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PERU: THE BEGINNING OF A NEW WORLD

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Economic reforms split the country

The market, which was overtaken by transnational businesses in the 1960s, forced Latin American governments to give industry a prominent place in their domestic economies. In Peru, heavy industry, crude oil, and the production of fish meal were regarded as the most important areas of industry. In order to achieve the necessary performance, the government brought foreign capital into the country under unfavorable conditions.

This aggravated the social differences that had divided the population for years; since broad parts of society looked upon the native Indios as a hindrance to development, the latter barely participated in the social life of Peru. Foreign capital ruled the country. The entire situation was summed up by the famous remark of a Peruvian banker: "This business with fish meal always used to stink, but when Mr. Micon [referring to an international mining company] takes an interest in it, it smells like roses."

In the mid-1960s, the economic situation changed and a recession set in, soon followed by inflation. The subsequent military coup did not surprise anybody, and there were no protests whatever on the day it occurred. Early on the morning of October 3, 1968, the army arrested and exiled the president, and occupied parliament and the headquarters of the most important parties and trade unions. Six days later, it then occupied and expropriated the facilities of the International Petroleum Company, the fulcrum of the worst political and economic scandals.

For several years thereafter, October 9 was celebrated as the "Day of National Dignity." Public protests and street fighting began only later, when other large firms were nationalized, big landowners were expropriated, and newspapers were shut down, restricting freedom of speech.

At this point, the government began to carry out necessary reforms, but as it lacked the support of the population, the reforms failed to achieve the desired results. Historians and sociologists still argue over the advantages and disadvantages of the reforms, but everyone agrees that Peru became a new country in 1968. That year marks a watershed in contemporary Peruvian history.

The 1960s were especially prosperous in Peru. These were years of enormous economic growth, of new industrial development driven by automobile manufacturing, and of the emergence of a modern industrial infrastructure that stretched from the middle of the country to its northern border (from the province of Ate Vitarte near Lima to the Panamericana Norte).

In the provinces of Arequipa, Chiclayo, Chimbote, and Moquegua, new industrial sectors arose, generating a modern proletariat that began to get organized into unions. Simultaneously, the boom in mining prompted workers to form powerful and combative unions.

The Cuban Revolution as a model

The drought of 1957 and the unequal distribution of land spurred a large wave of migration in Peru from the mountains to the coast, and especially to Lima. In addition, the middle classes demanded an active role in the urban economy and protested against the oligarchic structure of Peruvian society, in which about one hundred families owned the nation's assets and, thus, determined the country's fortunes.

This tension between the oligarchic structure and the demands of the working and middle classes provided room for the rise of guerrilla movements that sought to mobilize the rural population beginning in the 1960s. Perhaps the most well-known figure from these movements is the young poet guerrilla Javier Heraud, who was killed in 1963. Heraud became very famous when, at age nineteen, he won the national poetry awards, constituting a sort of *enfant terrible à la Rimbaud* of his time. The guerilla movements of the "Sierra Central" and Cuzco in 1965 and the imprisonment of leaders Héctor Béjar and Hugo Blanco marked another episode in a decade in which the Cuban model of insurrection gained momentum and the utopian ideal of assaulting those in power gained validity.

Demanding reforms

In the 1960s, Peru's agriculture and hacienda (or plantation) economy were showing signs of wear and clearly needed to be modernized. The exploitation of the farm workers did not improve the land productivity of the Andes highlands. Moreover, the latifundia of about 100,000 hectares—large land holdings that stretched from the Sierra Mountains, and sometimes from the coast, to the

rainforest—were unable to produce enough to pay the wages and allow these workers to free themselves from serfdom. As a result, serfdom persisted, exacerbating the social tensions it gave rise to as modernization increasingly demanded wages for work.

