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PERU'S FAILED SEARCH FOR POLITICAL STABILITY (1968-2000)

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Peru's Failed Search for Political Stability (1968-2000)

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Explaining Peru's recent political instability poses serious intellectual challenges. In less than fifty years, the country has gone through three distinct political periods (1968-1980; 1980-1990; 1990-2000²), each profoundly different from the others in economic, social and political terms. All three have reshuffled the social and economic contexts and the political and institutional arrangements prior to their advent, and none has achieved consolidation. Why has Peru displayed such high levels of instability?

This paper aims at understanding Peru's recent political trajectory, and more specifically its failure at democratic consolidation. By the beginning of the eighties, when several Latin American countries entered a period of democratic transition, Peru seemed to stand a better chance than most at consolidating a democratic regime: it had not gone through a bureaucratic-authoritarian experience, as had Argentina, Uruguay, Brazil or Chile³; its society did not have to confront the traumatic memories left by high levels of repression and State terror characteristic of Southern Cone regimes; the military, although discredited, never faced the accusations Argentinean or Chilean officers did; and the 'reconciliation problem' was not as high on the agenda as in the other countries.

Peru did confront economic problems by the beginning of the eighties, but at the time these never appeared unsolvable. The transition process itself started relatively smoothly and the constitutional assembly elected in 1978 to decide on the rules of the game was surprisingly inclusive: although *Acción Popular* abstained from elections, a moderate *Alianza Popular Revolucionaria Americana* (APRA), the long term enemy of the military and the elites, controlled 35.3% of its seats, while the left as a whole won a respectable 29.4% and the right, represented by the Christian Popular Party, obtained 23.8%.⁴ As a result, the constitutional

¹ The author would welcome comments on this paper: abril1959@yahoo.com

² The third moment's beginning date could be contested. The change of the institutional rules only began in 1992 when Fujimori closed Congress and called for elections to form a new Constitutional Assembly. The new constitution was approved by 1993. However, these explicit institutional changes can only be understood in relation to the political outsiders' consolidation in the 1990 presidential campaign. This is why the paper deals with the third moment from 1990 onwards.

³ The label "bureaucratic authoritarian" (BA) was coined by Guillermo O'Donnell in 1978 to describe a type of "authoritarian state" whose main features were the following: 1. Its social basis was the transnational oligopolitical bourgeoisie; 2. Specialists in coercion and technical personnel were the main groups commanding institutional decisions; 3. the BA stood as a system of social popular exclusion of a previously mobilized sector and as a regime of political citizenship suppression; 4. it stripped the political character of social demands transforming them into technically neutral problems; and 5. it closed down institutional mediations with social organizations, specifically the popular ones. (Guillermo O'Donnell, 'Reflections on the Patterns of Change in the Bureaucratic-Authoritarian State', *Latin American Research Review* 13 (1978), no. 1.

⁴ Nicholas Lynch, *Una tragedia sin heroes. La derrota de los partidos y el origen de los independientes. Perú 1980-1992*, Lima: Fondo Editorial Universidad Nacional de San Marcos, 1999, p.137.

text represented a “legitimate settlement” between political contenders,⁵ and apparently definitively sealed the deep and till then entrenched enmity (the “Difficult Game”, according to some)⁶ – between the military and APRA.

Although the latter scenario seemed auspicious for a successful democratic transition, in 1992 Alberto Fujimori, a political newcomer, undertook an *autogolpe*, swiftly closed Congress and, only under international pressure, called for elections to form once again a national constitutional assembly to legitimize his moves. Although the regime resulting from the new constitution was not a military dictatorship, it was far from being a democracy. The president took possession of more and more powers, and little by little, by nominating friends and close advisors to high ranking positions, turned Peruvian institutions into a clique at his personal service. Surprisingly, till nearly the end of the nineties, the authoritarian initiatives of the president had very high levels of approval from Peruvians of all social conditions.

How can it be that a country that twenty years ago had probably better chances than most of the Southern Cone Latin American countries to embark on a successful democratic transition, underwent from 1992 onwards an involution that culminated by the year 2000 in a political debacle? How did the Peruvian democratic regime, born of a relatively inclusive constitutional pact, turn twelve years later into an authoritarian one-man show?

Before spelling out the main thesis that tackles the above questions, this paper briefly summarizes the conceptual map that helped organize the information and articulate its central argument.

1. Conceptual option: from constraining legacy to agency and misfortune

First, this paper rejects the culturally authoritarian approach. From such a standpoint, Peruvians are historically inclined (or worst, destined) towards authoritarian solutions because the country’s history has been plagued by military coups and the APRA, its main political party, although with an electoral majority, has been kept out of power through the intervention of the Armed Forces. Moreover, both major historical actors (the military and APRA) have consistently shown little respect for democratic rules and procedures. With this history of repeated coup experiences, and such political attitudes, small wonder the Peruvians, in the nineties, massively supported Alberto Fujimori, a neopopulist with authoritarian inclinations. From this perspective, the preference for “Savior Figures” is not an episodic political phenomenon but “part of the Peruvian political culture”.⁷

Although the historical argument is descriptively correct – the neopopulist authoritarian character of Fujimori is obvious and there are continuities of style and political

⁵ Henry Dietz, ‘Elites in an unconsolidated democracy: Peru during the eighties’, in John Higley & Richard Gunther (eds), *Elites and Democratic Consolidation in Latin America and Southern Europe*, Cambridge: Cambridge University Press, 1995, p.247.

⁶ According to Collier and Collier, following O’Donnell, in the Argentinian case “the proscription of Peronismo set up a situation in which the vote-getting strategies of the main political parties led inexorably to unstable governments (given that Peronism alone could have won 35 to 40% of the vote)...”. In the Peruvian case, between 1956 and 1968 the military imposed restrictions to full participation of APRA, leading not to an impossible game like in the Argentinian case, but to a difficult one (Ruth Collier & David Collier, *Shaping the Political Arena*, Princeton: Princeton University Press, 1991, p.692).

⁷ John Crabtree, ‘Neopopulismo y el fenómeno Fujimori’, in John Crabtree & Jim Thomas (eds), *El Perú de Fujimori*, Lima: IEP and Universidad del Pacífico, 2000, p.68.

intermediation between him, Haya de la Torre, Velasco Alvarado and even García – it has an implicit circular ring: there is enough empirical evidence to prove that history repeats itself. However, why does it repeat itself? And why and how, even when social and economic changes are underway, does it continue to repeat itself?⁸ It is precisely this question, left unanswered by the cultural perspective, that this paper wants to tackle.

Another theoretical interpretation argues that democratic transitions are very highly inclined to fail in countries where a landowner elite, engaged in labour repressive agriculture, still dominates the economy and the political arena, and plays a major role in the export sector.⁹ However, Peru does not fit this predictive explanation. By the end of the sixties, agriculture only represented 16.3% of Peruvian exports, while the fishing industry amounted to 25.6% and the mining sector 55%.¹⁰ Moreover, by the eighties, the traditional landowner elites had been swept away by the Velasco Alvarado agrarian reform. Why, with no landed authoritarian oligarchy, could Peru not consolidate a democratic regime?

A third school, the “path dependency” one,¹¹ seems the most appropriate to explain Peru’s recent political trajectory. This approach argues that institutional arrangements and political and social constellations prior to a transition determine to a high degree the path leading towards change and the tasks and challenges faced by relevant actors to consolidate democracy. Authoritarian regimes (like the Peruvian one) can embark on a transition through a *reforma-pactada* process leading rather quickly into at least competitive elections. The *reforma-pactada* opens its way when soft liners (moderates from the military and the civilian side) ally themselves and direct the transition towards democratic arrangements. Once the regime transition is triggered, the process can lead into democratic consolidation, involution or stagnation.

In the Southern Cone, according to Linz and Stepan, transitions started from authoritarian regimes led by the military. In such cases, research on transitions should focus on the dynamics of the civil-military. As already mentioned, Peru does not belong to the same type of military regime. However, the Peruvian military have played a major role in the country’s political history and hence civil-military relations are also crucial to understand its trajectory from 1978 onwards.

According to these authors, the transition’s outcome depends on how the alliance sustaining the transition evolves and on the interaction between five arenas – political society, civil society, economic society, rule of law and state bureaucratic capacities¹² – and its corresponding actors. The latter behave and plan within economic environments that may or may not become propitious to a democratic consolidation.¹³

⁸ Most countries come from an authoritarian past but at some point, through a combination of strategic choices, social and economic institutional arrangements, and good luck (*fortuna* in O’Donnell and Schmitter’s words, 1987), they face the option of breaking the pattern. Why don’t they take it?

⁹ Terry Lynn Karl & Philippe Schmitter, ‘Modes of Transition in Latin America, Southern and Eastern Europe’, in *International Social Science Journal*, vol XLIII, no. 2 (1991), pp. 269-285.

¹⁰ Carlos Contreras & Marcos Cueto, *Historia del Perú contemporáneo*, Lima: IEP and Pontificia Universidad Católica del Perú, Universidad del Pacífico, 2000, p.292.

¹¹ Juan Linz & Alfred Stepan, *Problems of Democratic Transition and Consolidation. Southern Europe, South America and Post Communist Europe*, Baltimore and London: The Johns Hopkins University Press, 1996.

¹² For a definition of the five arenas, see Linz & Stepan (1996), pp.8-11.

¹³ More specifically, the economic context, as Linz and Stepan argue, does not produce *immediate* effects on democratization. Hence, “the question of whether an aspiring democracy can withstand economic difficulties ...depends to a great extent on the degree of noneconomic system blame and mass-elite perceptions about the desirability of other political alternatives... Economic crisis will tend to lead to democratic breakdown in those cases where powerful groups outside or – more fatally— inside the government increasingly argue that

Because of time constraints, this paper focuses its attention specifically on the evolution of the soft-liners' alliance and on the mutual impact and articulation among the civil and political societies and State capacities. The history of these arenas and of the alliance determine to a high degree the involution or evolution of three dimensions crucial to democracy: political alternation and competition¹⁴, participation¹⁵ and protection¹⁶. Political alternation and competition qualify the performance of political society, while participation expresses itself through the vitality or paralysis of civil society and its capacity to affect political society. Finally, protection depends on State capacities and the rule of law and, in the Peruvian case, more specifically on the military reactions to *Sendero Luminoso*'s challenge and their relation with civil governments.

Hence, this paper tackles the central questions raised by the path dependency school – how did the prior institutional, political and social arrangements in Peru affect the road of transition; who, from the spectre of social and political forces, constituted the soft liners alliance sustaining the transition; what kind of civil-military dynamic surrounded the transition and the new regime; and how did the relevant actors in the social and political arenas respond to the tasks and challenges left by the previous regime and affect the participatory, protection and alternation dimensions of democracy.

As can be inferred by the latter set of questions, more than searching for strict laws of causality, research focuses on characterizing the trajectory. From this perspective, the course taken by a country depends on how the five arenas (civil, economic, political societies, rule of law and State capacities) and their relevant actors constitute, change and interact among themselves, and determine the performance of the alternation, participatory and protection dimensions of democracy. Emphasis is thus attributed to agency.

Apart from these general considerations, the following paper assumes that authoritarian as well as democratic transitions and regimes might lead to different outcomes in terms of state consolidation, and the strengthening of political and civil society; and thus to the evolution or involution of the alternation, participatory and protection dimensions. Neither the arenas nor the dimensions necessarily move synchronically. However, democratic consolidation presupposes an improvement of the performance of the three dimensions. Such an outcome stands a better chance when there is a positive sum game among the arenas: when the state, political, economic and civil societies, and the rule of law act to strengthen and complement each other in a democratic direction. Contrariwise, when the state gains power but society weakens and political society stagnates, democratic consolidation is a more unlikely outcome.¹⁷

nondemocratic alternatives of rule are the only solution to the economic crisis.” (Linz and Stepan, 1996, pp.79-81) In other words, in order to affect a regime, economic performance has to be mediated and interpreted by political and civil society.

¹⁴ The degree of political alternation and competition can be deduced from the following indicators: mechanisms of partisan elite selection, party relations, presidential rotation, formation of parliamentary majorities, programmatic alternation. (Research Proposal: Democratic Sustainability in the Andean Region, Comparative Research Group, IEPRI-UN, 2001).

¹⁵ The levels of participation can be inferred from: definitions of citizenship (who can participate); consultive mechanisms, popular mobilization, agendas, public policy (Research Proposal, 2001).

