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# THE PERUVIAN EXPERIMENT IN RETROSPECT

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David Becker, *The New Bourgeoisie and the Limits of Dependency: Mining, Class, and Power in "Revolutionary Peru."* Princeton, Princeton University Press, 1983, 447 pp.

E.V.K. FitzGerald, *The Political Economy of Peru, 1956-1975: Economic Development and the Restructuring of Capital*. Cambridge, Cambridge University Press, 1979, 356 pp.

Cynthia McClintock, *Peasant Cooperatives and Political Change in Peru*. Princeton, Princeton University Press, 1981, 498 pp.

George D. E. Philip, *The Rise and Fall of the Peruvian Military Radicals, 1968-1976*. London, Athlone Press, 1978, 178 pp.

Alfred Stepan, *The State and Society: Peru in Comparative Perspective*. Princeton, Princeton University Press, 1978, 367 pp.

Evelyne Huber Stephens, *The Politics of Workers' Participation: The Peruvian Approach in Comparative Perspective*. New York, Academic Press, 1980, 305 pp.

Rosemary Thorp and Geoffrey Bertram, *Peru, 1890-1977: Growth and Policy in an Open Economy*. New York, Columbia University Press, 1985, 475 pp.

John Weeks, *Limits to Capitalist Development in the Industrialization of Peru, 1950-1980*. Boulder, CO, Westview Press, 1985, 250 pp.

NO country in Latin America, and few anywhere in the third world, was the subject of more social science writing during the late 1970s and early 1980s than Peru. Books, monographs, articles, and dissertations poured forth from Peru itself, from elsewhere in Latin America, and from the United States, Western Europe, and even the Soviet Union and Japan.

What inspired this burst was not Peru's strategic significance, its demographic or economic weight, or its natural resources, but rather its experiment from 1968 to 1980 at militarily directed change. The key issues raised were the character and limits of military involvement in political and economic development; the sources, extent, and consequences of state autonomy; the nature and degree of international constraints on national choices; and the viability of "third way" approaches to development—approaches neither unrestrainedly capitalist nor outrightly socialist.

This essay reviews the salient literature recently published in English on Peru.[1] It summarizes the Peruvian experiment, analyzes why it oc-

[1] The Peruvian literature on this period is too abundant to be reviewed here. An entire gen-

curred and evolved as it did, and assesses its results and significance. Several contending explanations of Peru's experience under military rule are discussed, as is the relevance of the Peruvian case for analyzing the political role of the military in developing countries.

## The Peruvian Experiment: Origins, Evolution, and Consequences

On October 3, 1968, Peru's army chief of staff, General Juan Velasco Alvarado—supported mainly by a small cadre of army colonels—deposed the country's democratically elected president, Fernando Belaúnde Terry.

Within a few months, the new junta had established itself as an insti-

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eration of Peruvian social scientists cut its teeth on the effort to make sense of this period, a watershed in their own lives.

Julio Cotler's work, *Clase, estado y nación en el Perú* [Class, state, and nation in Peru] (Lima, 1978), is essential for a grasp of the historical and political context in which the military government acted. The best-informed analysis of factional struggles within the Peruvian military goverment is Henry Pease Garcia, *El ocaso del poder oligárquico: lucha política en la escena oficial, 1968-1975* [The decline of oligarchical power: political struggle on the official stage, 1968-1975] (Lima, 1979).

A worthwhile review of the economy is Felipe Portacarrero, *Crisis y recuperación: la economía peruana de los 70 a los 80* [Crisis and recovery: the Peruvian economy from the 70s to the 80s] (Lima, 1980). Other important contributions on the economy include Carlos Amat y Leon, *La economía de la crisis peruana* [The economics of the Peruvian crisis] (Lima, 1978); Daniel Schydlowsky and Juan Wicht, *Anatomía de un fracaso económico: Perú, 1968-1978* [Anatomy of an economic failure: Peru 1968-1978] (Lima, 1979); and H. Cabieses and C. Otero, *Economía peruana: un ensayo de interpretación* [The Peruvian economy: an essay in interpretation] (Lima, 1978).

Many useful sectoral analyses have been published in Lima. Among these are Giorgio Alberti, Jorge Santistevan, and Luis Pásara, *Estado y clase: la comunidad industrial en el Perú* [State and class: The industrial community in Peru] (Lima, 1977); Denis Sulmont, *Historia del movimiento obrero peruano, 1890-1977* [History of the Peruvian labor movement, 1890-1977] (Lima, 1977); José María Caballero, *Agricultura, reforma agraria, y pobreza campesina* [Agriculture, agrarian reform, and rural poverty] (Lima, 1980); Luis Pásara, *Reforma agraria: derecho y conflicto* [Agrarian reform: law and conflict] (Lima, 1978); Anibal Quijano, *Problema agrario y movimientos campesinos* [The rural question and peasant movements] (Lima, 1979); and Fritz Wils, *Los industriales, la industrialización y el estado-nación en el Perú* [Industrialists, industrialization, and the nation-state in Peru] (Lima, 1979).

