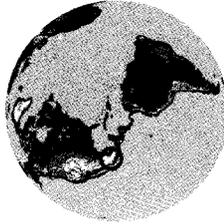


UTILIZING COMMUNITIES TO CONTROL AND BUILD THEIR NATURAL ASSETS

A Purépecha Community Conserves Its Forests While Creating Wealth

The view is spectacular from the cone of the Parícutín volcano in the Mexican state of Michoacán. Directly below the volcano are the still barren lava flows left by a 1944 eruption that emerged in the middle of a farmer's cornfield. Most of the rest of the vast panorama is taken up by agricultural fields and avocado groves, but in the center of the view is a large forested area covering the slopes of an older volcanic mountain range. There are at least two miracles in this landscape. One is the spire of the church of the former village of San Juan, now sticking out of the lava flow that destroyed the rest of the village. The second is the community forest enterprise (CFE) that the *comuneros*, community members, have erected themselves, drawing on the richly productive forest area given to them by the Mexican government to replace lands lost to the volcano.

San Juan Nuevo, Mexico

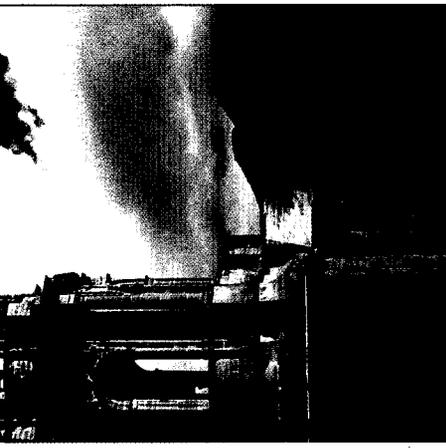


A Potent Blend

The Purépecha Indians of San Juan Nuevo have used the natural assets of their pine and oak forests to catapult themselves into a global model of community management of forests for timber production. An annual production of some 85,000 cubic meters of timber from some 12,000 hectares (28,000 acres) of forest has allowed them to build a highly integrated and diversified timber business. As an enterprise based on the common property forest holdings, all *comuneros* in San Juan Nuevo have a stake in the assets that have been acquired. In addition to its two sawmills, San Juan Nuevo has established a drying kiln, a molding and furniture factory, a pallet and crate factory, a chip mill, and a pine resin distilling plant. From its moldings factory, San Juan Nuevo now exports some 20 percent of its production to the United States. Its furniture factory supplies high-end designs to two of Mexico's leading department store chains; the feasibility of launching a new line of Mexican rustic furniture is being studied.

The Purépecha settled in these mountains of Michoacán thousands of years ago.

A central factor in San Juan Nuevo's success is how the community has been able to blend strong indigenous traditions with an entrepreneurial orientation and a culture that emphasizes higher education



The surviving church spire.

By David Barton Bray

David Barton Bray teaches at Florida International University in Miami, Florida. From 1989 to 1997 he was Foundation Representative for the Inter-American Foundation in Mexico. He conducts research on community forest and ecosystem management in Mexico.

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for its young people. The strength of San Juan Nuevo's human capital is exemplified by Juan Nuncio Morales and Adolfo Chávez López. Recently, Juan served a three-year period as the *comisariado* of San Juan Nuevo, a kind of mayor with responsibility for overseeing the affairs of the community and its CFE. Meanwhile, Adolfo served a term as president of the Oversight Committee, a checks-and-balances committee with substantial responsibilities of its own. Juan and Adolfo have much in common, but there is also much that could separate them. Both are Purépecha and both are *comuneros* of San Juan Nuevo. Both grew up working in the forests alongside their fathers as resin tappers. But Juan, in his early 50s, has only a third-grade education and has worked for many years as a chainsaw operator in the CFE. Adolfo, on the other hand, is one of more than 40 *comuneros* from San Juan Nuevo who have pursued university educations. He has completed most requirements for a forestry degree from Michoacan University.

In many places in the developed and developing world, the gap between a manual laborer with a third-grade education and a university-trained forester would be so large as to be insurmountable. But Juan's sustained and intelligent interest in the affairs of his community as a member for 15 years of the Community Council, an advisory body based on indigenous practices, convinced his fellow *comuneros* that he had the wisdom and the vision to lead them as *comisariado*. The same people also elected Adolfo to his position on the Oversight Council, even though at age 29 he was unusually young for such a high responsibility. These two Purépechas from different generations and with different educational attainments nonetheless forged an

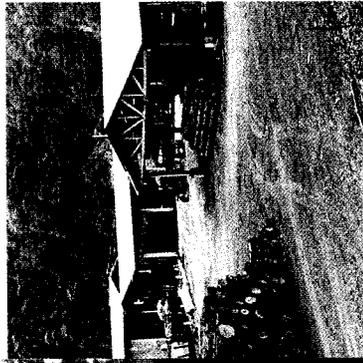


effective team that continues to steward their ancient community toward the future.

890 workers and their families use selective harvest techniques for their forest products.

