group, who was not

required to participate and many other tacit rules. Gossip was also a central communication mechanism to acquire new information on most of the relevant aspects of the activities associated with CPD and how they related to changes in the environment. Gossip also acted as a socially constructed cost-benefit analysis for the monitoring and evaluation of participatory processes, since, participants subjected cooperation to a severe scrutiny and constantly reinterpreted the rules of cooperation in response to changes in their interests.

Gossip operated collectively, mainly within the interest groups identified in the study, but it also served individual needs because participating in gossiping sessions enabled individuals to contrast their interests, intentions and behaviour with the values, traditions and expectations of their group and the community. This allowed them to foresee community reaction to a possible behaviour or action and, therefore, to protect their own interests more effectively. Using gossip allowed us to more closely observe how conflict of private versus collective interests took place.

We also demonstrated the value of transaction costs analysis (TCA) as an analytical tool able to produce new insights into the reasons for the success or failure of collective projects. Treating community participation as a long-term contract involving high costs, not only enabled us to relate the problems involved in the production of a specific service to those of CPD as a total process; but also, to understand how cooperative contracts were structured, how hidden links and relationships developed, and how practical constraints limited the effectiveness of the approach. By linking these findings to the community political economy we could observe how benefits and costs were unevenly distributed and how these inequalities built up through institutions and other mechanism of control and power. By so doing we expanded the traditional TCA, showing that when enriched with institutional and agency analysis, it can be a very useful tool. These findings have important theoretical implications for the study of community participation.

II.C IMPLICATIONS FOR A THEORY OF COLLECTIVE ACTION

II.C.1 Incentives for Cooperative Action

It was very difficult to identify the incentives that induced the Mazahua to participate. For some individuals the value of cooperation not only derived from the actual services provided, but also from its by-products, like reputation, social insurance or access to reciprocal favours. Some participated because they had an altruistic interest in contributing to the welfare of others – mainly close family, friends, or even the wider well-being. Others, confirming Runge's (1984) studies of behaviour, desired to contribute a "fair" share or had more social responsibility; while others participated because of the need for social acceptance or identity, or even to gain power. Moreover, it was impossible for us to find out exactly why particular individuals cooperated, because so many factors were involved stemming from the complex webs of interdependencies, kinship and structures of reciprocity within which they were all embedded. However, we did detect that most of the reasons that brought participants to cooperate had an important socio-political component. As Aristotle put it:

"... What we count as self-sufficiency is not what suffices for a solitary person by himself, living an isolated life, but what suffice also for parents, children, wife and in general for fellow citizens, since a human being is naturally a political animal" (Aristotle, 1948: 31).

We also found that willingness to cooperate existed alongside fierce competition, so 'solidaristic' attitudes always coexisted with self-interested ones. This insight alone is of little help to development theory and policy planning, but it does force us to recognise the complexity of situations where self-interested individuals can behave altruistically or opportunistically in different circumstances, while their bounded rationality may even lead them to behave differently in similar ones. Recognising these possibilities, forces practitioners to transcend the optimistic assumptions of participatory orthodoxy and the pessimistic ones of liberal individualists.

The existence of competition and opportunism obliges us to recognise the centrality of possible conflicting interests. The Mazahua confront a permanent tension between the need to cooperate or compete, because high levels of scarcity and risk imply that many decisions involve zero sum calculations and potentially adversarial conflict. However, scarcity and risk also forced them to recognise that many of the goods they cherished, like social insurance and health prevention, could only be obtained at the community level, through the polis. However, this realisation did not generate a properly solidaristic ethos, as orthodoxy assumes, but rather a variety of

relationships and organisational forms that helped them to achieve collective action while managing the tensions among private and collective interests.

Two important strategies were developed by individuals to maximise their private interests while operating within collective action processes. These we called strategic reciprocity and participatory calculus. These processes involve strategic (and not necessarily fully conscious) choices that generate give-and-take behaviours that are socially organised through informal institutional arrangements, such as favour trading. They enable individuals to calculate the implications of choices to cooperate or free-ride. They do not eliminate conflicts of interests, but represent mechanisms to contain opportunistic behaviour and to manage conflicting interests by reconciling the demands of individuals and the community. The understanding of conflict of interest and the need to build mechanisms of this kind, should be the starting point of a theory of community participation.