There is also an extensive literature by participants in the Peruvian experiment. The best inside account, by a journalist who joined the government for a time, is Guillermo Thorndike, *No, mi General* [Sorry, general] (Lima, 1978). Others worth consulting include Alfonso Baella Teústua, *El poder invisible: los primeros mil días de la revolución peruana* [Invisible power: the first thousand days of the Peruvian revolution] (Lima, 1976); Hector Bejar, *La revolución en la trampa* [The trapped revolution] (Lima, 1976); Carlos Delgado, *La revolución peruana, autonomía y deslindes* [The Peruvian revolution: autonomy and limits] (Lima, 1975); Carlos Franco, *La revolución participatoria* [The participatory revolution] (Lima, 1975); Francisco Guerra Garcia, *El peruano: un proceso abierto* [The Peruvian: an open process] (Lima, 1975); and Augusto Zimmerman Z., *El Plan Inca: objectivo: revolución peruana* [Plan Inca: objective: Peruvian revolution] (Lima, 1975).

The major Peruvian works focusing on the military itself are those by Victor Villanueva, especially *Nueva mentalidad militar en el Perú* [The new military mentality in Peru] (Lima, 1969) and *Ejército Peruano: del caudillo anárquico al militarismo reformista* [The Peruvian army: from anarchic caudillo to reformist militarism] (Lima, 1973).

tutional government of the armed forces rather than a personalist regime. It had also made clear its commitment—at least at the rhetorical level—to promoting profound changes in the nation's economic, social, and political structures, and even in its ideology.

For the next twelve years (the equivalent of two presidential terms under Peru's constitution) Peru's armed forces tried to modernize one of South America's most backward countries. They set out to accelerate the country's economic growth and to alter its distribution of income and power; to introduce new concepts of property and to end class strife; to integrate the Indian population into the mainstream of Peruvian society; to create new forms of political participation and even to create a "new Peruvian man"; to overcome external dependence; and to make Peru a leader of the third world.

These lofty goals, and Peru's innovative attempts to achieve them, drew international attention, with military officers and civilian politicians throughout the Americas taking note. Cuba and the Soviet Union provided economic assistance, as did Canada, several European countries, and a few private U.S. foundations.

Initial interest in Peru's experiment intensified as the regime's measures became more innovative. The armed forces moved from decisive nationalization of the International Petroleum Company (an Exxon subsidiary) a week after taking office to a sweeping agrarian reform law in June 1969 that affected not only the very large estates on the highlands but also, and immediately, the rich coastal sugar and cotton plantations. In 1970 and 1971, there followed the amendment and extension of various provisions of the agrarian reform law, far-reaching reforms of universities and of the educational system, the nationalization of several banks and a number of mineral deposits, and the establishment of the "industrial community," a worker-participation scheme imposed on the private sector.

By 1972, the regime was nationalizing other major industries and sectors (including the fish-meal industry, which had encountered severe problems and was veering toward bankruptcy) and creating a political mobilization agency (SINAMOS) that was supposed to move the country toward a "fully participatory social democracy." The following year saw the publication of a draft law, revised and eventually decreed in 1974, initiating a worker-managed "social property" sector that government spokesmen said would eventually come to dominate the economy. A complete government takeover of the press—and the assignment of specific newspapers and magazines to become voices of particular social groups—followed in 1974. During this period, Peru's military rulers

were also building an infrastructure: expanding and strengthening the state's apparatus; constructing roads, ports, mining and fishing facilities; exploring (with limited success) for oil and building a pipeline to carry it to the coast; and expanding the country's productive base.

By 1975, Peru's military leaders had initiated reforms that were more numerous and substantial than had been undertaken in so short a time in any Latin American country in the twentieth century—except for revolutionary Mexico, Cuba, and perhaps Chile under Salvador Allende. Through some 4,000 laws and countless administrative actions, Peru's military elite tried to regiment an often resistant nation into "revolution."[2]

The period from 1975 to 1980, generally depicted in Peru as the revolution's "second phase," saw considerable change in the leadership, pace, and direction of Peru's military-directed experiments. General Velasco Alvarado, seriously ill since early 1973, was replaced in a bloodless military coup in August 1975 by the army's chief of staff, General Francisco Morales Bermúdez, an experienced military politician who had served as minister of finance under both Belaúnde and Velasco. Although Morales Bermúdez proclaimed continuity with Valesco's policies and expressed his irreversible commitment to the "revolution," he soon moved, under heavy internal and external pressure, to amend and to attenuate some of the reforms. By 1977 he was laying the groundwork for the extrication of the armed forces from office and for the resumption of democracy in Peru in 1980.

