

INSTITUTE OF CURRENT WORLD AFFAIRS

CRT - 25
The Savings and Credit
Cooperative of Puno

Hotel Sucre Palace
La Paz
Bolivia
July 15, 1956

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Dear Mr. Rogers:

Puno, Peru, perched on the western shore of Lake Titicaca, has changed little since I last saw it (CRT - 6). There may be a bit more dust sweeping through its narrow streets for this was the year of the great drought, but, in general, its daily life, which mixes the slow tempo we associate with Latin countries and the determined energy of a growing city, is much the same. One factor which strongly influenced this impression is that the same men and women still man the shops, bars and hotels. Labor seems to have less mobility here, and in other parts of the Andes, than in the cities of the eastern United States, and one learns to expect that the waiter who served him one or five years ago will again be on the job.

The drought, which brought emergency relief supplies from the United States, has not created overly obvious effects, for it is very much a family matter, and the scarcities and sufferings can only be seen within the daily routine of the thousands of adobe huts scattered throughout the department. In the marketplace there is an abundance of meat, selling at a ridiculously low price, for many farmers have chosen to kill off their stock in order to raise money. Several men who work closely with indian communities feel that the indian can survive, if but barely, this season, but that another such unbroken drought would probably cause starvation and an even greater migration than this year's in which thousands of indians made their way to Arequipa in search of relief. One note of perhaps dubious interpretation struck me: the indian seemed even dirtier than when I first saw him, and his clothing was soiled with the accumulation of many months of wear. Perhaps due to the shortage of water, although the Lake would offer a ready laundry tub when one cared to use it.

If there is a natural drought which has destroyed the farmer's expectations of a good harvest, one enterprise within the complicated life of Puno is still flourishing, nourished as much by human hope as by the energy of its founders. This is the Savings and Credit Cooperative established in the Parish of Saint John (Puno) by the Maryknoll Fathers. Last year, when I first heard of it from its

treasurer, Father Daniel Macllelan, there was some trepidation as to its eventual success. This year, Father Macllelan expressed a decided optimism about the cooperative, which has proven itself in the responses and actions of its members.

What intrigued me most was that 80% of the cooperative's members are indians - to be sure partly indians "who wear shoes," that is those who no longer live the purely agricultural-pastoral life of the average Altiplano indian and who live in or near the city of Puno. Nonetheless they are not so far in feelings and motivations from their farmer brothers that one can characterize them as urbanites. Their record within the cooperative is enlightening to those who regard the indian as a difficult, intractable sort of individual who could not do well in this kind of organization.

Yet, according to Father Macllelan, the cooperative's indians have the highest savings and are the most scrupulous in meeting interest payments on loans. The money they borrow is for self betterment and the ways to which they put the loans are from their own thinking, rather than forced suggestion. When one considers that 90% of these indians have never before had savings, their response has been impressive. Father Macllelan feels that there is a lesson to be drawn here: that it is not necessary to force the indian into the national economy, given the opportunity he will assimilate himself with little more than a by your leave.

Last year, an indian approached the cooperative with the idea of establishing a first rate bakery in Puno. He pointed out that the quality of local bread was not particularly high, nor was much attention paid to standards of sanitation in its preparation. The plan seemed workable and he was granted a loan. The result was seen in an advertisement which appeared in LOS ANDES, the local daily, for July 10. It read as follows:

ATTENTION! The bakery, My Puneñita, owned by Juan Mamani, takes pleasure in announcing to its distinguished clientele and to the general public that, beginning on the 15th of the present month, it will prepare bread NIGHT AND DAY. Sample the exquisite baked goods from MY PUNEÑITA - Pullman, Family, Petipan, Sandwich, and the delicious Palitos, Biscuits and Paneton. We take care of requests for banquets, luncheons, suppers and dinners. Our personnel is highly experienced, and brought especially from the best bakeries in Arequipa. UNBEATABLE QUALITY - PERFECT SANITATION - CAREFUL ATTENTION=

The pride in and the success of this particular enterprise have, of course, delighted the Maryknolls, but the most important point is that had the cooperative not been functioning Juan Mamani's idea might have died in its inspiration. For in Peru, the banks do not give loans to such as indians, with or without shoes, and they

have to borrow money from private lenders whose average interest rate is 10% monthly, although it may go as high as 25%.