II.C.2 Informal Institutions and Cooperative Management

Individuals contributed or failed to contribute to cooperative activities on the basis of a collective costs-benefit analysis, which as discuss above was operationalised through gossip. However, this did not mean that they devoted all their time to evaluating every single situation, since this would have been far too costly. Instead, they did this by taking short-cuts that worked automatically on most occasions by using informal institutional arrangements like gossip, *indirectas*, reputation building, and favour-trading. These helped them to produce a fast-track cost-benefit analysis by providing them with ready-made answers and solutions to recurring contractual problems. Following these processes provided them with mental models of what to expect; how to behave and relate to each other, and how to think and act collectively (Douglas, 1987). Thus, cost-benefit analysis was rational, but bounded by local institutions¹¹. This tied people into a participatory, rather than individualistic decision-making calculus.

11.- This does not contradict Bourdieu's (1977), Douglas' (1987) or Cleaver's (2000, 2002) idea that because moral norms are psychologically and socially embedded they are not normally subject to conscious scrutiny. We agree with the importance of *habit*, but also with the understanding that rules are embedded in a socially dynamic environment in which individuals may analyse them, through gossip, and made attempts to modify them. However, we recognise that these attempts may not always be successful.

This capacity of the Mazahua to analyse different issues of their cooperation and use a variety of institutional arrangements to implement CPD, depended on the existence of what we can call a Community Cooperative System (CSS). This represents an ensemble of formulas for making and managing the necessary contracts that are sufficiently flexible to incorporate, adapt existing institutions, or to develop new ones to respond to conflicting interests, provide essential information, and manage the necessary agreements. Our cases show that a CCS can only emerge where different kinds of cooperative contracts share the same terms and are compatible with local value systems. In our cases these took the form of reciprocity in the form of favour-trading that was modified to deal with new arrangements like vote-trading, or the *faena* that was adapted from a long-standing traditional practice. These processes influenced many other interrelated exchanges that affected other local institutions, and came together to make decisions to cooperate, the most rational choice for most individuals. Thus, CCSs provided communities with socially accepted patterns of behaviour and common processes or strategies that individuals came to internalise, creating a cooperative tradition.

However, this process was not blind or deterministic, or a response to a conscious awareness building process, but the consequence of a continuous process of learning by doing in which rules were changed in response to experience and to pressure for change by some groups that were contested by others. This flexibility in maintaining a CCS was critical to sustain cooperation, despite the high costs and many failures we have discussed here.

This means that individuals and communities can learn to cooperate, as Chambers argued. However, this is not by learning to be less selfish, as he puts it (see Chambers, 1995:212), but rather by creating and developing flexible institutional mechanisms to reduce opportunism, uncertainty and incomplete information, while allowing them to attempt to maximise their own private and group interests within the limits set by collective cooperative rules.

II.D IMPLICATIONS FOR POLICY

We cannot provide solutions to all of transaction costs problems observed, but the evidence presented in the thesis suggests that proponents of CPD need to take them very seriously if their programmes are likely to have any hope of success. Here we present some generic

recommendations that could apply to most policy planning and implementation directed to the poor. We also include some other more operational recommendations that are based on some of our other work experiences.

II.D.1 Generic Recommendations

Our findings raise four key issues for policy planning and implementation – the role of local knowledge, informal institutions, leadership, and social exclusion.

Local knowledge alone is not an adequate basis for effective service provision. This thesis has provided at least four reasons to suggest this. Firstly, isolated communities do not have all the knowledge they need, especially essential technical information that is usually physically and culturally inaccessible. Even the simplest projects have technical requirements and operate in conditions that are not always known or understood by the poor and complications escalate as more technically demanding projects are undertaken. Secondly, the fact that communities do not have a single local knowledge but a collection of local *knowledges*, means that aggregating them and arriving at a consensual decision will involve costs and conflict. Thirdly, not all local *knowledges* are equally public and available to all, so they can be used strategically, captured or hidden by those seeking to control the decision-making process. Finally, isolated communities may undertake projects ignoring other national or regional development plans that could foster or jeopardise their actions.

All of this suggests that local knowledge is not in itself sufficient for self-reliant community development programmes, but needs to be supplemented by the necessary external expertise. It is also crucial that external advisers recognise the existence of competing *knowledges* and agendas, and the need for mechanisms that allow all of these different views to be represented and expressed to ensure that pro-poor programmes are not captured by sectional interests.