On July 28, 1980, Peru held national elections for the first time since 1963. The overwhelming winner—with over 45 percent of the votes cast—was none other than former president Belaúnde, who returned to the presidential palace on a campaign platform very similar to the one on which he had been elected seventeen years before. Even more striking was the fact that, between them, the only two candidates in the 1980 elections who had earlier been closely identified with the military polled less than 5 percent of the votes. Close to 90 percent of the electorate supported parties that had been specifically repudiated by the armed forces when they took power in 1968. These included Acción Popular (Belaúnde's party), APRA (Peru's oldest party, and long the military's nemesis), and various leftist parties. Peru's voters thus wrote an eloquent epitaph to the military regime.

[2] Each of us published an early interim assessment of the first years of the Peruvian experiment. See Jane S. Jaquette, "Revolution by Fiat: The Context of Policy-Making in Peru," *Western Political Quarterly* 25 (December 1972), 648-66, and Abraham F. Lowenthal, "Peru's Ambiguous Revolution," *Foreign Affairs* 52 (July 1974), 799-817.

By the time President Belaúnde returned to office, Peru's experiment had aborted. The military regime's efforts to spur the country's economic growth had misfired badly. Productivity declined in both agriculture and industry, real wages fell, open unemployment rose, inflation climbed, and Peru's public debt skyrocketed.[3]

The failure of Peru's military experiment was not limited to economic performance. Although Peru's military leaders spoke ardently of improved equity, they did not significantly improve the country's regressive tax system; indeed, under their rule, it became more regressive. Having proclaimed the need for fundamental structural reforms, the armed forces presided over measures that left the lower 50 percent of Peru's income recipients virtually unaffected, and the lowest quarter actually worse off.[4] And having talked insistently about popular participation, the military regime found itself remarkably unpopular. Unable to rally public backing, it was repudiated at the polls and in massive national general strikes.

Except for the agrarian reform, few of the regime's major measures survived into the 1980s. SINAMOS, the social mobilization agency created to develop new ways to channel effective popular mobilization, disappeared with hardly a trace. Educational reform was largely eviscerated. "Social property" reform affected only a few marginal firms. The industrial community concept was amended substantially, and the country's drift toward a state-managed economy was reversed. All the expropriated newspapers were handed back to their original owners. Despite the regime's various efforts to reduce external dependence, the nation found itself deeper than ever in foreign debt by the 1980s, and still highly vulnerable to international economic fluctuations. Except for the somewhat quixotic attempts by Belaúnde to resolve the Falklands-Malvinas embroglio in 1982, Peru's aspirations to become a third-world leader evaporated.

Few observers see Peru's twelve-year experiment as a success. It is important to note, however, that the military's core program of nationalist affirmation, economic modernization, anti-oligarchical reform, and systematic state building was actually implemented to a considerable degree.[5] By the time the armed forces relinquished power in 1980, Peru's political and economic landscape had been altered. Agrarian reform had

[3] For a more complete discussion of the economic failures of the military regime, see David Scott Palmer, "The Changing Political Economy of Peru under Military and Civilian Rule," *Inter-American Economic Affairs* 37 (Spring 1984), 50.

[4] See Adolfo Figueroa, *Capital, Development and the Peasant Economy in Peru* (Cambridge: Cambridge University Press, 1984). See also Richard Webb, *Government Policy and the Distribution of Income in Peru, 1963-1973* (Cambridge: Harvard University Press, 1977).

[5] The points in this paragraph and the next are developed at greater length in Abraham F.

dispossessed the landed oligarchy, even though it fell far short of its goal of turning peasants into efficient cooperative farmers and consumers of industrial goods. And, although the state's growth was more rapid than could be effectively managed, a significantly stronger public apparatus was created, and national planning was institutionalized for the first time.

The number of Peruvians actively participating in the national polity—as reflected in the growth of the potential and actual electorate between 1963 and 1980, for example—expanded greatly, thanks in large part to the extension of suffrage to the illiterate and to the process of mobilization precipitated by the military government's reforms. This process also entailed a significant increase in the number and strength of the cooperatives, trade unions, and neighborhood organizations through which Peruvians assert and pursue their interests. As for Peru's international relations, the country remains dependent, but its relations with foreign investors have become somewhat more symmetrical both in fact and in perception—in large part because of the expanded role of the state.

