

Confronting Globalization

Economic Integration and
Popular Resistance in Mexico

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El Balcón, Guerrero A Case Study of Globalization: Benefiting a Forest Community

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IT HAS OFTEN BEEN NOTED THAT GLOBALIZATION HAS BOTH WINNERS AND LOSERS. It is less frequently noted that the winners and losers can sometimes be found within the same sectors and levels of society. Although clearly the poorest and most marginalized people in less-developed countries are most commonly losers, some organizations and communities have been able to position themselves to take advantage of the opportunities presented by globalization. The forest *ejido* of El Balcón, because of its forestry assets and specific organizational history, provides an example of a community that has benefited from economic globalization by establishing a relationship with a mid-sized forest products corporation from the Northwest United States.

History and Context

El Balcón is located in the Costa Grande region of Guerrero, on the Pacific coast north of Acapulco, up the mountain from the coastal city of Tecpan. Situated in the segment of the Sierra Madre Sur known as the Cordillera Costera del Sur, it has an average elevation of 7,200 feet, with a very rugged topography that leaves parts of the area isolated during the rainy season, when some fifty-five inches of rain falls. The *ejido* was constituted in January 1966, with an endowment of 2,400 hectares. In October 1974, it received an additional 19,150 hectares, including most of its current

forest lands, for a total land area today of 25,565 hectares. Its current land area and perimeter were legally established in the resolution of a boundary dispute with the neighboring *ejido* of Cuatro Cruces in 1986, when it ceded 3,085 hectares of forest in exchange for 7,100 hectares of dry scrub forest. El Balcón has a main village, Pocitos, and two outlying population centers or *agencias*, La Lajita and Mesa Verde, with 136 *ejidatarios* in all three villages and a total population of around 600.

The population was formed from small groups of *mestizo* families who lived off corn farming and goat herding. Its local history is marked by severe violent interfamily and intercommunity clashes over land, which have characterized the history of the state of Guerrero in general. In the early 1960s, this region of the Sierra was described as "enmeshed in terror and killing,"⁷¹ and El Balcón also found itself embroiled in land conflicts. Community members from El Balcón sought the intercession of the Mexican government in 1961, initiating the application for *ejido* status to fix their land boundaries. Although the claim was recognized in 1966, they did not receive the final title until 1972.

In the late 1960s and early 1970s, armed guerrilla movements further roiled the Costa Grande, accompanied by frequent military confrontations, and many local communities were once again forced to relocate. Some community members from El Balcón fled to a community to the north called La Laguna, which had been operating its own sawmill and logging operation since the late 1950s. When they returned to resettle El Balcón in the early 1970s, they carried with them the realization that their forests were a potential economic resource—the seeds of a demonstration effect had been planted. Community members began lobbying for a new land grant, which was given in 1974. Thus, their most important natural asset—the forest—was awarded to them by the Mexican government, albeit in the context of violent social conflict in which the action was part of the government's effort to pacify the region.

Under President Luis Echeverría (1970–1976), the early 1970s initiated a major new wave of government activism in the rural sector. El Balcón's land grant was part of a process of trying to deliver new benefits to a region unsettled by the rise of a guerrilla movement and consequent repression in an area just south of El Balcón. Their land grant, like many at the time, formed part of a government program of rural pacification, which combined economic and social programs with strong military repression. In addition, the grant responded to the need to create a new source of supply for a state-owned timber company. It is nonetheless extraordinary in comparative global terms that the Mexican mechanism for

achieving both rural pacification and a new source of timber was to grant local communities major forest areas, with the potential for the growth of autonomous local management.

The high levels of regional and local violence that characterized its past make the current relative peace of the zone all the more remarkable. Today, most El Balcón residents combine their forestry work with small-scale livestock raising, and about sixty percent of the *ejidatarios* still plant corn, especially in the warmer lands on the lower slopes toward the *tierra caliente* of Guerrero.