One case cited by Father MacLlelan concerned a young woman who was paying 20% interest monthly on a loan of 6000 soles. She could not accumulate enough to repay the principal which the lender insisted should be returned in a lump sum. Afraid to tell her husband, she came in desperation to Father MacLlelan. He first convinced her that her husband should know and that they should decide together to take out a loan - for the cooperative in the Maryknolls' concept should be a mechanism for the teaching of human relations. Eventually, the cooperative granted her the funds to repay the usurer's loan.

A large community of indians "without shoes" does lie within the jurisdiction of the Parish of Saint John. This is Ichu (CRT - 7) with its population of farmers and salesmen. Hostile to the outside world before the advent of the Maryknolls, it has taken to some of their suggestions with good will and many of its members are active in the cooperative. There is, for example, an 18 year old who, with his father's guarantee for a loan, wants to set himself up as a traveling salesman of sundries. The idea is to visit Cuzco, buy up a varied stock there with the first loan, and peddle his goods in and around Puno so that people will not always have to go to the market. With the first returns he will repay the loan and have a small profit, then he will take out another loan, and repeat the process until he is independent.

Another icheño borrowed 500 soles in August and bought a bull for plowing. After having fattened the animal on lake reed, he sold it and repaid his loan. Then he came to the cooperative with the intention of taking out 1000 soles more, which was to be spent as 300 soles on clothes for his wife and 700 for two small bulls which would be grown by plowing time and eventually be sold as was the first animal. As it turned out, he had some 800 soles to use as he saw fit, and he was persuaded to put 500 into savings (on which he will receive 6%) and to borrow only 700 from the cooperative. Result a smaller loan to repay, his wife's clothing paid for and interest coming in from his investment. What impressed Father MacLlelan in this transaction was that the indian grasped the advantages to himself at once, whereas many non-indians with the cooperative fail to show as much agility.

What came out of these and other stories about the cooperative's activities was a coherent picture of individual initiative expressing itself through the structure of a savings and loan union. The cooperative makes it possible for men without capital to encounter a source of funds for projects which not only benefit them economically

but also to expand the possibilities they have for action.

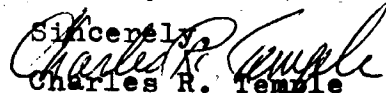
Father Maclellan pointed out that the social benefit of this should not be lost sight of amidst the economic advantages. He and his colleagues feel that a missionary has to be realistic in his dealings with his parishioners: that the approach to the soul must be predicated upon a material as well as spiritual level. A man without food in his stomach is less apt to be a good Christian.

I wondered why the Maryknolls have not extended the cooperative beyond the Parish of Saint John since they work throughout the indian communities of the department. The answer was one which I think recognizes the demands of the situation accurately. The present cooperative is too young (only as old as April of last year) to be enlarged until it is tested and evaluated fully. If it should fail, then the idea and to some extent all the work of the Maryknolls will lose face among the indians.

Moreover, there is no law in Peru at present which specifically deals with the problems of cooperatives, nor is there a trained body of men who could undertake the formation of unions in areas outside Puno. These need to be trained, and in addition they should be supplied with explanatory manuals and standardized accounting forms. As well the members of the cooperatives should participate in classes explaining and clarifying the union's activities.

Aside from its relation to the missionary work of the Maryknolls, the cooperative in Puno confronts the problem of how to alter the life of the indian so that he moves within the framework of the non-indian world, not by mandate but by personal choice. As I have noted before, this is a critical aspect of the so called indian problem, for it seems as if no real progress can be made in changing the indian's current behavior unless the choice is left up to him. In offering this choice, the agent has to have first the indian's good will - not too easy to come by - and second he has to demonstrate the tangible advantages of the innovation he has in mind. The cooperative, fostered by the priests who have gained the indian's confidence and demonstrably beneficial either through interest on savings or direct loans, fulfills these requirements.

Father Maclellan feels that the cooperative idea can be extended throughout Peru. There is, however, the objection that elsewhere there does not exist the 'body of men ready to introduce such an innovation into indian communities, that is a group which has their confidence as do the Maryknolls. If within Puno the idea takes firmly, there is the possibility that local indians could be trained to act as agents of introduction, and, although there is not too much mutual confidence between the several indian regions of Peru, it could turn out that an indian talking to an indian would favor the spread of the idea. In any case, the project seems worthy of consideration.

Sincerely,

Charles R. Temple