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NEOLIBERALISM AND THE TRANSFORMATION OF POPULISM IN LATIN AMERICA

The Peruvian Case

By KENNETH M. ROBERTS*

CONTEMPORARY Latin American scholarship has been confronted by a novel paradox—the rise of personalist leaders with broad-based support who follow neoliberal prescriptions for economic austerity and market-oriented structural adjustments. Leaders like Fujimori and Menem have been difficult to characterize and interpret, as their personalistic style of leadership evokes images of populist leaders of the past, but their economic policies diverge sharply from the statist and distributive (or redistributive) emphases of traditional populism.

This paradox may be more apparent than real, however, since it rests upon a widespread presumption that neoliberalism and populism are antinomies that represent fundamentally divergent economic projects. It also reflects the belief (or hope?) that populism corresponded to an earlier phase of socioeconomic development—one usually associated with import substitution industrialization—that has been eclipsed by the debt crisis and the neoliberal revolution. However, several recent works have noted a coincidence between neoliberal economics and populist politics,¹ raising basic questions about the meaning of populism and its relationship to different economic models. Is populism re-

* The author would like to thank Kurt Weyland, Karen Remmer, Gilbert Merkx, Robert Kaufman, Philip Oxhorn, and Steve Levitsky for helpful comments on earlier drafts of this article.

¹ See, for example, Luiz Carlos Bresser Pereira, José María Maravall, and Adam Przeworski, *Economic Reforms in New Democracies: A Social Democratic Approach* (Cambridge: Cambridge University Press, 1993), 10; Denise Dresser, *Neopopulist Solutions to Neoliberal Problems: Mexico's National Solidarity Program* (San Diego: Center for U.S.-Mexican Studies, 1991); Carmen Rosa Balbi, "Del Golpe de 5 de Abril al CCD: Los Problemas de la Transición a la Democracia," *Pretextos* 3-4 (December 1992), 53-55; Julian Castro Rea, Graciela Ducateneiler, and Philippe Faucher, "Back to Populism: Latin America's Alternative to Democracy," in Archibald R. M. Ritter, Maxwell A. Cameron, and David H. Pollock, eds., *Latin America to the Year 2000: Reactivating Growth, Improving Equity, Sustaining Democracy* (New York: Praeger, 1992), 145; and Kurt Weyland, "Neo-Populism and Neo-Liberalism in Latin America: Unexpected Affinities" (Paper presented at the annual meeting of the American Political Science Association, New York, September 1-4, 1994).

slient enough to adapt to the socioeconomic and political conditions of a new era in Latin America, or is it inextricably associated with an earlier phase or model of socioeconomic development? And if populism has not been extinguished, is it possible to reconcile its essential features with those of its putative antithesis, neoliberalism?

Although previous works have argued persuasively that populism is a recurring phenomenon, rather than a period-specific historical anomaly,² there is still a tendency to associate it with statist and redistributive policies that are antithetical to neoliberalism. As such, the specter of populism in contemporary Latin America is usually equated with a lower-class backlash against the austerity, inequalities, and market insecurities attendant on neoliberalism.³ Likewise, presidents and finance ministers who implement IMF-approved stabilization plans routinely pledge to resist the “populist temptation”—that is, the politically expedient but fiscally “irresponsible” increase of government spending to ameliorate the social costs of market reforms. The possibility that populist tendencies could arise *within*—rather than *against*—a neoliberal project has yet to be fully explored.

Drawing from an analysis of the Fujimori regime in Peru, this study suggests the emergence of new forms of populism that are compatible with and complementary to neoliberal reforms in certain contexts. This new, more liberal variant of populism is associated with the breakdown of institutionalized forms of political representation that often occurs during periods of social and economic upheaval. Its emergence demonstrates that populism can adapt to the neoliberal era and that it is not defined by fiscal profligacy; indeed, even when constrained by fiscal austerity and market reforms, personalist leaders have discovered diverse political and economic instruments to mobilize popular sector support when intermediary institutions are in crisis.

To understand this transformation of populism in the neoliberal era, a framework is needed for the comparative analysis of different expressions or subtypes of populism. This framework should help identify change and continuity in populist phenomena, while facilitating analysis of the conditions that spawned the unconventional partnership be-

² Ernesto Laclau, *Politics and Ideology in Marxist Theory* (London: NLB, 1977), 153; Robert H. Dix, “Populism: Authoritarian and Democratic,” *Latin American Research Review* 20, no. 2 (1985); Gamaliel Perruci, Jr., and Steven E. Sanderson, “Presidential Succession, Economic Crisis, and Populist Resurgence in Brazil,” *Studies in Comparative International Development* 24 (Fall 1989); and Cynthia Sanborn, “The Democratic Left and the Persistence of Populism in Peru, 1975–1990” (Ph.D. diss., Harvard University, 1991).

³ See Sergio Zermeño, “El Regreso del Líder: Crisis, Neoliberalismo, y Desorden,” *Revista Mexicana de Sociología* 51 (October–December 1989); or Jorge Castañeda, *Utopia Unarmed: The Latin American Left after the Cold War* (New York: Vintage Books, 1993), 49–50.

tween neoliberalism and populism in Peru. The following section develops a comparative framework that can be applied to both the Peruvian case and other examples of populism, whether of liberal or statist orientation. This framework suggests that intertemporal and cross-regional generalizability could be enhanced by decoupling the populist concept from any specific phase or model of development.

COMPETING PERSPECTIVES ON POPULISM

The analysis of potential linkages between populism and neoliberalism is highly contingent upon the conceptualization of populism. Unfortunately, few social science concepts can match populism when it comes to nebulous and inconsistent usage; like the proverbial blind man trying to describe an elephant by feeling its individual parts, conceptions of populism are shaped by selective attention to its multiple components, as well as by national or regional particularities. These multiple dimensions have allowed the populist concept to be applied to a wide range of loosely connected empirical phenomena, ranging from economic policies and development phases to political ideologies, movements, parties, governments, and social coalitions.⁴

Within this mélange, four principal perspectives on populism can be identified in the Latin American literature: (1) the historical/sociological perspective, which emphasizes the multiclass sociopolitical coalitions that typically arise during the early stages of industrialization in Latin America;⁵ (2) the economic perspective, which reduces populism to fiscal indiscipline and a set of expansionist or redistributive policies adopted in response to pressures of mass consumption;⁶ (3) the ideological perspective, which associates populism with an ideological discourse that articulates a contradiction between “the people” and a “power bloc”;⁷ and (4) the political perspective, which equates populism

⁴ Different conceptions of populism are discussed in Margaret Canovan, *Populism* (New York: Harcourt Brace Jovanovich, 1981).

⁵ Prominent examples include Gino Germani, *Política y Sociedad en una Época de Transición: De la Sociedad Tradicional a la Sociedad de Masas* (Buenos Aires: Editorial Paidos, 1968); and Gino Germani, Torcuato S. di Tella, and Octavio Ianni, *Populismo y Contradicciones de Clase en Latinoamérica* (Mexico City: Ediciones Era, S.A., 1973).

⁶ The best representatives include Jeffrey Y. Sachs, *Social Conflict and Populist Politics in Latin America* (San Francisco: ICS Press, 1990); and Rudiger Dornbusch and Sebastian Edwards, “The Macroeconomics of Populism,” in Dornbusch and Edwards, eds., *The Macroeconomics of Populism in Latin America* (Chicago: University of Chicago Press, 1991). Limitations of the economic interpretation are discussed in Eliana Cardoso and Ann Helwege, “Populism, Profligacy, and Redistribution,” in Dornbusch and Edwards.

⁷ The best representative of the ideological perspective Ernesto Laclau (fn. 2), chap. 4. See also Canovan (fn. 4), 294.

with a pattern of top-down mobilization by personalist leaders that bypasses or subordinates institutional forms of political mediation.⁸

Taken in isolation, each perspective is limited either by a static tendency to bind the populist concept to a particular stage in history, thus denying its dynamic and adaptive properties, or by a reductionist tendency to transform a complex, multidimensional phenomenon into a unidimensional one. The historical/sociological perspective, for example, captures much of the richness and complexity of populism, but weds it to a particular stage in the socioeconomic and political development of Latin American societies. For writers like Germani and Ianni, populism corresponded to a transitional stage on the path between traditional and modern societies, when the breakdown of the oligarchic order in the 1930s allowed newly mobilized urban working and middle classes to be incorporated into the political process. Even scholars from the Marxist and dependency traditions who did not adopt this functionalist orientation shared a basic conception of populism as a multiclass political movement corresponding to the stage of import substitution industrialization (ISI).⁹ According to this interpretation, the statist and nationalist policies of ISI allowed populist leaders to build cross-class alliances between urban labor, the middle sectors, and domestic industrialists. However, the "exhaustion" of ISI strategies after the 1950s eroded the material foundations for multiclass coalitions, accentuating class conflicts and spawning new forms of exclusive authoritarianism to demobilize popular sectors.¹⁰ More recently, it has been argued that the viability of populism has diminished as a result of the debt crisis and neoliberal adjustments, which have undermined the fiscal base of distributive programs and emasculated labor unions and other collective actors whose economic interests defined traditional populist agendas.¹¹

⁸ See, for example, the definition offered by Julio Cotler, in Carlos Franco, Julio Cotler, and Guillermo Rochabrun, "Populismo y Modernidad," *Pretextos* 2 (February 1991), 105. See also Castro Rea, Duchen-Zeiler, and Faucher (fn. 1), 126; and Nicos Mouzelis, "On the Concept of Populism: Populist and Clientelist Modes of Incorporation in Semi-Peripheral Polities," *Politics and Society* 14, no. 3 (1985).

⁹ The "structural approach" of Carlos M. Vilas is unusually explicit in this regard, as it interprets populism as a strategy for accumulation corresponding to "the first stage of the growth of national industry and the consolidation of the domestic market"; see Vilas, "Latin American Populism: A Structural Approach," *Science and Society* 56 (Winter 1992–93), 411.

¹⁰ Several of the most influential works on twentieth-century Latin American politics adopt variants of this interpretation; see Guillermo O'Donnell, *Modernization and Bureaucratic-Authoritarianism* (Berkeley: Institute of International Studies, 1973), chap. 2; and Fernando Henrique Cardoso and Enzo Faletto, *Dependency and Development in Latin America* (Berkeley: University of California Press, 1979), chaps. 5, 6. See also Michael L. Conniff, "Introduction: Toward a Comparative Definition of Populism," in Conniff, *Latin American Populism in Comparative Perspective* (Albuquerque: University of New Mexico Press, 1982).