In all these respects, Peru's military rulers contributed importantly to overcoming the previous gap between the country's evolving socioeconomic realities and its anachronistic political institutions and public policies. Peru experienced, in accelerated form, changes that had occurred over several decades of populist politics in countries like Chile and Brazil. Peru's modernization overwhelmed previously entrenched traditional patterns, and, although the country did not experience a genuine "revolution" under military auspices, it did change significantly during this period.

## Explaining Peru's Experiment

What accounts for the initial adoption of the reform program by Peru's armed forces? What explains the military's apparent early success in putting this program into effect? Why did the Peruvian experiment first become more comprehensive, then radicalize, and finally reverse direction? Why did Peru's military leaders attract so few followers, even from among the beneficiaries of their program? How should Peru's experience ultimately be characterized?

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Lowenthal, "The Peruvian Experiment Reconsidered," in Cynthia McClintock and Abraham F. Lowenthal, eds., *The Peruvian Experiment Reconsidered* (Princeton: Princeton University Press, 1982), 415-30.

Compare Alan Angell, "The Peruvian Military Government 1968-1980: The Failure of the Revolution from Above," Occasional Paper No. 44 (Bologna: The Johns Hopkins University, Bologna Center), February 1984.

## Why Did the Military Adopt a Reform Program?

Economic structural explanations of the military "revolution" emphasize that the armed forces intervened to play the role inadequately performed by the national bourgeoisie. E.V.K. FitzGerald argues that the military acted to solve the "crisis of capital accumulation" that Peru's national bourgeoisie had failed to confront. Anibal Quijano describes a "crisis of hegemony" arising from unresolved tension between the oligarchic and industrial sectors of the bourgeoisie.[6] John Weeks asserts that the bourgeoisie itself took power in 1968, with the military the agents of the "national bourgeois project." Similar arguments are made by David Becker in his study of the mining bourgeoisie and by Rosemary Thorp and Geoffrey Bertram in their historical review. These treatments coincide in emphasizing that Peru's prior economic history had been largely determined by the absence of a strong, coherent, and successful national entrepreneurial class. They all argue that the armed forces sought to fill the resulting vacuum and to set the stage for the "deepening" of Peru's industrialization.

Julio Cotler's analysis is also structural, although more political than economic. He argues that the military's role and project was to integrate the nation and consolidate the state. The strengthened Peruvian state would mediate Peru's relationship with foreign capital, redistribute income within the country, and provide for greater integration in a society historically characterized by fragmentation and the marginalization of the rural peasantry. Success would eventually create popular support as Peruvians came to recognize the state as the "embodiment of their hopes and the core of their national collective identity."[7] The military's approach to state building was to paper over class differences with a corporatist rhetoric of solidarity. Capital and labor, in one of General Velasco's memorable phrases, should be "pulling the rope from the same end."

Alfred Stepan puts Peru's political configuration into comparative context, measuring its experience against that of the more advanced Southern Cone countries.[8] Because Peru was at an earlier stage of import substitution, Stepan argues, the armed forces had "political space" in which to maneuver and could declare a dramatic series of structural reforms. And because the country was at an earlier stage of popular mobilization,

[6] For a discussion and an extensive debate of the Quijano thesis, see David Booth and Bernardo Sorj, eds., *Military Reformism and Social Classes: The Peruvian Experience, 1968-1980* (London: Macmillan, 1983).

[7] Julio Cotler, "Democracy and National Integration in Peru," in McClintock and Lowenthal (fn. 5), 72.

[8] For an earlier and parallel argument, see David Collier, *Squatters and Oligarchs: Authoritarian Rule and Policy Change in Peru* (Baltimore: The Johns Hopkins University Press, 1975).

the military could take an "inclusionary" approach to popular participation, in striking contrast to the "exclusionary" repressive policies of military "bureaucratic-authoritarian" regimes in Brazil, Argentina, Uruguay, and Chile.

Military institutional analyses, summarized by George Philip, take a different tack. According to these views, increasing professionalism in the armed forces had the effect of making the military leadership more aware of the structural causes of Peruvian underdevelopment and more confident of its own capacity to promote change. The equanimity of military officers had been tried by the challenge of guerrilla uprisings in the Sierra in the mid-1960s, and military analysts concluded that Peru's stability was more threatened from within than from without. The armed forces had supported the election of Belaúnde in 1963, but five years later they had become frustrated by the slow pace of civilian reform. A generous analysis of the military's motives is that they intervened to break the structural constraints on development. More skeptical observers point out that in intervening they also served a more narrow definition of institutional self-interest: higher military budgets, greater social prestige, and the opportunity to purchase more sophisticated weapons from abroad.

