

RECENT POLITICAL DEVELOPMENT
IN PERU:

Dependency or Postdependency?

David G. Becker
Dartmouth College

AGRICULTURE, BUREAUCRACY, AND MILITARY GOVERNMENT IN PERU.
By PETER S. CLEAVES and MARTIN J. SCURRAH. (Ithaca, N.Y.: Cornell
University Press, 1980. Pp. 329. \$22.50.)

INDUSTRIAL DEVELOPMENT AND MIGRANT LABOUR IN LATIN AMERICA.
By JULIAN LAITE. (Austin: University of Texas Press, 1981. Pp. 229.
\$25.00.)

THE PERUVIAN REVOLUTION AND THE OFFICERS IN POWER, 1967-1976. By
LIISA NORTH and TANYA KOROVKIN. Occasional Monograph Series No.
15. (Montreal: Centre for Developing-Area Studies, McGill University,
1981. Pp. 136. \$5.00.)

POST-REVOLUTIONARY PERU: THE POLITICS OF TRANSFORMATION.
Edited by STEPHEN M. GORMAN. (Boulder, Colo.: Westview Press, 1982.
Pp. 252. Cloth \$25.00, paper \$12.00.)

LOS CAMINOS DEL PODER: TRES AÑOS DE CRISIS EN LA ESCENA PO-
LÍTICA. By HENRY PEASE GARCÍA. (Lima: DESCO, 1978.)

A UN AÑO DEL SEGUNDO BELAUNDISMO: UN PERFIL DEL PROCESO PO-
LÍTICO PERUANO. By HENRY PEASE GARCÍA. (Lima: DESCO, 1981.)

LOS BANCOS TRANSNACIONALES Y EL FINANCIAMIENTO EXTERNO DE
AMÉRICA LATINA: LA EXPERIENCIA DEL PERÚ, 1965-1976. By ROBERT
DEVLIN. (Santiago de Chile: CEPAL, Naciones Unidas, 1980. Pp. 265.)

Nationalists of the *dependencista* persuasion¹ have long insisted that capi-
talist development in Peru breeds a particularly onerous form of class
domination that cannot rest on a societal ideological consensus. Accord-
ing to this view, bourgeois democracy is at best an episodic interlude; the
system of domination must sooner or later have resort to overt coercion
and political monopoly, unless a revolutionary proletariat and peasantry
should succeed in overturning it.² Recent Peruvian events, which consist
principally of terrorism, counterterrorism, poverty, unemployment, and
rumors of *golpes de estado*, supply bitter grist for the mills of political
development theory. It is no wonder that the *dependencista* position has

achieved the status of received wisdom in the field. At least as far as Peru is concerned, its descriptions and prescriptions seem to accord well enough with common sense.

Yet, received wisdom is not always the best wisdom; nor, as Gramsci observed, does "common sense" invariably equal "good sense." Although Peruvians are still reeling from the shocks of over a decade of wrenching structural change cum economic crisis, they have restored civilian governance and watched it survive during three years of stress. Peru is, moreover, Latin America's most open bourgeois democracy, where all adults over eighteen years of age, whether literate or not, exercise the franchise, where the right of political association is not ideologically conditioned, and where the region's most radical electoral left operates with a minimum of harassment. It is also an open society by its own historical standards: upward mobility based on individual initiative is sometimes available to the poor, although hardly universally so, and class boundaries, while stark, appear to have become much more permeable than they were in the era of oligarchic domination, prior to 1968.

It therefore might be ventured that surface appearances notwithstanding, Peru is undergoing a form of capitalist development that allows a native bourgeoisie to establish, despite (or—dare one say it?—because of) its manifest links to international capital, a consensual or hegemonic domination and consequently to tolerate or even encourage democratic political norms. Should that be so, the political theory of dependency would be called into question, and a new, postdependency framework of analysis would be required.

The seven books reviewed here buttress, albeit not always intentionally, a postdependency position on political development in Peru; at the least, they lend weight to the view that a serious reexamination of the dependency approach is called for. Together these works place current events in a historical context that includes the rise and fall of the "first phase" or reformist period of military rule under General Juan Velasco Alvarado,³ the appearance of a more conservative "second phase" under General Francisco Morales Bermúdez Cerutti, the two-year transition to civilian governance (from the 1978 election of the Constituent Assembly to the 1980 elections for national and municipal offices), and in one instance, the first year under civilian administration. All but one of the studies focus on internal forces, a corrective to a certain overemphasis in some development literature on external forces and actors. None attempts to break new theoretical ground, but each is rich in information, description, and interpretation of events of the day—the raw materials from which the theory of political development will be further refined.

Peter Cleaves's and Martin Scurrah's *Agriculture, Bureaucracy, and*

Military Government in Peru offers a series of case studies in which the political actions of the Velasco regime in the agricultural sector are investigated, with an eye toward understanding the nature of the regime and the state-civil society nexus during a period of rapid structural change. An agricultural focus is appropriate because entailed in the regime's agrarian reform was the greatest socioeconomic and political reconstruction of the epoch: the decimation of the landowning oligarchy and the beginning of peasant integration into the mainstream of the nation's economic and political life.

The authors refute corporatist arguments that overstress the idea of structural state autonomy.⁴ For Cleaves and Scurrah, state autonomy relates only to policy—that is, to the state's ability to set political goals that are independent of specific pressures from groups rooted in civil society.⁵ They demonstrate that the high degree of political autonomy attained by the Velasco regime was conjunctural and thus temporary and that the eventual outcome of the regime's actions was to increase the number, power, and organizational capabilities of nonmilitary societal groups. Hence, what has resulted is a better integrated national society (in the sense that fewer of its components are excluded from the political arena) but also a greater need for the political authorities to cater to various interest groups.