¹¹ See, for example, Robert R. Kaufman and Barbara Stallings, "The Political Economy of Latin American Populism," in Dornbusch and Edwards (fn. 6), 31–32; and the "Comment" by Paul Drake in the same volume, 40.

However helpful for understanding the rise and fall of classical populism in Latin America, evolutionary theories of developmental stages conceptualize populism in a way that is static and spatiotemporally bounded—as a fixed stage in a sequential pattern of development that has already moved on to more advanced levels in Latin America and may not have clear parallels in other regional experiences. As such, they provide little insight into kindred phenomena in other development contexts,¹² and they fail to identify the social conditions or coalitions that could generate new forms of populism in the post-ISI era. Likewise, they do not anticipate adaptations in populist expressions that would allow significant forms of continuity under changing social and economic conditions.

Alternatively, the economic and ideological perspectives skirt the problem of multidimensionality by prioritizing a single component of populism. The economic approach, for example, equates populism with expansionist or redistributive economic policies that are untempered by fiscal considerations. Accordingly, this perspective purges the populist concept of its political and sociological content beyond the desire of populist leaders to build political support by enhancing mass consumption. It is also less bound to any particular phase of development, because it treats fiscal laxity as a permanent temptation facing governments of diverse ideological orientations within the context of Latin America's social inequalities and distributive conflicts.¹³ The narrowness of this reductionist and economicistic approach makes it at once too elastic and too restrictive. Its elasticity allows the populist epithet to be hurled at virtually any government, from that of Allende to that of Sarney, which fails to extract resources commensurate with its spending commitments, whether or not it possesses a populist social coalition or leadership style.¹⁴ Conversely, its restrictiveness excludes contemporary political phenomena that have striking parallels with classical populism, but coexist with a different type of economic project, whether out of ideological conviction or due to fiscal constraints. In particular, it defines away forms of clientelism and other economic instruments for mobilizing lower-class political support that do not rely upon inflationary wage increases or deficit spending.

¹² This holds true not only for liberal variants of populism in contemporary Latin America but also for rural manifestations of populism in Russia and the United States in the late nineteenth century.

¹³ The hypothesis linking populism to social inequality and distributive conflict is most fully elaborated by Sachs (fn. 6). A good discussion of class and sectoral distributive conflicts can also be found in Kaufman and Stallings (fn. 11), 19–22.

¹⁴ Warnings of excessive elasticity have also been made by Drake (fn. 11), 38; and Cardoso and Helwege (fn. 6).

Finally, the political perspective focuses attention on the deinstitutionalization of political authority and representation under populism—that is, on the direct, paternalistic relationship between personalist leaders and their heterogeneous mass of followers, which numerous scholars see as a central feature of classical populism.¹⁵ This perspective is essential for understanding new forms of populism in contemporary Latin America that both exploit and accelerate the erosion of institutionalized forms of political representation in countries like Peru. However, it does not explain how some of Latin America's classical populist figures, such as Cardenas and Haya de la Torre, combined personalist leadership with significant forms of institution building. A unidimensional political perspective may also find it difficult to explain the successful generation and reproduction of popular support, even by a charismatic leader. Populist leaders may be able to mobilize support by articulating political issues or symbols such as the fight against corruption, the extension of citizenship rights,¹⁶ or the need for "the people" to challenge entrenched bureaucrats and political elites. As such, populist economic measures are *not* a necessary condition for populist authority relations.¹⁷ Nevertheless, in a region of profound inequalities and widespread economic insecurity, most populist expressions will try to establish a material foundation to cultivate lower-class support. This is a challenge for any conception of populism that is extended to a neoliberal project, and it is the principal reason why populism is presumed to be incompatible with neoliberalism.

These competing perspectives can produce radically different interpretations of the same phenomenon. For example, writing essentially from an economic perspective, Kaufman and Stallings argue that the electoral platform of Brazil's leftist leader Lula in 1989 was populist, whereas the conservative Fernando Collor represented an "antipopulist" project.¹⁸ However, a political perspective could easily lead to the conclusion that Collor was the populist; whereas Lula's candidacy was grounded in the institutional support of party, labor, and civic associations, Collor was an archetypal personalist leader of the atomized and unorganized poor.¹⁹

¹⁵ See, for example, Carlos de la Torre, "The Ambiguous Meanings of Latin American Populisms," *Social Research* 59 (Summer 1992), 396–99; and Conniff (fn. 10), 21–22. Paul W. Drake acknowledges the importance of this element but warns that populism cannot be reduced to it; see Drake, "Conclusion: Requiem for Populism?" in Conniff (fn. 10), 220–23.

¹⁶ Germani (fn. 5), 325–27, for example, argues that Peron's working-class support was based less on tangible material rewards than on perceived gains in personal power and citizenship rights.

¹⁷ The author is indebted to Philip Oxforn for clarifying this point.

¹⁸ Kaufman and Stallings (fn. 11), 33.

¹⁹ See Weyland (fn. 1), 13.

Given the inconsistent meanings generated by these alternative perspectives, it is hardly surprising that scholars have questioned the utility of the populist concept for social science inquiry.²⁰ However, as Collier and Mahon warn, important empirical content can be lost when concepts are discarded prematurely as a result of ambiguity or an incomplete “fit” across cases.²¹ The populist concept should be retained, but conceptualized synthetically, as there are no clear theoretical or empirical grounds for adopting an essentialist perspective that prioritizes any single property of this multidimensional phenomenon. An integral, prototypical populist experience such as that of Argentina under Peron would thus aggregate the core features from the four perspectives outlined above. By disaggregating, it is then possible to identify populist subtypes that share a “family resemblance” and manifest some but not all of the core attributes. For example, the reductionist notion of economic populism could signify a subtype that incorporates core economic properties, but not all of the pertinent social and political attributes.

To facilitate comparative analysis of different populist expressions, a synthetic construction of populism can be founded on the following five core properties that are derived from these competing perspectives.

1. a personalistic and paternalistic, though not necessarily charismatic, pattern of political leadership
2. a heterogeneous, multiclass political coalition concentrated in subaltern sectors of society
3. a top-down process of political mobilization that either bypasses institutionalized forms of mediation or subordinates them to more direct linkages between the leader and the masses
4. an amorphous or eclectic ideology, characterized by a discourse that exalts subaltern sectors or is antielitist and/or antiestablishment
5. an economic project that utilizes widespread redistributive or clientelistic methods to create a material foundation for popular sector support

²⁰ See Ian Roxborough, “Unity and Diversity in Latin American History,” *Journal of Latin American Studies* 16 (May 1984), 14.

²¹ David Collier and James E. Mahon, Jr., “Conceptual ‘Stretching’ Revisited: Adapting Categories in Comparative Analysis,” *American Political Science Review* 87 (December 1993), 846. Their suggestion to treat problematic concepts as “radial categories” provides a potential escape from the conceptual morass that plagues the study of populism, and it guides the reformulation that follows. A radial category is anchored in a prototypical case that incorporates a bundle of core elements or properties. Secondary categories (or subtypes) are variants of the prototypical case that share some (but not all) of its defining attributes and have no necessary connection to one another. Radial categories have three principal methodological advantages in this context: (1) they allow aggregation of the distinct properties of multidimensional concepts; (2) they provide precise specification, while still allowing a concept to be extended across cases that approximate the prototype in varying degrees, and (3) they facilitate the identification of distinct subtypes within a particular category.

These core properties are consistent with the classic cases of populism from the import substitution phase of development, and they closely follow the multidimensional conceptualizations of authors like Conniff, Drake, and De la Torre. However, a number of subtle modifications enable these properties to transcend spatiotemporal boundaries and travel more easily to the social and economic terrain of contemporary Latin America, as well as to non-Latin American contexts. The inclusive notion of “subaltern sectors” is more appropriate than the conventional focus on the working class, given the increasing informality and heterogeneity of the workforce and the diminished political centrality of organized labor in Latin America. Likewise, an antielitist and/or antiestablishment discourse allows for mobilizing ideologies that are directed against an entrenched political class (or the institutions that they embody),²² as well as traditional oligarchs or economic elites. Finally, the emphasis on direct relationships between leaders and followers highlights the weakness of institutionalized channels of political representation in contexts where populism is likely to emerge.

Although these core properties focus primarily on the political and sociological dimensions of populism, they maintain its economic content without binding the concept to any specific phase or model of development. This conceptualization presumes that populist leaders tend to design economic policies to build or sustain political support by providing material benefits to subaltern groups. The specifics of macroeconomic policy are variable, however; they may be market or state oriented, open or closed to international competition, fiscally lax or disciplined, and progressive or regressive in their overall distributive effect. This flexibility enables the populist concept to travel across different development strategies, recognizing that there exist multiple and diverse economic instruments for the cultivation of lower-class support.

But does this reconceptualization allow populism to coexist with neoliberalism, which for both economic and political reasons is presumed to be antithetical to populism? Economically, its free-market orientation contrasts with the statist and interventionist policies of classical populism, which relied heavily upon a proprietary state, protected industries, and price controls or subsidies. Likewise, the fiscal austerity and international economic integration advocated by neoliberalism clash with the mass consumption and economic nationalism of classical populism. Finally, neoliberalism has generally redistributed in-

²² This aspect of populism is discussed in Canovan (fn. 4), chap. 7.

come upward rather than downward, at least in its initial stages. Indeed, in the drive to create more “flexible” labor markets, it has often harmed the working-class constituency of classical populism by lowering wages, reducing formal sector employment, and emasculating workers’ legal protections. The primary beneficiaries of neoliberalism—and presumably its core sociopolitical constituency—are thus conventionally seen as more elitist and exclusive than those of populism.

Moreover, neoliberalism is thought to have a very different political logic than populism—one that rejects any sort of rent-seeking behavior by the “redistributive combines” in civil society that specialize in extracting resources or economic privileges from the state.²³ Populism is widely alleged to reflect the inability of the state to resist the competing claims of organized class or sectoral groups; indeed, it is often equated with the efforts of personalist leaders to inflate societal demands for their own political gain. In contrast, neoliberalism often relies upon technocratic decision making, which helps to insulate the state from societal demands and to subject individual economic agents to the competitive logic and discipline of the marketplace. As the state retreats from welfare, redistributive, and integrative functions, it is left largely to the market to process conflicting individual and collective demands.