The Community Enterprise: Vertical Integration, Asset Building, and Human Capital

As noted earlier, El Balcón's most significant productive asset, its forest land, was granted to the community by the Mexican government as a part of overall agrarian policies in 1974. From the beginning, the *ejido* leadership's vision was building a community enterprise such as they had seen in La Laguna. When El Balcón first began selling logs in 1980, it sold directly to the Guerrero state-owned Forestal Vicente Guerrero (FOVI-GRO), with about twenty community members working as laborers. Thus El Balcón never passed through a classic *rentista* stage where timber buyers come in and take complete charge of extraction, paying only a stumpage fee (*derecho de monte*) to the community.

As has been the case with other successful communities, El Balcón was able to use the significant profits from the first round-wood (felled log) sales to begin to expand its capital assets. In 1982–83, it acquired five logging trucks and two winches and was thus able to deliver round-wood directly to the sawmill, capturing more of the value chain. In 1986, *ejido* members traveled to San Juan Nuevo, Michoacan, to study its model of community forest development. In 1986, El Balcón acquired a new community asset, the sawmill, in a joint investment with a state development-financing agency, the National Trust Fund for Ejido Development (FIFONAFE). FIFONAFE dissolved ten months later, with El Balcón assuming full ownership of the mill. Thus, in six years, El Balcón went from its first logging, essentially as employees of the state-owned enterprise, to full control of its own logging business from the forest to the mill.

However, El Balcón quickly confronted its serious human capital deficiencies in training and experience in managing a complex industrial enterprise. They encountered problems in meshing the hierarchical discipline

required of an enterprise with *ejido* notions of equality. Accounting was absent, managerial skills were weak to nonexistent, and the enterprise quickly tumbled into disorganization and debt. Similar scenarios have led to years of social problems in many forest communities.

The Introduction of Professional Management

In 1988, *ejido* leaders were able to convince members to hand over the enterprise to a professional manager, John Vala, a former employee of FOVIGRO. The process that ensued can only be described as entrepreneurial shock treatment. The manager renegotiated debts, hired a professional manager and technical team, and made substantial investments in infrastructure. In both the sawmill and the forest logging operation, community members were almost entirely excluded, since the manager felt they were not disciplined workers. As a counterbalance to this new managerial dominance, the Council of Principals was formed in 1989. The manager had to submit his investment plans to the Council, which reportedly approved most proposals, but often directed more money toward community investments.

The combination of professional management with community involvement and decision-making power began to shore up the enterprises productive assets. It also created financial flows that were directed toward economic and cultural assets such as houses, investments in cattle and pig breeding, as well as some dividend sharing. The reinvestment in capital assets was particularly impressive: from 1992–1995 the *ejido* invested some \$1.6 million in improvements to the sawmill and the acquisition of dryers. As a result of the dramatic turnaround in the fortunes of the community, El Balcón won two National Merit Forest and Wildlife Prizes, one in 1993, in the category “Cultivation and Logging” and again in 1994, in the category “Transformation—Forest Industry.” In the early 1990s, the enterprise slowly began to hire *ejidatarios* again, and today more than seventy percent of the labor force is made up of locals, some of whom hold skilled jobs.

El Balcón’s professional management has also introduced important efficiency gains, such as using logging trucks with double trailers, which significantly lowered transportation costs. All this has led to what is reported to be a relatively healthy financial profile. The enterprise reports a twenty to thirty-five percent profit margin in recent years, and an average of \$1 million annually in net profits. Fixed capital assets are reported to be \$4.2 million. Their current debts are three million pesos (about \$330,000) with commercial banks, in addition to short-term loans for operating capital from Westwood Forest Products, its main buyer.

The previous sawmill burned down in 1997, but it was entirely rebuilt with insurance money and commercial credit. The two drying ovens and the sawmill represent an investment of \$2.3 million. The dryers, purchased in Portugal and Italy, are operated using sawdust, introducing significant environmental efficiencies, and they are equipped with pollution-reducing chimneys. Among other assets, El Balcón also has a sharpening shed and a chip mill, as well as two front-end loaders, seven winches, and six tractors.