Philip argues that the "structural" and "institutional" versions of the military's role represent more than competing intellectual positions. Structural explanations were favored by the left in Peruvian politics, whereas the right dismissed reforms by criticizing the military's motives from the outset. Philip suggests that the armed forces launched a radical reform program, not to carry out a bourgeois project, but rather to fill the political vacuum on the Peruvian left that was created by APRA's move to the right. He uses the fact that the military's redistributive reforms did not find popular backing as evidence of the left's weakness and as support for his thesis.

With the exception of the rightist view that the "revolution" was merely a rhetorical cover for self-interest, both the structural and institutional analyses lead to the conclusion that the military's ambitious reform program was, paradoxically, both unanticipated and overdue. As the coup was recast as a "revolution," the military radically redefined its institutional role.

## Why Did the Military Radicalize the Reform Process?

Observers agree that the Peruvian military experiment went through two stages, a first period of reform and increasing radicalization from 1968 to 1975, and a second period of "consolidation," actually a reversal, from late 1975 to 1980.

The economic structuralists find the government's initial economic nationalism and the agrarian reform to 1969 fully consistent with the national bourgeois project, which required state protection of domestic capital and the creation of a national market. However, they generally lack a clear explanation for the later radicalization against bourgeois interests.

Weeks and Becker both make the case that the initial bourgeois revolution was a success. Weeks's data show that the domestic capital sector increased its relative share of production and enjoyed high profits; he argues that bourgeois interests did not come under attack until phase two, when Peru's balance-of-payments crisis forced Morales Bermúdez to accede to an International Monetary Fund stabilization program.

Becker's assessment is the most positive: he finds that the military succeeded in creating a cohesive bourgeoisie in the mining sector, shielded from predatory foreign competition and aided, not undermined, by the establishment of parastatal enterprises. For Becker, the danger to the institutionalization of bourgeois hegemony was not labor or the agrarian sector, but the rising demands of the urban poor. Labor had the organizational capacity to share in the benefits of "bonanza" development, and the agrarian sector could be reformed because bonanza development is based on mining export profits, not on the exploitation of the agricultural sector.

FitzGerald's view is more negative; he argues that the bourgeoisie was too weak to respond to the ambitious role the military had set for it. As a result, the military found itself increasingly dependent on foreign capital and on state intervention to meet its development goals. FitzGerald emphasizes the social-property reform as a last-ditch effort to stimulate entrepreneurial activity, a response to the hostility of the national bourgeoisie toward the military's development project.

By focusing on the mining bourgeoisie and by developing a model to manipulate rather than to reduce dependency, Becker can afford to ignore danger signals that worry FitzGerald and Weeks: the demoralization of the industrial bourgeoisie and an increasing dependency on foreign capital. Becker leaves the reader with the impression that the crisis of capital accumulation was successfully confronted and the bourgeoisie consolidated. This simply does not square with the economic realities of the past decade in Peru: low growth rates, severe declines in urban incomes, a high level of foreign indebtedness, and a permanent sense of economic crisis.[9] Only FitzGerald emphasizes the private sector's resistance

[9] For preliminary data on Peru in the early 1980s, see Stephen M. Gorman, ed., *Post-Revolutionary Peru: The Politics of Transformation* (Boulder, CO: Westview Press, 1982).

to the industrial community and to social property—resistance that foiled the military's attempt to create a dynamic, pluralist economy.

The political analyses by Stepan and Cotler provide important insights into why the military risked derailing the national bourgeois project by the progressive radicalization of its reform agenda. They focus on the fact that, from the beginning, the political challenge facing the military was to counter the threat of peasant unrest and class conflict. The solution was "national integration," the creation of institutions that would give workers and peasants a stake in a more equitable, yet still capitalist, Peru.

Integration was to be based on economic growth, and economic growth was dependent on national capital, with the state to control key sectors. But cooperation between the military and national capital ran into difficulties at an early stage in the Peruvian experiment. The military leadership was unwilling to abandon its political objective, even when the pursuit of integrationist strategies led to open conflict with the national bourgeoisie. Additional tensions arose from the fact that, although the military government promoted popular participation, the military as an institution was ill-equipped to deal with the challenge of mobilization. Stepan argues that the military's institutional concerns contradicted its efforts to create genuinely participatory politics. The "corporatist" aspects of the "revolution"—most notably the establishment of SINAMOS, the attempt to set up government-dominated labor unions, and the organization of peasants and workers into peak associations—were attempts to resolve this contradiction. Many of the military's most radical and innovative reforms—the industrial community, the agrarian reform, and social property—were explicitly designed to channel political conflict into economic participation.[10]