However, these perspectives rest upon stage theories or narrow economic interpretations of populism, and they have two principal limitations. First, they emphasize economic demands in the genesis of populism to the neglect of authority relations. As such, they fail to recognize that by weakening or circumventing organized interests and institutional forms of representation—the alleged purveyors of populism—the stage is cleared for the direct, unmediated mobilization of atomized masses by personalist leaders. As the Peruvian case shows, both neoliberal adjustments and the economic crises that precede them have weakened organized labor and political parties, the classic forms of institutional representation for subaltern sectors. They have thus created a political context where populist leadership is likely to thrive, that is, one in which autocratic authority is suspended above organized interests and institutionalized forms of accountability.²⁴

Second, arguments that see neoliberalism and populism as inherently incompatible ignore not only the variability of populist (and neoliberal) economic formulas but also the ingenuity of leaders who need to main-

²³ The classic critique of redistributive combines is Hernando de Soto, *The Other Path: The Invisible Revolution in the Third World* (New York: Harper and Row, 1989), chap. 6.

²⁴ See Guillermo O’Donnell, “Delegative Democracy,” *Journal of Democracy* 5 (January 1994); and Bresser Pereira, Maravall, and Przeworski (fn. 1), 10.

tain political support while implementing structural adjustments. Classical populism used a mixture of selective and universal measures as economic levers to cultivate popular support. In a context of fiscal austerity, neoliberal adjustments may preclude some generalized material benefits such as higher wages or subsidized consumer goods, both instruments commonly used by classical populists. However, political dividends may be derived from the alleviation of hardships inflicted by hyperinflation upon the most vulnerable sectors of society. Moreover, neoliberal adjustments may facilitate the provision of more selective, targeted material benefits to specific groups, which can be used as building blocks for local clientelist exchanges. Targeted programs have a more modest fiscal impact than universal measures, but their political logic can be functionally equivalent, as both attempt to exchange material rewards for political support.

Besides their lower cost, targeted programs have the advantage of being direct and highly visible, allowing government leaders to claim political credit for material gains. By allowing leaders to personally inaugurate local projects or "deliver" targeted benefits, selective programs are highly compatible with the personalistic leader-mass relationships of populism. Much like Olson's argument that selective incentives provide more powerful inducements to collective action than do public goods,²⁵ selective benefits may create stronger clientelist bonds than universal benefits, especially politically obscure ones like permanent price subsidies or exchange controls. Selective rewards bestowed upon a particular community or group provide powerful inducements for an exchange of political support, creating localized reciprocal relationships where paternalism and clientelism thrive. In short, leaders may seek to establish a material foundation for populism at the microlevel even where macrolevel policies are apparently exclusive or antipopular.

The Peruvian case suggests that a strict neoliberal project at the macrolevel may be compatible not only with populist-style political leadership but also with populist economic measures at the microlevel. This amalgam is not exempt from contradictions, and it is far from certain that it will prove effective over the long term in reproducing a popular political constituency to undergird a neoliberal project. However, the existence of such an unexpected amalgam and its indisputable short-term political success warrant closer examination.²⁶

²⁵ Mancur Olson, *The Logic of Collective Action* (Cambridge: Harvard University Press, 1971).

²⁶ As of this writing (April 1995), President Alberto Fujimori has translated public approval ratings of over 60 percent into a landslide first-round reelection in his presidential contest with former United Nations Secretary General Javier Perez de Cuellar and twelve other candidates.

THE TRANSFORMATION OF POPULISM IN PERU: AN ANALYSIS OF *FUJIMORISMO*

At first glance, Peru appears to offer a classic case of what Drake calls “bait and switch” populism²⁷—that is, personalist leaders who campaign on a populist platform, only to switch abruptly to neoliberal policies following election. However, the about-face in economic policies does not necessarily signify a complete abandonment of populism, nor the sacrifice of political support from popular sectors. Although Peru’s economic crisis and the neoliberal revolution imposed novel constraints upon populism, they did not extinguish it, as new forms of populist expression emerged in the political vacuum bequeathed by the collapse of the party system.

Indeed, the political career of Alberto Fujimori is a testament to the malleability of populism. Since Fujimori’s meteoric rise to political prominence in 1990, three populist features have been constant: a personalistic style of leadership, a heterogeneous social constituency with widespread lower-class support, and the absence of institutionalized forms of political mediation between the leader and his followers. However, the ideological and economic formulas used to generate (or sustain) this popular support have changed over time, with three distinct phases identifiable. The first phase was associated with Fujimori’s electoral campaign, when his populist formula cultivated a “man of the people” image and proposed a gradualist economic program to avoid the social consequences of a neoliberal “shock.” During the second phase, which covered roughly Fujimori’s first two years in office, economic populism essentially disappeared, but a populist constituency was sustained through attacks on the political establishment. The third phase, which began in the period following Fujimori’s April 1992 “presidential coup” (the *autogolpe*) and continued through his 1995 reelection campaign, was characterized by a resurgence of economic populism at the microlevel. These three phases highlight the diversity of populist instruments, as well as their transformation in the neoliberal age.

PHASE 1: FROM OUTSIDER TO THE PRESIDENCY

A virtual unknown a mere month before the first round of the April 1990 presidential election, Fujimori surged to victory by capitalizing on the crisis of established parties and running against the neoliberal

²⁷ Drake (fn. 11), 36.

“shock” program promised by the conservative novelist and overwhelming favorite Mario Vargas Llosa, who had the backing of Peru’s traditional elite.²⁸ Indeed, Fujimori built his political base on the rubble left by the collapse of more traditional populist experiments, namely, those of incumbent president Alan García and leftist leader Alfonso Barrantes. García inherited the leadership of APRA, Latin America’s oldest populist party, following the death of the party’s founder and longtime leader Victor Raul Haya de la Torre.²⁹ The young, charismatic García cultivated an enormous personal following and in 1985 led APRA to the presidency for the first time in its history. His support grew as he pledged to limit debt service payments, then implemented a heterodox program of wage hikes, price controls, and tax breaks in order to stimulate aggregate demand and lift Peru out of recession, thus generating a short-lived economic boom. However, García and APRA were devastated politically as foreign exchange constraints and government deficits led to hyperinflation, the collapse of real wages, and a 25 percent contraction of the Peruvian economy between 1988 and 1990.³⁰

The demise of *Aprismo* seemed to open new political space for the United Left (IU) coalition, the strongest electoral force on the South American left for most of the 1980s, and APRA’s principal competitor for lower-class support.³¹ However, long-standing conflict between moderates and radicals culminated in a division of the IU in 1989 and the collapse of the left as a serious electoral force. IU moderates wanted to support Barrantes, an independent leftist and former mayor of Lima, as a presidential candidate, believing his personal appeal would expand the coalition’s electoral constituency among centrist and independent voters. In contrast, more radical parties in the IU viewed Barrantes’ populist tendencies as an impediment to the development of a more institutionalized left-wing alternative, and they rejected his conciliatory call for a multilateral “national accord” to buttress Peru’s tentative

²⁸ For an analysis of Fujimori’s victory, see Carlos Ivan Degregori and Romeo Grompone, *Elecciones 1990: Demenios y Redentores en el Nuevo Perú* (Lima: Instituto de Estudios Peruanos, 1991). Fujimori’s meteoric rise to prominence was not the first symptom of the crisis in Peru’s system of partisan representation; it was preceded in 1989 by the populist-style election of the independent television personality Ricardo Belmont as mayor of Lima.

²⁹ The populism of APRA and Haya de la Torre is discussed in Steve Stein, *Populism in Peru: The Emergence of the Masses and the Politics of Social Control* (Madison: University of Wisconsin Press, 1980).

³⁰ The collapse of García’s heterodox program is analyzed in Mañuel Pastor, Jr., and Carol Wise, “Peruvian Economic Policy in the 1980’s: From Orthodoxy to Heterodoxy and Back,” *Latin American Research Review* 27, no. 2 (1992).

³¹ Both APRA and the IU garnered substantial support from workers and the urban poor in the 1980s; see Maxwell A. Cameron, *Democracy and Authoritarianism in Peru: Political Coalitions and Social Change* (New York: St. Martin’s Press, 1994), chaps. 2, 3.

democracy against the economic crisis and the Shining Path guerrilla insurgency. Hoping to marginalize the radical left, Barrantes and his supporters broke with the IU in 1989, gambling that an independent candidate who promised economic relief and political "concertation," or accommodation, could capture the floating mass of centrist and center-left voters who were seeking a viable alternative to the discredited APRA and the neoliberal "shock" of Vargas Llosa.

Barrantes figured right, except that the independent candidate favored by these voters was a political novice and outsider, Alberto Fujimori, rather than the familiar populist of the Peruvian left.³² In effect, Fujimori won the election using Barrantes's game plan: a personalist campaign that avoided partisan obligations, an appeal to lower-class and unattached voters, and an emphasis on political concertation rather than a neoliberal shock as the solution to the national crisis. After finishing a close second to Vargas Llosa in the first round of the election, Fujimori crushed his conservative rival in the second round by picking up the support of leftist and *Aprista* voters.

In order to avoid alienating voters, Fujimori eschewed ideological definition and cultivated the image of the untainted leader who was above the fray of partisan politics. He thus claimed to represent the interests of common people against the sectarianism and self-interested machinations of traditional politicians. While campaigning against the shock treatment promised by Vargas Llosa, he said little about his own program beyond espousing a vague commitment to a concertationist strategy to address social and economic problems. His campaign slogan of "honesty, technology, and work" contrasted with the demagoguery of traditional politicians and evoked images of probity, efficiency, and technocratic modernization, rather than ideological motivation. This lack of ideological definition was ideal for attracting unattached, lower-class voters with predominantly centrist or uncertain political orientations.³³

Given the delegitimation of Peru's creole political elite, Fujimori's Japanese heritage was an asset rather than an obstacle in this process of image building. Besides spawning hopes for an infusion of Japanese capital, it allowed him to benefit from popular stereotypes of the Japanese immigrant community as a hardworking and successful minority

³² Barrantes, who had led polls of voter preferences in 1988 before the division of the IU, finished fifth in the first round of the election with a disastrous 4.8% of the vote. IU candidate Henry Pease received 8.2%, compared with 22.6% for APRA candidate Luis Alva Castro, 29.1% for Fujimori, and 32.7% for Vargas Llosa.