These social conditions carried over to the city, where vertical inequality between whites and non-whites manifested itself in a sort of informal apartheid analogous to that of South Africa. Demands for inclusion in Peruvian democracy came up against racial and ethnic exclusion that was based on the image of Peru as one great hacienda belonging to one hundred families. This resulted in the founding of political parties to the left of the communist party, such as the Vanguardia Revolucionaria [the Revolutionary Avant-Garde], which was probably the most well known, as well as revolutionary student groups, such as the Frente Revolucionario Estudiantil Socialista (FRES [Revolutionary Socialist Student Front]).

Fear of the power of the people

In this context, university students began to take action. One of the most memorable protests was the one that took place in front of the Club Nacional—whose members included the families of the oligarchy—during a debutante ball. Although only a few demonstrators appeared and beat on large drums as the young ladies stepped out of cars and ascended the stairs arm-in-arm with their fathers, this event stirred the oligarchic families' symbolic fear of the power of the masses.

A protest during the annual cardinal's dinner, an elegant event that raised funds for charitable purposes, had a similar effect. Student members of the Juventud de Estudiantes Católicos (JEC [Catholic Student Youth]) stormed the office of the Colegio Maristas in San Isidro and pulled the tablecloth from beneath the set places, causing a great ruckus among the finely dressed ladies and gentlemen. Such direct attacks on the elite generated more fear than the more distant grass-roots movements in the countryside because they plainly demonstrated that the existing social structures had long since lost their legitimacy and that no solution could be found within the system. Rather, drastic change was needed.

Protests against corruption

The economy had slowed down in 1967 after a very long period of high sustained growth, and a devaluation of the currency in

September of that year had sharply reduced the purchasing power of the population. In the meantime, from the early 1960s onwards and increasingly, serfs occupied the hacienda lands they worked. The country's landed gentry refused to consider the possibility of turning them into farm workers in spite of the growing social conflict in the countryside. On top of this, as a result of an international economic slowdown, mineral prices fell, generating additional social tensions while miners in Cerro de Pasco went on strike. Tensions rose even more when, in August 1968, the Peruvian state made a contract with Standard Oil Company of New Jersey (then ESSO, today Exxon). This contract granted the corporation the right to exploit the fields in Brea and Pariñas in the Piura area. However, due to the machinations of Fernando Belaúnde's administration, the congress had not received the complete document when it agreed to the terms.

Students and professors protesting university budget cuts in Lima, Peru, 1967.

Protests erupted in Lima then in light of the blatant corruption of the government in addition to everything else. All through September 1968, there were continual protests by unions and students. At the same time, the media voiced sharp criticism of the government and ceased supporting Belaúnde's democratic administration. Instead, given the political crisis of government, as well as the country's socioeconomic problems, they called for a coup d'état. This actually took place on October 3, 1968, whereupon the military junta led by Juan Velasco assumed political power.

A change in the military's attitude

A decisive shift in the attitude of the armed forces became apparent in the 1960s: they went from seeing themselves as the guards of the oligarchy to caretakers of the people's well-being within the

framework of a national security and development strategy. The Centro de Altos Estudios Militares (CAEM [Center for Higher Military Study]), where officers of all divisions attended postgraduate courses in development and security, played a special role in this. In 1965, the Peruvian military had used napalm against the indigenous Asháninka population when they had gotten involved in guerrilla warfare with the Movimiento de Izquierda Revolucionaria (MIR) under the command of Luis de la Puente Uceda. Many in the military had found this method of suppressing the guerrillas inhumane and noted that it failed to resolve the social problems that gave rise to them. This was the backdrop to the memorable phrase junta leader Juan Velasco uttered in a televised speech on "The Day of the Peasant," June 24, 1969, when he announced land reform: "Peasant, your master will no longer feed on your poverty."

The coup of October 3, 1968, marked the irrevocable end of serfdom and of one social order and the start of a new one—to the relief of the many and the regret of the few. Of course, some of the demands from that time have not yet been met. Today in Peru, some people, from intellectuals to domestic workers, still work without wages, and racism, though watered down, persists, in spite of the country's Indian president. Yet the great historical problem of Peru, which has yet to be overcome, is *rentismo*, or rent-seeking. This exploitative practice is keeping Peru from becoming a modern and more just state.

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