Another implication of our findings for policy is that participatory decision-making was not actually facilitated by the imported ‘democratic’ processes introduced by external agencies, but by existing informal institutional arrangements that made up the Community Cooperative System described earlier. The nature of these processes, and the costs that they involve in generating enforceable contracts, determined the success or failure of local programmes and need to be factored into all project management processes.

However, it is also important to remember that these systems that regulate cooperation are imperfect structures that need not produce efficiency, democracy, or sustainable development. Thus, simply accepting the role of traditional institutions and cultural value systems can also produce regressive results by constraining individual freedoms and rights, and excluding marginal groups like the poor and women.

Another lesson the Mazahua cases provide for policy is the critical role of leadership in CPD. Although participatory processes are generally introduced to reduce inequality and empower the poor the programmes that we examined did not fully achieve this. We saw that CPD had to operate within the existing balance of power in the community where decisions were not taken using democratic procedures that involved the whole community, but were dominated by particular actors recruited from the elite whose opinions generally prevailed because of their ability to dominate the bargaining process. Hence, leadership played a critical role, first, because wealthier and/or better educated members of the community with higher endowments and skills found it less costly to cooperate than the poor; secondly, because they were able to exert control by exploiting informal institutions like favour-trading and reputation; and, thirdly, because collective action would have been impossible without their ability to coordinate activities and enforce contracts. This issue shows that though leadership may create some dependence they also were useful for the poor, what indicates that power is, as Hickey and Mohan argue, a multi-dimensional force in development (Hickey and Mohan, 2004).

A final generic implication for policy, this thesis has also demonstrated, is that self-help CPD based on traditional institutions does not necessarily overcome social exclusion. The poor have fewer of the skills and abilities required for self-reliance, lack information and cannot afford to challenge the opinions of elites or neighbours on whom they depend. They, therefore, have very little voice and their interests can be easily put aside. They may be then ready to transfer their participatory rights to others. Moreover, their greater opportunity costs make it difficult for them to provide the time, effort and resources demanded by cooperation, leading them to free-ride. This then traps them in social debts that force them into making inequitable contributions that rarely really benefit them.

II.D.2 Operational Context-Specific Recommendations

In terms of policy there are many questions about which operational recommendations could be extracted from our research. Though we do not intend to provide a framework for the implementation of CPD, because as we have insisted, transaction costs are culture specific, we will venture to suggest some general ideas that could help to map a way forward.

a) *Community Cooperative systems at work*

For the regional level we would need first to explore the different Cooperative systems of the region and divide efforts according to those cooperative systems. It is likely that in regions that have been exposed to constant trade and steady interactions among communities, CCS have somehow integrated or merged and that similar key formulas of transactions can be used to strength cooperation. That was the case of “credit to the word” (or *credito a la palabra*) a programme of PRONASOL (Solidaridad-SEDESOL, undated). A National centre to study CCSs could also be created to better understand how they evolve and to adapt policy accordingly.

For the regional level other several strategies could be implemented to reduce transaction costs. First, in depth surveys would need to be conducted to identify development brokers at the community level. These DBs may not necessarily need to be individuals but could also be organisations, specially community based ones. These organisations when strongly linked to the community could significantly help to reduce transactions costs to their community fellows in a very similar way DBs did for the cases studied, as we have shown elsewhere (Natal, Lugris and Sandoval, 2002). The mapping of brokers though may sound complex it is not so. It is tiresome but can be highly productive, as the political work of some political parties show. In Mexico, for instance, the PRI has an impressive wide network of affiliates even in the smallest communities. These are generally individuals that have many of the conditions of DBs. If a political party did this, it means that can be a task the government could undertake for development sake. DBs, as project leaders, should be then resourced by a local development agency that should provide expertise and supervision. Special attention to costs of information and of coordination should be given by this agency. Agencies and DBs could constitute regional development chambers that gathering regularly could not only help DBs individually but also could pull together efforts and even develop joint ventures with less transaction costs and larger economic opportunities. The cases of the Joint Towns (*Pueblos Mancomunados*) and of the Costal Network of Oaxaca (*Red de Organizaciones de la Costa Chica de Oaxaca*) both in Mexico may prove that this can be done (see Natal, forthcoming).