³³ For a discussion of these orientations, see the spatial analysis of the Peruvian electorate in Cameron (fn. 31), chap. 6.

group, and to portray himself as a political outsider of humble origins who had risen through personal talent and initiative. Efforts by some of Vargas Llosa's supporters to stir up nationalist sentiments against Fujimori backfired, as Fujimori took advantage of the profound cultural cleavage between Peruvians of European descent and those of indigenous descent. Indeed, Fujimori's facial features, migratory experience, and modest origins were more reminiscent of Peru's *mestizo* and indigenous majority than those of the Europeanized Vargas Llosa.³⁴ Fujimori, then, cultivated a double image: as a political outsider who was untainted by an association with established institutions³⁵ and as a leader who had emerged from the common people to offer a fresh alternative. Consequently, while the urbane Vargas Llosa obtained the backing of conservative parties and the coastal creole elite, Fujimori swept the Andean highlands and the sprawling urban lower-class districts populated by the *mestizo* and indigenous majority. In so doing, he earned votes that had previously gone to APRA or the IU, and he took most of the floating, independent votes in the political center that were generally decisive in Peruvian elections.³⁶

In short, along with his vague promise to avoid a harsh economic stabilization program, Fujimori's personal qualities were central to the heterogeneous political support that he garnered. Fujimori's relationship to his supporters during the campaign was direct and highly personalistic; to highlight his background as an agronomist, he traversed the Andean highlands and urban shantytowns on a tractor, and he ate in public marketplaces among the masses. Institutional mediation was exceptionally weak; Fujimori's "party," Cambio 90, was cobbled together shortly before the election from personal acquaintances in business and academic circles, after Fujimori had failed to obtain a position on the senatorial list of the pro-Barrantes Izquierda Socialista.³⁷ Fujimori's running mates were drawn from a federation of small businesses and a Protestant organization, but relations with these groups frayed quickly after his election to the presidency.

³⁴ See Aldo Panfichi, "The Authoritarian Alternative: 'Anti-Politics' among the Popular Sectors of Lima," in Carlos Vilas, Katherine Roberts-Hite, and Monique Segarra, eds., *Rethinking Participation in Latin America* (forthcoming).

³⁵ The advantages of being an outsider in a time of institutional crisis are perhaps best captured in an anecdote told by Alma Guillermoprieto in *The Heart That Bleeds: Latin America Now* (New York: Alfred A. Knopf, 1994), 81. A market vendor was approached by a prominent leftist leader who asked why she was displaying a poster of Fujimori during the presidential campaign. She responded that she supported him "because he hasn't done anything yet."

³⁶ The social bases of Fujimori's victory are dissected in Cameron (fn. 31), chap. 5.

³⁷ Alberto Adriazén, "Dispersión Política, Partidos y Rito Electoral," *Quehacer 91* (September–October 1994), 5.

Given Fujimori's campaign themes and political constituency, Peruvians were stunned when, within two weeks of his inauguration, the new president reversed course by adopting a stabilization program that was even tougher than that proposed by Vargas Llosa.³⁸ As shown below, this new economic model did not force Fujimori to abandon populism; it did, however, require significant modifications in the content of his populist message, with a deemphasis of the material components and the intensification of antiestablishment political themes.

PHASE 2: DEINSTITUTIONALIZATION AND THE POLITICS OF ANTI POLITICS

When Fujimori assumed the presidency, he inherited an economy in its third year of four-digit hyperinflation, along with a prolonged recession that had plunged Peruvians' per capita income back to the levels of the late 1950s. In response, he imposed a draconian package of neoliberal reforms with three principal components. The first step was a stabilization program adopted in August 1990 to control inflation and capture revenues needed to renew payments of the debt service. Price subsidies, social spending, and public sector employment were slashed, interest rates and taxes on government services were increased, and exchange rates were unified, producing a de facto devaluation of the currency. A second set of institutional reforms, begun in February 1991, was designed to move beyond stabilization toward a market-based restructuring of the Peruvian economy. These reforms included the deregulation of financial and labor markets, a reduction and unification of tariffs, the privatization of public enterprises, and efforts to broaden the tax base and reduce tax evasion. Finally, these market reforms, improving fiscal health, and the resumption of debt-service payments allowed Peru's reintegration into international financial circuits, perhaps the foremost objective of Fujimori's economic plan.³⁹

This structural adjustment was harsh medicine for an economy that had already suffered through a prolonged crisis, with devastating effects upon popular living standards. After losing 800,000 jobs in the 1988–89 economic crisis, employment declined by another 13.9 percent in

³⁸ The change in policy was encouraged by a trip that president-elect Fujimori made to the U.S. to meet with representatives of the IMF, the World Bank, and the Inter-American Development Bank. Following the resignation of the economists who advised Fujimori during his campaign, a new team—heavily influenced by neoliberal apostle Hernando de Soto—implemented the shock program in early August 1990, shortly after Fujimori assumed the presidency.

³⁹ Overviews of Fujimori's economic reforms can be found in Efraín Gonzales de Olarte, "Peru's Economic Program under Fujimori," *Journal of Interamerican Studies and World Affairs* 35 (Summer 1993); and Carol Wise, "The Politics of Peruvian Economic Reform: Overcoming the Legacies of State-Led Development," *Journal of Interamerican Studies and World Affairs* 36 (Spring 1994).

industry, 13.7 percent in services, and 21.8 percent in commerce in the first eighteen months under Fujimori.⁴⁰ Inflation, which had been running at about 40 percent per month, shot up to 398 percent in August 1990, before declining sharply to 3–5 percent per month in late 1992 and 1–2 percent per month in 1994. The number of Peruvians living in poverty rose to 54 percent of the population in the aftermath of the “Fujishock”; the percentage of the workforce considered underemployed or unemployed rose from 81.4 in 1990 to 87.3 in 1993; the informal sector grew from 45.7 percent of the workforce in 1990 to 57 percent in 1992; and real wages fell by 40 percent between 1990 and 1992, to 33 percent of the 1980 level in the private sector and 9 percent in the public sector. A decade-long trend toward increasing inequality also continued: the share of the national income represented by wages declined from 46.7 percent in 1980 to 19.9 percent in 1990 and 13 percent in 1992, whereas the share represented by profits rose from 25.9 percent in 1980 to 49.3 percent in 1990 and 54.5 percent in 1992.⁴¹

The severity of this stabilization plan, with its regressive distributive impact and firm commitment to austerity, makes it difficult to think of Fujimori as a populist figure. Indeed, supporters often praised his willingness to break with Peru’s entrenched populist tradition.⁴² However, upon closer examination it can be seen that Fujimori sustained his populist project through an astute manipulation of political and symbolic themes, even during a period when populist economic measures were notable for their absence.

Like classical populists, Fujimori’s discourse was antielitist and antiestablishment. However, rather than targeting the traditional oligarchy for its economic dominance, Fujimori began a systematic attack on Peru’s political elites and the establishment institutions they controlled—namely, the political parties, Congress, and the judiciary. This antiestablishment orientation was always present in Fujimori’s status as a political outsider. It intensified, however, after he took office, lacking an organized political base of his own and having to confront alternative, independent institutions; and it peaked when the Congress posed more assertive challenges to his economic and security policies in late 1991 and early 1992. Consequently, Fujimori sought to mobilize pub-

⁴⁰ *Peru Country Profile, 1992–93* (London: Economist Intelligence Unit, 1992), 11.

⁴¹ Data are taken from Denis Sulmont Samain, “Ajuste sin Reestructuración,” *Cuadernos Laborales* 100 (May 1994), 8–12; and Eliana Chávez O’Brien, “El Mercado de Trabajo y las Nuevas Tendencias en la Estructura del Empleo en el Perú,” *Socialismo y Participación* 60 (December 1992), 20.

⁴² See Rafael Romero, *El Pragmatismo de Fujimori: Del Exceso Ideológico al Realismo Político* (Lima: Sedito S.A., 1992).

lic opinion against what he called the *partidocracia*,⁴³ charging that the corruption, inefficiency, and sectarianism of entrenched party elites had brought Peru to the brink of economic collapse and civil war. He thus portrayed Peru's political establishment as a privileged, self-reproducing dominant class that threatened to block the implementation of economic reforms while placing partisan interests above the public good.

This "politics of antipolitics"⁴⁴ is a classic populist technique, by which a leader poses as the embodiment of national unity and the public interest against the dispiriting divisiveness of partisan or particular interests.⁴⁵ In Peru it resonated deeply with popular sentiments, as it capitalized on the delegitimation of institutions that had failed to contain the Shining Path insurgency or redress a deepening economic crisis. In 1989 only 43.5 percent of the individuals surveyed in lower-class sections of Lima said Peru had a democratic system, compared with 42 percent who said it was undemocratic.⁴⁶ By 1992 over 87 percent of respondents from lower-class sectors claimed that Congress and the judiciary had failed to fulfill their constitutional role.⁴⁷ In March 1992 only 12 percent of Peruvians expressed confidence in political parties, the lowest confidence level accorded any national institution.⁴⁸ This delegitimation of established institutions was so thorough that Fujimori received popular acclaim when he suspended the constitution, dissolved Congress and regional governments, and purged most of the judiciary in a military-backed *autogolpe* in April 1992.⁴⁹

Popular struggle, therefore, was redefined by Fujimori: no longer "the people" versus "the oligarchy," it became instead "the people"—represented by their elected president—versus the "political class." For Fujimori, this political class comprised not only professional politicians and

⁴³ Fujimori's attacks on the party system and the generalized crisis of political representation in Peru are analyzed in Alberto Adriánzén Merino, "Democracia y Partidos en el Perú," *Pretextos* 3–4 (December 1992), 7–19.

⁴⁴ For an analysis of the "politics of antipolitics," see Panfichi (fn. 34).

⁴⁵ See Canovan (fn. 4), chap. 7.

⁴⁶ Walter Alarcón Glasinovich, "Clases Populares, Cultura Política y Democracia," *Socialismo y Participación* 54 (June 1991), 4.

⁴⁷ Sandro Macassi Lavander, "Cultura Política de la Eficacia: Qué Hay Tras la Discusión Dictadura-Orden Constitucional?" *Socialismo y Participación* 58 (June 1992), 70–71.

⁴⁸ Apoyo S.A., *Informe de Opinión* (September 1992), 32. One study of the urban poor found that only 1.5% belonged to a political party, while 94% claimed that "the people have always been deceived by politicians"; see Jorge Parodi and Walter Twanama, "Los Pobladore, la Ciudad y la Política: Un Estudio de Actitudes," in Parodi, ed., *Los Pobres, La Ciudad y la Política* (Lima: Centro de Estudios de Democracia y Sociedad, 1993), 68–70.