The state bureaucracy was restructured on the basis of technical expertise coupled with ideological notions of service to the collectivity. The class character of the bureaucracy was (and is) bourgeois: indeed, many of its members were corporate managers brought in laterally on special contracts in order to circumvent civil-service hiring rules and salary scales. Its class character did not prevent the bureaucracy from exhibiting considerable zeal and dedication to agrarian reform objectives; in particular, the bureaucracy was not a defender of private ownership of land. But bureaucratic managers were not long in asserting the functional independence of their operations from central direction. They were assisted in this regard by a strongly functional organization of the ministries of state, the use of a parastatal form of organization to discharge the state's new entrepreneurial responsibilities, and the absence of an authoritative-ideological unifying force within the regime capable of subordinating functional entities to a central plan of development.

In consequence, the Velasquista state appeared stronger and more unified in its initial expansion against the traditional prerogatives of the oligarchy and foreign interests than it was. Its inability to impose central direction on its own activities soon led to the rise of bureaucratic politics, of competing influence centers within the state itself. Each of these centers needed private-sector allies in order to prevail in the intra-bureaucratic competition for budgets and priorities. To acquire them, a center

would cease defending the interests of the weak in its sphere of competence and would seek out the strong, even at the price of modifying its goals in order to cement their support. The inevitable result was the loss of the state's conjunctural autonomy and the emergence of state-society relations that differ little from a neoliberal model.⁶

Cleaves and Scurrah content themselves with a threefold Weberian typology of bureaucratic structures and do not develop a dynamic theory of regime change. Their scheme is sensitive, however, to ideology as a political force. What is more, they offer keen descriptions of the political-ideological practices of subclasses, class agents, and class alliances. Especially interesting is their discussion of the political effectiveness of peasant smallholders, whose pressure radicalized the agrarian reform in its early stages but then checked it when it became hostile to private property altogether. Smallholder class power, not state initiative, shaped the reform into its present configuration. Peasant radicalism, while extant, is instrumental rather than revolutionary and is not inately collectivist.⁷

Cleaves and Scurrah take the rural class structure as given data and do not deal at length with the military establishment per se. Two other books supplement their study by revealing the wellsprings of peasant political behavior at one extreme of the system and by detailing the inner dynamic of the military establishment at the other.

In order to grasp the agrarian dimension of class action in Peru, one must attend to the impact of capitalist relations of production and exchange in the countryside. Capitalism has long predominated in the coastal zone, where a true rural proletariat has existed for years.⁸ But in some ways, the more interesting case is that of the central Andes east of Lima, where the impact of capitalism has been strong, yet indirect. It has taken the form of large-scale mine development, beginning early in this century under the aegis of the Cerro de Pasco Corporation, and has brought in its wake new employment options and a generalized cash economy without, however, altering landholding patterns or agricultural practices except on Cerro's own estates (nationalized in 1969). It is this region's transitional peasants who are studied by anthropologist Julian Laite.

Laite's *Industrial Development and Migrant Labour in Latin America* is seriously flawed in two respects. First, the background material abounds in errors of fact and interpretation. I counted thirty-one in the chapter on mining and industrialization and fourteen in the chapter on the mine labor movement and therefore must urge readers interested in these topics to turn elsewhere for basic information.⁹ Laite's aim, it would seem, is to portray Peru as a largely agricultural country whose urban-industrial development has been held back by an antagonistic interna-

tional capitalism and by an uninterested local bourgeoisie. The reality is otherwise. Peru is a semi-industrialized nation, highly urban for its level of development, with a very active industrial bourgeoisie and barely 40 percent of its economically active population based in agriculture.¹⁰

Second, Laite's observations are not structured by any coherent theory of development. He wants to argue that because Peruvian development is "dependent," the proletariat is non-self-reproducing (that is, new generations of workers must come from the peasantry) and that its prevailing wage level is depressed below the minimum subsistence level by employers' ability to compel workers to furnish some of their own subsistence from the agricultural sector. On the other hand, Laite admits that the advent of capital-intensive production (which he later uses to typify mining) requires a skilled, disciplined labor force that can only be recruited by paying a favorable wage. In disassociating himself from the notion of a "dual" or "semifeudal" society whose backward sector has merely been bypassed by capitalism, Laite is blameless. His failing lies in not integrating into the theory the fact that capitalist development has created "pull factors"—positive inducements—that account for the reluctance of many peasants to accept full-time proletarian situations in the mines.¹¹

Withal, Laite is an astute observer of Mantaro Valley society. He finds a village culture that is only superficially traditional. It is actually based on smallholder agriculture, which is oriented primarily toward the market, and is characterized by capitalist production and property relations. The peasantry is stratified into middle and small landowners. Migration from the land into proletarian mine labor is not a flight by the landless but a chosen mobility option usually entailing the exploitation of ties of clientage, family, or *compadrazgo*. The proceeds of mine labor have become for many a source of surplus that is invested in land or in small personal businesses. Laite's data indicate that success in these endeavors, which is not infrequently realized, stems from individual initiative rather than from familial wealth or status because there is little correlation between workers' current social situation and that into which they were born.