¹⁶ The dimension of protection refers to the guarantees to civil, social and political rights and respect for ethnic diversity. It takes into account human rights violations, and labor, ethnic, and protest regulations. (Proyecto de investigación, 2001).

¹⁷ Alfred Stepan, 'State power and the strength of civil society in the southern cone of Latin America', in Theda Skocpol, , Peter Evans & Dietrich Rueschmeyer, *Bringing the State Back In*, Cambridge: Cambridge University

The main argument of this paper is that in the Peruvian case the positive sum game between the arenas and actors never coalesced, making democracy a very improbable outcome. The lack of mutual reinforcement and the disjointedness between arenas was the result of: a) unfortunate decisions and choices taken by relevant actors in the political and social arenas; b) the impact of events that could not be foreseen during the transition (i.e. the rise of two antisystemic actors, *Sendero Luminoso* and the *Movimiento Revolucionario Tupac Amaru*); and c) unintended political consequences resulting from the lack of synchrony between the political and social arena and the State.

The paper follows a synchronic narrative and is divided into three periods: the military authoritarian-reformist regime (1968-1980); the failed democratic attempt (1980-1990); and the rise to power and consolidation of a plebiscitarian authoritarianism arrangement under Fujimori's leadership (1990-2000). In each of these, efforts will be made to emphasize the disjointedness between the political and civil societies and the State, and the lack of synchrony among the participatory, protection and alternation dimensions of democracy.

2. The Velasco Alvarado 'surprise': reform, national populist discourse and social mobilization

Peru, *vis a vis* the Southern Cone countries that inspired most of the literature on regime transitions, does not fit the pattern. While Argentina, Brazil and Chile suffered repressive authoritarian regimes obsessed with order and political cleansing, Peru during the same period was under military control, but the regime was the opposite of those inaugurated in the South. The southern cone regimes were directed towards demobilizing the popular sectors, repressing the left, sweeping any traces of armed rebellion and shrinking the role of the Populist State. By contrast, in 1968, the Peruvian Revolutionary Government of the Armed Forces, headed by General Velasco Alvarado, aimed at consolidating a State-centered economy and polity which would eradicate "the structural causes of social injustice".¹⁸ If the military regimes of the South intended to sweep away the legacies of prior populist regimes, the Peruvian military seemed engaged in founding a populist State whose social base would be made up of organized popular sectors, and whose historic mission was to defeat the landed oligarchy. Hence, the military government of Peru was out of step and out of touch with the political programme inspiring other contemporary Latin American military institutions. It had more affinities with the Peronist government of the forties or the discourse of General Vargas in Brazil in the fifties.

To understand such temporary divergence from other military regimes in the region, three factors have to be taken into account. The first relates to the fact that APRA, the major populist force in Peru, although hegemonic in the electoral scene, has never been able to win the Presidency and each time it had an electoral chance, the military blocked its rise to power.¹⁹ Hence, although Peru's political scene had resonated in the thirties with the typical

Press, 1985; Ana María Bejarano, 'Para repensar las relaciones Estado, sociedad civil y regimen político. Una mirada conceptual', *Controversia*, CINEP, Bogotá, no.167, october-november 1995, pp. 9-32 .

¹⁸ Contreras & Cueto (2000), p.309.

¹⁹ In 1945, Bustamante, a presidential candidate, made the legalization of APRA and APRA's participation in the Frente Democrático Nacional (FDN) a condition for accepting his nomination. The FDN won an impressive two thirds of the vote. APRA provided the bulk of the popular support. During that period, APRA had an absolute majority of seats in the Senate and also a working majority in the Chamber of Deputies. However, a revolt led by APRA in 1948 led Bustamante to outlaw once again APRA. On October 27, 1948 General Odría

populist discourse of the times, and although APRA displayed a high level of tight party organization and electoral success, the populists never won the Presidency.

The second reason relates to the Peru's economic structure. While other Latin-American countries had already implemented a model of industrialization through import substitution (ISI) by the sixties and were ready to try another modernization strategy, Peru's economy lagged behind. The Belaunde government of 1963-1968 applied some ISI policies but with great moderation. The military thought the State should actively promote national industrialization with more stringent decisions.²⁰

The third feature that explains the lack of synchrony between Velasco Alvarado and the Southern Cone regimes has to do with agency. In the sixties, while other military officials were being socialized into counterinsurgency security doctrines very much imbued by the West-East conflict, the Peruvian officialdom went to the *Centro de Altos Estudios Militares*, a military training institution, convinced that the country's development and political stabilization and moderation would only be attained if substantial economic and social reforms were achieved. Because *Acción Popular*, led by Belaunde and in power from 1963 to 1968, had failed to carry this out, the military-as-institution had to implement it. Paradoxically, in 1968 the military, the old time enemy of APRA, held a coup to undertake a programme very close to the one that had inspired APRA in the twenties, but which no longer did so (the party was positioned much more to the centre), and that had triggered profound elite reaction and fear.

This was not the first coup led by military officers in Peru, but this time the Armed Forces were not reacting to APRA's threat nor responding to the initiative of a military caudillo. Their move was not reactive but pro-active. For the first time, the military had a State and an economic programme to lead Peru out of underdevelopment and they acted at first much more as a party-backed-by-arms than as a caudillo-led organization.

Once in power, the military quickly took the initiative. They abolished the 1933 Constitution, closed Congress, suspended elections, and wrote a Revolutionary Statute which was to regulate decisions and initiatives promoted by the Military Junta composed of commanding generals from the three services. This Junta was to designate a President for an unspecified time. Although authoritarian, the military neither undertook repressive actions nor persecuted parties and political elites.²¹

On the economic front, the Velasco Alvarado junta nationalized strategic sectors thought to be needed for the industrialization of the country. The petroleum industry, which was in foreign hands, was one of the first to be nationalized; then came the fishing, cement, transport, communication, mining, and fertilizing industries. In less than ten years, by 1977, 50% of the Gross Domestic Product (GDP) was in State hands. Simultaneously, Velasco Alvarado's Government founded new institutions to respond to the new economic model.

carried out a coup that ended the Bustamante period and "launched eight years of intense repression of APRA". As in 1932, when military officers were killed during the APRA uprising in Trujillo, APRA's disloyal tactics triggered a military reaction. In 1962 the military once again staged a coup to bloc APRA's rise to power (Collier and Collier, 1991; Alain Touraine, *La parole et le sang. Politique et société en Amérique latine*, Paris: edition Odile Jacob, 1988).

²⁰ Contreras & Cueto (2000).

²¹ Contreras & Cueto (2000); Julio Cotler, (1986): "Military Intervention and "Transfer of Power to Civilians" in Perú" in Guillermo O'Donnell, Philippe Schmitter & Laurence Whitehead (eds), *Transitions from Authoritarian Rule: Latin America*, Baltimore: John Hopkins University Press, 1986, pp.148-172.

The ministries of fishing, mining and energy, industry, tourism and construction were created during those years.²²

Less than a year after the coup, on 24 June 1969, ‘Indigenous Day’, the military launched one of the most profound agrarian reforms in Latin America. 39.3 % of cultivated land was distributed by 1982, benefiting 30.4% of rural families.²³ Although the reform was not a success from the standpoint of agrarian production, productivity or rural earnings, it did change the social and political structures of the country. Till then the landowner elite had blocked all possibilities for reform through its over-representation in Congress. Although a minority, this elite had a powerful veto on the State’s political agenda.²⁴ The reform policy of Velasco uprooted the agrarian elites and showed the State to be capable of imposing its decisions even on the traditionally powerful. During those years, the State developed such a high degree of autonomy *vis a vis* economic and political elites that some analysts even termed it a Bonapartist type of regime.

From the political dimension, although parties were not banned, Velasco Alvarado’s administration tried to construct direct corporatist mediation with social sectors, especially with workers’ and peasants’ organizations. It instituted a National System of Support for Social Mobilization (SINAMOS²⁵) that was thought to guarantee the support of these sectors. By 1974, the government even approved a law encouraging social ownership, an initiative that led economic elites to declare that Peru was undergoing a Yugoslavization process. With growing dissent expressed through the media, Velasco Alvarado decided to close or expropriate several newspapers, giving the regime a more authoritarian character.²⁶

Although neither massive repression nor state terror were used to control the political arena, governmental initiatives did have the intention of weakening party mediations and strengthening the direct link between the State and popular social sectors. However, even with a national-populist discourse, social and economic reforms underway, and paternalistic state spending via SINAMOS, the Velasco Alvarado politics of cooptation failed. With no electoral activity, an archipelago of left parties dedicated themselves to promote social organizations relatively autonomous from the State, and APRA maintained its hegemony over its own worker and peasant unions. Even organizations supported by the State did not acquiesce to policies implemented from the top down.²⁷ The suggestion is that corporatist strategies have more chance of success in contexts where labour movements and political parties are still incipient or weak, which was certainly not the case for Peru at the end of the sixties and seventies.

Moreover, spurred by the populist discourse of State elites – its calls to the people and its explicit offer of a better future – the social movements entered into a cycle of mobilization that gained momentum when the economy ran into trouble.²⁸ By 1975, the military junta led

²² Contreras & Cueto (2000).

²³ Cardoso & Helwege, ‘El populismo, el despilfarro y la redistribución’, in Rudiger, Dornsdusch & Edwards, Sebastian (eds), *Macroeconomía del populismo en América Latina*, México: Fondo de Cultura Económica, 1992, p.80.

²⁴ *Enciclopedia Universalis*, Volume 12, Paris: Enciclopedia Universalis France, second edition, 1973.

²⁵ Sistema Nacional de Apoyo a la Movilización Social

²⁶ Cotler (1986).

²⁷ Cotler (1986), p.154.

²⁸ Although numbers are not the only indicator of social protest – there can be a national general strike that has more political implications than dozens of small and disarticulated stoppages — it must be said that if between

by General Velasco Alvarado was isolated from economic elites who felt threatened by the socializing measures and the agrarian reform it had adopted; and also from the popular sectors. In contrast with other populist strategies implemented in the forties and fifties, like the Peronist one which successfully constructed a cohesive party that survived the Argentinean Bureaucratic Authoritarian (BA) regime, Velasco Alvarado's was unable to forge long lasting links with the labour and peasant movements. Although it behaved as a government and controlled state resources, it never transformed itself into a partisan force.

By 1975, populist tampering with the economy led the country into one of the worst economic crises of the Twentieth Century.²⁹ As with other populist leaders, Velasco Alvarado fell victim to "the delusions of economic invulnerability" and the mistaken belief in the total "elasticity" of the economy.³⁰ Hoping for new oil findings and a rise in mineral prices, Velasco Alvarado postponed adjustment measures. By 1975, "no one was defending the Peruvian Revolution except the armored division."³¹ In August 1975, Velasco Alvarado was forced to resign and General Morales Bermudez was appointed head of state by the commanders of all three forces.

Although a new head of state was appointed, the isolation of the military-as-government continued and all initiatives to form coalitions either with social movements or parties failed. At the beginning of 1977 Morales Bermudez officially called for elections for a Constituent Assembly. However, this announcement did not appease the labour and social movements who, with the economic crisis deepening, called for a national stoppage. The government reacted by allowing employers to dismiss union leaders and workers on strike.

Pressed by the critical social and economic situation, Morales Bermudez desperately sought support from the parties, and specially from the military's old-time enemy, APRA. APRA was a cohesive organization which had programmatic affiliations with the reforms undertaken by the Revolutionary Government of the Armed Forces.

Their length of time in power and the difficulties faced by the Junta simultaneously created more and more cleavages amongst the military: some wanted to defend the Velasco Alvarado revolution, while others had in mind the professionalization of the Armed Forces. The former founded the *Partido Socialista de la Revolución* (PSR); the latter wanted to protect the military-as-institution from a further erosion provoked by the military-as-government. They wanted the Junta to retire from government. As General Morales Bermudez expressed in a 1988 interview:

Within the Armed Forces we had already began a process of internal politicization...The Armed Forces are NOT a political party that appears on the political scene, grows, and then dies. No, the Armed Forces are a permanent institution in the history of the nation and one has to defend it as a permanent institution.³²

1969-1972 there were 1505 strikes involving 494.500 workers and 26.4 million hours lost, in 1973-1975, the number rose to 2137 involving 1.396.100 workers and 49.4 million hours lost (Lynch, 1999).

²⁹ Cotler (1986).

³⁰ Albert Hirschman, 'The Turn to Authoritarianism in Latin America and the Search for its Economic Determinants', in David Collier (ed.), *The New Authoritarianism in Latin America*, Princeton: Princeton University Press, 1979, p.65.