⁴⁹ Fujimori's public approval rating jumped from 59% of the population to 82% during the week of his *autogolpe*; see Apoyo S.A. (fn. 48), 8. For an analysis of this support, see Balbi (fn. 1). An excellent account of the changes in the Peruvian state associated with the *autogolpe* is provided in Philip Mauceri, "State Reform, Coalitions, and the Neoliberal Autogolpe in Peru," *Latin American Research Review* 30, no. 1 (1995).

political parties, but virtually any organized interest group in the public domain, including those spawned by previous waves of populist mobilization. Therefore, in contrast to most classical populist experiences, the organized labor movement was not a central component of Fujimori's multiclass, catch-all coalition. Although Fujimori obtained backing from the major labor federations in the second-round election against Vargas Llosa, their organizational autonomy and political ties to the United Left made them uncertain allies. Indeed, organized labor turned quickly into a bitter opponent of Fujimori after his sudden embrace of neoliberal economics. Three failed national strikes, however, demonstrated organized labor's impotence in resisting the structural changes proposed by Fujimori. A bulwark of the protest movement that undermined military rule in the late 1970s, organized labor was then decimated by a decade of economic crisis that produced widespread factory layoffs, rising underemployment, and an informalization of the workforce. By 1991 the level of unionization had fallen by one-third to 12 percent of the workforce,⁵⁰ while over half of the economically active population in Lima worked in the informal sector and 49 percent of salaried workers in the private sector had temporary contracts.⁵¹

In short, structural changes in the Peruvian economy had fragmented and atomized the workforce, obstructing organizational efforts that relied upon class-based collective interests and identities. These changes made organized labor less broadly representative of diverse working-class interests, and it ceased to be the axis of popular political movements.⁵² Fujimori's economic model was therefore able to challenge the interests of a politically prostrate labor movement at relatively little cost—through wage cuts, decreased public and private sector formal employment, and changes in the labor law that emasculated collective rights.⁵³ Indeed, Fujimori had more to gain politically by aiming his message at the burgeoning microenterprise and informal sectors; they incorporated nearly five times as many people as the labor unions, and their ambiguous class identities, malleable political loyalties, and lack of autonomous organizational power facilitated personalist mobilization. As Franco has argued, Peru's urban masses have favored a long succession of highly differentiated populist figures in the absence of au-

⁵⁰ *Foreign Labor Trends: Peru* (Washington, D.C.: U.S. Department of Labor, 1991), 7.

⁵¹ Sulmont Samain (fn. 41), 11.

⁵² In particular, unions staunchly defended legal rights to employment security in response to widespread layoffs and government efforts to make the labor market more "flexible." Such concerns were of limited interest to the more numerous informal and temporary contract workers.

⁵³ The impact of neoliberal reforms on the labor movement is analyzed in Carmen Rosa Balbi, "Miseria del Sindicalismo," *Debate* 15 (November 1992–January 1993), 38.

tonomous and institutionalized forms of political representation.⁵⁴ Given the collapse of the state's capacity to deliver public services in the late 1980s, the urban masses were increasingly inclined to pursue individual rather than collective channels for advancement, and they were drawn to Fujimori's message of hard work, self-reliance, and efficiency. Fujimori thus selected running mates who were symbols of the self-made individual, and he cultivated the support of informals by promising to legalize street vendors and establish a bank to make loans to the informal sector.⁵⁵ He was rewarded with overwhelming political support.⁵⁶

The most notable features, then, of *Fujimorismo* were its personalism, atomization, and lack of institutionalization. The crises of APRA and the United Left had undermined partisan identities and created an institutional vacuum that predisposed the popular sectors to follow personalist leaders. Likewise, the weakening of organized labor and the informalization of the workforce created a fragmented, heterogeneous mass electorate that lacked autonomous organizational power. Fujimori's government was thus largely suspended above organized interests in civil society; given the preference for direct, unmediated linkages between the personalist leader and an atomized mass electorate, no significant efforts were made to construct institutionalized partisan or corporatist channels of representation. Indeed, the armed forces—or, at least, sectors within them—became Fujimori's principal base of institutional support, as the president quickly demobilized Cambio 90 and broke with the leadership of the Protestant and small business groups that had initially supported him. Following the 1992 *autogolpe* Fujimori helped create a new movement among supportive technocrats; Nueva Mayoría was to sponsor a slate of candidates in elections for a constitutional assembly and was subsequently used by Fujimori to subordinate Cambio 90 even further.

In short, Fujimori owed his political ascendance to the crisis of Peru's representative institutions, and he actively encouraged political dispersion and atomization to enhance his personal authority. This is best seen, perhaps, in his decision to greatly ease requirements to field candidates in the 1993 municipal elections. Since mayoral candidates did not need to mobilize the support or resources of party organizations to

⁵⁴ Carlos Franco, *Imagenes de la Sociedad Peruana: La Otra Modernidad* (Lima: Centro de Estudios para el Desarrollo y la Participación, 1991). See also Parodi and Twanama (fn. 48).

⁵⁵ See Cameron (fn. 31), chap. 6.

⁵⁶ The support of informal sectors for Fujimori is analyzed in Carmen Rosa Balbi, "Modernidad y Progreso en el Mundo Informal," *Pretextos* 2 (February 1991).

run for office, the result was a proliferation of independent candidacies and ephemeral political fronts. Predictably, there was a diffusion of smaller-scale populist experiences across the political spectrum; an extraordinary fifteen thousand independent lists ran in municipal races across the country,⁵⁷ capturing 73 percent of the vote nationwide.⁵⁸ By 1994 the institutional vacuum was so profound that 86 percent of the population claimed to be politically independent, with Cambio 90 receiving the highest level of public identification at 5 percent. Only 9 percent said they would vote for a candidate from a political party, with 77 percent claiming to prefer an independent.⁵⁹ The 1995 national elections confirmed that the Peruvian party system had essentially collapsed, as Fujimori and other independent candidates garnered 90 percent of the vote in the presidential race. Indeed, the traditional parties that had dominated Peruvian politics before 1900—the conservative Popular Action Party, the centrist APRA, and the United Left coalition—all lost their legal status after failing to obtain 5 percent of the vote.

Fujimori thus governed in a highly autocratic style, deliberately weakening or eliminating institutional checks on his authority, and allying himself with military officials to neutralize the only force that could threaten his regime. According to O'Donnell, such autocratic forms of authority—what he calls “delegative democracy”⁶⁰—are found in societies where economic crises and institutional weaknesses allow personalist leaders to pose as the embodiment or savior of the nation. These leaders may then govern arbitrarily, unchecked by institutional constraints, campaign promises, or organized interests. In the absence of institutionalized accountability, they can reverse direction suddenly, with relatively little concern for political ramifications.

Bresser Pereira, Maravall, and Przeworski see neoliberalism as having a natural inclination toward such autocratic and technocratic forms of rule, given the need to evade or override the political opposition of organized interests that would be hurt by structural adjustments. Furthermore, they argue, autocratic neoliberalism encourages rather than suppresses populist behavior—understood as the immediate pursuit of particularistic interests—by weakening the social and political institutions that can mediate and contain particularistic demands.⁶¹

⁵⁷ Julio Cotler, *Descomposición Política y Autoritarismo en el Perú* (Lima: Instituto de Estudios Peruanos, 1993), 27.

⁵⁸ Maxwell A. Cameron, “Political Parties and the Informal Sector in Peru” (Paper presented at the Eighteenth Congress of the Latin American Studies Association, Atlanta, March 10–12, 1994), 23.

⁵⁹ *Semana Económica*, March 20, and April 24, 1994, p. 6.

⁶⁰ O'Donnell (fn. 24).

⁶¹ Bresser Pereira, Maravall, and Przeworski (fn. 1), 10.

This analysis of Peru goes further by suggesting that autocratic neoliberalism in and of itself may embody the core political and sociological elements of populism outlined above. By crafting an image as a man of the common people, articulating the life experiences and aspirations of an informalized workforce, and confronting a corrupt and elitist political establishment, Fujimori was able to sustain a populist coalition even during a period of severe economic hardship. The question remains, however, whether autocratic neoliberalism can craft populist economic measures to help reproduce lower-class political support. The third phase of *Fujimorismo* began after the 1992 *autogolpe* opened the possibility of a constitutional change to allow presidential reelection. It was marked by a systematic effort to reconstruct a material foundation for populism at the microlevel. Once reelection became a distinct possibility, Fujimori was no longer content to rely primarily upon political mechanisms in his populist formula; indeed, he discovered that structural adjustments could provide unexpected economic instruments and political space for populist leadership, despite the macrolevel constraints of economic austerity.

PHASE 3: THE RESURRECTION OF ECONOMIC POPULISM UNDER NEOLIBERALISM

During Fujimori's first years in office, few economic instruments were available to ameliorate the social costs of the stabilization plan and sustain his initial base of popular support. The shock program of August 1990 had a severe impact on popular living standards; it was administered largely without anesthesia, that is, with only a paltry compensation plan to cushion the impact of price increases, job losses, and wage cuts. The problem was twofold: a lack of resources, given the fiscal crisis of the Peruvian state and the austerity requirements of stabilization, and a lack of administrative capabilities, due to the erosion of the state's institutional presence in society.⁶² Consequently, although Fujimori promised to spend over \$400 million in the months after the shock program to protect the poorest sectors, only \$90 million was actually spent on programs to alleviate poverty, and other forms of social spend-

⁶² For example, budget cuts forced the central government to reduce its administrative staff and workforce from 633,000 in 1990 to only 338,000 in 1993—an extraordinary 47% cut in only three years. See "VIII Foro Económico: Pobreza, Política Económica y Política Social," *Actualidad Económica* 16 (June 1994), 31. As Carol Graham points out, Fujimori inherited a state whose tax receipts had fallen from 15% to 3% of the GDP under García; see Graham, *Safety Nets, Politics, and the Poor: Transitions to Market Economies* (Washington, D.C.: Brookings Institution, 1994), 93. Nevertheless, Graham argues that given the availability of external resources, Fujimori's minimal effort to construct a social safety net to cushion the impact of market reforms was attributable more to a lack of political will than to fiscal constraints.

ing were being cut.⁶³ A new program, the Fondo Nacional de Compensación y Desarrollo (FONCODES), was established in 1991 to direct local infrastructure and poverty relief programs, but it lacked the administrative capability to spend all the funds it was allocated. In early 1992 FONCODES was spending less than 20 percent of its allocated budget; that figure barely topped 50 percent in early 1994.⁶⁴

As such, the only significant economic gain for popular sectors in the early years of structural adjustment was the sharp decline in the inflation rate, which fell from 7,650 percent in 1990 to under 20 percent in 1994. This gain was significant, as popular sectors were especially vulnerable to hyperinflation, given the inefficacy of wage indexation and the inability of the poor to protect income levels by holding foreign currency or sending capital abroad. But if stabilization reduced economic uncertainty, it was achieved at the cost of significant economic contraction and reduced consumption. Fujimori thus relied heavily upon nonmaterial factors to sustain his popular support—in particular, his campaign against the political establishment and the growing success of police intelligence units in the war against the Shining Path, which culminated in the capture of messianic rebel leader Abimael Guzman in September 1992. Additionally, at least some features of the economic model had a popular cast, even if they did not provide direct economic benefits to subaltern sectors. For example, Fujimori cracked down on large-scale tax evaders and withdrew a number of subsidies and tax exemptions that had traditionally favored large enterprises with political connections over smaller competitors.