Community Organization: The Foundation for Success

El Balcón’s success is particularly striking because it started out with limited organizational experience or social cohesion, what is often referred to as a very low social capital endowment. The community does not have the communal institutions of many indigenous communities or a decade-long history as a self-governing *ejido*. It was formed out of violently quarrelling families with extremely low levels of trust who did not begin learning how to govern themselves under *ejido* structures and practices until the late 1960s. This makes the relatively rapid accumulation of social capital particularly noteworthy.

Sources of social capital accumulation can be traced to the participation of several communities in the Tecpan region in a national small farmer federation, the Central Independiente de Obreros Agrícolas y Campesinos (CIOAC). In the 1970s, local CIOAC leaders negotiated social peace between the neighboring communities, although the final agrarian solution did not occur until 1986, with the land exchange previously mentioned. Nonetheless, the social peace pact in the late 1970s enabled El Balcón to begin commercial logging in 1980. The *ejido* president at the time was a “visionary leader who saw community organizing and regional peace as necessary precursors to the establishment of a community forestry enterprise.”²

As El Balcón struggled to form its forest community enterprise, in 1986 several *ejido* members traveled to San Juan Nuevo Parangaricutiro in Michoacán. This Purépecha Indian community was at the time already establishing itself as a national model in community forestry. One of the most important lessons the visitors from El Balcón took away was the need to create new organizational structures that would permit timber business management to be separated from *ejido* politics. In 1989, the *ejido* made a dramatic decision to turn forest enterprise management over to an outsider. To ensure channels of community participation within the scheme of professionalizing its forestry business, El Balcón created its own Council of Principals, modeled after San Juan Nuevo’s Communal Council. The Council of

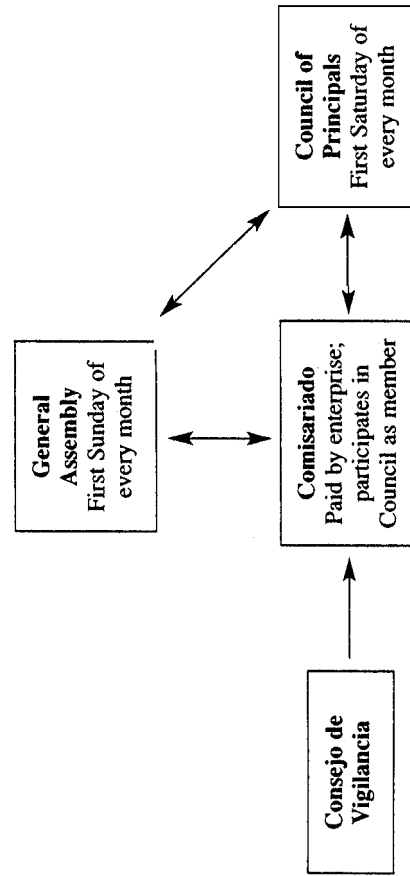
Principals functions as a sort of community oversight committee for the professional manager, approving general investment and policy guidelines, but leaving day-to-day management to him. It represents a further accumulation of social capital, both as an organizational innovation and as a new space to build accountability, mechanisms for forest monitoring, and experience in conflict resolution.

The Council of Principals reports to the *ejido* General Assembly and is said to represent each family in the community. It is made up of young people, seniors, men, and women, with current numbers reported to be between 26–32. Its relationship to other community administrative organs and authorities is shown in Figure 4.1.

The function of the Council of Principals is to monitor all activities of the enterprise, under the management of a professional. The Council itself does not make decisions. Rather, it discusses and analyzes enterprise issues and then recommends new rules or policies to the General Assembly. However, members report that the Council's recommendations are invariably accepted by the General Assembly. Since El Balcón has almost no families without agrarian rights (*avecindados*), community cohesion is aided by the fact that nearly everyone participates in the larger decisions on local resource use.

The professional manager is responsible for drawing up an annual enterprise work plan to present to the Council. The Council can modify the plan, although it only tends to do so in requesting more employment positions. For example, the manager may indicate that sixty *ejidatarios* are needed for a given level of production, but the Council may propose hiring

Figure 4.1 El Balcón's Organizational Structure



additional people and giving the manager the power to decide where they work. The work plan and modifications are then presented to the General Assembly. All daily production and management decisions are in the hands of the professional manager. The Forest Technical Director may give monthly reports to the Council, with the professional manager giving reports annually.