The explanation of the course of phase one would not be complete without examining the role of General Velasco, whose strengths and weaknesses indelibly stamped the politics of this period. Cleaves and Scurrah attribute the progressive radicalization of phase one primarily to Velasco's leadership, which took the military's "revolution" far beyond the prudent calculations of military institutional interest. The military as a whole favored industrialization, but Velasco and his close advisers pushed for state ownership and social property. Velasco helped turn military resentment of economic privilege into a frontal attack on the landed oligarchy. To achieve "national integration" and "national security," Ve-

[10] For the view that more radical officers were genuinely committed to political mobilization, see Pease Garcia (fn. 1), 51-59, and Liisa L. North, "Ideological Orientations of Peru's Military Rulers," in McClintock and Lowenthal (fn. 5), 245-74.

lasco pushed for a social revolution—in name, if not consistently in fact.[11]

The most persuasive explanation of the radicalization of phase one is that Velasco pressed on when others would have retreated. Velasco's conviction that structural change could be carried out in Peru from the top down helped maintain military institutional confidence despite the lack of popular and private-sector support.

## Why Did the Military Abandon Its Radical Program?

Even the economic structuralist assessments look mainly to political factors to explain why the military ultimately abandoned its radical goals. In FitzGerald's view, the political weakness of the national bourgeoisie is the basic issue; Weeks, following dependency theory, argues that the experiment was aborted when foreign capital reasserted its political control through the stabilization program of the International Monetary Fund.

The structuralists' equation of military and bourgeois interests obscures the active role of the national bourgeoisie in bringing an end to military rule. Luis Pásara observes that the military's attempt to bring Peru's entrepreneurs into the "revolution" failed decisively. Some industrial entrepreneurs did take advantage of the new opportunities created by the reforms, and others accepted important government posts, but the military did not share power with them and tried instead to impose a social program that the industrialists rejected. In response, the industrialists "sabotaged" the industrial community and undermined the economy through systematic capital flight.[12]

The military could not take over the investment and management roles of the national bourgeoisie; its vision of a pluralist economy and its plan for a social-property sector clearly show that it did not intend to do so. Its few efforts to "build bridges" to the entrepreneurial class did not create a climate of *confianza* for private investment. They did undermine the military's claim to be "above politics," which increased popular opposition.

A key weakness of the military government—and ammunition for those who argued that the "revolution" was not radical enough—was its inability to redistribute income through effective taxation. Parastatal enterprises were run at a loss, putting further strain on the state budget and adding to inflationary pressures. Cotler concludes that the military's program was fundamentally contradictory; its attempt to conciliate conflicting interests and create a collaborative society failed because it sought to

[11] Peter S. Cleaves and Martin J. Scurrah, *Agriculture, Bureaucracy and Military Government in Peru* (Ithaca, NY: Cornell University Press, 1978).

[12] Luis Pásara, "When the Military Dreams," in McClintock and Lowenthal (fn. 5), 340.

"impose distributive policies in the context of a development model based on the concentration of income and capital."[13]

Those emphasizing institutional considerations argue, in a somewhat circular fashion, that the military withdrew because of its "corporate" interest. The challenging question, however, is why the military leadership, which defined the military's "interest" as radical reform in 1970, returned to a narrower, self-protective definition a decade later.

Many analysts explain this retreat as the result of a profound disjunction between the military's institutional norms and the requirements of genuine political participation. Military norms are hierarchical and emphasize loyalty. Political participation is pluralist and, almost by definition, conflictive. In Cotler's phrase, the military's idea of participation was "a military parade."[14] Fear of genuine participation would explain the appeal of "corporatist" solutions, of SINAMOS and pro-government unions, and of the ill-fated attempt to control the press by turning Lima's daily newspapers over to specific groups whose representation the government deemed legitimate.

In retrospect, the most striking attribute of these corporatist mechanisms was their ineffectiveness. The government was never able to control representation, and often its efforts to do so stimulated the development of an independent opposition. Stepan contrasts the military's successful co-optation of the urban squatters with its inability to control the process of rural mobilization that resulted from the agrarian reform. In the case of the urban *pueblos jovenes* (shantytowns), there was no tradition of independent organization, and they maintained clientelistic ties to the "revolution" as they had to earlier regimes. Those peasants and unionized workers who had previous organizational experience and a relatively high level of ideological sophistication rejected the government's clumsy attempts to establish new, government-dominated channels of participation.