By 1993, however, Fujimori's strategies began to change slowly, as a resumption of economic growth and tax reform, as well as a restoration of ties to international lending institutions, alleviated fiscal constraints. Government spending on social emergency programs, which totaled a paltry \$100 million in both 1991 and 1992, doubled in 1993. By the end of 1993 FONCODES had initiated ten thousand small-scale projects in agriculture, health care, education, sanitation, nutrition, transportation, and microenterprise promotion in an effort both to provide public services and to generate new employment.⁶⁵ A new residential infrastructure program (PRONAVI) was also expanded to begin housing construction, and Fujimori sharply increased the pace of his visits to

⁶³ José María Salcedo, "Si Hay Alternativas," *Quebacer* 85 (September–October 1993), 18.

⁶⁴ In 1994 the budget of FONCODES called for an expenditure of \$170 million, but it only spent \$45 million over the first half of the year; see *Caretas*, July 27, 1994, p. 22.

⁶⁵ See the interview with Arturo Woodman, former executive director of FONCODES, in *El Comercio*, November 14, 1993, p. A4.

poor communities to inaugurate public works projects. Between the April 1992 *autogolpe* and the November 1993 constitutional referendum, Fujimori personally dedicated seventy-one schools, mostly in lower-class urban districts.⁶⁶

A more dramatic change occurred in early 1994, however, when the Fujimori regime received an unexpected economic windfall—a privatization settlement worth over \$2 billion from the sale of Peru's state-owned telephone and telecommunications industries to a Spanish-led consortium of investors. The sale price, higher than what the government had anticipated, suddenly added to the state coffers a quantity of money that was equivalent to more than half of Peru's annual export earnings and more than 240 percent of the currency in circulation. While business interests clamored to have the money used for tax relief and the IMF insisted that it go for debt payments so as not to reignite inflation, Fujimori insisted that a sizable portion of the money be directed to social programs as part of a new "war on poverty." After getting IMF approval to double social emergency spending to \$450 million, Fujimori held out for additional increases before signing a new letter of intent, and he eventually received authorization to spend \$876 million on social and investment programs.⁶⁷ Meanwhile, Fujimori's minister of the presidency—whose office is responsible for FONCODES, PRONAVI, and the food assistance program PRONAA—promised to create a million new jobs before the 1995 elections through housing and public construction projects.⁶⁸ Fujimori announced a new \$400 million campaign to build thirty-one thousand homes, and promised to build one school per day in 1994 and two to three per day in 1995.⁶⁹ He also decreed special bonuses for public sector workers, a doubling of the minimum wage in the public health and education sectors, and an 83 percent increase in the private sector minimum wage, the first in two years.⁷⁰

Given Peru's accumulated social deficit, the urgent need for commitments of new resources can hardly be denied; if they fully materialize, it will be only a first step toward making up some of the ground lost from

⁶⁶ *Caretas*, November 25, 1993, p. 22. Regular visits to urban shantytowns began in earnest after the 1992 *autogolpe*; following the poor showing for Fujimori's constitution in the 1993 referendum, when it failed to get 50% of the vote outside of Lima, presidential visits to the provinces to inaugurate public works and deliver supplies increased as well, to an average of more than one per week. See "El No Candidato," *Quehacer* 88 (March–April 1994).

⁶⁷ *Latin America Weekly Report*, June 2, 1994, p. 237.

⁶⁸ See "El Camino a la Reección Pasa por el Millón de Empleos," *Actualidad Económica* 152 (March 1994), 6–7.

⁶⁹ *La República*, June 29, 1994, p. 6.

⁷⁰ "La Buena Estrella del Presidente Fujimori," *Argumentos* 2 (April 1994), 7.

the collapse of public services over the past decade,⁷¹ and it will represent only a fraction of the resources required to meet the basic needs of the fifteen million Peruvians estimated to be living below the poverty line.⁷² However, the timing and manner in which these new social programs were implemented involved transparent political manipulation, and they have generated widespread charges of electoral populism in Peru.⁷³ With only a year to go before standing for reelection—an opportunity made possible by rewriting the constitution—Fujimori suddenly embarked upon a dramatic expansion of state social spending, deriving political advantages from sympathetic media coverage of his daily visits to inaugurate public works in poor communities. Indeed, Peruvian airwaves and newspapers were replete with images of Fujimori, often wearing an Indian poncho and woolen cap, visiting remote Andean communities or urban shantytowns to inaugurate public works, distribute computers or other materials to schools and health clinics, and pass out calendars with his photo to indigenous peasants. The political manipulation of social spending was so blatant that the council which oversees national elections—a body not known for its independence from the executive branch—proposed legislation in late 1994 that would prohibit an incumbent president from inaugurating public works, distributing goods, or even speaking of public works during a presidential campaign.⁷⁴ Earlier in the year the director of FONCODES, a respected leader of the business community, resigned his position following conflicts with the minister of the presidency over the political manipulation of social projects to build support for Fujimori and neutralize the influence of municipal authorities.⁷⁵

Although this expansion of social spending was not based upon inflationary deficit financing—the bête noire of critics of economic populism—it relied heavily upon temporary funds made available by international financing and the short-term sale of state assets. FONCODES, for example, has received 70 percent of its funds from in-

⁷¹ According to one estimate, government social spending declined from 4.7% of GDP in 1980 to 0.9% in 1993; see *Latin America Weekly Report*, June 9, 1994, p. 244.

⁷² Félix Jiménez estimates that the budget of FONCODES is approximately one-tenth what would be required to attend to the basic needs of Peruvians living below the poverty line; see Jiménez, "Estrategias de Desarrollo y Política Social," *Socialismo y Participación* 67 (September 1994), 22.

⁷³ See, for example, *Resumen Semanal*, March 29–April 5, 1994, p. 2. Graham (fn. 62), chap. 4, has argued that even the minimalist social programs of Fujimori's first two years were riddled with political manipulation; the electoral motivations and economic resources at stake more recently make such manipulation even more tempting.

⁷⁴ A watered-down version of this legislation was passed by the pro-Fujimori majority in Congress as the 1995 presidential race formally began. The final bill allowed Fujimori to inaugurate public works in "noncampaign" settings, where he did not advocate his reelection or criticize electoral opponents.

⁷⁵ *Caretas*, February 3, 1994, p. 25.

ternational sources,⁷⁶ and FONAVI and PRONAA have also received international support. Although Fujimori's neoliberal reforms made these new financial resources available through privatization and renewed access to international credits, their sustainability is questionable. Reliance upon international financing to sustain social consumption is a risky endeavor, and although Peru will likely earn several billion dollars more before completing its privatization project, this is by definition a short-term fiscal palliative. It is not surprising, then, that FONCODES is designed to be an emergency social compensation project rather than a long-term development program.

Furthermore, the expansion of social spending has entailed an extraordinary concentration of power and resources in the hands of the president and a further weakening of intermediary social and political institutions. The major poverty alleviation programs are managed directly by the Ministry of the Presidency, which has acquired a virtual monopoly over public works in Peru. Social spending in other government ministries has been cut, regional governments were eliminated in the 1992 *autogolpe*, and municipal governments have been emasculated by a 1993 decree that eroded their financial autonomy.⁷⁷ Municipal governments are generally bypassed in the targeted social projects of FONCODES, which works directly with base-level community groups, or *nucleos*, in project design and implementation. These *nucleos* typically have an ephemeral existence, as they are project specific rather than permanent grassroots community organizations; their role is not one of political representation or demand making. Indeed, Fujimori has been widely criticized for marginalizing more autonomous and institutionalized popular organizations, particularly the community soup kitchens that are legally entitled to government subsidies.⁷⁸ The wariness toward independent groups in civil society can also be noted in his reliance upon military troops for projects like highway construction.

In short, Peruvian social policies have relied upon direct, highly paternalistic relationships that are conducive to the microlevel exchange of material benefits for political support, even in a context of relative macroeconomic austerity. The material foundation for populism thus

⁷⁶ Interview by the author with Mariano Castro, FONCODES manager of programs and projects, Lima, June 30, 1994.

⁷⁷ The municipal reform is analyzed in Angel Delgado Silva, "Autocracia y Régimen Local," *Socialismo y Participación* 65 (March 1994). This decree not only weakened municipal governments as a counterweight to executive authority, but also undermined the political position of Mayor Ricardo Belmont of Lima, one of Fujimori's major competitors for the presidency in 1995. By the end of 1994 the Lima municipality was essentially bankrupt, public services and employee salaries had been interrupted, and Belmont was floundering politically.

⁷⁸ *Resumen Semanal*, December 21–27, 1993, pp. 2–3.

shifted from costly, impersonal programs such as universal consumer subsidies to less expensive, community-based projects that could be directly attributed to presidential initiative as a result of the concentration of resources in the executive branch and the systematic erosion of intermediary institutions in both civil and political society. As fiscal constraints gradually diminished and electoral considerations rose to the forefront, Fujimori expanded community projects and even resorted to more generalized populist mechanisms—such as wage increases—without jeopardizing the macroeconomic equilibria of the neoliberal model.

Fujimori has thus demonstrated how populist economic measures—at times, remarkably traditional ones—can be incorporated into an overarching neoliberal project, and how the privatization programs that are central features of neoliberalism can easily spawn new types of populist agendas. Indeed, privatization can help circumvent the fiscal constraints of neoliberal austerity by providing resources for the type of pork-barrel distributive politics that incumbents everywhere find so hard to resist. Such distributive measures may not add up to populism in and of themselves, especially where they follow channels of partisan representation or enduring forms of social organization. However, in the Peruvian context of social atomization and political deinstitutionalization, they have become a central component of a broader populist project that ties a heterogeneous subaltern constituency to the unmediated authority of an autocratic ruler.

In effect, Fujimori has crafted a mixed political strategy that combines technocratic neoliberalism with microlevel populism. In a recent study, Geddes found that Fujimori, as the consummate outsider and independent political entrepreneur, had the highest score out of forty-four Latin American presidencies for his reliance upon meritocratic criteria rather than partisan patronage when making political appointments.⁷⁹ But while opting for technocratic competence in the state bureaucracy, he has not had to forgo patronage opportunities made possible by public works in local communities; indeed, his personal visits to lower-class communities to deliver goods are highly reminiscent of Peru's military populist of the 1950s, General Mañuel Odría.⁸⁰

⁷⁹ Barbara Geddes, *Politicians's Dilemma: Building State Capacity in Latin America* (Berkeley: University of California Press, 1994), chap. 6.