³¹ Cotler (1986), p.156.

³² Philip Mauceri, *Militares: Insurgencia y democratización en el Perú, 1980-1988*, Lima: IEP, 1989, p.15.

While a new constitution was being drafted, the military junta, on the verge of bankruptcy, accepted some of the adjustment measures demanded by the IMF. This decision triggered a new wave of social unrest. Hence, the gradual return to democracy, in the case of Peru, was lived in the midst of the mobilization and propagation of discourses on the left demanding a deepening of the social reforms started under Velasco Alvarado. It was anything but a smooth transition, with a controlled hand over of power. If the military did not back out of the process it was because of their internal divisions and public national and international discredit.

In 1978, elections were held. Although *Acción Popular* and *Patria Roja* refrained from participating, the right, the centre and the left were all well represented in the Constitutional Assembly: the Popular Christian Party (PPC), the party of the bourgeoisie, obtained 23.8% of the votes; while APRA, with Haya de la Torre leading it, got 35.3%; and the left a substantial 29.4%.³³ Although the major Velasco reforms did not become part of the constitution, as APRA wanted:

the vote was extended to illiterates and unanimous backing was obtained for a chapter devoted to human rights. Another of the important provisions strengthened the executive and gave it a presidential character in order to avoid the instability and paralysis that had contributed to the overthrow of the earlier Belaunde government.³⁴

The following table succinctly summarizes the legacies that the military regime of the *Docenio* (1968-1980) left for the following ten year period, evaluating its democratic pros and cons.

³³ Lynch (1999), p.175.

³⁴ Cotler (1986), p.167.

Table 1 – Legacies of the Docenio.

| Regime Type | Authoritarian with the military-as-institution in power but not anti-popular in nature. Failed corporativism, medium low levels of repression with control over the press and parties. | | |
|-----------------|---|---|---------------------------|
| Arena | Actors | Legacy | Dimension |
| State | Military | Highly divided and politicized. Some profoundly Velasquistas (PSR); others, pro-professionalization of the Armed Forces. | |
| | State bureaucracy | Grew dramatically. By 1977, 50% of GDP was in public sector hands. Nationalization of strategic sectors: mining, fishing, oil, transport. | |
| | State-society mediation | Corporativism. Failed. The grass roots went further than the government that was supposed to represent them. Velasco Alvarado failed where Peron succeeded: he never was able to transform his following into a strong, cohesive party. | |
| | State rule over society | Although regime was not massively repressive, with more and more explicit forms of social discontent, its authoritarian character became more evident. Leaders Persecution and media control. | |
| Balance | <ul style="list-style-type: none"> The high politicization of the military, its internal polarization, is a difficult legacy for democracy itself and for the institutional professionalization of the military. “The size of the state sector is clearly not an indicator of state strength. Although the policies of the military increased the size of the state, it had not put into place policies that increased state capacities” (Mauceri, 2001:6) Social movements’ autonomy from state policy can be viewed as a positive democratic sign. However, in the Peruvian case, it also was part of a cycle of mobilization that was anti-State from sectors with low affinities towards a democratic regime. Although pro-popular in discourse, Velasco Alvarado’s political strategy did not increase State legitimacy. State capacity <i>vis a vis</i> the popular sectors did not increase. State did display high levels of State autonomy <i>vis a vis</i> the economic elites, and particularly from the land-owners. In this sense, state capacity increased. Landed oligarchy defeated politically. Disjointed strengthening: from the standpoint of certain dimensions –State-entrepreneurs relationship and control of the economy—State empowering but from others, i.e. the relationship with popular sectors, State’s intention of cooptation via corporatism, generated an anti-State reaction, paradoxically within a very populist discourse. The balance of State, entrepreneurs, and popular sectors relationship turned into a no-win game: the strength shown <i>vis a vis</i> the elites did not transform into popular support. | | Protection: Medium low |
| Political Arena | Parties | 12 years without electoral activity. Left: highly divided but dedicated to popular organization. Some: loyal to economic and social democracy but not so towards political democracy. 1970: <i>Partido Comunista Peruano-Sendero Luminoso</i> , division of the PCP and of the <i>Frente Estudiantil Revolucionario</i> in Ayacucho. 1978: goes clandestine and then in 1980 starts its armed fight. APRA: centre, PPC: right and AP: center-right. The latter three, pro-democratic. | Alternation: |

| | | | |
|-------------------------|--|---|--|
| Balance | <p>Cons: No electoral experience for 12 years. Highly personalistic parties. Left: some forces with no elective affinities towards political democracy.</p> <p>Pro: all the political specter represented in the political arena and, although AP and some minor left forces, abstained from participating in the Constitutional Assembly, all the political specter was represented.</p> | | None |
| Civil Society | Social Movements | <p>Strong peasant and labour movements, highly politicized from the left. High cycle of mobilization. Transition amid high levels of protest and strikes. From the government, discourse pro-rights and pro-people. Sense of frustration: offered betterment, and economic and social policies 'did not deliver the goods'. By 1977, labor reforms and union repression.</p> <p><u>High Cycle of strike activity, with peak in 1977</u></p> | <p>Participation Entrepreneur: Low</p> <p>Social Movts: High</p> |
| | Entrepreneurs | Highly threatened. They felt that 'their' State and 'their' army could turn their back on them. Not consulted for economic policy decision making. | |
| Balance | <p>Pro: Strong popular organization. Internalized discourse on rights.</p> <p>Cons: Not all with elective affinities towards political democracy.</p> <p>On the entrepreneurs side, weak. No leadership. Disorganized.</p> | | |
| Soft Liners | APRA-Military | The old enmity between APRA and the military seemed over. Alliance between both sustained the transition. Dialogue also with PPC. | |
| Balance | The 'Difficult Game' seemed over | | |
| Economic Context | Economic reforms | <p>Agrarian reform: although poor economic results, it swept away the land-owner elites. State enterprises: in strategic sectors but with poor economic results. Economic result of state non financial enterprises as a % of GDP: 1970: -0.52 1973: -4 1975: -5.26</p> | |
| Balance | <p>Cons: Peasants were not better off than 12 years before. Rising unemployment: Urban unemployment: 1976: 8.4% 1977: 9.4% 1978: 10.4% 1979: 11.2%</p> <p>Economic model: not sustainable, deep imbalances. Total debt represented 45.4% of GDP in 1980. The current budget balance was for that year -6.2%.</p> <p>Cons: Economic difficulties could make visible the limits of political democracy</p> | | |

The years under military rule left a rather ambiguous legacy. The State, although bigger in size and having displayed high degrees of autonomy from the landowner oligarchy and the economic elites, did not achieve support from the popular sectors. From the protection dimension perspective, the State, although not massively repressive, did display authoritarian characteristics: it did selectively persecute opposition leaders and by the mid seventies, it closed or controlled the media. The military, after Velasco Alvarado's regime, developed partisan linkages and became highly divided among themselves.

From a civil society standpoint, the *Docenio* was a period where popular movements, NGOs, and social initiatives grew stronger. Despite their numerical strength and activism, and although anti-Velasquista in nature and demanding a deepening of social and economic reforms, their political positioning was not always pro-democratic. Politically, although there were no elections during the whole period and hence no alternation, *Acción Popular* and APRA were not decimated. The left dedicated itself towards organizing popular sectors and built strong links with peasant and labour movements. It is from such a disjointed starting point – high levels of participation with medium low protection and no alternation – that in 1980, after twelve years of military rule, elections were held.

3. The Decenio: Blind shots

As stated in the first section, the previous regime and the transition path that led Peru into democracy proved to be a rather volatile context in the eighties: the alliance between the military and APRA, thought to have overcome the 'difficult game' in which Peru had been caught for so long, eroded during the eighties; the fact that the left, the right and the centre had political party representation and links with social organizations, was not enough to forge stable affinities between the parties and the electorate. The legacy that proved resistant to change was the economic one: civilians proved to be as ineffective as the military in managing the fiscal and debt crisis. Peru's economic indicators worsened during Latin America's 'lost decade', giving motives for social frustration and unrest. In the following pages, three main points should become clear:

- *The soft liners' APRA-military alliance*: although effective in sustaining the transition, the alliance showed itself to be fragile when the situation returned to normal. The military became isolated from the Belaunde and the García governments, with traumatic consequences for democracy. Memory weighed more than the rapprochement of recent times. Such a distance deeply affected the return to democracy because of an unforeseeable and ill-fated event: *Sendero Luminoso* opted in 1980 to fight through armed methods.
- *Macro economic policy making and political representation*: Although entrepreneurs modernized themselves and became much more organized, no institutional mediations with the government were put in place. Economic Policy continued to be articulated in arenas impermeable to negotiation with national political or economic forces. Governments were not even backed by the elites, although under Belaunde the PPC, their close ally, was part of the cabinet. From the popular quarters, social mobilization was still high and although the left obtained good results in the municipal elections, it was unable to affect macro policy making.

APRA, the long term ‘people’s party’, also failed on the economic front. The living conditions of Peruvians worsened during the decade.

- *Partisan Affiliations and the Party System:* The mistaken economic policy choices of Belaunde and García worsened the social situation, affecting the relationship between parties and the electorate. What was thought of as a long lasting relationship between APRA and its electorate proved, under the circumstances, to be volatile. The left, in order to compete in the electoral arena, lived a short but fruitful period of unity (*Izquierda Unida*) that was highly effective at the municipal level. However, its success did not survive the nineties. AP, after Belaunde’s administration, was also electorally penalized. Partisan affinities showed high levels of volatility, a situation that proved propitious for the arrival of outsiders.

3.1. Civil military relations and Sendero’s challenge

When Belaunde was elected President in 1980, an unfortunate coincidence accompanied his election: the Commander General was the same Colonel who 12 years before had collaborated in the coup that overthrew him. This fact triggered a sense of distrust that characterized the relationship between the Executive and the military during his whole mandate.³⁵

Such distance would not have been so fundamental for the democratic future of Peru had it not been that at the same time a small left wing group decided to go into armed rebellion. With the glamour of guerrilla warfare fading in most Latin American countries (with the only exception of Colombia), Peru’s return to democracy was accompanied by *Sendero Luminoso*’s decision to go into armed struggle. Born in 1970 as a division of the Communist Party, by 1978, with the Constitutional Assembly drafting a new Charter, the group decided to become clandestine. Two years later, by May 1980, *Sendero* declared war on the Peruvian State in a rather conventional way – burning the ballot boxes of a few small Sierra villages. However, the way this guerrilla movement announced its presence in Lima some months later was a premonition of the rather gory methods *Sendero* was prepared to use in its armed struggle. Limeños found themselves waking up and finding dogs hanging from lamp-posts and red-lights with a message on their necks: “Xen Diaping, son of a beach”.³⁶

Although *Sendero*’s decision seemed totally out of step with the Peruvian and Latin American context, its decision was the result of the following calculation, as Abigael Guzman, their leader, would explain in an interview years later:

[The discrediting of the military] that was what we took into account. We also considered the situation of the new government – after 12 years in power, the military would not be able to launch a struggle against us nor go back into power. They were too discredited politically and had no prestige of their own. These were concrete facts.³⁷

³⁵ Enrique Obando, ‘Las relaciones civiles-militares en el Perú 1980-1996: Sobre cómo controlar, cooptar y utilizar a los militares (y las consecuencias de hacerlo)’, in Steve Stern (ed.), *Los senderos insólitos del Perú*, Lima: UEP - UNSCH, 1999, pp. 367-374.

³⁶ Stern (1999).

³⁷ *El Diario*, 1988, cited by Mauceri (1989), p.25.

As the Table 2 shows, the guerrilla's activities grew exponentially during the whole of the eighties, proving that the initial calculation of *Sendero's* leader was at least correct during that decade. By 1989, according to police sources, there were 3,149 guerrilla actions per year.