Thus capitalism has brought to the Mantaro Valley, along with severe environmental pollution and the trauma of socioeconomic change, a spate of opportunities for individual upward mobility and, thereby, a good deal of "petit-bourgeoisification." The "pull" of such opportunities has to do with cultural factors that are still little understood, and the resistance of the peasantry to complete proletarianization in a cultural-ideological sense cannot be written off as proof of incomplete capitalist development.¹² As is to be expected, "petit-bourgeoisification" has engendered a prevailing ideological orientation that is not

deeply radical (there was little support here for extending the agrarian reform),¹³ class-conscious, or focused on national politics. These are signs of bourgeois hegemony that, as Laite shows in describing the support rendered to striking miners by valley farmers and *comerciantes*, in no way excludes militancy in pursuit of immediate economic goals. On the other hand, radical labor-union leaders invariably have failed in their attempts to harness this militancy to political goals that lack visible economic payoffs.¹⁴

Peruvian "bonanza development" has allowed for capitalist industrialization without squeezing the peasantry or, except briefly and long ago, forcibly proletarianizing it.¹⁵ As Laite demonstrates, however, it has influenced rural class formation in such a manner that peasants absorb key elements of the bourgeois world view into their own life experience and "common sense."

In *The Peruvian Revolution and the Officers in Power, 1967–1976*, Liisa North and Tanya Korovkin analyze the military-institutional factors that Cleaves and Scurrah, concerned as they are with the state apparatus in toto, discuss only peripherally. To their credit, North and Korovkin understand "military-institutional factors" broadly, as embracing not just the internal structure of the military establishment, but also the relationship between it and the rest of the society. They thus advance a line of analysis ably begun by Luigi Einaudi, Alfred Stepan, and George Philip, among others.¹⁶

The Alianza Popular Revolucionaria Americana (APRA), Peru's perennial reformist party that had been opposed bitterly by the military since the early 1930s, long maintained a considerable mass constituency by advocating exactly the sort of moderate nationalist reforms that the Velasco regime instituted. Velasco and his coterie therefore had reason to believe that by playing the APRA's game, they could preempt its base of popular support. They could think thusly because Peruvian circumstances had prevented the military from becoming permeable to and then factionalized by competing civilian interests. Instead, the military developed as the country's sole independent bureaucracy that was based on merit and possessed of strong institutional cohesion and esprit de corps, qualities that preserved its autonomy even when dealing with the problem of internal security during the mid-1960s. In the view of its officers, the military's institutions were appropriate for carrying out needed structural reforms without ideological politics and without forming alliances with civilian sectors, who could be expected to want to sacrifice long-term national objectives for short-term parochial gains.

By 1968 a military political consensus existed that was highly negative in its attitude toward civilian politics in general and the oligarchy in particular. Loosely Cepalista in its development policy preferences, this

consensus was also intensely nationalist—a product of military patriotism nourished on the memories of two serious wars (against Chile, 1879–83, and Ecuador, 1940–42). The core of officers, headed by Velasco, shared a moral commitment to the welfare of the ordinary Peruvian.¹⁷ True populists, they were disposed to find the uniqueness of the Peruvian “common person” in the countryside and partook of “voluntaristic, ahistorical, naively mechanistic notions of change.” Stephen Gorman, in the introductory essay of the book that he edited, added that they were populists in a second sense as well: they defined political participation in immediate functional terms that stressed workplace involvement and widespread sharing of both the benefits and responsibilities of development, that is, in terms not of power or influence but of full integration into the nation’s social and economic life.

While institutional loyalties initially were sufficient to keep the military united vis-à-vis civilian society, they concealed ideological divisions. In addition to the Velasquista left-populist orientation, there existed a right wing (composed of oligarchic traditionalists who were forced out early on, plus the more dangerous, protofascist right populists) and a center (the majority, consisting of officers whose moral concerns for the popular masses took the form of technocratic paternalism). North and Korovkin trace the resulting intramilitary ideological conflict through the Velasco years. They argue (after Laclau) that in a societal crisis where political power is held by a group separated from direct involvement with the dominant mode of production, the crisis is likely to be resolved on the ideological plane and in a manner reflecting a resolution of the ruling group’s internal ideological crisis.¹⁸

The authors’ analysis of the regime’s ideological shifts mirrors the explanation by Cleaves and Scurrah of the loss of autonomy of state policy, now transposed to the military establishment itself. Because the military’s internal divisions were accurately perceived by civilian sectors, the latter were encouraged to mobilize politically in hopes of influencing the regime’s goals in their favor. But mobilization was unsolicited, was oppositional rather than supportive, and thus drove the regime in directions opposite to those intended. In this way, the virulent opposition of the property owners’ associations, the Sociedad Nacional Agraria (SNA) and the Sociedad Nacional de Industrias (SNI), to the Velasquista reforms had the effect of radicalizing the military, whereas the subsequent opposition of the popular sectors, which aimed at still further radicalization, had a conservatizing effect. North and Korovkin flesh out their argument by adducing the class origins of officers as a variable that partially explains their receptivity to certain kinds of outside ideological appeals. The authors show that these ideological processes not only restricted the regime’s autonomy but sapped its vitality and cohesion,

weakening it to the point where it could be undermined readily by the onset of an economic crisis in 1974–75.

Two other noteworthy points made are that the civilian entrepreneurial sector actually opposed the protofascist military current, which contributed to an outcome that was Thermidorian instead of reactionary,¹⁹ and that the regime strove not to demobilize the popular sectors but to channel and exploit for its own purposes autochthonous efforts to mobilize. The authors conclude with the observation that the ultimate outcome, after the accession of Morales Bermúdez, was almost exactly what the military's institutional consensus of 1968 (before the onset of radicalization) had intended.