The failure of the corporatist mechanisms is clearly illustrated in the sectoral studies under review. Evelyne Stephens argues that the government's efforts to co-opt labor through worker participation and the peak association of workers (CONACI) had the opposite effect. Strike activity increased substantially and CONACI and the independent unions resisted the government's strenuous efforts to co-opt them. Cleaves and Scurrah as well as McClintock found that Peru's peasants rejected key government initiatives and refused to provide the Velasco regime with the degree of political support that it wanted. Both the new peasant co-

[13] Cotler (fn. 7), 36.
[14] *Ibid.*, 33.

operatives and the new peak association for agriculture (the CNA) became independent institutions rather than corporatist mechanisms of control. McClintock points out that, as the agrarian reform changed peasant attitudes and increased political skills, the peasants showed a "tendency to use this capacity against rather than for the state" (p. 322). Elsewhere, McClintock concludes that corporatism was "an illusion" in Peru, "existing only on the charts of Lima analysts."[15]

The genuine popular mobilization that occurred in phase one did not result in the military's replacing the Left, as Philip hypothesizes. Rather, it stimulated the creation of what FitzGerald labels a "true" Left for the first time in Peruvian political history. Indeed, in the constituent assembly elections in 1978, and again in the municipal elections of 1983 and the presidential elections of 1985, an alliance of leftist parties commanded nearly 30 percent of the popular vote, compared to just 6 percent in 1962.

The notion that the Peruvian military enjoyed "political space" in which to maneuver turned out to be a chimera. The relative autonomy of the military, which was an early advantage in initiating radical reforms, became a disadvantage at the stage of implementation. In Stepan's view, this is explained by the institutional position of the military in Peruvian society. When it became a "state elite," the military was "not sustained by constituencies in civil society," and it became "almost exclusively dependent on its own internal unity and coercive powers." The reform programs should have created popular support among peasants and workers, but the military could not capture the mobilization its programs engendered, and it became increasingly vulnerable: "The other side of the coin of autonomy was isolation and fragility" (p. 302).

The argument that the military regime in Peru, in contrast to that in Brazil, had sufficient "policy space" to be politically inclusionary creates the false impression that Peru's backwardness allowed the military to implement a set of postponed reforms that would simultaneously promote economic growth and integrate a substantial proportion of Peru's marginalized population. But the military's reforms did not yield an economic "miracle" in Peru, and the newly mobilized refused to be integrated on the military's terms.

The contrast between Peru and Brazil could be said to illustrate a very different point. In 1968, as in 1980, Peru faced a much narrower range of economic choices than did Brazil, and consequently a much more intractable problem of mass integration. In Peru, the military stepped in before

[15] Cynthia McClintock, "Self-Management and Political Participation in Peru, 1969-1975: The Corporatist Illusion," *Sage Professional Papers in Contemporary Political Sociology*, Vol. 2 (1977), Series/No. 06-022, 47.

the ideological conflict within the elite had polarized, and it resorted to coercion primarily after the economic crisis, in phase two. In Brazil (as in Chile and Argentina), the military used "exclusionary" terror and repression from the beginning to consolidate its control against the elite as well as against previously mobilized popular sectors.

The Peruvian military's attempt to merge with the state left it vulnerable both to external attack and to internal dissension when its development strategy failed. Internal dissension is emphasized by Philip, Cleaves and Scurrah, and McClintock, who point out that Velasco's core leftist coalition was always small, and that when Velasco fell ill in 1973, he could not provide the Left with leadership and support. The leftists were first challenged by a military faction called "La Misión," which called for a more aggressive form of corporatism. Then, when Morales Bermúdez took power in 1975, most of the Velasquista officers either resigned or were exiled. Ultimately, the military abandoned its radical reformist goals in order to preserve its narrower institutional interest.

The various approaches used to analyze the Peruvian experiment differ in their ability to explain distinct phases of the military's rule. Economic structural explanations are of most use in gauging the pressures for change and for understanding the early policies of the "revolution"—in part because the military leadership shared a structural view of the causes and cures for Peru's underdevelopment. An economic approach is much less useful in explaining the radicalization of Peru's experiment or why Peru's national bourgeoisie rejected a revolution made to assure its "hegemony." The military's preoccupation with the political challenge of national integration and Velasco's own views and leadership style are more persuasive explanations for the radicalization of the initial reforms.

To understand the constraints on the "revolution" from within, military institutional analyses are particularly useful. These emphasize the contradiction between institutional norms and participatory politics that prevented the military from developing a political party or other genuinely political mechanisms to convert their reforms into the basis for building popular support. The military institutional analyses accurately anticipated splits within the military leadership and are helpful in understanding the pace and pattern of retrenchment after 1975.