Apart from discrediting the military, *Sendero* was able to grow because, instead of there being collaboration between the civilian government and the military, there was distrust and improvisation. During his first two years' mandate, Belaunde left the guerrilla problem in police hands. Then in 1983, when the military entered into anti-guerrilla warfare, they used anachronic tactics and manuals. Moreover, neither the military nor the civilians had a global strategy. Each zone commander applied his own methods to confront *Sendero*.³⁸

Table 2 - Deaths as result of guerrilla confrontations (1980-1990)

(Source: Nicolás Lynch, *Una tragedia sin heroes*, UN Mayor de San Marcos, 1999, p.164; Webb & Fernández (1995), cited by Martín Tanaka, *Los espejismos de la democracia. El colapso del sistema de partidos en el Perú, 1980-1995, en perspectiva comparada*, Lima: IEP, 1998, p.108)

| Total deaths during armed confrontation by victim | | | | | | Subversive actions registered by the Police/year |
|---|-------|-----|-------|-----------|-------------|--|
| Year | Total | PNP | FF.AA | Civilians | guerrillas. | |
| 1980 | 11 | | | 2 | 9 | 219 |
| 1981 | 82 | 6 | | 5 | 71 | 715 |
| 1982 | 193 | 31 | 1 | 52 | 109 | 891 |
| 1983 | 1969 | 52 | 9 | 682 | 1226 | 1,123 |
| 1984 | 3588 | 56 | 26 | 1785 | 1721 | 1,760 |
| 1985 | 1437 | 45 | 31 | 731 | 630 | 2,050 |
| 1986 | 1376 | 100 | 29 | 466 | 781 | 2,549 |
| 1987 | 936 | 139 | 53 | 403 | 341 | 2,489 |
| 1988 | 1509 | 137 | 143 | 825 | 404 | 2,415 |
| 1989 | 2878 | 229 | 109 | 1365 | 1175 | 3,149 |
| 1990 | 3708 | 163 | 135 | 1531 | 1879 | 2,779 |

That same year in Ayacucho, *Sendero Luminoso's* original zone, General Noel Morales applied brutal tactics, including extensive disappearances and assassinations.³⁹ He justified his choice with the argument that:

It is very difficult to know whether it is Sendero alone who is acting or whether it has the support and collaboration of the whole left. It is difficult to distinguish because although some proclaim to have an electoral strategy different from the violent option, all are to blame for their irresponsible opposition to the government.⁴⁰

It has to be said that there were commanders who had a different approach to the whole problem: more than repression, they wanted to win over the population with social public spending and civic actions. However, as the Belaunde Government was facing a serious fiscal crisis, it ended by giving its support to the hard-liners. On top of this, civilians, instead of debating the anti-

³⁸ Obando (1999).

³⁹ Obando (1999).

⁴⁰ Mauceri (1989), pp.41-42.

guerrilla strategy with the military, left it on its own. Without political leadership, the anti-guerrilla policy amounted to a series of disarticulated initiatives.⁴¹

During the García mandate, things did not go better. García did have a more proactive attitude *vis a vis* the military. He showed more concern about the systematic violation of human rights that was going on and forced several officers to resign from their posts. Simultaneously, and inspired also by a deep distrust of the military, he began the wrong cooptation policy: instead of winning over the Armed Forces as an institution by giving it a more prestigious space in his government and establishing a regular channel of communication with it, he began tampering with the politics of internal promotions and retirements. Such intrusion divided the military between the higher ranks, loyal to APRA and García, and the lower ones. The latter founded their own organization, COMACA (Commanders, Majors & Captains), and by the end of García's government were planning a coup.⁴²

Both policies (human rights (HR) and promotions) blocked the possibility of articulating a State anti-guerrilla strategy. The military, deeply hurt by the HR denunciations and scandals, refused to act, making it easier for *Sendero* to expand. By 1988, the situation was critical. To the latter military grievances a new one was added: the economic crisis was affecting military salaries and some units lacked food and military supplies.⁴³

The municipal campaign of 1989 and the Presidential one of 1990 went on amid everyday guerrilla actions (on a mean of 8.6 actions per day in the first year). *Sendero* not only attacked police and military posts. Lima suffered recurrent blackouts. Popular leaders who did not become activists of their own organization were treated as arch political traitors and assassinated without mercy. Caught amid State repression and terrorist guerrilla actions, many social movements lost their leaders or became deeply divided. Under the armed pressure of left and right, "third options" (i.e. social organizations that were neither guerrilla nor pro-status quo) began withering away during the decade.⁴⁴ For many analysts, *Sendero* was from the outset not a guerrilla but a terrorist organization imbued with the self-assigned mission of salvaging Peruvians – even if those who supposedly were to be saved did not endorse their methods nor agree with their political programme. Even worse: by the end of the eighties many had the impression that the whole of society was under siege from a totally disloyal actor and that the institutions, even those which had been founded to protect citizens, were unable to stop the terror.

3.2. Macro economic policy making, economic efficacy and institutional mediations

Terror and HR violations were not the only problem assaulting Peruvian society after a decade of democratic alternation. On the economic front, democratic institutions were not 'delivering the goods'. If the unemployment rate (UE) did not vary substantially during the decade, the figures

⁴¹ Obando (1999), p.379; Julio Cotler, 'Descomposición política y autoritarismo en el Perú', in Gabriel Murillo (ed.), *Hacia la consolidación democrática andina. Transición o desestabilización*, Departamento de Ciencia Política, Universidad de los Andes, 1993, pp.205-230.

⁴² Cotler (1993).

⁴³ Obando (1999).

⁴⁴ José Luis Rénique, 'Apogeo y crisis de las terceras vías. Mariateguismo, Guerra popular y contrainsurgencia en Puno, 1987-1994', in Stern (1999), pp.301-332.

for underemployment (SE) changed drastically as did those measuring the adequately employed (AE).⁴⁵ As these figures indicate, the numbers of Peruvians who were adequately employed plunged to a low of 18%, while underemployment rose to 73%. By the end of the eighties, most Peruvians were working less hours than wanted or more than 35 hours per week for less than the minimum wage, and as a whole they were earning less than before⁴⁶.

To make things worse, the inflation rates reached highs never seen before in the country (see Table 3).

Table 3 – Peruvian inflation rates (1980 – 1990)

(Source: Contreras & Cueto, 2000, p.345)

| Year | Inflation rate | Year | Inflation rate | Year | Inflation rate | Year | Inflation rate |
|------|----------------|------|----------------|------|----------------|------|----------------|
| 1980 | 60.8 | 1983 | 125.1 | 1986 | 62.9 | 1989 | 2,775.3 |
| 1981 | 72.7 | 1984 | 111.5 | 1987 | 114.5 | 1990 | 7,649.7 |
| 1982 | 72.9 | 1985 | 158.3 | 1988 | 1,722 | | |

As these figures prove, Peruvians saw their living conditions deteriorate during the democratic decade. Simultaneous to the fiscal crisis, public spending also went through drastic cuts that affected social public investment⁴⁷.

Beyond the populist discourse of Alan García, it was under his government that some labour reforms began being implemented. Short term contracts (STC) were allowed, leaving workers in a much more uncertain position. Nominal salaries were not indexed, and workers' earnings, with hyperinflation on the rise, were highly affected. By 1988, there was a high peak of union protests, only comparable to the one of 1977-1978.⁴⁸ However, even under a supposedly pro-

⁴⁵ % of PEA: AE, UE and SE

| Year | AE | UE | SE |
|------|----|----|----|
| 1981 | 68 | 9 | 25 |
| 1985 | 48 | 10 | 43 |
| 1989 | 18 | 9 | 73 |

(Source: Jim Thomas, 'El mercado laboral y el empleo', in John Crabtree & Jim Thomas, *El Perú de Fujimori*, Lima: IEP and Universidad del Pacífico, 2000, p.262)

⁴⁶ Real wages 1980=100

| 1980 | 1982 | 1984 | 1986 | 1988 | 1990 |
|------|------|------|------|------|------|
| 100 | 110 | 87 | 97 | 78 | 33 |

(Source: Institute for European Latin American (IRELA), 'Perú y el futuro de la gobernabilidad: ¿Un nuevo comienzo?', in *Dossier no. 41*, November 1992, p.64)

⁴⁷ Social Public Spending in education, health, housing and employment as % GDP, as % of Public Spending (PS) and as % per capita Index 1970=100

| Year | % GDP | % PS | Per capita | Year | % GDP | % PS | Per capita |
|------|-------|------|------------|------|-------|------|------------|
| 1981 | 4.6 | 21.1 | 114 | 1986 | 4.7 | 21.7 | 105 |
| 1983 | 4.2 | 16.9 | 85 | 1987 | 3.4 | 18 | 79 |
| 1984 | 4.1 | 16.8 | 87 | 1988 | 4.3 | 26 | 77 |
| 1985 | 4 | 16.7 | 84 | 1989 | 4.1 | 25 | 51 |

(Source: Figueroa, Adolfo, 'Distribución del ingresos y pobreza en el Perú', in Crabtree & Thomas (2000), pp.241-242)

⁴⁸ Number of strikes, workers affected and number of hour/workers lost 1979-1994

| Year | # Strikes | # of affected workers | # hours/worker lost |
|------|-----------|-----------------------|---------------------|
| 1979 | 653 | 841 | 13411 |
| 1980 | 739 | 481 | 17919 |

labour government, unions went unheard and protests revealed themselves politically ineffective.⁴⁹

On the entrepreneurial side, the eighties was a period of internal modernization. Different business associations made a conscious effort to build data bases, have their own economic analysis, articulate their own alternative economic policies and enter into technically argued debates with government officials. They even founded the National Confederation of Private Entrepreneurial Institutions (Confiep),⁵⁰ an umbrella organization conceived as an empowering tool to achieve better leverage *vis a vis* the government. But neither under Belaunde nor under García did they attain an institutional channel to promote their interests and participate in economic policy making.⁵¹ Finance ministers and the Central Bank did not agree to enter into negotiation with the business sector, and the PPC (the party closest to their interests), although represented in the Ministry of Industry under Belaunde, seemed as distant as the Finance minister.

Under García, the tension and distance got worse. First, García tried financial solutions on his own terms: he unilaterally decided to cover only up to 10% of Peruvian exports per year of the country's international debt. After his announcement, the Inter-American Development Bank and the World Bank reduced their credits. Then in July 1987, in his speech to Congress, he announced the nationalization of the banking sector. However, this time the financial sector staged symbolic protests and started de-capitalizing banks. García's move, very popular among the left, was defeated. By 1987, the business community found in Vargas Llosa an articulate leader to represent its grievances. A year later, Vargas with other politicians, was founding the Democratic Front (FREDEMO), an alliance among the PPC, *Acción Popular*, *Movimiento Libertad* and *Solidaridad y Democracia* (SODE).

3.3. Party affiliation and electoral results

As Linz and Stepan argue in their book on consolidation, economic troubles do not automatically translate into social unrest and democratic disaffection.⁵² The worsening of living standards has to be explained, and there has to be someone or something held responsible for the deteriorating

| | | | |
|------|-----|-----|-------|
| 1981 | 871 | 856 | 19974 |
| 1982 | 809 | 572 | 22751 |
| 1983 | 643 | 785 | 20300 |
| 1984 | 509 | 702 | 13816 |
| 1985 | 579 | 237 | 12228 |
| 1986 | 642 | 248 | 16867 |
| 1987 | 720 | 309 | 9068 |
| 1988 | 814 | 693 | 38275 |
| 1989 | 667 | 224 | 15223 |

(Source: Lynch (1999), p.175)

⁴⁹ Thomas (2000), p.277.

⁵⁰ Confederación Nacional de Instituciones Empresariales Privadas.

⁵¹ Catherine M. Conaghan, 'Capitalists, Technocrats and Politicians', in Scott Mainwaring, Guillermo O'Donnell & Samuel Valenzuela (eds), *Issues in democratic Consolidation. The New South American Democracies in Comparative Perspective*, Hellen Kellog Institute, University of Notre Dame, Notre Dame, 1992, pp.199-243.

⁵² Linz & Stepan (1996).

conditions. In the Peruvian case, amid a growing anti-political discourse, it was the parties which took the blame.⁵³

According to Tanaka, the anti-political discourse, accompanied by a crisis of representation argument, exaggerated some of the difficulties faced by the Peruvian party system.⁵⁴ Against the representational crisis argument, Tanaka points out that the articulation between parties and social organizations was quite vigorous during the seventies and part of the eighties. Different left wing parties built strong bridges with social organizations,⁵⁵ so much so that this relationship partly explains the failure of the corporatist policies undertaken by Velasco Alvarado towards the end of the sixties and the during whole of the seventies. APRA also had a preferential relationship with some labour unions.

However, although social organizations and their partisan links remained active during these years, their members, as voters, started to electorally abandon the parties. The articulating link that went from individual to union or society member, to party affiliate, and finally to voter began to break.