Developing the Forest Enterprise

The emergence of the CFE of San Juan Nuevo is based on a series of ingenious social and organizational innovations within a common property framework. San Juan Nuevo is classified as a *comunidad indígena*, or indigenous community, under Mexican agrarian law. In *comunidades indígenas* the forest is regarded as an indivisible common property, i.e., a common-pool resource or a jointly held stock. However, community control of this shared asset has been compromised over the years. In the 1940s, the principal value of the common property was the resin in the trees. This value was preserved by a logging ban put into place in the Meseta Purépecha in 1944 and not lifted until the early 1970s. Resin-tapping cooperatives that had formed in the 1930s encouraged individual *comuneros* to divide the forest into individual plots for the development, harvesting, and commercialization of this non-timber forest product. This individual appropriation of flow from the common stock was fairly quickly carried over to timber extraction. In the 1960s

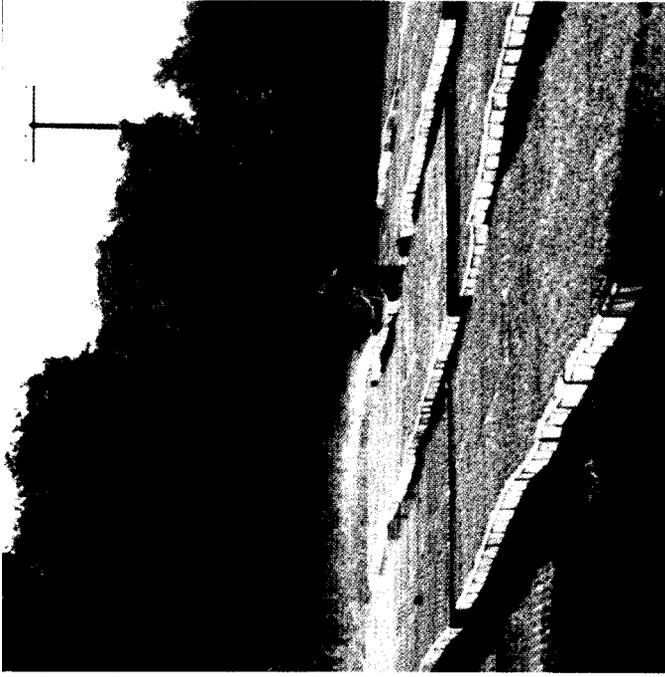




Whole families participate, even on weekends, to plant new seedlings.

and 1970s, as the value of the forest land rose for both resin and timber, *comuneros* began behaving as if their individually held communal lands were private property in other ways as well. Many sold timber off their lands, although this was illegal. Some used their possession of the land to have official ownership papers drawn up. Although technically illegal, this resulted in apparently legal documents of ownership. Some of these lands were eventually sold to outsiders. These sales resulted in a patchwork of lands within communal boundaries that were held as private property by both *comuneros* and non-*comuneros*. Throughout this period, community leadership structures were too weak to challenge the situation. In this way, some 4,000 hectares (9,600 acres) of communal land were *de facto* privatized.

This situation held until 1976 when, with the end of the logging ban, new federal government policies that encouraged inter-community organizations and community forest management stimulated the organization of the *Unión de Ejidos y Comunidades de la Meseta Purépecha Luis Echeverría Álvarez* (Luis Echeverría



Álvarez Union of Ejidos and Communities of the Purépecha Plateau), of which San Juan Nuevo became a member. In 1979, through the Union, the community gained its first logging permit. However, due to mismanagement in marketing, the Union did not return any profits to San Juan Nuevo after a year or two of operations. This created great restiveness in San Juan, and drove it to break away from the Union and establish an independent forest enterprise by 1981. The earlier effort at top-down organizing inspired a more grassroots effort by a group of young, educated *comuneros* who had begun to realize the value of their forest resources. As they contemplated running their own forest-based enterprise, San Juan Nuevo was able to recruit a *comunero* who had been employed at a state-owned Michoacan pulp mill, and thus knew how to run a forest business.

The young *comuneros'* first challenge was to build a communal enterprise on the base of a *de facto* privatized forest stock. Their solution must be regarded as brilliant. Instead of trying to completely reassert communal own-

The community has been able to blend strong indigenous traditions with an entrepreneurial orientation.

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ership, the leadership decided to accept the status quo. The land had been divided up, "parcelized," and there would be no turning back. But they stopped short of regarding it as full private property. Instead, they built the communal enterprise on the basis of a parcelized forest. In this new institutional arrangement, *comuneros* agreed to give up their individual rights over the flow of timber, while retaining possession of the stock of trees and other resources in the forest. However, they had to agree to allow their stock to be inventoried by the com-

This sign welcomes visitors to a community managed forest enterprise.



munity enterprise and to conduct no land use that would conflict with the forest management plan. In exchange for allowing this level of management, parcel holders had their possession acknowledged by the payment of a stumpage fee when the parcel was logged, just as if it were private property.