El Balcón belongs to the regional Unión de Ejidos Hermengildo Galeana. The nature of the relationship has varied, depending on the level of interest of El Balcón's elected authorities. Unlike other *ejido* unions, where the most powerful member typically withdraws from the organization having achieved a high degree of economic self-sufficiency, El Balcón has always remained in the union, although it hired its own Forest Technical Director early on. Authorities recognize the value-added of regional organization, another expression of social capital. Through the *ejido* union, El Balcón has gained access to regional development projects by government agencies such as Sedesol and Semarnat, which prefer to work with *ejido* unions rather than individual *ejidos*.

In recent years, tension has existed between the logging *ejidos* and national environmental organizations. In Tecpan, there has been resentment of environmentalists who oppose all logging without recognizing the efforts of logging *ejidos* to generate income for communities and sustainably manage the forests. While residents in the Tecpan region acknowledge that organizations like the Organization of Peasant Ecologists of the Sierra de Petatlán, led by Rodolfo Montiel, are motivated by genuine ecological concerns, they assert that they—the community forest sector—are “the real ecologists.” According to some accounts, the recent conflicts between illegal loggers and environmentalists have brought conservationists and community forestry workers closer together within the *ejido* union.³

Although El Balcón has two smaller communities, the *ejido* has apparently been effective in balancing micropolitical interests, and there have been no reports of friction between the communities. Power-sharing appears to be part of the formula, since the current *Comisariado* is from the smaller community of La Lajita. Unlike some other forest communities in Mexico, emigration is reported to be low in El Balcón with reportedly only two young people moving to the United States.

Ecosystems and Forest Management

The community enterprise has implemented a sustainable forestry plan that should allow the community to benefit from its forestry resources while

preserving the forest as a long-term natural resource. The current uses of El Balcón's forest lands are shown in Table 4.1.

The forest lands of El Balcón are dominated by conifer stands mixed with firs, particularly oyamel (*Abies Religiosa*), oak, and other broad-leaved species. Until recently, El Balcón practiced the Mexican Method of Forest Management (Método Mexicano de Ordenación de Bosques). As of 2001, in a new ten-year management plan, it adopted the System of Conservation and Silvicultural Development (SICODESI-Sistema de Conservación y Desarrollo Silvícola), a variant of the Silvicultural Development Method.⁴

SICODESI is a software program, developed under the Mexico-Finland Agreement in the early 1990s. The program takes into account ecological protection, socioeconomic and legal variables, and also permits the generation of management alternatives with predictive models. It includes a suite of silvicultural treatments, including liberation and pre-clearing cuts, regeneration cuts, small clear cuts, and selection cuts. In ideal conditions, the silvicultural sequence would begin with a liberation cut, followed by regeneration cuts, clearing cuts, and selection cuts. Priorities can be established based on volumes and increments in a particular stand.

SICODESI includes two planning levels: strategic planning and operative planning. Strategic planning has a thirty-year time horizon that looks at the interactions between the forest, its owners, and other economic activities while operative planning divides the thirty years into six five-year periods. In the five-year periods the focus is on the precise location of extraction and quantities of wood to be removed and with which silvicultural techniques. The forest inventory is based on a ten percent sample established on permanent sampling plots, forming a network of monitoring and control. The *ejido* currently contains 650 strategic sampling sites and 8,500 operational inventory sites. The most recent inventory was carried out from January–April 2000, with a ten percent sampling intensity. The largest volume of trees in the commercial forest area is in the sixty-to-seventy year age range, and the cutting strategy involves a slow removal of these

Table 4.1 El Balcón's Forest Land Use

Forest Production	10,968 ha.
Conservation Areas	4,059 ha.
Other Uses	874 ha.
Restoration Area	163 plantations

Source: El Balcón, Program de manejo para el aprovechamiento forestal maderable persistente (Tomo I), 2000.

older trees. El Balcón applies a silvicultural management of regeneration by selection, individually and in groups, and seeks to maintain the present structure of the forest.