Post-1975 processes of political decay and reconstruction are discussed by Henry Pease García in *Los caminos del poder: tres años de crisis en la escena política* and by the contributors to *Post-Revolutionary Peru: The Politics of Transformation*, edited by Stephen Gorman. Pease, who is perhaps Peru's foremost political analyst, combines a journalist's sensitivity to current events as reported in the media (the data base for his work) with concerns for class analysis of a radical nationalist nature. In *Caminos del poder*, he continues the political saga that he began in a well-known earlier work about the Velasco era,²⁰ turning now to the period from Velasco's fall in 1975 to the early sessions of the Constituent Assembly elected in 1978.

As the Velasco regime found its maneuvering room in relation to civil society progressively shrinking, it reacted by unleashing a wave of repression and by seeking an accommodation with the bourgeoisie. Since the search for such an accommodation predates Morales Bermúdez's accession to power, the latter has to be explained as a product of military-institutional, rather than class, forces. The bourgeoisie, with its recomposition (occasioned by the elimination of the oligarchy) well under way, was not sufficiently cohesive to respond as a whole to the regime's overtures; however, its entrepreneurial sector was self-confident enough (thanks to its ties to international capital, according to Pease) to play the reluctant bride, demanding ever more concessions from its ardent suitor while promising little of substance in return.

Hegemonic class domination depends on political accommodation: the popular classes must be convinced that even if all of their demands cannot be met, the formal representation of those demands within the system is legitimate and will be regarded by the dominant class with genuine respect. This accommodation is, of course, the one that can never be made by a nondemocratic political regime. In consequence, the Morales Bermúdez regime could not have become a political vehicle of a hegemonic bourgeoisie. Pease does not believe that the bourgeoisie is actually or potentially hegemonic. Nevertheless, he comes to a

similar conclusion regarding the unlikelihood of a long-term *modus vivendi* between the bourgeoisie and the military in power, showing instead that bourgeois pressures heavily influenced the officers' decision to step down. Yet, Pease does not underestimate the importance of popular-class political action in generating that outcome. He finds that it was the July 1977 general strike (Peru's first) that convinced the military elite that the regime had become politically *desgastado* (exhausted). From that point on, its *salida*, which had been predetermined in any event by class forces, was irreversible.

One weakness of this book is that it tends to caricature the bourgeoisie by neglecting its leading industrial stratum, which did not oppose the regime head-on and was not concerned with severely cutting back the state's economic role. On the other hand, Pease's much-reiterated claim that the bourgeoisie is beholden to foreign capital does not tempt him to try to portray that class as a mere puppet or agent or to search for hidden machinations on the part of its supposed foreign masters.

In his last chapter, Pease correctly posits that APRA was by 1978 the military's chosen successor, the party deemed most likely to bear the mantle of moderate nationalist reformism into the new civilian era. (At the time Pease was writing, the party had just won the largest single bloc of seats in the Constituent Assembly and its eternal *jefe máximo*, Víctor Raúl Haya de la Torre, had received a majority of the popular preference vote for president of the assembly; Pease therefore may have overrated its chances for 1980.) It is a curious twist of fate that when fifty years of military-Aprista enmity finally came to an end, Haya (who surely would have been president of Peru if he had not been blocked by military coups) died as did Moses—privileged only to glimpse the promised land. Now the party has split, and as yet, no Joshua has come forth to lead the faithful onward. Even so, what Pease describes is a political evolution of stellar importance because the rapprochement at last opens the door to the one political party that historically has demonstrated the greatest multiclass, hence hegemonic, appeal.

The late Stephen Gorman, whose untimely death in mid-1983 stunned and saddened his colleagues everywhere, has left as his legacy a collection of essays by well-known Peruvianists who seek to interpret the significance of the 1968–80 "revolution" in terms of the character of restored civilian governance. In *Post-Revolutionary Peru*, theoretical issues are discussed only rarely, and then peripherally. The unifying theme of the book is the action of societal groups in the civilian political system and the probable influence of each on the policies and directions of the second Belaúnde administration. Following Gorman's recapitulation of the Velasco era, Sandra Woy-Hazleton introduces the theme by analyz-

ing and interpreting political party development and election returns in 1978–80. Popular-class action is examined in separate chapters by Henry Dietz (the urban poor), Martin Scurrah and Guadalupe Esteves (organized labor), and Cynthia McClintock (the peasantry). Two middle-class strata, the military and the intellectuals, are unsatisfactorily treated by Víctor Villanueva and Gorman, respectively.²¹ Gorman's collaboration with Ronald Bruce St. John in a discussion of foreign policy comes next. Although somewhat afield from the main theme, it completes the policy picture and sheds light on the nationalist bona fides of the governing elites. David Scott Palmer finishes the collection with a summary of the political-ideological stances of the main interest groups and their positions on the chief issues of the day. He concludes that the near-term prospects for the longevity of the civilian order are good. Curiously, neither the bourgeoisie nor the technical-professional middle class gets more than a passing mention.

The military in power in Peru did not abolish political parties nor try to restructure them, as occurred in Brazil; it merely deprived them of their representational function and denied them access to the mass media. Once a return to civilian governance had been determined, the rules of the game were set up so as to favor the better-prepared right and center parties (Pease's interpretation); and the left was presented with stumbling blocks, rather than being repressed. Pease also points out that the two-step process of transition provided the means for all interested groups to obtain readings of party strength and programs before committing themselves.