## Assessing Peru's Experiment

It is striking that the military failed to reform Peru in many of the same ways and to approximately the same degree as both its civilian predecessors and its successors. The armed forces took power in 1968 in large

part because key officers thought the Belaúnde regime had been prevented from undertaking needed reforms by the party system, the Congress, the landed "oligarchy," and by U.S. corporations. The military found, however, that it could not sustain and implement many of the desired measures, despite the fact that all these obstacles were largely removed. As Alan Angell has put it, "if an authoritarian government coming to power with general support for its reformist aspirations could not govern effectively, and could not retain, let alone institutionalize, any social support, then we need to ask questions about the general difficulties of government in Peru, and not simply explain such difficulties in terms of the abuse of the political system, whether by civilians or soldiers."[16]

One lesson of Peru's experiment, especially for students of the military in politics, is that political leadership is very difficult even for a technically proficient and highly professionalized military with a strong educational system and a favorable context for the exercise of its influence. It was relatively easy for the Peruvian armed forces to seize and consolidate power and to decree profound reforms. It was much more complicated, however, to regiment a recalcitrant society, to dictate changed attitudes, to will efficiency into existence, and to induce cooperation. Most importantly, the military's concern for its own hierarchy and autonomy made it hard for it to advance far on projects to build popular participation into the reform process. SINAMOS, the social-mobilization agency that was supposed to resolve the problems of political participation, instead embodied the contradictions and dilemmas of the military approach to politics; the fact that each district director of SINAMOS was also the commanding officer of the army's coterminous military district was symptomatic.

It was difficult for the military institution to merge with the state even when its economic policies seemed to be successful. Without extensive use of coercion, it was virtually impossible for the military to stay in power when its economic policies failed. In addition, acting as the state, the armed forces became politicized and came to reflect the major social cleavages and ideological conflicts of the society. This, in turn, undermined institutional cohesion. The military's failure was a decisive blow to its ambitions, but not to its institutional survival. It withdrew from a discredited, unpopular intervention without becoming the target of civilian revenge and with its constitutional right to intervene left intact.

[16] Alan Angell, "The Difficulties of Policy-Making and Implementation in Peru," *Bulletin of Latin American Research* 3 (January 1984), 27.

A second lesson of Peru's experiment is that the "third way" to development—neither "capitalist" nor "socialist"—runs the risk of falling between two schools; it undergoes the defects of each approach without the virtues of either. As practiced in Peru, the third way to development alienated both capitalists and labor unions. It discouraged capital accumulation and investment without significantly advancing social equity. It spurred popular expectations without increasing the capacity to fulfill them, and increased the need for foreign investment while decreasing the likelihood that it would be forthcoming. In some cases, these failures may have been avoidable, but to a certain degree, the Peruvian case exposed the contradictions inherent in an approach that proposed socialist values within a capitalist distribution of property.

Finally, the Peruvian experiment's shortfalls were so "overdetermined" that perhaps no definitive lessons should be drawn. It was beset by bad luck, bad timing, bad management, and bad policy—any one of which was probably sufficient to cause it to fail. The disappearance of the *anchoveta* from which fish meal, a major Peruvian export, is made; the nonappearance (in expected quantities) of oil; the changing international political context after the fall of Allende in Chile and Torres in Bolivia; Velasco's failing health—all these constitute "bad luck."

The fact that Peru's needs for more capital coincided so neatly with the international energy crisis of 1973-1974 led Peru to overextend its financial obligations more than it would have in other circumstances, with ultimately painful results. The effects of inexperience, corruption, and mismanagement—especially in the rapidly expanding public administration—should not be underestimated. Neither should the consequences of economic and political misjudgments that delayed Peru's major development projects and converted even the potential beneficiaries of the reform program into insecure and untrusting nonallies. In a sense, therefore, the Peruvian experiment was not only ambiguous and unsuccessful, but ultimately inconclusive.

It is in part for the last reason, no doubt, that Peruvians in the mid-1980s are reevaluating the military period, trying to assess whether the initiatives of the 1970s might again be relevant. Faced with mounting economic problems, the further decay of Lima, and a major rural insurgency (the Sendero Luminoso, or "Shining Path"), Peruvian voters in 1985 elected a president from the APRA party for the first time in history, and a coalition of leftist parties became the second-largest congressional bloc. The political parties that did well in the 1985 elections were those to the right and to the left of the approach of Peru's military leaders, and

former president Morales Bermúdez himself did very poorly as a candidate. Nevertheless, the newly elected government of Alán Garcia is using many of the same advisers—and some of the same rhetoric and concepts—as were employed during the 1970s. An ultimate appraisal of the Peruvian experiment's legacy must await the results of this new chapter.

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