The *ejido* reports some 500 hectares of former cultivated lands are being converted to forest plantations of native species. They are planting in fenced areas with seeds of pine species obtained from their own forest. It is expected that the plantations will generate an additional 1,000 cubic meters of production yearly by 2035.

A forest brigade, composed of twenty people, chops up the ten percent of the volume that is left in the forest, to reduce the risk of forest fire and hasten decomposition. The brigade also has cut twenty-eight miles of fire-breaks. Since 1993, the *ejido* maintains a nursery in the forested area that has an annual production capacity of 100,000 plants, and is used for reforestation activities. The nursery contains *pseudotsobus*, *ayacahuite*, *chiapensis*, and *patula*, among others.

El Balcón places 4,058 hectares of the forested area under protection where no logging is permitted. These include permanent and seasonal watercourses (twenty-meter and ten-meter strips, respectively), fringes along roads, forested areas around the population centers, and a forest area with low production potential held as a wildlife reserve. Table 4.2 shows the distribution of these protected areas. Some twenty-seven percent of the forested area is currently under protection.

The forested land on the El Balcón *ejido* contains specimens of *pinus chiapensis*, a species protected under Mexican law. The *ejido* gives special protection to this species, marking all individual trees as they are found to prevent their being logged and seeks to expand its presence in the forest through reforestation. Other conservation measures include leaving trees with nests in them (or large dead trees suitable for nesting), closing logging roads that are not needed in the short term, leaving piles of branches as wildlife refuges, and segregating important habitat areas from logging areas.

Table 4.2 Protected Areas in El Balcón (hectares)

Permanent Watercourses	80
Seasonal Watercourses	315
Principal Roads	230
Secondary Roads	357
Special Areas (population centers, springs, waterfall)	243
Wildlife Reserve	2,835
Total	4,059

Source: El Balcón, Program de manejo para el aprovechamiento forestal maderable persistente (Tomo I), 2000.

A list of the fauna found in the *ejido* is contained in the management plan. Although jaguar is not listed in the management plan, sources in the *ejido* report that three jaguars have been seen attacking livestock. White-tailed deer (*odocoileus virginianus*) are considered abundant in the *ejido* and in former years were extensively hunted for subsistence. A few years ago, the *ejido* imposed a conservation measure, prohibiting hunting of any kind. This regulation is enforced by the forest brigades who patrol for fires, illegal logging, and hunting. Interestingly, community members often are too busy with paid *ejido* employment to hunt, a collateral benefit to biodiversity conservation of the forest enterprise's success.

Expanding the Global Market

The ability to enter the international market independently and finance its own operations has been critical to the success of the community enterprise, particularly in the context of tight to nonexistent credit in rural Mexico. El Balcón has established a successful commercial relationship with a Washington-based timber marketing company called Westwood Forest Products. A Westwood representative first visited El Balcón in 1995 and came away extremely impressed by the sawmill. He was also impressed by El Balcón's management plan, which he thought would assure a steady supply of logs, and by the high quality of its product.⁵

Westwood proposed a business partnership while at the same time noting the need for some changes in El Balcón's operations. First, Westwood representatives pointed out the need to increase efficiency in the use of forest resources. ("They were still throwing away a lot of the log," one representative observed.) Later the company began to integrate more of the processing on site, in an effort to increase efficiency but also to benefit the *ejido*. One company representative stated, "We used to bring up all lumber, but then we wanted to get more added value—the more money I can bring here the better."⁶

Westwood invested considerable time and effort in building the relationship and providing technical assistance and financing. Its representative spent one week a month at the Guerrero site for a couple of years. Westwood is currently importing both sawn wood and moldings to the United States from El Balcón, shipping to its warehouse in El Paso, Texas. El Balcón also sells sawn wood in national markets. For top-quality pine sawn wood, in 2001, it receives 10.7 pesos a board foot in the export market, and nine pesos in the national market, including transportation costs.