The clarification of rules of access to the forest stocks and flows was greatly assisted in 1991 when San Juan Nuevo was finally formally recognized as a *comunidad indigena*. Before this time, it was possible to hold private lands within the community and also be a *comunero*. After 1991, community authorities were able to establish new rules on the relationship between a *comunero* and communal land rights. After 1991, if you insisted on holding individual land titles within communal lands, you were not considered a *comunero*

and therefore had no access to communal benefits from the forest enterprise. San Juan Nuevo defines this system as "family possession in a communal regime"; it features the ceding of rights to the communal regime, but compensation is commensurate with the size of the forest stock possessed. Since 1991, San Juan Nuevo has invested major resources in recuperating the lost communal land through a variety of means, from suing individuals who it says are illegally occupying communal lands to buying back lands.

Building A Natural Asset

San Juan Nuevo's organizational innovations are built on a rich natural asset. Its forests have very high rates of productivity and do not have the very steep slopes that characterize many Mexican forest communities. The forests of San Juan also contain a high degree of biodiversity, which is being ever more carefully stewarded by management practices. Recent studies by the Ecology Institute at the National Autonomous University of Mexico have shown that San Juan harbors 610 species of vascular plants, 101 species of birds, and 39 species of mammals. Its land cover includes about 3,000 hectares of oyamel fir (*Abies religiosa*), an increasingly rare species in Mexico, and about 800 hectares of cloud forest. San Juan's 18,438 hectares (44,000 acres) of forest also include 10,614 hectares of production forest; 1,200 of plantations, now planted with mixed native species that attempt to replicate the natural composition of the forest; and 488 of completely protected watershed. Since 1986, San Juan Nuevo has practiced the Silvicultural Development Method, which creates a mosaic of similar-aged stands. In 1999, San Juan Nuevo received certification for sustainable forest management



Reforestation is a key component of the San Juan Parangaricutiro forest management program. Forest workers plant some 350,000 seedlings every year.

San Juan Nuevo has invested major resources in recovering the lost communal land.

having spaces of dialogue. By constructing consensus you limit divisions. All sectors of the organization are important.”

In addition to the direct benefits that contribute to asset building at the household level, the enterprises’ profits are used in ways that strengthen communal assets, and thus contribute to household assets. In the last two years, 50 percent of the profits has been spent in regaining communal land by decision of the General Assembly, a body composed of all *comuneros*. Around 20 percent has been invested in the enterprise, machinery, vehicles, and maintenance, and another 20 percent in new projects, irrigated peach and avocado orchards, research on peach production, a peach and avocado packing plant, as well as ecotourism and deer breeding. The remainder has been invested in roads and urban infrastructure and in computers for schools. In the last five years, the enterprises report net income of 54 million Mexican pesos (about US \$6 million) and an average annual profit of around 10 percent.

under the standards of the Forest Stewardship Council from the Smartwood program of the Rainforest Alliance, administered by the Mexican Civil Council for Sustainable Silviculture. This certification will help to position San Juan’s forest-based products in the growing international “green” markets and could bring a price premium to the *comuneros*.

Economic and Community Impacts

Today, San Juan Nuevo’s CFE has created a virtually full-employment economy. Nearly all of the 900 paid positions in the community enterprises are filled by *comuneros* and their children. They have created a balanced administrative system with oversight from traditional indigenous and agrarian structures, but also with a general manager of the CFE, who always is a *comunero* with substantial autonomy to administer the enterprise day-to-day based on good business practices. The current general manager, Ambrosio Rodriguez, notes that “good functioning of an organization is dependent on

San Juan Nuevo,
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**Indigenous peoples
such as the
Purépecha can
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San Juan Nuevo also emphasizes ongoing training of its *comunero* work force, using "quality circle" concepts to try and convince workers of the importance of doing quality work. This is not always easy. Some *comuneros* have an exaggerated sense of ownership that leads workers, for example, to waste wood because it's theirs. To combat this, the training includes examinations of the cultural foundations of work ethics. Workers are asked the question, "Why do we want to do things better, to introduce efficiency and cost containment?" They are asked to reflect on the image of Japan 30 years ago when it was often associated with junk. What is the image of Japan today? What is the image of Indians? Lazy, drunk, paternalistic. Now think about the Purépechas of San Juan. What is their image today?

The CFE of San Juan Nuevo has faced many challenges, from land tenure to the North American Free Trade Agreement, which has generated new competition and lowered prices. Thus far, however, it has overcome them. A latent challenge is to incorporate more women into the workforce; only about 15 are currently employed.

Employing women would enrich the impressive human capital that San Juan Nuevo is constructing. In many community organizations, it can be difficult to find qualified administrators. But following the indigenous practice of rotation of community responsibilities, both Juan Nusico Morales and Adolfo Chávez López have moved on. Juan has returned to being a member of the Communal Council and tends his peach orchard, a citizen administrator returning to his livelihood. Adolfo now works for the Fundación Rigoberta Menchú in Mexico City as a community promoter.

The blend of indigenous and modern entrepreneurial practices that San Juan Nuevo has established is also being developed in hundreds of other CFEs in Mexico. Little wonder: this form of indigenous sustainable capitalism is showing that indigenous peoples such as the Purépecha can compete successfully in national and international markets, preserve modernized forms of ancient practices, and deliver a diverse and productive ecosystem to the next generation of Purépecha and to the world. ☉