The combination of terrorism and economic crisis took its toll on party affiliation. As Table 4 shows, APRA (PAP in the table), 'The Historical Party of Peru', obtained 53.1 % in 1985 presidential election and only half of the votes (22.6%) in the 1990 first presidential elections; AP won the presidency in 1980 with 45.3 but by 1985 only represented 7.3%. The left did quite well in municipal elections – it obtained 23.3 % in 1980; 29% in 1983; 30.8% in 1986. However, in 1989 it began on a descent that would worsen over the coming years (20.2% in 1989 and 3.9 % in 1993 municipal elections) .

Considered separately, different motives explain the abrupt changes in electoral preferences for the Left (with IU first and then divided); the Centre (APRA), and the Right (represented by AP and then by FREDEMO). Asked about the worst mistake Belaunde committed during his administration, Peruvians responded in May 1985 that it was his economic policies (50%) followed by corruption (16.9%) and terrorism (15.3%). According to an opinion poll conducted in 1989, the left lost electoral support as a result of personal rivalries (55%) and ideological discrepancies (34%); and García, who started with astonishing levels of popularity (80% in his first year, and 60% in the second), lost support in 1989 (11.4%) when inflation rates reached the astonishing peak of 2,775.3%.⁵⁶

⁵³ According to this discourse it is parties and politicians who are to blame for economic and social fiascos. Hence, solutions to problems should come from outsiders, men and women not contaminated by politics. Politics, from such standpoint, is a corrupt activity that worsens things. The discourse also traces a moral frontier between "good leaders", the new comers, and bad guys, the old politicians.

⁵⁴ Tanaka (1998).

⁵⁵ Confederación General de Trabajadores de Peru was hegemonized by the Partido Comunista Peruano, the Sindicato Unico de la Educación Peruana by Union Nacional de la Izquierda Revolucionaria, the Confederación Campesina del Peru by the Partido Unificado Mariateguista and the Confederación Nacional Agraria by the Partido Socialista Revolucionario. Unir was also strong amid student organizations and the PUM among poor urban neighborhoods. (Tanaka, 1998: 76)

⁵⁶ Tanaka (1998), pp.115, 137 & 156.

Table 4 – Voting % per party at municipal and presidential elections (1978 – 1990)

(Source: Lynch, 1999, p.175)

| Years | AP | PPC | FREEDOM* | PAP | Left** | Cambio 90 | Independent*** |
|------------|------|------|----------|------|--------|-----------|----------------|
| 1978 (ca) | DNP | 23.8 | | 35.3 | 29.4 | | 11.5 |
| 1980 (p) | 45.4 | 9.6 | | 27.4 | 14.4 | | 3.2 |
| 1980 (m) | 35.8 | 11.1 | | 22.5 | 23.3 | | 7.4 |
| 1983 (m) | 17.5 | 13.9 | | 33.1 | 29 | | 6.7 |
| 1985 (p) | 7.3 | 11.9 | | 53.1 | 24.7 | | 3 |
| 1986 (m) | DNP | 14.8 | | 47.6 | 30.8 | | 7.8 |
| 1989 (m) | | | 31.2 | 20.4 | 20.2 | | 28.2 |
| 1990 (pI) | | | 32.6 | 22.6 | 13 | 29.1 | 2.7 |
| 1990 (pII) | | | 37.5 | DNP | DNP | 62.5 | |

DNP: Did Not Participate

(m): municipal elections

(ca): constitutional assembly

(pI) (pII): First and second row presidential elections

* AP y PPC participated in 1989 and in 1990 allied with Movimiento Libertad in FREDEMO

** The left in 1978 is the sum of FOCEP; UDP; PSR; in 1980, UDP; PRT; FOCEP;IU. Between 1980 (m) and 1986 (m) only as IU. In 1989, as the sum of IU and ASI; in 1990 IU plus IS

*** In this column independent parties and candidates. The high percentage in the 1989 (m) corresponds to Movimiento Obras.

However, these results should also be read as a whole. The volatility of electoral preferences is also a consequence of twelve years of military rule. Although parties were not banished during that military *docenio*, electoral activity was suspended and electoral networks became dormant for more than a decade.

Added to the suspension of elections, intra-party relations also played a part in explaining partisan disaffection. Recruitment patterns and candidate selection can be auspicious for the maintenance and reproduction of cohesive networks, or become an obstacle. Peruvian parties from all ideological shades displayed during the eighties “very personalistic patterns of political recruitment” with the *jefes fundadores* (founding fathers) as the main axis of partisan life. The presidential race overshadowed congressional elections, and when in power “presidents ...display[ed] a strong tendency towards governing alone, without resorting to negotiations with their party organization or with their parliamentarians”.⁵⁷

Hence, even with high levels of Cabinet-Party congruence⁵⁸ and parliamentarian majorities supporting the executive⁵⁹, during the eighties politics was rather a lonely game. When things

⁵⁷ Barry S. Levitt, ‘Continuity and Change in Peru’s Political Parties, 1985-2000’, Paper prepared for the 2000 Congress of The Latin American Association (LASA), Miami, 2000.

⁵⁸ Classification of the Inauguration and Midterm Cabinets appointed in Perú

| President | Cabinet/Party Congruence | Cabinet Type |
|-----------|--------------------------|--------------------|
| Belaúnde | 0.759 | Tight coalition |
| García | 0.8 | Tight single party |
| Fujimori | 0.287 | Co-optation |

(Source: Octavio Amorin Neto, ‘Cabinet formation in Presidential Regimes: an Analysis of 10 Latin American Countries’, paper prepared for delivery at the 1998 meeting of the Latin American Association, Illinois, September 24-26. 1998.)

⁵⁹ Peru: 1978-1985 % of Parliamentarian Seats

went wrong, the *Jefe Fundador* had to take the blame. As high ranking officials and middle and lower links played a secondary role in the decision making processes and electoral campaigns, they did not have much to lose by abandoning a party that was facing difficulties. Moreover, with the growing audience for the anti-political discourse, many local leaders preferred to run under an independent banner, a preference stamped in the municipal electoral results⁶⁰ and in interviews conducted with different politicians.⁶¹

Finally, it was during those years that a new way of constructing bridges between politicians and the electorate became central: the media, with its own style and aesthetic, imposed its rules on candidates. According to Martin Tanaka, the traditional parties had difficulties in adapting to the new circumstances and continued to rely on their relations with social movements and associations without perceiving that such links were already in crisis and could not guarantee good electoral results.

In summary, a comparison of the legacies of the military regime with those left by the democratic decade (1980-1990) reveals an erosion of pro-democratic conditions as well as a worsening of the obstacles to democracy. This is summarized in Table 5.

The democratic years of the eighties left behind several outcomes:

1. As the García years proved, civilian intervention in military matters does not always strengthen democracy. García's intrusion in military ascensions politicized and divided even more that institution. Under such circumstances, *Sendero Luminoso* expanded its territorial control.
2. When the economy goes well, civil society's participation in policy making might seem unimportant. However, when things go wrong, social movements and business associations can resent this fact and develop a sense of exclusion. Such sense of exclusion can translate into electoral disaffection.
3. Postponement of economic adjustment policies made the Peruvian economic situation much worse. During the democratic *decenio*, Peru's room for economic maneuvering *vis a vis* international agencies seemed thinner and thinner.

By the end of the eighties, the Peruvian State was larger but not stronger. Quite the contrary, the fiscal crisis affected it and the military became more and more internally divided, with some sectors even plotting coups. The State lost the monopoly of arms to guerrillas whose destabilizing power grew during this period. Even worse, the military, with a certain compliance from civilians, confronted the challenge applying highly repressive tactics. Paradoxically, with the return to democracy, human rights violations became part of the political agenda and the protection and guarantee of rights were probably lower than under the previous regime.

| Years | Elected President and Party affiliation | First Party | Second Party | Intervalo puntos de % |
|-------|---|-------------|--------------|-----------------------|
| 1980 | Belaunde AP | 54 AP | 32 PAP | 22 |
| 1985 | García APRA | 58 PAP | 27 IU | 31 |

(Source: Sistema de Partidos Políticos en el Perú, Fernando Tuesta Soldevilla, 1994 and Fundación Friedrich Ebert)

⁶⁰ This is why the percentage of municipal independent mayors doubles the percentage of outsiders at the Presidential level. See table on voting percentages during the 1980s.

⁶¹ Romeo Grompone & Carlos Mejía, *Nuevos tiempos, nueva política. El fin de un ciclo partidario*, Colección Mínima IEP no. 32, Lima, 1995, p.82.

Table 5 – Summary of the legacies of the democratic decade (1980-1990)

| Regime Type | <i>Disjointed Democracy</i> based on alternation but with low levels of protection (Human Rights violations) and problems of translating participation into policy and representation. | | |
|------------------------|--|---|---|
| Arena | Actors | Legacy | Dimension |
| State | Military | The lack of cohesion obstructs the articulation of a military strategy against SL. The interference of the civilian government (García) in retirements and promotions divides even more the military. Rumors of coups. Military isolated, with no political leadership in its antiguerrilla warfare. Memory from past disloyalties weighed more and mutual distrust hindered the possibility of a joint State strategy of civilian and military forces. | Protection: Low |
| | State bureaucracy | “The state was larger by the García administration (1985-1990) than in the past, but its vulnerabilities reached a critical stage, as hospitals lacked medicines, teachers went unpaid, and military equipment was unusable due to a lack of spare parts. Along with economic vulnerabilities, the actions of insurgencies in this period also had a nefarious effect on the organizational capacities of the state. Attacks against infrastructure, private companies, mayors and government officials throughout the country made the implementation of development programs virtually impossible.” (Mauceri, 2001:6) | |
| | State rule over society | Human Rights violations publicly denounced. State repression to contain Sendero Luminoso. | |
| Balance | Current legacy (1980-1990): State was larger but weaker in terms of efficaciously accomplishing policies. Policies disconnected from civil society and parties. Sense of chaos and uncertainty provoked by the high inflation rates and the inefficacious antiguerrilla warfare. Society felt unprotected and detached from institutional life. Public accusations of HR abuses from the military. | | |
| Political Arena | Parties | Organized but still inefficacious. Policy making: more a question of negotiating with International Agencies and advisors than with national organizations. Although parties were meant to accomplish a mediating function between State and society, they failed: economic and social policies were drawn by high ranking officials and the Executive but not through party mechanisms. The lack of institutionalization made parties highly vulnerable to economic and antiguerrilla fiascos. Little sense of adaptation to the media. By the end of the eighties electoral indicators pointed at their lack of stable support. Politics as a “lonely game” of jefes fundadores. Advisors displaced career politicians. Little incentives for middle link personnel to remain within a party. Jefes fundadores overshadowed other figures. | Alternation: High but High Volatility Voting |
| Balance | Current legacy (1980-1990): Weak and unstable partisan networks and affiliations. Highly volatile electorate preferences. Each party penalized after being in government. Little adaptability to the new circumstances (i.e. media). Left obtained good electoral results at the municipal level while united (Izquierda Unida) but by the end of the eighties plagued by internal divisions that weakened it. | | |

| Arena | Actors | Legacy | Dimension |
|-------------------------|--|--|---|
| Civil Society | Social Movements | Facing public spending cuts, new labor legislation, they had very little efficacy in affecting policy making. By the end of the decade, union affiliation descending. The cycle of mobilization was on the descending track. | Participation Social movts: High Entrepreneurs Organized |
| | Entrepreneurs | They implemented internal modernization policies, built data basis, supported the formation of well prepared business representatives. Umbrella association. However, little success in establishing institutional mediations with government policy making. | |
| Balance | Current legacy (1980-1990): The strong activism of social organization was withering for lack of efficacy and because of new labor rules. Entrepreneurs modernized but no efficacy. Disconnection from government policy making. | | but both inefficacious |
| Soft Liners | APRA-Military | The institutional alliance between APRA and the military proved vulnerable and did not survive the transition. It was replaced by a cooptation policy of retirements and ascensions that divided the military and run against its professionalization. | |
| Balance | Rumors of coups amid a strong challenge from Sendero Luminoso. Even if Peru did not go back to the same old Difficult Game between the military and APRA, political forces remained trapped in distrust and divisions. | | |
| Economic Context | Economic reforms | Although unemployment figures stable, subemployment on the rise. With hyperinflation, salaries down. Social Public Spending down. | |
| Balance | Current legacy (1980-1990): By 1990, total debt represented 76.3% of GDP. Inflation rate: 7,649.7% in 1990. | | |

From a civil society, participatory perspective, social movements continued to show relatively high levels of mobilization. However, by the end of the eighties the cycle's peak was over and the new labour and social conditions and polarization ambience were taking their toll on union membership and social protest. From the entrepreneurial side, economic elites made efforts to strengthen their leverage over policy making with little success. Hence, government decision-making processes were rather isolated from social pressures, either from the popular or the elite side. If during the Velasco Alvarado regime, the State displayed high levels of autonomy towards the economically dominant groups while it could not achieve the social support of the popular sectors; then during the democratic *decenio*, even with active party mediations, policy making became impermeable to all organized social groups. In contrast to the Velasco Alvarado years, such State isolation from social and political forces was not articulated in terms of the realization of a coherent, Bonapartist-style State project, but instead it was the outcome of governments with no clear political direction or economic programme.