The wins and losses can be quickly summarized. On the right, the personalistic parties left over from the oligarchic era failed the first test and faded into oblivion. Bedoya Reyes's Partido Popular Cristiano, a sort of U.S.-style conservative party based in the middle and petite "liberal" bourgeoisies of Lima, replaced the personalistic parties by dint of a well-financed, sophisticated media campaign, but it did not attract much of a following in the provinces. The "welfare conservatism" of the center-right, embodied in Belaúnde and his Acción Popular (AP), triumphed overwhelmingly in the second round, after having sat out the first. Drawing well among all classes and in all parts of the country, AP clearly succeeded due to Belaúnde's projection of himself as a symbol of anti-militarism. Palmer believes that the party next may attempt to outflank the left, whose strength rests chiefly with organized labor, by uniting the peasantry around the AP ideology of small property and self-help. APRA occupies the left-center of the spectrum, but its strong showing in 1978 turned into a disaster in 1980, when it split in two after Haya's death; however, it remains the second-largest and best-institutionalized of all political parties, a standard-bearer of bourgeois reformism.

On the left, all of the many parties and fronts except for the Partido Democrático Cristiano (by now associated with Velasquismo) were contesting elections for the first time. Because most originally had been vanguards of intellectuals that had divided and redivided over petty doctrinal squabbles, coalescing into larger entities with reasonable prospects and coherent alternative programs proved difficult. The pro-Velasquista groupings (one headed by prominent ex-generals) fared poorly, and the Trotskyists, who had performed well in 1978 under the charismatic leadership of Hugo Blanco, declined in 1980 as a result of their sectarianism and refusal to take the process seriously. But despite all, a Marxist electoral left has emerged that is prepared to play by bourgeois-democratic rules and can capture 20 percent or more of the popular vote. In 1980 it was victorious in races for *alcaldes* of Arequipa (the second largest city) and a number of other cities and towns, and its candidate finished second in Lima, behind AP. The rise of the left is undoubtedly the most noteworthy outcome of the transition period.

Henry Dietz reflects on AP's solid 1980 performance in the Lima *pueblos jóvenes* (migrant settlements) and cautions that poverty and deprivation alone do not make a Marxist-Leninist electoral choice attractive. He suggests that the urban poor have been somewhat "conservatized" by the fact that the military regime never sought to undercut their autochthonous residence-based organizations and generally yielded to their pressures for land titles and residential construction assistance. Palmer goes further. He characterizes the urban poor as a socially dynamic, upwardly mobile element of a petit-bourgeois cast seeking a stable economic and political environment to nurture its aspirations, hence, a class element that would not be difficult to coopt. Scurrah and Esteves demonstrate that organized labor has managed to retain its political autonomy, but they might better have gone on to discuss the factors that have prevented the appearance of a "labor aristocracy" and instead have united labor with other, more diffuse popular struggles.²² The current administration is hoping to tame labor by offering it an accommodation in the form of institutionalized input in the setting of wage-price guidelines—"tripartism"—together with minimal state interference in plant-level bargaining. Palmer believes that labor's political action eventually will follow the British pattern, with its allied parties appealing to wider constituencies on the ground that their special relationship to the movement will enable them better to control strikes and inflation.

Cynthia McClintock summarizes a few of the findings of her excellent field research in several peasant communities²³ and reports the results of follow-up visits after Belaúnde's installation in office. She warns that conflicts over land access and titles will continue, but because their protagonists share a common ethnicity and culture, future conflicts are

unlikely to recapture the intensity of the late oligarchic period. Peasants have become ideologically more conservative since the land reform, blaming the former military regime for most of their problems and tending to accept a generally bourgeois view of issues such as the possibilities for individual initiative, relations with the United States and foreign investors, and so on. Belaúnde's agrarian policies, while self-contradictory (higher food prices on the one hand, but more expensive credit on the other), are clearly aimed at fostering a smallholding bourgeoisie and replacing subsistence with capitalist agriculture. They seem consonant with the balance of rural class forces as well as with the overall direction of Peru's political economy.

I will not comment on the Gorman–St. John foreign policy article, except to note that students of international relations—especially those of a “realist” bent—will be intrigued by the manner in which this small, weak state has succeeded in securing its national interests in the region within the limits of its power capabilities. Not often can a nation rearm intensively without uniting its neighbors against it, as Peru has done since 1974. This chapter should lay to rest any concern that the military or civilian ruling elites have been *entreguista* in their approach to external affairs.

Finally, Palmer's optimism about civilian rule stems from his already noted view that none of the popular classes exhibits proto-revolutionary tendencies. One indicator of bourgeois hegemony is that the policy orientations of socioeconomic groups do not polarize sharply along class lines. Palmer tabulates preferences, disaggregated by socioeconomic position, with respect to the principal issue areas now facing the nation. His data show that in no instance do all the chief elements of a class, or probable class alliance, share a consensus on issue-area clusters that would exclude all important elements of other classes; in only one individual issue area, the size of government, is there an evident polarization according to superordinate versus subordinate class. There are problems to be sure with this sort of analysis. For example, one does not know whether the stated preferences actually represent the beliefs and sentiments of the rank and file of each group, whether these beliefs and sentiments are strongly or weakly held, or whether the rank and file might be induced by appropriate leadership to alter their orientations in a crisis situation. Palmer's report nonetheless will comfort those who regard the Leninist option for Peru as either presently unfeasible or undesirable.

A un año del segundo belaundismo is a slim volume by Henry Pease García that originated as a seminar paper. Pease regards its content as a set of working hypotheses and observations about the present political scene, a prelude to a full-scale sequel to *Camino del poder*. His discussion of the interests and political postures of the main elite institutions is very

useful, as are his incisive comments regarding Belaúnde's method of governing.²⁴ What I find novel about this book is its overall characterization of the post-1980 political order and of the class forces underlying it.