The lower quality wood was sold only on the national market. El Balcón also sells wood chips in Mexico City, Tuxtepec, Oaxaca, and Jalisco. Small pieces of wood are sold for broom handles.

From 1996–2001, El Balcón exported forty to forty-five percent of its production, which represented sixty-five percent of total sales, with all first-class timber exported through Westwood. From late 1995 to late 2001, El Balcón exported approximately \$19 million of timber to Westwood. Westwood has also been crucial in financing both capital assets and operating costs over the last several years. Westwood loaned El Balcón \$200,000 to put in dry kilns, in addition to helping arrange for a six percent loan from the manufacturer. In 1999, and 2000, Westwood loaned El Balcón \$400,000–\$500,000 in start-up operating capital, all of which was repaid within months. In 2001, only \$100,000 was loaned because El Balcón had sufficient operating capital.

El Balcón and Boise Cascade in the Costa Grande Region

El Balcón's experience with Westwood Forest Products contrasts markedly with the controversial incursion of Boise Cascade in the Costa Grande (see Chapter 3). El Balcón and the Unión de Ejidos Hermenegildo Galeana were briefly suppliers for Boise Cascade. Shortly after the North American Free Trade Agreement went into effect in 1994, Boise Cascade began exploring logging options in the Costa Grande of Guerrero. In the words of one official from the Unión de Ejidos Hermenegildo Galeana, "The market came to look for us."⁷ Sources in the region report that Boise Cascade first entered the region through a contracted agent charged with setting up the operation in the Costa Grande. The company's interest was based on the supposition that it could find large supplies of high-quality raw material, which it needed to replace dwindling supplies following the closure of some forests in the Northwest United States.

The agents first made contact through the Unión de Ejidos Hermenegildo Galeana and El Balcón, but then expanded to communities all the way to Chilpancingo. They soon had contracts with some thirty communities for an annual volume of 100,000 cubic meters. Even though 1995 was a year of economic crisis in Mexico, markets were booming in the United States, and a devalued peso meant that Mexican labor was especially cheap.

In 1995, Boise Cascade paid 450 pesos (about \$60) per cubic meter for logwood, when the national price was 300 pesos. Most *ejidos* felt that the

contracts were transparent and that Boise Cascade treated them fairly; in commercial terms there was never any problem, and payment was made promptly upon delivery. The communities also expressed an interest in other benefits, such as clinics and schools, and Boise Cascade reportedly agreed to the possibility, but apparently none was ever built. Fellowships to study at the University of the Americas were also mentioned, but it is not known if any were actually given.

Interviews with officials of the Unión de Ejidos Hermenegildo Galeana suggest that Boise Cascade "did not want to know what was going on in the forest,"⁸ and no support was given for reforestation or forest management. In 1995, El Balcón sold most of its timber to Boise Cascade, under what is known in Mexican law as an "asociación en participación" (participating association), selling the remainder to Westwood. Also in 1995, El Balcón was approached by Boise Cascade about selling its sawmill. El Balcón had decided to sell it and use the money to build another one, but Boise Cascade backed out.

But in 1996, problems began to surface and El Balcón stopped selling to Boise Cascade, which finally left the region in 1997. Interviews indicate various reasons behind the rapid entry and exit of the transnational in the Costa Grande region. In 1995, Boise Cascade purchased relatively little logwood, since the mill at Papanoa was not finished for most of the harvest season. They mostly bought sawn wood from El Balcón and the few other community sawmills in the region. In 1996, with the mill completed, they were interested only in buying logwood, not sawn wood, so El Balcón stopped selling to them and began exporting much more through Westwood. Also in 1996, according to local reports, Boise Cascade lowered the price to prevailing national levels, giving no price stimulus for selling to them. The original contracts were for five years, but Boise Cascade modified them to be annual contracts. Also, the contracts were originally for logwood delivered to the mill (*puesto en planta*). When prices were high in 1995, communities could afford to rent extraction equipment and trucks to do this, but when the price went down, it became impossible for them to absorb the transportation costs. Boise Cascade no longer offered a higher price than local buyers, so the communities were no longer interested in selling to them. These factors, added to the protests against deforestation, prompted Boise Cascade's early exit. A Westwood representative noted, "Boise Cascade came down here to get as much timber as they could. They needed thirty million board-feet a year from this area. That's a lot of timber; it was too high an expectation."⁹ One year later, facing the difficulty of supplying the industry it had acquired, and foreseeing growing losses, Boise Cascade left the region and the country.