⁸⁰ See David Collier's analysis of Odría's paternalistic relationship to shantytown settlements; Collier, *Squatters and Oligarchs: Authoritarian Rule and Policy Change in Peru* (Baltimore: Johns Hopkins University Press, 1976), chap. 4. Fujimori also resembles Odría in his efforts to transform the unorganized poor into a bastion of personalist support, as Odría had to bypass the organized social and political constituencies of APRA.

Whereas Geddes speaks of efforts to create "islands of competence" within states that are otherwise riddled with political patronage, Fujimori has nurtured "islands of populism" within an otherwise highly technocratic and exclusive model of economic development.

The question remains, however, whether these populist measures have been efficacious in reproducing Fujimori's base of popular support. The flirtation with more generalized populist mechanisms followed the narrow victory of Fujimori's new constitution in an October 1993 plebiscite, when it obtained broad support in wealthy districts but failed to get a majority in many of the provinces and urban popular communities that had supported him overwhelmingly in 1990.⁸¹ Clearly, there would be little reason to identify Fujimori as any type of populist if his social constituency were to shift definitively toward more elite sectors. However, as of June 1994, Fujimori's approval rating among Lima's poorest sectors (67.3 percent) remained higher than that among the middle and upper classes (56.9 percent),⁸² and the memory of the economic debacle of the García years seemed to outweigh the social costs of Fujimori's structural adjustment. Indeed, in January 1994, 68.9 percent of the poorest sectors in Lima said the economy was in better shape than it had been under García (compared with 10.4 percent who said it was worse); more revealing is the fact that 42.7 percent of the poor said their own standard of living had improved under Fujimori, compared with 25 percent who said it had declined.⁸³ It seems plausible, then, that after a traumatic period of hyperinflation, the material—or, perhaps, the psychological—benefits of economic stabilization and selective populist measures may cushion the impact of austerity and thus provide breathing space for government efforts to address social problems.

COMPARATIVE PERSPECTIVES

Although *Fujimorismo* provides an unusually transparent example of the affinities between populism and neoliberalism, it is hardly a unique

⁸¹ In the second round of the 1990 election, Fujimori won over 62% of the vote in the poorest districts of Lima, compared with only 24.6% in the wealthiest districts. In the 1993 referendum, over 64% in the wealthiest districts voted for the new constitution, compared with 56% in the poorest districts; see *Caretas*, November 18, 1994, p. 24B. Fujimori's constitution fared even worse outside of Lima, losing in fifteen of Peru's twenty-two departments. The two elections are not directly comparable, however, since the 1990 figures were affected by the presence of an alternative candidate who was attractive to elite sectors. Nevertheless, the 1993 results are revealing, and the narrowness of Fujimori's referendum victory gave added political impetus for increased social spending in 1994.

⁸² *Imagen Confidencial*, June 1994, p. 12.

⁸³ *Ibid.*, January 1994, p. 18.

case. In Mexico debate has emerged over the characterization of the Programa Nacional de Solidaridad (Pronasol), the targeted social compensation plan that President Carlos Salinas de Gortari designed to cushion the impact of neoliberal reforms. Some observers have denied that the program is populist, either because it has maintained fiscal discipline⁸⁴ or because it has been incorporated into a broader neoliberal conception of the state.⁸⁵ As conceptualized above, however, neither fiscal indiscipline nor statist economic models are intrinsic to populism; of greater relevance are the nature of authority relations and the manipulation of government economic resources in an exchange for political support.

On paper, Pronasol is not a populist project, as it is designed to be a nonpartisan, demand-based program in which autonomous local committees play a major role in the proposal, design, and implementation of government-financed community projects. The practice, however, often diverges from this model, although it is difficult to generalize, given the variation in the program's political implementation according to the strength and autonomy of preexisting grassroots organizations and the proclivities of local government officials.⁸⁶ In some localities grassroots initiative and autonomy have been maintained; in others local committees have been created out of or incorporated within the clientelist networks of the governing party, the PRI.

In practice, there are several characteristics of Pronasol that endow it with populist features,⁸⁷ namely, a personalistic, centralized authority structure and the widespread manipulation of resources to marginalize opposition parties and build local bases of political support for the government. As Cornelius, Craig, and Fox assert, Pronasol developed as "a presidentialist program par excellence."⁸⁸ President Salinas and his advisers held tight control over highly discretionary funds; in some cases, funds were disbursed through municipal governments or the PRI's traditional corporate institutions, but in other cases institutional intermediation was bypassed in favor of direct disbursement to the grass roots,

⁸⁴ José Córdoba, "Mexico," in John Williamson, ed., *The Political Economy of Policy Reform* (Washington, D.C.: Institute for International Economics, 1994), 266.

⁸⁵ Carol Graham, "Mexico's Solidarity Program in Comparative Context: Demand-Based Poverty Alleviation Programs in Latin America, Africa, and Eastern Europe," in Wayne A. Cornelius, Ann L. Craig, and Jonathan Fox, eds., *Transforming State-Society Relations in Mexico* (San Diego: Center for U.S.-Mexico Studies, 1994), 323.

⁸⁶ See Jonathan Fox, "The Difficult Transition from Clientelism to Citizenship: Lessons from Mexico," *World Politics* 46 (January 1994).

⁸⁷ For an elaboration, see Dresser (fn. 1).

⁸⁸ Wayne A. Cornelius, Ann L. Craig, and Jonathan Fox, "Mexico's National Solidarity Program: An Overview," in Cornelius, Craig, and Fox (fn. 85), 14.

especially where municipal governments were under the control of opposition parties or traditional PRI bosses opposed to Salinas's reforms. With considerable fanfare, Salinas made weekly visits to poor communities to inaugurate projects and receive petitions for new ones. Allocative decisions were heavily influenced by political considerations, and not merely technical criteria or poverty levels; resources were distributed to reward areas of PRI support and either punish or "buy back" opposition voters, depending upon partisan loyalties and the proximity of regional elections.⁸⁹ Funds were targeted to "buy back" voters in areas that were strongholds of support for Cuauhtemoc Cárdenas and his leftist opposition party, the PRD.⁹⁰ Not surprisingly, empirical studies have demonstrated that access to Pronasol benefits had a significant impact on lower-class support for the PRI in the 1991 legislative elections.⁹¹

This is not to argue that the targeted social compensation programs advocated by neoliberal reformers are intrinsically populist; where the political will exists, as Graham's analysis of the Bolivian Emergency Social Fund demonstrates, such programs can be designed to follow relatively technical and nonpartisan criteria and to strengthen local organizational and administrative capabilities.⁹² But as the Peruvian and Mexican cases show, these programs can easily be manipulated by personalist leaders seeking microllevel exchanges of material benefits for political support. The broader context of neoliberal austerity does not negate the essentially populist character of such authority relations. Indeed, as in Peru, the privatizations that accompanied structural adjustment provided resources that could be used (temporarily) to help finance clientelist exchanges; Salinas used earnings from privatizations not only to help fund Pronasol but also to finance electrification projects in lower-class communities.

In Argentina, Carlos Menem also proved adept at maintaining a populist coalition despite his reversal of traditional Peronist economic policies. Like Fujimori, Menem has tried to incorporate selective populist economic measures into an overarching neoliberal project, especially since constitutional change made reelection a possibility. This can be seen in his 1994 adoption of a \$7 billion public works campaign following political unrest in the northern provinces, along with his advo-

⁸⁹ See Juan Molinar Horcasitas and Jeffrey A. Weldon, "Electoral Determinants and Consequences of National Solidarity," in Cornelius, Craig, and Fox (fn. 85).

⁹⁰ See Kathleen Bruhn, "Taking on Goliath: The Emergence of a New Cardenista Party and the Struggle for Democracy in Mexico" (Ph.D. diss., Stanford University, 1993), chaps. 6, 7.

⁹¹ Charles L. Davis and Kenneth M. Coleman, "Neoliberal Economic Policies and the Potential for Electoral Change in Mexico," *Mexican Studies/Estudios Mexicanos* 10 (Summer 1994).

⁹² Graham (fn. 62), chap. 3.

cacy—over the objections of Finance Minister Domingo Cavallo—of a scheme to sell off shares of the state-owned oil company to help finance a low-cost housing project.⁹³ More important, perhaps, has been Menem's astute employment of selective material and political incentives to garner support from strategically located labor unions. Although neoliberal reforms undercut the collective rights and power of organized labor in general, Menem used his Peronist links to divide and rule the labor movement by targeting cooperative unions for selective wage increases, control over social welfare funds, political appointments, and legal privileges.⁹⁴ These measures at the microlevel blocked the emergence of a unified labor opposition and helped Menem maintain a popular constituency despite a macroeconomic model that sharpened inequalities and drove up unemployment to record levels. Such forms of selective incorporation fragment subaltern sectors, impede horizontal linkages between popular organizations, and encourage vertical forms of political clientelism; as such, they follow in the long tradition of Latin American populism, which typically bestowed its rewards upon "privileged" sectors of the lower classes (especially organized labor) while neglecting others (the urban underclass and rural poor). The social actors may have changed, but the logic remains one of promoting social fragmentation to facilitate vertical political domination and dependency.

Social fragmentation has gone hand in hand with autocratic rule and political deinstitutionalization in Argentina, although the process has been less extreme than in Peru. Not only did Menem produce a schism in the labor movement, the historic institutional pillar of Peronism, but he has also subordinated the legislature by governing extensively by decree, packed the Supreme Court with loyalists, personalized the leadership of the Peronist party, built personal bases of support outside the party, and concentrated power in the hands of a charismatic executive.⁹⁵ Recent Argentine elections have also witnessed an erosion of the traditional party system and the emergence of new political fronts, provincial parties, and personalist leaders. In both Argentina and Peru, political deinstitutionalization has been a conscious strategy of personalist leaders, enabling them to establish unmediated relationships with

⁹³ *Latin American Weekly Report*, June 16, 1994, p. 262, and December 8, 1994, p. 557.

⁹⁴ Sarah Kelsey and Steve Levitsky, "Captivating Alliances: Unions, Labor-backed Parties, and the Politics of Economic Liberalization in Argentina and Mexico" (Paper presented at the Eighteenth International Congress of the Latin American Studies Association, Atlanta, March 10–12, 1994).

⁹⁵ Aldo C. Vacs, "Attending Marvels: The Unanticipated Merger of Liberal Democracy, Neo-Liberalism, and Neo-Populism in Argentina" (Paper presented at the annual meeting of the American Political Science Association, New York, September 1–4, 1994).

atomized mass followings while overcoming institutional checks on the imposition of neoliberal reforms. By helping to remove such institutional constraints, populism has proven to be highly functional to the neoliberal project.