The resemblance of the current order to the first Belaundism (1963–68) is illusory, Pease informs us, because the dominant class and major class relationships have been thoroughly overhauled. The new dominant class is a modernized bourgeoisie that, for the first time in the nation's history, is prepared to wield power directly through a fully capitalist state possessed of great economic capacities. The "new bourgeoisie" holds in its hand a number of political aces, including a sound entrepreneurial orientation, control (via the state apparatus) over a more effective monopoly of legitimate force, and (most important of all, in my view) an appealing ideology that stresses nationalism, developmentalism, and service. At present the bourgeois stratum closest to the seats of power happens to be those "liberals" who favor an *estado promotor* in place of the *estado interventor*. The real leading stratum, however, is the corporate bourgeoisie of manager-entrepreneurs allied with international capital, for whose interests the interventionary state is functional: it helps them to manage the national-transnational capital nexus for its own benefit. This stratum is the one that sets the ideological tone for the system of social control, and its preeminence accounts for the fact that the second Belaundism is not a counterrevolution but a modification of "half-finished" reforms intended to make them better suited to capitalist ends.

This new form of class domination has evolved hand in hand with the rise of the popular sectors, which are no longer excluded from political participation. The system's tolerance of them is due in part to greater bourgeois cohesiveness now that the disruptive oligarchic element has been removed. But the bourgeoisie's selection of the liberal-democratic political option derives fundamentally from its technocratic-managerial ideology. It has propitiated the materialization of a broader class leadership that is more sensitive to the interests of other classes and less concerned with short-term parochial gains. Pease doubts that the leading bourgeois element, given its close association with international capital, is capable of assembling an attractive, long-range political "project"; he nonetheless admits that a democratic order is also beneficial for strictly "national" bourgeois interests as well as for those of the popular classes.

Belaúnde's policies have as their objective a developmental "capitalism with a human face" that gives free play to private initiative without ignoring the basic needs and rights of the populace. Although the monopolistic tendencies of state capitalism are being curbed and foreign investment is being encouraged, a core of state enterprises will remain that is to be managed technocratically for economic efficiency and independent of central direction. In addition, state power is to continue

mediating between foreign capital and the national economy, thereby assuring that national-bourgeois interests are protected. Agricultural smallholder property is to be promoted, land is to become freely alienable, and cooperativism is to be made voluntary and cut loose from state financial subsidies.

Pease appends some suggestions as to how the left might best react to the new circumstances. He is to be applauded for urging that socialists cease toying with insurrection and with narrowly focused conjunctural politics (such as trying to exploit the APRA's probably temporary internal divisions) and begin devoting themselves to longer-range tasks. These consist in substituting unity for doctrinal factionalism, putting together a realistic program with wide appeal, and thus striving to become the main opposition to the bourgeois parties within the liberal-democratic system. Pease's advice is sound. That it is a strategy similar to what thoughtful progressives in developed countries have been advocating and that it is proffered by a radical nationalist affiliated with Peru's best-known Marxist "think tank" are themselves indications that there is political development in Peru.

"Capitalism with a human face" may be safely deferred for a time if, thanks to the ideology of dependency, the delay can be attributed plausibly to external forces that no Peruvian state could be expected to overcome. But sooner or later, the system will be called upon to deliver. For the immediate future, its ability to respond will be hindered first of all by the debt crisis, the cause of the IMF-imposed austerity policies that have produced so much misery. Moreover, the debt situation and its consequences are widely believed to be proof positive of the "dependent" nature of Peruvian capitalism. These questions make Robert Devlin's *Los bancos transnacionales y el financiamiento externo de América Latina: la experiencia del Perú, 1965-1976* more centrally relevant to the issue of political development than its title would seem to imply.

Devlin has employed what I find to be the most promising technique for comprehending the action of international capital, here represented by the banks that have financed the Peruvian debt. Rather than deducing its meaning from abstract "laws of motion of capital" or from arbitrarily specified class interests, Devlin undertakes an empirical investigation of the market structures and forces operating in the international banking "industry" as they have affected Peru. Nonspecialists will have little difficulty in following Devlin's argument as it unravels the arcana of high finance. The argument is also aided by the fact that the debt was very small in 1965, which enabled Devlin to chart its growth from the beginning.

It is to be expected that the government of a country undergoing rapid development will expand its borrowing at a correspondingly rapid rate and that most of this borrowing will draw upon foreign financiers if

the country does not yet have well-developed domestic capital markets.²⁵ Willingness to lend is a function not of political risk, which merely determines interest and other charges, but of market forces. Prior to 1971, forces on the money "supply side" limited the availability of funds for developing countries like Peru. After that time, a Eurodollar market swollen with OPEC deposits reversed the situation and intensified oligopolistic competition to lend. Not only did traditional financiers like Chase Manhattan expand their activities, but smaller institutions like Wells Fargo entered the market for the first time. This trend set off a scramble for market shares: if one bank took the lead in lending to a given country, others were sure to follow in order to diversify their portfolios and avoid being frozen out of the new market outlet. This mechanism of oligopolistic competition acting as a driving force of corporate transnationalization is exactly the same one that Raymond Vernon finds operating in manufacturing enterprises.²⁶ In other words, banks are profit-making businesses like any other, and the fact that the commodity they sell happens to be money does not cause them to act very differently from other transnational firms. Devlin finds that the banks did not use their leverage to force Peruvian foreign or domestic policies into line with U.S. policy preferences. Inasmuch as they were profiting handsomely, they saw no reason to form a united front with transnational manufacturers or resource firms for the purpose of compelling a loosening of restrictions on foreign investment.²⁷

Furthermore, Peru was in no way forced to purchase the banks' product in the quantity that it did. Devlin shows that the state took on far too many financial obligations at one time, justifying them on the basis of the most optimistic assessment possible of its repayment capability (an assessment largely dependent on wholly unpredictable factors) and never stopping to consider that the lending bonanza might not last. Worse still, it did not provide adequate internal mechanisms for monitoring, let alone controlling, its overall level of indebtedness. While the military regime had emplaced such mechanisms as part of its reform of the state apparatus (the weak oligarchic state had none at all), bureaucratic competition for funding (see Cleaves and Scurrah) soon drove up the borrowing rate to a point where they were overloaded. Hence, the debt crisis resulted primarily from poor policy choices that were in principle avoidable. The consequences of error, even if inadvertent, are not. An economically stronger country would have been able to maneuver around them better, limiting the damage inflicted on the popular sectors. But dependency has little conceptual value if it expresses no more than the truism that the weak have fewer options than the powerful.