New Challenges

El Balcón currently faces some difficult changes in its production strategies. First, in 2001 El Balcón had to lower its annual cutting volume substantially. The *ejido* had been working on a fifteen-year management plan devised in 1987, that authorized harvest of 400,000 cubic meters over the entire period. But because of managerial problems in the early years, the annual cuts for these years were far below the authorized volume. Thus the forest managers decided to log at much higher volumes in recent years to achieve the full 400,000 cubic meter volume over the period.

As El Balcón launches its new management plan, this means that the logging volume is now reduced by approximately half, from 40,000 cubic meters annually to around 20,000, which would lead to an underuse of the sawmill. El Balcón's strategy for dealing with this decline has apparently not been fully developed. The management is considering making up the rest of the volume by buying round wood from other communities, but they have never done this before.

A second challenge lies in timber certification, to be able to compete on the global market. El Balcón is not currently certified as producing sustainable lumber, but it has requested the visit of a certification team from the Mexican Civil Council for Sustainable Silviculture (CCMSS). Westwood has strongly encouraged them to seek certification, noting that "[Forestry Stewardship Council]-certified wood is the future."¹⁰ Westwood already has "chain of custody certification"—which assures that certified wood is accounted for in every step of the marketing chain—from Smartwood, a program of the U.S. environmental group, Rainforest Alliance. Since getting the license in late 2000, Westwood has purchased certified pine from Brazil.

Although certification has not yet led to substantial sales increases for those Mexican forest communities that have obtained it, the Westwood connection gives El Balcón a marketing link most communities lack. Westwood does significant business with the huge supplier Anderson Window, which sells to Home Depot. Anderson is moving toward sustainable timber but claims this is difficult given their large number of suppliers. Nonetheless, Anderson has promised special treatment to those who have certified wood.

Westwood also sells to high-end producers in California. These companies currently pay a ten percent premium for certified timber from Brazil, and Westwood notes that while some customers still look for the lowest prices, others increasingly inquire about harvesting methods.¹¹

The species of pine that grows in Guerrero is a more resinous, five-needle pine and is not as well accepted as pine from the states of Oaxaca

(*Pinus patula*, similar to Ponderosa) and Chihuahua. The Guerrero pine is closely related to sugar pine and is about twenty percent heavier than Ponderosa; only specific customers will use it. For example, Anderson Window does not use the Guerrero pine because it lacks a uniform light color. But Westwood has found a market for the cut stock from El Balcón with a small window manufacturer in Ste. Genevieve, Missouri.

El Balcón still faces enormous challenges in human capital development. Current managers note that many *ejido* members and forest managers learned basic logging skills under the state-owned FOVIGRO.¹² El Balcón does not currently have a systematic training program, but some members have received on-the-job training in some of the more sophisticated mill operations. For example, the young operator of the highly sophisticated automated saw is from El Balcón. Jesús García, the current professional manager, while not from El Balcón, learned management from the previous professional manager while he was Forest Technical Director.

Finally, El Balcón faces a dilemma common to community-run enterprises regarding the distribution of benefits between employment, enterprise investment, community investment, and profit-sharing. The entire forest enterprise employs 140–145 people, but only twenty-six are employed for the entire year. For most other employees, the enterprise generates about eight months of work a year. Almost all sawmill employees are from Tecpan, although some of the more skilled technical positions are filled by *ejidatarios*. In forest extraction and transportation, about eighty percent of the employees are from El Balcón, with seventy percent of all *ejido* members now employed in the enterprise, particularly during the peak months from November to July. All workers receive benefits, social security, retirement payments, and a Christmas bonus. In addition, the *ejido* administrative positions of Commissary, Secretary, and Treasurer are all paid positions, and the Commissary receives 126,000 pesos (about \$14,000) annually in expenses. The Oversight Committee is also paid, although at a lower rate.