This lack of political effectiveness from social organizations, plus the consolidation of the media as another form of political mediation, affected partisan loyalties. With the exception of the left, which showed good results at municipal elections, voting preferences drastically changed from one election to the next. Levels of alternation between one election and the next were high. However, such a fact, instead of strengthening parties, was a sign of the fragility of partisan loyalties and lack of party institutionalization.

By the end of the eighties, neither State power, nor civil and political society showed signs of democratically empowering themselves. On the contrary, regrettably all three arenas were weaker than at the beginning of the decade and social and political mediations between society and State were not accomplishing their linking role between social organizations and institutions. With the return to democracy, although alternation and partisan competition were high, protection was low and the degree of participation was still high but proved rather inefficacious. In such a context, it is small wonder an outsider opened his way through.

4. Fujimori: Antipolitica at its best, or the rise of a new political breed (neopopulism + neoliberalism)

As can be deduced from the latter period, the context was ripe for political 'outsiders'. In the first row of presidential elections in 1990, Mario Vargas Llosa, the renowned literary celebrity, competed against Alberto Fujimori, an unknown engineer and university professor who ran his campaign with the short apolitical slogan of "honesty, work and technology". Apart from these new comers, APRA had a candidate – Luis Alva Castro – and the left divided itself with Henry Pease leading *Izquierda Unida* (IU) and Alfonso Barrantes representing *Izquierda Socialista* (IS).

As said before, Vargas Llosa stood for a drastic economic adjustment programme and was associated with the white Lima elites (*los pichucos*), while Fujimori, whose image was that of a hard-working self-made man, a son of migrants, was seen as representing the *Cholo* population of Peru, made of Indians, mestizos, and peasants recently migrated to the urban centers, all of whom felt discriminated against by the white elites.

During the first round of the 1990 presidential election, Vargas Llosa obtained 33% of the vote, while Fujimori 29% and Castro 22%. The short distance that separated Vargas Llosa from Fujimori turned into a clear defeat for the former in the second round: Fujimori won by an ample majority, with nearly double the vote of his opponent.⁶² Without the backing of a stable party, this unknown university professor would become the President of the Peruvian people for the next ten years, would be reelected twice again as President and would display astoundingly high levels of popularity for most of the period.⁶³ With the electoral backing of most Peruvians and with their sympathy and approval, he led the country into a democratic institutional erosion whose negative consequences would only become fully apparent by 2001. How and why did he achieve this?

4.1. Political preferences, new social mediation and a new political style

Contrary to what is thought by many analysts, in 1990 not all the traditional parties had disappeared. In the Parliamentary elections held that year, APRA obtained 28% of the total seats, while IU still represented 9%. AP and the PPC, as part of the FREDEMO alliance, obtained 14% and 12% of the seats respectively.⁶⁴

However, the high volatility of electoral preferences remained a fact. APRA went from a high 56% of the seats in 1985 to 28% in 1990, a reduction which showed the penalization of the unsuccessful García government's policies; IU went from a high 26% in 1985 to 9% in 1990, showing how the left's divisions took its toll amongst the electorate; and AP rose from 6% in 1985 to 14%. These variations show how unstable political affiliations were in Peru when Fujimori rose to power.

In contrast to García and Belaunde, who were backed by the majority of Congress, Fujimori with *Cambio 90* could only count on 19% of the total seats. To the difficulty of having a parliamentary minority was added the fact that *Cambio 90* was an electoral compromise among people who only had in common being friends or close advisors to the President.

However, the President took advantage of this apparently negative fact. With his anti-political discourse⁶⁵ and his well trimmed image of efficiency, he decided to close Congress on the 5th of

⁶² Fujimori obtained 4.489.897 votes that represented 62%, while Vargas Llosa won 2.708.291 votes representing 38% of the total. (Fernando Tuesta, *Perú político en cifras, 1821-2001*, Lima: Fundación Friedrich Ebert, 3rd edition, 2001, p.497).

⁶³ Levels of approval of Alberto Fujimori as President of the republic

| | Jan | Feb | Mar | Apr | May | Jun | Jul | Aug | Sep | Oct | Nov | Dec |
|-------------|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|
| 1990 | | | | | | | | 46 | 51 | 53 | 59 | 61 |
| 1991 | 43 | 35 | 38 | 49 | 45 | 35 | 31 | 39 | 32 | 54 | 58 | 60 |
| 1992 | 65 | 64 | 53 | 81 | 76 | 76 | 65 | 62 | 74 | 68 | 65 | 64 |
| 1993 | 60 | 62 | 61 | 63 | 59 | 66 | 61 | 65 | 63 | 70 | 67 | 64 |
| 1994 | 66 | 58 | 61 | 60 | 61 | 64 | 65 | 68 | 68 | 65 | 63 | 67 |
| 1995 | 64 | 74 | 66 | 75 | | | | | | | | |

(Source: Poll conducted by APOYO, cited in Lynch, 1999, p.175)

⁶⁴ Fernando Tuesta, *Perú político en cifras, 1821-2001*, Lima: Fundación Friedrich Ebert, 3rd edition, 2001.

⁶⁵ The anti-political discourse places parties as the central "bad guys" responsible for historical catastrophes. Politicians are presented as corrupt, selfish figures who have driven countries into economic chaos. Against traditional politicians, the anti-political discourse argues that nations should be conducted by people who come from

April 1992 after a majority parliamentary block opposed the approval of an ensemble of special decrees to undertake the war against *Sendero*. According to Fujimori, Congress was blocking the Executive and leading the country into an ungovernably chaotic situation. More emphatically, the President argued that it was Parliament which was obstructing the construction of the necessary legal tools to combat terrorism and the drug trade, and establish the correct policies to reactivate the economy.⁶⁶ The Peruvians backed him, as the results of a March 1992 survey show: while 42% believed in the Presidency, only 12% had confidence in Parliament.

How did Fujimori achieve such backing? Apart from the propitious political context, Fujimori developed his own political style and constructed his own personal mediation with Peruvians. Mimicking the electorate's tastes and cultural expressions, "Fujimori used all the hats from all the regions of Peru; all the mining caskets; all the shawls, nearly all the sweaters, and he [was] even capable of nearly being everywhere for the happiness of the Peruvian people who perceiv[ed] him as their equal, a garage 'chinito' but with a university title".⁶⁷ Moreover, he came up with an electoral slogan reminiscent of the best populist figures of the Latin American forties: "Fujimori: a President like you".⁶⁸ With these populist communication techniques, the President produced a fusion between him and his following, not so much representing Peruvians but incarnating them. From his presidential campaign onwards, Fujimori was already announcing he would not rely on any political or social mediation to produce political governance. He, the man, like Gaitan in the forties,⁶⁹ was himself Peru. But in contrast with the major Latin-American populist figures of the thirties and forties, parties and civil organizations were perceived by him as politically redundant.

Added to this populist leadership style, Fujimori undertook several institutional initiatives which would concentrate power in the Executive Branch. For example he created a Presidential Ministry in 1992 with access to State resources to be directly distributed by the Executive. While most Ministries saw cuts in their public spending, by 1994 the Presidential Ministry was running as much as 15% of fiscal state earnings.⁷⁰ Parallel to this, two institutions specifically targeted on "the poor"⁷¹ were in place by the end of 1992: the National Fund for Compensation and Social Development⁷² and the National Programme for Food Aid (PRONAA⁷³).

OUTSIDE of politics and who have not been touched by its corruptions and short sighted methods. Entrepreneurs, media people, engineers, are all best choices than politicians. Politics is more a matter of technically well grounded policies.

⁶⁶ IRELA (1992).

⁶⁷ Abelardo Sánchez, 'Bucaram, Fujimori y Menem: los nuevos mosqueteros del poder', in *Quehacer* no. 102, Lima: DESCO, July-August 1996, p.34.

⁶⁸ Carmen Rosa Balbi, 'Del golpe del 5 de abril al CCD: los problemas de la transición a la democracia', in *Pretextos* no.3-4 (1992), p.51.

⁶⁹ Gaitan, the great populist Colombian leader, assassinated in 1948, proclaimed "I am the people!" following the populist route of avoiding intermediations between the leader and his followers. See Wills, 'El Populismo: un péndulo entre la esperanza y la decepción de las masas en América Latina', Masters Thesis, University of Montreal, Montreal, Québec, Canada, 1992.

⁷⁰ Sinesio López, '¿Modernizando el Estado? El Estado peruano post-ajuste. La agonía del Dios mortal' in *Quehacer*, no. 93, Lima: DESCO, January-February 1995, p.60.

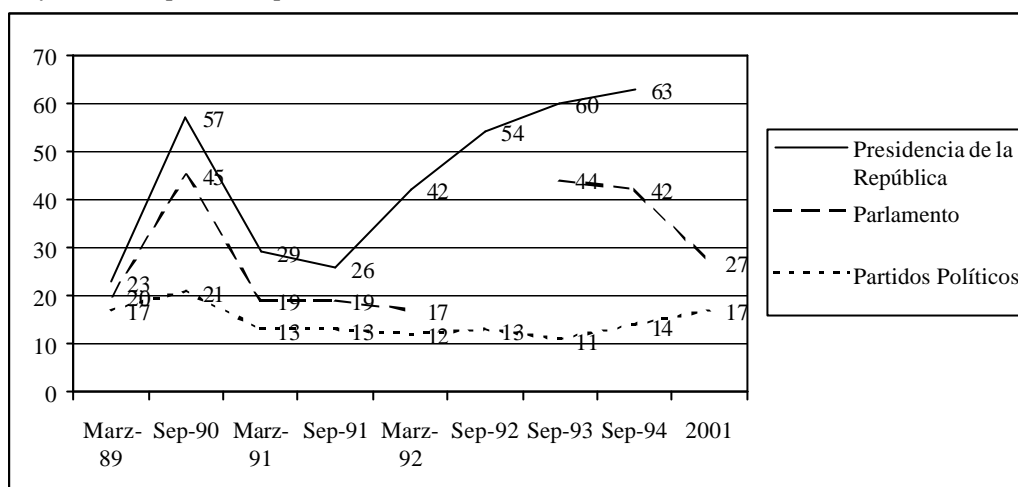
⁷¹ It is not a casual coincidence that social categories such as labour, the working class or the unemployed were replaced in political discourse by such amorphous categories as the "poor".

⁷² Fondo Nacional de Compensación y Desarrollo Social.

⁷³ Programa Nacional de Asistencia Alimentaria.

Figure 1 - Institutional Confidence

(Source: Lynch, 1999, p.175 and press information of Latinobarómetro)



While these paternalistic and very personalistic programmes were put in place, labour reforms were pushed through: short term contracts (STC) were backed even more than before by a 1991 Employment Law; different unions were allowed within the same sector, and when on strike workers would not receive their salary; the costs of dismissals were reduced while labour stability was replaced by protection against arbitrary dismissal. By 1995, union affiliation had dropped to 13% and by 1998, more than 50% of the labour force was on a STC. Strike activity went from 613 strikes in 1990, to 219 in 1992 to a low of 151 in 1993.⁷⁴

Within such a vulnerable context for organized labour, the paternalistic presidential programmes were viewed as beneficial. Long gone was the Velasco Alvarado period when the left with its anti-State discourse resonated among the popular sectors. After the eighties and the visible personalistic divisions amid these currents, Peruvians seemed disillusioned with anti-status quo discourses and were prepared to accept Fujimori's paternalistic help.

Against the corruption scandals that tainted the García Government, the *Chinito* also represented efficiency and transparency. Fujimori succeeded in discrediting even more the traditional parties and presenting himself as an entrepreneur who would lead the country out of the economic and political debacle. The Fujimoristas, following their leader, saw themselves, not as intermediaries but as executives efficiently following orders and technically and neutrally applying policies:

the traditional politician only delivers the goods to his friends and family. We [Fujimoristas]: No! We go to the plaza, we have the Army with us...Make a line! Come on! Order! I do not even know the people, I do not even know their party affiliation. It doesn't matter. I only need to see a poor condition and that's it: to all the needy, so and so, five kilos of rice to everyone. No exceptions. No privileging."⁷⁵

⁷⁴ Lynch (1999), p.175.