A pesar de todo, as these books show, Peru has taken strides in the direction of development consonant with liberal democracy. Liberal democracy is less than substantive democracy, but it is better than anything

that has gone before and creates opportunities for further popular advances. An evaluation of the Peruvian experience will not end the dependency versus postdependency debate. It may, however, point the way to a more thorough understanding of political development, and by encouraging sounder class analysis, improve our comprehension of the nature of power and control in newly industrializing societies. That too will be progress.

NOTES

1. See David G. Becker, *The New Bourgeoisie and the Limits of Dependency* (Princeton, N.J.: Princeton University Press, 1983) for a definition of the term *dependencista* and a justification for its use (pp. 3–4). This book also provides an exposition of the idea of postdependency. For present purposes, *dependencismo* can be taken to represent the radical nationalist ideological view, according to which development—especially development that is equitable internally and enhances national autonomy externally—is thought to be retarded coercively by forces of foreign capitalism in collaboration with all or part of the “national” bourgeoisie. The contrasting postdependency view is that capitalism is a dialectically self-contradictory process with progressive aspects and with the possibility of constructive, mutually beneficial relationships between national and international capital.
2. Perhaps the best-known (to North Americans) Peruvianist who elucidates these themes is Julio Cotler. See, for example, “The New Mode of Political Domination in Peru,” in *The Peruvian Experiment*, edited by Abraham F. Lowenthal (Princeton, N.J.: Princeton University Press, 1975), pp. 44–78; see also his “State and Regime: Comparative Notes on the Southern Cone and the ‘Enclave’ Societies,” *The New Authoritarianism in Latin America* (Princeton, N.J.: Princeton University Press, 1979), edited by David Collier, pp. 255–82.
3. It is interesting to compare the tone and content of the works under review here with those written while Velasquista reformism was still in full swing, for example, Lowenthal’s collection entitled *The Peruvian Experiment*.
4. See, for example, David Scott Palmer, “‘Revolution from Above’: Military Government and Popular Participation in Peru, 1968–1972,” Ph.D. diss. Cornell University, 1973; and Alfred Stepan, *The State and Society* (Princeton, N.J.: Princeton University Press, 1978).
5. Cleaves and Scurrah see state *power* as distinct from, but related to, policy autonomy; however, because they do not examine the sources of state power, they do not clarify the relationship between the two.
6. Neoliberalism is one of the authors’ ideal types (they prefer to omit the prefix). It does not connote a weak or inactive state, but one that has to contend with cross-pressures from competing societal interests when it seeks to select and implement policies.
7. See David G. Becker, “Modern Mine Labour and Politics in Peru since 1968,” *Boletín de Estudios Latinoamericanos y del Caribe* 32 (July 1982):35–60, which describes mineworker radicalism in identical terms.
8. Peter F. Klarén, *Modernization, Dislocation, and Aprismo* (Austin: University of Texas Press, 1973).
9. Sources include Becker, *The New Bourgeoisie and the Limits of Dependency*, whose bibliography lists many others; on labor in this region, see Dirk Kruijt and Menno Vellinga, *Labor Relations and Multinational Corporations* (Assen, the Netherlands: Van Gorcum, 1979).
10. The claim about international capital’s hostility toward industrialization in countries like Peru is decisively refuted by Bill Warren in “Imperialism and Capitalist Industrialization,” *New Left Review* 81 (Sept.–Oct. 1973):3–44.
11. Laité tends to create the impression that most workers in the Cerro de Pasco installations are employed there for relatively short periods of time. The opposite is the case,