CONCLUSION: THE POLITICAL IMPLICATIONS OF POPULIST LIBERALISM

Since neoliberalism first arrived in Latin America under the iron fist of Chile's military dictator Augusto Pinochet, its political implications have been widely—and hotly—debated. Early critics saw authoritarian coercion as a functional requisite to suppressing political opposition to strict market reforms.⁹⁶ More recently, the "Washington consensus" presumes a natural harmony between political and economic liberalism, and thus an affinity between free markets and democratic politics.⁹⁷ Over time neoliberalism has demonstrated its political versatility; nevertheless, as political dealignment spawns personalist regimes across much of Latin America, it is time to consider whether the most natural political correlate to the neoliberal era may actually be populism, the option most widely seen as its antithesis.⁹⁸

This study suggests that neoliberalism and populism contain unexpected symmetries and affinities. The Peruvian case demonstrates that populism can complement and reinforce neoliberalism in certain contexts, even if its form differs from the classical populism associated with the likes of Perón, Vargas, Cárdenas, Haya de la Torre, and Gaitán. Rather than representing the eclipse of populism, neoliberalism may actually be integral to its transformation, as populism adapts to changing structures of opportunities and constraints.

Given this resiliency and malleability, populism should be decoupled from any specific phase or model of socioeconomic development. Indeed, its multiple expressions enable it to survive—and even thrive—under diverse political and economic conditions. Simply put, populism is a recurring feature of Latin American politics. Its recurrence is attributable not so much to a personalist strain in the region's political

⁹⁶ Mañuel Antonio Garretón, *El Proceso Político Chileno* (Santiago: FLACSO, 1983).

⁹⁷ See, for example, Anthony Lake, "The Reach of Democracy," *New York Times*, September 23, 1994, p. A17.

⁹⁸ There is no assumption here that this correlation is perfect; Chile has experienced neoliberalism under both authoritarian and democratic rulers without significant manifestations of populism, while Venezuela under Rafael Caldera demonstrates to date that personalist leadership and political deinstitutionalization do not inevitably strengthen neoliberalism. Nevertheless, the theoretical and empirical linkages between populism and neoliberalism are compelling and suggest a form of association that goes well beyond political coincidence.

culture, or even to the distributive conflicts engendered by entrenched socioeconomic inequalities, as to the fragility of autonomous political organizing among popular sectors and the weakness of intermediary institutions that aggregate and channel social demands within the political arena. That is, it is the failure of representative institutions like political parties, labor unions, and autonomous social organizations to mediate between citizens and the state that paves the way for the direct, personalist mobilization of heterogeneous masses which is synonymous with populism.⁹⁹

Populism is a perpetual tendency where political institutions are chronically weak. However, it surges most strongly in contexts of crisis or profound social transformation, when preexisting patterns of authority or institutional referents lose their capacity to structure the political behavior and identities of popular sectors. It is in such contexts that popular sectors are most likely to deposit their confidence in powerful men of action, in national “saviors” who promise to sweep away the detritus of the past and usher in a new social order. Classical populism, for example, emerged in the 1930s in Latin America as industrialization and urbanization eroded the social controls of the oligarchic order and created a new urban mass sector disposed to political mobilization. Given the nascent state of institutional channels for popular representation, emerging working and middle classes were often incorporated into the political arena through direct mobilization by personalist leaders. In contemporary Latin America the prolonged economic crisis of the 1980s culminated in the collapse of the developmentalist state, clearing the deck for neoliberal structural adjustments. This process, however, undermined the institutional forms of representation that characterized the developmentalist state—in many cases, the political parties and labor unions spawned by earlier populist movements. The outcome has been a fragmentation of civil society, a destructuring of institutional linkages, and an erosion of collective identities that enables personalist leaders to establish vertical, unmediated relationships with atomized masses.¹⁰⁰ The theoretical nexus between populism and neoliberalism, then, is grounded in their reciprocal tendency to exploit—and exacerbate—the deinstitutionalization of political representation. Ultimately, the two phenomena are mutually reinforcing.

Therefore, in periods of economic crisis, social fragmentation, and

⁹⁹ These factors are also stressed by Castro Rea, Ducateneiler, and Faucher (fn. 1).

¹⁰⁰ An excellent synthesis of the relationship between social fragmentation and personalist authority can be found in Eugenio Tironi, “Para Una Sociología de la Decadencia: El Concepto de Disolución Social,” *Proposiciones* 6 (October–December 1986), 12–16.

political deinstitutionalization, the personalist mobilization of lower-class support is not necessarily contingent upon statist or redistributive macroeconomic policies. Indeed, personalist leaders from Boris Yeltsin to Ross Perot have found ways to combine populist, antiestablishment messages with programs of economic austerity during periods of institutional failure. Likewise, the Peruvian case demonstrates that it may be possible to craft populist formulas that complement neoliberalism by exploiting popular disillusionment with established institutions and selectively allocating limited public resources to create local bases of clientelist support.

If this is the case, the collapse of import substitution industrialization and the onset of the neoliberal era do not require a “requiem for populism,” as some anticipated.¹⁰¹ Instead, the new era may be associated with the transformation and revival of populism under a new guise, one that is shaped by the breakdown of more institutionalized forms of political representation and the fiscal constraints that inhere in a context of public indebtedness and a diminished state apparatus. The Peruvian case suggests that this new, more “liberal” variant of populism not only represents a different economic project than traditional, “statist” populism,¹⁰² but also rests upon new social bases (that is, informal sectors rather than organized labor) and a new articulation of the contradiction between “the people” and the “power bloc.”

Like classical populism, this new form of liberal populism is likely to manifest contradictions and limitations. Once the initial political dividends of inflation control have worn off, the long-term capacity of targeted social programs to provide political cover for an economic model that generates growth without employment is subject to doubt, especially when social programs rely on one-shot infusions of financial resources. When one out of every five workers in the nation’s capital is a street vendor, as is the case in Lima, it is hardly surprising that jobs are a more salient concern for most individuals than public works projects.¹⁰³ Likewise, there is an inherent volatility in political systems that are devoid of representative institutions, and thus rely on fluctuating personalist appeal for legitimization and aggregation. Such expressions of

¹⁰¹ Drake (fn.15).

¹⁰² Methodologists may note that these liberal and statist forms of populism correspond to what Collier and Mahon (fn. 21) call “classical” categories, rather than subtypes of a radial category. That is, since both of these forms are capable of manifesting all the core properties of populism outlined above, the attachment of a descriptive adjective signifies the addition, not subtraction, of defining attributes—in this case, alternative expressions of populist economic policies.

¹⁰³ See Francisco Verdera V., “La Preocupación por el Empleo,” *Debate* 16 (July–August 1994), 43–44.

populism do little to bridge the chasm that separates the state from society in Latin America, and they can leave personalist leaders dangerously isolated, as evidenced by the failure of Fujimori to transfer his own popularity to candidates of his choosing in Peru's 1993 municipal elections. The more enduring classical populists built party or labor organizations to complement their personal appeal and integrate followers into the political system, something the new generation of liberal populists has shown little inclination to do. Although the inclusiveness of classical populism was always selective, it was far deeper than that of liberal populism, which spawns little organization, no political role for citizens beyond that of voting, and a more limited and exclusive set of economic rewards.

Finally, the "politics of antipolitics" is a weak substitute for the cross-class nationalist appeal of classical populism, and it is likely to be self-limiting as a populist formula for legitimizing an incumbent government. However potent it may be for political outsiders and protest movements, it becomes self-negating once the outsiders displace the traditional political class, turn into incumbents, and construct a new political establishment. It is therefore a formula that is not equally effective during all phases of a populist phenomenon, much less one that provides a permanent governing rationale, which helps explain Fujimori's turn toward economic populism after he swept away competing institutions in the 1992 *autogolpe* and became the embodiment of the political establishment. The "politics of antipolitics" becomes especially dissonant at a time when Fujimori's governing style and relationship with the masses are increasingly reminiscent of more traditional politicians and populist leaders.

These limitations may be sources of long-term instabilities, but they hardly diminish the importance of *Fujimorismo*; populism, after all, has never been noted for producing sustainable economic improvements or durable governing formulas. The importance of the Peruvian case rests in its demonstration of the potency and viability of liberal populism during periods of institutional crisis and social transformation. As such, it has profound implications for opponents as well as supporters of neoliberalism. For opponents, it warns against the comforting assumption that neoliberalism is incapable of generating a broad base of political support, and thus will inevitably produce a popular backlash in favor of progressive alternatives. Indeed, it provides compelling evidence that neoliberalism is both a consequence and a cause of the weakening and fragmentation of the popular collective actors who are essential to any progressive alternative.

For those who share in the “Washington consensus” favoring neoliberal reforms, the Peruvian case is a sobering reminder that economic restructuring may come with unexpected political ramifications. Proponents of neoliberalism may find it unsettling to contemplate whether they are presiding over the transformation and revival of populism, rather than its burial. More important, the emergence of liberal populism casts a large shadow over facile assumptions that free markets and representative democracy are kindred phenomena. The historical development of representative democracy in the West was heavily influenced by the efforts of subaltern groups to organize collectively to exert political control over market insecurities;¹⁰⁴ in order to eliminate such controls, modern neoliberal technocrats have routinely suppressed or circumvented the mechanisms of accountability that inhere in democratic organization. The correlation between neoliberalism, deinstitutionalization, and autocratic rule is hardly unique to Peru, or even Latin America, as there are clear parallels to recent events in the former Soviet bloc. Although personality may be an effective force for political aggregation and legitimization in tumultuous times, the shifting sands of public infatuation and the whims of autocratic rulers are hardly desirable long-term foundations for the neoliberal edifice, as the Russian case amply demonstrates. As such, the predilection for autocracy—for the political power to implement economic reforms unencumbered by institutionalized mechanisms of representation and accountability—is likely to clash with both the political need to establish institutional roots in civil society and the popular tendency to rely on democratic organization as a counterweight to individual market insecurities. These tensions can be expected to shape the evolutionary dynamics of liberal populism in the years to come; more fundamentally, they will be decisive in determining whether the denouement of the neoliberal era will be democratic or authoritarian.

¹⁰⁴ See Dietrich Rueschemeyer, Evelyne Huber Stephens, and John D. Stephens, *Capitalist Development and Democracy* (Chicago: University of Chicago Press, 1991); or Karl Polanyi, *The Great Transformation* (New York: Farrar and Rinehart, 1944).