⁷⁵ Grompone & Mejía (1995), p.62.

As this quote reflects, compared to previous populist strategies, Fujimori's policies, instead of being corporatist and targeted towards organized sectors of society (peasants' associations, labour unions), were focused towards 'the poor', a disorganized mass of people with no concrete identity. In contrast to Perón in Argentina or Cárdenas in México, Fujimori seemed uninterested in co-opting these organizations and forming his own party. Instead, he wanted to concentrate power in the Executive Branch.

However, not all Fujimori's support can be attributed to pure image and glitter, and power centralizing strategies. Although during his campaign the President had spoken against a harsh adjustment package, once in power he applied stringent measures with relative success.

As the Table 6 shows, the measures brought down inflation from a peak of 7,649.7% in 1990 to 139.2% by 1991. Such results suggested to Peruvians that the President knew what he was doing and that economic planning, if done well, could channel market forces towards more predictable and certain futures. In order to achieve this, Fujimori worked hand in hand with the *Banco Central de la Reserva del Perú*, whose Board of Directors applied constraining measures on money emission and exchange rates. By 1993, after a new constitution was approved, the *Banco Central* achieved its own organic law which guaranteed its autonomous management of monetary regulation. In contrast with the past, its aim is first and foremost to preserve monetary stability. To such an end, the organic law explicitly prohibits the *Banco Central* from financing public sector investment.

Table 6 – Inflation and GDP change during Fujimori's presidency

(Source: Drago Kisic, 'Privatizaciones, inversiones y sostenibilidad de la economía peruana', in Crabtree & Thomas (2000), p.96; *Cuánto cited by Contreras and Cueto (2000), p.345)

| Year | GDP Increase | Inflation Rate |
|------|--------------|----------------|
| 1991 | 2.9 | 139.2 |
| 1992 | -1.8 | 56.7 |
| 1993 | 6.4 | 39.5 |
| 1994 | 13.1 | 15.4 |
| 1995 | 7 | 10.2 |
| 1996 | 2.8 | 11.8 |
| 1997 | 4.5 | 6.5 |
| 1998 | 5 | 6.0 * |
| 1999 | | 3.7 * |

But the bringing down of inflation was also related to policies applied to correct fiscal imbalances and the generation of greater competitiveness. Only twenty years after the state centred model was applied by the Velasco Alvarado government to modernise the country, Fujimori dismantled this developmental option in a rather short time and applied a privatization strategy which gave the State a limited⁷⁶ but welcome source of income.

⁷⁶ Limited in the sense that the State, once its sells, this source of income expires.

Table 7 - Most important privatizations by total sum sold (Millions of USD)

(Source: COPRI (1998), Boletín mensual, Lima, cited by Alberto Pasco-Font, 'Políticas de estabilización y reformas estructurales: Perú', Serie Reformas Económicas No. 66, Organización de las Naciones Unidas, Chile, May 2000)

| Date | Enterprise | Sector | Total sum | Investment pacted |
|------------------------|----------------------------|--------------------|--------------------|-------------------|
| 28-02-94 | ENTEL - CPT | Telecomunicaciones | 1391 ⁷⁷ | 1200 |
| 17-10-95 | EDEGEL | Electricidad | 524 | 42 |
| 6/10/1994 | Tintaya | Minería | 277 | 85 |
| 18-04-95 | Banco Continental | Finanzas | 255 | - |
| 25-06-96 | EGENOR | Electricidad | 228 | 42 |
| 12/7/1994 | EDELSUR | Electricidad | 212 | 120 |
| 24-02-93 | PETROMAR | Hidrocarburos | 200 | 65 |
| 4/11/1994 | Refinería de Cajamarquilla | Minería | 193 | 50 |
| 14-02-96 | SIDERPERÚ | Industria | 186 | 30 |
| 11/6/1996 | Refinería La Pampilla | Petróleo crudo | 181 | 50 |
| 7/12/1996 | ANTAMINA | Minería | 20 | 2500 |
| 7/10/1997 | METALOROYA (Centromin) | Minería | 122 | 127 |
| 28-05-99 | Empresa Minera Pargasha | Minería | 62 | 70 |
| Total (1992-99) | | | 9000 | 8600 |

Between 1991 and 1998, the Peruvian State sold companies and investments for a total of USD \$ 8,650 million to mostly foreign capital.⁷⁸ This move also represented the opposite of the developmental strategies followed by Velasco and the populist figures of the past. Instead of relying on national investment, now the new economic winds proclaimed that poorer countries needed foreign capital in order to progress; and Fujimori, in Peru, was able, even against internal criticism, to successfully apply the new policies and convince Peruvians that such moves were necessary to generate employment and wealth.⁷⁹

How successful was the whole economic strategy in social terms? Or to frame the question differently, how much glitter and circus was involved in Fujimori's opinion approval and how much was his massive support based on real success? During the nineties private investment augmented considerably and inflation rates were curbed.⁸⁰ However, other figures suggest a less successful outcome. For example, although unemployment did not rise, underemployment reached worrying heights;⁸¹ in 1994, wages in the private sector only represented 60% of those

⁷⁷ According to Cueto and Contreras, the Peruvian Telephone Company was sold for USD 2 million.

⁷⁸ Spanish capital bought USD 2,398 million which amounted to 29.97 % of the stock of foreign investment; followed by the USA with USD \$1,798 million amounting to 20.98%; GB capital invested USD \$ 1,461 million corresponding to 17.05%. Source: CONITE cited by Contreras & Cueto (2000), p.355.

⁷⁹ Carmen Rosa Balbi, 'El Fujimorismo: una delegación vigilada', in *Pretextos*, no. 9, Lima: DESCO, 1996, pp.187-224.

⁸⁰ % of investment / nominal GDP: 1991: 16.7, 1992: 16.2, 1993: 18.5, 1994: 22, 1995: 24.3, 1996: 23.5, 1997: 24, Kasic (2000), p.92.

⁸¹ % of PEA adequately employed (AE) unemployed (UE) and subemployed (SE)

| Year | AE | U | SE |
|------|----|-----|----|
| 1990 | 20 | 9.5 | 71 |
| 1991 | 15 | 8 | 80 |
| 1992 | 14 | 10 | 78 |

earned in 1985; and although the Presidential Ministry was conceived and put in place during the Fujimori's first term in office, Social Public Spending suffered cuts as the next table illustrates:

Table 8 - Social Public Spending in education, health, housing and employment as % GDP and Public Spending (PS) and per capita index 1970=100

(Source: Banco Central de la reserva del Peru and INEI cited by Figueroa (2000), pp.241-242)

| Year | % GDP | % PS | Per Capita |
|------|-------|------|------------|
| 1990 | 3.4 | 19 | 33 |
| 1991 | 3.2 | 24 | 31 |
| 1992 | 3.7 | 27 | 36 |

Undoubtedly the least successful impacts of the economic package were attenuated by the *Chinito's* trips, paternalistic spending policies and communication strategies. But Fujimori's support also relied on the weaving of a relaxed network of friends and advisors appointed to high ranking State positions. Amid such connections was, of course, his crucial alliance with the by now famous Montesinos.

4.2. The alliance in power: Montesinos-Fujimori-Hermoza

Apart from the paternalistic policies and his own personal style, Fujimori appointed Montesinos as the director of the National Intelligence Service (SIN)⁸², an obscure ex-army man with a dubious past. Through him, the President built up a privileged relationship with officers whose primary credentials were their loyalty towards him. Following the path of his predecessor, Fujimori guaranteed that the Executive would intervene in military promotions and retirements through the Legislative Decree 752 of 12th November 1991. The military also depended on the Executive branch for such central matters as budget and salary decisions. Through these institutional arrangements, Fujimori warranted the subordination of his most important ally – the military. Rather than forming a party, the President relied heavily on the military to remain in power. Montesinos, through the SIN, began controlling the Army. His own men infiltrated the institution, which fell more and more under his supervision. It was also Montesinos who brought General Nicolas Hermoza into the alliance. By December 1991, several generals were forced into retirements, while Hermoza was designated General Commander of the Armed Forces.⁸³

But the Army's loyalty was ensured not only through methods of vigilance and extortion but also through *quid pro quos* of another nature: the military received all the backing it needed from the Executive to defeat *Sendero*. Till then the military had been seen as either highly ineffective or as dangerous to democracy and civil powers. Fujimori on the contrary backed them entirely and gave them a free hand to undertake their anti-guerrilla campaign. As with the retirement and promotions strategy, Fujimori used institutional measures passed under García. Law 24150 of June 1985 established that territories declared emergency zones would be under a Politico-Military Command (PMC) presided over by a military officer designated by the President from names suggested by the Joint Command of the Armed Forces. By November 1991, legislative

| | | | |
|------|----|----|----|
| 1993 | 13 | 11 | 79 |
| 1994 | 17 | 9 | 72 |

(Source: Thomas (2000), p.262)

⁸² *Servicio de Inteligencia Nacional*

⁸³ Obando (1999).

decreto 749 amplió las funciones del PMC, hasta el punto que los altos oficiales en las zonas de emergencia se convirtieron en “el verdadero gobierno” desplazando a las autoridades civiles y estatales.⁸⁴ Fujimori, usando tales arreglos institucionales, declaró más y más regiones bajo control militar.

Table 9 – State of Emergency (1981-95). % of national territory affected.

(Source: Lynch (1999), p.165).

| Year | Population | Territory |
|------|------------|-----------|
| 1981 | 1.84 | 1.20 |
| 1985 | 6.04 | 7.25 |
| 1990 | 45.18 | 29.62 |
| 1991 | 55.87 | 39.24 |
| 1993 | 49.66 | 27.71 |
| 1995 | 44.27 | 22.14 |

Simultáneamente, se volvió más fácil para el Poder Judicial declarar un proceso penal como un asunto militar. El 8 de febrero de 1994 se aprobó la Ley 26291. Desde entonces, por mayoría simple el Poder Judicial decidió si un proceso iría a un tribunal civil o militar.⁸⁵ (Obando, 1999). Finalmente, el 7 de noviembre de 1992 el decreto 077 creó los Comités de Defensa Civil (CDC). Estas instituciones tenían como objetivo principal “desarrollar actividades de auto-defensa, contra acciones terroristas ... y apoyar al Ejército y la Policía”. En enero de 1993, el decreto 002 dio a las *Rondas Campesinas* treinta días para transformarse en CDC bajo supervisión militar.⁸⁶

Las *Rondas* eran muy peculiares grupos de auto-defensa de campesinos e indígenas, que se organizaron espontáneamente contra el robo y el delito menor, y luego contra las incursiones de *Sendero Luminoso*. Aunque autónomas del Estado, en 1988 el gobierno de Alan García decidió legalmente reconocerlos como grupos de auto-organización cuyo objetivo principal era erradicar el delito común de su región. Sin embargo, al expandirse *Sendero Luminoso*, las *Rondas* se involucraron más y más en la guerra, y en el momento de la elección de Fujimori eran parte de la estrategia de guerrilla de las fuerzas armadas.

Curiosamente, el espacio libre dado al Ejército vino cuando esta institución estaba evaluando los pobres resultados de la estrategia represiva que primero aplicó para derrotar a *Sendero*: en lugar de aplicar métodos terroristas al estilo guatemalteco para controlar a la población, el Ejército se preparó para iniciar campañas cívico-militares y ganar a la población a su lado. Aunque debilitado y desprofesionalizado a nivel nacional por los métodos de cooptación de Fujimori, a nivel regional el Ejército se fortaleció: “En las zonas de emergencia, ciertos liderazgos militares fueron capaces de construir relaciones cercanas con las *Rondas*. Las *Rondas*, en la Sierra, [se volvieron] más cercanas al Ejército que a los Partidos”.⁸⁷

⁸⁴ Carlos Reyna & David Montoya, ‘En Nombre de la emergencia. Fuerzas Armadas: un poder en varias dimensiones’, in *Quehacer*, no. 88, March-April 1994, Lima: DESCO, pp. 26-31.

⁸⁵ Obando (1999).

⁸⁶ Reyna & Montoya (1994).

⁸⁷ Obando (1999); Rénique (1999).