The first social benefits paid out from the enterprise were widows' pensions, a much-needed benefit after years of violent conflicts. The pensions currently support some twenty widows at 1,500 pesos a month. The forestry business also provides fifteen retirement pensions at 2,000 pesos a month each, and offers complete medical coverage for both *ejidatarios* and non-*ejidatarios*, through a voucher program with a doctor in Tecpan. From 1986 to 1989, the *ejido* implemented direct profit-sharing. However, the distribution included a loan for working capital, which subsequently

contributed to the financial collapse that led to the decision to hire a professional manager. In all, there have been only four profit-sharing distributions in the last fifteen years, since almost all profits are reinvested either in the business or in collective community development projects.

The professional manager estimates that from 1988–1998, the *ejido* invested about sixty percent of profits in the business and forty percent in community infrastructure and social services. In the most recent period, 1998–2001, about ninety percent has been invested in the community, because the business has not required further investments. It is estimated that some \$1 million has been spent on roads alone, particularly the road from the community to the *tierra caliente*. Other community investments include potable water, solar energy, and housing. To date, the *ejido* has built thirty-two houses and is currently experimenting with a lower cost home that requires a contribution from the homeowner. The *ejido* has also invested in productive projects such as pig-raising and organic agriculture.

Finally, El Balcón has invested in human resources, with a heavy emphasis on providing educational opportunities for its children. The *ejido* provides full fellowships for high school and college study and has turned out eight or nine college graduates, and two or three forest technicians, most of whom have returned to the community. The cost of the fellowships exceeds many of the salaries, and there has been some discussion that with the reduction in logging, this is a benefit that would have to be looked at more closely.

The case study of El Balcón suggests that strong community organization combined with professional management, forestry assets of substantial value, and the market link with Westwood Forest Products have positioned this community to be one of the relatively few winners in the globalization processes that are sweeping rural Mexico.

Notes

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1. Matthew B. Wexler, "Learning the Forest Again: Building Organizational Capacity for the Management of Common Property Resources in Guerrero, Mexico," Ph.D. Dissertation, Department of Anthropology, Boston University, 1995. Other good sources on El Balcón are: Tomás Bustamante Álvarez, "Los Recursos Forestales de Guerrero, su Aprovechamiento Social y la Apertura Comercial. El Caso de Ejido El Balcón," in *La Sociedad Rural Mexicana Frente al Nuevo Milenio, Vol. III: El Acceso a los Recursos Naturales y el Desarrollo Sustentable*, ed. Horacio Mackinlay and Eckhard Boege (Mexico City: Plaza y Valdez, 1996); and El Balcón's forest management plan, Ejido El Balcón, *Programa de manejo para el aprovechamiento forestal maderable persistente (Tomo I)*, Tecpan de Galeana, Guerrero, 2000.
2. Wexler, "Learning the Forest Again." This President was assassinated in 1986, so the forest enterprise has also been able to survive the loss of a charismatic leader.
3. See Armando Bartra, "En Defensa del Bosque," *Ojarasca*, March 2001.
4. The Mexican Method of Forest Management calls for selective logging, with the other two management plans carry out more intensive cutting. Still, the former system has greater environmental impacts as it changes the composition of species in the forest. The other two methods make it possible to take advantage of the forest's natural productivity while encouraging the efficient regeneration of trees.
5. Chris Cooper, Westwood Forest Products, personal communication. Cooper noted that the quality was actually much higher than needed at the time.
6. Cooper, personal communication.
7. Author interview with Fidel López, March 2001.
8. Interview, Fidel López.
9. Chris Cooper, personal communication.
10. Chris Cooper, personal communication.
11. Chris Cooper, personal communication.
12. "FOVIGRO was the school for a lot of people in felling and extraction." (Mario Cedillo, personal communication.)