A particular important issue here is the role that *horizontal* networks (networks of pairs) can play in sharing experiences and exchanging procedures that can help others to reduce transaction costs, specially by providing individuals with innovative techniques on monitoring and discussing issues of governance. We have observed also that these networks show a strong solidarity with similar others and that in some cases they foster, train and even finance new organisations when in need (see Natal, forthcoming). Similarly *vertical* networks (thematic networks including experts) can pretty much help to reduce information and coordination costs (see Natal, 2005 and forthcoming).

Local community media, such as radio should be also further used as mechanisms to educate and distribute information. A dialogue for development (between experts and communities) should be implemented through this underused media. Community fellows could also use it to publicly discuss problems, alternatives and solutions. Of course, it would take some time for these mechanisms to break the ice, shyness and resistance of communities, but previous experiences show that when they do they can be particularly effective in reducing transaction costs. The example of Radio Guayacocotla in Mexico is particularly impressive in this sense as even the government recognises (Presidencia de la Republica, 2006). Therefore, the role of the media should be also strengthened and so should that of DBs. Regional and national forums where DBs could be invited to seminars where they could establish contacts, share experiences and learn from experts and meet possible donors/investors, should be organised by governments. This would give them more status in the communities but also a greater sense of commitment to development.

b) Some policy tools to reduce transaction costs

The work of both the agency and the DBs could be monitored by an independent regional body. This regional development monitor could be in charge of observing the different development alliances between DBs and agencies and could, therefore, detect similar problems, monitor for an adequate use of resources, attend for the representation of the poor and so on. This body should be integrated by experts, academics, regional specialised public servants, and all other stakeholders who according to the particular region should have a seat. This body could recommend and also help to integrate community projects to wider regional and national programmes giving more potential and impact to community projects.

These are not totally new ideas, as currently there are policies that have taken note of some of these issues, for instance, strategies such as the Sustainable Livelihood Focus (SLF)¹². Expanded by Chambers and Conaway (1992) and Hall and Midgley, among others, SLF may prove to be a more effective technical tool that may complement, and help to correct the problems of participatory methodologies here identified (see Hall and Midgley, 2004). NGOs and International agencies have successfully applied SLF to solve conflicts in collective management, monitoring and evaluating of community enterprises, among other areas. By being close to the development of the efforts of the poor and maintaining a constant dialogue with them, methodologies like this may help to reduce transaction costs, specially those related with the access to information.

Instead of self-reliance, multi-stakeholder approaches, as SLF or as the independent regional development body we propose here, that help to reduce information and coordination costs on the part of participants may represent a more realistic approach to the poor and communities. This bodies and approaches should maintain attention to political economy and to consider the role of institutions to effectively aid the poor with governance costs.

c) Scope For A Transaction Costs Approach in Development Implementation

This thesis has shown that much of community development is about transaction costs. A transactional costs revision of development could bring interesting insights for development planners, as it would show that to reduce transaction costs is not an expensive affair. In terms of information, for instance, communities should be given access to some IT technologies. Then a simple telephone-line connected to a service-centre could work for the communities as a one-and-for-all contact that could refer them to the adequate person in the adequate government agency. This centre could provide following up for local development initiatives. In terms of coordination and monitoring costs, the government could resource Universities and NGOs to provide management courses to communities' organisations. This would increase connectivity at

12.- SLF is a development strategy originally proposed by the World Commission on Environment and Development (see WCED: 1987).

the regional level. In terms of governance costs, a culture of transparency should be promoted (by local media, such as radio) and democracy at the regional, local and community level should be strengthened. Budget assignation could be publicly announced and the performance and achievements of a community in a specific project should also be made public. This would be recognition and a motivation for community fellows but also an incentive to other communities to do more and better.

d) *Transcending participation*

All these possible undertakings should be paralleled with a strong programme to bring NGOs and government officials to reflect what really participation is for. A critical revision of the approach and the analysis of some case examples and indeed of the participants own experiences would bring them to recognise the fallacies embedded in the three central thesis this paper has challenged, that the poor know all and always what they want; that they are always keen to participate if just given the chance and that they can build the organisational capacity to rely on their resources. Many practitioners do recognise these realities but lack of a methodology to actually implement participation in a different manner. Therefore, governments must invest in and resource the development of such a methodology that restructure the approach and give a new and proper dimension to it.