The Army did not only play a role in the war against *Sendero* but was also a crucial ally of Fujimori during election times: in 1994, a year before Fujimori's reelection, there were between 200 and 370 thousand Peruvians organized in CDC. These were mobilized for the indirect intervention of the military during elections. Although it cannot be said that *Sendero* was completely defeated under Fujimori,⁸⁸ the military strategy, backed by the government, proved relatively successful:

Table 10 - Total deaths registered in subversive and counterinsurgency actions by victim

(Source: Lynch (1999), p.164)

| Year | Total | PNP | FF.AA | Civilians | Subvers. |
|------|-------|-----|-------|-----------|----------|
| 1988 | 1509 | 137 | 143 | 825 | 404 |
| 1989 | 2878 | 229 | 109 | 1365 | 1175 |
| 1990 | 3708 | 163 | 135 | 1531 | 1879 |
| 1991 | 3044 | 213 | 174 | 1282 | 1375 |
| 1992 | 2633 | 197 | 199 | 1303 | 934 |
| 1993 | 1187 | 96 | 85 | 535 | 471 |
| 1994 | 615 | 20 | 61 | 253 | 281 |
| 1995 | 500 | 38 | 92 | 203 | 167 |

Table 11 - Parliamentary Results, 1995-2000

(Source: Tuesta (2001), p.456)

| List | Seats | % total voting |
|--------------------------------|-------|----------------|
| C-90 Nueva Mayoría | 67 | 51 |
| Unión POR el Perú | 17 | 14 |
| APRA | 8 | 7 |
| Frente Ind. Moralizador | 6 | 5 |
| CODE/País Posible | 5 | 4 |
| AP | 4 | 3 |
| PPC | 3 | 3 |
| Renovación | 3 | 3 |
| Obras | 2 | 2 |
| IU | 2 | 2 |
| Frente Popular Agrícola del P. | 1 | 1 |
| Perú al 2000 / FNTC | 1 | 1 |
| Mov. Independiente Agro. | 1 | 1 |
| Total | 120 | |

⁸⁸ Eduardo Toche, '¿Regresa Sendero?', in *Quehacer* no. 102, July-Aug 1996, Lima: DESCO, pp.30-35.

Table 12 - Presidential Elections National Results 1995

(Source: Tuesta (2001), p.444)

| Candidate | List | Total votes | % |
|---------------------|--------------------|-------------|----|
| A. Fujimori | C-90 Nueva Mayoría | 4.645.279 | 64 |
| J. Pérez de Cuellar | Unión por el Perú | 1.555.623 | 22 |
| M. Cabanillas | APRA | 297.327 | 4 |
| Alejandro Toledo | Code/ País Posible | 234.964 | 3 |
| Ricardo Belmont | Movimiento Obras | 175.042 | 2 |
| Raul Díaz Canseco | Acción Popular | 121.872 | 2 |
| E. Ataucusi | FREPAP | 56.827 | 1 |
| A. Haya de la Torre | Izquierda Unida | 41.985 | 1 |

Such results are the outcome of Fujimori's strategies, his alliance with the military, the relative success of his economic and anti-guerrilla policies and also the traditional parties' response: APRA and *Accion Popular*, arguing there were not the conditions, refrained from participating in elections for the Constitutional Democratic Assembly in 1992. This meant they were out of the political scene from 1992 till 1995. Apparently this decision had its costs in electoral terms. Added to this was the fact that the García and Belaunde governments were considered total fiascos from the economic and anti-terrorist dimensions.

Fujimori remained in power till the alliance that sustained him began to crumble. First came General Hermoza's resignation under corruption charges; then came the spectacular down fall of Montesinos. After winning the presidency for a third time, under international and national pressure he was forced to resign. He left Peru institutionally weak and facing the challenge of rebuilding a robust party system and approving, once again, a new set of rules to govern the country.

Table 13 – Summary of legacies of Fujimori regime.

| | | | |
|------------------------|---|---|--|
| Regime Type: | <i>Plebiscitarian Authoritarianism:</i> Executive backed by alliance with the military and electoral and opinion poll support with populist style mediations with citizenry but no corporatist strategy. Instead paternalistic antipoverty focus programs distributed by the Executive. Congress and Judicial Branch subordinated to the Executive. Military: allied but not as institution but through promotion and retirements with loyal officers in high ranking positions. De facto powers: Clique of friends and loyal advisors in high ranking positions leave Judicial and legislative branch inoperative. | | |
| Arena | Actors | Legacy | Dimension |
| State | Military | Backed by the Executive through legal arrangements. Applied a civic military strategy to win over the Rondas. Achieved good results in the terrorist front at the expense of civil liberties and political rights. However, the military received the backing of Rondas. Although powerful, the Army remained subordinated to the Executive Branch. | Protection: Lower |
| | State bureaucracy | From a State centered model to a neoliberal one. Important privatizations and international investment in strategic sectors. Executive branch: centralized powers. Paternalistic and focalized programs towards the “poor”. Distribution through populist style. | |
| | State rule over society | Peru, on a 1 (most free) to 7 scale of Political Rights and Civil liberties, scored 5 for PR and 4 for CL and was considered Partly Free in 1996 Freedom Review, 1996:17. Same score in jan. 2001, Journal of Democracy, 2001: 90-91 | |
| Balance | Although there were no mediating links that allowed social organizations and entrepreneurs associations to participate in economic policy making, opinion polls demonstrate that when there are relatively good results such lack of articulation does not translate in political disaffection. The paternalistic programs and the newly created Presidential Ministry insured popular support to Fujimori. | | |
| Political Arena | Parties | The antipolitics discourse plus the institutional arrangements designed by Fujimori took their toll on traditional parties. By 1995, such was their lack of support that they did not even obtain the required 5% to keep their status. Fujimori, although applying populist techniques, did not organize a party nor applied corporatist strategies towards organized sectors. Opinion polls and his alliance with the military seemed an efficacious tool to remain in power. | Alternation: elections without parties |
| Balance | Bankrupt parties with very low levels of popular support. Independents grew stronger and became the mediating link between institutions, Fujimori and the citizenry. | | |
| Civil Society | Social Movements | Even weaker than before. Unions: low affiliation. Labor reform left even more unprotected workers. Low cycle of protest and mobilization. | Participation Organized Low But high electoral and opinion poll |
| | Entrepreneurs | High levels of international investment. If negotiation with Peruvian Business not through parties, nor parliament, but negotiation “behind closed doors” | |
| Balance | Participation through opinion polls and elections but no organized expression of interests through social, union or business organizations | | |
| Eco. Context | Economic reforms | Banco de la Reserva: autonomy and control over monetary politics. Privatizations with high levels of foreign investment. Labor reforms: flexible STC. Employment uncertainty. | |

Conclusions

To recapitulate the main findings of this research, during the military regime (1968-1980) Peru followed a State-centered model based on Import Substitution, with relatively weak party mediations but strong popular social organizations, and little attention paid to international economic agencies; in other words, the State became larger but did not receive stronger backing from civil society. Although the regime was not highly repressive and protection was on a medium low range, participation was high on the popular side while it was low in the business quarters; however, this mobilization could not express itself in the electoral field as elections were suspended during the whole period (medium low protection + no alternation + high levels of popular participation while low from business). The corporatist alternative put in place by Velasco Alvarado to replace party mediations failed. Simultaneously, the high levels of participation from social movements were not always pro-State or pro-democratic.

Once the transition started, it was led by the 'soft liners', moderates within the military and APRA organization, an alliance that was hoped would end the historical enmity between the two fundamental pillars of Peruvian nationality. However, during the *Decenio* (1980-1990), the alliance that had sustained the transition eroded under the entrenched distrust between Belaunde, García and the military, all three incapable of surmounting old memories of mutual betrayals. Such distrust blocked the possibility of articulating an efficacious state strategy to face the challenge posed by the terrorist tactics of *Sendero Luminoso*, a guerrilla war that became public in 1980.

During the democratic *decenio* (1980-1990), amid a deepening of the fiscal and debt crisis, the State was still large and also still quite ineffective. Although political society was active and elections were held with high levels of alternation, ill-timed decisions from political leaders and a new mediation between parties and the electorate (the mass media) produced a highly volatile electorate. Added to this, the internal structures of the political parties were not auspicious for the strengthening of affiliations and political loyalties: the executive tended to control decisions and to become isolated even from parliamentarians belonging to the President's own party. Although popular social movements continued to mobilize and protest and business associations organized themselves to have better leverage over government decisions, neither were successful in winning influence over public decision-making processes. Impermeable to social pressures, when the leader's decisions worsened the economic context the electorate began searching for new figures, outsiders who strongly criticized parties and offered miracle solutions. Hence the return to democracy in the Peruvian case did not imply a better leverage of social organizations over policy making, partisan programmes, or state structures; nor did it mean an improvement in the human rights record of the country. On the contrary, the democratic come back was accompanied by a more visible and public denunciation of human rights violations. Paradoxically, levels of protection were lower than when the military were in power, while alternation and competition was high and participation, although high, was seen as inefficacious.

In such a context, an outsider managed to break through and in a rather short time established a plebiscitarian authoritarian regime accompanied by a neoliberal package of adjustment that considerably diminished the role of the State and gave the market a central place. He was successful in his political strategy thanks to his style, his paternalistic policies, the institutional

arrangements he engineered from the executive and his reliance on his alliance with the military. Added to his political play, was the fact that other mediations were weakened: neither parties nor unions and other associations were strong enough to oppose the President's moves. Participation, no longer expressed in street and plaza mobilization, found its way through opinion polls and elections. However, voting, with the military playing an active and vigilant role in the electoral rituals and parties being on the verge of bankruptcy, more than expressing individual preferences among different political options, became a plebiscite in favor of the *Chinito*. From the protection dimension, although the Armed Forces abandoned massive persecution and relied on civico-military campaigns, the record of human rights violations was far from being democratic. With low levels of protection, low levels of alternation and a rather 'delegative'⁸⁹ participation, Peru seemed further from a democratic arrangement than in 1980.

The Peruvian trajectory suggests that major changes are affecting the way the citizenry articulates itself towards state institutions and the political arena. The ideal liberal model of representation (individual ? voluntary social networks (unions and business associations) ? partisan mediations ? elections ? State policies) is suffering deep transformations. The traditional social mediations of the Import Substitution Model (union and business) have lost their relevance and leverage over parties and policy making. Simultaneously the electorate organizes its preferences, more and more according to the media, opinion polls and the leader's political style, and less and less through solid long term partisan loyalties. The representation and articulation of social interests through social organizations, parties, and parliamentary debates, is being displaced by direct (but ephemeral) contact between the leader and his followers.

Moreover, the new model of representation left by Fujimori depends on strong leaders, a powerful executive, a weak parliament and volatile partisan affinities. Although it has resemblances with the populist regimes of the thirties and forties, it also displays major differences: the new leaders do not rely on corporatist mediations with unions and national business associations, as these became secondary or even redundant within the new economic model; neither do they seem preoccupied in building their own parties; and in contrast to the former populist regimes, labour rights are not central to the maintenance of the alliance sustaining the regime. Changing such a legacy and rebuilding a democratically-propitious context will take high amounts of energy and clearer democratic affinities both from elites and the common citizenry.

⁸⁹ It was Guillermo O'Donnell who coined this expression to describe a political situation where the citizenry opts for a rather passive participatory attitude *vis a vis* political elites. In a delegative democracy, the accountability dimension of the regime is very weak and the citizenry assumes that the vote expresses all of its elective affinity towards institutions (O'Donnell, 1992).

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The aim of the Crisis States Programme (CSP) at DESTIN's Development Research Centre is to provide new understanding of the causes of crisis and breakdown in the developing world and the processes of avoiding or overcoming them. We want to know why some political systems and communities, in what can be called the "fragile states" found in many of the poor and middle income countries, have broken down even to the point of violent conflict while others have not. Our work asks whether processes of globalisation have precipitated or helped to avoid crisis and social breakdown.

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Research Objectives

- We will assess how constellations of power at local, national and global levels drive processes of institutional change, collapse and reconstruction and in doing so will challenge simplistic paradigms about the beneficial effects of economic and political liberalisation.
- We will examine the effects of international interventions promoting democratic reform, human rights and market competition on the 'conflict management capacity' and production and distributional systems of existing polities.
- We will analyse how communities have responded to crisis, and the incentives and moral frameworks that have led either toward violent or non-violent outcomes.
- We will examine what kinds of formal and informal institutional arrangements poor communities have constructed to deal with economic survival and local order.



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