- although one finds somewhat more turnover than in, say, a U.S. facility. Note that almost all of this turnover is due to employee choice, not to layoffs. Since the early 1950s, the company has sought a stable workforce.
12. I suspect that the problem here is a tendency, also found in many other works on proletarianization, to regard Britain as the archetype of non-“dependent” capitalist development. Actually, the British sequence, beginning with the expulsion of peasants from the land due to enclosure, is fairly atypical. In the case of the United States, one also finds an extreme reluctance on the part of proletarians to remain in that condition, even today; the small-business alternative remains highly attractive, as was the family-farm option until the 1920s.
 13. The reason is that those who work in the mines with the intent of investing their earnings in land arrange for their newly purchased holdings to be farmed by others until they are ready to retire. Because the agrarian reform in its radical phase sought to expropriate all land not actually being worked by its owner of record, these miner-peasants would have been directly and adversely affected.
 14. One explanation offered by Laite is that when a strike is called, workers usually disperse to their home villages until it ends. Although dispersal does not cause them to forget the economic demands at issue, it hinders mobilization and political “conscientization.”
 15. David G. Becker, “‘Bonanza Development’ and the ‘New Bourgeoisie’: Peru under Military Rule,” *Comparative Political Studies* 15 (Oct. 1982):243–88.
 16. Luigi R. Einaudi and Alfred C. Stepan, *Latin American Institutional Development: Changing Military Perspectives in Peru and Brazil* (Santa Monica, Calif.: Rand Corporation, 1971); George Philip, “The Soldier as Radical: The Peruvian Military Government, 1968–1975,” *Journal of Latin American Studies* 8, no. 1 (1976):29–51.
 17. From an interview on 15 July 1978 with Jorge Fernández Maldonado, one of the most powerful members of this group, it became clear that the general had been so strongly influenced by Social Christian doctrines that he distributed Social Christian literature to the troops. This aspect of ideology deserves additional research.
 18. Ernesto Laclau, *Politics and Ideology in Marxist Theory* (London: New Left Books, 1977).
 19. The usual argument about capitalism and fascism is the one derived from Karl Marx, *The Eighteenth Brumaire of Louis Bonaparte* (New York: International Publishers, 1963). It posits that fascism is a form of antisocialist populism that arises when neither the bourgeoisie nor the proletariat is strong enough to establish its political domination and social control. The bourgeoisie supports it out of a desire for order and fear of the proletariat, but pays the price of losing direct control over state power, and as a result, has less confidence that the state will always act in the interest of capital. In other words, fascism is never the preference of the capitalist class and is supported only in the face of a graver threat from below. The argument is solid and is confirmed by much historical experience. That the Peruvian bourgeoisie was uninterested in the “fascistoid” option held out by General Javier Tantaleán and the other officers of the right-wing “La Misión” group implies that the bourgeoisie did not feel threatened by “communism,” despite the popular mobilization under leftist banners that had already occurred—a sign, one must conclude, of the class’s self-confidence.
 20. Henry Pease García, *El ocaso del poder oligárquico* (Lima: DESCO, 1977).
 21. Villanueva, a former major who has written several well received works on the Peruvian military, attempts in this tendentiously argued piece to attribute the military’s political action before and after 1980 to the issue of arms supplies. Suffice it to say that the military need not fear an attempt by Belaúnde to dictate its external sources of supply, whatever the political arrangements; it is hard to believe that any Peruvian civilian government would be so foolish as to defy the military on a matter of such obvious institutional interest. Nor does Villanueva realize that there are perfectly good reasons for purchasing Soviet arms in preference to Western equivalents: they are generally cheaper (not more expensive, as he maintains), are often backed by more favorable financing, and being less technologically complex, are less expensive to operate and service. Gorman’s chapter compares the ideas of Julio Cotler with those of other Peruvian thinkers in an attempt to demonstrate that Cotler’s are more accurate and therefore are likely to animate the country’s intellectual life for some time

- to come. Cotler's accuracy can be debated, but his future influence does not follow automatically, whatever the outcome, and is not otherwise supported. The chapter ends with a lengthy concluding section on elite-mass relations that has little to do with the preceding material.
22. See Alan Angell and Rosemary Thorp, "Inflation, Stabilization and Attempted Redemocratization in Peru, 1975-1979," *World Development* 8 (Nov. 1980):865-86; also Evelyne Huber Stephens, "The Peruvian Military Government, Labor Mobilization, and the Political Strength of the Left," *LARR* 18, no. 2:57-93.
 23. Discussed at length in Cynthia McClintock, *Peasant Cooperatives and Political Change in Peru* (Princeton, N.J.: Princeton University Press, 1981).
 24. Belaúnde, Pease observes, has sought to utilize his status as a national symbol by adopting a Gaullist stance above the fray of daily politics. Thus, like De Gaulle, he has allowed his prime ministers to "take the heat" for unpopular economic policies, which leaves him free to step in as an apparent moderating force when popular pressures become too great. (Woy-Hazleton also notes this seemingly successful technique.) Pease suggests that the recent division within AP between the economically orthodox, led by Manuel Ulloa (prime minister until early 1983), and the "populists," led by Javier Alva Orlandini (leader of the party's congressional delegation), has further enhanced Belaúnde's ability to play this role. Note that Pease accurately predicted that Ulloa eventually would be forced out of the prime ministry.
 25. All countries borrow to finance deficits in their foreign trade balances rather than meeting them solely by drawing down foreign exchange reserves. Chronic budget deficits, the other major instigator of borrowing by capitalist states, are (as North Americans now know) endemic to all countries, developed as well as developing. Deficits may be expected to increase during periods of rapid growth, when demand for government services (infrastructure, say) may increase faster than tax revenues. Ever since the eighteenth-century foundation of the Bank of England, private interests have been glad to finance these "permanent" deficits, regarding loan principal as sunk investment that will pay interest forever. (Individual loans are amortizable, but amortization payments are offset by new borrowings.) In all of this practice, the only thing peculiar to developing countries is that their financiers generally charge them higher rates of interest—although not as high as the rates that private businesses are charged. Chase Manhattan Bank, with a limited stake in Peru when compared to its total portfolio, may be less concerned with its borrower's health than is the Bank of England, but it is hard to see how Chase's interest in the profitability and continuity of its Peruvian loan market can be served by damaging the country's economy.
 26. Raymond Vernon, *Storm over the Multinationals* (Cambridge, Mass.: Harvard University Press, 1977).
 27. According to Devlin, there was one instance when Chase Manhattan tried to force a change in a contractual agreement between the state and a large U.S.-based mining firm, but backed down when the government proved unyielding. Since the crisis set in, the banks have shown interest in Peru's liberalizing its treatment of foreign investment in order to qualify for refinancing. They do so because they sincerely believe that the Peruvian economy would be better off and that their Peruvian loan market would be more secure and profitable over the long haul as a result. Within limits, they may be right.