III FINAL COMMENTS

We believe that introducing peoples' participation is a major advance into development management, because it increases local involvement and prioritises service provision for poor rural communities. The Mazahua communities that we studied provided a most favourable context for participatory development since they were relatively solidaristic and had enough organisational experience, skills and the capacity for sustained cooperation. However, we have shown that though collective action did occur and services were finally produced, they were plagued by ineffectiveness and malpractices stemming from the high transaction costs involved in cooperative processes. We also found that participatory methods can actually produce contrary results when these costs are not fully recognised.

For example, we showed that it is naïve to assume that formal democratic decision-making within a community will always produce the best decision for all. Instead the competitive struggle between different interests will generate transaction costs that will enable the most powerful and resourceful to win the day. Hence, participatory systems may not only fail to respond to the needs and demands of the poor, but rather become a form of taxation that increases inequality and reinforces their dependence on the elite, instead of empowering them.

Exposing the transaction costs of cooperation has allowed us to recognise the imperfections of participatory systems. Limited knowledge, particularistic interests and political and economic inequalities impose heavy information, monitoring and governance costs on communities that constrain their capacity to develop by themselves. These costs escalate when basic projects have been completed and more complex ones are undertaken.

Hence, those planning community participation programmes should not only consider the kind of service to be provided, but also the costs that are likely to be involved, given the nature of local conditions like access to information, the distribution of wealth and power, and conflicting interests. They should also recognise that attempting to make everyone take part in every action is unrealistic and burdensome to the poor. Instead, to introduce a rational division of labour that will make the best use of the organisational and technical skills of the elite, supported by effective mechanisms for the representation of all of the interest groups in the community, may be more realistic and useful.

However, we need to be aware that even when attending to all these issues, this may not necessarily lead communities to develop more. Though, in this thesis, we have shown that “people’s” participation can work, we have also seen that it is costly and often very inefficient. In fact, the participatory programmes we examined made relatively limited contributions to local welfare. Moreover, if communities are left to themselves it is only likely that they create a myriad of small and beautiful, but unconnected projects that will make a minimal impact on development.

Therefore, we need to acknowledge that self-reliant community participation is not appropriate for all the services that communities need, neither for all the demands of rural poverty alleviation. Practitioners and scholars should recognise, thus, the limits of self-reliance and that participation is not a panacea, but rather a complement to state and market systems.

Consequently, participatory processes cannot be used to bypass state intervention, but to complement effective state provision, mainly at the local level, backed by formal representative democracy.

As discussed before, local state agencies could be very useful in providing communities with continuous support on funding, providing expertise, training, monitoring, evaluations of their programmes, and alternative possibilities that could be better provided by other actors like NGOs or markets. This formal bureaucratic apparatus could help people to solve the information and management problems we identified here in ways that do not erode the building of capacities on them. This intervention has proven to be possible as more and more government agencies have started to use participatory methodologies very effectively. We know that these systems can be also 'captured' and subject to all the criticisms that libertarians and neo-liberals make about the state. However, we have shown that the alternative is not much better and effective mechanisms to make bureaucracies accountable to communities, locally elected politicians and/or civil society observers should be implemented.

Large-scale regional or national policies could also help to reduce transaction costs for participants. A broad-based social development policy combined with local projects and an inclusive economic development plan, could create incentives to promote structural change that might produce economic opportunities by introducing markets, and foster employment. Paralleled with participatory governance and effective accountability, could be an efficient form to increase empowerment, by fighting vested interests, and imposing unpopular decisions needed to foster local democracy and citizenship, and therefore, facilitate a more equitable social system (see Hickey and Mohan, 2004).

Recognising the need for a strong state and the possible use of market mechanisms is not to deny the virtues of self-reliance but to recognise the limitations involved in CPD. It is to recognise the need for a favourable policy environment to reduce the development costs of the poor. It is to understand that adopting self-reliance should not involve abandoning the poor to their own fate, or as the Mazahua would put it, to give them "*atole con el dedo*" (give pottage with a finger). It is to link back participation with broader issues of development theory, where CPD needs to be understood as one part of a complementary system in which it operates in

conjunction with state, the market, and other civic agencies to solve problems in which it has a comparative advantage.

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